



2022  
Interim Report



重庆农村商业银行

CHONGQING RURAL COMMERCIAL BANK

CHONGQING RURAL COMMERCIAL BANK

Stock Code: 3618

\* *The Bank holds a financial licence number B0335H250000001 approved by the China Banking and Insurance Regulatory Authority and was authorised by the Market Supervision Administration of Chongqing Municipality to obtain a corporate legal person business licence with a unified social credit code 91500000676129728J. The Bank is not an authorised institution in accordance with 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 authorised to carry on banking/ deposit-taking business in Hong Kong.*

## Important Notice

1. The Board, the Board of Supervisors and the directors, supervisors and senior management of the Bank warrant that the truthfulness, accuracy and completeness of the contents of this report, and that there are no false presentations, misleading statements or material omissions herein, and legally liable jointly and severally.
2. The 2022 interim report and the results announcement of the Bank have been considered and approved at the 17th meeting of the fifth session of the Board of Directors of the Bank convened on 25 August 2022. The number of directors who should attend the meeting is 10 with 10 directors actually attended the meeting. Some supervisors and senior management personnel of the Bank attended the meeting.
3. The 2022 interim financial report prepared by the Bank in accordance with Chinese Accounting Standards has been reviewed by KPMG Huazhen LLP in accordance with China Standards on Review Engagements, and the 2022 interim financial report prepared in accordance with International Financial Reporting Standards has been reviewed by KPMG in accordance with the International Standards on Review Engagements.
4. The Bank's chairman and president Xie Wenhui and vice president in charge of accounting and head of the accounting department Gao Song warrant the truthfulness, accuracy and completeness of the financial statements in this report.
5. The Bank did not distribute profits and no capitalisation of the capital reserve to share capital is proposed during the 2022 interim period.
6. This report may contain forward-looking statements such as future plans of the Bank. Such statements are made by the Bank based on the current situation and forecast, are related to future events or the Bank's future financial, business or other performance. Possible future plans do not constitute a substantive commitment by the Bank to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
7. There is no misappropriation of the Bank's funds by its controlling shareholders and other related parties for non-operating purposes and no instance of providing external guarantee that is in breach of the established decision-making procedure.
8. The Bank has no significant risks that need to draw special attention of investors. For details of the major risks that the Bank faces in its business operation and various measures adopted by the Bank, please refer to the Risk Management in Chapter III.

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## Definitions

Articles of Association	Articles of Association of the Bank as amended from time to time
Board of Directors or Board	the board of directors of the Bank
Board of Supervisors	the board of supervisors of the Bank
PBOC or Central Bank	the People's Bank of China
CBIRC	China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
China Banking Regulatory Authority	China Banking and Insurance Regulatory Commission and its agencies
CBIRC Chongqing Office	China Banking and Insurance Regulatory Commission Chongqing Regulatory Bureau (中國銀行保險監督管理委員會重慶監管局)
Chongqing Rural Commercial Bank, Bank or our Bank	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司)
Group	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司) and its subsidiaries
CQRC Wealth Management	CQRC Wealth Management Co., Ltd.
CQRC Financial Leasing	CQRC Financial Leasing Co., Ltd.
HKD or HK dollars	the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region, the PRC
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
Hong Kong Stock Exchange, or the Stock Exchange	The Stock Exchange of Hong Kong Limited
Shanghai Stock Exchange	Shanghai Stock Exchange
PRC or China	the People's Republic of China
RMB or Renminbi	the lawful currency of the PRC
yuan	RMB yuan

## Definitions

United States	the United States of America
USD or U.S. dollars	the lawful currency of the United States
county area	regions other than 9 urban areas of Chongqing city, also including 12 village and township banks controlled by the Bank and Qujing Branch established in another province by the Bank
CPC	the Communist Party of China (中國共產黨)
rural commercial bank	a short-hand reference to rural commercial bank (農村商業銀行)
Sannong	a short-hand reference to the Chinese pronunciation of the phrase “agriculture, rural areas and farmers”
village and township banks	bank institutions that are approved by China Banking Regulatory Authority to be incorporated in rural areas to provide services for local farmers or enterprises
Reporting Period	for the six-month from 1 January 2022 to 30 June 2022

# Company Information

## I. Basic Information

Legal name and abbreviation in Chinese	重慶農村商業銀行股份有限公司 (abbreviated as “重慶農村商業銀行”)
Legal name and abbreviation in English	Chongqing Rural Commercial Bank Co., Ltd. (abbreviated as “Chongqing Rural Commercial Bank”)
Legal representative	XIE Wenhui
Authorised representatives	XIE Wenhui ZHANG Peizong
Secretary to the Board	ZHANG Peizong
Securities affairs representative	XIE Xiaozhou
Contact details for investors	Correspondence Address: No. 36 Jinshamen Road, Jiangbei District, Chongqing Telephone: (86) 23-61110637 Fax: (86) 23-61110844 Email address: ir@cqrcb.com
Company secretary	LEUNG Chi Kit
Registered and office address and postcode	No. 36 Jinshamen Road, Jiangbei District, Chongqing 400023
Historical change of the Company’s registered address	The registered address of the Bank at the time of its establishment on 27 June 2008 was 10 Yanghe Road East, Jiangbei District, Chongqing, and was changed to the current registered address on 1 April 2017
Principal place of business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company’s website	www.cqrcb.com
Email address	cqrcb@cqrcb.com
Names of designated media for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

## Company Information

Designated website of CSRC for publication of interim report	Website of the Shanghai Stock Exchange (www.sse.com.cn)
Website of the Hong Kong Stock Exchange for publication of interim report	the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
Place for maintenance of interim report	Office of the Board of Directors of the Bank
A-share listing stock exchange	Shanghai Stock Exchange Stock Short Name: Yu Nong Shang Hang Stock Code: 601077
H-share listing stock exchange	The Stock Exchange of Hong Kong Limited Stock Short Name: CQRC BANK Stock Code: 3618
A share registrar	Shanghai branch of China Securities Depository and Clearing Company Limited 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, Wan Chai, Hong Kong
Date of first incorporation and registration authority	27 June 2008 Administration for Market Regulation of Chongqing
Unified social credit code of corporate legal person business license	91500000676129728J
Financial license institution number	The Bank holds a financial license number B0335H250000001 approved by the China Banking Regulatory Authority



Auditors	<p>KPMG Huazhen LLP            Address: 8th Floor, KPMG Tower, Oriental Plaza,            1 East Chang An Avenue,            Beijing, China            Signing accountants: SHI Haiyun, XUE Chenjun</p> <p>KPMG            Address: 8th Floor, Prince's Building, 10 Chater            Road, Central, Hong Kong            Signing accountant: CHAN Siu Tung, Thomas</p>
Legal advisor as to PRC laws	<p>SGLA Law Firm (Chongqing)            Address: 10-12F, Building 7, Corporate Avenue,            No. 7 Huasheng Road, Yuzhong District,            Chongqing</p>
Legal advisor as to Hong Kong laws	<p>Clifford Chance LLP            Address: 27th Floor, Jardine House, 1 Connaught            Place, Central, Hong Kong</p>

## II. Overview of the Businesses

Chongqing Rural Commercial Bank Co., Ltd., formerly known as Chongqing Rural Credit Cooperative, was established in 1951 and has a history of over 70 years. In 2003, Chongqing became one of the first batch of pilot provinces and cities for the nationwide rural credit cooperative reform. In 2008, the rural commercial bank with a unified legal person in the city was established. In 2010, the Bank's H-share was successfully listed on the Main Board of the Hong Kong Stock Exchange, becoming the first listed rural commercial bank in China and the first listed bank in the western China. In 2019, the Bank was successfully listed on the main board of the Shanghai Stock Exchange, becoming the first rural commercial bank with A+H dual listing in China and the first bank with A+H dual listing in the western China. In February 2020, the Bank officially adopted the Equator Principle, becoming the first "Equator Bank" in the Central and Western regions of China.

The Bank's main businesses include retail finance business, inclusive finance business, corporate finance business and financial market business. Among them, the retail finance business mainly includes personal loan and deposit business, bank card business and intermediary business, etc. Inclusive finance business mainly provides financial services for new agricultural business entities such as small and micro enterprises, farmers and farmers' professional cooperatives. The corporate finance business mainly provides a wide variety of finance products and services for enterprises and public institutions, government agencies, and financial institutions, mainly including corporate loans business, trade financing loans business, bills business and guarantees business. The financial market business mainly includes capital operation business, investment banking business and asset custody business. At the same time, the Bank currently has one wholly-owned non-banking subsidiary and one non-banking holding subsidiary which engage in wealth management business and financial leasing business respectively.

### III. The Development Strategy and Core Competitiveness

#### (I) Development strategy of the Bank

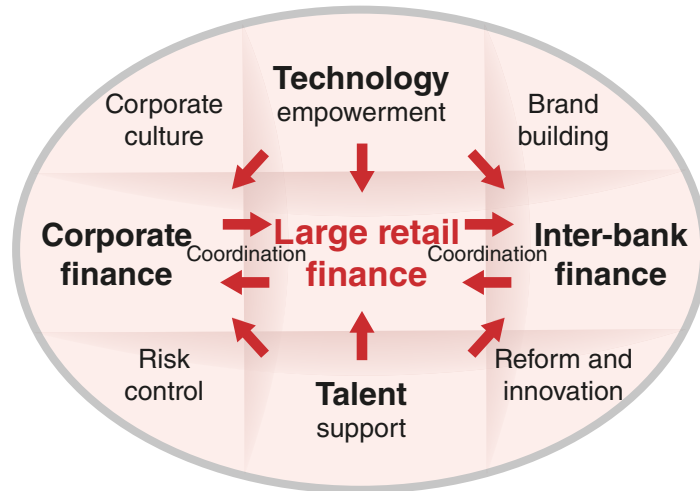
Under the guidance of the strategic goal of “striving to become a leading regional bank in China”, the Bank adheres to the ideas of “characteristic operation, streamlining the management and fostering good corporate culture” and “strengthening management, controlling risks and stabilizing development”, adheres to the 12-character strategic policy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”. The Bank takes large retail business as the core competitiveness, promotes the “coordination of four clients” plus “four-wheel drive” of retail, small and micro, corporate and interbank business and continuously promotes the high-quality and connotative development of the Bank to continuously enhance the ability of financial support for rural revitalization and provide services for the sustainable development of the real economy.

##### 1. *Anchoring banks with retail*

The Bank strives to become “a bank with best customer experience”, insisting on customer-oriented principle and taking retail as the foundation of development and survival. At the same time, the Bank comprehensively learned from other outstanding banks. By enhancing the “speed, precision and depth” of retail, the Bank’s service capability and contribution to wealth management, consumer finance and microfinance will be improved. Meanwhile, it will “reduce costs, control risks and increase efficiency” to create a “large retail” business ecology with distinctive features, outstanding advantages and market leadership and establish a solid foundation for high-quality development.

##### — The development path

The Bank takes Chongqing as the main battlefield, carries forward the hot pot culture of Chongqing, gives play to its four major characteristics of “hemp, spicy, fresh and fragrance”, forming a large retail finance as the core, achieving the coordination and development of the company and interbank finance, empowering the Bank with financial science and technology, providing support to talents as base, with the four sides supplemented by enterprise culture, brand construction, risk management and control and reform and innovation, so as to promote the coordinated and efficient development of the whole Bank’s business on a joint basis.



**Hemp (stress the characteristics):** Base on the market positioning of supporting “agriculture, rural areas and farmers” and supporting small and micro enterprises and serving the real economy, grasp the advantages of the establishment of the Bank and adhere to the strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”.

**Spicy (core competitiveness):** Give play to the experience advantages of deeply penetrating counties and serving “Sannong”, and build a retail business system with the characteristics of the Rural Commercial Bank through the empowerment of new technologies, new channels and new systems with the help of the core advantages of branch channels, service teams and customer base.

**Fresh (cooperate with each other):** With retail as the establishment foundation of the Bank, strengthen the linkage among retail finance, corporate finance, small and micro finance and interbank finance, so as to realize the deep interaction and collaborative promotion of all lines.

**Fragrance (brand image):** Create a distinctive and popular brand image of “Yukuai” products, the technological image of “Digital Rural Commercial Bank” and the talents attracting image of “the near one pleases and the far one comes”.

### — New retail thinking of “three transformations”

Transform from “product marketing” to “customer’s housekeeper”. Transform from “product marketing” which only provides financial products and services to “customer’s housekeeper” of all information, all channels, all businesses and all products, ensure that customers of all lines, such as small and micro enterprises, individuals and credit cards, are “managed”, and different customers can be “managed effectively” by categories and levels, so as to truly achieve “customer-oriented”.

Transform from “B2C” to “BBC”. Transform from the traditional “Bank to Customer” to “Bank-Business-Customer”. Build a BBC financial ecosystem, turn the Bank into a platform, take 2W3H evaluation system as the standard, and build an integrated ecosystem of finance and life.

Transform from “traditional hall service” to “OMO integration”. Base on the outlets scene and product digitization, take the intelligent machines and tools at outlets and the working APPs of employees as an important carrier, improve the intelligent level of offline outlets, build the offline service contacts of the ecosystem, and realize the outlets transformation from transactional outlets to service marketing outlets. Open the online and offline channel information exchange channels, and promote the collaborative integration of online and offline multi-channel customer acquisition and service.

### — New retail strategy of “five attitudes”

Serve counties attentively and set up the model of rural vitalization. Seize the opportunity of the development policy of rural vitalization strategy, give play to the channel advantages of 1,452 county outlets, and fully tap the financial demand potential of individual and agricultural industry in rural areas.

Serve users wholeheartedly and build a BBC financial ecosystem. Build an integrated ecosystem of finance and life based on the scene of “food, lodging and transportation; sightseeing, shopping and entertainment; medicine, education and nursing”. Bind the products with the merchants deeply with “‘Yukuai Payment’ code + machines and tools + system”, approach the construction of the ecosystem, and focus on outlets and “three sides” to create scene marketing. Establish the new retail brand of “Yukuai Life” and build a series of sub-brands of “home life”, “car life” and “beauty life”.

Serve high net worth clients intently and strengthen wealth management. Build a professional wealth management center, a professional customer manager team, a professional private banking product system, and a professional customer rights and interests system.

Serve all customers closely and reconstruct the customer operation system. Reconstruct the customer management system with the customer as the center to realize the effective management of customers by specific organization and staff. Track the performance of customer managers in real time and activate the sleeping retail customers with “four completeness and three contributions” as the assessment objective and personal financial service platform as the support.

Concentrate on technology empowerment, construction of digital products and processes. Optimize the basic financial services of “deposit, loan, remittance, payment and inquiry”. Enrich mobile banking APP and micro banking functions to create the “Yukuai” series of online products. Establish the intelligent brain of the branches, and create a digital workflow for customer managers. Enable management, and build automated and intelligent credit granting and risk management.

## 2. *Propelling the Bank with technology*

Take building a “Digital Rural Commercial Bank” as the goal, and adhere to taking technology as the innovation engine and development momentum. Continue to increase investment in financial technology, accelerate the application of new technologies such as big data, AI and cloud computing, and let financial technology innovation drive the business and operations and management of the whole bank to improve simultaneously. Adhere to independent research and development, and form a “patent pool” and “standard library” with the characteristics of the rural commercial bank and local features.

### — Promote the “four enhancements”

Enhance financial technology empowerment. Through the establishment of the late-developing advantage of financial technology, strengthen basic research and application research, promote the transformation of scientific and technological achievements, enable all lines and businesses, enable pre-loan, in-loan and post-loan risk management, and promote simultaneous enhancement of the quality and efficiency of operation and management with financial technology innovation.

Enhance smart financial service. Continuously iterate “smart bank”, implant the gene of the platform, explore open bank, and create a modern financial service ecosystem by integrating “platform + scenario” and “scenario + finance”.

Enhance online and offline integration. Solve offline bottlenecks by technological means, rebuild the journey of customer branches, and accelerate the transformation of the new generation of branches. Make customer service precise, put application scenarios on the platform, and integrate linkage marketing. Move the offline superior products to the online, and gradually develop online users into comprehensive customers of payment and settlement, investment and financing, and credit consumption.

Enhance data mining value. Carry out professional processing and in-depth mining through advanced technology such as big data, turn the data stock of the whole bank into business flow, launch personalized, differentiated and customized exclusive services, and achieve the goal of “value-added”.

### 3. *Empowering the Bank with talents*

Adhere to taking talents as the core resources and future hope. Insist on “talent is the primary resource”, build a high-quality talent team with firm political stand, excellent specialty and reasonable structure at full stretch, accelerate the introduction and cultivation of professional and inter-disciplinary talents in new business, risk control, financial innovation and other aspects, and provide a strong talent guarantee and intellectual support for promoting high-quality development in the Bank.

#### — Implement the “Five Programs”

Management talent leading program. Adhere to “simultaneously promoting” internal training and external introduction, and properly select and make good use of a number of excellent talents who understand both operation and management, and have both professional knowledge and practical experience, incorporate them into the middle-level leader and basic-level manager team. Promote the reform of the management tenure system and contractual management, and form a management system featuring market-oriented recruitment, contractual management, differentiated compensation, and market-oriented exit.

Professional talent development program. Adhere to introducing a talent and motivating a team, introduce and develop core talents in high-level key positions urgently needed in operation and management in accordance with the principle of “one matter, one approach; one person, one strategy”. Adhere to the compensation marketization, constantly improve the compensation distribution system, and strive to build a high-skilled talent team with reasonable structure, matching echelons and outstanding performance.

Practical talents support program. The Bank focused on both “high-end intelligence” and “basic skills” talents. The Bank created an employer brand, enriched the talent attraction pipeline, and carried out recruitment by region, level and job type to inject “fresh blood” for the sustainable development of talents. The Bank established a market-oriented employment system with contract management as the core and job management as the basis. Moreover, the Bank widened the career development channel of talents and improved the efficiency in the use of talent resources.

Talent quality improvement program. Increase the talent pool, continue to promote the mechanism of tracking and training of management trainee and reserve cadres as well as exchange and cultivation of up-appointment and down-transfer, intensify the training management and control of outstanding young employees, and promote the sustainable development of talent resources. Promote employment quality enhancement project, and build a three-dimensional training system of “bringing in + going out, online + offline, on-site + video, head office + line + branch”.

Talent service guarantee program. Establish and improve the organizational structure system with clear objectives, clear boundaries, equal rights and responsibilities, simplicity and efficiency, improve the basic compensation system, promote the digital construction of talent resources, create a high-quality talent development platform, create conditions for talent gathering and development, and form a talent selection and employment mechanism that is conducive to all kinds of outstanding talents to stand out and fully show their abilities.

## (II) Investment value and core competitiveness of the Bank

**Development strategy of sticking to our own business and clear orientation.** Adhere to the main responsibility and business of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses and serving the real economy, comply with the development trend of the new pattern of double circulations, deeply serve the rural vitalization and development, establish the strategic direction of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”, adhere to high-quality and endogenous growth, and strive to build the Bank into a “national leading regional bank”.

**A corporate culture of “realistic, enterprising, innovative and developing”.** Since its establishment, the Bank has always maintained the gene of “benchmark bank culture”, rooted in Chongqing and faced the whole country, been the pioneer, become the first “A + H” share bank in western China by overcoming many difficulties, and become the leading rural commercial bank in China. The Bank inherit the excellent tradition of loyalty and responsibility, tenacity and enterprising, diligence and dedication, and simplicity and obligation, and create an enterprise atmosphere of “want to do things, able to do things, and do things well”.

**Scientific, efficient, sustainable and complete management system.** As a local corporation, the Bank has few management levels and short decision-making chain, which plays a key role in the development of adapting to market changes and seeking innovation. Keep adhering to refined management, integrate it into the corporate culture, establish the risk management, operation management, technology management, human resource management and financial management system and their abilities, and constantly promote the management of important management areas with advanced enterprises as the benchmark, so as to achieve the benefit from management and promote the development with management.

**Digital and intelligent technology empowerment.** Adhere to “propelling the Bank with technology”, set up a special financial technology center, covering four major fields such as business, data, technology and channels, and build a digital rural commercial bank in an all-round way. Adhere to independent innovation, occupy the commanding height of technology, create the “three heights” cloud services, promote the “three stages” of data governance, and build the “three modules” of intelligent operation, which jointly support seven integrated major digital business capabilities, including intelligent risk control, precise marketing, efficient operation, online and offline integration, refined management, high-quality experience and cooperative ecology.

**Retail finance with significant advantages and potential.** The strategic retail transformation takes building “a bank with best customer experience” as the goal, promotes three transformations of new thinking, new concept and new mechanism, makes use of traditional advantages such as outlets across Chongqing, well-known brands and leading client base as well as three modern advantages of new technology, new channel and new system, takes customer as the center, implements the “five attitudes” strategy of retail finance, build an ecological platform, a financial life circle and a core brand, deeply taps the potential of customers, and promote retail finance to constantly release potentials.

**Corporate finance with green development and intensive cultivation.** The Bank has established a “1+3+22+N” green financial system to develop green credit and green financial products, and comprehensively promote the construction of green financial benchmark bank. Implement the “1 + 2 + 3” strategy to deepen and penetrate corporate finance. Seize a major strategic opportunity, namely, the national strategic opportunity of the two-city economic circle in Chengdu-Chongqing area; establish two service modes to drive online and intelligent improvement of financial services through technological innovation, so as to create professional, accurate and appropriate “expert” services and comprehensive, efficient and high-quality “housekeeping” services; by focusing on the three main directions, try hard to adjust the debt structure, strictly control the cost of interest payment, and expand the fee and commission income.

**Integrated and collaborative financial market business.** Take “integrated financial market operator” as the goal, act collaboratively in the manner of “united as one team” of the Group, take “settlement and clearing + trust” as the support, take “investment + wealth management” as the approach, promote the three-level linkage of interbank, business line and head office-branch, constantly tap the cooperation potentials of interbank customers, and form a whole chain customer group service system of “investment + capital + trust + investment bank”.



# Financial Summary

(The financial information set forth in this interim report is the Group's data prepared on a consolidated basis in accordance with the International Financial Reporting Standards and expressed in RMB unless otherwise stated)

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Comparison between the period and the same period of last year	For the six months ended 30 June 2020
<b>Operating results</b>			<b>Rate of change (%)</b>	
Net interest income	<b>12,790.8</b>	13,104.0	(2.39)	12,077.9
Net non-interest income	<b>2,507.1</b>	2,067.5	21.26	1,845.1
Among which: net fee and commission income	<b>1,038.9</b>	1,262.5	(17.71)	1,382.4
other net non-interest income	<b>1,468.2</b>	805.0	82.39	462.7
Operating income	<b>15,297.9</b>	15,171.5	0.83	13,923.0
Operating expenses	<b>(4,316.5)</b>	(4,204.5)	2.66	(3,809.5)
Credit impairment losses	<b>(3,619.5)</b>	(3,953.0)	(8.44)	(3,713.7)
Profit before tax	<b>7,361.9</b>	7,014.0	4.96	6,399.8
Net profit	<b>6,496.3</b>	5,817.9	11.66	5,265.1
Net profit attributable to shareholders of the Bank	<b>6,379.0</b>	5,733.3	11.26	5,182.7
<b>Based on per share (RMB)</b>			<b>Change in amount</b>	
Basic earnings per share <sup>(1)</sup>	<b>0.56</b>	0.50	0.06	0.46
Diluted earnings per share <sup>(1)</sup>	<b>0.56</b>	0.50	0.06	0.46
<b>Profitability indicators (%)</b>			<b>Change (percentage point)</b>	
Annual average return on total assets <sup>(2)</sup>	<b>1.01</b>	0.99	0.02	1.00
Annual weighted average return on net assets <sup>(1)</sup>	<b>12.38</b>	11.87	0.51	11.44
Net interest spread <sup>(3)</sup>	<b>1.91</b>	2.06	(0.15)	2.14
Net interest margin <sup>(4)</sup>	<b>2.03</b>	2.23	(0.20)	2.31
Net fee and commission income to operating income ratio	<b>6.79</b>	8.32	(1.53)	9.93
Cost-to-income ratio <sup>(5)</sup>	<b>27.16</b>	26.72	0.44	26.38

## Financial Summary

(Expressed in RMB million, unless otherwise stated)	30 June 2022	31 December 2021	Comparison between the end of the period and the end of last year	31 December 2020
<b>Scale indicators</b>			<b>Rate of change (%)</b>	
Total assets	<b>1,316,255.5</b>	1,266,291.2	3.95	1,136,366.6
Among which: Carrying balance of loans and advances to customers	<b>616,580.5</b>	582,166.5	5.91	507,885.9
Allowances for impairment on loans and advances to customers	<b>(28,580.1)</b>	(24,831.5)	15.10	(20,922.5)
Total liabilities	<b>1,204,607.0</b>	1,159,807.1	3.86	1,041,294.4
Among which: deposits from customers	<b>820,663.9</b>	759,360.2	8.07	724,999.8
Share capital	<b>11,357.0</b>	11,357.0	–	11,357.0
Equity attributable to shareholders of the Bank	<b>110,000.7</b>	104,952.8	4.81	93,668.7
Non-controlling interests	<b>1,647.8</b>	1,531.3	7.61	1,403.5
Total equity	<b>111,648.5</b>	106,484.1	4.85	95,072.2
<b>Based on per share (RMB)</b>			<b>Change in amount</b>	
Net assets per share attributable to ordinary shareholders of the Bank <sup>(6)</sup>	<b>9.16</b>	8.89	0.27	8.25
<b>Assets quality indicators (%)</b>			<b>Change (percentage point)</b>	
Non-performing loan ratio	<b>1.23</b>	1.25	(0.02)	1.31
Provision coverage ratio	<b>376.83</b>	340.25	36.58	314.95
Provision-to-loan ratio	<b>4.64</b>	4.27	0.37	4.12
<b>Capital adequacy ratio indicators (%)</b>			<b>Change (percentage point)</b>	
Core Tier 1 capital adequacy ratio <sup>(7)</sup>	<b>12.82</b>	12.47	0.35	11.96
Tier 1 capital adequacy ratio <sup>(7)</sup>	<b>13.57</b>	12.98	0.59	11.97
Capital adequacy ratio <sup>(7)</sup>	<b>15.36</b>	14.77	0.59	14.28
Total equity to total assets ratio	<b>8.48</b>	8.41	0.07	8.37
<b>Other indicators (%)</b>			<b>Change (percentage point)</b>	
Loan-to-deposit ratio	<b>75.13</b>	76.67	(1.54)	70.05

*Notes:*

- (1) Calculated in accordance with the requirements of the “Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revision 2010) issued by CSRC.
- (2) Average return on total assets represents the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets as at the beginning and end of the period.
- (3) Calculated as the difference between the average yield on total interest-bearing assets and the average cost rate on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-bearing assets.
- (5) Calculated by dividing total operating expenses (excluding taxes and surcharges and other operating cost) by operating income.
- (6) Calculated by dividing shareholders’ equity attributable to ordinary shareholders of the Bank after the deduction of other equity instruments as at the end of the period by the total number of ordinary share capital as at the end of the period.
- (7) Calculated in accordance with the “Regulation Governing Capital of Commercial Banks (Provisional)” promulgated by the CBIRC.

**Basis of Preparation of Certain Financial Indicators**

Under the IFRSs, the restructuring of the Bank was accounted for as an acquisition of the business from the 39 Rural Credit Unions and Chongqing Rural Credit Cooperative Union (the “CRCU”) by the Bank on 27 June 2008 instead of merger accounting due to the fact that there were no same party or parties ultimately controlling the 39 Rural Credit Unions, CRCU and the Bank before and after the restructuring.

# Management Discussion and Analysis

## I. Overall Operating Analysis

In the first half of 2022, the Bank thoroughly implemented various national decision-making arrangements and regulatory requirements, adhered to the market positioning of “serving Sannong, serving small and medium-sized enterprises and serving county-level economy”, deepened the strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”, proactively responded to market changes, and maintained a steady and good development trend, with the following characteristics of operation:

**Main operating indicators grew steadily.** The total assets amounted to RMB1.3 trillion, representing an increase of RMB49.964 billion as compared to the end of the previous year, and remained the first among the national rural commercial banks. The balance of various loans was RMB616.581 billion, representing an increase of RMB34.414 billion as compared to the end of the previous year. The deposit advantages have been consolidated continuously. The balance of various deposits was RMB820.664 billion, representing an increase of RMB61.304 billion as compared to the end of the previous year. Among which, personal deposits increased by RMB55.156 billion as compared to the end of the previous year, and the increment increased by RMB21.663 billion year-on-year with further improvement of the increment share. The non-performing loan ratio was 1.23%, representing a decrease of 0.02 percentage point as compared to the end of the previous year. The net profit achieved RMB6.496 billion, representing a year-on-year increase of 11.66%. The Bank has been ranked 113th in the world banks, up 6 places from the previous year. The business of subsidiaries saw good growth. The lease balance of CQRC Financial Leasing amounted to RMB51.805 billion, representing a net increase of RMB7.596 billion. The wealth management scale of CQRC Wealth Management amounted to RMB146.332 billion, representing a net increase of RMB24.403 billion. Major regulatory indicators of village and township banks were higher than the regulatory standard.

**The quality and efficiency of serving entities continued to improve.** The Bank resolutely implemented the spirit of the national conference on stabilizing the economic situation and refined 26 support measures, which were affirmed by local governments and regulatory authorities. Typical cases of small-micro finance and rural revitalization services were reported by the central media. In the first half of the year, the Bank released loans of RMB20.635 billion through re-loans and rediscount, representing a year-on-year increase of 78.44%, and RMB27.456 billion of renewing loans without repayment of principal were handled, effectively helping to protect market entities, stabilize jobs and ensure employment. The Bank actively interconnected major strategies, supported the construction of the Yangtze River Economic Belt with a loan of RMB176.163 billion, and granted a credit of RMB102.341 billion to the key projects in the Chengdu-Chongqing Economic Circle and related enterprises in Sichuan. The balance of the Bank’s manufacturing loans, private loans and consumer loans remained at the forefront in Chongqing. The Bank devoted itself to rural revitalization, and continued to increase its support for key assisting districts, counties and towns, with the balance of agriculture-related loans reaching RMB206.520 billion.

**The reform and innovation work was accelerated.** The Bank fully completed the reform tasks of the “Three-year Action of State-owned Enterprise Reform” and the “Double Hundred Actions”, and was awarded the A-level Enterprise of Chongqing State-owned Enterprise Reform Evaluation and the “Benchmark Enterprise” of benchmarking management. The Bank applied for 15 new patents, and three standards, including mobile finance, have been selected into the list of “leaders” in the national financial enterprise standards, ranking first among the rural financial institutions in China and the banks in the western region. On-line products were steadily loaded, and the non-performing ratio remained at a low level. The “Air Counter” mode was operated steadily in 21 branches, and a new generation of corporate online banking was launched. The number of mobile banking users exceeded 13 million, and the replacement rate of electronic channel accounting transactions reached 96.57%.

## II. Financial Review

### (I) Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Net interest income	<b>12,790.8</b>	13,104.0	(313.2)	(2.39)
Net non-interest income	<b>2,507.1</b>	2,067.5	439.6	21.26
Including: Net fee and commission income	<b>1,038.9</b>	1,262.5	(223.6)	(17.71)
Net other non-interest income	<b>1,468.2</b>	805.0	663.2	82.39
<b>Operating income</b>	<b>15,297.9</b>	15,171.5	126.4	0.83
Operating expenses	<b>(4,316.5)</b>	(4,204.5)	(112.0)	2.66
Impairment losses on credit	<b>(3,619.5)</b>	(3,953.0)	333.5	(8.44)
<b>Profit before tax</b>	<b>7,361.9</b>	7,014.0	347.9	4.96
Income tax expense	<b>(865.6)</b>	(1,196.1)	330.5	(27.63)
<b>Net profit</b>	<b>6,496.3</b>	5,817.9	678.4	11.66

In the first half of 2022, the Group continued to improve its quality and efficiency in serving the real economy and assisted in stabilising the economy. Its various business showed robust growth. The profitability was continuously enhanced. The Group recorded a net profit of RMB6.496 billion, representing a year-on-year increase of RMB678 million or 11.66%.

## Management Discussion and Analysis

### 1. Net interest income

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Interest income	<b>25,977.0</b>	25,386.9	590.1	2.32
Interest expense	<b>(13,186.2)</b>	(12,282.9)	(903.3)	7.35
Net interest income	<b>12,790.8</b>	13,104.0	(313.2)	(2.39)

In the first half of 2022, the Group recorded a net interest income of RMB12.791 billion. Among which, the loan interest income accounted for 57.43% of the interest income, representing a year-on-year increase of 2.60 percentage points.

## (1) Net interest spread and net interest margin

The table below sets forth, for the periods indicated, the average balances of interest-bearing assets and interest-bearing liabilities of the Group, related interest income or interest expense and average yields (for assets) or average costs rate (for liabilities). The analysis below excludes the impact of lease liabilities on the interest expense and average balances.

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest income/expense	Annualised average yield/cost rate (%)	Average balance	Interest income/expense	Annualised average yield/cost rate (%)
<b>Assets</b>						
Loans and advances to customers	599,537.9	14,918.4	5.02	536,455.9	13,920.2	5.23
Financial investments	476,112.7	8,791.7	3.72	421,729.1	8,321.3	3.98
Balances with Central Bank	54,781.8	415.9	1.53	60,581.8	459.1	1.53
Due from banks and other financial institutions	139,784.0	1,851.0	2.67	168,167.7	2,686.3	3.22
<b>Total interest-bearing assets</b>	<b>1,270,216.4</b>	<b>25,977.0</b>	<b>4.12</b>	<b>1,186,934.5</b>	<b>25,386.9</b>	<b>4.31</b>
<b>Liabilities</b>						
Deposits from customers	792,130.5	7,872.2	2.00	744,997.6	7,246.3	1.96
Borrowings from Central Bank	85,747.9	1,090.5	2.56	64,390.7	868.3	2.72
Due to banks and other financial institutions	127,900.3	1,533.5	2.42	99,992.9	1,325.4	2.67
Debt securities issued	194,674.2	2,687.6	2.78	190,387.7	2,839.8	3.01
<b>Total interest-bearing liabilities</b>	<b>1,200,452.9</b>	<b>13,183.8</b>	<b>2.21</b>	<b>1,099,768.9</b>	<b>12,279.8</b>	<b>2.25</b>
<b>Net interest income</b>	–	<b>12,793.2</b>	–	–	13,107.1	–
<b>Net interest spread <sup>(1)</sup></b>	–	–	<b>1.91</b>	–	–	2.06
<b>Net interest margin <sup>(1)</sup></b>	–	–	<b>2.03</b>	–	–	2.23

Note:

- (1) Net interest spread refers to the difference between the average yield of interest-bearing assets and the average cost rate of interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-bearing assets.

## Management Discussion and Analysis

In the first half of 2022, the Group's net interest spread was 1.91%, representing a year-on-year decrease of 15 basis points and net interest margin was 2.03%, representing a year-on-year decrease of 20 basis points. Mainly affected by the adjustment of LPR and the fluctuation of asset pricing in the industry, the Group followed closely the market changes, took the initiative to seek changes in combination with market conditions, effectively reduced the financing costs of enterprises and helped stabilize the economic market. Meanwhile, under the premise of ensuring the traditional advantages of core liabilities, the Group actively strengthened the use of monetary policy tools to effectively reduce the liability financing costs.

The following table sets forth the changes in the Group's interest income and interest expense due to changes in volume and interest rate. Changes in volume are measured by the movement of the average balance, while changes in the interest rate are measured by the movement of the average interest rate:

(Expressed in RMB million, unless otherwise stated)	Volume factor	Rate factor	Changes in amount of interest income and expense
<b>Assets</b>			
Loans and advances to customers	3,166.7	(2,168.5)	998.2
Financial investments	2,023.1	(1,552.7)	470.4
Balances with Central Bank	(88.7)	45.5	(43.2)
Due from banks and other financial institutions	(757.8)	(77.5)	(835.3)
<b>Changes in interest income</b>	<b>4,343.3</b>	<b>(3,753.2)</b>	<b>590.1</b>
<b>Liabilities</b>			
Deposits from customers	942.7	(316.8)	625.9
Borrowings from Central Bank	546.7	(324.5)	222.2
Due to banks and other financial institutions	675.4	(467.3)	208.1
Debt securities issued	119.2	(271.4)	(152.2)
<b>Changes in interest expense</b>	<b>2,284.0</b>	<b>(1,380.0)</b>	<b>904.0</b>
<b>Changes in net interest income</b>	<b><u>2,059.3</u></b>	<b><u>(2,373.2)</u></b>	<b><u>(313.9)</u></b>

Net interest income decreased by RMB314 million year-on-year, which was mainly due to the fact that the increase of RMB2,059 million of net interest income was driven by the changes in the average balance of various assets and liabilities and the decrease of RMB2,373 million of net interest income was attributable to the changes in the average yield and the average cost rate.



## (2) Interest income

In the first half of 2022, the interest income of the Group amounted to RMB25,977 million, representing a year-on-year increase of RMB590 million or 2.32%, which was mainly due to the steady growth in loans and advances to customers and the scale of financial investments and assets of the Group. The details are as follows:

## ① Interest Income from Loans and Advances to Customers

The average balance, interest income and annualised average yield for each component of loans and advances to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
<b>Corporate loans</b>	<b>287,353.6</b>	<b>6,996.4</b>	<b>4.91</b>	286,902.4	7,048.9	4.95
General short-term loans	<b>62,605.0</b>	<b>1,276.9</b>	<b>4.11</b>	70,775.3	1,459.7	4.16
Medium and long-term loans	<b>224,748.6</b>	<b>5,719.5</b>	<b>5.13</b>	216,127.1	5,589.2	5.22
<b>Retail loans</b>	<b>272,647.3</b>	<b>7,530.7</b>	<b>5.57</b>	234,177.2	6,655.4	5.73
General short-term loans	<b>116,723.1</b>	<b>3,200.3</b>	<b>5.53</b>	95,369.1	2,785.2	5.89
Medium and long-term loans	<b>155,924.2</b>	<b>4,330.4</b>	<b>5.60</b>	138,808.1	3,870.2	5.62
<b>Discounted bills</b>	<b>39,537.0</b>	<b>391.3</b>	<b>2.00</b>	15,376.3	215.9	2.83
<b>Total loans and advances to customers</b>	<b>599,537.9</b>	<b>14,918.4</b>	<b>5.02</b>	536,455.9	13,920.2	5.23

The interest income from loans and advances to customers amounted to RMB14.918 billion, representing a year-on-year increase of RMB998 million or 7.17%, which was mainly attributable to the fact that average balance of loans and advances to customers achieved faster growth.

## Management Discussion and Analysis

### ② Interest Income from Financial Investments

The average balance, interest income and annualised average yield for each component of financial investments of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Financial assets measured at amortised cost	411,882.8	7,889.0	3.86	403,041.7	8,016.8	4.01
Financial assets measured at fair value through other comprehensive income	64,229.9	902.7	2.83	18,687.4	304.5	3.29
<b>Total financial investments</b>	<b>476,112.7</b>	<b>8,791.7</b>	<b>3.72</b>	<b>421,729.1</b>	<b>8,321.3</b>	<b>3.98</b>

In the first half of 2022, interest income from financial investments amounted to RMB8.792 billion, representing a year-on-year increase of RMB470 million or 5.65%. It was mainly due to the fact that the Group strengthened market research and judgment, took into account liquidity and profitability on the premise of meeting capital security, and carried out multi-level investment portfolio of financial products to improve capital returns.

### ③ Interest Income from Balances with Central Bank

The Group's interest income from balances with Central Bank amounted to RMB416 million, representing a year-on-year decrease of RMB43 million or 9.41%, mainly due to the fact that the PBOC lowered the deposit reserve ratio, which resulted in the year-on-year decrease in the Group's average balance with Central Bank of RMB5.8 billion or 9.57%.

④ Interest Income from Due from Banks and Other Financial Institutions

The average balance, interest income and annualised average yield for each component of due from banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Deposits and placements with banks and other financial institutions	102,592.4	1,522.5	2.99	137,415.6	2,384.5	3.50
Financial assets held under resale agreements	37,191.6	328.5	1.78	30,752.1	301.8	1.98
<b>Total due from banks and other financial institutions</b>	<b>139,784.0</b>	<b>1,851.0</b>	<b>2.67</b>	<b>168,167.7</b>	<b>2,686.3</b>	<b>3.22</b>

In the first half of 2022, the Group's interest income due from banks and other financial institutions amounted to RMB1,851 million, representing a year-on-year decrease of RMB835 million or 31.09%, mainly due to the fact that the Group provided greater credit support and reduced the proportion of the assets allocation of banks, which resulted in decrease in due from banks and other financial institutions.

## Management Discussion and Analysis

### (3) Interest expense

In the first half of 2022, the interest expense of the Group was RMB13.186 billion, representing a year-on-year increase of RMB903 million or 7.35%, mainly driven by the increase of interest-bearing liabilities of the Group. The details are analyzed as follows:

#### ① Interest Expense on Deposits from Customers

The average balance, interest expense and annualised average cost rate for each component of deposits from customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest expense	Annualised average cost rate (%)	Average balance	Interest expense	Annualised average cost rate (%)
Demand deposit	103,383.9	322.5	0.63	113,367.6	365.0	0.65
Time deposit	51,132.8	776.0	3.06	50,163.1	706.1	2.84
<b>Subtotal corporate deposits</b>	<b>154,516.7</b>	<b>1,098.5</b>	<b>1.43</b>	<b>163,530.7</b>	<b>1,071.1</b>	<b>1.32</b>
Demand deposit	128,567.6	193.0	0.30	123,576.2	210.6	0.34
Time deposit	509,046.2	6,580.7	2.61	457,890.7	5,964.6	2.63
<b>Subtotal personal deposits</b>	<b>637,613.8</b>	<b>6,773.7</b>	<b>2.14</b>	<b>581,466.9</b>	<b>6,175.2</b>	<b>2.14</b>
<b>Total deposits from customers</b>	<b>792,130.5</b>	<b>7,872.2</b>	<b>2.00</b>	<b>744,997.6</b>	<b>7,246.3</b>	<b>1.96</b>

In the first half of 2022, the interest expense on deposits from customers amounted to RMB7,872 million, representing a year-on-year increase of RMB626 million or 8.64%. Deposits from customers are the most core liabilities source of the Group and the overall interest payment rate was low. The interest payment rate on deposits from customers for the period was 2.00%, representing a year-on-year increase of 4 basis points. The Group actively leveraged outlet, personnel and product advantages and continued to consolidate deposit sources. Meanwhile, the Group optimized deposit structure, strengthened deposit pricing management, limited and controlled deposit products with relative high management and control cost and reasonably controlled deposit costs.

② Interest Expense on Borrowings from Central Bank

In the first half of 2022, interest expense on borrowings from Central Bank amounted to RMB1,091 million, representing a year-on-year increase of RMB222 million or 25.59%, mainly due to the fact that the Bank proactively used the re-loans in support of small enterprises, re-loans in support of agriculture and funds for rediscounting from Central Bank to support the development of real economy, with the year-on-year increase of RMB21,357 million or 33.17% on average balance of borrowings from Central Bank.

③ Interest Expense on Due to Banks and Other Financial Institutions

The average balance, interest expense and annualised average cost rate for each component of due to banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest expense	Annualised average cost rate (%)	Average balance	Interest expense	Annualised average cost rate (%)
Amounts from banks and other financial institutions	71,309.4	983.2	2.78	62,761.0	958.9	3.08
Financial assets sold under repurchase agreements	56,590.9	550.3	1.96	37,231.9	366.5	1.99
<b>Total amount due to banks and other financial institutions</b>	<b>127,900.3</b>	<b>1,533.5</b>	<b>2.42</b>	<b>99,992.9</b>	<b>1,325.4</b>	<b>2.67</b>

In the first half of 2022, the Group's interest expense on due to banks and other financial institutions amounted to RMB1,534 million, representing a year-on-year increase of RMB208 million or 15.70%, mainly due to the fact that the Group moderately increased the interbank liabilities financing based on the change of the market situation.

## Management Discussion and Analysis

### ④ Interest Expense on Issued Debt Securities

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Average balance	Interest expense	Annualised average cost rate (%)	Average balance	Interest expense	Annualised average cost rate (%)
Debt securities payable	21,221.6	365.2	3.47	28,445.0	520.3	3.69
Interbank deposit certificate	173,452.6	2,322.4	2.70	161,942.7	2,319.5	2.89
<b>Total issued debt securities</b>	<b>194,674.2</b>	<b>2,687.6</b>	<b>2.78</b>	<b>190,387.7</b>	<b>2,839.8</b>	<b>3.01</b>

In the first half of 2022, the interest expenses on issued debt securities of the Group amounted to RMB2,688 million, representing a year-on-year decrease of RMB152 million or 5.36%, primarily due to the decrease in cost of debt securities issued.

### 2. Net non-interest income

In the first half of 2022, the Group's net non-interest income amounted to RMB2,507 million, representing a year-on-year increase of RMB440 million or 21.26%, accounting for 16.39% of the operating income, representing a year-on-year increase of 2.76 percentage points.

(1) Net fee and commission income

The following table sets forth, for the periods indicated, net fee and commission income of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
<b>Subtotal fee and commission income</b>	<b>1,209.5</b>	1,318.5	(109.0)	(8.27)
Wealth management fees	273.7	751.7	(478.0)	(63.59)
Agency and fiduciary service fees	345.9	245.9	100.0	40.67
Bank card fees	156.8	91.9	64.9	70.62
Settlement and clearing fees	68.5	62.6	5.9	9.42
Others	364.6	166.4	198.2	119.11
<b>Fee and commission expense</b>	<b>(170.6)</b>	(56.0)	(114.6)	204.64
<b>Total net fee and commission income</b>	<b>1,038.9</b>	1,262.5	(223.6)	(17.71)

In the first half of 2022, the net fee and commission income of the Group amounted to RMB1,039 million, representing a year-on-year decrease of RMB224 million or 17.71%. The net fee and commission income accounted for 6.79% of the operating income.

Wealth management fees amounted to RMB274 million, representing a year-on-year decrease of RMB478 million or 63.59%, mainly due to the decrease in the asset yield of the overall market.

Agency and fiduciary service fees amounted to RMB346 million, representing a year-on-year increase of RMB100 million, mainly due to the fact that the Group gave full play to the advantages of channels and agency business such as agency insurance developed well in the first half of the year.

Bank card fees amounted to RMB157 million, representing a year-on-year increase of RMB65 million or 70.62%, mainly attributable to the growth of the Group's merchant business.

## Management Discussion and Analysis

Settlement and clearing fees amounted to RMB69 million, representing a year-on-year increase of RMB6 million, which remained stable.

Other fee and commission income amounted to RMB365 million, representing a year-on-year increase of RMB198 million. The Group continued to optimize the fee and commission income business and made more efforts on promotion of bond lending and other businesses, thereby increasing the corresponding fee income.

### (2) Other net non-interest income

The following table sets forth, for the periods indicated, other net non-interest income of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Net trading gain	971.1	536.2	434.9	81.11
Other net business gain	181.6	240.1	(58.5)	(24.36)
Share of net profits from associates	(28.0)	(19.6)	(8.4)	42.86
Net gain resulted from derecognition of financial assets at fair value through other comprehensive income	280.2	48.3	231.9	480.12
Net gain resulted from derecognition of financial assets measured at amortised cost	63.3	–	63.3	N/A
<b>Total other net non-interest income</b>	<b>1,468.2</b>	<b>805.0</b>	<b>663.2</b>	<b>82.39</b>

In the first half of 2022, the Group's other net non-interest income was RMB1,468 million, representing a year-on-year increase of RMB663 million or 82.39%, mainly due to the increase in net gains and losses resulted from transactions of financial assets measured at fair value through profit and loss and net gain resulted from derecognition of financial assets at fair value through other comprehensive income.



### 3. Operating expenses

The following table sets forth, for the periods indicated, the operating expenses of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Staff costs	<b>2,703.4</b>	2,719.5	(16.1)	(0.59)
Salaries, bonuses and allowances	<b>1,841.8</b>	1,781.6	60.2	3.38
Staff benefits, social insurance premiums, housing provident fund	<b>639.8</b>	630.9	8.9	1.41
Others	<b>221.8</b>	307.0	(85.2)	(27.75)
Taxes and surcharges	<b>144.3</b>	150.5	(6.2)	(4.12)
Depreciation and amortisation	<b>394.3</b>	404.2	(9.9)	(2.45)
Other general and administrative expenses	<b>1,057.8</b>	930.3	127.5	13.71
Other operating cost	<b>16.7</b>	–	16.7	N/A
<b>Total operating expenses</b>	<b><u>4,316.5</u></b>	<u>4,204.5</u>	<u>112.0</u>	<u>2.66</u>

In the first half of 2022, the operating expenses of the Group amounted to RMB4,317 million, representing a year-on-year increase of RMB112 million or 2.66%.

#### (1) Staff Costs

Staff costs were the largest component of operating expenses of the Group, accounting for 62.63% and 64.68% of its total operating expenses for the first half of 2022 and the first half of 2021 respectively.

In the first half of 2022, staff costs amounted to RMB2.703 billion, representing a year-on-year decrease of RMB16 million or 0.59%. Among which, other staff costs decreased by RMB85 million year-on-year, mainly due to an increase in the amount for the same period of last year as a result of the Group's adjustment to the supplementary medical insurance actuarial expense for the same period of last year.

## Management Discussion and Analysis

### (2) Taxes and Surcharges

Taxes and surcharges mainly relate to revenue generated from loans (interest income), transfer of securities and other financial products and services. In the first half of 2022, taxes and surcharges amounted to RMB144 million, representing a year-on-year decrease of RMB6 million or 4.12%, which was mainly due to the decrease in the taxes such as value-added tax and surcharges, as a result of the decrease in the Group's taxable income.

### (3) Depreciation and Amortization

In the first half of 2022, the depreciation and amortization amounted to RMB394 million, representing a year-on-year decrease of RMB10 million, which was basically stable.

### (4) Other General and Administrative Expenses

In the first half of 2022, other general and administrative expenses amounted to RMB1,058 million, representing a year-on-year increase of RMB128 million or 13.71%, which was mainly due to the increase in business promotion fee related to the business development.

### (5) Other Operating Cost

In the first half of 2022, the Group's other operating cost amounted to RMB17 million, which mainly due to the fact that the Group carried out operating lease business, thereby generating operating lease cost.

## 4. Impairment loss

The following table sets forth, for the periods indicated, the impairment loss of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Impairment loss on credit on loans and advances to customers	4,030.5	3,587.7	442.8	12.34
Impairment loss on credit on financial investments	(401.3)	325.8	(727.1)	(223.17)
Impairment loss on other credit	(9.7)	39.5	(49.2)	(124.56)
<b>Total impairment loss</b>	<b>3,619.5</b>	<b>3,953.0</b>	<b>(333.5)</b>	<b>(8.44)</b>

In the first half of 2022, the Group's impairment loss was RMB3,620 million, representing a year-on-year decrease of RMB334 million or 8.44%. Among which, impairment losses on loans and advances to customers increased by RMB443 million year-on-year, mainly due to the fact that based on the principle of prudence and forward-looking, the Group made impairment provision.

The impairment losses on financial investments decreased by RMB727 million year-on-year, mainly due to the fact that the Group optimized the investment strategy, and the asset quality of the financial investments continued to deliver good performance.

Other impairment losses decreased by RMB49 million year-on-year, mainly due to the further quality improvement of off-sheet assets of the Group.

5. *Income tax expense*

The following table sets forth the profit before tax and income tax expense of the Group for the periods indicated:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Change in amount	Rate of change (%)
Profit before tax	<b>7,361.9</b>	7,014.0	347.9	4.96
Tax calculated at applicable statutory tax rate	<b>1,771.9</b>	1,705.3	66.6	3.91
Add/(less) the tax effect of the following items:				
Non-deductible expenses	<b>29.7</b>	54.1	(24.4)	(45.10)
Non-taxable income	<b>(937.0)</b>	(562.8)	(374.2)	66.49
Others	<b>1.0</b>	(0.5)	1.5	(300.00)
<b>Income tax expense</b>	<b><u>865.6</u></b>	<u>1,196.1</u>	<u>(330.5)</u>	<u>(27.63)</u>

In the first half of 2022, income tax expense amounted to RMB866 million, representing a decrease of RMB331 million year-on-year. The effective income tax rate was 11.76%, lower than the statutory rate of 25%, which was mainly due to the fact that the Group continued to optimize the investment structure of its business and held certain statutory tax-exempt treasury bonds and local government bonds on the basis of balancing risks and returns, thereby reducing the effective income tax rate.

## (II) Analysis on Balance Sheet

### 1. Assets

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

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
<b>Net loans and advances to customers</b>	<b>588,000.4</b>	<b>44.67</b>	557,335	44.01	30,665.4	5.50
Carrying balance of loans and advances to customers	616,580.5	46.84	582,166	45.97	34,414.0	5.91
Allowances for impairment on loans and advances to customers <sup>(1)</sup>	(28,580.1)	(2.17)	(24,831.5)	(1.96)	(3,748.6)	15.10
<b>Financial investments</b>	<b>544,827.3</b>	<b>41.39</b>	521,599.0	41.20	23,228.3	4.45
Financial assets measured at amortised cost	407,868.8	30.99	424,417.9	33.52	(16,549.1)	(3.90)
Financial assets measured at fair value through other comprehensive income	74,265.9	5.64	48,833.5	3.86	25,432.4	52.08
Financial assets measured at fair value through profit and loss	62,692.6	4.76	48,347.6	3.82	14,345.0	29.67
<b>Cash and balances with Central Bank</b>	<b>59,920.4</b>	<b>4.55</b>	61,349.6	4.84	(1,429.2)	(2.33)
<b>Deposits and placements with banks and other financial institutions</b>	<b>100,232.6</b>	<b>7.61</b>	108,089.9	8.54	(7,857.3)	(7.27)
<b>Financial assets held under resale agreements</b>	<b>5,195.5</b>	<b>0.39</b>	980.3	0.08	4,215.2	429.99
<b>Investment in associates</b>	<b>423.5</b>	<b>0.03</b>	451.4	0.04	(27.9)	(6.18)
<b>Goodwill</b>	<b>440.1</b>	<b>0.03</b>	440.1	0.03	-	-
<b>Other assets <sup>(2)</sup></b>	<b>17,215.7</b>	<b>1.33</b>	16,045.9	1.26	1,169.8	7.29
<b>Total assets</b>	<b>1,316,255.5</b>	<b>100.00</b>	1,266,291.2	100.00	49,964.3	3.95

Notes:

- (1) Only the provision for impairment on loans and advances to customers measured at amortised cost is included.
- (2) Other assets consist of fixed assets, deferred income tax assets, right-of-use assets, and other receivables.

As of the end of June 2022, the Group's total assets amounted to RMB1,316,256 million, representing an increase of RMB49,964 million or 3.95% as compared to the end of the previous year.

The carrying balance of loans and advances to customers amounted to RMB616,581 million, representing an increase of RMB34,414 million or 5.91% over the end of the previous year. The Group, as the largest financial institution in Chongqing, has docked with major strategies and seized the opportunity of the construction of the Yangtze River Economic Zone and the Chengdu-Chongqing Economic Circle. The Group focused on credit release in people's livelihood and advanced manufacturing, and increased green financial support. The Group was committed to serving the rural revitalization, and online and offline integration and boosting small-micro finance development. The Group strengthened financial technology innovation, focused on promoting the development of consumer loans, optimized the financial scenarios and continuously improved the retail ecology.

Financial investments amounted to RMB544,827 million, representing an increase of RMB23,228 million or 4.45% as compared to the end of the previous year. In the first half of 2022, the Group increased the investment in standardized products such as bonds and also continued to enrich categories of investment products and optimize allocation strategy. Among which, financial assets measured at fair value through other comprehensive income amounted to RMB74,266 million, representing an increase of RMB25,432 million or 52.08% as compared to the end of the previous year. Financial assets measured at fair value through profit and loss amounted to RMB62,693 million, representing an increase of RMB14,345 million or 29.67% as compared to the end of the previous year.

Total cash and balances with the Central Bank amounted to RMB59,920 million, representing a decrease of RMB1,429 million or 2.33% as compared to the end of the previous year, mainly attributable to the decrease of the deposit reserve ratio.

Deposits and placements with banks and other financial institutions amounted to RMB100,233 million, representing a decrease of RMB7,857 million or 7.27% as compared to the end of the previous year, mainly due to the fact that the Group optimized its asset structure, increased credit investment, increased the proportion of credit assets and reduced deposits and placements with banks and other financial institutions.

Financial assets held under resale agreements amounted to RMB5,196 million, representing an increase of RMB4,215 million or 429.99% as compared to the end of the previous year, mainly due to the Group's utilization of surplus funds through multiple channels, after comprehensively taking into account the needs of asset-liability and liquidity management.

Investment in associates amounted to RMB424 million, mainly due to the Group's equity participation in Chongqing Xiaomi Consumer Finance Co., Ltd.

## Management Discussion and Analysis

### (1) Loans and Advances to Customers

The following table sets forth, as at the dates indicated, the composition of the Group's loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Corporate loans and advances</b>	<b>295,047.8</b>	<b>47.85</b>	280,285.2	48.15
Short-term loans	<b>55,404.8</b>	<b>8.99</b>	56,140.6	9.64
Medium and long-term loans	<b>239,643.0</b>	<b>38.86</b>	224,144.6	38.51
<b>Retail loans and advances</b>	<b>273,402.6</b>	<b>44.34</b>	275,554.8	47.33
Personal mortgage loans <sup>(1)</sup>	<b>99,332.3</b>	<b>16.11</b>	100,979.8	17.35
Personal business and re-employment loans <sup>(2)</sup>	<b>94,706.2</b>	<b>15.36</b>	89,795.5	15.42
Other loans <sup>(3)</sup>	<b>79,364.1</b>	<b>12.87</b>	84,779.5	14.56
<b>Discounted bills</b>	<b>48,130.1</b>	<b>7.81</b>	26,326.5	4.52
<b>Total loans and advances to customers</b>	<b>616,580.5</b>	<b>100.00</b>	582,166.5	100.00

Notes:

- (1) Personal mortgage loans primarily consist of residential mortgage loans and commercial property mortgage loans.
- (2) Personal business and re-employment loans primarily consist of personal loans for business purposes, personal working capital loans and small amount loans related to employment and re-employment.
- (3) Other loans primarily consist of individual consumption loans, credit card loans, housing pledged loans, rural cross-guaranteed loans and credit loans.

As at the end of June 2022, the carrying balance of loans and advances to customers of the Group amounted to RMB616,581 million, representing an increase of RMB34,414 million, or 5.91% as compared to the end of the previous year.

The gross amount of corporate loans and advances was RMB295,048 million, representing an increase of RMB14,763 million, or 5.27% as compared to the end of the previous year. Among which, short-term loans decreased by RMB736 million, and medium and long-term loans increased by RMB15,498 million. The Group solidly promoted rural financial services, strongly supported the allocation of credit resources, and created special products in combination with the characteristics of local industries. The Group focused on wind power, photovoltaic projects and other green credit projects, and made every effort to build a green benchmark bank. The Group increased credit release for new energy, intelligent networked vehicles and other emerging industries to help build industrial clusters.

Total retail loans and advances amounted to RMB273.403 billion, representing a decrease of RMB2.152 billion or 0.78% over the end of the previous year. The Group continuously implemented the strategic orientation of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents” and vigorously developed inclusive finance and consumer finance retail loan business.

Among which, total personal mortgage loans amounted to RMB99.332 billion, representing a decrease of RMB1.648 billion or 1.63% over the end of the previous year, mainly due to the major support for the local citizens’ reasonable financing requirement for owner-occupied houses, subject to the regulatory requirements.

Total personal business and re-employment loans amounted to RMB94.706 billion, representing an increase of RMB4.911 billion or 5.47% over the end of the previous year. The Group has accelerated the construction of online services and supported the development of personal operating loans business through multiple channels to push the development of inclusive finance.

Total other loans amounted to RMB79.364 billion, representing a decrease of RMB5.415 billion or 6.39% over the end of the previous year. With the help of financial technology innovation, the Group optimized the financial scenario to promote the development of consumer finance.

Discounted bills amounted to RMB48,130 million, representing an increase of RMB21,804 million or 82.82% as compared to the end of the previous year, which was attributable to the fact that the Group increased the support for corporate short-term financing demands.

## Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the composition of the Group's loans by industry classification:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Loan amount	Percentage (%)	Loan amount	Percentage (%)
<b>Corporate loans and advances</b>	<b>295,047.8</b>	<b>47.85</b>	280,285.2	48.15
Leasing and business services	71,892.9	11.66	63,956.0	10.99
Water, environmental and public facility management	67,555.8	10.96	66,616.5	11.44
Manufacturing	61,585.2	9.99	56,766.4	9.75
Transportation, warehousing and postal services	24,368.6	3.95	22,092.3	3.79
Electricity, heat, gas and water production and supply industries	22,650.8	3.67	23,169.5	3.98
Wholesale and retail industries	15,773.3	2.56	16,590.0	2.85
Construction	7,915.8	1.28	7,165.6	1.23
Health and social work	6,814.6	1.11	6,819.3	1.17
Real estate	4,542.8	0.74	4,687.0	0.81
Education	2,491.5	0.40	2,279.0	0.39
Others	9,456.5	1.53	10,143.6	1.75
<b>Retail loans and advances</b>	<b>273,402.6</b>	<b>44.34</b>	275,554.8	47.33
<b>Discounted bills</b>	<b>48,130.1</b>	<b>7.81</b>	26,326.5	4.52
<b>Total loans and advances to customers</b>	<b>616,580.5</b>	<b>100.00</b>	582,166.5	100.00

Since 2022, following the guideline spirit of government and regulation, the Group has striven to properly serve the real economy, assisted in stabilising the economy, and increased credit support for national and major local strategic projects, intelligent manufacturing, and people's livelihood. As of the end of June 2022, the balance of the Group's corporate loans invested in leasing and business service, water, environmental and public facilities management and manufacturing industries were RMB71.893 billion, RMB67.556 billion and RMB61.585 billion respectively, accounting for 11.66%, 10.96% and 9.99% of the Group's total loans and advances, respectively.



(2) Financial Investments

The following table sets forth, as at the dates indicated, the composition of the Group's financial investments:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds investment	439,377.2	80.65	419,772.3	80.49
Debt instruments issued by financial institutions	16,418.2	3.01	16,193.8	3.10
Interbank certificates of deposit	33,391.7	6.13	28,461.4	5.46
Debt financing plan	15,341.8	2.82	24,746.8	4.74
Fund	39,577.5	7.26	31,627.0	6.06
Equity instruments	720.9	0.13	797.7	0.15
<b>Total financial investments</b>	<b>544,827.3</b>	<b>100.00</b>	<b>521,599.0</b>	<b>100.00</b>

As of the end of June 2022, the total financial investment amounted to RMB544,827 million, representing an increase of RMB23,228 million or 4.45% as compared with the end of the previous year. The Group continued to strengthen its market research and judgment and actively optimized investment structure based on market changes.

The following table sets forth, as at the dates indicated, the composition of the Group's bond investments by issuer:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	193,844.3	44.12	178,927.5	42.62
Public institutions and quasi-government bonds	114,354.8	26.03	97,837.9	23.31
Financial institution bonds	82,924.6	18.87	81,904.5	19.51
Corporate bonds	48,253.5	10.98	61,102.4	14.56
<b>Total bonds investment</b>	<b>439,377.2</b>	<b>100.00</b>	<b>419,772.3</b>	<b>100.00</b>

The Group optimized the structure of financial investment. At the end of June 2022, the government bonds and public institutions and quasi-government bonds increased by RMB14,917 million and RMB16,517 million respectively, as compared to the end of the previous year.

## Management Discussion and Analysis

### (3) Foreclosed Assets

As part of its effort to recover impaired loans and advances, the Group may obtain the title of the collateral, through legal actions or voluntary delivery of the borrowers, as compensation for the losses on loans and advances and interest receivable. As at the end of June 2022, the Group's foreclosed assets was RMB44 million, and the balance of impairment allowances for foreclosed assets was RMB4 million. Please refer to "Other Assets" under Notes to the Financial Statements for details.

## 2. Liabilities

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

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Deposits from customers	820,663.9	68.13	759,360.2	65.47	61,303.7	8.07
Deposits and placements from banks and other financial institutions	75,108.6	6.24	63,396.7	5.47	11,711.9	18.47
Debt securities issued	175,122.8	14.54	225,254.4	19.42	(50,131.6)	(22.26)
Borrowings from Central Bank	89,200.0	7.40	80,539.8	6.94	8,660.2	10.75
Financial assets sold under repurchase agreements	28,256.0	2.35	19,088.5	1.65	9,167.5	48.03
Other liabilities <sup>(1)</sup>	16,255.7	1.34	12,167.5	1.05	4,088.2	33.60
<b>Total liabilities</b>	<b>1,204,607.0</b>	<b>100.00</b>	<b>1,159,807.1</b>	<b>100.00</b>	<b>44,799.9</b>	<b>3.86</b>

Note:

- (1) Other liabilities consist of accrued staff costs, taxes payable, lease liabilities and other payables, etc.

As of the end of June 2022, the total liabilities of the Group increased by RMB44.8 billion, or 3.86%, to RMB1,204.607 billion as compared to the end of the previous year. Deposits from customers are the most core liabilities source of the Group, representing an increase of RMB61,304 million or 8.07% as compared to the end of the previous year; deposits and placements from banks and other financial institutions increased by RMB11,712 million or 18.47% as compared to the end of the previous year; the debt securities issued decreased by RMB50,132 million or 22.26% as compared to the end of the previous year, mainly due to the adjustment of liabilities structure of the Group based on the market condition. Borrowings from Central Bank increased by RMB8,660 million or 10.75% as compared to the end of the previous year, which was mainly due to the fact that the Bank proactively used the Central Bank's monetary policy tools and newly added Central Bank's special funds including re-loans in support of agriculture and micro and small enterprises, etc.

(1) Deposits from customers

The following table sets forth, as at the dates indicated, the composition of deposits from customers of the Group:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Subtotal corporate deposits</b>	<b>155,939.3</b>	<b>19.00</b>	150,211.6	19.78
Demand deposit	111,380.5	13.57	104,825.5	13.80
Time deposit	44,558.8	5.43	45,386.1	5.98
<b>Subtotal personal deposits</b>	<b>659,172.3</b>	<b>80.32</b>	604,016.1	79.55
Demand deposit	127,211.9	15.50	126,626.7	16.68
Time deposit	531,960.4	64.82	477,389.4	62.87
<b>Pledged deposits</b>	<b>5,529.8</b>	<b>0.68</b>	5,115.2	0.67
<b>Other deposits</b>	<b>22.5</b>	<b>–</b>	17.3	–
<b>Total deposits from customers</b>	<b>820,663.9</b>	<b>100.00</b>	759,360.2	100.00

In the first half of 2022, the Group leveraged its channel and retail customer advantages, and steadily increased deposits from customers. As of the end of June 2022, total deposits from customers amounted to RMB820,664 million, representing an increase of RMB61,304 million or 8.07% as compared to the end of the previous year.

## Management Discussion and Analysis

In terms of customer structure, corporate deposits amounted to RMB155,939 million with an increase of RMB5,728 million or 3.81% over the end of the previous year; personal deposits amounted to RMB659,172 million with an increase of RMB55,156 million or 9.13% over the end of the previous year, the percentage of total deposits from customers recorded a further increase of 0.77 percentage point as compared to the end of the previous year.

In terms of term structure, the demand deposits amounted to RMB238,592 million, representing an increase of RMB7,140 million or 3.08% over the end of the previous year, and accounted for 29.07% of total deposits from customers. Time deposits amounted to RMB576,519 million, representing an increase of RMB53,744 million or 10.28% over the end of the previous year, with the proportion of total deposits from customers of 70.25%.

### (2) Debt securities issued

The Bank has not issued any corporate bonds that are required to be disclosed in accordance with the requirements of the “Rules No. 3 on Contents and Format of Information Disclosure by Companies Publicly Issuing Securities—Contents and Format of Interim Report (Revision 2021)” and the “Administrative Measures on Information Disclosure of Corporate Credit Bonds”. For details, please refer to “Debt securities issued” under Notes to the Financial Statements.

### 3. Shareholders’ Equity

The following table sets forth, as at the dates indicated, the composition of shareholders’ equity of the Group:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Share capital	11,357.0	10.17	11,357.0	10.67	-	-
Other equity instruments	5,998.3	5.37	3,998.3	3.75	2,000.0	50.02
Capital reserve	20,924.6	18.74	20,924.6	19.65	-	-
Investment revaluation reserve	(267.6)	(0.24)	195.8	0.18	(463.4)	(236.67)
Actuarial revaluation reserve	(641.2)	(0.57)	(641.2)	(0.60)	-	-
Surplus reserve	12,930.7	11.58	12,930.7	12.14	-	-
General risk reserve	17,753.5	15.90	15,881.4	14.91	1,872.1	11.79
Retained earnings	41,945.4	37.57	40,306.2	37.86	1,639.2	4.07
<b>Equity attributable to shareholders of the Bank</b>	<b>110,000.7</b>	<b>98.52</b>	<b>104,952.8</b>	<b>98.56</b>	<b>5,047.9</b>	<b>4.81</b>
Non-controlling interests	1,647.8	1.48	1,531.3	1.44	116.5	7.61
<b>Total shareholders’ equity</b>	<b>111,648.5</b>	<b>100.00</b>	<b>106,484.1</b>	<b>100.00</b>	<b>5,164.4</b>	<b>4.85</b>

As of the end of June 2022, total equity amounted to RMB111,649 million, representing an increase of RMB5,164 million as compared to the end of the previous year. In particular, other equity instruments increased by RMB2,000 million as compared to the end of the previous year, which was mainly due to the fact that the Group issued new perpetual bonds; investment revaluation reserve decreased by RMB463 million as compared to the end of the previous year, mainly due to the changes in the fair value of financial assets measured at fair value through other comprehensive income invested by the Group; general risk reserve increased by RMB1,872 million as compared to the end of the previous year, mainly due to provision with an amount of 1.5% of the balance of risk assets at the end of the previous year.

4. *Off-Balance-Sheet Items*

Off-balance sheet items of the Group mainly include unused credit card limit, acceptances, letters of guarantee issued and letters of credit issued. The balances of unused credit card limit, acceptances, letters of guarantee issued and letters of credit issued amounted to RMB26,129 million, RMB7,743 million, RMB2,789 million and RMB3,567 million respectively. All the Group's capital expenditure commitments which have been approved but were unnecessary to be presented on the balance sheet were signed but unfulfilled contracts with amount of RMB447 million. The operating lease commitments of the Group that are not included in the measurement of lease liabilities were not significant.

**(III) Cash Flows Statement Analysis**

The following table sets forth, for the periods indicated, the Group's cash flow:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net cash flow from operating activities	<b>64,491.5</b>	9,809.4
Net cash flow from investing activities	<b>(9,142.3)</b>	(33,281.7)
Net cash flow from financing activities	<b>(53,471.9)</b>	30,806.1

Net cash inflows from operating activities amounted to RMB64,492 million, representing a year-on-year increase of RMB54,682 million, among which, the cash inflow was RMB119,921 million, representing a year-on-year increase of RMB35,621 million, mainly due to a year-on-year increase in the net increase in the deposits from customers and deposits from banks and other financial institutions; and the cash outflow was RMB55,430 million, representing a year-on-year decrease of RMB19,062 million, mainly due to a year-on-year decrease in the net increase in loans and advances to customers.

## Management Discussion and Analysis

Net cash outflow from investing activities amounted to RMB9,142 million. In particular, cash inflow amounted to RMB149,667 million, representing a year-on-year increase of RMB30,045 million, which was mainly due to the increase in cash received from recovery of investments; cash outflow amounted to RMB158,809 million, representing a year-on-year increase of RMB5,906 million, which was mainly due to the increase in cash payments on investments.

Net cash outflow from financing activities amounted to RMB53,472 million. In particular, cash inflow amounted to RMB107,687 million, representing a year-on-year decrease of RMB40,419 million, which was mainly due to the decrease in the cash received from the issuance of bonds by the Group; cash outflow amounted to RMB161,159 million, representing a year-on-year increase of RMB43,860 million, which was mainly due to the increase in the cash paid for repayment of bonds.

### (IV) Loan Quality Analysis

#### 1. Breakdown of Loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which non-performing loans ("NPLs") include those classified into substandard, doubtful and loss categories:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Normal	598,201.5	97.02	563,693.0	96.83
Special mention	10,791.3	1.75	11,173.3	1.92
Substandard	4,704.9	0.76	4,002.0	0.69
Doubtful	2,608.9	0.42	3,079.6	0.53
Loss	273.9	0.05	218.6	0.03
Total loans and advances to customers	616,580.5	100.00	582,166.5	100.00
Balance of NPLs	7,587.7	–	7,300.2	–
NPL ratio (%)	–	1.23	–	1.25

In the first half of 2022, the Group actively implemented national policies regarding stabilizing economy, strictly controlled substantial risks, implemented loan risk classification management dynamically and further consolidated quality of asset. As of the end of June 2022, balance of NPLs of the Group was RMB7,588 million, representing an increase of RMB288 million as compared to that of the end of the previous year. The NPL ratio was 1.23%, representing a decrease of 0.02 percentage point as compared to that of the end of the previous year. Among which, the balance of NPLs of urban area and the balance of NPLs of county area accounted for 62.74% and 37.26% of the Group, respectively. The balance of non-performing loans of the Group in the urban area accounts for a relatively high proportion mainly due to the large-amount non-performing loans formed by individual corporate customers as a result of the COVID-19 pandemic, production capacity transformation and upgrading, etc., and the Group has fully made provision for impairment of such loans.

2. Concentration of Loans

(1) Concentration by industry and distribution of NPL

The following table sets forth, as at the dates indicated, the loans and non-performing loans of the Group by industry:

(Expressed in RMB million, unless otherwise stated)	30 June 2022				31 December 2021			
	Loan amount	Percentage (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans and advances</b>	<b>295,047.8</b>	<b>47.85</b>	<b>4,544.4</b>	<b>1.54</b>	<b>280,285.2</b>	<b>48.15</b>	<b>5,468.9</b>	<b>1.95</b>
Manufacturing	61,585.2	9.99	976.7	1.59	56,766.4	9.75	807.0	1.42
Production and supply of electricity, gas and water	22,650.8	3.67	138.4	0.61	23,169.5	3.98	254.3	1.10
Real estate	4,542.8	0.74	-	-	4,687.0	0.81	-	-
Leasing and commercial services	71,892.9	11.66	1,773.2	2.47	63,956.0	10.99	1,754.6	2.74
Water conservancy, environment and public utility management	67,555.8	10.96	212.3	0.31	66,616.5	11.44	207.1	0.31
Construction	7,915.8	1.28	53.9	0.68	7,165.6	1.23	28.2	0.39
Wholesale and retail	15,773.3	2.56	749.6	4.75	16,590.0	2.85	1,635.1	9.86
Others	43,131.2	6.99	640.3	1.48	41,334.2	7.10	782.6	1.89
<b>Retail loans and advances</b>	<b>273,402.6</b>	<b>44.34</b>	<b>3,042.3</b>	<b>1.11</b>	<b>275,554.8</b>	<b>47.33</b>	<b>1,830.3</b>	<b>0.66</b>
Discounted bills	48,130.1	7.81	1.0	0.00	26,326.5	4.52	1.0	0.00
<b>Total</b>	<b>616,580.5</b>	<b>100.00</b>	<b>7,587.7</b>	<b>1.23</b>	<b>582,166.5</b>	<b>100.00</b>	<b>7,300.2</b>	<b>1.25</b>

Since 2022, the Group has followed macro policies, implemented national policies regarding stabilizing economy in a timely manner and increased credit investment in major national and local major projects, intelligent manufacturing, people's livelihood and other aspects, and further optimized the credit structure. In the first half of 2022, the non-performing balance and non-performing ratio of the Group's retail loans increased, and the new non-performing loans were concentrated in personal operating loans. Due to the COVID-19 pandemic and other factors, some individual industrial and commercial households and other retail customers had difficulty in operating. Based on the principle of prudence, the Group dynamically implemented classified management according to the actual risks of loans, and at the same time, made sufficient provision for impairment. As of the end of June 2022, the average impairment provision ratio of the Group's non-performing loans for personal operation and re-employment had reached 71%, with strong risk offsetting ability, and the overall risk was controllable.

## Management Discussion and Analysis

### (2) Concentration of borrowers

As of the end of June 2022, the Group's total loans to its largest single borrower accounted for 3.33% of its net capital while total loans to its top ten clients accounted for 24.74% of its net capital, both of which were in compliance with the regulatory requirements. All the Group's loans to top ten largest single borrowers were not NPLs as of the end of June 2022.

#### ① Indicators of concentration

Major Regulatory Indicators (%)	Regulatory standard	30 June 2022	31 December 2021	31 December 2020
Percentage of the loans to largest single client to the net capital	≤10	<b>3.33</b>	2.73	3.74
Percentage of the loans to single group client to the net capital	≤15	<b>6.39</b>	5.84	5.72
Percentage of the loans to top ten clients to the net capital	–	<b>24.74</b>	24.00	23.76



② Top ten largest single borrowers

(Expressed in RMB million, unless otherwise stated)	Industry	30 June 2022	
		Amount	Percentage of total loans and advances (%)
Client A	Manufacturing	4,160.5	0.67
Client B	Transportation, warehousing and postal services	4,136.7	0.67
Client C	Manufacturing	3,123.5	0.51
Client D	Leasing and commercial service	3,094.5	0.50
Client E	Water conservancy, environment and public utility management	3,005.4	0.49
Client F	Manufacturing	2,892.3	0.47
Client G	Leasing and commercial service	2,803.8	0.45
Client H	Water conservancy, environment and public utility management	2,624.9	0.43
Client I	Water conservancy, environment and public utility management	2,616.5	0.42
Client J	Leasing and commercial service	2,434.6	0.39

## Management Discussion and Analysis

### 3. Distribution of Loans and NPLs by Product Type

The following table sets forth, for the dates indicated, the loans and NPLs of the Group by product type:

(Expressed in RMB million, unless otherwise stated)	30 June 2022			31 December 2021		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans and advances</b>	<b>295,047.8</b>	<b>4,544.4</b>	<b>1.54</b>	280,285.2	5,468.9	1.95
Short-term loans	55,404.8	1,548.9	2.80	56,140.6	2,050.2	3.65
Medium and long-term loans	239,643.0	2,995.5	1.25	224,144.6	3,418.7	1.53
<b>Retail loans and advances</b>	<b>273,402.6</b>	<b>3,042.3</b>	<b>1.11</b>	275,554.8	1,830.3	0.66
Residential mortgage and personal commercial property loans	99,332.3	692.6	0.70	100,979.8	469.0	0.46
Personal business and re-employment loans	94,706.2	1,389.1	1.47	89,795.5	653.8	0.73
Other loans	79,364.1	960.6	1.21	84,779.5	707.5	0.83
<b>Discounted bills business</b>	<b>48,130.1</b>	<b>1.0</b>	<b>0.00</b>	26,326.5	1.0	0.00
<b>Total</b>	<b>616,580.5</b>	<b>7,587.7</b>	<b>1.23</b>	582,166.5	7,300.2	1.25

As of the end of June 2022, non-performing ratio of corporate loans of the Group decreased by 0.41 percentage point to 1.54% as compared with the end of the previous year, whereas non-performing ratio of retail loans increased by 0.45 percentage point to 1.11% as compared with the end of the previous year.

4. *Restructured Loans and Advances to Customers*

The following table sets forth, for the dates indicated, the Group's restructured loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Restructured loans and advances to customers	<b>252.6</b>	<b>0.04</b>	1,132.3	0.19

As of the end of June 2022, the total restructured loans to customers of the Group amounted to RMB253 million, representing a decrease of RMB880 million from the end of the previous year and accounted for 0.04% of total loans and advances, representing a decrease of 0.15 percentage point from the end of the previous year.

5. *Overdue Loans and Advances to Customers*

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

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Overdue within 3 months	<b>4,196.3</b>	<b>0.68</b>	2,616.9	0.45
Overdue for 3 months to 1 year	<b>2,913.2</b>	<b>0.47</b>	2,632.5	0.45
Overdue for over 1 year and within 3 years	<b>1,002.2</b>	<b>0.16</b>	1,456.3	0.25
Overdue for more than 3 years	<b>639.4</b>	<b>0.11</b>	186.0	0.03
<b>Total overdue loans and advances to customers</b>	<b><u>8,751.1</u></b>	<b><u>1.42</u></b>	<u>6,891.7</u>	<u>1.18</u>

## Management Discussion and Analysis

As of the end of June 2022, the total overdue loans of the Group amounted to RMB8,751 million, representing an increase of RMB1,859 million from the end of the previous year; overdue loans accounted for 1.42%, representing an increase of 0.24 percentage point from the end of the previous year. In the first half of the year, the overdue loans of the Group increased, mainly due to the increase in personal operating overdue loans resulting from factors including the pandemic. The Group implemented prudent classification and made adequate impairment provision in respect of overdue loans. As of the end of June 2022, the ratios of loans overdue for more than 60 days of the Group and non-performing loans were 67.13%, which continued to maintain a low level. The average impairment provision ratio of overdue loans reached 60% with overall risks controlled.

### 6. Changes in Provision for Loans Impairment

The following table sets forth, for the periods indicated, the changes in the Group's provision for loans impairment:

(Expressed in RMB million, unless otherwise stated)	Stage 1	Stage 2	Stage 3	Total
Balance as of 31 December 2021	12,704.0	4,212.8	7,914.7	24,831.5
Transfer:				
Transfer to stage 1	204.8	(193.5)	(11.3)	–
Transfer to stage 2	(336.5)	349.3	(12.8)	–
Transfer to stage 3	(48.1)	(665.6)	713.7	–
Provision for the period	415.9	2,803.0	806.5	4,025.4
Write-off and others for the period	–	–	(1,685.0)	(1,685.0)
Recovery of loans written-off for the period	–	–	1,408.2	1,408.2
Balance as of 30 June 2022	12,940.1	6,506.0	9,134.0	28,580.1

7. *Distribution of Loans by Type of Collateral*

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

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Credit loans	102,545.5	16.63	98,461.8	16.91
Guaranteed loans	174,102.3	28.24	177,919.3	30.56
Collateralised loans	248,158.9	40.25	239,851.7	41.20
Pledged loans	91,773.8	14.88	65,933.7	11.33
<b>Total loans and advances to customers</b>	<b>616,580.5</b>	<b>100.00</b>	<b>582,166.5</b>	<b>100.00</b>

8. *Loan Migration Ratios*

Items (%)	30 June 2022	31 December 2021	31 December 2020
Migration ratios of normal loans	1.43	1.93	3.20
Migration ratios of special- mentioned loans	23.65	60.98	49.53
Migration ratios of substandard loans	44.77	65.23	10.89
Migration ratios of doubtful loans	3.82	1.78	2.04

Loan migration ratio is calculated according to 1104 statement of CBIRC and is the data of the Group.

(V) Segment Information

1. Summary of Geographical Segment

(Expressed in percentage)	30 June 2022		31 December 2021	
	County	Urban	County	Urban
Deposits	70.57	29.43	70.62	29.38
Loans	50.36	49.64	52.00	48.00
Assets	50.00	50.00	50.69	49.31
Deposit-loan ratio	53.61	126.73	56.44	125.28

As of the end of June 2022, the Group's county-level deposits accounted for 70.57%, a decrease of 0.05 percentage point over the end of the previous year. County-level loans accounted for 50.36%, a decrease of 1.64 percentage points over the end of the previous year, and the county-level assets accounted for 50.00%, a decrease of 0.69 percentage point over the end of the previous year; county-level deposit to loan ratio was 53.61%, a decrease of 2.83 percentage points over the end of the previous year. Based in Chongqing, the Group insists on its orientation of supporting small and micro enterprises and agriculture-based entities, deeply cultivates the rural economy, and supports the development of county economy.

2. Summary of Business Segment

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking business	4,855.5	31.74	5,172.3	34.09
Retail banking business	6,505.2	42.52	6,293.8	41.49
Financial market business	3,959.1	25.88	3,705.3	24.42
Unallocated	(21.9)	(0.14)	0.1	0.00
<b>Total operating income</b>	<b>15,297.9</b>	<b>100.00</b>	<b>15,171.5</b>	<b>100.00</b>

In the first half of 2022, the Group's operating income of corporate banking business was RMB4,855 million, accounting for 31.74%, a year-on-year decrease of 2.35 percentage points; operating income of retail banking business was RMB6,505 million, accounting for 42.52%, a year-on-year increase of 1.03 percentage points; operating income of financial market business was RMB3,959 million, accounting for 25.88%, a year-on-year increase of 1.46 percentage points. In recent years, the Bank has been adhering to the strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", served real economy and increased the efforts to provide credit support for personal and small and micro enterprises. The proportion of operating income of retail banking business continued to increase.

## (VI) Differences between the Financial Statements Prepared in accordance with Chinese Accounting Standards and International Financial Reporting Standards ("IFRS")

### 1. Differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS

As a financial institution incorporated in the People's Republic of China, the Bank prepares consolidated financial statements of the Bank and its subsidiaries in accordance with the Accounting Standards for Enterprises promulgated by the Ministry of Finance of the People's Republic of China, relevant regulations issued by the CSRC and other regulatory agencies (collectively referred to as "Accounting Standards for Enterprises").

The Group also compiles consolidated financial statements in accordance with the International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board and the disclosure regulations applicable to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. There are some differences between the financial statements in this report and the Group's financial statements prepared in accordance with Accounting Standards for Enterprises. The differentiated items and amounts are listed below:

(Expressed in RMB million, unless otherwise stated)	Net Assets (Consolidated)		
	30 June 2022	31 December 2021	31 December 2020
In accordance with Accounting Standards for Enterprises	111,208.4	106,044.0	94,632.1
Differentiated items and amount			
– Goodwill from acquisitions	440.1	440.1	440.1
In accordance with IFRS	<u>111,648.5</u>	<u>106,484.1</u>	<u>95,072.2</u>

### 2. *Reasons for the Differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS*

The Bank was incorporated on 27 June 2008 as a limited company by shares, and the newly incorporated company acquired the assets and liabilities of 38 County/District Rural Credit Cooperative Unions, including the former Chongqing Rural Credit Cooperative Union (重慶市農村信用合作社聯合社), Chongqing Yuzhong District Rural Credit Cooperative Union (重慶市渝中區農村信用合作社聯合社) and Chongqing Wulong Rural Cooperative Bank (重慶武隆農村合作銀行) (“Acquisition”). The Bank first implemented the Accounting Standards for Enterprises on 1 January 2009 and was not required to recognise the goodwill generated from the Acquisition. The Bank made an initial public offering of overseas listed foreign shares (H shares) on the Hong Kong Stock Exchange on 16 December 2010 and adopted IFRS for the first time in the same year. The goodwill generated from the Acquisition was retrospectively recognized in accordance with the relevant requirements of the first implementation of IFRS.

## **(VII) Changes in Significant Accounting Policies and Significant Accounting Estimates and Judgments**

In determining the carrying amounts of some assets and liabilities and the related profit or loss during the Reporting Period in accordance with its accounting policies, the Group makes estimates and judgments in certain aspects. The Group makes estimates and assumptions based on historical experience and expectations of future events, and reviews them on a regular basis. In addition, the Group needs to make further judgments in respect of the application of accounting policies. The Group’s management believes that the estimates and judgments made by the Group reflect appropriately the economic context which the Group was subject to. The major areas affected by the estimates and judgments include expected credit loss measurement, liabilities related to supplementary retirement benefit and early retirement benefit, classification of financial assets, fair value of financial instruments, judgment on ownership and control of structured entities, and income taxes.

## **III. Discussion and Analysis of Main Business Operations**

### **(I) Retail Business**

Adhering to the development philosophy of “client-oriented” and based on the “obtaining and attracting customers”, “strengthening viscosity of flexible customers” and “excellent customer creating benefits”, the Bank strengthened product innovation, built a client value-added rights and interests system, and enriched clients’ rights and interests; the Bank strove to promote the business of merchants, optimized the card use environment, and accelerated the construction of BBC ecosystem. The Bank maintained its determination to transform and upgrade, further and deeper cultivated the retail market, and steadily pushed the retail business to a new level.



### 1. *Personal Deposit and Loan Business*

Personal deposits developed fast and smoothly. By creating a classification management system of “functional, featured and scenario-based” products, the Bank launched exclusive deposit products for star merchants, “Cui Li Cun (脆李存)” series featured products and exclusive deposit products for important traditional festival around customers’ differentiated needs to achieve customer product penetration and to boost continuous deposit growth. As at the end of June 2022, the balance of personal deposits of the Group amounted to RMB659,172 million, representing an increase of RMB55,156 million or 9.13% over the end of the previous year and the increment increased by RMB21,663 million year-on-year. Personal deposit balance accounted for 80.32% of total customer deposits, representing an increase of 0.77 percentage point over the end of the previous year. Total personal deposits and increment market share all ranked first in Chongqing.

Retail loans increased steadily. The Bank stressed product innovation and implemented differentiated credit services. The Bank implemented various measures to promote the professionalization, online operation and standardization of retail loan business, so as to constantly consolidate the dominant position of retail loan business. As at the end of June 2022, the balance of the Group’s retail loan amounted to RMB273,403 million. The Bank ranked first in Chongqing in term of the stock market shares. The balance of consumption loans amounted to RMB28.886 billion, representing an increase of RMB3.207 billion as compared with the end of the previous year and the increment increased by RMB1.498 billion year-on-year. The Bank has made more promotion efforts to online consumer loan product “Yukuai Loan” and has innovated and launched self-developed products “Pledged Fast Loan” (質押快貸). The balance of loans through independent innovation was RMB13.607 billion, representing an increase of RMB3.223 billion as compared with the end of the previous year, and the increment increased by RMB1.055 billion year-on-year. The Bank continued to improve the financial services for new citizens and launched the “New Citizen Jiefang Loan” (新市民捷房貸) product, with a loan balance of RMB283 million.

### 2. *Bank Card Business*

Debit card business grew steadily. The Bank has continuously improved the “Jiangyu” branded debit card product system, continuously improved the functions of products and conducted various right and interest activities. As at the end of June 2022, the total number of debit cards issued by the Bank reached 26,574,000; the consumption related thereto amounted to RMB24,396 million. Specially, nostalgia series of debit cards issued with the function of subsidizing remote remittance fees reached an issued number of 12,877,500 and gained remote remittance funds of RMB30,083 million.

The credit card business continued to improve. As of the end of June 2022, the credit balance of credit cards was RMB11.254 billion, representing an increase of 23.09% as compared to the end of the previous year, in which the installment balance of credit cards was RMB7.386 billion, representing an increase of 31.96% as compared to the end of the previous year. Merchants' businesses achieved improvement in volume and quality. The number of effective merchants amounted to 597,700, representing an increase of 48.87% as compared to the end of the previous year; a total of 618 million transactions were made, representing an increase of 5.66 times year-on-year; the accumulated transaction amount amounted to RMB74.789 billion, representing an increase of 4.91 times year-on-year. The AUM balance of merchants amounted to RMB60.037 billion, representing an increase of 64.65% as compared to the end of the previous year; the LUM balance of merchants amounted to RMB32.438 billion, representing an increase of 32.10% as compared to the end of the previous year. The quality of credit card assets continued to improve and the non-performing ratio was 1.98%, representing a decrease of 0.09 percentage point as compared to the end of the previous year.

### 3. *Wealth Management Business*

Improve the quality and efficiency of the wealth management business. The Bank strictly implemented the access standards, and preferentially selected cooperative institutions based on the customer-characteristic rights and interests system. The Bank strengthened customer tiered marketing, provided 16 value-added services in five categories for high-net-worth customers, and established an all-around comprehensive service capability. As of the end of June 2022, the balance of wealth management products under consignment of the Bank amounted to RMB121.695 billion, representing an increase of RMB13.868 billion as compared to the end of the previous year. In the first half of the year, the sales volume of agency insurance products amounted to RMB1,102 million, representing a year-on-year increase of 55.43%, the revenue of intermediary business amounted to RMB95 million, representing a year-on-year increase of 31.94%. The system of rights and interests products has been continuously enriched, and the localization features have become increasingly prominent.

### 4. *Customer Management*

Build a precise marketing service system. On the basis of a large number of retail customers of the Bank, the Bank used big data thinking and modern scientific and technological means to promote deeper digging, label management and value enhancement of customer data. The Bank proactively used financial technology to identify customers, developed 179 customer labels, and initially established a multi-dimensional customer label system of "subject, behavior and contribution", laying a good foundation for "creating products for customers and finding customers for products". In the first half of 2022, the number of VIP customers of the Bank increased by 201,100, representing an increase of 8.3%, the balance of VIP customers' financial assets increased by RMB67.37 billion, representing an increase of 9.54%, and the number of active customers amounted to 15,009,600, representing a year-on-year increase of 214,200, achieving a "double increase" of target customers and customer contributions.

### 5. *Electronic Distribution Pipelines*

Deepen the “Artificial Intelligence+” service. The Bank established the service mode of “automatic reaching + manual marketing” of intelligent outbound platform. In the first half of the year, there were 1,839,500 outbound calls from robots, accounting for 92.51%; the credit card installment and loan marketing output value of RMB438 million was realized, representing a year-on-year increase of 17.43%; the number of intelligent customer service conversations was 2.75 million, representing a year-on-year increase of 41.27%; and the problem solving ratio was 96.41%, representing a year-on-year increase of 68.52%.

Continue to innovate and develop the mobile banking. New functions such as Tax Fast Loan, asset management products, public welfare donations and code scanning were added to boost the digital transformation of the Bank. As of the end of June 2022, the number of mobile banking users of the Group amounted to 13,079,600, representing a net increase of 581,700 for the first half of the year, and an increase of 4.65%. The transaction amount in the first half of the year amounted to RMB836.837 billion, and there were 41,922,300 financial transactions.

## (II) **Small and Micro Businesses**

The Bank adhered to the market positioning of “supporting agriculture, rural areas and farmers and supporting small and micro enterprises”, and adhered to the development path of “online and offline two-wheel drive” of small-micro finance. While giving full play to channel advantages, the Bank strengthened financial technology empowerment, deeply cultivated the local market, and pushed the small-micro businesses to a new level. As of the end of June 2022, the number of inclusive small and micro enterprise loans<sup>1</sup> of the Bank exceeded 160,000 and amounted to 164,200, representing an increase of 11,800 as compared with the beginning of the year; the loan balance exceeded RMB100 billion and amounted to RMB103.802 billion, representing an increase of RMB7.631 billion as compared with the beginning of the year, and the growth rate was 7.02 percentage points higher than the growth rate of all loans of the Bank. The goal of “two increases”<sup>2</sup> was achieved. The number of inclusive small-and micro enterprise loans and the balance continue to maintain the first in Chongqing. In 2021, the Bank’s evaluation result of financial services for small and micro enterprises was the highest level, and the Bank was awarded as the advanced unit of financial services for small and micro enterprises in 2021.

<sup>1</sup> Inclusive small and micro enterprise loans refer to small and micro enterprises loans, individual business owners, and small and micro enterprise owners business loans with total individual credit amount below RMB10 million (inclusive), excluding bill discount and transfer discount.

<sup>2</sup> “Two Increases” means that the growth rate of inclusive small and micro enterprise loans is not lower than that of all loans at the beginning of the year, and the number of households with loan balance is not lower than that at the beginning of the year.

Improve the long-term service mechanism. The Bank issued 26 special measures for inclusive finance services, formulated 27 long-term working mechanisms for small and micro enterprises in financial services, further strengthened the top-level design and enhanced internal synergy. The Bank built 60 financial service harbors for private small and micro enterprises and individual industrial and commercial households in all districts and counties of Chongqing, further exerting the demonstration and leading role of small and micro enterprise franchised sub-branches, inclusive finance departments or rural revitalization finance departments, sinking the service focus and leading the development of small and micro businesses of the Bank.

Innovative characteristic financing products. The Bank strengthened the innovation of “one bank, one product”, newly developed and launched the “Tax Fast Loan” for corporate customers, and innovated the “Green Truck Mortgage Loan” for new energy vehicles. The Bank customized product models for catering, supermarket, medical and other industries by relying on the product platform of “Yukuai Revitalization Loan”, expanding customer coverage. The Bank deepened the business cooperation in bank to guarantor, popularized the business model of “guarantee at sight” of the National Financing Guarantee Fund, pioneered the post-withholding function of guarantee fees in Chongqing, and reserved more than 110 customer groups in industries such as specialization and innovation, scientific and technological innovation, rural revitalization, etc., thus laying a solid foundation for business development. At the same time, the Bank actively used preferential policies such as re-loans of “supporting agriculture, rural areas and farmers and supporting small and micro enterprises” and inclusive small and micro enterprise loans, effectively increased the release of credit loans, and transmitted policy dividends. In the first half of the year, the new loan interest rate for inclusive small and micro enterprise loans was 5.60%.

Create an intelligent loan handling process. The Bank built a “small and micro AI intelligent work platform”, generated an “exclusive QR code” for each employee, and carried out the “all-employee marketing, all-Chongqing code distribution” campaign, providing a convenient channel for small and micro customers to scan QR codes to apply for loans. The Bank optimized and iterated online service functions such as “cloud signing”, “self-mortgage”, “self-drawing” and “self-renewing loans”, and took the lead in realizing the automatic examination and approval of venture guarantee loans in Chongqing, continuously improving the intelligence and self-service level of small and micro businesses, further meeting the short, frequent and urgent financing needs of small and micro customers, and providing them with an efficient loan handling experience.

### (III) Corporate Business

Focusing on major strategies such as national “the belt and road initiative” and the construction of a twin-city economic circle in Chengdu-Chongqing region, the Bank proactively carried out the construction of a green financial system, focused on advanced manufacturing, helped the real economy to become better and stronger, continuously increased its support for areas that benefit people’s livelihood such as medical care and education, gradually improved its international settlement and cross-border service capabilities, and steadily promoted the company’s business development.

1. *Corporate Deposit and Loan Business*

As at the end of June 2022, the balance of corporate deposit of the Group amounted to RMB155,939 million, representing an increase of RMB5,728 million as compared to the end of previous year. The balance of corporate loans was RMB295,048 million, representing an increase of RMB14,763 million as compared to the end of previous year.

Precisely support major strategies. The Bank laid out the large-scale infrastructure and provided “hard support”. The loan balance of infrastructure projects of the Bank was RMB49.886 billion, representing a net increase of RMB2.717 billion as compared with the end of last year. The Bank took the initiative to interconnect the construction plan of Chengdu-Chongqing Economic Circle, and granted loans of RMB102.341 billion in total to the key projects in Chengdu-Chongqing and related enterprises in Sichuan, with a loan balance exceeding RMB24.907 billion. The Bank strengthened financial support for people’s livelihood, with a loan balance of RMB27.274 billion in people’s livelihood. The Bank promoted the high-quality development of the manufacturing industry, with the balance of manufacturing loans and the balance of manufacturing medium and long-term loans ranking first in Chongqing, representing a net increase of RMB4.695 billion and a net increase of RMB1.722 billion respectively as compared with the end of last year.

Build a green benchmark bank. The Bank established an “Equator” management mechanism, improved the management method of equator principle projects, and judged the applicability of equator principle and classified management of projects. The Bank promoted the construction of green bank, guided branches to speed up the release of green credit and expand green financial services. The Bank built a green product system, innovatively introduced clean and renewable energy income loan, green power loan, and equator principle project management method, and continuously push forward the reform and innovation of green finance to create green financial products and services with agricultural and commercial characteristics. The balance of green credit amounted to RMB43,339 million, representing an increase of RMB6,674 million as compared to the end of the previous year, and a year-on-year growth rate of 40.46%.

Support the development of the real economy. The Bank seized the opportunity of business development, and the loan balance of scientific and technological enterprises was RMB53.571 billion, representing a net increase of RMB3.222 billion as compared with the end of last year, ranking first in Chongqing. The Bank supported the construction of new-generation information technology, new energy, intelligent networked vehicles and other emerging industrial clusters, helping the loan balance of core enterprises in Chongqing’s “33 key industrial chains” to reach RMB16.063 billion, and the loan balance of strategic emerging manufacturing industries to reach RMB13.355 billion, representing a net increase of RMB1.823 billion as compared with the end of last year, among which the growth rates of new energy and intelligent vehicles and biomedicine were 68.83% and 37.34% respectively.

Science and technology empower channel development. The Bank built a big data platform for corporate business, providing refined data analysis and customer insight. The Bank built an omni-channel marketing model of account, corporate online banking, card and cash management platform through the smart counter and Jiangyu Industrial Card. In the first half of 2022, the Bank issued 16,000 Jiangyu Industrial Cards, and had 5,765 new omni-channel customers in the corporate business. The number of corporate online banking customers reached 148,100 cumulatively, with a transaction amount of RMB769.293 billion in the first half of the year, representing a year-on-year increase of 32.93%.

### 2. *Institutional Business*

Improve the layout of institutional business. By using the institutional platform, the Bank deepened the communication mechanism with the municipal party committees, bureaus and offices and keep abreast of the latest policy trends, capital flows and information trends, made deep efforts to implement the government-bank-enterprise linkage, and provided personalized loans, wealth management and other products for white-listed customers of municipal bureaus and institutions. The Bank had 15 special financial accounts for endowment insurance funds of land-expropriated personnel, accounting for 37% of Chongqing. The Bank opened 4,693 accounts of rural collective economic organizations, continuously consolidating the debt business foundation. The Bank established institutional marketing centers in branches, refined the marketing mechanisms and working methods of the institutional business, built key breakthrough and personalized maintenance mechanisms, and built a three-level marketing system of “head office, center and outlets”. The Bank was shortlisted for the qualification of cooperative banks to set up the fund supervision system of existing houses. The Bank became the first cooperative bank in Chongqing City to build a national medical insurance public service demonstration zone with Chongqing Municipal Medical Security Bureau, building a cooperative bank with “medical insurance + banking” service as a pilot.

### 3. *International Business*

In the first half of 2022, the Bank recorded the international settlement of USD2,681 million, the foreign exchange settlement of USD1,243 million. Transaction volume of foreign exchange transaction ranked first among local corporate banks in Chongqing, of which the transaction volume of interbank foreign exchange settlements amounted to USD6,820 million, representing a year-on-year increase of 49.63%. The transaction volume of inter-bank lending amounted to USD2,234 million, representing 11 times that of the same period of last year.

Implement four new businesses first. The Bank implemented the first foreign currency lending business with an overseas peers, and opened the cross-border interbank business transaction channel of the Bank. The Bank implemented the first C-Lending interbank lending business, continuously improved the efficiency of capital transactions, and actively met the liquidity demand. The Bank implemented the land-sea chain financing business, providing financing of USD546,000 for enterprises by participating in the land-sea chain financing scenario, helping enterprises to add new financing channels for rail-sea intermodal trade. The Bank implemented the first “Land-Sea New Channel Loan” in Chongqing, and provided financing support for related enterprises by adopting the model of “bank and guarantor bearing risks”, which expanded financing channels for foreign trade customers of land-sea new channel and effectively improved the financing and settlement efficiency.

Create a new brand of exchange rate hedging. The Bank actively launched the foreign exchange “Yu Yue Bao” brand, and through the convenience service of online spot settlement and sale of foreign exchange and forward settlement and sale of foreign exchange for corporate, enhanced the customers’ service experience of “quick hedging in Chongqing, happy enjoyment of exchange, and escort by treasure”, and enhanced the brand advantage of the Bank’s foreign exchange business.

### **(IV) Financial Market Business**

#### *1. Financial Inter-bank Business*

During the Reporting Period, the Bank’s market influence steadily increased and its brand awareness further expanded. It has been honored as monthly “Repo Innovation Active Dealer”, “X-Lending Active Institution” and “X-Bargain Active Institution” issued by the China Foreign Exchange Trade System. It successfully regained the qualification of Tier 1 dealer for open market business in 2022, being the only institutional legal person in Chongqing to be granted this qualification. In terms of asset liability allocation, the Bank rationalized the pace of establishing asset positions according to the trend of interest rates, enriched the types of investable products, and explored investment opportunities in different markets; the Bank improved the utilization efficiency of liability resource indicators and optimized the portfolio management of liability period; the Bank continued to broaden the financing channels; the Bank improved the diversification of customer types and continuously reduced the costs of liabilities. In terms of trading, the Bank systematically built the trading mechanism in terms of philosophy, scale, target, strategy, system, etc.; the Bank constantly strengthened the investment and research capabilities, continuously transformed research capabilities into investment capabilities, and drove its development by the integrated construction of investment and research.

## Management Discussion and Analysis

As of the end of June 2022, the investment balance of the Group's bonds amounted to RMB439,377 million, of which government bonds, public institutions and quasi-government bonds amounted to RMB308,199 million in total, with an increase of RMB31,434 million as compared with the end of the previous year. The scale of other bonds showed an overall downward trend, among which, AAA<sup>1</sup> rated bonds were RMB88,417 million, representing a decrease of RMB3,686 million over the end of the previous year. AA+ rated bonds were RMB19,493 million, representing a decrease of RMB5,544 million over the end of the previous year and AA rated bonds were RMB21,497 million, representing a decrease of RMB3,538 million from the end of the previous year.

As of the end of June 2022, the carrying value of the Group's financial bonds amounted to RMB195,271 million which consisted of debt securities issued by policy banks of RMB111,417 million, asset securitization products of RMB69,711 million, commercial banking debts of RMB12,159 million and bonds issued by other financial institutions of RMB1,984 million. The breakdown of the top ten financial bonds held is as follows:

*Unit: RMB million*

Name of debt securities	Nominal value	Annualised interest rate (%)	Maturity date
Debt securities issued by policy banks in 2022	13,720	3.00%	2032/1/17
Debt securities issued by policy banks in 2022	10,240	2.98%	2032/4/22
Debt securities issued by policy banks in 2019	10,000	3.48%	2029/1/8
Debt securities issued by policy banks in 2021	9,500	3.66%	2031/3/1
Debt securities issued by policy banks in 2021	7,060	3.12%	2031/9/13
Debt securities issued by policy banks in 2021	6,380	2.73%	2024/11/11
Debt securities issued by policy banks in 2020	5,000	3.07%	2030/3/10
Debt securities issued by policy banks in 2018	4,240	4.88%	2028/2/9
Debt securities issued by policy banks in 2018	4,000	4.00%	2025/11/12
Debt securities issued by policy banks in 2021	3,490	3.41%	2031/6/7

<sup>1</sup> Bond rating: Debt rating is prioritized. If there is no debt rating, the subject rating is used.



2. *Asset Management Business*

CQRC Wealth Management closely focus on the idea of “transformation and development”, adhered to the operating philosophy of “keeping integrity and innovation, striving for excellence”, continuously promoted transformation and innovation, and enriched product types, so as to ensure the orderly and healthy development of the Bank. As of the end of June 2022, the scale of wealth management products of the Company was RMB146.332 billion, representing an increase of RMB24.403 billion or 20.01% as compared to the end of the previous year, and the scale of public offering wealth management products was RMB141.590 billion, representing an increase of 25.52% as compared to the end of the previous year.

Continuously optimize internal management of the Company. The Bank organized the team and gradually finalized its talent building, implemented the product manager system, and adhered to the market-oriented appraisal and incentive mechanism. The Bank strengthened comprehensive risk management and established a whole systematic process of pre-event, interim-event and post-event risk prevention and control. The Bank strengthened information technology construction, continuously promoted the construction and optimization of risk engine system, wealth management distribution system and wealth management direct sale system, and accelerated the system interconnect with the consignment agencies.

Continue to promote business innovation and development. The Bank actively promoted product innovation, researched and developed the series index of Chengdu-Chongqing Economic Circle of CSI Chongqing Rural Commercial Wealth Management and successfully issued the theme wealth management product “Cheng Yu Bao” linked to such index, so that investors can share the development dividend of Chengdu-Chongqing Economic Circle. The Bank actively promoted the equity market business, explored the strategy of public offering of REITs and stock dividends, and constantly enriched the connotation of “fixed income+”.

3. *Investment Banking Business*

The Bank led underwriting of 4 debt financing instruments of non-financial corporations, with an aggregate underwriting share of RMB1.7 billion. The total underwriting amount of all kinds of interest rate bonds and credit bonds amounted to RMB44.349 billion. The Bank successfully completed the issuance of perpetual bonds of RMB2 billion.

4. *Asset Custodial Business*

In the first half of 2022, the Bank achieved the steady development of the custody business by strengthening the marketing expansion of the custody business, promoting the continuous optimization of the operation process, enhancing the system technology support, improving the system construction and compliance review.

### (V) Financial Technology

Give full play to the effectiveness of organizational structure. The Bank continued to play the role of the Bank's financial technology organizational structure of "one meeting one center and one department"<sup>1</sup>, giving priority to ensuring the talent allocation and resource supply of science and technology lines, and the investment in science and technology maintained stable growth in the first half of 2022. In the first half of 2022, the Bank completed approval of 51 projects throughout the year and launched more than 10 online self-operated products, serving more than 10 million customers. As of the end of June 2022, the total number of financial technology talents in the Bank was nearly 500, including 4 doctors, forming a talent echelon that covers the financial capability map and has independent and controllable capabilities

Consolidate the foundation of data middle office. The Bank continued to promote the construction of data middle office, promoted the data analysis platform, and provided data support and platform services for scenarios such as pre-loan risk control strategy, model optimization, post-loan risk monitoring and operation management of online loan products. The Bank strengthened the expansion and application of government data, interconnected with the marriage data of Chongqing Civil Affairs Bureau, and reduced the operations of customers to submit paper marriage certificates. In the first half of the year, the Bank served more than 50,000 customers. The Bank optimized the intelligent data decision-making platform to improve the security deployment capability of products launching online, with an average of 660,000 decisions per day, and with a success rate of 99.98%.

Promote the upgrade of the basic platform. The Bank accelerated the construction of Wanzhou remote disaster recovery center and ensured the balanced development of the disaster recovery system. The Bank put the IaaS private cloud platform into operation to promote the automation of data center operation and maintenance. The Bank promoted the distributed architecture, built a PaaS platform with micro service technology, and provided one-stop application life cycle management capability and data operation support. The Bank used the distributed database to provide consistent and synchronous external data services, and consolidated the cross-center active deployment architecture. The Bank made full use of the intelligent operation and maintenance capabilities formed by the automatic operation and maintenance platform, the application intelligent early warning platform and the unified log management platform to promote the overall upgrade of application operation and maintenance capabilities.

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<sup>1</sup> "One meeting one center and one department" includes the Financial Technology Management Committee under the senior management level, the Financial Technology Center composed of five first-level departments of the Head Office, namely the Financial Innovation Department, the E-banking Department, the Application R&D Center, the Data Management Department and the direct banking team, as well as the Information Department of Science and Technology.

Create a “patent pool” and “standard library”. As of the end of June 2022, all kinds of patents (including the acceptance and publicity stage) of the Bank exceeded 120 and the Bank obtained 8 software copyrights. The Bank developed internal and external standards around the application of financial technology. The Bank participated in the formulation of 6 financial industry standards, 4 of which have been published, participated in the formulation of 14 group standards, 7 of which have been published, and completed the formulation of 9 corporate standards. The Bank proactively participated in the activity of “leaders” of enterprise standards, and three enterprise standards were listed in the list of “leaders” of enterprise standards in the financial field in 2021, and relevant standardization construction experience has been selected for the China Financial Standardization Report (2021) by the China Financial Standardization Technical Committee.

## (VI) Financial Business in County Area

County area is the principle base where the Group carries out financial services. The financial business in county area has been a long-term strategic focus of the Group, and also one of the Group’s major sources of revenue. The Group took advantage of interactive linkage between urban and rural areas (城鄉聯動優勢). The Bank actively innovated products, introduced special incentive schemes, increased county-level financial supply, and built an online and offline two-way driving mechanism through the application of new technologies such as cloud computing, big data and artificial intelligence to meet the financial needs of scattered, mobile and fast customers in rural areas. The county-level financial business achieved rapid development. As of the end of June 2022, the loan balance of the Group in county area amounted to RMB310,504 million, accounting for 50.36% of the loan balance of the Group. The deposits balance in county area amounted to RMB579,152 million, accounting for 70.57% of the deposits balance of the Group. The balance of agricultural loans amounted to RMB206,520 million, representing an increase of RMB10,745 million as compared with the end of the previous year.

### 1. Pipeline Construction

As of the end of June 2022, the Group had established 5 branches, 26 first-class sub-branches, 110 second-class sub-branches, 1,310 branch offices, 1 community branch and 12 village and township banks in county areas. In order to continuously deepen basic financial services in rural areas and increase support for rural revitalization, the Group has established 2,502 CRSs, 447 ATMs, 61 multimedia inquiry machines and 1,783 smart integrated counters in county areas, and built and put into operation 455 rural convenience financial self-service points. At the same time, the Group continuously extended the cooperative network of people’s social services to the county, actively built a “nearby handling” service circle of social services and banks, so that people can fully enjoy the convenience brought by the “integrated” service of social services and banks. The Bank established 79 “nearby handling” networks and provided 221 pieces of business card-making equipment. The Group effectively expanded the customer service scope, provided more convenient services for customers in county areas, and effectively extended the Bank’s financial service tentacles while facilitating people and benefiting farmers.

The Bank intensified the construction of county electronic pipelines and proactively promoted Jiangyu Card, Funong Card, Rural Revitalization Card, etc. As of the end of June 2022, the Bank had issued a total of 20,864,700 debit cards in county areas, accounting for 78.52% of the debit cards issued by the Bank, of which 179,700 were rural revitalization cards; 1,408,600 credit cards were issued, accounting for 77.50% of the credit cards issued by the Bank, representing an increase of 121,900 as compared to the end of the previous year; 10,399,700 users opened mobile banking with the Bank, accounting for 79.81% of the users opening mobile banking with the Bank, representing an increase of 471,000 as compared to the end of the previous year. With the gradual optimization of electronic equipment and the increasing number of issued bank cards, the penetration rate of the Bank's financial business in county areas has been further improved.

### 2. *Business Support*

The Bank paid attention to tapping the regional value, and took customers as the center and the market as the guide to effectively help the development of county-level economy. As of the end of June 2022, personal deposits in county-level areas were RMB514,418 million, representing a net increase of RMB43,489 million as compared with the end of last year, accounting for 78.04% of the Group's personal deposits balance. The Bank took multiple measures to promote "national debt to the countryside". In the first half of the year, the branches in county-level areas underwritten the net value of national debt of RMB269 million, accounting for 82.52% of the net sales value of the Bank. The Bank fully met the credit needs of rural customers, and the balance of personal loans in county-level areas was RMB192,837 million, accounting for 70.53% of the balance of the Group's personal loans. The Bank innovated the consumption assistance mode, strengthened the cooperation between the bank and the government, and continued to organize the live broadcast goods-bringing activities of "there are good things in rural areas, and Yukuai helps revitalization", which drove the sales of characteristic agricultural and sideline products in county-level areas to about RMB3.5 million, thus effectively empowering rural revitalization.

The Bank gave full play to the role of financial support to rural revitalization in key areas such as helping the integrated development of urban and rural areas and the modernization of agriculture and rural areas. The Bank increased the release of rural infrastructure loans. As of the end of June 2022, the balance of corporate agriculture loans was RMB63.938 billion, representing an increase of RMB2.458 billion as compared to the end of the previous year. The Bank sorted out regional characteristics, determined the direction of industrial development, gradually promoted the implementation of "one loan for one county", and continued to support projects such as infrastructure and public service facilities in poverty-stricken areas to consolidate and expand the fruits of poverty alleviation. The Bank focused on agriculture-related photovoltaic power generation projects, and marketed 11 agriculture-related photovoltaic projects in total, with a support amount of RMB651 million. The Bank supported the improvement of comprehensive grain production capacity, granting a credit of RMB16.017 billion to reclamation projects, releasing loans of RMB10.209 billion in total, and supporting the reclamation of 186,800 mu of rural construction land in total.

CQRC Wealth Management has created the theme series wealth management products of “benefiting farmers” and “revitalizing the countryside” which are in line with the characteristics of rural areas, and created a new model of “wealth management + rural revitalization”, providing rural investors with the optimal allocation of wealth, implementing the support for agriculture and benefiting farmers. CQRC Financial Leasing focused on supporting culture and tourism, ecological engineering, rural revitalization, modern agriculture and other projects. The balance of leased assets in Chongqing amounted to RMB15.179 billion with the proportion of 79.02% in county areas. In the first half of the year, the amount of newly invested in rental projects in Chongqing amounted to RMB3.981 billion, with the proportion of 78.85% in county areas.

### **(VII) Principal Controlled and Investee Companies**

#### *1. Information on Controlled Subsidiaries*

##### **(1) Village and township banks**

CQRC Village and Township Bank is a general name for the village and township banks established by the Bank as the major promoter. The establishment of village and township banks is of great significance to fulfilling the Rural Revitalization Strategy, performing social responsibility, broadening and deepening the service to new rural construction, exploring the development of business growth and establishing a sustainable model for the growth of profit of the Bank. As of the end of the Reporting Period, the Bank has established 12 CQRC Village and Township Banks in 12 counties (districts/cities) across 5 provinces and/or regions, of which the shareholding ratio is not less than 51% for all, with aggregate registered capital amounting to RMB1,662 million, total assets amounting to RMB4,731 million, net assets amounting to RMB1,837 million, the respective balance of deposits and loans amounting to RMB2,089 million and RMB4,040 million, NPL ratio and provision coverage rate of 1.35% and 306.93%, respectively, and net profits amounting to RMB24 million; The overall business development maintained robust; the asset quality continuously remained stable; the main risk regulatory indicators met regulatory requirements and the sustainable operation capability was continuously enhanced.

(2) CQRC Financial Leasing Co., Ltd.

CQRC Financial Leasing is a controlling subsidiary of the Bank. It was established in December 2014 with a registered capital of RMB2.5 billion. It is mainly engaged in financial leasing business, assign and transfer of finance lease assets, fixed income securities investment business, interbank lending, borrowing from financial institutions, sales and disposals of leased property, brokerage consulting, and establishment of project companies in domestic bonded districts to conduct leasing business, etc. The Bank held 80% equity interests of CQRC Financial Leasing. As at the end of the Reporting Period, the total assets and net assets of CQRC Financial Leasing was RMB53.029 billion and RMB5.583 billion, respectively, recording net profit of RMB566 million during the Reporting Period.

(3) CQRC Wealth Management Co., Ltd.

CQRC Wealth Management is a wholly-owned subsidiary of the Bank. It was established in June 2020. It is the first wealth management subsidiary of rural commercial banks in China and corporate banks in western China, with a registered capital of RMB2 billion. It is primarily engaged in public offering of wealth management products to the general public, investment and management of properties entrusted by investors; private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors; wealth management advisory and consulting services; and other businesses approved by the banking supervisory authorities of the State Council. As at the end of the Reporting Period, the total assets and net assets of CQRC Wealth Management were RMB2.649 billion and RMB2.584 billion, respectively, recording net profit of RMB216 million during the Reporting Period.

2. *Principal Investee Companies*

Chongqing Xiaomi Consumer Finance Co., Ltd. is the second licensed consumer finance company in Chongqing. It was established in May 2020 and is mainly engaged in granting personal consumer loans. Its registered capital was RMB1.5 billion. The Bank held its 30% equity interests. As at the end of the Reporting Period, the total assets and net assets of Xiaomi Consumer Finance were RMB9.661 billion and RMB1.412 billion, respectively.

## IV. Key Operation Concerns

### (i) About profitability

During the Reporting Period, the Group achieved an operating revenue of RMB15.298 billion, representing a year-on-year increase of RMB126 million or 0.83%. It recorded a net profit of RMB6.496 billion, representing a year-on-year increase of RMB678 million. The growth rate was 11.66%, increasing by 1.16 percentage points year-on-year. This was mainly due to the following aspects: firstly, the business scale maintained steady growth. The Group's asset scale exceeded RMB1,300 billion, an increase of RMB49.964 billion or 3.95% as compared to the end of the previous year. The loan scale exceeded RMB600 billion, an increase of RMB34.414 billion or 5.91% as compared to the end of the previous year. The deposit scale exceeded RMB800 billion, an increase of RMB61.304 billion or 8.07% as compared to the end of the previous year, hitting a new high in both increment and growth rate. Secondly, the business structure optimized continuously. The proportions of loan and deposits continued to increase, with various loans accounting for 46.84% of the total assets, an increase of 0.87 percentage point as compared to the end of the previous year, and various deposits accounting for 68.13% of the total liabilities, an increase of 2.66 percentage points as compared to the end of the previous year. On the one hand, the Group focused on China's positioning of stabilizing the economic market, grasped the construction cycle of the Chengdu-Chongqing Economic Circle, further exerted local financial advantages, promoted the implementation of major national and local strategies, and focused on green credit, infrastructure credit and other livelihood areas. On the other hand, the Group adhered to the strategy of "anchoring the Bank with retail", and effectively leveraged the advantages of more outlets, extensive coverage and familiarity with people and places to continue to promote innovation in online products and scenarios and to promote the steady development of the retail business. Thirdly, the contribution of self-operated business in the financial market increased. The net income of the Group's capital business was RMB1.315 billion (including net income from derecognition of financial assets), representing a year-on-year increase of RMB730 million and a year-on-year growth rate of 124.91%, mainly because the Group made investments, grasped the trading opportunities and improved the comprehensive income in combination with the interest rate trend.

Looking forward to the second half of the year, China's economy will continue to recover, and a series of policies and measures to stabilize the economic market will be constantly updated. At the same time, the construction of the Chengdu-Chongqing Economic Circle will be gradually promoted. The Group will make steady efforts in the construction and development of the Chengdu-Chongqing Economic Circle through a package of measures such as grasping the regional development opportunities, sticking to the strategic positioning and optimizing the business structure, and seize the incremental market space to drive revenue by scale. At the same time, the Group will strengthen the management and control of asset quality, allocate financial resources in a differentiated way, and promote the stable performance.

Firstly, the Group will deepen the strategic positioning of “anchoring the Bank with retail”, continue to increase the release of loans, dynamically adjust the resource allocation in the Bank according to the market situation, and choose the right opportunity to continuously enhance the toughness of the credit business by “supplementing the price by quantity” and “promoting the quantity by price”. Secondly, the Group will continue to strengthen deposit expansion, seize the opportunity of the reform of the floating pricing mechanism of bank deposit interest rate, and continue to consolidate the volume and price basis of low-cost customer deposits. At the same time, we will actively apply for Central Bank monetary policy tools such as re-loans and rediscount, increase the proportion of low-cost liabilities, and release the net interest income space. Thirdly, the Group will strengthen market research and judgment, actively optimize the investment structure, grasp the investment rhythm, and promote the steady growth of the income of the capital business in the fluctuating economic cycle. Fourthly, the Group will continue to improve the level of refined cost management, allocate resources accurately, continuously optimize the expenditure structure of expenses, strengthen input-output analysis and give full play to the leveraging role of financial resources.

### **(ii) About net interest margin**

In the first half of 2022, the Group’s net interest margin was 2.03%, representing a year-on-year decrease of 20 basis points and a decrease of 14 basis points as compared to the end of the previous year. On the one hand, the loan prime rate (LPR) has been continuously lowered this year, and at the same time, the Bank has actively implemented the policy of reducing fees and surrendering profits and the regulatory guidance, effectively reducing the financing costs of the real economy and the costs of housing mortgage loans, with the rate of return of various loans dropping by 21 basis points year-on-year. At the same time, affected by the downward trend of interest rate in the capital market, the income level of the capital business has also declined. On the other hand, the Group insisted on fine management of debt costs, balanced the scale growth and the structural optimization, and achieved good control of debt costs. This year, the cost ratio of the liability side was 2.21%, representing a year-on-year decrease of 4 basis points, which strongly supported the net interest margin. However, the net interest margin showed a downward trend as a whole because the decline rate was less than that of the asset side.



Looking forward to the second half of the year, the policy tone of reducing the comprehensive financing costs for the real economy will remain unchanged as a whole. Meanwhile, the decline of market interest rate will drive the rate of return of non-credit assets down, and the net interest margin may continue to be under pressure. However, the Bank will continue to accelerate the transformation and upgrading of the business structure, and at the same time, enhance the core liability advantages such as deposits, and strive to control the net interest margin at a reasonable level in the second half of 2022. In terms of the asset side, firstly, we will seize the incremental credit demand released by the construction of the Chengdu-Chongqing Economic Circle, continue to increase the release of loans, continuously stabilize the loan proportion, and continue to “supplement the price by quantity” and “supplement the price by structure” to stabilize the loan income. Secondly, we will strengthen the forward-looking research and judgment of market interest rate, grasp the trading opportunity, enrich trading strategies, reasonably manipulate the “product structure and term structure”, speed up the transition to trading and light businesses, and improve the efficiency of capital use. In terms of the liability side, we will give full play to the advantages of taking deposits, and continuously consolidate the advantages of “moat” on the debt side, so as to provide strong support for the assets of the Group. Firstly, we will seize the occurrence of the floating limits of deposit interest rate, continue to effectively control the volume and price of deposits, and consolidate the quality and efficiency of deposit development. Secondly, we will expand diversified liabilities in combination with the needs of business development, continue to actively apply for relatively low-cost funds such as re-loan, rediscount, optimize the liability structure, and keep the cost of liabilities stable.

### **(iii) About asset quality**

In the first half of 2022, under the background of the repeated COVID-19 pandemic in China, the “triple pressure” on the macro economy and the escalation of international political and economic disputes, the Group actively implemented the relevant policies of the State to stabilize the economic market, continuously promoted the optimization of credit structure, strictly controlled the material risks, prudently carried out classified management of loans, and further strengthened the control of asset quality. The proportions of the latter four types of loans continued to decline steadily, with the non-performing loan formation ratio decreasing year on year, and the asset quality generally improved.

Firstly, asset quality continued to improve. As of the end of June 2022, the percentage of the latter four types of loans of the Group was 2.98%, representing a decrease of 0.19 percentage point over the end of the previous year, among which, the NPL ratio was 1.23%, representing a decrease of 0.02 percentage point over the end of the previous year; the percentage of loans of concern was 1.75%, representing a decrease of 0.17 percentage point over the end of the previous year. Various indicators maintained at an excellent level in the industry.

## Management Discussion and Analysis

Secondly, the downward pressure of asset quality eased. After the potential risks were resolved in an orderly manner in the early stage, the downward pressure of the Group's asset quality continued to ease. In the first half of the year, the non-performing loans formation ratio decreased year-on-year, and corporate non-performing loans achieved a "double decline", among which, the non-performing loan balance decreased by RMB925 million over the end of the previous year and the NPL ratio decreased by 0.41 percentage point over the end of the previous year.

Thirdly, although the non-performing ratio of retail loans increased, the overall risk was controllable. In the first half of the year, affected by COVID-19 pandemic and other factors, the non-performing ratio of retail loans of the Group increased. However, according to the newly formed retail non-performing loans, most of them had sufficient secondary repayment sources and full provision for impairment was made. Among them, secured loans accounted for 85%, and mortgaged and pledged loans accounted for 75%. The assessed value of the collateral covered 1.72 times of the principal of pledged and mortgaged loans, which could effectively mitigate the Bank's risk exposure, and the average provision for impairment reached 67%, so the overall risk was controllable.

Fourthly, the risks in key areas were generally controllable. In terms of housing-related loans, the Group has always adhered to prudent access standards and implemented strict list management for real estate development loans. As of the end of June 2022, the balance of corporate real estate loans of the Group was RMB4.543 billion, accounting for only 0.74% of all loans, and there were no non-performing loans. The Group's housing loans mainly focused on projects with just-in-demand and first-home demand. The construction of some real estate projects in Chongqing was suspended and delayed, and the delivery of such projects was delayed. The scale of credit involving the Bank was tiny, and the Group's housing-related loan risks were generally controllable. In terms of deferred loans, as of the end of June 2022, the balance of small and medium-sized micro-loans with deferred repayment of principal and interest according to the relevant policies during the COVID-19 pandemic period amounted to RMB7.7 billion (excluding accrued interest), representing a decrease of RMB1.1 billion as compared with the end of the previous year, and accounted for 1.25% of the Group's loan balance, representing a decrease of 0.26 percentage point as compared with the end of the previous year. The Group continued to carry out risk assessment for the above loans, dynamically implemented risk classification management, accurately reflected asset quality, made adequate provision for impairment, and orderly released the risk of deferred loans. As of the end of June 2022, the average impairment provision ratio of the above loans was 34%, which had little impact on the Group's subsequent operations as a whole.

Looking forward to the second half of 2022, the COVID-19 pandemic in China will ease somewhat, and the relevant measures of the State to stabilize the economic market will continue to be implemented. It is expected that the domestic macro-economy will maintain a recovery trend. Under this background, on the one hand, the Group will closely follow the policy guidance, boost the sustained recovery of the domestic economy and promote the steady development of the Group's businesses. On the other hand, the Group will strengthen post-loan management and risk assessment, strictly manage the material risks, carry out classified management of assets, make forward-looking provision for impairment, properly collect and dispose of existing non-performing assets, and steadily improve operating efficiency. On the whole, it is expected that the asset quality of the Group will continue to be stable in the second half of the year, and relevant indicators will continue to be controllable and maintain a good level.

### **(iv) About impairment provision**

The Group has always adhered to the principles of compliance, prudent and stable operation and the business philosophy of giving equal importance to efficiency and scale, quality and speed, and internal control and development. As at the end of June 2022, the balance of credit risk loss provision of the Group amounted to RMB30,690 million, representing an increase of RMB3,341 million as compared to the end of the previous year. Among which, the balance of credit asset impairment provision amounted to RMB28,593 million. The provision coverage ratio was 376.83% and provision-to-loan ratio was 4.64%, representing an increase of 36.58 percentage points and 0.37 percentage point as compared with the end of the previous year, respectively, maintaining at a high level and ranking at the front of listed banks. The Group's provision coverage ratio of loans overdue for more than 90 days was 627.74%, and that of loans overdue for more than 60 days was 561.34%, representing an increase of 46.69 percentage points and 44.41 percentage points as compared with the end of the previous year, respectively, further enhancing the risk replenishment capability.

### **(v) About financial technology empowering the development of businesses**

Deepen the application of financial technology. The Bank gave full play to the intelligent service support capability of the perception and cognition engine, and promoted the application of special services such as "Dialect Bank" and "Air Counter". The "Dialect Bank" strengthened dialect capacity building and the application of scenarios, promoted the deployment and upgrading of the integrated platform of intelligent voice tagging and training, and further improved its recognition capability. The "Air Counter" has accumulated 27 online transactions, and has been popularized and applied to 398 outlets in 21 branches. The Bank continued to promote the construction of rural revitalization financial service management platform project, promote the construction of rural credit evaluation system in Chongqing, and improve the credit coverage of farmers.

## Management Discussion and Analysis

Enrich the digital product system. The Bank continued to launch and improve self-developed products with special features, such as “Piao Fast Discount”, “Yukuai Loan”, “Housing Fast Loan”, “Tax Fast Loan” and “Jie Housing Loan”. The number of launched independent innovative digital products has reached 16, covering all kinds of businesses, such as credit, mortgage, pledge, discount and installment, the business scale grew steadily, and the overall risk remained stable. The Bank launched a new online second-hand housing mortgage loan business, with the replacement rate of the traditional offline mortgage loan reaching 92%. The “Yukuai Rural Loan” newly added customers engaged in businesses such as pepper planting, mustard planting, and tobacco planting, helping to implement the rural revitalization strategy.

Strengthen the construction of online channels. The Bank launched a new generation of corporate online banking, built a brand-new corporate sharing middle office service system, and realized personalized customization of corporate online banking. The Bank adopted a brand-new UI design, injected brand elements, provided intelligent customer services and exclusive customer manager services, and comprehensively enhanced the user experience. The Bank built “enterprise service +”, launched scenario-based services, empowered enterprise management and employee collaboration, and created a digital financial ecological environment for enterprises. The Bank promoted the transformation and upgrading of password control system, introduced intelligent risk control tools such as customer identity cloud reading and face bodyguard, and comprehensively improved the security and experience of electronic channels.

Build a digital operation system. The Bank launched the functions of the Digital Operation Analysis Platform Phase I, realizing the closed loop of data analysis of digital products such as “Yukuai Loan” in all channels and all processes. The Bank integrated and applied the H5 general retention allocation tool and the digital operation analysis platform, and acquired customers through digital scenario by interconnecting online and offline traffic channels. The Bank established a loan advisory service mechanism to enhance the experience of customers in handling the credit business. The Bank launched the customer experience management monitoring platform, gradually forming a closed-loop management of “monitoring-collection-analysis-early warning-feedback” of customer experience, and improving business quality and customer experience.

## V. Risk Management

During the Reporting Period, facing with the increasing pressure of the complexity, severity and uncertainty of the domestic economic development environment caused by the COVID-19 pandemic and the international situation, the Group coordinated the prevention and control of the COVID-19 pandemic and the business development, and continued to make efforts from the aspects of “building a platform, strictly monitoring, re-evaluating, strengthening measurement and implementing”, and actively responded to the complicated external situation, tightening supervision situation and business transformation trend. The Bank resolutely implemented the spirit of the national conference on stabilizing the economic market and related policies, and strengthened risk prevention and strictly abided by the bottom line of risks while increasing efforts to help enterprises. Firstly, the asset quality remained stable and the risk offset level was good. By strengthening the target management and control, and strengthening the effective linkage between risk classification, impairment provision and non-performing disposal, the risk was cleared out in an orderly manner, while maintaining the overall stability of asset quality and a good level of risk offset. Secondly, the policy mechanism became more perfect, helping the steady development of operations. The Bank formulated the annual risk preference and risk management opinions, and evaluated and revised 20 institutional measures to make the risk policy more suitable for regulatory requirements and management practice. The Bank established a closed-loop risk control mechanism for online credit products from product innovation, model strategy review to post-operation evaluation. The Bank improved the incentive mechanism and guided its branches to consolidate the “basic management” and the “process management”. The Bank started to implement the model risk management. Thirdly, the system tools were optimized day by day, and the intelligent risk control was steadily advanced. The Bank further strengthened the functions of integration and display of the risk data mart, created a unified risk view of customers, and significantly improved the monthly average utilization rate of branches. The Bank completed the development of the new version of the non-zero internal evaluation model, and launched and put into production the retail loss given default model, and the risk cost parameters were more deeply applied to loan pricing. The Bank continued to optimize the large-amount risk exposure system to provide strong support for the control of credit concentration.

In the next step, the Group will make efforts to continuously improve the overall risk management level by “continuously optimizing the tools of risk management mechanism, timely monitoring and responding to various risk signals, practically improving the efficiency of risk assessment, and enhancing the accurate support of quantitative analysis for decision-making”.

### **(1) Risk Management Structure**

The Bank's risk management structure consists of the Board of Directors, the Board of Supervisors, senior management and related special committees authorized by it, the headquarters' risk management department, other relevant functional departments, the audit department and branches and subsidiaries. The Board of Directors assumed the ultimate responsibility for comprehensive risk management and set up a risk management committee to perform responsibilities related to comprehensive risk management with the Board's authorization. The senior management assumed the responsibilities for implementing comprehensive risk management, implementing Board resolutions, and set up risk management committees to make collective decisions on risk management related matters. The Board of Supervisors assumed the responsibilities for overseeing overall risk management, supervising and inspecting the due diligence performance of the Board of Directors and senior management in respect of risk management and supervising their rectification.

The headquarters' risk management department took the lead in the daily management of comprehensive risks, and was responsible for leading the implementation of comprehensive risk management system and timely reporting to the senior management on the Group's comprehensive risks and various major risks. Each department of the headquarters assumed direct responsibility for the risk management of the line and the department, and managed various risks of the Bank including credit risk, market risk, liquidity risk, and operational risk in accordance with the division of responsibilities. The audit department of the headquarters is responsible for performing internal audits on relevant performance. Each branch is responsible for the daily management of comprehensive risks of the branch. Under the framework of the Bank's overall risk appetite and risk management policies, each subsidiary institution has established a comprehensive risk management system that is appropriate to the nature, scale and complexity of its business.

### **(2) Credit Risk Management**

Credit risk refers to the risk of losses of banking business arising from failure of the borrower or the counterparty of the Bank to fulfil relevant obligations as per the contract for various reasons.

In the first half of 2022, the Group actively implemented the national policies to stabilize the economic market, and strengthened credit risk control around the working idea of “strengthening management, controlling risks and stabilizing development”. Firstly, the Group continued to improve the credit risk management system, regularly issued credit investment guidelines, promoted the optimization of credit asset structure, and improved the post-loan management mechanism. The Group used big data risk early warning and intelligent post-loan management tools to strengthen the investigation of doubtful data and early warning signals, and proactively carried out credit management. Secondly, the Group implemented the policy of stabilizing the economic market, deferred the repayment of eligible loans, helped the enterprises and individuals affected by the COVID-19 pandemic to gradually resume production and operation, and at the same time, eased the downward pressure of asset quality. Thirdly, the Group intensified the risk assessment efforts, continuously carried out risk assessments in key areas such as loans the repayment of the principal and interest of which was deferred, and sorted out potential risks in an orderly manner. Fourthly, the Group continuously strengthened technical support for risk measurement. The Group carried out the optimization of non-retail and retail internal rating models, completed the annual rating update, and improved the accuracy of internal rating. At the same time, the Group carried out the credit risk stress test to quantitatively assess the credit risk level of the Group under macroeconomic pressure. Fifthly, the Group strictly controlled concentration risk, strictly managed large-amount risk exposure, and promoted the application of management system. As at the end of June 2022, the relevant indicators of the Group’s large-amount risk exposure are performing better than regulatory standards.

### **(3) Market Risk Management**

Market risk refers to the risk of losses from on-balance-sheet and off-balance-sheet businesses of the Group arising from adverse changes in the market price (such as interest rate, exchange rate, stock price and commodity price, etc.). The market risks faced by the Group mainly include interest rate risk and exchange rate risk. The purpose of market risk management is to control potential market risk losses through monitoring and other measures to the extent that the Group can bear and maximize risk-adjusted returns.

The Group proactively manages its interest rate risk and exchange rate risk in accordance with the regulatory requirements of the Group and with reference to the relevant provisions in the “New Basel Capital Accord”. The Group has also formulated a management system for market risk through regulations on authorization, credit extension and risk limit, and measures such as monitoring and reporting.

In the first half of 2022, the Group continued to improve its proactive market risk management capabilities and steadily advanced various management tasks. Firstly, the Group revised the Market Risk Management Measures, the Market Risk Contingency Plan, the Detailed Rules for the Market Risk Limit Management, the Detailed Rules for Market Risk Stress Test and the Detailed Rules for the Division of Trading Account Book and Bank Account Book, further improved the system of “one method, multiple rules” and consolidated the management foundation. Secondly, the Group formulated the annual market risk limit plan, clarified the control measures, actively studied and responded to market fluctuations, and properly carried out risk monitoring and prompting by frequency. Thirdly, according to the current macro-policy and economic situation, the Group rationally adjusted the stress test scenarios, regularly carried out stress tests, completed the stress test projects deployed by the People’s Bank of China, carefully assessed the impact of different stress scenarios on capital, and ensure that the Group had the ability to resist risks in extreme scenarios. Fourthly, the Group enhanced the research and judgment on interest rates and exchange rates, regularly conducted macro-environmental analysis, and improved the farsightedness of market risk analysis. Fifthly, the Group started the construction of market risk management system to further improve the management accuracy and efficiency.

### 1. *Interest Rate Risk Analysis*

Interest rate risk is the major market risk faced by the Group. The Group measures interest rate sensitivity gap on a regular basis, evaluates interest rate risk through gap analysis, and further assesses the impact of interest rate changes on net interest income and economic value in varied interest rate scenarios.

In the first half of 2022, the liquidity of the banking system remained reasonably abundant. Affected repeatedly by the COVID-19 pandemic in the first half of the year, China’s economy faced great downward pressure. Driven by the expected slowdown in economic growth, the interest rate of 10-year government bonds broke through 2.7% downward, and the monetary policy continued to be flexible and moderate. In January, the People’s Bank of China lowered the medium-term lending convenience rate, and the 1-year LPR was lowered from 3.8% to 3.7% and the 5-year LPR was lowered from 4.65% to 4.45% in the first half of the year. The shibor interest rates of each term showed a large downward trend. The domestic economic recovery will still face many difficulties in the second half of the year. The Group will pay close attention to the macro monetary policy and the COVID-19 pandemic at home and abroad, improve the forward looking of interest rate risk management, and strengthen the differential refined pricing of internal and external interest rates, so as to ensure the continuous improvement of the Group’s revenue and market value.



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

(Expressed in RMB million)	Within 3 months	3 months - 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
Interest rate gap as of 30 June 2022	(190,310.4)	(7,752.2)	44,790.4	212,346.2	43,366.4	102,440.4
Interest rate gap as of 31 December 2021	(104,059.6)	(181,413.7)	(732.6)	345,362.3	38,449.1	97,605.5

As at the end of June 2022, the Group's accumulated gaps of interest rate for all maturities amounted to RMB102.440 billion, representing an increase of RMB4.835 billion over the end of the previous year.

## 2. Interest rate sensitivity analysis

The following table illustrates the interest rate sensitivity analysis of the Group on the assumption that the overall interest rate in the market moves in parallel and not considering any risk management actions the management may take to mitigate interest rate risk:

(Expressed in RMB million)	The Group 30 June 2022		The Group 31 December 2021	
	Impact on net profit	Impact on other comprehensive income	Impact on net profit	Impact on other comprehensive income
Increase in 100 basis points	(150.5)	(2,943.9)	505.6	355.2
Decrease in 100 basis points	134.3	3,192.8	(505.6)	(355.2)

After excluding cash and balances with the Central Bank and the remaining part with repayment on demand clause, financial assets and financial liabilities of the Group with re-pricing date (or maturity date, whichever is earlier) within 1 year was the net interest rate risk gap. If the yield curve rises or falls in parallel by 100 basis points, the impact on the Group's net profit will be a decrease of RMB151 million and an increase of RMB134 million, respectively.

Based on the valuation methods of various financial assets that "measured at fair value through other comprehensive income", the Group assessed the impacts of a parallel upward or downward shift of 100 basis points in yield curve on the Group's other comprehensive income, to be a decrease of RMB2.944 billion and an increase of RMB3.193 billion respectively.

## Management Discussion and Analysis

### 3. Exchange Rate Risk Analysis

Exchange rate risk primarily results from mismatches in the currency denomination of the Group's assets and liabilities and currency position mismatches caused by currency mismatched between capitals and foreign currency transactions. The Group mainly adopts foreign exchange exposure analysis, sensitivity analysis and other means to measure exchange rate risk. The Group is mainly engaged in the Renminbi business with certain transactions related to US dollars, Euro and HK dollars but seldom conducts transactions in other currencies. Transactions in foreign currencies are mainly the Group's self-operated and agency current business, self-operated and agency swaps business and agency forward business.

In the first half of 2022, due to the interest rate hike cycle of the USD and the spillover effect of the Russian-Ukrainian war, the value of the USD rose rapidly since April, and then retreated in May. In the first half of the year, the exchange rate of the USD against RMB rose by 5.02%, and the fluctuation range of the US dollar against RMB was between 6.311 and 6.797. With the appreciation of the USD, the Bank appropriately increased its exposure to the USD as compared with the beginning of the year. As of the end of June, the total foreign exchange exposure was a positive exposure of RMB670 million, and the foreign exchange risk was generally controllable. Looking forward to the second half of the year, most major economic entities will face inflationary pressures, and there may be the possibility of raising interest rates several times. At the same time, the spillover effect of geopolitical conflicts will be still going on, and the trend of RMB exchange rate against foreign exchange rate will be uncertain in the second half of the year. The Group will continuously pay attention to global economic situation, strengthen the study and judgment on the trend of foreign exchange rate and reasonably allocate local and foreign currency assets. The Group strengthened its management capability of its exposure to foreign exchange risks and the management standard of foreign exchange assets and liabilities by enhancing the dynamic management of the deposits and loans of foreign exchange and arranging the utilization of foreign exchange capital reasonably. It also actively explored the usage of derivative financial instruments for exchange rate to hedge against exchange rate risk.

As at the end of June 2022, the position of foreign currencies on the Group's balance sheet denominated in RMB is as follows:

(Expressed in RMB million)	RMB	U.S. dollars RMB equivalent	HK dollars RMB equivalent	Other currencies RMB equivalent	Total
Net position as of 30 June 2022	101,077.6	1,149.5	204.5	8.8	102,440.4
Net position as of 31 December 2021	96,801.8	551.4	267.8	(15.5)	97,605.5

4. *Exchange rate sensitivity analysis*

The following table illustrates the exchange rate sensitivity analysis of the Group on the assumption that the RMB spot and forward exchange rate against USD in the market moves and not considering any risk management actions the management may take to mitigate exchange rate risk:

(Expressed in RMB million)	30 June 2022	31 December 2021
Exchange rate changes	Impact on net profit	Impact on net profit
RMB 5% appreciation	(43.1)	(20.7)
RMB 5% depreciation	43.1	20.7

**(4) Liquidity Risk Management**

Liquidity risk refers to the risk of inability in getting sufficient funds at reasonable costs in a timely manner to meet the due liabilities or other obligations for payments or other capital needs required for the conduction of normal business. The objective of liquidity risk management of the Group is to meet the liquidity needs of asset, liability and off-balance sheet activities and meet its payment obligation to external parties on a timely basis, to maintain stable operation with overall security, to protect the interests of depositors, and to effectively balance fund profitability and overall security no matter during the normal operation or at a highly stressed condition through the development of a scientific and comprehensive liquidity risk management mechanism and the implementation of effective identification, measurement, monitoring and reporting measures on liquidity risk.

The Board of Directors of the Group is ultimately responsible for liquidity risk management. The Asset and Liability Management Commission and Risk Management Commission under senior management are responsible for establishing policies and strategies relating to the Group's overall management of liquidity risk. The Assets and Liabilities Management Department, the Risk Management Department, the Capital Operation Department, the International Operations Department and other related departments cooperated with each other to form an organizational structure of liquidity risk management with division of work and cooperation, clear responsibilities and efficient operation. The Group ensured payment through continuous monitoring and management of positions across the Bank. The Group, leveraging its unremitting efforts in strengthening liquidity monitoring as well as the application of the FTP, a system for internal fund transfer pricing, had improved the management of internal fund allocation under the system. The Group updated liquidity pressure tests scenarios annually and carried out liquidity pressure tests quarterly to examine the ability of the Group to withstand risks under extreme pressure. The results showed that the management of liquidity risks under pressure, though more difficult, was controllable.

## Management Discussion and Analysis

The Group insisted on the business ideology of prudence and compliance, continuously optimized the structure of assets and liabilities, formulated and implemented the liquidity risk appetite and limit management and control plan for 2022. Combining the external environment and internal requirements for business changes, the Group improved and optimized forward-looking calculation process, conducted forward-looking liquidity risk index calculation on a rolling basis, deployed in advance and dynamically adjusted liquidity risk management strategies and promoted liquidity risk indicators to meet standards on a continuous basis. The Group enhanced daytime liquidity risk management, improved liquidity risk management information system, and strengthened the supervision and control of the high-quality liquid assets to facilitate the refined management.

In the first half of 2022, in the face of the normalized prevention and control of COVID-19 pandemic, the monetary policy continued to maintain a healthy position. The People's Bank of China flexibly used a variety of monetary policy tools to conduct cross-cycle adjustment and keep the total amount of liquidity matching the market demand. In general, the banking system liquidity remains reasonably abundant. The Group strictly complied with the liquidity risk limit management mechanism and maintained satisfactory liquidity. The key indicators reflecting the liquidity status of the Group met the supervision requirements.

The Group appraised the liquidity risk conditions by means of liquidity gap analysis. As at the end of June 2022, the liquidity gap analysis of the Group is as follows:

(Expressed in RMB million)	Undiscounted contractual cash flows categorised by contractual maturities							
	Overdue/Undated	On demand	Within 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Total
Net position of assets and liabilities as of 30 June 2022	50,208.0	(217,180.5)	(20,930.8)	(65,069.2)	(213,640.2)	203,468.3	647,473.2	384,328.8
Net position of assets and liabilities as of 31 December 2021	53,387.6	(207,640.1)	(32,354.2)	(104,930.1)	(149,269.5)	237,057.3	578,588.3	374,839.3

The Group measured and disclosed its liquidity ratio, net stable funding ratio and liquidity coverage ratio in accordance with the relevant requirements of Methods for Liquidity Risk Management in Commercial Banks (《商業銀行流動性風險管理辦法》) issued by the CBIRC.

As at the end of June 2022, the liquidity ratio of the Group is as follows:

Liquidity ratio (%)	30 June 2022	31 December 2021	31 December 2020
Renminbi	87.47	79.86	57.06
Foreign currency	151.20	92.89	98.87

Liquidity ratio is calculated by dividing current assets by current liabilities.

As of the end of June 2022, the net stable funding ratio of the Group is as follows:

(Expressed in RMB million)	30 June 2022	31 March 2022
Available stable funding	<b>892,415.64</b>	889,965.27
Required stable funding	<b>701,207.57</b>	728,820.19
Net stable funding ratio (%)	<b>127.27</b>	122.11

Net stable funding ratio is calculated by dividing available stable funding by the required stable funding. It is used to evaluate whether commercial banks have sufficient and stable funding sources to meet the needs of various assets and off-balance sheet risk exposures.

As of the end of June 2022, the liquidity coverage ratio of the Group is as follows:

(Expressed in RMB million)	30 June 2022
Qualified and high-quality liquid assets	<b>176,563.38</b>
Net cash outflows in future 30 days	<b>65,414.45</b>
Liquidity coverage rate (%)	<b>269.91</b>

The qualified and high-quality liquid assets mean various assets which can be cashed quickly in the financial market through sale or mortgage (pledge) without loss or with minimal loss in the pressure scenarios set by the liquidity coverage ratio. The net cash outflow in future 30 days means the balance between the expected total cash outflow and the expected total cash inflow in the future 30 days in the pressure scenarios set by the liquidity coverage ratio. The expected total cash outflow is the sum of the products of the balance of the relevant liabilities and off-balance-sheet items and its expected churn rate or extraction rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow is the sum of the products of the balance of the relevant on and off-balance-sheet contractual receivables and its expected inflow rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow which can be included shall not exceed 75% of the expected total cash outflow.

## (5) Operational Risk Management

Operational risk refers to the risk of loss due to imperfections in internal procedures and scientific and technological information systems or errors in personnel, or external events. Through the principles of comprehensiveness and prudence, the Bank implements an operational risk management strategy that matches the Bank's asset size and business complexity, based on a comprehensive risk management system and in compliance with the overall risk appetite.

During the Reporting Period, the Bank continued to consolidate and improve its operational risk management system to strictly guard against major operational risk events and strive to achieve comprehensive identification and effective control of operational risks. Firstly, the Bank closely monitored and identified operational risks. The Bank updated and improved the monitoring system of key risk indicators, regularly collected index data and risk loss data, and consolidated the foundation of risk measurement. Secondly, the Bank comprehensively evaluated measures to improve risk control. The Bank identified and sorted out key risk links in the process of various operation and management activities, updated and optimized risk control measures and improved management capabilities through system evaluation. Thirdly, the Bank carried out a number of risk inspections. Taking the investigation of case risks as the main line, the Bank comprehensively screened potential operational risk points through a combination of on-site and off-site methods, and organized the implementation of special inspections and supervision of cash management, account management, and accounting file management and other areas with frequent occurrences of operational risk to strengthen risk prevention in key areas. Fourthly, the Bank has consolidated the management of business continuity. The Bank coordinated and formulated an exercise plan, rationally utilized exercise resources, conducted business continuity exercises in the Bank in an orderly manner, deeply conducted comprehensive business impact analysis, continuously sorted out important businesses of the Bank and its dependent key resources, and laid a solid foundation for business continuity management. Fifthly, the Bank improved the quality and effectiveness of outsource risk management. The Bank formulated risk investigation plans for outsource business lines and organized all levels of institutions throughout the Bank to investigate potential risks and control results in all links of the outsourcing business life cycle one by one. In addition, the Bank implemented the special risk assessment of information technology outsourcing, and strictly guard against the risks in key outsourcing areas.

### **(6) Reputation Risk Management**

Reputation risk refers to the risk of negative evaluation of the Group by the stakeholders, the public and the media due to the Group's operations, management and other actions or external events, thereby damaging the brand value of the Group, adversely affecting the normal operation of the Group, or even affecting market stability and social stability.

During the Reporting Period, the Group established and improved the reputation risk management mechanism, and further strengthened the classified management of reputation risks, customer emergency and complaint handling, emergency handling of sudden public opinion, information release process management, and standardized management of publicity work, etc. At the same time, the Group continued to properly monitor and deal with the public opinion, actively and effectively prevented reputation risks and responded to negative public opinion events, and actively maintained the Bank's good market image to achieve the overall goal of reputation risk management.

## **(7) Information Technology Risks Management**

Information technology risks refer to operational, legal, and reputational risks arising from the use of information technology due to natural factors, human factors, technical loopholes, and management defects.

During the Reporting Period, the Bank continued to improve the information technology risk management system and enhance the efficiency of information technology risk management, without any major information technology risk events. Firstly, deeply cultivate the institutional system. According to the regulatory requirements and the Bank's management practice, the Bank updated the relevant systems of information technology risk management and outsourcing risk management to enhance the comprehensiveness, validity and operability of the systems. Secondly, strengthen the construction of information technology infrastructure. The Bank actively carried out reconstruction projects of remote disaster recovery centers, and enhanced the carrying capacity and support capacity of disaster recovery centers to support the long-term and steady development of scientific and technological activities. Thirdly, implement the operation and maintenance control of information technology. The Bank flexibly responded to the repeated situation of the COVID-19 pandemic, continuously optimized the emergency operation and maintenance mode, and properly kept the important information systems on duty 7 × 24 hours a day to effectively ensure the stable production and operation of the Bank. Fourthly, strengthen risk assessment and monitoring. The Bank established an expert group to implement the risk assessment links before the construction of important information system projects, regularly carry out information technology risk monitoring and analysis, and continuously improve the information technology risk management system of the Bank.

## **(8) Anti-Money Laundering Risks Management**

The Bank practiced the risk-based approach, further improved the working mechanism, strengthened active management, and effectively improved the level of risk prevention.

During the Reporting Period, the Bank continued to conduct anti-money laundering compliance review on the business system, promoted the effective integration of anti-money laundering and business management, and comprehensively consolidated its work foundation. The Bank established a data quality supervision platform, allocated special performance to continuously carry out data governance, and further improved the quality of anti-money laundering data. The Bank promoted the self-assessment of money laundering risk and strengthened the capacity building of risk management. The Bank carried out problem tracking and inspection, optimized the supervision mechanism, and improved the effectiveness of problem rectification. The Bank held a joint meeting on anti-money laundering to promote the cross-department sharing of anti-money laundering information and realize the coordination and linkage among departments. The Bank conducted special publicity and trainings, created a good anti-money laundering atmosphere, and constantly enhanced the endogenous motivation of anti-money laundering.

### (9) Internal Audit

The Group has established a sound internal audit system according to laws and regulations. The internal audit team works under the leadership of the Party Committee and the Board, and is responsible and reports to the Party Committee and the Board. The Articles of Association clearly stipulated that the Board was responsible for establishing and maintaining an effective internal audit system to ensure that internal audit had sufficient independence. The internal audit departments were equipped with designated audit personnel, which was in compliance with the regulatory requirements.

The Bank adhered to the goal of serving organizations and further improved the level of audit supervision. The Bank took initiative and dedicatedly fulfilled its duties to systematically sort out internal and external requirements, highlighted audit priorities and properly carried out audit projects in combination with the Bank's actual situations, adhered to problem-oriented, risk-oriented and goal-oriented, and promote the implementation of national policies, regulatory requirements and the Head Office's strategies.

During the Reporting Period, the internal audit made steady progress, maintained integrity and innovation, continuously promoted reform, continuously improved the internal control evaluation system, consolidated the foundation for problem rectification, and improved the team management mechanism. The Bank implemented three mechanisms, namely, "project claim system", "team leader responsibility system" and "process reverse force system", to improve the quality and efficiency of audit work, and implemented three linkages, namely, "institutions and institutions", "projects and projects", "inspection results and line appraisal", to improve the actual effect of problem rectification and give full play to the three functions of internal audit, such as "self-inspection and self-correction", "think about future" and "value guidance", so as to help the Bank develop with high quality.

### (10) Related Party Transactions

During the Reporting Period, in accordance with the requirements for listed banks, the Bank continued to improve its management of related party transaction. The Bank strengthened the system construction, revised the Administrative Measures for Related Party Transactions of the Bank according to the new regulatory requirements and the actual situation of management of the related party transactions of the Bank, and made a smooth transition of the related party transactions management. The Bank strengthened the management of the list of related parties. It communicated with shareholders, directors, supervisors and senior management and other persons about the importance and principles of related party transaction management, regularly collected information from related parties, conducted dynamic management and timely update of the list, strengthened identification of related parties, thereby laying a solid foundation for related party transaction management. The Bank strictly examined and approved related party transactions, controlled the compliance risks of related party transactions, standardized the implementation of the review and disclosure standards of related party transactions, and performed the obligation of filing or submitting transactions in a timely manner. The Bank strengthened the concentration management and control of related party transactions. It regularly monitored indicators of concentration for substantial shareholders and related parties of the Bank to prevent concentration risk. During the Reporting Period, all relevant indicators met the regulatory requirements.



1. *Related party transactions during the ordinary course of business*

During the Reporting Period, the Bank conducted related party transactions by following the relevant regulations of the CBIRC, the Shanghai Stock Exchange, the Stock Exchange, and the Administrative Measures for the Related Party Transactions (《關聯交易管理辦法》) of the Bank, the related party transactions were priced fairly and in line with the overall interests of the Bank and shareholders.

(1) Pursuant to the relevant provisions of the CBIRC, during the Reporting Period, there were 3 significant related party transactions approved by the Board of Directors or general meetings.

- ① During the Reporting Period, the Bank approved one credit-related significant related party transaction of CQRC Wealth Management Co., Ltd. The credit balance of the transaction amounted to RMB0 as at the end of the Reporting Period.
- ② The transaction amount of the non-credit significant related party transactions of the Bank approved during the Reporting Period was RMB7,267 million, as follows:

*Unit: RMB million*

No.	Name of related party	Transaction type	Transaction amount	Business type
1	Loncin Holdings Co., Ltd. (隆鑫控股有限公司), Chongqing USUM Recycling Resources Developments Co., Ltd. (重慶渝商再生資源開發有限公司), USUM Investment Group Limited (渝商投資集團股份有限公司), Loncin Group Co., Ltd. (隆鑫集團有限公司)	Non-credit	7,262	Debt restructuring
2	CQRC Financial Leasing Co., Ltd. (渝農商金融租賃有限責任公司)	Non-credit	5	Finance consulting services

- (2) In accordance with the relevant regulations of the Shanghai Stock Exchange, during the Reporting Period, the balance of the Bank's loans to related natural persons under the relevant regulations of the Shanghai Stock Exchange was RMB6.8628 million. Related party transactions that occurred between the Bank and related parties under the relevant regulations of the Shanghai Stock Exchange considered by the Board and general meetings are as follows:

The sixth meeting of the fifth session of the Board of Directors and the 2022 first extraordinary general meeting of the Bank considered and approved the "resolution in relation to the pre-restructuring of substantive merger and reorganization for 13 companies including Loncin Group Co., Ltd. (隆鑫集團有限公司)" on 24 January 2022 and 12 April 2022 respectively, agreeing on the proposal in relation to the pre-restructuring of substantive merger and reorganization for 13 companies including Loncin Group Co., Ltd. (隆鑫集團有限公司). The Bank claimed total creditor's rights of RMB7,262 million. For details, please refer to the "Announcement on Related Party Transactions of Chongqing Rural Commercial Bank Co., Ltd." (Announcement No.: 2022-013) published by the Bank on the website of the Shanghai Stock Exchange on 25 March 2022.

2. *Related party transactions in connection with purchase or sale of assets or equity interests*

During the Reporting Period, the Bank was not involved in related party transaction in connection with purchase or sale of assets or equity interest.

3. *Related party transactions in connection with joint external investment*

During the Reporting Period, the Bank was not involved in related party transaction in connection with joint external investment.

4. *Claims, Debt Transactions with Related Parties*

During the Reporting Period, the Bank was not involved in claims or debt transactions of a non-operating nature.

5. *Business transactions with related finance companies*

During the Reporting Period, there was no finance company controlled by the Bank. The Bank was not involved in deposits, loans, credit or other financial business with related finance companies.

6. *Other significant related party transactions*

During the Reporting Period, apart from the transactions mentioned above, the Bank did not have any other significant related party transactions that met the requirements of the securities regulatory authorities.

## VI. Capital Management

The Group implemented comprehensive capital management, including the formulation of capital management policies, capital planning, capital adequacy ratio management plans, capital measurement, internal capital adequacy assessment, capital allocation and capital assessment management. The goal of the Group's capital management is to mainly accumulate internal capital, with external capital as supplement, to effectively balance capital supply and demand, to strengthen capital restrictions and guidance to the business, so as to maintain a capital level that is consistently higher than regulatory requirements, and to reserve a certain room for margin and buffer as security.

In the first half of 2022, the Group continued to promote the refinement of capital management, formulated and implemented the capital planning for 2022-2024, rationally arrange risk-weighted asset plans, adjust business structure, improve capital utilization efficiency, maintain continuous growth of capital, further consolidate capital strength of the Bank, and constantly enhance the service capability for real economy. The capital indicators during the Reporting Period were good, providing a strong guarantee for the Group's stable business development and strategic implementation.

### (I) Capital Adequacy Ratio

The Group calculates the core tier 1 capital adequacy ratios, tier 1 capital adequacy ratios, and capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) promulgated by the CBIRC and relevant provisions, among which, the credit risk was measured at weight method, the market risk was measured at standard method and the operational risk was measured at basic indicator approach. The calculation range of capital adequacy ratio includes all branches of the Bank, its subsidiary village and township banks, financial leasing companies and CQRC Wealth Management.

As of the end of June 2022, the Group's capital adequacy ratio was 15.36%, representing an increase of 0.59 percentage point from the end of the previous year; the core tier 1 capital adequacy ratio and the tier 1 capital adequacy ratio were 12.82% and 13.57%, respectively, representing an increase of 0.35 percentage point and 0.59 percentage point respectively from the end of the previous year. The Group's capital adequacy ratio increased from the end of the previous year. On the one hand, the internal and external capital was promoted as planned and the net profit grew steadily. The Bank successfully issued RMB2 billion of capital bonds with no fixed term to effectively supplement capital at each tier. On the other hand, the business structure was continuously adjusted towards "light assets", and the proprietary investment allocation was continuously shifted towards low-weight business, the growth rate of risk-weighted assets was lower than that of total assets.

The following table sets forth the relevant capital adequacy ratio of the Group and the Bank at the dates indicated.

## Management Discussion and Analysis

Calculation results of capital adequacy ratio of the Group and the Bank

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital, net	<b>104,237.2</b>	<b>94,572.6</b>	101,073.5	92,637.8
Net tier 1 capital	<b>110,351.6</b>	<b>100,570.9</b>	105,172.6	96,636.1
Net capital	<b>124,865.4</b>	<b>114,245.9</b>	119,665.7	110,410.3
Risk-weighted assets	<b>813,007.8</b>	<b>757,799.7</b>	810,234.5	764,783.2
Include: Credit risk				
weighted assets	<b>754,204.4</b>	<b>702,677.1</b>	752,599.5	710,707.3
Market risk				
weighted				
assets	<b>5,267.3</b>	<b>4,768.9</b>	4,098.9	3,722.2
Operational				
risk weighted				
assets	<b>53,536.1</b>	<b>50,353.7</b>	53,536.1	50,353.7
Core tier 1 capital adequacy				
ratio (%)	<b>12.82</b>	<b>12.48</b>	12.47	12.11
Tier 1 capital adequacy				
ratio (%)	<b>13.57</b>	<b>13.27</b>	12.98	12.64
Capital adequacy ratio				
(%)	<b>15.36</b>	<b>15.08</b>	14.77	14.44

## Capital Adequacy Ratio of the Group

(Expressed in RMB million, unless otherwise stated)	30 June 2022	31 December 2021
<b>Core tier 1 capital</b>	<b>104,873.0</b>	101,710.8
Portion of paid-in capital that may be included	11,357.0	11,357.0
Portion of capital reserve that may be included	20,015.8	20,479.1
Surplus reserve and general risk reserve	30,684.2	28,812.1
Retained earnings	41,945.4	40,306.2
Non-controlling interests	870.6	756.4
<b>Core tier 1 capital deductible items</b>	<b>(635.8)</b>	(637.3)
Goodwill, net of relevant deferred tax liabilities	(440.1)	(440.1)
Other intangible assets (excluding land use rights), net of relevant deferred tax liabilities	(206.1)	(207.6)
Total of others that should be deducted from core tier 1 capital	10.4	10.4
<b>Core tier 1 capital, net</b>	<b>104,237.2</b>	101,073.5
<b>Other tier 1 capital</b>	<b>6,114.4</b>	4,099.1
Undated capital bonds	5,998.3	3,998.3
Non-controlling interests	116.1	100.8
<b>Net tier 1 capital</b>	<b>110,351.6</b>	105,172.6
<b>Tier 2 capital</b>	<b>14,513.8</b>	14,493.1
Tier 2 capital instruments and related premium that may be included	5,000.0	5,000.0
Excessive loan loss allowances	9,311.2	9,291.4
Non-controlling interests	202.6	201.7
<b>Net capital</b>	<b>124,865.4</b>	119,665.7
<b>Total risk-weighted assets</b>	<b>813,007.8</b>	810,234.5
<b>Core tier 1 capital adequacy ratio (%)</b>	<b>12.82</b>	12.47
<b>Tier 1 capital adequacy ratio (%)</b>	<b>13.57</b>	12.98
<b>Capital adequacy ratio (%)</b>	<b>15.36</b>	14.77

The following table shows the credit risk exposures of the Group as measured by weighting method on the dates indicated.

(Expressed in RMB million, unless otherwise stated)	30 June 2022		31 December 2021	
	Risk exposure	Unmitigated risk exposure	Risk exposure	Unmitigated risk exposure
On-balance sheet credit risk	1,302,367.9	1,247,999.2	1,256,478.3	1,226,975.3
Off-balance sheet credit risk	27,572.8	13,987.1	18,224.9	14,165.3
Counterparty credit risk	21,875.4	21,875.4	22,152.3	22,152.3
<b>Total</b>	<b>1,351,816.1</b>	<b>1,283,861.7</b>	<b>1,296,855.5</b>	<b>1,263,292.9</b>

## Management Discussion and Analysis

According to the Regulatory Requirements on the Information Disclosure Regarding the Capital Composition of the Commercial Banks (《關於商業銀行資本構成信息披露的監管要求》) issued by the CBIRC, the information concerning the capital composition statements, detailed explanation on relevant items and the main characteristics of the capital instrument of the Reporting Period will be further disclosed in the “investor relations – capital supervision” column on the website of the Bank ([www.cqrcb.com](http://www.cqrcb.com)).

### (II) Leverage Ratio

The Group measured and disclosed its leverage ratio in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》).

As of the end of June 2022, the Group’s leverage ratio was 8.21%, a slight increase of 0.02 percentage point from the end of the previous year.

The following table sets out the Group’s related accounting items corresponding with the regulatory items of leverage ratio and the differences between regulatory items and accounting items as at the date indicated.

(Expressed in RMB million, unless otherwise stated)	30 June 2022
Consolidated total assets	<b>1,316,255.5</b>
Consolidated adjustments	–
Customer assets adjustments	–
Derivatives adjustment	<b>86.8</b>
Securities financing transactions adjustments	<b>198.3</b>
Off-balance sheet item adjustments	<b>27,763.7</b>
Other adjustments	<b>(635.8)</b>
The balance of assets on and off-balance sheet after adjustments	<b>1,343,668.5</b>

The following table sets out information of the Group's leverage ratio, net tier 1 capital, assets on and off-balance sheet after adjustments and relevant details as at the date indicated.

(Expressed in RMB million, unless otherwise stated)	30 June 2022
Assets on the balance sheet (excluding derivatives and securities financing transactions)	1,311,038.9
Less: tier 1 capital deduction	(635.8)
<b>The balance of assets on the balance sheet after adjustments (excluding derivatives and securities financing transactions)</b>	<b>1,310,403.1</b>
Replacement cost of various types of derivatives (net of qualified margins)	21.1
Potential risk exposure in various derivatives	86.8
The sum of collaterals deducted from the balance sheet	—
Less: assets receivables formed due to qualified margins	—
Less: the balance of derivative assets formed due to transactions with central counterparties for providing clearing service for the customers	—
Notional principal for sold credit derivatives	—
Less: the balance of sold credit derivatives assets which can be deducted	—
<b>The balance of derivatives assets</b>	<b>107.9</b>
The balance of accounting assets for securities financing transactions	5,195.5
Less: the balance of securities financing transactions assets which can be deducted	—
Counterparty credit risk exposure to securities financing transactions	198.3
The balance of securities financing transactions assets formed due to securities financing transactions by proxy	—
<b>The balance of securities financing transactions assets</b>	<b>5,393.8</b>
The balance of items off balance sheet	49,953.1
Less: the balance of items off balance sheet reduced due to credit conversion	(22,189.4)
<b>The balance of items off balance sheet after adjustments</b>	<b>27,763.7</b>
Tier 1 capital, net	110,351.6
The balance of assets on and off-balance sheet after adjustments	1,343,668.5
<b>Leverage ratio (%)</b>	<b>8.21</b>

### VII. Outlook

#### (I) Industry pattern and trend

In the first half of 2022, China's GDP increased by 2.5% year-on-year in the face of the complicated and severe international situation such as the outbreak of the Russian-Ukrainian conflict, the increasing global inflation and the increasing risk of food and energy crisis, as well as the unexpected impact test such as the rebound of the domestic COVID-19 pandemic, showing good resilience. In the second half of the year, China's economic work will adhere to the general tone of steady progress, keep the economic operation in a reasonable range, and strive to achieve the best results. In the first half of the year, Chongqing's regional economy generally operated in a reasonable range, with GDP increasing by 4.0% year-on-year, which was 1.5 percentage points higher than the national level. Among them, investment in fixed assets increased by 6.9% year-on-year, the added value of industrial enterprises above designated size increased by 6.3% year-on-year, and the income of residents increased by 6.4% year-on-year. In the second half of the year, Chongqing will further promote the construction of Chengdu-Chongqing Economic Circle, coordinate the coordinated development of "one district and two groups", actively cultivate first-class innovative subjects, improve the core competitiveness of manufacturing industry, fully promote rural revitalization, and continuously release the potential of regional economic growth.

From the perspective of the development trend of the banking industry, the banking industry will generally continue the prudent supervision thinking, adhere to the bottom-line thinking, enhance the system concept, make an overall plan to prevent and resolve major financial risks, continuously strengthen the reform of the banking system and mechanism, and continuously promote economic transformation and upgrading and high-quality development. Banking institutions will fully implement a package of policies and measures to stabilize the economy, give full play to the role of financial counter-cyclical adjustment, and make greater contributions to stabilizing the macro-economic market.

#### (II) Development strategy and operating plan of the Company

The Bank will further promote the three-line strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", focus on building a development system of "all-in-one four-wheel drive", promote the "three changes" of the Bank through all-round digital transformation, and precisely implement policies around four points, namely, marketization, differentiation, strong service and capacity enhancement, so as to take the road of stable and high-quality development. The main operating plans for the second half of 2022 are as follows:



The Bank will regard the “big retail” as the main body of business development, resource allocation and operating contribution. The Bank will make every effort to enhance the overall contribution of individual, credit card, small-micro finance, rural revitalization and direct banking businesses to the development of the Bank, and expand the development space of “big retail” to the maximum extent by properly making refined products, excellent services, ecological improvement, making a thorough customer chain and creating a well-known brand, so as to take up the strategic mission and make every effort to make the subject contribution.

The Bank will regard corporate finance, financial market, financial technology and talent team as the four driving forces for the development of the Bank, which is interconnected and has a unified goal. The corporate financial business will focus on stabilizing the scale, optimizing the structure and promoting transformation, becoming the ballast stone for stabilizing the deposit and loan scale. The financial market business will focus on improving the investment and research ability and the trading ability, providing stable income support for the transformation and development of the Bank. The financial technology will focus on business and technology integration and innovation, and continuously enhance the level of technological empowerment and value creativity. The talent team will focus on building a “marketing iron army”, cultivating an excellent talent team that adapts to the frontier of financial development, the requirements of reform and innovation, the challenges of market competition and the characteristics of rural finance.

The Bank will take digital transformation as the most important breakthrough to reconstruct the Bank’s development potential and competitiveness, and further promote the “three changes” in the Bank’s business model, management process and organizational structure. The Bank will promote the change of business model through the construction of business middle office, the change of management process through the construction of management middle office, and the change of organizational structure through digital operation. The Bank will implement digital genetic transformation in an all-round way to promote better development of the Bank.

The Bank will focus on customer-centered value orientation, and emphasize “four efforts”, namely, marketization, differentiation, strong service and ability improvement. In terms of “marketization”, the Bank will continue to improve the market-oriented appraisal and restraint mechanism, cultivate a market-oriented corporate culture, and promote the performance distribution and financial resources to the front office. In terms of “differentiation”, each branch will base itself on regional characteristics and its own features, exert its efforts in a differentiated way, maximize its advantages, expand the market to the maximum extent, and form a landmark position. In terms of “strong service”, the Bank will strengthen the service awareness of the Bank, with the middle and back offices serving the front office, the Head Office serving branches, and the Bank serving the market and customers. In terms of “ability improvement”, the Bank will focus on improving the pricing ability of “responding sensitively and following the market”, the marketing ability of “daring to tackle tough problems and being good at customer acquisition” and the risk control ability of “forward-looking prediction and early resolution”.

# Corporate Governance

## I. Overview of Corporate Governance

During the Reporting Period, the Bank convened a total of 2 general meetings, at which 9 proposals were considered and approved and 3 reports were reviewed. The Bank convened 9 meetings of the Board of Directors (54 proposals were considered and approved and 30 reports were heard or reviewed), 27 meetings of the Special Committees of the Board of Directors (including 3 meetings of the Strategic Development Committee, 5 meetings of the Audit Committee, 6 meetings of the Related Party Transaction Supervision Committee, 7 meetings of the Risk Management Committee, 1 meeting of the Remuneration Committee, 1 meeting of Nomination Committee, 3 meetings of Consumer Rights Protection Committee and 1 meeting of the Sannong Financial Service Committee, at which 40 proposals were considered and 21 reports were reviewed), 5 meetings of the Board of Supervisors (20 proposals were considered and 8 reports were heard) and 5 meetings of the Special Committees of the Board of Supervisors (12 proposals were considered and no reports were heard).

The Bank has strictly complied with the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and also complied with most of the recommended best practices therein. During the Reporting Period, the legal action which the directors of the Bank may face is basically covered in the internal risk management and control scope of the Bank. The Bank estimates that there is little risk that there would be any event for which any director of the Bank shall take responsibility, therefore, no insurance has been arranged for the directors of the Bank as required under code provision C.1.8.

The Bank also strictly complied with the requirements under the relevant laws and regulations, and the Hong Kong Listing Rules in respect of management of inside information. There is no significant difference between the corporate governance of the Bank and that as required by the laws including the Company Law of the People's Republic of China and administrative regulations and the relevant requirements to the corporate governance for listed company of the CSRC and Hong Kong Stock Exchange.

## II. Securities Transactions by Directors and Supervisors

The Bank has adopted the model code of conduct regarding securities transactions by its directors, supervisors and relevant employees, on terms no less exacting than the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules. Having made specific enquiries with all directors and supervisors of the Bank, all directors and supervisors of the Bank confirmed that they have complied with the aforesaid code during the Reporting Period.

## III. Amendments to the Articles of Association

During the Reporting Period, the Articles of Association was not amended.

## IV. Details of the General Meeting

Session of meeting	Convening date	Resolutions of the meeting	Website to publish resolutions
2021 annual general meeting	26 May 2022	7 resolutions and 3 reports including the 2021 work report of the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.	Official website of the Bank (www.cqrcb.com) and website of Shanghai Stock Exchange (www.sse.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
2022 first extraordinary general meeting	12 April 2022	2 resolutions including the resolution in relation to the election of Hu Chun as non-executive Director of Chongqing Rural Commercial Bank Co., Ltd.	The same as the above

## V. Information on Directors, Supervisors, Senior Management, Employee and Institutes

### (I) Basic information on directors, supervisors and senior management

#### 1. Information on existing directors, supervisors and senior management

##### Directors

Name	Position	Gender	Age	Term of office <sup>1</sup>
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director and President	Male	50	August 2014 –
Zhang Peizong	Member of the Party Committee, Executive Director, Vice President, Secretary to the Board	Male	47	December 2018 –
Zhang Peng	Non-executive Director	Male	46	August 2019 –
Yin Xianglin	Non-executive Director	Male	40	December 2020 –
Gu Xiaoxu	Non-executive Director	Female	51	December 2020 –
Song Qinghua	Independent Non-executive Director	Male	56	September 2017 –
Zhang Qiaoyun	Independent Non-executive Director	Male	59	December 2018 –
Lee Ming Hau	Independent Non-executive Director	Male	44	June 2019 –
Li Jiaming	Independent Non-executive Director	Male	56	December 2020 –
Bi Qian	Independent Non-executive Director	Female	53	December 2020 –

<sup>1</sup> The term of office of directors shown in this table was the term approved by the CBIRC Chongqing Office.

### Supervisors

Name	Position	Gender	Age	Term of office
Yang Xiaotao	Member of the Party Committee, Head of Supervisor	Male	58	February 2022 –
Huang Qingqing	Shareholder Representative Supervisor	Female	37	October 2020 –
Zhang Jinruo	External Supervisor	Male	41	October 2020 –
Hu Yuancong	External Supervisor	Male	48	October 2020 –
Zhang Yingyi	External Supervisor	Male	49	October 2020 –
Zheng Yi	Employee Representative Supervisor	Male	56	November 2011 –
Le Xiaoming	Employee Representative Supervisor	Male	45	June 2019 –
Zhou Wei	Employee Representative Supervisor	Female	44	November 2021 –

### Senior Management

Name	Position	Gender	Age	Term of office <sup>1</sup>
Xie Wenhui	Secretary to the Party Committee, Chairman, President and Executive Director	Male	50	December 2013 –
Wang Min	Member of the Party Committee, Vice President	Male	58	July 2015 –
Dong Lu	Member of the Party Committee, Vice President	Female	46	May 2011 –
Shu Jing	Member of the Party Committee, Vice President	Female	50	October 2015 –
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	Male	47	September 2016 –
Gao Song	Member of the Party Committee, Vice President	Male	43	September 2016 –

<sup>1</sup> The term of office of president and vice president shown in this table was the time appointed or nominated by superior departments.

2. *Changes in directors, supervisors and senior management*

(1) Engagement and resignation

Mr. Liu Jianzhong resigned from the secretary to the Party Committee, chairman and executive director and the positions of relevant special committees under the Board since April 2022.

Mr. Yang Xiaotao has served as a member of the Party Committee, Head of Supervisor and positions of relevant special committees of the Board of Supervisors of the Bank since February 2022.

Mr. Xie Wenhui has served as the secretary to the Party Committee of the Bank since April 2022 and served as the chairman of the Bank since August 2022.

(2) Information update

Mr. Zhang Qiaoyun resigned as the independent director of Liangshan Rural Commercial Bank Co., Ltd. (涼山農村商業銀行股份有限公司) in June 2022.

Ms. Gu Xiaoxu ceased to serve as the chairman of Fosun Financial Services Group in April 2022.

3. Particulars of changes in shareholdings of directors, supervisors and senior management

**Shareholdings of existing directors, supervisors and senior management**

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Increase/ (Decrease) in the number of shares during the Reporting Period	Reasons for Increase/(Decrease)
<b>Directors</b>					
Xie Wenhui	Secretary to the Party Committee, Chairman, President, Executive Director	34,500	46,500	12,000	Share price stabilization measures for 2022
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	28,300	39,300	11,000	Share price stabilization measures for 2022
Zhang Peng	Non-executive Director	3,800	6,800	3,000	Share price stabilization measures for 2022
<b>Supervisor</b>					
Yang Xiaotao	Member of the Party Committee, Head of Supervisors	25,700	25,700	-	-
<b>Senior Management</b>					
Wang Min	Member of the Party Committee, Vice President	30,000	41,000	11,000	Share price stabilization measures for 2022
Dong Lu	Member of the Party Committee, Vice President	28,000	39,000	11,000	Share price stabilization measures for 2022
Shu Jing	Member of the Party Committee, Vice President	28,300	39,300	11,000	Share price stabilization measures for 2022
Gao Song	Member of the Party Committee, Vice President	27,700	38,700	11,000	Share price stabilization measures for 2022

## Shareholdings of outgoing directors, supervisors and senior management

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Increase/ (Decrease) in the number of shares during the Reporting Period	Reasons for Increase/(Decrease)
<b>Director</b>					
Liu Jianzhong	Secretary to the Party Committee, Chairman and Executive Director	34,500	34,500	-	-

## (II) Basic Information of Employees and Institutions

## 1. Employees

As of the end of June 2022, the Bank had 14,767 regular employees, 11,306 of whom held bachelor's degree or above, representing 76.56% of all the Bank's regular employees. The Bank had 407 dispatch workers, 508 internally retired employees and 6,720 retired employees. In addition, the subsidiaries have 398 regular employees.

<b>Number of regular employees of the Bank</b>	14,767
<b>Position Structure</b>	
Management	2,950
Business Personnel	8,779
Risk Control	1,027
General Management	1,253
Supporting	758
<b>Age Structure</b>	
Below 30	1,710
31-40	7,233
41-50	3,326
Above 51	2,498
<b>Academic Background Structure</b>	
Master's degree and above	885
Bachelor's degree	10,421
College's degree and below	3,461

### 2. Overview of human resources management

In the first half of 2022, the Bank continued to promote the “five plans”, namely, management talent leadership, professional talent development, practical talent support, talent quality improvement, and talent service assurance. The team structure was continuously optimized, the quality of all staff was obviously improved, and the talent mechanism was gradually improved, which promoted the talent forcing strategy to be improved and more practical, as well as implemented and effective. In the first half of this year, the Bank conducted 1,061 training sessions in total, with 128,800 participants.

### 3. The distribution of branches

Operating outlets are the primary distribution channels of the Bank. As at the end of June 2022, the Bank had 1,758 branches, including the Head Office and the business department, 7 branches, 35 first-class sub-branches, 134 second-class sub-branches, 1 community sub-branch, and 1,579 branch offices. The network of sub-branches covers all the 38 administrative districts and counties with 1,450 distribution outlets in the county area of Chongqing and 306 outlets in the city’s urban area.

In order to expand the scope of customer services and provide customers with more convenient services, the Bank established 139 24-hour self-service banking centers with 6,345 self-service equipment (including: 2,314 smart counters, 3,317 CRS, 653 ATMs, and 61 self-service inquiry machines), and the proportion of machine to outlet was 3.61:1. The Bank continued to deepen the basic financial services in rural areas, made effort on the support for rural revitalization. 462 convenient rural financial service centers had been established and put into use.

Name	Address	Number of outlets	Number of staff	Assets size (RMB100 million)
The headquarters and its business department	No. 36 Jinshamen Road, Jiangbei District, Chongqing City	2	1,577	3,443.38
Yuzhong Branch	No. 142 Xinhua Road, Yuzhong District, Chongqing City	8	144	171.53
Dadukou Branch	1-3, 1-4-1-1, Block 1, 1-4-1-2, 1-4-2-2, Block 1,11 Tianchenhuafu, Chunhui Road Street, Dadukou District, Chongqing City	14	162	138.97
Jiangbei Branch	1-1, No. 10, Yanghe Road East, Jiangbei District, Chongqing City	28	302	294.65
Shapingba Branch	Annex 37, 38, 39, No. 118 Xiaoyanggong Bridge, Shapingba District, Chongqing City	30	293	246.18
Jiulongpo Branch	Annex 1, No. 2 Xijiao Road, Yang Jia Ping, Jiulongpo District, Chongqing City	40	328	315.72



Name	Address	Number of outlets	Number of staff	Assets size (RMB100 million)
Kexuecheng Branch	No. 28, Xiyong Avenue, High-tech Zone, Chongqing City	17	138	148.79
Nan'an Branch	No. 24 Jiangnan Avenue, Nanping, Nan'an District, Chongqing City	30	337	260.37
Beibei Branch	No. 20 Beixia West Road, Beibei District, Chongqing City	27	269	229.02
Yubei Branch	1-1, Block 1, No. 91 Shuanglong Avenue, Shuanglonghu Street, Yubei District, Chongqing City	37	312	269.94
Liangjiang Branch	No. 21, 23, 25 Jintong Road, New North Zone, Chongqing City	17	238	280.86
Ba'nan Branch	No. 145 Longzhou Avenue, Ba'nan District, Chongqing City	56	386	335.46
Wansheng Branch	No. 36 Wandong North Road, Wansheng District, Chongqing City	13	121	84.35
Fuling Branch	Block 1, Hongfu Building No. 55 Xinghua Middle Road, Fuling District, Chongqing City	76	474	298.53
Changshou Branch	No. 13 Xiangyang Road, Fengcheng Street Office, Changshou District, Chongqing City	48	340	219.48
Jiangjin Branch	No. 319, Jijiang Section, Binjiang Avenue, Jiangjin District, Chongqing City	83	504	429.00
Hechuan Branch	No. 2 Jiuchang Road, Hechuan District, Chongqing City	89	600	476.93
Yongchuan Branch	No. 399, Honghe Middle Road, Yongchuan District, Chongqing City	56	374	271.18
Nanchuan Branch	No. 24 Jinpo Avenue, Nanchuan District, Chongqing City	40	291	173.64
Qijiang Branch	No. 34 Jiulong Avenue, Wenlong Street, Qijiang District, Chongqing City	43	322	186.73
Tongnan Branch	No. 4, Xingtong Avenue, Guilin Street Office, Tongnan District, Chongqing City	40	283	163.47
Tongliang Branch	No. 102 Zhongxing Road, Bachuan Street, Tongliang District, Chongqing City	50	360	216.09
Dazu Branch	Annex 2 No.390 Wuxing Avenue, Tangxiang Street Office, Dazu District, Chongqing City	39	295	190.10
Rongchang Branch	No. 106 Haitang Avenue, Changzhou Street, Rongchang District, Chongqing City	36	281	182.71
Bishan Branch	No. 4 Bitong Road, Bicheng Street, Bishan District, Chongqing City	40	329	227.72
Wanzhou Branch	No. 91 Taibai Road, Wanzhou District, Chongqing City	95	651	466.32
Liangping Branch	No. 1, Block 26, Minghao Commercial Area, Liangshan Street, Liangping District, Chongqing City	46	359	231.84
Chengkou Branch	No. 30 South Street, Gecheng Town, Chengkou County, Chongqing City	25	156	67.64
Fengdu Branch	No. 187 2nd Shangye Road, Sanhe Street, Fengdu County, Chongqing City	47	327	205.11
Dianjiang Branch	No. 371 Renmin East Road, Guixi Street, Dianjiang County, Chongqing City	47	316	186.05

## Corporate Governance

Name	Address	Number of outlets	Number of staff	Assets size (RMB100 million)
Zhong County Branch	No. 49 Ba Wang Road, Zhongzhou Town, Zhong County, Chongqing City	60	398	227.97
Kaizhou Branch	(Shimin Plaza) Kaizhou Avenue, Hanfeng Street Office, Kaizhou District, Chongqing City	64	479	408.75
Yunyang Branch	No. 1335 Yunjiang Avenue, Qinglong Road, Yunyang County, Chongqing City	69	456	291.66
Fengjie Branch	No. 32 Gongping Lane, Yufu Street, Fengjie County, Chongqing City	46	343	204.53
Wushan Branch	No. 258 Guangdong Middle Road, Wushan County, Chongqing City	31	240	108.97
Wuxi Branch	Unit 1-1, No.7 Yanghe Garden, No.25, Binhe Zhilu, Boyang Street, Wuxi County, Chongqing City	38	281	123.71
Qianjiang Branch	No. 217 Jiefang Road, Chengdong Street, Qianjiang District, Chongqing City	34	276	115.76
Wulong Branch	No. 36 Furong Middle Road, Furong Street, Wulong District, Chongqing City	35	276	149.82
Shizhu Branch	Annex12 No.36 Xinkai Road, Nanbin Street, Shizhu Tujia Autonomous County, Chongqing City	32	224	135.62
Xiushan Branch	No. 35, Yuxiu Avenue, Zhonghe Street, Xiushan Tujia and Miao Autonomous County, Chongqing City	36	254	121.59
Youyang Branch	No. 6, Taohuayuan Middle Road, Taohuayuan Town, Youyang Tujia and Miao Autonomous County, Chongqing City	46	304	147.62
Pengshui Branch	Annex 4, No.2 Shizui Street, Hanjia Street, Pengshui Miao and Tujia Autonomous County, Chongqing City	46	316	136.44
Qujing Branch	No. 460, Qilin West Road, Qilin District, Qujing City, Yunnan Province	2	51	62.80
<b>Total</b>		<b>1,758</b>	<b>14,767</b>	<b>12,648.20</b>

## **VI. Implementation of Dividends Distribution**

According to the resolution passed at the 2021 annual general meeting of the Bank held on 26 May 2022, a cash dividend of RMB0.2525 per share (tax inclusive) for 2021 was distributed to all shareholders with a total of RMB2.868 billion (tax inclusive) distributed, based on the total share capital of 11.357 billion shares. Specifically: cash dividend of RMB2.233 billion (tax inclusive) was distributed for A shares on 29 June 2022; cash dividend of RMB635 million (tax inclusive) was distributed for H shares in HK dollars on 8 July 2022.

## **VII. Profit Distribution Proposal or Proposal for Capitalisation of Capital Reserve**

The Bank did not distribute profits and no capitalisation of the capital reserve is proposed during the 2022 interim period.

## **VIII. Incentive Measures**

During the Reporting Period, the Bank had no equity incentive plan, employee stock ownership plan or other employee incentives.

# Environment and Social Responsibilities

## I. Green Finance

Since 2020, the Bank has adopted equator principle, became the 4th “Equator Bank” in China and the 1st “Equator Bank” in the Central and Western regions. The Bank actively transmitted the concept of energy conservation and environmental protection, carried out green environmental protection public welfare activities, implemented energy conservation and emission reduction measures, and created a green “paperless” office environment, helping Chongqing to speed up the construction of a “beautiful place with beautiful scenery”.

Increase the release of green loans. The Bank has adhered to the concept of ecological priority and green development, strengthened cooperation with frontier institutions in the field of green development and built an “equator” management system. The Bank continued to optimize the green financial service model, participated in the formulation of green financial evaluation standards, built a brand of green culture and strove to become a benchmark bank of green finance. The green loans of the Bank were mainly invested in rail transit, water resources treatment, wind power and other projects. As of the end of June 2022, the Bank’s green credit balance was RMB43.339 billion, accounting for 7.76% of green credit. Net increase in green loans amounted to RMB6.674 billion, with a year-on-year growth exceeding 40%.

Promote the establishment of green banks. The Bank formulated the Implementation Plan of Green Banks, actively carried out green and low-carbon operation around “peak carbon dioxide emissions, carbon neutrality”, launched the green credit business system, promoted the implementation of construction of green banks, guided branches to speed up the release of green credit and expand green financial services, and gave full play to the leading role of demonstration. At present, the Bank has established 3 green banks in Jiangbei, Yuzhong and Wanzhou.

Build a comprehensive service system. The Bank successfully issued green credit cards, launched preferential installment activities for green cars, and further enriched green consumer products. The Bank launched the green truck mortgage business to accelerate the low-carbon development of green freight. The Bank built an integrated green financial service system covering green credit, green bonds, leasing, wealth management, consumption, investment and other products.

## II. Rural Revitalization

In the first half of 2022, the Bank conscientiously implemented the decision-making arrangements of the CPC Central Committee and the State Council to comprehensively promote rural revitalization, strictly implemented the requirements of the municipal party committee, the municipal government and supervision, focused on the main responsibilities and business of serving the “agriculture, rural areas and farmers”, set up a financing and intellectual platform for farmers to get rich, drove and activated agricultural industrial clusters with the leading drive, gathered superior resources to promote rural co-construction, co-governance and sharing, and injected “financial living water” into rural revitalization.

There was “strength” in the release of agriculture-related loans. The Bank supported the allocation of credit resources, the appraisal and incentive system, the product and service innovation, etc. Based on the characteristics of the industrial chain, the Bank carried out field survey, identified the demand points and risk points of industrial financing, unified the marketing plan, credit standards and information list, implemented preferential credit interest rates, and created special products such as “Fuling Pickled Mustard Loan”, “Jiangjin Huajiao Loan”, “Yunyang Red Orange Loan” and “Yubei Jinguo Loan”. The Bank increased credit supply around the guarantee and supply of important agricultural products, characteristic agricultural industries, urban-rural integration and development, etc. As of the end of June 2022, the balance of the Group’s agriculture-related loans was RMB206.520 billion.

There was “progress” in consolidating and expanding achievements. The Bank continued to promote the work method of “1+1+N”, and went to key assistance areas to carry out survey and assistance. The Bank selected 36 outstanding talents in the Bank, including sub-branch level vice presidents and grass-roots managers, to serve as the first secretary and staff members in the village, and allocated special working funds. The Bank properly released small-amount credit to poverty-stricken people, ranking first in released amount in Chongqing in the first half of the year. The Bank, the Municipal Rural Revitalization Bureau and the Municipal Local Financial Supervision Bureau jointly carry out the business of “Yukuai Assistance Agricultural Loan”, and through the establishment of risk compensation funds, provided mortgage-free and guarantee-free credit loans to farmers.

There was “precision” in the services of characteristic institutions. The Bank actively promotes the construction of characteristic institutions for rural revitalization, deeply integrates the word “characteristic”, and did a good job in the interconnection of characteristic industries, the innovation of characteristic products, the promotion of characteristic businesses, and the service of characteristic customer groups. The Bank established the first batch of 60 characteristic institutions for rural revitalization, serving as the first position for the Bank to fulfill its responsibility of supporting agriculture, the first window for the Bank to serve rural customers and the first platform for the Bank to innovate and promote characteristic products, and strictly managed dynamic monitoring and access and exit.

## Environment and Social Responsibilities

There was “warmth” in rural financial services. The Bank implemented the action of science and technology empowerment, and built a dialect bank, letting the broad masses of farmers feel the hometown flavor of financial services. The Bank built a rural exclusive mobile banking, making all functions easy to read, understand and operate. The Bank innovatively carried out consumption assistance, increased rural assistance with thematic photography activities as the carrier, and further promoted the live broadcast goods-bringing activities of “there are good things in rural areas, and Yukuai helps revitalization”. The Bank carried out public welfare activities such as consultation of traditional Chinese medicine, knowledge of agricultural technology entering the countryside, etc., and continuously improved the service warmth.

### III. Protection of Consumer Rights and Interests

In the first half of 2022, the Bank continued to adhere to the development philosophy of “finance for the people, people first”, and made every effort to improve the working framework of protection of consumer rights and interests, strengthen technological innovation and empowerment, and continuously improve the level and awareness of protection of consumer rights and interests.

Strengthen system construction through vertical and horizontal linkage. In terms of “vertical”, the Bank consolidated the foundation for the top-level design, and the Board of Directors and the Consumer Protection Committee regularly reviewed the consumer protection work and made the overall plan; the Board of Supervisors supervised the performance of duties by the Board of Directors and the senior management by reviewing reports; the senior management regularly guided the implementation of consumer protection measures, and built a good ecological circle in which the decision-making, supervision and implementation systems supported each other and balanced each other. In terms of “horizontal”, the Bank improved the performance efficiency of the consumer protection functional departments, kept up with the policy trends, straightened out the management structure, paid close attention to risk prevention and control, and ensured the effective operation of the vertical transmission and implementation mechanism of policies and requirements.

Take multiple measures to create convenient finance. The Bank adhered to the goal of “providing warm service and warming people’s hearts”, made smart finance more accessible to the people, started the construction of rural version of mobile banking APP, and improved the service of the “Dialect Bank”. The Bank increased the investment in basic financial services and set up a multi-channel and multi-mode financial service network, with a total of 653 ATMs, 3,317 CRSs, 61 inquiry machines and 2,314 intelligent integrated counters, and the number of mobile banking users exceeded 13 million. Focusing on special groups such as “the elderly and youth”, the Bank carried out publicity activities on the themes of “3.15 Education and Publicity Week”, “Publicity of Financial Knowledge”, “Popularizing Financial Knowledge, Guarding the Purse” and “Mine Removal Operations”. The Bank pushed a total of more than 20 propaganda materials such as WeChat pictures and short videos of financial propaganda knowledge, and carried out more than 2,000 special propaganda events.

Open channels to resolve disputes. The Bank promoted the “Listening Plan” and “Complaint Reception Area” and improved the publicity information of complaint reception channels in official website. The Bank iteratively updated the customer complaint case database, the early warning of hot and difficult complaints, the management of “grey list” of complaints, the reminder of complaint handling and other functions. The Bank actively promoted the notarization system of creditor’s rights documents, and participated in the online litigation and mediation interconnection of courts. In the first half of the year, the Bank accepted a total of 944 consumer complaints, and the total number of complaints decreased by 31.09% year-on-year, involving 14 business categories including RMB savings, loans, bank cards, payment and settlement, RMB management, foreign exchange business, personal financial information, banking agency business, other intermediary business, debt collection, functional business, other banking business, other complaints and legal person business, 9 complaint handling channels including on-site, self-service machine, telephone channel, mobile client, SMS channel, other electronic channels, third-party channels, other front-office business channels, and middle and back-office business channels, and 11 complaint reasons including service attitude and quality, business system and facilities, system and business rules and procedures, marketing methods and means, information disclosure, independent choice, pricing and charging, contract terms, capital security, information security, debt collection methods and means. 43 branches and sub-branches (including the business department of the headquarter) of the Bank were involved, including 42 branches and sub-branches (including the business department of the headquarter) in Chongqing and 1 sub-branch in Yunnan. The timely conclusion rate of complaints and the customer satisfaction of complaint handling reached 98.62% and 99.14% respectively.

# Major Events

## I. Performances of Undertakings

During the Reporting Period, the Bank and its Shareholders, directors, supervisors and senior management promptly and strictly fulfilled various obligations and responsibilities undertaken in the Prospectus for Initial Public Offering disclosed on 20 September 2019 and the Announcement on the Listing of the Shares under Initial Public Offering disclosed on 28 October 2019.

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Date and duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	<p>Within 36 months from the listing of the shares issued by Chongqing Rural Commercial Bank, the Company shall not transfer or entrust others to manage the domestic shares issued by Chongqing Rural Commercial Bank directly or indirectly held by the Company before the initial public offering of A shares, and the part of those shares held by the Company will not be repurchased by Chongqing Rural Commercial Bank.</p> <p>Shareholders' intention to hold shares and undertakings in relation to reducing their holdings:</p> <ol style="list-style-type: none"> <li>1. Within 6 months from the listing date of shares issued by Chongqing Rural Commercial Bank, if the closing price of A shares of Chongqing Rural Commercial Bank is lower than the issue price for 20 consecutive trading days, or the closing price is lower than the issue price as at the end of the 6-month period upon the listing (if the day is not a trading day, it will be the first trading day after that day), the lock-up period of the shares of Chongqing Rural Commercial Bank held by it will be automatically extended for another 6 months on the basis of 36 months. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend.</li> <li>2. Within 2 years after the expiry of the above lock-up period (including the extended lock-up period), if it reduces its holdings in Chongqing Rural Commercial Bank's A shares which have directly or indirectly held by it before this issuance of Chongqing Rural Commercial Bank (excluding A shares newly purchased from the public market after this issuance of Chongqing Rural Commercial Bank), the reduction price shall not be lower than the issue price of the issuance. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend.</li> <li>3. After the expiry of the lock-up period (including the extended lock-up period) of the shares of Chongqing Rural Commercial Bank held by it, when it reduces its holdings of Chongqing Rural Commercial Bank's A shares, it will notify Chongqing Rural Commercial Bank in writing of the intention to reduce its holdings and the amount of its proposed reduction and Chongqing Rural Commercial Bank shall perform the announcement obligation (if required) in accordance with the rules in force at that time. After 3 trading days from the date of the announcement of Chongqing Rural Commercial Bank, it can reduce its holdings of Chongqing Rural Commercial Bank's A shares.</li> </ol>	29 October 2019 – 29 April 2025



## Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Date and duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Individuals of the Bank who hold more than 50,000 internal employee shares of the Bank	The shares of Chongqing Rural Commercial Bank that I hold will not be transferred within 3 years from the listing date of the A shares of Chongqing Rural Commercial Bank. After the expiry of the above 3-year lock-up period, the shares of Chongqing Rural Commercial Bank sold by me in each year shall not exceed 15% of my total shareholdings in Chongqing Rural Commercial Bank. The total number of shares of the Chongqing Rural Commercial Bank transferred by me within 5 years from the expiry of the above 3-year lock-up period shall not exceed 50% of my total shareholdings in Chongqing Rural Commercial Bank. 1 resigned employee of the Bank did not sign these letters of commitment due to personal reasons.	29 October 2019 – 29 October 2027
Undertakings in relation to the initial public offer	Share price stabilization	Chongqing Rural Commercial Bank, directors of the Bank (excluding independent directors and directors who are not receiving remuneration from the Bank) and senior management of the Bank	If, within three years after the listing of initial public offering of A Shares of Chongqing Rural Commercial Bank, the closing prices of A Shares of the Bank remain lower than its latest audited net asset value per share for 20 consecutive trading days which is not attributable to any event of force majeure, subject to the relevant laws, regulations and regulatory documents regarding the increase in shares or repurchase requirements, the Bank and relevant entities will adopt measures, including share repurchase of the Bank and shareholding increment to the directors of the Bank (excluding independent directors and directors who are not receiving remuneration from the Bank) and senior management of the Bank, to stabilise the stock price.	29 October 2019 – 29 October 2022
Undertakings in relation to the initial public offer	Shareholding reduction	Domestic Shareholders holding over 1% of shares of the Bank <sup>1</sup>	The Company will comply with Several Provisions on the Reduction of Shares Held by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company (《上市公司股東、董監高減持股份的若干規定》) issued by the CSRC, and relevant requirements under the Rules Governing the Listing of Stocks (《股票上市規則》) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) issued by the Shanghai Stock Exchange.	29 October 2019 – permanent

<sup>1</sup> Prior to the initial public offering of A Shares of the Bank, domestic Shareholders holding over 1% of shares of the Bank include Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Transport and Travel Investment Group Company Limited” (重慶交通旅遊投資集團有限公司), Loncin Holdings Co., Ltd. (隆鑫控股有限公司), Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司), Beijing Jiuding Real Estate Development Co., Ltd. (北京九鼎房地產開發有限責任公司), Xiamen Gaoxinhong Equity Investment Co., Ltd. (廈門市高鑫泓股權投資有限公司), Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司), Jiangsu Huaxi Group Co., Ltd. (江蘇華西集團有限公司), Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司), Panhua Group Co., Ltd. (攀華集團有限公司), Chongqing Guanghua Holding (Group) Co., Ltd. 重慶光華控股(集團)有限公司) and Chongqing Jinyuan Times Shopping Mall Co., Ltd. (重慶金源時代購物廣場有限公司).

## Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Date and duration of undertaking
Undertakings in relation to the initial public offer	Resolution of horizontal competition	Chongqing Yufu Capital Opeartion Group Company Limited (重慶渝富資本運營集團有限公司)	<ol style="list-style-type: none"> <li>1. The existing main business of the Company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the Company has actual controls over them) does not involve commercial banking business, and has no horizontal competition with Chongqing Rural Commercial Bank.</li> <li>2. During the period of the Company as a substantial shareholder of Chongqing Rural Commercial Bank, the Company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the Company has actual controls over them) will not, directly or indirectly, engage in business activities that compete with or may compete with the main business of Chongqing Rural Commercial Bank in any way. The Company will supervise its subsidiaries in accordance with this undertaking and exercise necessary rights to ensure them to comply with this undertaking.</li> <li>3. Notwithstanding Articles 1 and 2 above, considering that the Company is a wholly state-owned 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 Bank of Chongqing Co., Ltd. and held 13.02% of shares of the bank, in addition to investment in Chongqing Rural Commercial Bank Co., Ltd.</li> </ol>	20 September 2019 – permanent

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Date and duration of undertaking
			<p>4. 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 Chongqing Rural Commercial Bank or the information obtained with such status, to make any decision or judgment which is adverse to Chongqing Rural Commercial Bank 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 Chongqing Rural Commercial Bank, the Company will act in the best interests of Chongqing Rural Commercial Bank as if the Chongqing Rural Commercial Bank is the sole commercial bank in which the Company invests, and the business judgment of the Company as a shareholder of Chongqing Rural Commercial Bank to seek the best interests for Chongqing Rural Commercial Bank 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>5. The Company warrants that it will strictly comply with relevant rules and regulations of CSRC and the stock exchange where Chongqing Rural Commercial Bank is listed, the Articles of Association of Chongqing Rural Commercial Bank, 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 Chongqing Rural Commercial Bank and other shareholders.</p>	

## II. Misappropriation of the Funds by Controlling Shareholder or Other Related Parties

During the Reporting Period, the Bank had no misappropriation of the Bank's funds by controlling shareholders or other related parties for non-operating purposes.

## III. Appointment and Removal of Accounting Firms

Pursuant to the Administrative Measures for State-owned Financial Enterprises to Select and Appoint Accounting Firms (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020] 6號)) of the Ministry of Finance of the PRC, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers has provided audit services to the Bank for eight consecutive years, which reached the maximum service term. Therefore, the Bank has to make the change.

## Major Events

As considered and approved by the 2021 annual general meeting of the Bank, the Bank appointed KPMG Huazhen LLP and KPMG as external auditors of the Bank for 2022 which will be responsible for providing relevant services pursuant to PRC and international auditing standards, respectively. The term of the appointment is one year. For details, please refer to documents of the 2021 general meeting of the Bank and relevant resolution announcements.

### IV. Matters Relating to Insolvency or Restructuring

During the Reporting Period, the Bank had no matters relating to insolvency or restructuring.

### V. Material Legal Proceedings and Arbitrations

During the Reporting Period, there were no material legal proceedings or arbitrations which had substantial impact on the operating activities of the Group.

As of the end of the Reporting Period, pending legal proceedings in which the Group was a defendant or a third party involved an amount of RMB15.0843 million. In the view of the Bank, these will not have any material effect on the Bank's operating activities.

### VI. Penalties Imposed on the Bank and Directors, Supervisors and Senior Management of the Bank

During the Reporting Period, none of the Bank or its directors, supervisors and senior management was investigated or subject to compulsory measures in accordance with the law, subject to criminal penalties, investigated by the CSRC or subject to administrative penalties, significant administrative penalties by other competent authorities, subject to detention measures by disciplinary inspection and supervision authorities and affecting the performance of their duties, or subject to compulsory measures by other competent authorities and affecting the performance of their duties.

### VII. Integrity

During the Reporting Period, the Bank did not exist the situations neither of refusing the execution of obligations determined in valid legal instruments of the court nor unsettling significant due debts.

### VIII. Material Related Party Transactions

During the Reporting Period, for details of related party transactions of the Bank, please refer to the section headed "Management Discussion and Analysis – V. Risk Management – (10) Related Party Transactions" under Chapter III of this report.

## **IX. Material Contracts and their Performance**

During the Reporting Period, the Bank did not have any major custody, contracting or leasing of the assets of other companies or other custody, contracting or leasing of the assets of the Bank. The guarantee business is the daily business of the Bank. During the Reporting Period, except for the financial guarantee business within the business scope approved by the regulatory authorities, the Bank had no other major guarantee matters that needed to be disclosed.

## **X. Acquisition and Disposal of Assets and Merger of Enterprises**

During the Reporting Period, the Bank had no material acquisition and disposal of assets and merger of enterprises.

## **XI. Review**

The interim condensed consolidated financial information for the six months ended 30 June 2022 prepared by the Bank in accordance with International Financial Reporting Standards has been reviewed by KPMG, which has issued unqualified review report.

The unaudited interim report of the Bank for the six months ended 30 June 2022 has been reviewed by the Audit Committee of the Board of Directors and the Board of Directors.

This report was prepared in Chinese and English respectively. In case of any ambiguity in the understanding of the Chinese and English versions of the report, the Chinese version shall prevail.

# Changes in Shares and Particulars of Shareholders

## I. Changes in Share Capital of Ordinary Shares

### (I) Movement in Ordinary Shares

*Unit: share*

	30 June 2022		Change for the Reporting Period	31 December 2021	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
<b>I. Shares with selling restrictions</b>	<b>2,969,198,941</b>	<b>26.14</b>	-	2,969,198,941	26.14
1. State-owned shares	-	-	-	-	-
2. Shares held by state-owned legal persons	2,374,171,611	20.90	-	2,374,171,611	20.90
3. Shares held by other domestic investors	595,027,330	5.24	-	595,027,330	5.24
Among which: Shares held by domestic non-state-owned legal persons	579,577,300	5.10	-	579,577,300	5.10
Shares held by domestic natural persons	15,450,030	0.14	-	15,450,030	0.14
4. Shares held by foreign investors	-	-	-	-	-
<b>II. Tradable shares without selling restrictions</b>	<b>8,387,801,059</b>	<b>73.86</b>	-	8,387,801,059	73.86
1. RMB-denominated ordinary shares	5,874,465,018	51.73	-	5,874,465,018	51.73
2. Domestic listed foreign shares	-	-	-	-	-
3. Overseas listed foreign share	2,513,336,041	22.13	-	2,513,336,041	22.13
4. Others	-	-	-	-	-
<b>III. Total ordinary shares</b>	<b>11,357,000,000</b>	<b>100.00</b>	-	11,357,000,000	100.00

### (II) Explanation of changes in ordinary shares

During the Reporting Period, there was no change in the number of the shares with selling restrictions and without selling restrictions or the total share capital of the Bank.

## II. Particulars of Shareholders

### (I) Total number of shareholders

As at the end of the Reporting Period, the total number of shareholders of the Bank was 237,764 holders. Of which, 236,567 was the shareholders of A shares and 1,197 was the shareholders of H shares. As of 31 July 2022 (i.e. the end of the previous month on the publication date of the Bank's A-share interim report), the total number of shareholders of the Bank was 236,283 holders. Of which, 235,093 was the shareholders of A shares and 1,190 was the shareholders of H shares.

## Changes in Shares and Particulars of Shareholders

### (II) Shareholdings of the Top Ten Shareholders

1. *Particulars of shareholdings of the top ten shareholders and top ten shareholders without selling restrictions*

*Unit: share*

Name of shareholder (Full name)	Increase/ (Decrease) during the Reporting Period	Particulars of shareholdings of the top ten shareholders			Pledged, marked or frozen		
		Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Condition of shares	Number of shares	Nature of shareholder
HKSCC Nominees Limited	0	2,513,336,041	22.13	0	-	-	Overseas legal person
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	0	988,000,000	8.70	988,000,000	-	-	State-owned legal person
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	0	797,087,430	7.02	797,087,430	-	-	State-owned legal person
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	0	589,084,181	5.19	589,084,181	-	-	State-owned legal person
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	0	570,000,000	5.02	570,000,000	Pledged/judicial freezing	570,000,000	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited	81,600,000	242,293,371	2.13	0	-	-	Overseas legal person
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	0	188,000,000	1.66	0	-	-	Domestic non-state-owned legal person
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	0	160,000,000	1.41	0	Pledged	160,000,000	Domestic non-state-owned legal person
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	0	125,000,000	1.10	0	-	-	State-owned legal person
Chongqing Guanghua Holding (Group) Co., Ltd. (重慶光華控股(集團)有限公司)	0	108,452,600	0.95	0	Judicial freezing	366,538	Domestic non-state-owned legal person

## Changes in Shares and Particulars of Shareholders

Particulars of shareholdings of the top ten shareholders without selling restrictions			
Name of shareholder	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	2,513,336,041	H shares	2,513,336,041
Hong Kong Securities Clearing Company Limited	242,293,371	A shares	242,293,371
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	188,000,000	A shares	188,000,000
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	160,000,000	A shares	160,000,000
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	125,000,000	A shares	125,000,000
Chongqing Guanghua Holding (Group) Co., Ltd. (重慶光華控股(集團)有限公司)	108,452,600	A shares	108,452,600
Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司)	106,000,000	A shares	106,000,000
Chongqing Jinyuan Times Shopping Mall Co., Ltd. (重慶金源時代購物廣場有限公司)	100,000,000	A shares	100,000,000
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有限公司)	90,400,631	A shares	90,400,631
Special securities account for agreed repurchase securities transactions of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司)	90,070,000	A shares	90,070,000
Statement on specific repurchase accounts of top ten shareholders	Nil		
Statement on aforesaid shareholder's entrusted voting rights, trusted voting rights and abandoned voting rights	Nil		
Statement on the related relations or concerted actions among the shareholders above	Not aware of related relations or concerted actions existing among the shareholders above		
Statement on preference shareholders with resumed voting right and their number of shares held	Nil		



## Changes in Shares and Particulars of Shareholders

### Notes:

- (1) The number of shares held by HKSCC Nominees Limited refers to the total number of shares in the H shareholders' account of the Bank in the trading system represented by HKSCC Nominees Limited.
- (2) As at the end of the Reporting Period, Chongqing River & Holiday Hotel Management Co., Ltd. (重慶兩江假日酒店管理有限公司), Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司) and Chongqing Sanxia Financing Guarantee Group Corporation (重慶三峽融資擔保集團股份有限公司) and Chongqing Yufu (Hong Kong) Co., Ltd. (重慶渝富(香港)有限公司), the related parties of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), hold 2,000,000 A shares, 10,000,000 A shares, 13,400,454 A shares and 13,246,000 H shares of the Bank, respectively, and Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties jointly hold 1,026,646,454 shares of the Bank, accounting for 9.04% of the total share capital collectively.
- (3) As at the end of the Reporting Period, Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有限公司), a related party of Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), holds 30,000,000 A shares of the Bank, and Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related party jointly hold 827,087,430 A shares of the Bank, accounting for 7.28% of the total share capital collectively.
- (4) As at the end of the Reporting Period, Xiamen Septwolves Asset Management Co., Ltd. (廈門七匹狼資產管理有限公司) and Fujian Septwolves Group Co., Ltd. (福建七匹狼集團有限公司), related parties of Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司), hold 4,000,000 A shares and 6,564,000 H shares of the Bank respectively, and Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司) and its related party jointly hold 198,564,000 shares of the Bank, accounting for 1.75% of the total share capital collectively.
- (5) The number of shares held by Hong Kong Securities Clearing Company Limited represents the number of A Shares of the Bank (northbound shares of Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong and overseas.

## Changes in Shares and Particulars of Shareholders

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

Unit: share

No.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	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 Group Company Limited (重慶渝富資本運營集團有限公司)	988,000,000	April 2023	0	42 months from the date of the Bank's listing
2	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	797,087,430	April 2023	0	42 months from the date of the Bank's listing
3	Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	589,084,181	April 2023	0	42 months from the date of the Bank's listing
4	Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	570,000,000	April 2023	0	42 months from the date of the Bank's listing
5	Chongqing Ruineng Construction Engineering Group Co., Ltd. (重慶瑞能建築工程集團有限公司)	5,200,000	October 2022	0	36 months from the date of the Bank's listing
6	Xiamen Septwolves Asset Management Co., Ltd. (廈門七匹狼資產管理有限公司)	4,000,000	October 2022	0	36 months from the date of the Bank's listing
7	Deng Lingran	1,000,000	October 2022	0	36 months from the date of the Bank's listing
8	Huang Rong	817,400	October 2022	0	36 months from the date of the Bank's listing
9	Wang Xianjun	301,000	October 2022	0	36 months from the date of the Bank's listing
10	Zhang Li	263,800	Release in batches: October 2022: 39,570 shares; October 2023: 39,570 shares; October 2024: 39,570 shares; October 2025: 13,190 shares; October 2027: 131,900 shares.	0	36 months, 48 months, 60 months, 72 months and 96 months from the date of the Bank's listing, respectively
Statement on the related relations or concerted actions among the shareholders above			Not aware of related relations or concerted actions existing among the shareholders above		

### (III) Explanation of the absence of controlling shareholders and actual controllers of the Company

The shareholding structure of the Bank is diversified, as of the end of the Reporting Period, the percentage of shareholding of the largest shareholder was 8.70%, and there are no controlling shareholders holding more than 50% of the shares. For major shareholders holding more than 5% of the shares, their respective shares do not exceed 10% of the total share capital, and their total shareholding does not exceed 50%. As the voting rights enjoyed by the shares held by them are not sufficient to make a material impact on resolutions approved on general meetings, no controlling shareholder of the Bank existed. The Bank does not have any person who can actually control the Bank through investment relations, agreements or other arrangements, although not being a shareholder of the Bank, so no actual controller existed.

### (IV) Particulars of Major Shareholders

#### 1. Major shareholders holding more than 5% of the shares

As of the end of the Reporting Period, Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Co., Ltd. (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and Loncin Holding Co., Ltd. (隆鑫控股有限公司) held 988,000,000 shares, 797,087,430 shares, 589,084,181 shares and 570,000,000 shares of the Bank, respectively, representing 8.70%, 7.02%, 5.19% and 5.02% of total share capital of the Bank respectively, and are major shareholders of the Bank. Except for the aforesaid shareholders, there were no other legal person shareholders of the Bank 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.

- (1) Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) (formerly known as “Chongqing Yufu Assets Management Company Limited” (重慶渝富資產經營管理集團有限公司)), which was established in February 2004, currently has a registered capital of RMB10 billion. It is a state-owned assets operation company organised under the approval of Chongqing Municipal Government and is under supervision of Chongqing SASAC as a municipal state-owned key enterprise.
- (2) Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), which was established in February 1993, currently has a registered capital of RMB20 billion. It is a large investment group with its business covering city infrastructure constructions as its major business, and real estates, financial equity, intelligent traffic, medical and health service, exhibition economy, general aviation and other industries, positioning itself as a “general contractor, general construction agent and general operator” of major infrastructure projects.

## Changes in Shares and Particulars of Shareholders

- (3) Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) (formerly known as “Chongqing Transport and Travel Investment Group Company Limited” (重慶交通旅遊投資集團有限公司)), which was established in December 2002, currently has a registered capital of RMB5.287 billion. In 2019, its 100% equity is transferred to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司). It implemented a two-wheel drive strategy of “asset management + equity investment” and was engaged in commercial asset investment and operation management, as well as financial equity investment.
- (4) Loncin Holding Co., Ltd. (隆鑫控股有限公司) was established in January 2003 and currently has a registered capital of RMB1 billion.

### 2. Other major shareholders under regulations

As at the end of the Reporting Period, Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司) and Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) may appoint Directors and supervisors of the Bank, and hold 188,000,000 shares and 150,549,000 shares of the Bank, respectively, representing 1.66% and 1.33% of total share capital of the Bank respectively, and are also substantial shareholders of the Bank.

- (1) Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司) (formerly known as “Xiamen Gaoxinhong Equity Investment Co., Ltd.” (廈門高鑫泓股權投資有限公司)) was established in May 2001 with a current registered capital of RMB0.1 billion, and is engaged in private fund equity investment, investment management, asset management and other activities.
- (2) Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) was established in November 1987 with a registered capital of RMB3,890 million. It is an A-share listed company. Its business segments include: culture-commerce projects and smart retail, jewellery and fashion, cultural catering, food and beverage, Chinese fashion watches, beauty and health, and real estates with composite functions.

## Changes in Shares and Particulars of Shareholders

Name of shareholder	Controlling shareholder	Actual controller	Parties acting in concert	Ultimate beneficiary
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司)	Chongqing SASAC	Nil	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Chongqing SASAC	Chongqing SASAC	Nil	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	The Finance Bureau of Chongqing City	Nil	Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	Loncin Group Co., Ltd. (隆鑫集團有限公司)	Tu Jianhua	Nil	Loncin Holdings Co., Ltd. (隆鑫控股有限公司)
Xiamen Huishanghong Equity Investment Co., Ltd. 廈門市匯尚泓股權投資有限公司	Xiamen Huishangcheng Trade Co., Ltd. (廈門匯尚成貿易有限責任公司)	Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming	Nil	Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)	Shanghai Fosun High Technology (Group) Co., Ltd. (上海複星高科技(集團)有限公司)	Guo Guangchang	Nil	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)

**Notes:**

- As at the end of the Reporting Period, there were no substantial shareholders holding 10% or more of the shares (as defined under the Hong Kong Listing Rules) of the Bank.
- For definitions of controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiary of major shareholders of the Bank, please refer to the relevant requirements under Provisional Regulation Governing Equity Interest of Commercial Banks by the CBIRC.

## Changes in Shares and Particulars of Shareholders

### (V) Substantial Interests and Short Positions

As at the end of June 2022, to the knowledge of the Bank, the following individuals (other than the directors, supervisors and chief executives) had an interest and short position in the shares of the Bank which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong, or interests and short positions in the shares of the Bank as recorded in the register required to be kept by the Bank under Section 336 of the Securities and Futures Ordinance of Hong Kong:

#### A Shares

Name of shareholder	Capacity	Number of shares held	Unit: share	
			Percentage of the A shares (%)	Percentage of the total share capital of the Bank (%)
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	Beneficial Owner	988,000,000	11.17	8.70
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Beneficial Owner	797,087,430	9.01	7.02
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	Beneficial Owner	589,084,181	6.66	5.19
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	Beneficial Owner	570,000,000	6.45	5.02
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	Beneficial Owner	188,000,000	2.13	1.66

## Changes in Shares and Particulars of Shareholders

### H Shares

*Unit: share*

Name of shareholder	Capacity	Number of shares held <sup>(3)</sup>	Percentage of the H shares (%)	Percentage of the total share capital of the Bank (%)
BlackRock Global Funds	Beneficial Owner	132,885,000 (L)	5.29	1.17
Guo Guangchang <sup>(1)(2)</sup>	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Holdings Ltd. <sup>(1)(2)</sup>	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun Holdings Limited <sup>(1)(2)</sup>	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Limited <sup>(1)(2)</sup>	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) <sup>(2)</sup>	Beneficial Owner	150,549,000 (L)	5.99	1.33

#### Notes:

- (1) Guo Guangchang holds 85.29% equity interests in Fosun International Holdings Ltd. Fosun International Holdings Ltd. holds 100% equity interests in Fosun Holdings Limited. Fosun Holdings Limited holds 71.05% equity interests in Fosun International Limited. Therefore, Guo Guangchang, Fosun International Holdings Ltd. and Fosun Holdings Limited are all deemed to be interested in the shares of the Bank held by Fosun International Limited and various corporations controlled by it. Guo Guangchang holds jointly a long position in 340,719,000 H shares of the Bank through Fosun International Limited and other corporations controlled by it.
- (2) According to Notice of Disclosure of Corporate Major Shareholders' Interests filed by Guo Guangchang, Fosun International Holdings Ltd. and Fosun International Limited on 13 October 2020, the long position of 340,719,000 H shares of the Bank that they are deemed to hold, compose of a long position of 150,549,000 H shares of the Bank directly held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司). Fosun International Limited holds 100% equity interests in Shanghai Fosun High Technology (Group) Co., Ltd. and Shanghai Fosun High Technology (Group) Co., Ltd. directly and indirectly (through its subsidiary) holds 68.59% equity interests in Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) in total, therefore, Guo Guangchang, Fosun International Holdings Ltd., Fosun Holdings Limited and Fosun International Limited are all deemed to be interested in a long position in 150,549,000 H shares of the Bank held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司).
- (3) (L) – Long position.

## Changes in Shares and Particulars of Shareholders

### (VI) Directors', Supervisors' and the Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Bank

As of 30 June 2022, the interests of the directors, supervisors and the chief executive 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 Securities and Futures Ordinance of Hong Kong) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance of Hong Kong or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules were as follows:

						<i>Unit: share</i>	
Name	Position	Capacity	Number of A shares held	Percentage of the A shares (%)	Percentage of the total share capital (%)		
<b>Directors</b>							
Xie Wenhui	Secretary to the Party Committee, Chairman, President, Executive Director	Beneficial owner	46,500	0.00053%	0.00041%		
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary of the Board	Beneficial owner	39,300	0.00044%	0.00035%		
Zhang Peng	Non-executive Director	Beneficial owner	6,800	0.00008%	0.00006%		
<b>Supervisor</b>							
Yang Xiaotao	Member of the Party Committee, Head of Supervisor	Beneficial owner	25,700	0.00029%	0.00023%		

*Note:* The above number of shares refers to long position.

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 (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) as at 30 June 2022.

### III. Issue, Purchase, Sale and Redemption of Securities

During the Reporting Period, the Bank has not issued new ordinary shares or publicly issued any corporate bonds listed on the stock exchange, or purchased, sold or redeemed any shares and securities of the Bank.

On 26 April 2022, the Bank issued the Capital Bonds of Chongqing Rural Commercial Bank Co., Ltd. with No Fixed Term for 2022 (the bond referred to as "22 Chongqing Rural Commercial Perpetual Bond", bond code: 2221017) through book-building process and filing. The duration of such bonds is consistent with the duration as a going concern of the issuer and it sets out the conditional redemption clause for the issuer. The final issuance scale is RMB2 billion and the coupon rate is 3.90%.



# Review Report of Interim Financial Information

**To the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.**

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

## Introduction

We have reviewed the interim financial statements set out on pages 129 to 238, which comprises the interim condensed consolidated statement of financial position of Chongqing Rural Commercial Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as of 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2022, and the notes to the interim condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, “Interim Financial Reporting”, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial statements in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

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

## Review Report of Interim Financial Information

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 30 June 2022 and for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

25 August 2022

# Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Interest income		25,976,990	25,386,834
Interest expense		(13,186,147)	(12,282,853)
<b>Net interest income</b>	6	<u>12,790,843</u>	<u>13,103,981</u>
Fee and commission income		1,209,513	1,318,506
Fee and commission expense		(170,614)	(55,977)
<b>Net fee and commission income</b>	7	<u>1,038,899</u>	<u>1,262,529</u>
Net trading gains	8	971,113	536,150
Share of profits of associates		(27,959)	(19,598)
Other operating income, net	9	181,480	240,094
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		280,235	48,294
Net gains on derecognition of financial assets measured at amortised cost		<u>63,338</u>	<u>—</u>
<b>Operating income</b>		15,297,949	15,171,450
Operating expenses	10	(4,316,486)	(4,204,505)
Credit impairment losses	11	(3,619,523)	(3,952,959)
<b>Profit before tax</b>		7,361,940	7,013,986
Income tax expense	12	(865,652)	(1,196,099)
<b>Profit for the period</b>		<u>6,496,288</u>	<u>5,817,887</u>
<b>Attributable to:</b>			
– Shareholders of the Bank		6,378,968	5,733,250
– Non-controlling interests		117,320	84,637
Earnings per share (Expressed in Renminbi (“RMB”) Yuan per share)			
Basic and diluted	13	<u>0.56</u>	<u>0.50</u>

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

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>	6,496,288	5,817,887
<b>Other comprehensive income, after tax:</b>		
Items that will not be reclassified to profit or loss:		
– Changes in remeasurement of defined benefit plans	60	(267,952)
– Changes in fair value of equity instruments measured at fair value through other comprehensive income	(57,591)	301,340
Items that may be reclassified:		
– Changes in fair value of debt instruments measured at fair value through other comprehensive income	(412,433)	76,213
– Credit impairment losses of debt instruments measured at fair value through other comprehensive income	6,648	(101)
Other comprehensive income for the period (net of tax)	(463,316)	109,500
<b>Total comprehensive income for the period</b>	<b>6,032,972</b>	<b>5,927,387</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Bank	5,915,652	5,842,750
Non-controlling interests	117,320	84,637

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

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

		30 June 2022 (Unaudited)	31 December 2021 (Audited)
	Notes		
<b>Assets</b>			
Cash and balances with central bank	15	59,920,410	61,349,640
Deposits with banks and other financial institutions	16	13,703,917	17,017,386
Placements with banks and other financial institutions	17	86,528,700	91,072,510
Derivative financial assets	18	21,097	32,221
Financial assets held under resale agreements	19	5,195,537	980,305
Loans and advances to customers	20	588,000,356	557,334,996
Financial investments:	21		
– Financial assets measured at fair value through profit or loss		62,692,605	48,347,564
– Financial assets measured at fair value through other comprehensive income		74,265,916	48,833,463
– Financial assets measured at amortised cost		407,868,843	424,417,885
Investments in associates	5	423,473	451,432
Property and equipment	22	4,772,198	4,956,161
Rights-of-use assets	23	142,484	158,897
Goodwill	24	440,129	440,129
Deferred tax assets	25	10,279,357	9,187,354
Other assets	26	2,000,472	1,711,256
<b>Total assets</b>		<b><u>1,316,255,494</u></b>	<b><u>1,266,291,199</u></b>
<b>Liabilities</b>			
Borrowings from central bank	27	89,199,975	80,539,791
Deposits from banks and other financial institutions	28	31,080,904	29,302,115
Placements from banks and other financial institutions	29	44,027,712	34,094,542
Financial liabilities measured at fair value through profit or loss		2,708,131	–
Derivative financial liabilities	18	14,021	12,447
Financial assets sold under repurchase agreements	30	28,256,044	19,088,452
Deposits from customers	31	820,663,860	759,360,236
Accrued staff costs	32	4,636,832	5,170,916
Debt securities issued	33	175,122,794	225,254,410
Income tax payable		1,088,984	348,818
Lease liabilities		118,883	138,487
Other liabilities	34	7,688,812	6,496,841
<b>Total liabilities</b>		<b><u>1,204,606,952</u></b>	<b><u>1,159,807,055</u></b>

## Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Equity</b>			
Share capital	35	11,357,000	11,357,000
Other equity instruments	36	5,998,268	3,998,338
Capital reserve	37	20,924,618	20,924,618
Investment revaluation reserve	38	(267,616)	195,760
Actuarial changes reserve		(641,172)	(641,232)
Surplus reserve	39	12,930,678	12,930,678
General reserve	40	17,753,516	15,881,397
Retained earnings	41	<u>41,945,426</u>	<u>40,306,220</u>
Equity attributable to shareholders of the Bank		110,000,718	104,952,779
Non-controlling interests		<u>1,647,824</u>	<u>1,531,365</u>
<b>Total equity</b>		<u>111,648,542</u>	<u>106,484,144</u>
<b>Total equity and liabilities</b>		<u>1,316,255,494</u>	<u>1,266,291,199</u>

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

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 August 2022.

\_\_\_\_\_  
**XIE WENHUI**  
 CHAIRMAN AND  
 PRESIDENT

\_\_\_\_\_  
**GAO SONG**  
 HEAD OF ACCOUNTING  
 DEPARTMENT

(COMPANY CHOP)

## Interim Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2022 — Unaudited

(Amounts in thousands of Renminbi, unless otherwise stated)

Notes	Attributable to shareholders of the Bank									Non-controlling interests	Total
	Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at 1 January 2022	11,357,000	3,998,338	20,924,618	195,760	(641,232)	12,930,678	15,881,397	40,306,220	104,952,779	1,531,365	106,484,144
Profit for the period	-	-	-	-	-	-	-	6,378,968	6,378,968	117,320	6,496,288
Other comprehensive income	-	-	-	(463,376)	60	-	-	-	(463,316)	-	(463,316)
Total comprehensive income for the period	-	-	-	(463,376)	60	-	-	6,378,968	5,915,652	117,320	6,032,972
Capital contribution from other equity instrument holders	36	-	1,999,930	-	-	-	-	-	1,999,930	-	1,999,930
Appropriation to general reserve	40	-	-	-	-	-	1,872,119	(1,872,119)	-	-	-
Dividend distribution	14	-	-	-	-	-	-	(2,867,643)	(2,867,643)	(861)	(2,868,504)
As at 30 June 2022	<u>11,357,000</u>	<u>5,998,268</u>	<u>20,924,618</u>	<u>(267,616)</u>	<u>(641,172)</u>	<u>12,930,678</u>	<u>17,753,516</u>	<u>41,945,426</u>	<u>110,000,718</u>	<u>1,647,824</u>	<u>111,648,542</u>

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

For the six months ended 30 June 2021 — Unaudited

(Amounts in thousands of Renminbi, unless otherwise stated)

Notes	Attributable to shareholders of the Bank								Non-controlling interests	Total	
	Share capital	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal			
As at 1 January 2021	11,357,000	20,924,618	(417,958)	(268,525)	12,069,842	14,056,058	35,947,699	93,668,734	1,403,476	95,072,210	
Profit for the period	-	-	-	-	-	-	5,733,250	5,733,250	84,637	5,817,887	
Other comprehensive income	-	-	377,452	(267,952)	-	-	-	109,500	-	109,500	
Total comprehensive income for the period	-	-	377,452	(267,952)	-	-	5,733,250	5,842,750	84,637	5,927,387	
Appropriation to general reserve	40	-	-	-	-	1,768,255	(1,768,255)	-	-	-	
Dividend distribution	14	-	-	-	-	-	-	(2,521,254)	(2,521,254)	-	(2,521,254)
As at 30 June 2021	<u>11,357,000</u>	<u>20,924,618</u>	<u>(40,506)</u>	<u>(536,477)</u>	<u>12,069,842</u>	<u>15,824,313</u>	<u>37,391,440</u>	<u>96,990,230</u>	<u>1,488,113</u>	<u>98,478,343</u>	

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

## Interim Condensed Consolidated Statement Of Changes In Equity (Continued)

For the year ended 31 December 2021 — Audited

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to shareholders of the Bank								Non-controlling interests	Total	
		Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at 1 January 2021		11,357,000	-	20,924,618	(417,958)	(268,525)	12,069,842	14,056,058	35,947,699	93,668,734	1,403,476	95,072,210
Profit for the year		-	-	-	-	-	-	-	9,559,709	9,559,709	158,645	9,718,354
Other comprehensive income		-	-	-	619,959	(372,707)	-	-	-	247,252	(87)	247,165
Total comprehensive income for the year		-	-	-	619,959	(372,707)	-	-	9,559,709	9,806,961	158,558	9,965,519
Capital contribution from other equity instrument holders	36	-	3,998,338	-	-	-	-	-	-	3,998,338	-	3,998,338
Appropriation to surplus reserve	39	-	-	-	-	-	860,836	-	(860,836)	-	-	-
Appropriation to general reserve	40	-	-	-	-	-	1,825,339	(1,825,339)	-	-	-	-
Dividend distribution	14	-	-	-	-	-	-	-	(2,521,254)	(2,521,254)	(30,669)	(2,551,923)
Investment revaluation reserve transferred to retained earnings		-	-	-	(6,241)	-	-	-	6,241	-	-	-
As at 31 December 2021		<u>11,357,000</u>	<u>3,998,338</u>	<u>20,924,618</u>	<u>195,760</u>	<u>(641,232)</u>	<u>12,930,678</u>	<u>15,881,397</u>	<u>40,306,220</u>	<u>104,952,779</u>	<u>1,531,365</u>	<u>106,484,144</u>

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



## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Operating activities</b>		
Profit before tax	7,361,940	7,013,986
<i>Adjustments for:</i>		
Depreciation and amortisation	410,999	404,215
Credit impairment losses	3,619,523	3,952,959
Interest income arising from investment securities	(8,791,685)	(8,321,304)
Interest expense arising from debt securities issued	2,687,603	2,839,805
Net gain on disposal of investment securities	(1,165,211)	(454,941)
Net loss on investments in associates	27,959	19,598
Dividend income from investment securities	–	(540)
Net gain on disposal of property, equipment and other assets	(6,222)	(18,563)
Fair value gains	(8,400)	(131,178)
Foreign exchange gains	(53,692)	(4,589)
<b>Operating cash flows before movements in working capital</b>	<b>4,082,814</b>	<b>5,299,448</b>
<b>Net change in operating assets and operating liabilities:</b>		
Decrease in balances with central bank, deposits with banks and other financial institutions	4,345,373	7,533,535
Decrease in placements with banks and other financial institutions	1,918,108	8,876,934
Decrease/(increase) in financial assets held under resale agreements	386,576	(388,389)
Increase in financial assets held for trading purpose	(4,505,001)	(976,566)
Increase in loans and advances to customers	(33,960,139)	(55,910,400)
Increase in financial assets sold under repurchase agreements	9,061,573	8,127,161
Increase in borrowings from central bank	8,322,051	5,034,805
Increase in placements from banks and other financial institutions	9,828,860	7,137,278
Increase in deposits from customers, deposits from banks and other financial institutions	64,164,360	28,680,521
Increase in financial liabilities measured at fair value through profit or loss	2,708,131	10,121
(Increase)/decrease in other operating assets	(1,840,852)	687,072
Increase/(decrease) increase in other operating liabilities	1,042,709	(2,117,269)
Cash from operating activities	65,554,563	11,994,251
Income tax paid	(1,063,050)	(2,184,861)
<b>Net cash generated from operating activities</b>	<b>64,491,513</b>	<b>9,809,390</b>

## Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Investing activities</b>			
Cash received from disposal and redemption of investment securities		139,133,781	110,446,749
Interest income received from investment securities		10,502,385	9,143,317
Cash received from disposal of property, equipment and other assets		30,277	30,551
Dividend income from investment securities		–	540
Cash paid for purchase of investment securities		(158,597,777)	(152,700,117)
Cash paid for purchase of property, equipment and other assets		(211,011)	(202,702)
<b>Net cash used in investing activities</b>		<b>(9,142,345)</b>	<b>(33,281,662)</b>
<b>Financing activities</b>			
Cash received from debt securities issued		105,686,882	148,105,347
Cash received from issuance of other equity instruments		1,999,930	–
Repayments of debt securities issued		(157,810,000)	(114,200,000)
Dividends paid to shareholders of the Bank		(2,611,217)	(2,326,074)
Dividends paid to shareholders of non-controlling interests		(861)	–
Interest paid on debt securities issued		(696,100)	(732,400)
Cash paid in other financing activities		(40,544)	(40,785)
<b>Net cash (used in)/generated from financing activities</b>		<b>(53,471,910)</b>	<b>30,806,088</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,877,258</b>	<b>7,333,816</b>
Cash and cash equivalents as at 1 January		35,785,425	19,268,138
Effect of foreign exchange rate changes		58,688	(16,781)
<b>Cash and cash equivalents as at 30 June</b>	42	<b>37,721,371</b>	<b>26,585,173</b>
Net cash from operating activities include:			
Interest received		16,793,344	16,727,207
Interest paid		(11,029,613)	(10,538,745)
<b>Net interest received from operating activities</b>		<b>5,763,731</b>	<b>6,188,462</b>

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

# Notes To The Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

## 1 GENERAL INFORMATION

Chongqing Rural Commercial Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank incorporated in the People’s Republic of China (the “PRC”) on 27 June 2008. Prior to its incorporation, the business acquired by the Bank (the “Business”) was carried out by 38 rural credit cooperative unions and Chongqing Wulong Rural Cooperative Bank in Chongqing of the PRC (collectively, the “39 Rural Credit Unions”). All of them were managed by the Chongqing Rural Credit Cooperative Union (the “CRCCU”) at the municipal level of Chongqing, the PRC.

Pursuant to the promoters’ agreement among the promoters of the Bank, the Bank acquired all the assets and liabilities of the 39 Rural Credit Unions and the CRCCU on 27 June 2008, and the Business was transferred to the Bank.

The Bank was listed on the Stock Exchange of Hong Kong Limited on 16 December 2010 and was listed on Shanghai Stock Exchange on 29 October 2019.

The Bank has financial services certificate No. B0335H250000001 issued by the China Banking Regulatory Commission (the former “CBRC”). It was renamed as “CBIRC” in 2018, hereinafter referred to as “CBIRC”), and a corporate legal person business license with a unified social credit code 91500000676129728J issued by the Chongqing Administration of Industry and Commerce.

The principal activities of the Bank and its subsidiaries (together referred to as the “Group”) comprise provision of banking services, which includes deposit taking, loan lending, payment and settlement services, financial leasing and other services as approved by CBIRC.

This condensed consolidated financial statements is presented in Renminbi (RMB), which is also the functional currency of the Bank.

## 2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3 PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. The principal accounting policies and methods of computation used in preparing the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021, which have been audited.

#### (1) New standards, amendments and interpretations effective in 2022 and adopted by the Group

		Effective for annual periods beginning on or after	Notes
(a)	Amendments to IFRS 3 (Revised)	Reference to the Conceptual Framework	1 January 2022 (i)
(b)	Amendments to IAS 37 (Revised)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022 (i)
(c)	Amendments to IAS 16 (Revised)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022 (i)
(i)	Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2021. The adoption of these standards and amendments did not have significant impact on the operating results, comprehensive income, or financial position of the Group.		

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (2) New standards, amendments and interpretations not yet effective and have not been adopted before their effective dates

		Effective for annual periods beginning on or after	Notes
(a)	IFRS 17 Insurance Contracts	1 January 2023	(i)
(b)	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The effective date has now been deferred.	(i)

- (i) Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2021. The Group anticipates that the adoption of these standards and amendments will not have a significant impact on the Group's financial statements.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the uncertainties of significant judgments and estimates made by management in applying the Group's accounting policies were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2021.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 5 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES

#### (1) Investments in subsidiaries

As at 30 June 2022, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Place of incorporation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.	23/04/2010	Jiangsu	200	58.50	58.50	Banking
Sichuan Dazhu CQRC Village and Township Bank Co., Ltd.	12/11/2010	Sichuan	100	81.00	81.00	Banking
Yunnan Dali CQRC Village and Township Bank Co., Ltd.	14/12/2010	Yunnan	200	90.00	90.00	Banking
Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.	04/12/2012	Yunnan	100	100.00	100.00	Banking
Yunnan Heqing CQRC Village and Township Bank Co., Ltd.	09/01/2013	Yunnan	100	81.00	81.00	Banking
Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.	09/01/2013	Guangxi	100	90.00	90.00	Banking
Fujian Shaxian CQRC Village and Township Bank Co., Ltd.	04/02/2013	Fujian	100	93.00	93.00	Banking
Fujian Fu'an CQRC Village and Township Bank Co., Ltd.	05/02/2013	Fujian	200	85.00	85.00	Banking
Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd.	23/04/2013	Yunnan	62	82.26	82.26	Banking
Fujian Pingtan CQRC Village and Township Bank Co., Ltd.	09/08/2013	Fujian	100	59.00	59.00	Banking
Fujian Shishi CQRC Village and Township Bank Co., Ltd.	02/09/2015	Fujian	200	51.00	51.00	Banking
Yunnan Xishan CQRC Village and Township Bank Co., Ltd.	05/01/2016	Yunnan	200	90.00	90.00	Banking
CQRC Financial Leasing Co., Ltd.	19/12/2014	Chongqing	2,500	80.00	80.00	Financial Leasing
CQRC Wealth Management Co., Ltd.	28/06/2020	Chongqing	2,000	100.00	100.00	Wealth Management

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 5 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

#### (1) Investments in subsidiaries (Continued)

For the six months ended 30 June 2022, there was no change in the proportion of equity interest or voting rights the Bank held in its subsidiaries.

All the 14 subsidiaries above were sponsored to establish by the Bank. As at 30 June 2022 and 31 December 2021, the amount of non-controlling interests of each subsidiary of the Bank was insignificant to the Group and hence not disclosed further.

There was no significant restriction on the Bank's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

#### (2) Investments in associates

Name of entity	Date of incorporation	Place of incorporation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Chongqing Xiaomi Consumer Finance Co., Ltd.	29/05/2020	Chongqing	1,500	30.00	30.00	Consumer Finance

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 5 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

#### (2) Investments in associates (Continued)

Details of the Group's interests in associates are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Investment cost:		
Non-listed	451,432	450,328
Proportion of the Group in consolidated income and other comprehensive income after deducting profit distribution	<u>(27,959)</u>	<u>1,104</u>
	<u><u>423,473</u></u>	<u><u>451,432</u></u>

The key financial information of Chongqing Xiaomi Consumer Finance Co., Ltd. is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Total assets	<u><u>9,660,921</u></u>	<u><u>6,315,845</u></u>

	Six months ended 30 June 2022 (Unaudited)	Year ended 31 December 2021 (Audited)
Profit for the period/year	<u><u>(93,196)</u></u>	<u><u>3,680</u></u>



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 5 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

#### (2) Investments in associates (Continued)

Investment income enjoyed by the Group is recognized according to the financial position of Chongqing Xiaomi Consumer Finance Co., Ltd. as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Net assets of associates	1,411,578	1,504,774
Share of entity interest	30.00%	30.00%
Shares of net assets of the Group in associates	<u>423,473</u>	<u>451,432</u>

There was no significant restriction on the associate's ability to remit funds to the Group in the form of cash dividends, or to repay loans or prepayments to the Group.

(3) The Group also consolidated structured entities as disclosed in Note 45 Structured Entities.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 6 NET INTEREST INCOME

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Interest income</b>		
Loans and advances to customers	14,918,426	13,920,151
Including: Corporate loans and advances	6,996,400	7,048,881
Personal loans and advances	7,530,698	6,655,413
Discounted bills	391,328	215,857
Financial investments	8,791,685	8,321,304
Including: Financial assets measured at amortised cost	7,888,951	8,016,797
Financial assets measured at fair value through other comprehensive income	902,734	304,507
Placements with banks and other financial institutions	1,405,302	2,111,915
Balances with central bank	415,884	459,139
Financial assets held under resale agreements	328,532	301,771
Deposits with banks and other financial institutions	117,161	272,554
Subtotal	<u>25,976,990</u>	<u>25,386,834</u>
<b>Interest expense</b>		
Deposits from customers	(7,872,228)	(7,246,334)
Debt securities issued	(2,687,603)	(2,839,805)
Borrowings from central bank	(1,090,479)	(868,344)
Placements from banks and other financial institutions	(677,904)	(600,096)
Financial assets sold under repurchase agreements	(550,256)	(366,468)
Deposits from banks and other financial institutions	(305,262)	(358,827)
Lease liabilities	(2,415)	(2,979)
Subtotal	<u>(13,186,147)</u>	<u>(12,282,853)</u>
<b>Net interest income</b>	<u>12,790,843</u>	<u>13,103,981</u>
Included in interest income		
Interest income on listed investments	8,135,513	7,314,671
Interest income on unlisted investments	656,172	1,006,633
Total	<u>8,791,685</u>	<u>8,321,304</u>

Listed investments mainly include securities traded in the interbank bond market in Mainland China and securities listed on the stock exchange.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 7 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Fee and commission income</b>		
Agency and fiduciary service fees	345,853	245,861
Wealth management fees	273,694	751,683
Bank card fees	156,814	91,948
Settlement and clearing fees	68,475	62,554
Others	<u>364,677</u>	<u>166,460</u>
Subtotal	<u>1,209,513</u>	<u>1,318,506</u>
<b>Fee and commission expense</b>		
Bank card fees	(135,523)	(33,324)
Settlement and clearing fees	(11,479)	(5,026)
Others	<u>(23,612)</u>	<u>(17,627)</u>
Subtotal	<u>(170,614)</u>	<u>(55,977)</u>
Total	<u>1,038,899</u>	<u>1,262,529</u>

### 8 NET TRADING GAINS

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Net gains on financial assets measured at fair value through profit or loss	986,711	548,093
Net losses on financial liabilities measured at fair value through profit or loss	–	(2,501)
Net losses on derivative financial instruments	<u>(15,598)</u>	<u>(9,442)</u>
Total	<u>971,113</u>	<u>536,150</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 9 OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Government grants	119,268	182,191
Foreign exchange gains	53,692	4,589
Rental income	31,110	17,445
Net gain on disposal of property, equipment and other assets	6,222	18,563
Penalty and compensation income	2,883	3,633
Donation	(40,000)	(1,500)
Others, net	8,305	15,173
Total	<u>181,480</u>	<u>240,094</u>

### 10 OPERATING EXPENSES

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Staff costs	(1)	2,703,399	2,719,519
General operating and administrative expenses		995,926	891,891
Depreciation and amortisation		394,353	404,215
Tax and surcharges		144,324	150,534
Others		78,484	38,346
Total		<u>4,316,486</u>	<u>4,204,505</u>

(1) Staff costs

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Salaries, bonuses and allowances		1,841,631	1,781,680
Social insurance		397,849	397,008
Housing funds		178,596	182,145
Enterprise annuity		86,021	88,170
Supplementary retirement benefits	32(1)	67,520	139,160
Labour union fees and staff education expenses		63,506	61,551
Staff welfare		63,436	51,812
Early retirement benefits	32(2)	4,840	17,993
Total		<u>2,703,399</u>	<u>2,719,519</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 11 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Loans and advances to customers:		
Measured at amortised cost	4,025,309	3,586,250
Measured at fair value through other comprehensive income	5,149	1,434
Financial investments:		
Financial assets measured at amortised cost	(404,789)	325,646
Financial assets measured at fair value through other comprehensive income	3,476	193
Financial assets held under resale agreements	4,611	3,526
Other assets	3,966	854
Placements with banks and other financial institutions measured at fair value through other comprehensive income	239	–
Loan commitments	(11,046)	40,881
Deposits with banks and other financial institutions	(5,856)	(135)
Placements with banks and other financial institutions measured at amortised cost	(1,536)	(5,690)
Total	<u>3,619,523</u>	<u>3,952,959</u>

### 12 INCOME TAX EXPENSE

#### (1) Income tax expense

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Income tax expense comprises:			
Current income tax			
– PRC Enterprise Income Tax		1,803,216	2,158,420
Deferred tax	25(2)	(937,564)	(962,321)
Total		<u>865,652</u>	<u>1,196,099</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 12 INCOME TAX EXPENSE (Continued)

**(2) Reconciliation between income tax expense and profit before tax per the interim condensed consolidated income statement:**

The tax charges for the six months ended 30 June 2022 and 30 June 2021 can be reconciled to the profit per the interim condensed consolidated income statement as follows:

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Profit before tax		<u>7,361,940</u>	<u>7,013,986</u>
Tax calculated at applicable statutory tax rate of 25%		1,840,485	1,753,497
Difference of income tax calculated at subsidiaries' applicable statutory tax rate of 15%		(68,538)	(48,217)
Tax effect of non-taxable income and tax reduction	(a)	(937,021)	(562,797)
Tax effect of expenses not deductible for tax purpose	(b)	29,703	54,079
Others		<u>1,023</u>	<u>(463)</u>
Income tax expense		<u>865,652</u>	<u>1,196,099</u>

- (a) Interest income from government bonds and local government bonds is not subject to income tax; and interest income from railway construction bonds is subject to income tax levied at half in accordance with the relevant PRC tax regulations.
- (b) Non-deductible expenses mainly include staff costs and entertainment expenses in excess of deduction allowed under the relevant PRC tax regulations.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 13 EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Earnings:		
Profit for the period attributable to shareholders of the Bank	6,378,968	5,733,250
Less: profit for the period attributable to other equity instrument holders of the Bank	—	—
Profit for the period attributable to ordinary shareholders of the Bank	<u>6,378,968</u>	<u>5,733,250</u>
Number of shares:		
Weighted average number of shares in issue ( <i>thousand</i> )	<u>11,357,000</u>	<u>11,357,000</u>
Basic and diluted earnings per share ( <i>RMB Yuan</i> )	<u>0.56</u>	<u>0.50</u>

There was no potential dilutive ordinary share outstanding for the six months ended 30 June 2022 and the six months ended 30 June 2021. Accordingly, diluted earnings per share was the same as basic earnings per share.

### 14 DIVIDENDS

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Dividend recognised as distribution during the period		
Year 2021 – RMB25.25 cents per share	2,867,643	—
Year 2020 – RMB22.2 cents per share	<u>—</u>	<u>2,521,254</u>

A dividend of RMB25.25 cents per share (tax inclusive) in respect of the year ended 31 December 2021 with a total of RMB2,868 million has been proposed by the Board of Directors on 30 March 2022 and was approved by the shareholders in the 2021 annual general meeting on 26 May 2022.

A dividend of RMB22.2 cents per share (tax inclusive) in respect of the year ended 31 December 2020 with a total of RMB2,521 million has been proposed by the Board of Directors on 30 March 2021 and was approved by the shareholders in the 2020 annual general meeting on 28 May 2021.

The Bank does not propose interim dividend for year 2022.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 15 CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash		2,456,075	2,908,109
Mandatory reserve deposits with central bank	(1)	47,720,961	48,865,948
Surplus reserve deposits with central bank	(2)	9,466,260	8,893,289
Other deposits with central bank	(3)	277,114	682,294
<b>Total</b>		<b>59,920,410</b>	<b>61,349,640</b>

- (1) The Group places mandatory reserve deposits with The People's Bank of China ("PBOC") including RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve deposits are not available for the Group's daily operations.

The Bank's mandatory reserve deposits rates as at the balance sheet date are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
– RMB mandatory reserve deposits rates	6.0%	6.5%
– Foreign currency mandatory reserve deposits rates	8.0%	9.0%

Mandatory reserve deposits rates of the Bank's subsidiaries are subject to relevant PBOC requirements.

- (2) The surplus reserve deposits are maintained with PBOC for clearing purposes.
- (3) The majority of other deposits with central bank are fiscal deposits placed with PBOC. Fiscal deposits refer to funds from financial institutions and deposited with PBOC in accordance with regulations, which cannot be used for daily business operations. Fiscal deposits placed with PBOC are non-interest bearing.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 16 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits with:		
Domestic banks	12,933,953	14,199,456
Other domestic financial institutions	246,526	2,091,228
Overseas banks	532,357	741,477
Gross carrying amount	13,712,836	17,032,161
Expected credit loss (“ECL”) allowance	(8,919)	(14,775)
Carrying amount	<u>13,703,917</u>	<u>17,017,386</u>

As at 30 June 2022, deposits with other financial institutions in mainland China of the Group and the Bank included RMB1.28 million security deposits. There were restrictions on the Group and the Bank’s ability to use these deposits (As at 31 December 2021: RMB0.69 million security deposits for the Group and the Bank).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 17 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Placements with banks and other financial institutions measured at amortised cost		
Placements with:		
Domestic banks	335,584	2,016,526
Other domestic financial institutions	<u>85,213,196</u>	<u>89,090,367</u>
Subtotal	85,548,780	91,106,893
ECL allowance	<u>(32,847)</u>	<u>(34,383)</u>
Carrying amount of placements with banks and other financial institutions measured at amortised cost	<u>85,515,933</u>	<u>91,072,510</u>
Placements with banks and other financial institutions measured at fair value through other comprehensive income		
Placements with:		
Other domestic financial institutions	<u>1,012,767</u>	—
Carrying amount of placements with banks and other financial institutions measured at fair value through other comprehensive income	<u>1,012,767</u>	—
Carrying amount	<u><u>86,528,700</u></u>	<u><u>91,072,510</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 18 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at 30 June 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Contract/ Nominal amount	Fair Value		Contract/ Nominal amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives						
Currency forward	1,036,501	11,496	(10,631)	1,042,898	9,009	(8,488)
Foreign exchange swap	335,612	155	(325)	386,006	2,568	(1,374)
Interest derivatives						
Interest swap	9,622,640	3,065	(3,065)	9,554,480	2,585	(2,585)
Others	<u>1,060,000</u>	<u>6,381</u>	<u>–</u>	<u>1,060,000</u>	<u>18,059</u>	<u>–</u>
Total	<u>12,054,753</u>	<u>21,097</u>	<u>(14,021)</u>	<u>12,043,384</u>	<u>32,221</u>	<u>(12,447)</u>

The nominal amount of derivative financial instruments only provides a basis for comparison with the fair value of the assets or liabilities recognized in the balance sheet, and does not represent the future cash flow or current fair value, and therefore does not reflect the credit risk or market risk faced by the Group.

### 19 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Analysed by collateral type:		
Debt securities	5,200,380	980,537
ECL allowance	<u>(4,843)</u>	<u>(232)</u>
Carrying amount	<u>5,195,537</u>	<u>980,305</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 20 LOANS AND ADVANCES TO CUSTOMERS

#### (1) Analysis of loans and advances to customers

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Gross carrying amount of loans and advances to customers measured at amortised cost		568,450,429	555,839,998
ECL allowance		<u>(28,580,091)</u>	<u>(24,831,502)</u>
Carrying amount of loans and advances measured at amortised cost	(a)	539,870,338	531,008,496
Carrying amount of loans and advances measured at fair value through other comprehensive income		<u>48,130,018</u>	<u>26,326,500</u>
Total		<u><u>588,000,356</u></u>	<u><u>557,334,996</u></u>

As at the balance sheet date, certain discounted bills were pledged as collaterals for respective liabilities (see Note 46(5) for details).

#### (a) Carrying amount of loans and advances measured at amortised cost

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Corporate loans and advances	292,055,181	277,523,086
Trade financing	<u>2,992,622</u>	<u>2,762,078</u>
Subtotal	<u>295,047,803</u>	<u>280,285,164</u>
Personal loans and advances		
– Mortgages	99,332,250	100,979,782
– Loans to private business	94,706,238	89,795,531
– Credit cards	11,253,930	9,142,553
– Others	<u>68,110,208</u>	<u>75,636,968</u>
Subtotal	<u>273,402,626</u>	<u>275,554,834</u>
ECL allowance	<u>(28,580,091)</u>	<u>(24,831,502)</u>
Carrying amount of loans and advances measured at amortised cost	<u><u>539,870,338</u></u>	<u><u>531,008,496</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 20 LOANS AND ADVANCES TO CUSTOMERS (Continued)

#### (2) Loans and advances to customers analysed by security type

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Unsecured loans	102,545,493	98,461,768
Guaranteed loans	174,102,268	177,919,361
Collateralised and other secured loans		
Including: Collateralised loans	248,158,863	239,851,713
Pledged loans	<u>91,773,823</u>	<u>65,933,656</u>
Total	<u>616,580,447</u>	<u>582,166,498</u>

#### (3) Loans and advances to customers analysed by industry

	As at 30 June 2022 (Unaudited)		As at 12 December 2021 (Audited)	
	Amount	%	Amount	%
Leasing and commercial services	72,096,141	11.69	64,121,895	11.01
Manufacturing	69,060,719	11.20	62,423,748	10.72
Water conservancy, environment and public facilities management	67,590,649	10.96	66,641,968	11.45
Retail and wholesale	29,195,337	4.74	25,995,352	4.47
Financial business	26,667,523	4.33	11,173,647	1.92
Transportation, logistics and postal services	24,650,853	4.00	22,374,762	3.84
Production and supply of electricity, heating, gas and water	23,031,995	3.74	23,727,004	4.08
Construction	8,117,731	1.32	7,333,769	1.26
Sanitation and social work	6,814,580	1.11	6,819,325	1.17
Real estate	4,542,835	0.74	4,686,973	0.81
Education	2,491,454	0.40	2,279,045	0.39
Culture, sports and entertainment	2,258,371	0.37	2,696,871	0.46
Others	<u>6,659,633</u>	<u>1.06</u>	<u>6,337,305</u>	<u>1.09</u>
Subtotal of corporate loans and advances	343,177,821	55.66	306,611,664	52.67
Personal loans and advances	<u>273,402,626</u>	<u>44.34</u>	<u>275,554,834</u>	<u>47.33</u>
Total	<u>616,580,447</u>	<u>100.00</u>	<u>582,166,498</u>	<u>100.00</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 20 LOANS AND ADVANCES TO CUSTOMERS (Continued)

#### (4) Overdue loans analysed by security type and overdue period

	As at 30 June 2022 (Unaudited)				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	434,562	512,640	227,887	31,473	1,206,562
Guaranteed loans	1,126,308	667,371	341,387	538,053	2,673,119
Collateralised loans	2,591,317	1,683,669	419,210	69,890	4,764,086
Pledged loans	44,097	49,524	13,745	–	107,366
<b>Total</b>	<b>4,196,284</b>	<b>2,913,204</b>	<b>1,002,229</b>	<b>639,416</b>	<b>8,751,133</b>

	As at 12 December 2021 (Audited)				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	458,035	354,993	50,684	7,150	870,862
Guaranteed loans	1,169,189	1,228,687	997,637	96,749	3,492,262
Collateralised loans	940,029	1,036,823	405,251	82,156	2,464,259
Pledged loans	49,641	12,020	2,695	–	64,356
<b>Total</b>	<b>2,616,894</b>	<b>2,632,523</b>	<b>1,456,267</b>	<b>186,055</b>	<b>6,891,739</b>

Overdue loans refer to all or part of the principal or interest overdue for more than one day.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 20 LOANS AND ADVANCES TO CUSTOMERS (Continued)

#### (5) Movements of ECL allowances on loans and advances to customers

(a) Movements of ECL allowances on loans and advances to customers measured at amortised cost

	Six months ended 30 June 2022 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – Not credit impaired	Stage 3 Lifetime ECL – Credit impaired	Total
As at 1 January 2022	12,704,188	4,212,745	7,914,569	24,831,502
Transfer:				
to stage 1	204,755	(193,485)	(11,270)	–
to stage 2	(336,481)	349,319	(12,838)	–
to stage 3	(48,060)	(665,622)	713,682	–
Additions during the period	415,931	2,802,898	806,480	4,025,309
Written-off and transfers out during the period	–	–	(1,684,969)	(1,684,969)
Recoveries during the period	–	–	1,408,249	1,408,249
As at 30 June 2022	<u>12,940,333</u>	<u>6,505,855</u>	<u>9,133,903</u>	<u>28,580,091</u>
	Year ended 31 December 2021 (Audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – Not credit impaired	Stage 3 Lifetime ECL – Credit impaired	Total
As at 1 January 2021	10,549,072	4,246,604	6,126,791	20,922,467
Transfer:				
to stage 1	436,246	(382,261)	(53,985)	–
to stage 2	(2,486,497)	2,516,331	(29,834)	–
to stage 3	(388,051)	(3,162,754)	3,550,805	–
Additions during the year	4,593,418	994,825	5,461,359	11,049,602
Written-off and transfers out during the year	–	–	(8,137,567)	(8,137,567)
Recoveries during the year	–	–	997,000	997,000
As at 31 December 2021	<u>12,704,188</u>	<u>4,212,745</u>	<u>7,914,569</u>	<u>24,831,502</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 20 LOANS AND ADVANCES TO CUSTOMERS (Continued)

#### (5) Movements of ECL allowances on loans and advances to customers (Continued)

(b) Movements of ECL allowances on loans and advances to customers measured at fair value through other comprehensive income

	Six months ended 30 June 2022 (Unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – Not credit impaired	Stage 3 Lifetime ECL – Credit impaired	
As at 1 January 2022	6,404	–	1,000	7,404
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the period	5,149	–	–	5,149
As at 30 June 2022	<u>11,553</u>	<u>–</u>	<u>1,000</u>	<u>12,553</u>

	Year ended 31 December 2021 (Audited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – Not credit impaired	Stage 3 Lifetime ECL – Credit impaired	
As at 1 January 2021	4,970	–	1,000	5,970
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the year	1,434	–	–	1,434
As at 12 December 2021	<u>6,404</u>	<u>–</u>	<u>1,000</u>	<u>7,404</u>

ECL allowances on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on loans and advances to customers measured at fair value through other comprehensive income held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note 48(1).



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Financial assets measured at fair value through profit or loss	(1)	62,692,605	48,347,564
Financial assets measured at amortised cost	(2)	407,868,843	424,417,885
Financial assets measured at fair value through other comprehensive income	(3)	74,265,916	48,833,463
– Debt instruments		73,545,002	48,035,760
– Equity instruments		<u>720,914</u>	<u>797,703</u>
Total		<u>544,827,364</u>	<u>521,598,912</u>

#### (1) Financial assets measured at fair value through profit or loss

##### By nature

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Funds		39,577,485	31,626,966
Asset management plans		10,868,988	8,640,699
Debt securities	(a)	6,337,333	4,488,534
Interbank deposit certificates		4,417,449	1,273,177
Trust plans		1,478,720	1,478,720
Investment in wealth management products		–	826,838
Others		<u>12,630</u>	<u>12,630</u>
Total		<u>62,692,605</u>	<u>48,347,564</u>
Analysed as:			
Listed outside Hong Kong		10,754,782	5,761,711
Unlisted		<u>51,937,823</u>	<u>42,585,853</u>
Total		<u>62,692,605</u>	<u>48,347,564</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS (Continued)

#### (1) Financial assets measured at fair value through profit or loss (Continued)

##### (a) Debt securities analysed by type of issuers

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt securities issued by:		
Financial institutions	3,560,558	3,192,034
Public sector and quasi-governments	1,087,382	144,923
Corporations	913,849	556,181
Government	<u>775,544</u>	<u>595,396</u>
Total	<u><u>6,337,333</u></u>	<u><u>4,488,534</u></u>

As at the balance sheet date, certain debt securities measured at fair value through profit or loss were pledged as collaterals for respective liabilities (see Note 46(5) for details).

Bond investments in financial assets measured at fair value through profit or loss are all traded in bond market in mainland China.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS (Continued)

#### (2) Financial assets measured at amortised cost

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt securities (by type of issuers):		
Government bonds	178,265,416	162,934,520
Financial institutions bonds	73,449,172	77,721,946
Public sector and quasi-government bonds	66,104,598	66,096,458
Corporate bonds	46,837,570	60,675,912
Subtotal	<u>364,656,756</u>	<u>367,428,836</u>
Interbank deposit certificates	23,968,523	27,198,087
Debt financing plans	15,882,284	25,616,208
Trust plans	5,221,977	6,440,240
Gross carrying amount	<u>409,729,540</u>	<u>426,683,371</u>
ECL allowance	<u>(1,860,697)</u>	<u>(2,265,486)</u>
Carrying amount	<u>407,868,843</u>	<u>424,417,885</u>
Analysed as:		
Listed outside Hong Kong	388,469,138	394,436,139
Unlisted	19,399,705	29,981,746
Total	<u>407,868,843</u>	<u>424,417,885</u>

As at the balance sheet date, certain debt securities measured at amortised cost were pledged as collaterals for respective liabilities (see Note 46(5) for details).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS (Continued)

#### (2) Financial assets measured at amortised cost (Continued)

Movements of ECL allowances on financial assets measured at amortised cost

	Six months ended 30 June 2022 (Unaudited)			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2022	1,188,701	8,948	1,067,837	2,265,486
Transfer:				
to stage 1	7,582	(7,582)	-	-
to stage 2	(120)	120	-	-
to stage 3	-	-	-	-
Reverse	(403,476)	(1,313)	-	(404,789)
Written-offs and transfer out and other movements	-	-	-	-
As at 30 June 2022	<u>792,687</u>	<u>173</u>	<u>1,067,837</u>	<u>1,860,697</u>
	Year ended 31 December 2021 (Audited)			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2021	1,062,189	437,574	2,725,889	4,225,652
Transfer:				
to stage 1	-	-	-	-
to stage 2	(7,993)	7,993	-	-
to stage 3	-	(437,574)	437,574	-
Charge/(Reverse)	134,505	955	(354,379)	(218,919)
Written-offs and transfer out and other movements	-	-	(1,741,247)	(1,741,247)
As at 31 December 2021	<u>1,188,701</u>	<u>8,948</u>	<u>1,067,837</u>	<u>2,265,486</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS (Continued)

#### (3) Financial assets measured at fair value through other comprehensive income

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt instruments:			
Public sector and quasi-government bonds		47,164,846	31,598,570
Government bonds		14,837,261	15,428,237
Financial institutions bonds		5,932,483	1,008,953
Interbank deposit certificates		5,012,874	–
Corporate bonds		597,538	–
Subtotal	(a)	<u>73,545,002</u>	<u>48,035,760</u>
Equity instruments:			
Corporations		647,076	715,905
Banks and other financial institutions		73,838	81,798
Subtotal		<u>720,914</u>	<u>797,703</u>
Total		<u>74,265,916</u>	<u>48,833,463</u>
Analysed as:			
Listed outside Hong Kong	(b)	74,257,916	48,751,665
Listed in Hong Kong		–	73,798
Unlisted		8,000	8,000
Total		<u>74,265,916</u>	<u>48,833,463</u>

(a) As at balance sheet date, certain debt securities measured at fair value through other comprehensive income were pledged as collaterals for respective liabilities (see Note 46(5) for details).

(b) Debt instruments measured at fair value through other comprehensive income presented as “Listed outside Hong Kong” are traded in bond market in mainland China; equity instruments presented as “Listed outside Hong Kong” are all listed in mainland China.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS (Continued)

#### (3) Financial assets measured at fair value through other comprehensive income (Continued)

Movements of ECL allowances on financial assets measured at fair value through other comprehensive income

	Six months ended 30 June 2022 (Unaudited)			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2022	610	-	-	610
Transfer:				
to stage 1	-	-	-	-
to stage 2	-	-	-	-
to stage 3	-	-	-	-
Charge	3,476	-	-	3,476
As at 30 June 2022	<u>4,086</u>	<u>-</u>	<u>-</u>	<u>4,086</u>
	Year ended 31 December 2021 (Audited)			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2021	80	-	-	80
Transfer:				
to stage 1	-	-	-	-
to stage 2	-	-	-	-
to stage 3	-	-	-	-
Charge	530	-	-	530
As at 31 December 2021	<u>610</u>	<u>-</u>	<u>-</u>	<u>610</u>

ECL allowances on debt instruments measured at fair value through other comprehensive income is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on debt instruments measured at fair value through other comprehensive income held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note 48(1).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 22 PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and Fixtures	Construction in progress	Total
<b>Cost</b>						
As at 1 January 2021	7,273,271	1,431,222	96,759	1,011,632	431,754	10,244,638
Additions	28,078	163,667	–	216,724	411,235	819,704
Transferred in/(out)	318,952	1,413	10,532	17,339	(393,972)	(45,736)
Reductions	(71,551)	(62,637)	(12,987)	(58,797)	–	(205,972)
As at 31 December 2021 (Audited)	7,548,750	1,533,665	94,304	1,186,898	449,017	10,812,634
Additions	12,653	27,600	–	9,514	138,481	188,248
Transferred in/(out)	79,082	1,589	663	1,836	(83,170)	–
Reductions	(35,845)	(20,578)	(3,346)	(24,835)	(17,402)	(102,006)
As at 30 June 2022 (Unaudited)	7,604,640	1,542,276	91,621	1,173,413	486,926	10,898,876
<b>Accumulated depreciation</b>						
As at 1 January 2021	(3,567,783)	(976,577)	(90,827)	(689,133)	–	(5,324,320)
Charge for the period	(458,982)	(169,577)	(1,977)	(89,513)	–	(720,049)
Transfer out	8,864	–	–	–	–	8,864
Reductions	52,001	59,329	12,597	55,105	–	179,032
As at 31 December 2021 (Audited)	(3,965,900)	(1,086,825)	(80,207)	(723,541)	–	(5,856,473)
Charge for the period	(209,764)	(90,989)	(1,498)	(46,078)	–	(348,329)
Reductions	30,877	19,924	3,246	24,077	–	78,124
As at 30 June 2022 (Unaudited)	(4,144,787)	(1,157,890)	(78,459)	(745,542)	–	(6,126,678)
<b>Carrying amount</b>						
As at 30 June 2022 (Unaudited)	3,459,853	384,386	13,162	427,871	486,926	4,772,198
As at 31 December 2021 (Audited)	3,582,850	446,840	14,097	463,357	449,017	4,956,161

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 22 PROPERTY AND EQUIPMENT (Continued)

As at 30 June 2022, the Group had no significant amount of temporarily idle assets. (As at 31 December 2021: Nil)

According to relevant laws and regulations, the legal title of fixed assets previously held by the predecessor entity are to be transferred to the Bank, subsequent to the Bank's transformation into a joint stock company. As at 30 June 2022, the registration transfer process of certain properties have not been completed. Management believes that the incomplete registration transfer process does not affect the Bank's right to inherit these assets or adversely affect the Bank's operations.

As at 30 June 2022, the carrying amount of fixed assets leased out through operating leases in the course of the Group's leasing business was RMB265 million (As at 31 December 2021: RMB282 million).

### 23 RIGHT-OF-USE ASSETS

As at 30 June 2022, the right-of-use assets recognized by the Group mainly include operation buildings, and are mainly used for daily business. Depreciation expense for the six months ended 30 June 2022 amounted to RMB31 million (For the year ended 31 December 2021: RMB71 million), and the accumulated depreciation as at 30 June 2022 amounted to RMB133 million (As at 31 December 2021: RMB117 million).

### 24 GOODWILL

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cost and carrying amount	<u>440,129</u>	<u>440,129</u>

As at 30 June 2022, based on assessment performed by the Bank, there was no impairment for the goodwill (As at 31 December 2021: Nil).



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 25 DEFERRED TAXATION

#### (1) Recognised deferred tax assets and liabilities which have not been offset:

	As at 30 June 2022 (Unaudited)				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowance	39,126,993	9,558,910	–	–	9,558,910
Accrued and unpaid staff costs	2,091,026	516,069	–	–	516,069
Retirement benefits	980,114	244,944	–	–	244,944
Provision	290,520	72,630	–	–	72,630
Government grants	74,348	18,587	–	–	18,587
Adjustments of carrying amounts of assets and liabilities on the date of establishment	70,788	17,697	(154,564)	(38,641)	(20,944)
Changes in fair value of financial instruments	–	–	(146,120)	(36,530)	(36,530)
Depreciation expense and others	185,420	46,355	(482,656)	(120,664)	(74,309)
<b>Total</b>	<b>42,819,209</b>	<b>10,475,192</b>	<b>(783,340)</b>	<b>(195,835)</b>	<b>10,279,357</b>

	As at 31 December 2021 (Audited)				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowance	33,983,160	8,495,790	–	–	8,495,790
Accrued and unpaid staff costs	2,529,523	632,381	–	–	632,381
Retirement benefits	979,749	244,937	–	–	244,937
Provision	305,460	76,365	–	–	76,365
Government grants	75,649	18,912	–	–	18,912
Adjustment of carrying amounts of assets and liabilities on the date of establishment	106,525	26,631	(169,210)	(42,302)	(15,671)
Changes in fair value of financial instruments	–	–	(740,726)	(185,182)	(185,182)
Depreciation expense and others	180,273	45,068	(500,985)	(125,246)	(80,178)
<b>Total</b>	<b>38,160,339</b>	<b>9,540,084</b>	<b>(1,410,921)</b>	<b>(352,730)</b>	<b>9,187,354</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 25 DEFERRED TAXATION (Continued)

(2) The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	Six months ended 30 June 2022 (Unaudited)			
	1 January 2022	Recognised in profit or loss	Recognised in equity	30 June 2022
Deferred tax				
– ECL allowance	8,495,790	1,065,336	(2,216)	9,558,910
– Accrued and unpaid staff costs	632,381	(116,312)	–	516,069
– Retirement benefits	244,937	27	(20)	244,944
– Provision	76,365	(3,735)	–	72,630
– Government grants	18,912	(325)	–	18,587
– Adjustment of carrying amounts of assets and liabilities on the date of establishment	(15,671)	(5,273)	–	(20,944)
– Changes in fair value of financial instruments	(185,182)	(8,023)	156,675	(36,530)
– Depreciation expense and others	(80,178)	5,869	–	(74,309)
<b>Total</b>	<b>9,187,354</b>	<b>937,564</b>	<b>154,439</b>	<b>10,279,357</b>
	Year ended 31 December 2021 (Audited)			
	1 January 2021	Recognised in profit or loss	Recognised in equity	31 December 2021
Deferred tax				
– ECL allowance	6,728,456	1,767,795	(461)	8,495,790
– Accrued and unpaid staff costs	612,908	19,473	–	632,381
– Retirement benefits	129,663	(8,922)	124,196	244,937
– Provision	62,897	13,468	–	76,365
– Government grants	19,562	(650)	–	18,912
– Adjustment of carrying amounts of assets and liabilities on the date of establishment	(15,896)	225	–	(15,671)
– Changes in fair value of financial instruments	76,495	(57,566)	(204,111)	(185,182)
– Depreciation expense and others	(75,441)	(4,737)	–	(80,178)
<b>Total</b>	<b>7,538,644</b>	<b>1,729,086</b>	<b>(80,376)</b>	<b>9,187,354</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 26 OTHER ASSETS

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Land use rights		361,853	369,050
Intangible assets	(1)	206,071	207,608
Pre-paid tax		58,481	187,912
Interest receivable	(2)	46,338	27,904
Foreclosed assets	(3)	39,205	39,042
Others	(4)	<u>1,288,524</u>	<u>879,740</u>
Total		<u><u>2,000,472</u></u>	<u><u>1,711,256</u></u>

(1) Intangible assets are mainly computer software which are amortised over 10 years.

(2) Interest receivable

As at 30 June 2022 and 31 December 2021, the Group included the interests on financial instruments, accrued using the effective interest rate method, in the carrying amounts of the corresponding financial instruments, and recorded the interests on related financial instruments that had become due and receivable but not yet been received as at the balance sheet date in interest receivable under other assets.

(3) Foreclosed assets

Analysed by type

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Land use rights and buildings	43,634	45,028
Allowance for impairment losses	<u>(4,429)</u>	<u>(5,986)</u>
Total	<u><u>39,205</u></u>	<u><u>39,042</u></u>

(4) The amounts mainly represent receivables from suppliers, decoration fees of leased assets, temporary payments of other receivables, deferred expenditure.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 27 BORROWINGS FROM CENTRAL BANK

As at 30 June 2022, borrowings from central bank mainly contain the medium-term lending facilities from PBOC, PBOC special refinancing and refinancing for supporting agricultural and small companies. As at 30 June 2022, the principal of the Bank's medium-term lending facilities from PBOC amounted to RMB46,500 million (As at 31 December 2021: RMB46,000 million).

### 28 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits from domestic banks	3,196,621	3,193,688
Deposits from other domestic financial institutions	<u>27,884,283</u>	<u>26,108,427</u>
Total	<u><u>31,080,904</u></u>	<u><u>29,302,115</u></u>

Deposits from banks and other financial institutions are interest bearing at prevailing market rate.

### 29 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Placements from domestic banks	39,247,369	28,549,300
Placements from other domestic financial institutions	<u>4,780,343</u>	<u>5,545,242</u>
Total	<u><u>44,027,712</u></u>	<u><u>34,094,542</u></u>

### 30 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Analysed by collateral type:		
– Bill	23,320,151	11,487,963
– Debt securities	<u>4,935,893</u>	<u>7,600,489</u>
Total	<u><u>28,256,044</u></u>	<u><u>19,088,452</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 31 DEPOSITS FROM CUSTOMERS

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Demand deposits			
Corporate customers		111,380,539	104,825,500
Individual customers		127,211,919	126,626,678
Time deposits			
Corporate customers		44,558,807	45,386,145
Individual customers		531,960,437	477,389,399
Pledged deposits	(1)	5,529,750	5,115,204
Others (Including outward remittance and remittance outstanding)		<u>22,408</u>	<u>17,310</u>
Total		<u><u>820,663,860</u></u>	<u><u>759,360,236</u></u>

(1) Analysed by products for which pledged deposits are required:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Bank acceptances	3,615,770	2,733,200
Loans and receivables	1,481,120	1,419,182
Letters of credit	270,244	254,320
Letters of guarantee	60,816	61,236
Others	<u>101,800</u>	<u>647,266</u>
Total	<u><u>5,529,750</u></u>	<u><u>5,115,204</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 32 ACCRUED STAFF COSTS

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Supplementary retirement benefits	(1)	2,442,163	2,426,844
Salaries, bonuses and allowances		1,660,115	2,212,437
Labor union fees and staff education expenses		315,814	295,815
Early retirement benefits	(2)	118,680	135,760
Enterprise annuity	(3)	<u>100,060</u>	<u>100,060</u>
Total		<u><u>4,636,832</u></u>	<u><u>5,170,916</u></u>

#### (1) Supplementary retirement benefits

The Group sponsors defined benefit plans for qualified employees. The defined benefit plans include supplementary retirement benefits.

The plans mainly expose the Group to actuarial risks such as: interest rate risk, longevity risk and employee benefit risk.

- Interest risk: A decrease in the bond interest rate will increase the plan liability.
- Longevity risk: Present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality or survival ages of the participants both during and after their employment. An increase in life expectancy of the participants will increase the plan's liability.
- Employee benefit risk: Present value of the defined benefit plan liabilities are calculated with reference to the future benefits of the participants. As such, an increase in the benefit of the participants will increase the plan's liability.

The Group's obligation in respect of the supplementary retirement benefits at the end of the reporting period was calculated using the projected accumulated unit credit method by Willis Towers Watson, an external independent actuary.

Supplemental retirement benefits include supplemental pensions and medical benefits.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 32 ACCRUED STAFF COSTS (Continued)

#### (1) Supplementary retirement benefits (Continued)

The principal assumptions used for the purpose of actuarial valuation for supplementary retirement benefits were as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Discount rate-supplementary retirement benefits	3.25%	3.25%
Discount rate-early retirement benefits	2.25%	2.50%
Annual growth rate of enterprise annuity payment	6.00%	6.00%
Annual average medical expense inflation rate	7.00%	7.00%
Expected increase rate of cost of living for beneficiaries	4.50%	4.50%
Mortality rate	China Insurance Industry Experience Mortality Table 2010-2013	

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 32 ACCRUED STAFF COSTS (Continued)

#### (1) Supplementary retirement benefits (Continued)

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Service cost:			
– Current service cost		28,420	24,460
– Past service cost	(a)	450	73,450
Net interest expense		<u>38,650</u>	<u>41,250</u>
Components of supplementary retirement benefit costs recognised in profit or loss		<u>67,520</u>	<u>139,160</u>
Remeasurement of the net defined benefit liability:			
– Actuarial (gain)/loss resulting from experience adjustments	(a)	<u>(80)</u>	<u>357,269</u>
Components of supplementary retirement benefit cost recognised in other comprehensive income		<u>(80)</u>	<u>357,269</u>
Total		<u><u>67,440</u></u>	<u><u>496,429</u></u>

- (a) The changes resulting from the plan amendments recognised in profit or loss in past service cost and the remeasurement of the net liabilities of the defined benefit plans are mainly caused by the increase of supplemental medical insurance premium provided by the Group to its employees.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 32 ACCRUED STAFF COSTS (Continued)

#### (1) Supplementary retirement benefits (Continued)

Movements in present value of the supplementary retirement benefits in the current period/year were as follows:

	Six months ended 30 June 2022 (Unaudited)	Year ended 31 December 2021 (Audited)
Defined benefit obligation at the beginning of the period/year	2,426,844	1,818,630
Interest cost	38,650	82,780
(Gains)/loss arising from remeasurement of the defined benefit liability		
– Actuarial (gain)/loss resulting from experience adjustments	(80)	357,150
– Actuarial loss arising from changes in actuarial assumptions	–	139,840
Current service cost	28,420	49,010
Past service cost	450	73,630
Benefits paid	(52,121)	(94,196)
Defined benefit obligation at the end of the period/year	<u>2,442,163</u>	<u>2,426,844</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 32 ACCRUED STAFF COSTS (Continued)

#### (2) Early retirement benefits

Internal retirement benefits include basic salary and allowances paid monthly/annually, social insurance premiums and housing funds, and supplemental medical benefits in excess of the statutory level paid by the government-mandated basic medical program to original and new retired staff until they reach their normal retirement age.

For the six months ended 30 June 2022, the Group incurred RMB4.84 million (six months ended 30 June 2021: RMB18 million) and paid RMB22 million (six months ended 30 June 2021: RMB23 million) in respect of the early retirement benefits plan.

#### (3) Enterprise annuity

According to the laws, regulations and rules, such as the Notice of Chongqing Human Resources and Social Security Bureau, Chongqing Finance Bureau on 'the implementation of the enterprise annuity measures' (Yurenshefa (2018) No. 133), the Opinions of Chongqing State-owned Assets Supervision and Administration Commission on the establishment of enterprise annuity by municipal key state-owned enterprises (Yuguozi [2018] No. 597), the Bank launched enterprise annuity in 2019, which applies to on-the-job contract employees, internally retired employees and regular employees of subsidiaries who retire on or after 1 January 2019 and voluntarily join the enterprise annuity plan.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 33 DEBT SECURITIES ISSUED

#### (1) Debt securities issued analysed by type:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Interbank certificates of deposit issued	154,965,960	202,866,702
Bonds issued	<u>20,156,834</u>	<u>22,387,708</u>
Total	<u><u>175,122,794</u></u>	<u><u>225,254,410</u></u>

#### (2) Movements of debt securities issued:

	Notes	Six months ended 30 June 2022 (Unaudited)				Ending Balance
		Beginning Balance	Issued during the period	Paid during the period	Interest and Amortisation	
Interbank certificates of deposit issued	(a)	202,866,702	105,686,882	(155,910,000)	2,322,376	154,965,960
Bonds issued	(b)	<u>22,387,708</u>	<u>-</u>	<u>(2,596,101)</u>	<u>365,227</u>	<u>20,156,834</u>
Total		<u><u>225,254,410</u></u>	<u><u>105,686,882</u></u>	<u><u>(158,506,101)</u></u>	<u><u>2,687,603</u></u>	<u><u>175,122,794</u></u>

	Notes	Year ended 31 December 2021 (Audited)				Ending Balance
		Beginning Balance	Issued during the year	Paid during the year	Interest and Amortisation	
Interbank certificates of deposit issued	(a)	143,748,381	286,539,057	(232,470,000)	5,049,264	202,866,702
Bonds issued	(b)	<u>29,429,828</u>	<u>2,998,538</u>	<u>(11,070,399)</u>	<u>1,029,741</u>	<u>22,387,708</u>
Total		<u><u>173,178,209</u></u>	<u><u>289,537,595</u></u>	<u><u>(243,540,399)</u></u>	<u><u>6,079,005</u></u>	<u><u>225,254,410</u></u>

- (a) As at 30 June 2022, there were 187 outstanding interbank deposit certificates issued by the Group and Bank with maximum maturity of 365 days. (As at 31 December 2021: there were 198 outstanding interbank deposit certificates issued by the Group and Bank with maximum maturity of 365 days.)

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 33 DEBT SECURITIES ISSUED (Continued)

#### (2) Movements of debt securities issued (Continued):

- (b) As at the balance sheet date, details of debts securities issued by the Group are shown as follows:

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Fixed rate financial bond matured in April 2022	(i)	–	1,953,507
Fixed rate financial bond for “agriculture, rural areas and farmers” maturing in January 2023	(ii)	2,029,434	2,061,337
Fixed rate financial bond maturing in March 2023	(iii)	8,066,947	8,182,966
Fixed rate green financial bond maturing in November 2023	(iv)	2,045,530	2,009,602
Fixed rate green financial bond maturing in June 2024	(v)	3,005,436	3,055,002
Tier-two capital fixed rate bond maturing in June 2029	(vi)	5,009,487	5,125,294
Total		<u>20,156,834</u>	<u>22,387,708</u>

- (i) On 1 April 2019, CQRC Financial Leasing Co., Ltd., a subsidiary of the Bank issued a three-year fixed rate financial bond with a coupon rate of 3.80%, payable annually.
- (ii) On 9 January 2020, the Bank issued a three-year fixed rate financial bond for “agriculture, rural areas and farmers”, with a coupon rate of 3.20%, payable annually.
- (iii) On 12 March 2020, the Bank issued a three-year fixed rate financial bond, with a coupon rate of 2.89%, payable annually.
- (iv) On 5 November 2020, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.60%, payable annually.
- (v) On 3 June 2021, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.29%, payable annually.
- (vi) On 13 June 2019, the Bank issued a 10-year tier-two capital fixed rate bonds with a coupon rate of 4.60%, payable annually. The Bank has an option to redeem all of the bond at face value on 14 June 2024 if specified redemption conditions stipulated in the offering documents are met, subject to regulatory approval.

The tier-two capital bond has the write-down feature, which allows the Bank to write down the entire principals of the bond when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 34 OTHER LIABILITIES

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Other payables	(1)	5,884,759	4,998,525
Deferred income	(2)	624,510	574,786
Tax payable (excluding corporate income tax payable)	(3)	517,456	538,843
Dividends payable		300,586	44,160
Provision	(4)	290,520	305,460
Contract liabilities		<u>70,981</u>	<u>35,067</u>
<b>Total</b>		<b><u>7,688,812</u></b>	<b><u>6,496,841</u></b>

(1) Other payables

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Leasing business related payables		3,461,129	3,144,633
Payables from providing agency services		1,209,767	1,045,837
Items in process of clearing and settlement		315,307	124,482
Long term loans	(a)	34,401	34,401
Others		<u>864,155</u>	<u>649,172</u>
<b>Total</b>		<b><u>5,884,759</u></b>	<b><u>4,998,525</u></b>

- (a) The amount represents special-purpose loans from International Fund for Agriculture Development to support petty loans in the PRC.

As at 30 June 2022 and 31 December 2021, the loans bear a fixed interest rate of 0.75% per annum. As at 30 June 2022, these loans have 21 years to maturity with similar terms with related loans granted to customers.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 34 OTHER LIABILITIES (Continued)

(2) Deferred income

Deferred income mainly represents deferred financial leasing income and government grants, for which the income will be amortised and recognised over the periods necessary to match them with the related costs.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deferred leasing income	551,424	500,394
Government grants	<u>73,086</u>	<u>74,392</u>
Total	<u><u>624,510</u></u>	<u><u>574,786</u></u>

(3) Tax payable (excluding corporate income tax payable)

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Value added tax	452,482	479,905
Urban maintenance and construction tax	28,019	28,863
Individual income tax	10,665	7,626
Others	<u>26,290</u>	<u>22,449</u>
Total	<u><u>517,456</u></u>	<u><u>538,843</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 34 OTHER LIABILITIES (Continued)

(4) Provision

Provision mainly contains ECL allowance for loan commitments. As at 30 June 2022 and 31 December 2021, the amount of this ECL allowance of the Group is disclosed in Note 48(1)(c).

### 35 SHARE CAPITAL

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Listed Domestically (A shares) with par value of RMB1.00 per share	8,843,664	8,843,664
Listed overseas (H shares) with par value RMB1.00 per share	<u>2,513,336</u>	<u>2,513,336</u>
Share capital	<u><u>11,357,000</u></u>	<u><u>11,357,000</u></u>

### 36 OTHER EQUITY INSTRUMENTS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Perpetual bonds	<u><u>5,998,268</u></u>	<u><u>3,998,338</u></u>

(1) Perpetual bonds outstanding at the end of the period:

Financial instruments issued	Issue date	Accounting classification	Original interest	Issue price (Yuan)	Amount in shares (in millions)	In RMB (in millions)	Maturity	Conversion conditions	Conversion status
2021 Perpetual bond in RMB	24/08/2021	Equity	4.00%	100	40	4,000	No fixed maturity date	N/A	N/A
2022 Perpetual bond in RMB	28/04/2022	Equity	3.90%	100	20	2,000	No fixed maturity date	N/A	N/A
Less: Issuance costs						<u>(2)</u>			
Carrying amount						<u>5,998</u>			

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 36 OTHER EQUITY INSTRUMENTS (Continued)

#### (2) Main clauses

The Bank issued perpetual bond with the amount of RMB2 billion in the national interbank bond market on 28 April 2022. The denomination of the Bonds is RMB100 each. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.90%.

The Bank issued perpetual bond with the amount of RMB4 billion in the national interbank bond market on 24 August 2021. The denomination of the Bonds is RMB100 each. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.00%.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions, by which the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-one capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-one capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a non-viability triggering event, the Bank has the right to write down in whole or in part, without the need for the consent of the holders of the bonds. The bonds are written down according to the proportion of their outstanding par value in the total outstanding par value of all other tier-one capital instruments with the same trigger event.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

As at June 30, 2022, the balance of the indefinite-term capital bonds issued by the Bank after deducting direct issuance costs amounted to RMB5,998 million.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 36 OTHER EQUITY INSTRUMENTS (Continued)

#### (3) Statement of changes in perpetual bonds outstanding at the end of the period:

Financial instruments in issued	Beginning Balance		Increased during the period		Ending Balance	
	Amount (In millions)	Carrying amount (In thousand Yuan)	Amount (In millions)	Carrying amount (In thousand Yuan)	Amount (In millions)	Carrying amount (In thousand Yuan)
2021 perpetual bonds in RMB	40	3,998,338	-	-	40	3,998,338
2022 perpetual bonds in RMB	-	-	20	1,999,930	20	1,999,930
Total	<u>40</u>	<u>3,998,338</u>	<u>20</u>	<u>1,999,930</u>	<u>60</u>	<u>5,998,268</u>

#### (4) Equity attributable to equity instrument holders

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Total equity attributable to equity holders of the Bank	110,000,718	104,952,779
Equity attributable to ordinary shareholders of the Bank	104,002,450	100,954,441
Equity attributable to other equity holders of the Bank	5,998,268	3,998,338
Total equity attributable to non-controlling interests	1,647,824	1,531,365
Equity attributable to non-controlling interests of ordinary shares	<u>1,647,824</u>	<u>1,531,365</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 37 CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in capital reserve after deducting direct issuance costs which mainly included underwriting fees and professional fees. Where the Bank acquired equity interests from non-controlling shareholders, which is assessed as equity transactions. The difference between fair value of any considerations paid and the relevant share acquired of the carrying amount of net assets of the subsidiary was recorded in capital reserve.

The acquisition of additional interests from the non-controlling shareholders of its subsidiaries is equity transaction. The capital premium of discount amount was charged to capital reserve.

Capital reserve of the Bank included premium of RMB910 million from the placement of ordinary shares in 2010, premium of RMB7,706 million from the initial public offering of overseas listed foreign shares on the Hong Kong Stock. Exchange in 2010, premium of RMB3,291 million from the placement of ordinary shares in 2017, and premium of RMB8,531 million from the initial public offering of A shares in 2019. Equity premium excluding direct issue costs is included in capital reserve. Direct issue costs mainly include underwriting fees and professional agency service fees.

### 38 INVESTMENT REVALUATION RESERVE

	Pre-tax amount	Tax impact	Net-of-tax amount
As at 1 January 2021	(557,276)	139,318	(417,958)
Fair value gains/(losses) for the year			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	602,241	(150,560)	451,681
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	222,290	(54,012)	168,278
Transferred to retained earnings	(6,241)	–	(6,241)
As at 31 December 2021 (Audited)	261,014	(65,254)	195,760
Fair value (losses)/gains for the period			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	(541,047)	135,262	(405,785)
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	(76,788)	19,197	(57,591)
As at 30 June 2022 (Unaudited)	<u>(356,821)</u>	<u>89,205</u>	<u>(267,616)</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 39 SURPLUS RESERVE

Under the relevant PRC Laws, the Bank and its subsidiaries are required to appropriate 10% of its net profit to a non-distributable statutory surplus reserve. Appropriation to statutory surplus reserve may cease when the balance of such reserves has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the period determined under the Generally Accepted Accounting Principles of the PRC ("PRC GAAP") to the discretionary surplus reserve upon approval by the shareholders in the general meetings. The discretionary surplus reserve may be used to offset accumulated loss of the Bank, if any, and may be converted into capital.

For the six months ended 30 June 2022, the Bank did not make any appropriation to statutory surplus reserve (For the six months ended 30 June 2021: Nil). For the six months ended 30 June 2022, the Bank did not make any appropriation to discretionary surplus reserve (For the six months ended 30 June 2021: Nil).

### 40 GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the allowances for impairment losses, the Bank and its subsidiaries are required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures.

For the six months ended 30 June 2022, the Bank transferred RMB1,666 million to general reserve pursuant to the regulatory requirement (For the six months ended 30 June 2021: RMB1,702 million).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 41 RETAINED EARNINGS

The movements of retained earnings of the Group are set out below:

	Six months ended 30 June 2022 (Unaudited)	Year ended 31 December 2021 (Audited)
Retained earnings at beginning of the period/year	40,306,220	35,947,699
Profit for the period/year	6,378,968	9,559,709
Appropriation to surplus reserve	–	(860,836)
Appropriation to general reserve	(1,872,119)	(1,825,339)
Dividend distribution	(2,867,643)	(2,521,254)
Other comprehensive income transferred to retained earnings	–	6,241
	<u>41,945,426</u>	<u>40,306,220</u>

### 42 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash	2,456,075	2,908,109
Surplus reserve deposits with central bank	9,466,260	8,893,289
Deposits with banks and other financial institutions	8,919,695	9,384,247
Placements with banks and other financial institutions	11,871,945	14,200,000
Financial assets held under resale agreements	5,007,396	399,780
	<u>37,721,371</u>	<u>35,785,425</u>
Total	<u>37,721,371</u>	<u>35,785,425</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 43 SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group operates mainly in Chongqing, the PRC. Majority of its customers and non-current assets are located in Chongqing, the PRC. The Group's chief operating decision maker reviews financial information based on business activities for the purpose of allocating resources and performance assessment.

The measurement of segment assets and liabilities, segment income and results is based on the Group's accounting policies in accordance with accounting rules and financial regulations applicable to PRC enterprises. There is no significant difference between the segment accounting policies and the policies applied in preparing the consolidated financial statements.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from third parties are referred to as "external interest income/expense".

#### Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include demand accounts, deposits, credit card facilities, corporate loans, products and other credit services related to trade, foreign currency business, wealth management products ("WMPs"), etc.

#### Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include savings accounts personal loans, deposit products, card business, payment and settlement, agency service for fund and insurance, etc.

#### Financial market operations

The Group's financial market operations segment conducts money market or repurchase transactions and debt instruments investment for its own accounts or on behalf of customers. The operating results of this segment include the impact of profit or loss on internal fund surpluses or shortages between segments due to interest-bearing assets and interest-bearing liabilities.

#### Unallocated

Unallocated include other businesses not included in the above reporting segments or businesses that cannot be allocated on a reasonable basis, including equity investment businesses.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 43 SEGMENT ANALYSIS (Continued)

	Six months ended 30 June 2022 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	7,469,096	7,865,214	10,642,680	25,976,990	-	25,976,990
External interest expense	(1,038,222)	(6,706,374)	(5,441,551)	(13,186,147)	-	(13,186,147)
Inter-segment interest (expense)/ income	(1,923,515)	4,953,625	(3,030,110)	-	-	-
Net interest income	4,507,359	6,112,465	2,171,019	12,790,843	-	12,790,843
Fee and commission income	319,375	470,270	419,868	1,209,513	-	1,209,513
Fee and commission expense	(30,925)	(120,572)	(19,117)	(170,614)	-	(170,614)
Net fee and commission income	288,450	349,698	400,751	1,038,899	-	1,038,899
Net trading gains	-	-	971,113	971,113	-	971,113
Share of profits of associates	-	-	-	-	(27,959)	(27,959)
Other operating income, net	59,633	43,067	72,670	175,370	6,110	181,480
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	-	-	280,235	280,235	-	280,235
Net gains on derecognition of financial assets measured at amortised cost	-	-	63,338	63,338	-	63,338
Operating income	4,855,442	6,505,230	3,959,126	15,319,798	(21,849)	15,297,949
Operating expenses	(1,418,988)	(1,789,230)	(1,108,268)	(4,316,486)	-	(4,316,486)
Credit impairment losses	(2,671,558)	(1,351,820)	403,855	(3,619,523)	-	(3,619,523)
Profit before tax	764,896	3,364,180	3,254,713	7,383,789	(21,849)	7,361,940
Income tax expense	-	-	-	-	(865,652)	(865,652)
Profit for the period	-	-	-	-	-	6,496,288
Depreciation and amortisation included in operating expenses	146,380	163,293	101,326	410,999	-	410,999
Capital expenditure	69,371	87,464	54,176	211,011	-	211,011
	As at 30 June 2022 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
Segment assets	298,979,219	264,115,090	736,519,843	1,299,614,152	16,641,342	1,316,255,494
Segment liabilities	168,881,468	661,730,547	371,702,299	1,202,314,314	2,292,638	1,204,606,952
Supplementary information – Credit commitments	14,099,280	26,128,796	-	40,228,076	-	40,228,076

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 43 SEGMENT ANALYSIS (Continued)

	Six months ended 30 June 2021 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	7,347,844	7,031,446	11,007,544	25,386,834	-	25,386,834
External interest expense	(1,145,148)	(6,103,542)	(5,034,163)	(12,282,853)	-	(12,282,853)
Inter-segment interest (expense)/ income	(1,404,854)	4,587,477	(3,182,623)	-	-	-
Net interest income	4,797,842	5,515,381	2,790,758	13,103,981	-	13,103,981
Fee and commission income	313,397	687,519	317,590	1,318,506	-	1,318,506
Fee and commission expense	(9,712)	(7,073)	(39,192)	(55,977)	-	(55,977)
Net fee and commission income	303,685	680,446	278,398	1,262,529	-	1,262,529
Net trading gains	-	-	536,150	536,150	-	536,150
Share of profits of associates	-	-	-	-	(19,598)	(19,598)
Other operating income, net	70,640	98,002	51,735	220,377	19,717	240,094
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	-	-	48,294	48,294	-	48,294
Operating income	5,172,167	6,293,829	3,705,335	15,171,331	119	15,171,450
Operating expenses	(1,376,706)	(1,701,383)	(1,126,416)	(4,204,505)	-	(4,204,505)
Credit impairment losses	(2,544,791)	(1,084,628)	(323,540)	(3,952,959)	-	(3,952,959)
Profit before tax	1,250,670	3,507,818	2,255,379	7,013,867	119	7,013,986
Income tax expense	-	-	-	-	(1,196,099)	(1,196,099)
Profit for the period	-	-	-	-	-	5,817,887
Depreciation and amortisation included in operating expenses	132,355	163,569	108,291	404,215	-	404,215
Capital expenditure	66,372	82,025	54,305	202,702	-	202,702

	As at 30 June 2021 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
Segment assets	289,357,746	247,725,051	672,869,749	1,209,952,546	14,266,894	1,224,219,440
Segment liabilities	168,979,253	597,434,390	357,135,334	1,123,548,977	2,192,120	1,125,741,097
Supplementary information - Credit commitments	12,834,255	24,136,909	-	36,971,164	-	36,971,164

There was no significant transactions with a single external customer that the Group mainly relied on.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (1) Information about subsidiaries of the Bank

Information about subsidiaries of the Bank is disclosed in Note 5(1).

#### (2) Information about associates of the Bank

Information about insignificant associates of the Bank is disclosed in Note 5(2).

#### (3) Related parties with no controlling relationship

There are certain related party transactions between the Bank and related parties with no controlling relationship. The conditions and prices of these transactions are determined on the basis of market price and normal business procedure or contractual terms. They are assessed based on transaction type and approved by corresponding decision-making authority.

Shareholders identified as related parties of the Bank

The names and share of equity interests of shareholders with more than 5% (including 5%) shares of the Bank, or shareholders who hold less than 5% of the total shares or capital but have significant influence on the Bank's operation and management are as follows:

Name of shareholders	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Chongqing Yufu Capital Operation Group Co., Ltd. ("Yufu Group") 重慶渝富資本運營集團有限公司		8.70%	8.70%
Chongqing City Construction Investment (Group) Co., Ltd. ("City Investment Group") 重慶市城市建設投資(集團)有限公司		7.02%	7.02%
Chongqing Development and Real Estate Management Co., Ltd. ("Development and Real Estate Company") 重慶發展置業管理有限公司		5.19%	5.19%
Loncin Holdings Co., Ltd. ("Loncin Holdings") 隆鑫控股有限公司		5.02%	5.02%
Xiamen Huishanghong Equity Investment Co., Ltd. 廈門市匯尚泓股權投資有限公司	(a)	1.66%	1.66%
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. 上海豫園旅遊商城(集團)股份有限公司		1.33%	1.33%

(a) Xiamen Gaoxinhong Equity Investment Co., Ltd. changed its name to Xiamen Huishanghong Equity Investment Co., Ltd. on 1 April 2022.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (4) Related party transactions

The amounts of significant transactions, significant transaction balances and significant off balance sheet items between the Group and its related parties as at the balance sheet date were as follows:

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Loncin Holdings and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
Significant transactions for the six months ended 30 June 2022 (Unaudited):								
Interest income	87,926	63,520	17,669	40,315	8,581	1,790	219,801	0.85%
Interest expense	(28,585)	(6,482)	(6,486)	(2,170)	(90,188)	(3,271)	(137,182)	1.04%
Fee and commission income	6,702	3	376	7	4	4	7,096	0.59%
Net trading gains	1,600	-	-	-	-	-	1,600	0.16%
Other comprehensive income	(60,029)	-	-	-	-	-	(60,029)	14.55%
Significant transaction balances as at 30 June 2022 (Unaudited):								
Deposits with banks and other financial institutions	-	-	-	-	655,929	-	655,929	4.79%
Loans and advances to customers	4,606,630	2,664,792	752,090	1,279,493	24,644	69,527	9,397,176	1.52%
Financial assets measured at fair value through profit or loss	1,262,988	-	-	-	-	-	1,262,988	2.01%
Financial assets measured at amortised cost	661,649	661,352	-	-	701,806	-	2,024,807	0.50%
Financial assets measured at fair value through other comprehensive income	65,838	-	-	-	552,504	-	618,342	0.83%
Derivative financial assets	-	-	-	-	3,329	-	3,329	15.78%
Deposits from banks and other financial institutions	(64,764)	-	-	-	-	-	(64,764)	0.21%
Deposits from customers	(4,025,463)	(938,044)	(1,113,012)	(790,669)	(39,859)	(83,779)	(6,990,826)	0.85%
Debt securities issued	-	-	-	-	(2,350,000)	-	(2,350,000)	1.34%
Significant off-balance sheet items as at 30 June 2022 (Unaudited):								
Unutilised credit card facilities	-	-	-	-	-	337,535	337,535	1.29%
The balance of the loan guaranteed by related guarantee companies	13,117,930	-	-	177,016	-	-	13,294,946	2.16%
The balance of financial investments guaranteed by related guarantee companies	3,052,000	-	-	71,520	-	-	3,123,520	0.57%
Related parties' investment in wealth management products issued by the Group	123,610	-	-	-	-	216,438	340,048	0.24%
Investments made by wealth management products issued by the Group	10,558	-	-	-	-	-	10,558	0.01%

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (4) Related party transactions (Continued)

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Loncin Holdings and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
Significant transactions for the six months ended 30 June 2021 (Unaudited):								
Interest income	129,103	91,728	11,328	27,665	86,866	4,403	351,093	1.38%
Interest expense	(38,675)	(8,541)	(195,986)	(2,212)	(1,797)	(2,946)	(250,157)	2.04%
Significant transaction balances as at 31 December 2021 (Audited):								
Deposits with banks and other financial institutions	-	-	-	-	723,773	-	723,773	0.67%
Loans and advances to customers	4,628,643	3,257,947	619,059	1,252,949	3,039,989	160,950	12,959,537	2.23%
Financial assets measured at fair value through profit or loss	-	753,099	-	-	-	-	753,099	1.56%
Financial assets measured at amortised cost	160,000	647,000	-	-	2,587,800	-	3,394,800	0.80%
Financial assets measured at fair value through other comprehensive income	73,798	-	-	-	904,572	-	978,370	2.00%
Deposits from customers	(2,479,779)	(610,436)	(18,111,341)	(774,470)	(698,903)	(267,186)	(22,942,115)	3.02%
Significant off-balance sheet items as at 31 December 2021 (Audited):								
The balance of the loan guaranteed by related guarantee companies	16,393,409	-	-	235,035	-	-	16,628,444	2.86%
The balance of financial investments guaranteed by related guarantee companies	2,554,000	-	-	44,700	-	-	2,598,700	0.50%

The above transactions with related parties were conducted on normal commercial terms and in the normal course of business and were priced in accordance with the principles of transactions with independent third parties.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (5) Key management personnel remuneration

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Bank or the Group.

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Paid remuneration (before tax)	1,282	1,147
Retirement plan contributions	482	427
Others	112	96
<b>Total</b>	<b>1,876</b>	<b>1,670</b>

Key management personnel remuneration refers to paid remuneration to directors and key management personnel in the current year approved in accordance with internal and external management requirements, including basic annual salary and advance performance salary for the six months ended 30 June 2022 that was paid in accordance with external regulatory requirements.

Certain key management personnel's final emoluments for the six months ended 30 June 2022 have not been finalised on report date as required by relevant authorities. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group for the six months ended 30 June 2022.

For the six months ended 30 June 2022, both the loans made to key management personnel and their relatives, and the corresponding interest income were not significant.

#### (6) Transactions between the Bank and its subsidiaries

Amounts of significant transactions between the Bank and its subsidiaries during the reporting period were as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest income	81,365	90,839
Interest expense	(693)	(8,253)

For the six months ended 30 June 2022 and the six months ended 30 June 2021, transactions between the Bank and its subsidiaries other than the transactions above were not significant.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (6) Transactions between the Bank and its subsidiaries (Continued)

Amounts of significant transaction balances between the Bank and its subsidiaries as at the balance sheet date were as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits with banks and other financial institutions	528,359	573,000
Placements with banks and other financial institutions	4,978,814	5,230,000
Financial assets measured at fair value through other comprehensive income	–	100,000
Deposits from banks and other financial institutions	(773,154)	(598,593)

For the six months ended 30 June 2022 and the six months ended 30 June 2021, outstanding balances between the Bank and its subsidiaries other than the balances above were not significant.

All intra-group transactions and balances have been off set when preparing the consolidated financial statements.

As at 30 June 2022 and 31 December 2021, the principal balance of wealth management products issued by the Bank's subsidiary and purchased by the Bank amounted to RMB5,980 million and RMB1,580 million.

#### (7) Transactions between the Group and its associates

As at 30 June 2022, the Group's related party transactions with associates mainly included deposits from associates amounting to RMB227 million.

As at 31 December 2021, the balances of the Group's related party transactions with associates were not significant.

#### (8) Transactions with enterprise annuity plan

In addition to contributions to the Group's enterprise annuity fund, no related party transactions have been made during the reporting period.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 45 STRUCTURED ENTITIES

#### (1) Unconsolidated structured entities managed by the Group

Unconsolidated structured entities managed by the Group consist primarily of collective investment vehicles formed to issue and distribute WMPs, which are not subject to any guarantee by the Group of the principal invested or interest to be paid. The WMPs invest in a range of primarily fixed-rate assets, most typically money market instruments and debt securities. As the manager of WMPs, the Group invests, on behalf of its customers, the funds raised in the assets as described in the contract related to each WMP and distribute gain to investors on the basis of the operation performance of those products. The variable return that the Group has in relation to the WMPs is not significant, therefore the WMPs are not consolidated by the Group.

As at 30 June 2022 and 31 December 2021, the outstanding WMPs issued by the Group amounted to RMB137,495 million and RMB120,319 million, respectively, which represent the total size of the WMPs. The interest of the Group from the operation of the WMPs mainly consists of fee and commission income. For the six months ended 30 June 2022, the Group's interest in the WMPs included in fee and commission income was RMB361 million (For the six months ended 30 June 2021: RMB752 million).

There was no contractual liquidity arrangement, guarantee or other commitment among or between the Group, WMPs or any third parties that could increase the level of the Group's risk from or reduce its interest in WMPs disclosed above for the six months ended 30 June 2022 and the year ended 31 December 2021. The Group is not required to absorb any loss incurred by WMPs before other parties.

The wealth management products issued by the Group did not cause losses to the interests of the Group, nor did they encounter financial difficulties for the six months ended 30 June 2022 and the year ended 31 December 2021.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 45 STRUCTURED ENTITIES (Continued)

#### (2) Unconsolidated structured entities held by the Group

The Group invests in a number of other unconsolidated structured entities which are issued or managed by other entities for investment return, and records trading gains or losses and interest income therefrom. As at 30 June 2022 and 31 December 2021, the Group's maximum risk exposure from these unconsolidated structured entities is summarised in the table below.

	As at 30 June 2022 (Unaudited)		
	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Maximum risk exposure
Asset-backed securities	–	69,710,525	69,710,525
Funds	39,577,485	–	39,577,485
Asset management plans and trust plans	12,347,708	4,057,857	16,405,565
<b>Total</b>	<b>51,925,193</b>	<b>73,768,382</b>	<b>125,693,575</b>

	As at 31 December 2021 (Audited)		
	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Maximum risk exposure
Asset-backed securities	–	73,019,447	73,019,447
Funds	31,626,966	–	31,626,966
Asset management plans and trust plans	10,119,419	5,234,938	15,354,357
Investments in wealth management products	826,838	–	826,838
<b>Total</b>	<b>42,573,223</b>	<b>78,254,385</b>	<b>120,827,608</b>

The underlying assets of trust plans and asset-backed securities primarily include trust loans and credit assets, the underlying assets of wealth management products, funds and asset management plan primarily include interbank assets and bonds. Asset-backed securities were all issued by financial institutions.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 45 STRUCTURED ENTITIES (Continued)

#### (3) Consolidated structured entities

The Group managed or invested in several structured entities, including funds, asset management plans, trust plans, WMPs, asset-backed securities, etc. The Group mainly assesses its overall economic interests (including the expected return from direct ownership and management fee) in the structured entities and its decision-making rights covered through its involvement in the decisions on the establishment of the structured entities and relevant contract arrangements in order to determine if it has control over the structured entity. If the Group has power over a structured entity and variable returns and the ability to use that power to affect its returns from the structured entity through arrangements such as investment contracts, then the Group believes that it has control over the structured entity and include it in the consolidated financial statements. If the Group has no substantive power over principal activities of a structured entity, or enjoys immaterial economic interests and thus acts as an agent rather than a principal, the Group does not need to include it in the consolidated financial statements.

The Group's consolidated structured entities included WMPs issued by CQRC Wealth Management Co., Ltd. held by the Group. As at 30 June 2022, the principal amount of WMPs issued by CQRC Wealth Management Co., Ltd. held by the Group was RMB6,080 million (As at 31 December 2021: RMB1,580 million). The group included these investments and corresponding liabilities in the corresponding financial assets and financial liabilities based on their nature according to the accounting policies of the Group, For the six months ended 30 June 2022 and the year ended 31 December 2021, the Group did not provide financial support to these WMPs.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 46 CONTINGENT LIABILITIES AND COMMITMENTS

#### (1) Legal proceedings

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. As at 30 June 2022, the Group made a provision of RMB4.86 million (As at 31 December 2021: RMB4.36 million) in accordance with court judgment or advice of legal counsel. Management of the Group believes final results of these lawsuits will not have a material impact on the financial position or operations of the Group based on legal advice.

#### (2) Capital commitments

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Contracted but not provided for	<u>447,092</u>	<u>448,160</u>

#### (3) Loan commitments

Loan commitments include unutilised credit card facilities, issued acceptances, financial guarantees and letters of credit.

The amount of credit card facilities represents the amount when unutilised credit card facilities are fully drawn. Acceptances represent commitments of the Group to pay acceptances issued by customers. The Group expects most acceptances to be settled simultaneously with reimbursements from customers. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed to completely perform as contracted.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 46 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

#### (3) Loan commitments (Continued)

As credit card facilities may not be utilised before expiration, the amounts set out in the following table do not represent expected future cash outflows.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Unutilised credit card facilities	26,128,796	25,307,309
Acceptances	7,743,285	6,807,611
Letters of credit issued	3,567,025	2,380,383
Letters of guarantee	<u>2,788,970</u>	<u>3,433,586</u>
Total	<u>40,228,076</u>	<u>37,928,889</u>

The Group grants loan commitments to specific customers. The directors of the Group are of the opinion that such commitments are conditional and revocable and are therefore not included in the commitment's disclosure above.

Credit risk weighted amount of loan commitments

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Loan commitments	<u>15,098,226</u>	<u>13,144,084</u>

Credit risk-weighted amount of loan commitments are calculated in accordance with guidelines issued by CBIRC based on, among other things, the counterparty's credit worthiness and maturity. Contingent liabilities and loan commitments are subject to risk weights ranging from 0% to 100%.

#### (4) Operating lease commitments

As at the balance sheet date, the Group's operating lease commitments not recognized as lease liabilities were not significant.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 46 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

#### (5) Collaterals

##### Assets pledged as collaterals

The carrying amounts of assets pledged by the Group as collaterals and respective liabilities were as follows:

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Collaterals	Liabilities	Collaterals	Liabilities
Bonds	112,270,272	99,170,399	104,240,338	92,846,625
Bills	23,281,137	23,320,151	11,472,605	11,487,963
Total	<u>135,551,409</u>	<u>122,490,550</u>	<u>115,712,943</u>	<u>104,334,588</u>

##### Collaterals accepted

The Group received bonds as collaterals in security lending and resale transactions. There was no collaterals received by the Group that has been sold or re-pledged as at the balance sheet date.

#### (6) Underwriting commitments and redemption obligations

The Group and the Bank did not have any outstanding underwriting commitment as at the balance sheet date.

As an underwriting agent of PRC government bonds, the Group has the obligation to buy back if bond holders decided to redeem the bonds before maturity. The redemption price is the principal value of the Bonds plus unpaid interest till redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant requirements set by Ministry of Finance or PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations of the Group for government bonds sold but not yet matured as at the balance sheet date based on their principal value were as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Redemption obligations	<u>4,649,821</u>	<u>5,107,773</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 47 TRANSFER OF FINANCIAL ASSETS

#### (1) Credit asset securitisation

During securitisation transactions, the Group sells assets to special purpose trusts from whom the asset-backed securities are subsequently sold to investors. The Group may hold some asset-backed securities in these businesses, thus reserving part of risks and rewards of transferred credit assets. The Group analyses and judges whether to derecognise relevant credit assets based on degree of risk and reward retention.

As at 30 June 2022 and 31 December 2021, the Group has no outstanding balance of credit asset securitization business.

#### (2) Transfer of credit assets

For the six months ended 30 June 2022, the Group disposed non-performing loans with carrying amount of RMB6 million (For the six months ended 30 June 2021: the Group disposed non-performing loans with carrying amount of RMB12 million, non of them was transferred by batch) by transferring them to third parties. The Group analysed whether to derecognise related credit assets based on degree of risk and reward retention. The Group has derecognised relevant credit assets after assessment.

#### (3) Repurchase agreements

In daily operating activities, the Group entered repurchase agreements with certain counterparties. The Group sold debt securities and bills to certain counterparties and were subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these debt securities and bills to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these debt securities and therefore has not derecognised from the consolidated financial statements but regarded as “collateral” for the secured lending from the counterparties.

#### (4) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or repledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2022, the carrying amount of debt securities lent to counterparties was RMB25,245 million (As at 31 December 2021: RMB19,990 million).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities, including:

- Credit risk
- Market risk
- Liquidity risk

The primary risk management purpose of the Group is to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and has set up controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practice.

#### Risk Management Framework

The Board of Directors sets out a risk management committee. The risk management committee is responsible for setting the overall risk management and internal control strategies of the Group and the Bank, monitoring credit risk, market risk, liquidity risk and operation risk, periodically assessing the overall risk position, risk acceptance and management capabilities, and making recommendations and suggestions on risk management and internal control of the Group and the Bank.

Following the risk management strategies sets by the risk management committee, the Risk Management Department of the Group formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

#### (1) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Group implements the "Measures for Management of Bad Debt Verification of Financial Enterprises" issued by Ministry of Finance. For those claims that have taken necessary measures and implemented necessary procedures and are still unable to recover, they will be written off after approval if complying with the conditions for the recognition of bad debts. For the six months ended 30 June 2022, the Group wrote off non-performing loans of RMB1,685 million (For the six months ended 30 June 2021: RMB2,534 million).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### *Loans and advances to customers*

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strict access and standard credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrade of Credit Management System.

##### *Due from banks and other financial institutions*

The Group adopts a Group-to-Group principle for credit to financial institutions. The Group sets credit lines for financial institutions and single financial institution that has financial transactions with the Group.

##### *Bonds and other notes*

The Group manages the credit risk exposure of bonds and other notes by controlling the scale of investment, setting the list of granting entities, rating access, Group-to-Group credit, and post-investment management.

##### *Other financial assets*

Other financial assets mainly include asset management products, debt financing plans, funds, trust plans, wealth management plans issued by other banks, etc. The Group implements a rating system for cooperating with financial institutions and sets credit lines for the ultimate financing party of the asset management products and debt financing plans, and conducts subsequent risk management on a regular basis.

##### *Loan commitments*

The main purpose of the loan commitments is to ensure that customers receive the funds they need. The letters of guarantee, acceptances and letters of credit issued are an irrevocable undertaking of the Group, that is, the Group undertakes to pay on behalf of its customer to the third party or to perform the payment on behalf of customers upon their failure to perform under the terms of the contract. There is a possibility that customer violates the terms of the contract and the Group needs to perform the payment on behalf of its customers. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management procedures and policies.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (a) ECL Measurement

###### Financial Instrument Stages

The Group adopts a “three-stage” model for impairment based on changes in credit quality since initial recognition, to estimate the ECL.

Stage 1: Financial instruments with no significant increase in credit risk after initial recognition. ECL losses in the next 12 months is recognised.

Stage 2: There are significant increase in credit risk since initial recognition, but no objective evidence of impairment of the financial instrument. Lifetime ECL of financial instruments is recognised.

Stage 3: Financial instruments show objective evidence of impairment as at the balance sheet date. Lifetime ECL of financial instruments is recognised.

###### Significant Increase in Credit Risk

The Group sufficiently considers available and valid information in order to decide the stage of financial assets, which reflects the significant increase in credit risk. The major factors considered include internal and external credit grading, repayment ability, operation capacity, contract terms of the loan, repayment behaviors, etc. The Group evaluates the change in default risk on reporting date and initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk features.

The Group sets a series of quantitative and qualitative criteria to determine whether there are significant changes in credit risk of financial instruments since initial recognition. The following factors are mainly considered:

- Interest or principal paid by debtors is overdue for more than 30 days but less than 90 days;
- A significant decrease in debtor’s credit rating compared to that of initial recognition;
- Significant adverse changes in the debtor’s operations or financial situation;
- Other objective evidence indicating there are significant changes in credit risk.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (a) ECL measurement (Continued)

##### Significant Increase in Credit Risk

After the outbreak of COVID-19, the Group provided relief plans to existing customers affected by the epidemic. For customers who applied for loan relief plans, the Group prudently determined whether there was a significant change in their credit risk based on the specific terms of deferred repayment, the borrower's credit status and repayment ability, and other evidence-based information. For customers who applied for temporary deferred repayment facilities due to the epidemic, the Group paid attention to and promptly determined whether there was a significant change in the credit risk instead of simply considering the application as a sign of significant change in their credit risk.

##### Definition on Default and Credit-impaired Assets

The Group determined whether the assets were credit impaired based on a series of quantitative and qualitative standards such as credit ratings, and the risk profile changes of the debtor. The Group defines a financial instrument as in default when it meets one or more of the following criteria. In order to evaluate whether a financial asset is credit impaired, the Group considers the following criteria:

- Credit rating grade is D;
- Significant financial difficulty of the borrower or issuer;
- Breach of contract term, such as a default or delinquency in interest or principal payments for over 90 days;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for financial assets because of financial difficulties;
- Other objective evidence indicating there is an impairment of the financial asset.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit Risk (Continued)

##### (a) ECL measurement (Continued)

##### Measuring ECL – Explanation of Inputs, Assumptions and Estimation Techniques

The Group measures ECL of financial assets with risk parameter modelling approach and discounted cash flow modelling approach. The discounted cash flow model is applicable to financial assets classified into stage 3 with large amount and high risk. The ECL of financial assets using the discounted cash flow modelling approach is measured based on the difference between the gross carrying amounts and the present value of estimated future cash flows discounted at a certain discount rate. The risk parameter model is applicable to financial assets that are divided into stage 1 and stage 2. Financial assets divided into stage 3 can also use the model when discounted cash flow modelling approach is not applicable.

The ECL is measured on either a 12-month 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. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower breaching the contractual terms or defaulting on its financial obligation over a specific time, either the next 12 months, or the remaining lifetime of the obligation.

The LGD refers to the extent of loss on a defaulted exposure, which is the ratio of the expected loss in the total amount of a loan. The Group's LGD is calculated in line with recovery amount according to different types of guarantees.

The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The Group reviews assumptions related to ECL model periodically, including but not limited to changes in PD and LGD.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit Risk (Continued)

##### (a) ECL measurement (Continued)

###### Forward-looking Information

The calculation of ECL incorporates forward-looking macro-economic information.

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio, mainly including growth rate of GDP in Chongqing Province, M2, PCDI of urban residents, etc, to calculate the forward-looking impact of the macro-economic environment on ECL.

The Group has established forecast model along with time series data collection of the above key economic indicators from Wind China Macro and Industry Database and internal data. On this basis, combined with the experience of experts, a certain proportion of the predicted value of the model is used as the forecast value of future key economic indicators and the weights of the three scenarios, optimistic, baseline and pessimistic are determined.

Similar to other economic projections, there is a high degree of inherent uncertainty in the estimation of expected values and likelihood of occurrence, so actual results may differ from forecasts. The Group updates the expected values of macroeconomic indicators periodically. The Group believes that these projections reflect the Group's best estimate of possible outcomes to determine that the scenarios selected are appropriate to represent possible scenarios.

For the six months ended 30 June 2022, the forecast value range of the Group's baseline scenario for the year-on-year growth rate of Chongqing's gross product (GDP) in 2022 is 4.50%-5.50%. The Group fully considered the uncertainty of internal and external economic environment due to the impact of COVID-19 when evaluating the forecast information used in the ECL model, and then made careful adjustments to the macroeconomic forecast.

Combined with expert judgment, the Group set the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the rest scenarios as a supplement. The weight of the baseline scenario of the Group as at 30 June 2022 is higher than the weights of other scenarios.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (a) ECL measurement (Continued)

###### Sensitivity Analysis and Management Overlay

ECL are sensitive to the parameters used in the model, the macro-economic variables of the forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these inputs, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of ECL.

As at 30 June 2022, the Group's credit impairment provision would increase by RMB481 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB602 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

As at 31 December 2021, the Group's credit impairment provision would increase by RMB470 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB605 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

For new changes in the external macro-economic situation and national strategies not captured by the model, the Group has also considered and increased the allowances for ECL to further improve its risk mitigation capacity, the impairment loss allowances increased in this way is not significant.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (b) Maximum exposure to credit risk

As at the balance sheet date, the maximum exposure to credit risk of the Group without considering any collateral held or other credit enhancements are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash and balances with central bank	57,464,335	58,441,531
Deposits with banks and other financial institutions	13,703,917	17,017,386
Placements with banks and other financial institutions	86,528,700	91,072,510
Derivative financial assets	21,097	32,221
Financial assets held under resale agreements	5,195,537	980,305
Loans and advances to customers	588,000,356	557,334,996
Financial investments		
– Financial assets measured at fair value through profit or loss	62,692,605	48,347,564
– Financial assets measured at fair value through other comprehensive income	73,545,002	48,035,760
– Financial assets measured at amortised cost	407,868,843	424,417,885
Other financial assets	<u>1,201,220</u>	<u>870,042</u>
Subtotal	1,296,221,612	1,246,550,200
Off-balance sheet loan commitments	<u>40,037,250</u>	<u>37,727,017</u>
Total	<u><u>1,336,258,862</u></u>	<u><u>1,284,277,217</u></u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (b) Maximum exposure to credit risk (Continued)

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the ECL losses are further classified into “risk level 1”, “risk level 2”, “risk level 3” and “default” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes. “Risk level 1” means that the asset quality is good, and the rating is high, or there is no overdue situation, or there is no reason to suspect that the asset is expected to default; “Risk level 2” means medium rating, or although there is a certain overdue situation, the asset quality is good or there may be factors that have an adverse effect, but there is no sufficient reason to suspect that the asset is expected to default. “Risk level 3” means that the rating is low or the overdue situation is more serious, which means that there are factors that have a significantly adverse effect on the asset default, but there is no event indicating that the default has occurred. The criteria for “default is consistent with definition of credit impairment that has occurred.

Maximum exposure to credit risk of loans and advances to customers measured at amortised cost analysed by internal stratified management:

	As at 30 June 2022 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	480,211,708	2,159,251	–	482,370,959
Risk level 2	58,682,629	11,420,928	–	70,103,557
Risk level 3	–	4,722,526	–	4,722,526
Default	–	–	11,253,387	11,253,387
Gross carrying amount	538,894,337	18,302,705	11,253,387	568,450,429
ECL allowance	(12,940,333)	(6,505,855)	(9,133,903)	(28,580,091)
Carrying amount	<u>525,954,004</u>	<u>11,796,850</u>	<u>2,119,484</u>	<u>539,870,338</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (b) Maximum exposure to credit risk (Continued)

	As at 31 December 2021 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	457,646,272	2,721,310	–	460,367,582
Risk level 2	72,362,678	11,272,262	–	83,634,940
Risk level 3	–	1,992,613	–	1,992,613
Default	–	–	9,844,863	9,844,863
Gross carrying amount	530,008,950	15,986,185	9,844,863	555,839,998
ECL allowance	(12,704,188)	(4,212,745)	(7,914,569)	(24,831,502)
Carrying amount	<u>517,304,762</u>	<u>11,773,440</u>	<u>1,930,294</u>	<u>531,008,496</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (c) Analysis of credit quality on financial assets

As at 30 June 2022, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 30 June 2022 (Unaudited)							
	Gross carrying amount				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Cash and balances with central bank	57,464,335	-	-	57,464,335	-	-	-	-
Deposits with banks and other financial institutions	13,712,836	-	-	13,712,836	(8,919)	-	-	(8,919)
Placements with banks and other financial institutions	85,548,780	-	-	85,548,780	(32,847)	-	-	(32,847)
Financial assets held under resale agreements	5,200,380	-	-	5,200,380	(4,843)	-	-	(4,843)
Loans and advances to customers	538,894,337	18,302,705	11,253,387	568,450,429	(12,940,333)	(6,505,855)	(9,133,903)	(28,580,091)
Financial assets measured at amortised cost	407,768,824	31,101	1,929,615	409,729,540	(792,687)	(173)	(1,067,837)	(1,860,697)
Other financial assets	1,156,186	-	82,985	1,239,171	(1,304)	-	(36,647)	(37,951)
<b>Total</b>	<b>1,109,745,678</b>	<b>18,333,806</b>	<b>13,265,987</b>	<b>1,141,345,471</b>	<b>(13,780,933)</b>	<b>(6,506,028)</b>	<b>(10,238,387)</b>	<b>(30,525,348)</b>
<i>Financial assets measured at fair value through other comprehensive income</i>								
Placements with banks and other financial institutions	1,012,767	-	-	1,012,767	(239)	-	-	(239)
Loans and advances to customers	48,129,018	-	1,000	48,130,018	(11,553)	-	(1,000)	(12,553)
Financial assets measured at fair value through other comprehensive income	73,545,002	-	-	73,545,002	(4,086)	-	-	(4,086)
<b>Total</b>	<b>122,686,787</b>	<b>-</b>	<b>1,000</b>	<b>122,687,787</b>	<b>(15,878)</b>	<b>-</b>	<b>(1,000)</b>	<b>(16,878)</b>
Loan commitments	39,811,869	384,024	32,183	40,228,076	(120,943)	(62,986)	(6,897)	(190,826)

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (c) Analysis of credit quality on financial assets (Continued)

As at 31 December 2021, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 31 December 2021 (Audited)							
	Gross carrying amount				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Cash and balances with central bank	58,441,531	-	-	58,441,531	-	-	-	-
Deposits with banks and other financial institutions	17,032,161	-	-	17,032,161	(14,775)	-	-	(14,775)
Placements with banks and other financial institutions	91,106,893	-	-	91,106,893	(34,383)	-	-	(34,383)
Financial assets held under resale agreements	980,537	-	-	980,537	(232)	-	-	(232)
Loans and advances to customers	530,008,950	15,986,185	9,844,863	555,839,998	(12,704,188)	(4,212,745)	(7,914,569)	(24,831,502)
<i>Financial assets measured at amortised cost</i>	423,458,073	1,295,683	1,929,615	426,683,371	(1,188,701)	(8,948)	(1,067,837)	(2,265,486)
Other financial assets	843,441	-	60,586	904,027	(1,304)	-	(32,681)	(33,985)
<b>Total</b>	<b>1,121,871,586</b>	<b>17,281,868</b>	<b>11,835,064</b>	<b>1,150,988,518</b>	<b>(13,943,583)</b>	<b>(4,221,693)</b>	<b>(9,015,087)</b>	<b>(27,180,363)</b>
<i>Financial assets measured at fair value through other comprehensive income</i>								
Loans and advances to customers	26,325,500	-	1,000	26,326,500	(6,404)	-	(1,000)	(7,404)
Financial assets measured at fair value through other comprehensive income	48,035,760	-	-	48,035,760	(610)	-	-	(610)
<b>Total</b>	<b>74,361,260</b>	<b>-</b>	<b>1,000</b>	<b>74,362,260</b>	<b>(7,014)</b>	<b>-</b>	<b>(1,000)</b>	<b>(8,014)</b>
Loan commitments	37,516,605	384,777	27,507	37,928,889	(132,773)	(61,412)	(7,687)	(201,872)

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (d) Concentration risk

##### (i) Loans and advances to customers

The concentration risk of loans and advances to customers refers to Note 20(3).

##### (ii) Bonds and other investments

The Group uses credit ratings to monitor the credit risk positions of its debt investment portfolio. The ratings can refer to the rating evaluated by the rating agencies recognised by PBOC.

As at the balance sheet date, the gross carrying amounts of bonds and other investments by investment ratings were as follows:

	As at 30 June 2022 (Unaudited)			Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	
Debt securities:				
AAA	1,844,876	130,658,030	6,657,385	139,160,291
AA	1,839,457	11,243,184	-	13,082,641
A and below	552,113	-	-	552,113
Unrated debt securities and others:				
Government bonds	725,519	128,313,450	14,112,359	143,151,328
Public sector and quasi-government bonds	1,087,382	64,094,297	47,164,846	112,346,525
Corporate bonds	287,986	28,701,168	597,538	29,586,692
Financial institutions bonds	-	1,646,627	-	1,646,627
Funds	39,577,485	-	-	39,577,485
Interbank deposit certificates	4,417,449	23,968,523	5,012,874	33,398,846
Trust and asset management plans	12,347,708	5,221,977	-	17,569,685
Others	12,630	15,882,284	-	15,894,914
Total	<u>62,692,605</u>	<u>409,729,540</u>	<u>73,545,002</u>	<u>545,967,147</u>



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (d) Concentration risk (Continued)

##### (ii) Bonds and other investments (Continued)

	As at 31 December 2021 (Audited)			Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	
<b>Debt securities:</b>				
AAA	1,619,578	126,809,903	1,452,696	129,882,177
AA	1,572,456	13,692,083	-	15,264,539
A and below	525,093	-	-	525,093
Unrated debt securities and others:				
Government bonds	595,396	123,651,629	14,984,494	139,231,519
Public sector and quasi-government bonds	144,923	64,026,822	31,598,570	95,770,315
Corporate bonds	31,088	38,343,907	-	38,374,995
Financial institutions bonds	-	904,492	-	904,492
Interbank deposit certificates	10,119,419	6,440,240	-	16,559,659
Trust and asset management plans	31,626,966	-	-	31,626,966
Funds	1,273,177	27,198,087	-	28,471,264
Others	839,468	25,616,208	-	26,455,676
<b>Total</b>	<b>48,347,564</b>	<b>426,683,371</b>	<b>48,035,760</b>	<b>523,066,695</b>

##### (e) Restructured loans and advances

Restructured loans and advances are non-performing loans which 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. Restructured loans are subject to ongoing monitoring. As at 30 June 2022, the non-performing loans and advances meeting the above-mentioned definition amounted to RMB253 million (As at 31 December 2021: RMB1,132 million), of which RMB57 million overdues more than 90 days (As at 31 December 2021: RMB877 million).

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (1) Credit risk (Continued)

##### (f) Credit-impaired loans and advances

The portions covered and not covered by collaterals held are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Portion covered	4,116,308	3,155,800
Portion not covered	<u>7,138,079</u>	<u>6,690,063</u>
Total	<u><u>11,254,387</u></u>	<u><u>9,845,863</u></u>

#### (2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, and stock prices. Market risk arises from the proprietary business of the Group.

The Group is primarily exposed to interest rate risk arising from corporate and personal banking and treasury operations. Interest rate risk is inherent in many of its business and largely arises from mismatches between the re-pricing dates of interest-generating assets and interest-bearing liabilities.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign exchange rates.

##### (a) Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest-generating assets and interest-bearing liabilities, as well as the inconsistent variations in the benchmark interest rate on which the assets and liabilities are based.

The Group regularly monitor the macro-economic factors that may impact on PBOC benchmark interest rates. In order to reduce the impact of changes in interest rate, the majority of the loans are floating rate loans. In addition, the Group manages the interest rate margin on interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates, by enhancing the price negotiation ability.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (a) Interest rate risk (Continued)

##### (i) Analysis of repricing date structure

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's financial assets and liabilities.

	As at 30 June 2022 (Unaudited)					Total
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets						
Cash and balances with central bank	2,754,827	57,165,583	-	-	-	59,920,410
Deposits with banks and other financial institutions	69,142	11,911,595	1,723,180	-	-	13,703,917
Placements with banks and other financial institutions	909,404	40,638,429	44,980,867	-	-	86,528,700
Derivative financial assets	21,097	-	-	-	-	21,097
Financial assets held under resale agreements	1,353	5,194,184	-	-	-	5,195,537
Loans and advances to customers (Note i)	1,411,784	88,135,357	386,598,546	93,205,125	18,649,544	588,000,356
Financial investments (Note ii)	59,209,076	78,714,218	59,313,508	148,860,750	198,729,812	544,827,364
Other financial assets	1,201,220	-	-	-	-	1,201,220
<b>Total financial assets</b>	<b>65,577,903</b>	<b>281,759,366</b>	<b>492,616,101</b>	<b>242,065,875</b>	<b>217,379,356</b>	<b>1,299,398,601</b>
Financial liabilities						
Borrowings from central bank	781,175	16,628,824	71,789,976	-	-	89,199,975
Deposits from banks and other financial institutions	150,712	8,880,192	22,050,000	-	-	31,080,904
Placements from banks and other financial institutions	393,565	13,389,261	30,244,886	-	-	44,027,712
Financial liabilities measured at fair value through profit or loss	2,708,131	-	-	-	-	2,708,131
Derivative financial liabilities	14,021	-	-	-	-	14,021
Financial assets sold under repurchase agreements	172,225	17,187,385	10,896,434	-	-	28,256,044
Deposits from customers	11,980,534	340,311,403	276,094,727	192,277,196	-	820,663,860
Debt securities issued	160,770	75,672,674	89,292,257	4,998,318	4,998,775	175,122,794
Other financial liabilities	5,850,358	-	-	-	34,401	5,884,759
<b>Total financial liabilities</b>	<b>22,211,491</b>	<b>472,069,739</b>	<b>500,368,280</b>	<b>197,275,514</b>	<b>5,033,176</b>	<b>1,196,958,200</b>
<b>Interest rate risk gap</b>	<b>43,366,412</b>	<b>(190,310,373)</b>	<b>(7,752,179)</b>	<b>44,790,361</b>	<b>212,346,180</b>	<b>102,440,401</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (a) Interest rate risk (Continued)

##### (i) Analysis of repricing date structure (Continued)

	As at 31 December 2021 (Audited)					Total
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets						
Cash and balances with central bank	3,387,108	57,962,532	-	-	-	61,349,640
Deposits with banks and other financial institutions	1,365,196	12,642,909	3,009,281	-	-	17,017,386
Placements with banks and other financial institutions	1,193,345	53,732,570	36,146,595	-	-	91,072,510
Derivative financial assets	32,221	-	-	-	-	32,221
Financial assets held under resale agreements	2,552	786,943	190,810	-	-	980,305
Loans and advances to customers (Note i)	1,733,292	266,970,003	162,103,221	23,453,400	103,075,080	557,334,996
Financial investments (Note ii)	51,716,227	24,486,829	49,573,556	148,502,587	247,319,713	521,598,912
Other financial assets	870,042	-	-	-	-	870,042
<b>Total financial assets</b>	<b>60,299,983</b>	<b>416,581,786</b>	<b>251,023,463</b>	<b>171,955,987</b>	<b>350,394,793</b>	<b>1,250,256,012</b>
Financial liabilities						
Borrowings from central bank	2,860,701	7,657,880	70,021,210	-	-	80,539,791
Deposits from banks and other financial institutions	295,250	12,936,865	16,070,000	-	-	29,302,115
Placements from banks and other financial institutions	247,011	9,758,614	24,088,917	-	-	34,094,542
Derivative financial liabilities	12,447	-	-	-	-	12,447
Financial assets sold under repurchase agreements	66,205	11,721,634	7,300,613	-	-	19,088,452
Deposits from customers	12,911,789	416,399,416	172,257,144	157,791,887	-	759,360,236
Debt securities issued	493,407	62,166,936	142,699,271	14,896,691	4,998,105	225,254,410
Other financial liabilities	4,964,124	-	-	-	34,401	4,998,525
<b>Total financial liabilities</b>	<b>21,850,934</b>	<b>520,641,345</b>	<b>432,437,155</b>	<b>172,688,578</b>	<b>5,032,506</b>	<b>1,152,650,518</b>
<b>Interest rate risk gap</b>	<b>38,449,049</b>	<b>(104,059,559)</b>	<b>(181,413,692)</b>	<b>(732,591)</b>	<b>345,362,287</b>	<b>97,605,494</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (a) Interest rate risk (Continued)

##### (i) Analysis of repricing date structure (Continued)

*Note i* The amount of loans and advances to customers classified as “Less than 3 months” included overdue amounts (net of provision for impairment losses) of RMB3,323 million as at 30 June 2022 (RMB1,846 million as at 31 December 2021). “Overdue” mentioned above means that the principal or interest is overdue by one day or more.

*Note ii* Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

##### (ii) Interest rate sensitivity analysis

The following table illustrates the potential impact after taxation of a parallel upward or downward shift of 100 basis points of the yields of all the currencies on the net profit and comprehensive income, based on the structure of interest-earning assets and interest-bearing liabilities as at the balance sheet date.

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Net profit	Other comprehensive income	Net profit	Other comprehensive income
+100 basis points	(150,498)	(2,943,930)	505,582	355,207
- 100 basis points	134,310	3,192,838	(505,582)	(355,207)

Given the nature of demand deposits, their interest rate fluctuations are less volatile than those of other products; therefore the impact of yield curves movement on interest expenses related to demand deposits has been excluded.

The sensitivity analysis on net profit is based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities held at the end of the reporting period remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate financial assets at end of the reporting period after adjusting in accordance with the reasonably possible changes in interest rates.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (a) Interest rate risk (Continued)

##### (ii) Interest rate sensitivity analysis (Continued)

The Group, based on regulatory requirement, conducts interest risk management in accordance with relevant regulations in Basel Accord.

This assumption does not represent the policy of use of funds and interest rate risk management of the Group. Therefore, the impact mentioned above may be different from actual situations.

Besides, the impact analysis of changes in interest rate mentioned above is a way of illustration, showing the estimated changes of net profit and other comprehensive income in cases of estimated yield and current interest risk of the Group. However, the risk management measures which may be adopted by management have not been taken into consideration in the analysis.

##### (b) Foreign currency risk

Foreign currency risk is the risk of loss, which results from negative movements in foreign exchange rates. The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and to a lesser extent in other currencies. The Group's foreign currency transactions mainly involve foreign currency treasury business, deposits, loans and advances, foreign exchanges and derivatives. The Group's foreign currency risk mainly arises from currency mismatch between foreign currency assets and liabilities and currency derivatives.

The Group controls foreign currency risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives to manage foreign currency asset and liability portfolios and structural positions. Meanwhile, the Group conducts foreign currency sensitivity analysis on a regular basis.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (b) Foreign currency risk (Continued)

##### (i) Exposure to foreign currency risk

As at the balance sheet date, the exposure to foreign currency risk are as follows:

	As at 30 June 2022 (Unaudited)				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	59,847,386	72,915	109	-	59,920,410
Deposits with banks and other financial institutions	13,012,172	366,300	197,012	128,433	13,703,917
Placements with banks and other financial institutions	85,736,500	792,200	-	-	86,528,700
Derivative financial assets	12,680	901	7,361	155	21,097
Financial assets held under resale agreements	5,195,537	-	-	-	5,195,537
Loans and advances to customers	586,769,728	1,230,628	-	-	588,000,356
Financial investments (Note 1)	544,827,364	-	-	-	544,827,364
Other financial assets	1,201,220	-	-	-	1,201,220
<b>Total financial assets</b>	<b>1,296,602,587</b>	<b>2,462,944</b>	<b>204,482</b>	<b>128,588</b>	<b>1,299,398,601</b>
Financial liabilities					
Borrowings from central bank	89,199,975	-	-	-	89,199,975
Deposits from banks and other financial institutions	31,080,769	135	-	-	31,080,904
Placements from banks and other financial institutions	43,638,065	389,647	-	-	44,027,712
Financial liabilities measured at fair value through profit or loss	2,708,131	-	-	-	2,708,131
Derivative financial liabilities	10,637	3,384	-	-	14,021
Financial assets sold under repurchase agreements	28,256,044	-	-	-	28,256,044
Deposits from customers	819,669,040	875,257	11	119,552	820,663,860
Debt securities issued	175,122,794	-	-	-	175,122,794
Other financial liabilities	5,839,500	45,049	-	210	5,884,759
<b>Total financial liabilities</b>	<b>1,195,524,955</b>	<b>1,313,472</b>	<b>11</b>	<b>119,762</b>	<b>1,196,958,200</b>
<b>Net position</b>	<b>101,077,632</b>	<b>1,149,472</b>	<b>204,471</b>	<b>8,826</b>	<b>102,440,401</b>
<b>Loan commitments</b>	<b>39,311,944</b>	<b>597,474</b>	<b>303,592</b>	<b>15,066</b>	<b>40,228,076</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (b) Foreign currency risk (Continued)

##### (i) Exposure to foreign currency risk (Continued)

	As at 31 December 2021 (Audited)				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	61,232,844	116,771	25	-	61,349,640
Deposits with banks and other financial institutions	15,779,103	683,107	474,541	80,635	17,017,386
Placements with banks and other financial institutions	90,638,878	433,632	-	-	91,072,510
Derivative financial assets	29,477	2,581	163	-	32,221
Financial assets held under resale agreements	980,305	-	-	-	980,305
Loans and advances to customers	556,524,730	810,266	-	-	557,334,996
Financial investments (Note i)	521,598,912	-	-	-	521,598,912
Other financial assets	870,042	-	-	-	870,042
<b>Total financial assets</b>	<b>1,247,654,291</b>	<b>2,046,357</b>	<b>474,729</b>	<b>80,635</b>	<b>1,250,256,012</b>
Financial liabilities					
Borrowings from central bank	80,539,791	-	-	-	80,539,791
Deposits from banks and other financial institutions	29,301,987	128	-	-	29,302,115
Placements from banks and other financial institutions	33,858,340	236,202	-	-	34,094,542
Derivative financial liabilities	2,585	9,862	-	-	12,447
Financial assets sold under repurchase agreements	19,088,452	-	-	-	19,088,452
Deposits from customers	757,842,801	1,214,375	206,921	96,139	759,360,236
Debt securities issued	225,254,410	-	-	-	225,254,410
Other financial liabilities	4,964,124	34,401	-	-	4,998,525
<b>Total financial liabilities</b>	<b>1,150,852,490</b>	<b>1,494,968</b>	<b>206,921</b>	<b>96,139</b>	<b>1,152,650,518</b>
<b>Net position</b>	<b>96,801,801</b>	<b>551,389</b>	<b>267,808</b>	<b>(15,504)</b>	<b>97,605,494</b>
Loan commitments	36,688,054	432,685	290,248	517,902	37,928,889

*Note i* Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (2) Market risk (Continued)

##### (b) Foreign currency risk (Continued)

##### (ii) Foreign currency sensitivity analysis

The table below indicates the potential effect of an appreciation or depreciation of RMB spot and forward exchange rate against USD by 5% on net profit.

	Sensitivity of net profit and equity	
	As at 30 June 2021 (Unaudited)	As at 31 December 2021 (Audited)
RMB5% appreciation	(43,105)	(20,677)
RMB5% depreciation	<u>43,105</u>	<u>20,677</u>

The impact on the net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign monetary assets and liabilities. Changes in foreign exchange rate will not affect other comprehensive income.

The effect on the net profit is based on the assumption that the Group's net foreign currency at the end of the reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ to the actual situation.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (3) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

The Asset and Liability Management Committee of the Group mapped out the index management system of the ratios of asset and liability structure, based on the principles of liquidity, safety, and profitability; determines annual target values of these indexes in accordance with regulatory requirement and business plan; and allocates the tasks to branches for implementation.

The Group established the supervision system of indexes of asset and liability management, the liquidity reverse system, and relevant emergency management measures, to reduce the liquidity risk of the Group. The Group worked out the regulatory indicators of liquidity in accordance with the requirement of CBIRC, and reported to CBIRC periodically.

The assets which can be used for repaying debt and paying for the outstanding credit commitments contain cash and balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets measured at fair value through profit or loss, and so forth. In normal operation, majority of deposits will not be withdrawn immediately on the maturity date. Therefore, the Group will retain this part of cash flow.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (3) Liquidity risk (Continued)

##### (a) Maturity analysis

The table below summarises the maturity analysis of financial assets and liabilities by remaining contractual maturities at the end of the reporting period.

	As at 30 June 2022 (Unaudited)							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	47,998,075	11,922,335	-	-	-	-	-	59,920,410
Deposits with banks and other financial institutions	-	8,415,248	3,052,034	505,794	1,730,841	-	-	13,703,917
Placements with banks and other financial institutions	-	-	13,542,154	27,577,682	45,408,864	-	-	86,528,700
Derivative financial assets	-	-	878	4,242	12,925	3,052	-	21,097
Financial assets held under resale agreements	-	-	5,003,132	192,405	-	-	-	5,195,537
Loans and advances to customers	3,322,779	-	27,514,180	32,535,192	171,890,572	174,484,557	178,253,076	588,000,356
Financial investments								
Financial assets measured at fair value through profit or loss	12,630	21,439,731	1,208,797	99,751	10,131,409	11,409,563	18,390,724	62,692,605
Financial assets measured at fair value through other comprehensive income	720,914	-	499,613	655,522	5,016,188	30,930,813	36,442,866	74,265,916
Financial assets measured at amortised cost	861,778	-	3,243,075	9,513,799	51,182,249	120,804,186	222,263,756	407,868,843
Other financial assets	-	1,201,220	-	-	-	-	-	1,201,220
<b>Total financial assets</b>	<b>52,916,176</b>	<b>42,978,534</b>	<b>54,063,863</b>	<b>71,084,387</b>	<b>285,373,048</b>	<b>337,632,171</b>	<b>455,350,422</b>	<b>1,299,398,601</b>
Financial liabilities								
Borrowings from central bank	-	-	3,045,605	14,364,394	71,789,976	-	-	89,199,975
Deposits from banks and other financial institutions	-	880,815	5,547,683	2,530,597	22,121,809	-	-	31,080,904
Placements from banks and other financial institutions	-	-	7,375,860	6,166,395	30,485,457	-	-	44,027,712
Financial liabilities measured at fair value through profit or loss	2,708,131	-	-	-	-	-	-	2,708,131
Derivative financial liabilities	-	-	1,193	524	12,304	-	-	14,021
Financial assets sold under repurchase agreements	-	-	6,553,507	10,766,010	10,936,527	-	-	28,256,044
Deposits from customers	-	256,839,481	34,793,623	47,367,732	284,996,517	196,666,507	-	820,663,860
Debt securities issued	-	-	18,766,948	56,905,727	89,389,666	5,050,966	5,009,487	175,122,794
Other financial liabilities	-	2,438,743	5,500	62,290	475,356	2,799,111	103,759	5,884,759
<b>Total financial liabilities</b>	<b>2,708,131</b>	<b>260,159,039</b>	<b>76,089,919</b>	<b>138,163,669</b>	<b>510,207,612</b>	<b>204,516,584</b>	<b>5,113,246</b>	<b>1,196,958,200</b>
<b>Net position</b>	<b>50,208,045</b>	<b>(217,180,505)</b>	<b>(22,026,056)</b>	<b>(67,079,282)</b>	<b>(224,834,564)</b>	<b>133,115,587</b>	<b>450,237,176</b>	<b>102,440,401</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (3) Liquidity risk (Continued)

##### (a) Maturity analysis (Continued)

	As at 31 December 2021 (Audited)							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	49,548,242	11,801,398	-	-	-	-	-	61,349,640
Deposits with banks and other financial institutions	-	8,563,794	1,027,321	4,391,048	3,035,223	-	-	17,017,386
Placements with banks and other financial institutions	-	-	18,722,947	35,827,297	36,522,266	-	-	91,072,510
Derivative financial assets	-	-	920	1,028	25,553	4,720	-	32,221
Financial assets held under resale agreements	-	-	599,602	189,762	190,941	-	-	980,305
Loans and advances to customers	1,846,065	-	21,141,339	28,699,337	161,381,577	169,013,530	175,253,148	557,334,996
Financial investments								
Financial assets measured at fair value through profit or loss	-	13,498,390	-	879,808	3,878,256	13,867,602	16,223,508	48,347,564
Financial assets measured at fair value through other comprehensive income	797,703	-	24,348	184,029	1,308,678	14,020,309	32,498,396	48,833,463
Financial assets measured at amortised cost	861,778	-	5,231,881	22,821,457	50,059,108	133,893,017	211,550,644	424,417,885
Other financial assets	-	870,042	-	-	-	-	-	870,042
<b>Total financial assets</b>	<b>53,053,788</b>	<b>34,733,624</b>	<b>46,748,358</b>	<b>92,993,766</b>	<b>256,401,602</b>	<b>330,799,178</b>	<b>435,525,696</b>	<b>1,250,256,012</b>
Financial liabilities								
Borrowings from central bank	-	-	3,700,533	4,462,478	72,376,780	-	-	80,539,791
Deposits from banks and other financial institutions	-	1,322,110	-	11,750,135	16,229,870	-	-	29,302,115
Placements from banks and other financial institutions	-	-	2,840,609	7,021,280	24,232,653	-	-	34,094,542
Derivative financial liabilities	-	-	571	1,001	10,875	-	-	12,447
Financial assets sold under repurchase agreements	-	-	9,404,838	2,349,430	7,334,184	-	-	19,088,452
Deposits from customers	-	236,083,370	57,695,949	127,249,492	176,594,667	161,736,758	-	759,360,236
Debt securities issued	-	-	9,708,001	52,705,413	142,946,200	14,896,691	4,998,105	225,254,410
Other financial liabilities	-	4,964,124	-	-	-	-	34,401	4,998,525
<b>Total financial liabilities</b>	<b>-</b>	<b>242,369,604</b>	<b>83,350,501</b>	<b>205,539,229</b>	<b>439,725,229</b>	<b>176,633,449</b>	<b>5,032,506</b>	<b>1,152,650,518</b>
<b>Net position</b>	<b>53,053,788</b>	<b>(207,635,980)</b>	<b>(36,602,143)</b>	<b>(112,545,463)</b>	<b>(183,323,627)</b>	<b>154,165,729</b>	<b>430,493,190</b>	<b>97,605,494</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (3) Liquidity risk (Continued)

##### (b) Analysis of the undiscounted contractual cash flows

The tables below presents the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period. The Group's actual cash flows on these instruments may vary from this analysis.

	As at 30 June 2022 (Unaudited)							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
<b>Financial assets</b>								
Cash and balances with central bank	47,998,075	11,922,335	-	-	-	-	-	59,920,410
Deposits with banks and other financial institutions	-	8,415,248	3,055,842	508,518	1,745,103	-	-	13,724,711
Placements with banks and other financial institutions	-	-	13,557,393	27,726,533	46,189,860	-	-	87,473,786
Financial assets held under resale agreements	-	-	5,005,254	192,775	-	-	-	5,198,029
Loans and advances to customers	3,322,779	-	27,544,961	32,799,532	177,176,452	201,180,116	334,199,199	776,223,039
<b>Financial investments</b>								
Financial assets measured at fair value through profit or loss	12,630	21,439,731	1,232,483	145,715	10,269,197	11,993,157	18,666,222	63,759,135
Financial assets measured at fair value through other comprehensive income	720,914	-	660,942	979,892	6,526,516	37,200,376	41,729,326	87,817,966
Financial assets measured at amortised cost	861,778	-	4,460,918	11,965,936	61,781,405	160,969,532	258,452,304	498,491,873
Other financial assets	-	1,201,220	-	-	-	-	-	1,201,220
<b>Total financial assets</b>	<b>52,916,176</b>	<b>42,978,534</b>	<b>55,517,793</b>	<b>74,318,901</b>	<b>303,688,533</b>	<b>411,343,181</b>	<b>653,047,051</b>	<b>1,593,810,169</b>
<b>Financial liabilities</b>								
Borrowings from central bank	-	-	3,228,458	14,698,033	72,318,096	-	-	90,244,587
Deposits from banks and other financial institutions	-	880,815	5,551,800	2,538,785	22,353,866	-	-	31,325,266
Placements from banks and other financial institutions	-	-	7,388,201	6,254,833	31,043,939	-	-	44,686,973
Financial liabilities measured at fair value through profit or loss	2,708,131	-	-	-	-	-	-	2,708,131
Financial assets sold under repurchase agreements	-	-	6,555,927	10,812,310	11,056,673	-	-	28,424,910
Deposits from customers	-	256,839,481	34,928,709	47,861,861	289,157,418	198,933,196	-	827,720,665
Debt securities issued	-	-	18,790,000	57,160,000	90,923,417	6,142,567	5,470,117	178,486,101
Other financial liabilities	-	2,438,743	5,500	62,290	475,356	2,799,111	103,759	5,884,759
<b>Total financial liabilities</b>	<b>2,708,131</b>	<b>260,159,039</b>	<b>76,448,595</b>	<b>139,388,112</b>	<b>517,328,765</b>	<b>207,874,874</b>	<b>5,573,876</b>	<b>1,209,481,392</b>
<b>Net position</b>	<b>50,208,045</b>	<b>(217,180,505)</b>	<b>(20,930,802)</b>	<b>(65,069,211)</b>	<b>(213,640,232)</b>	<b>203,468,307</b>	<b>647,473,175</b>	<b>384,328,777</b>
<b>Derivative financial instruments</b>								
Settled by total amount								
- Total inflows	-	-	353,923	16,711	1,009,841	8,640	-	1,389,115
- Total outflows	-	-	(354,238)	(12,993)	(1,009,220)	-	-	(1,376,451)
<b>Net position</b>	<b>-</b>	<b>-</b>	<b>(429)</b>	<b>(472)</b>	<b>(2,164)</b>	<b>-</b>	<b>-</b>	<b>(3,065)</b>
<b>Total derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>(744)</b>	<b>3,246</b>	<b>(1,543)</b>	<b>8,640</b>	<b>-</b>	<b>9,599</b>
<b>Loan commitments</b>	<b>-</b>	<b>27,192,070</b>	<b>1,724,053</b>	<b>4,652,206</b>	<b>5,493,603</b>	<b>1,148,137</b>	<b>18,007</b>	<b>40,228,076</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 48 FINANCIAL RISK MANAGEMENT (Continued)

#### (3) Liquidity risk (Continued)

##### (b) Analysis of the undiscounted contractual cash flows (Continued)

	As at 31 December 2021 (Audited)							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
<b>Financial assets</b>								
Cash and balances with central bank	49,548,242	11,812,811	-	-	-	-	-	61,361,053
Deposits with banks and other financial institutions	-	8,576,148	1,029,068	4,411,684	3,079,700	-	-	17,096,600
Placements with banks and other financial institutions	-	-	18,753,425	36,060,187	37,255,073	-	-	92,068,685
Financial assets held under resale agreements	-	-	599,882	190,250	192,163	-	-	982,295
Loans and advances to customers	2,179,904	-	24,069,566	35,716,998	189,675,725	216,008,995	281,948,390	749,599,578
<b>Financial investments</b>								
Financial assets measured at fair value through profit or loss	-	13,498,390	-	887,317	4,039,919	14,521,514	16,516,595	49,463,735
Financial assets measured at fair value through other comprehensive income	797,703	-	25,001	224,180	2,035,719	19,059,319	37,125,778	59,267,700
Financial assets measured at amortised cost	861,778	-	6,605,020	24,249,094	60,925,919	176,484,978	248,721,922	517,848,711
Other financial assets	-	842,138	-	-	-	-	-	842,138
<b>Total financial assets</b>	<b>53,387,627</b>	<b>34,729,487</b>	<b>51,081,962</b>	<b>101,739,710</b>	<b>297,204,218</b>	<b>426,074,806</b>	<b>584,312,685</b>	<b>1,548,530,495</b>
<b>Financial liabilities</b>								
Borrowings from central bank	-	-	3,705,182	4,616,524	73,649,374	-	-	81,971,080
Deposits from banks and other financial institutions	-	1,322,110	-	11,802,981	16,395,121	-	-	29,520,212
Placements from banks and other financial institutions	-	-	2,847,422	7,113,027	24,686,797	-	-	34,647,246
Financial assets sold under repurchase agreements	-	-	9,408,097	2,358,763	7,449,750	-	-	19,216,610
Deposits from customers	-	236,083,370	57,751,462	127,767,311	179,238,447	172,482,279	-	773,322,869
Debt securities issued	-	-	9,724,000	53,011,200	145,054,200	16,535,200	5,690,000	230,014,600
Other financial liabilities	-	4,964,124	-	-	-	-	34,401	4,998,525
<b>Total financial liabilities</b>	<b>-</b>	<b>242,369,604</b>	<b>83,436,163</b>	<b>206,669,806</b>	<b>446,473,689</b>	<b>189,017,479</b>	<b>5,724,401</b>	<b>1,173,691,142</b>
<b>Net position</b>	<b>53,387,627</b>	<b>(207,640,117)</b>	<b>(32,354,201)</b>	<b>(104,930,096)</b>	<b>(149,269,471)</b>	<b>237,057,327</b>	<b>578,588,284</b>	<b>374,839,353</b>
<b>Derivative financial instruments</b>								
<b>Settled by total amount</b>								
- Total inflows	-	-	206,307	21,213	1,207,605	4,720	-	1,439,845
- Total outflows	-	-	(205,958)	(21,187)	(1,192,926)	-	-	(1,420,071)
<b>Net position</b>	<b>-</b>	<b>-</b>	<b>(468)</b>	<b>(955)</b>	<b>(1,162)</b>	<b>-</b>	<b>-</b>	<b>(2,585)</b>
<b>Total derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>(929)</b>	<b>13,517</b>	<b>4,720</b>	<b>-</b>	<b>17,189</b>
<b>Loan commitments</b>	<b>-</b>	<b>26,597,171</b>	<b>1,920,656</b>	<b>2,436,725</b>	<b>5,648,424</b>	<b>1,317,906</b>	<b>8,007</b>	<b>37,928,889</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of listed equity securities on exchanges. Where Level 1 inputs are not available, fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation techniques used by the Group is the discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates and counterparty credit spreads, as appropriate. If these parameters used are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as Level 2.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following tables give the information about carrying amounts of the Group's financial instruments measured at fair value:

	As at 30 June 2022 (Unaudited)			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
Assets				
Derivative financial assets	–	18,045	3,052	21,097
Loans and advances to customers	–	–	48,130,018	48,130,018
Financial assets measured at fair value through profit or loss				
– Debt securities	–	6,337,333	–	6,337,333
– Funds	16,162,872	23,414,613	–	39,577,485
– Asset management plans and trust plans	–	–	12,347,708	12,347,708
– Interbank deposit certificates	–	4,417,449	–	4,417,449
– Others	–	–	12,630	12,630
Financial assets measured at fair value through other comprehensive income				
– Debt securities	–	68,532,128	–	68,532,128
– Interbank deposit certificates	–	5,012,874	–	5,012,874
– Equity instruments	712,914	–	8,000	720,914
Total assets measured at fair value on a recurring basis	<u>16,875,786</u>	<u>107,732,442</u>	<u>60,501,408</u>	<u>185,109,636</u>
Liabilities				
Derivative financial liabilities	<u>–</u>	<u>14,021</u>	<u>–</u>	<u>14,021</u>



## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at 31 December 2021 (Audited)			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
Assets				
Derivative financial assets	–	27,501	4,720	32,221
Loans and advances to customers	–	–	26,326,500	26,326,500
Financial assets measured at fair value through profit or loss				
– Debt securities	–	4,488,534	–	4,488,534
– Funds	8,124,980	23,501,986	–	31,626,966
– Asset management plans and trust plans	–	–	10,119,419	10,119,419
– Interbank deposit certificates	–	1,273,177	–	1,273,177
– Investment in wealth management products	–	–	826,838	826,838
– Others	–	–	12,630	12,630
Financial assets measured at fair value through other comprehensive income				
– Debt securities	–	48,035,760	–	48,035,760
– Equity instruments	715,905	73,798	8,000	797,703
Total assets measured at fair value on a recurring basis	<u>8,840,885</u>	<u>77,400,756</u>	<u>37,298,107</u>	<u>123,539,748</u>
Liabilities				
Derivative financial liabilities	–	12,447	–	12,447

There were no significant transfers of the Group's financial assets and liabilities between all levels during the reporting period.

#### (a) Level 1 fair value measurement

If there is a reliable quoted price in an active market (such as an authorized stock exchange or an active open-end fund manager), the closing price or redemption price in the active market on the last trading day before balance sheet date shall be used as fair value.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

##### (b) Level 2 fair value measurement

Financial instruments of the Group that are classified as level 2 mainly include debt securities, interbank deposit certificates and open-ended funds with fixed open term.

The fair value of debt securities and interbank deposit certificates are determined using valuation results provided by the securities clearing institutions and exchanges. The fair value of open-ended funds with fixed open term are based on net value per unit provided by fund manager. Observable inputs that reflect market conditions were adopted by relevant institutions in the valuation process.

##### (c) Level 3 fair value measurement

The Group has developed relevant processes to determine the appropriate valuation techniques and inputs used in continuous level 3 fair value measurement, and regularly review the relevant processes and the appropriateness of the determination of fair value.

Financial instruments of the Group that are classified as level 3 mainly include discounted bills, asset management plans and trust plans. Their fair values are based on net asset provided by third parties or fair values of underlying assets (mainly include bonds traded in inter-bank bond market and money market financial instruments), or calculated using discounted cash flows with unobservable inputs including risk adjusted discount rate.

The above assumptions and methods provide a unified basis for calculation of fair value of the Group's assets and liabilities. However, since other institutions may use different methods and assumptions, the fair values disclosed by different financial institutions may not be completely comparable.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy

For the six months ended 30 June 2022 (Unaudited)

	Total gains and losses during the period			Additions and settlements		As at 30 June 2022	For asset held and liabilities assumed at the end of the period, unrealized gains or losses recognised in profit or loss during the period
	As at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Purchases	Settlements		
Assets							
Derivative instruments							
– Derivative financial assets	4,720	(5,588)	-	3,920	-	3,052	(5,588)
Loans and advances to customers							
– loans and advances measured at fair value through other comprehensive income	26,326,500	391,328	54,085	52,613,868	(31,255,763)	48,130,018	-
Financial assets measured at fair value through profit or loss							
– Asset management plans and trust plans	10,119,419	62,920	-	5,735,000	(3,569,631)	12,347,708	62,920
– Investment in wealth management products	826,838	4,589	-	-	(831,427)	-	-
– Others	12,630	-	-	-	-	12,630	-
Financial assets measured at fair value through other comprehensive income							
– Unlisted equity securities	8,000	-	-	-	-	8,000	-
<b>Total</b>	<b>37,298,107</b>	<b>453,249</b>	<b>54,085</b>	<b>58,352,788</b>	<b>(35,656,821)</b>	<b>60,501,408</b>	<b>57,332</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy (Continued)

For the year ended 31 December 2021 (Audited)

	Total gains and losses during the period			Additions and settlements		As at 31 December 2021	For asset held and liabilities assumed at the end of the year, unrealized gains or losses recognised in profit or loss during the year
	As at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Purchases	Settlements		
<b>Assets</b>							
Derivative instruments							
– Derivative financial assets	-	-	-	4,720	-	4,720	-
Loans and advances to customers							
– loans and advances measured at fair value through other comprehensive income	17,710,890	445,310	28,749	44,865,669	(36,724,118)	26,326,500	-
Financial assets measured at fair value through profit or loss							
– Asset management plans and trust plans	-	90,699	-	10,028,720	-	10,119,419	90,699
– Investment in wealth management products	2,265,065	84,566	-	3,300,000	(4,822,793)	826,838	26,838
– Others	-	-	-	12,630	-	12,630	-
Financial assets measured at fair value through other comprehensive income							
– Unlisted equity securities	8,000	-	-	-	-	8,000	-
<b>Total</b>	<b>19,983,955</b>	<b>620,575</b>	<b>28,749</b>	<b>58,211,739</b>	<b>(41,546,911)</b>	<b>37,298,107</b>	<b>117,537</b>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 49 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (3) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at their fair values. Financial assets and liabilities for which the carrying amounts approximate their fair values, such as balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, borrowings from central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements and deposits from customers are not included in the table below.

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at amortised cost	<u>407,868,843</u>	<u>416,904,966</u>	<u>424,417,885</u>	<u>433,008,371</u>
Financial liabilities				
Debt securities issued	<u>175,122,794</u>	<u>175,712,434</u>	<u>225,254,410</u>	<u>225,578,430</u>

Fair values of these financial assets and financial liabilities not measured at fair value are determined as follows:

- Fair values of investments in debt securities, interbank deposit certificates and debt securities issued are measured based on the quotes provided by the securities clearing institutions. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.
- Fair values of trust plans and debt financing plans included in financial assets at amortised cost are determined by using the discounted cash flow method with credit risk adjusted yield curve of relevant investments at the end of the reporting period.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 50 CAPITAL MANAGEMENT

The Group's objectives on capital management are as follows:

- safeguard the Group and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group and the Bank's stability and growth;
- allocate capital in an efficient and risk based approach to optimise risk adjusted return to the shareholders; and
- maintain an adequate capital base to support the development of business.

CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the Administrative Measures on the Capital of Commercial Banks (Trial). For systematically important banks, CBIRC requires minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50%, respectively. For non-systematically important banks, CBIRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. As at 30 June 2022 and 31 December 2021, the Group is in compliance with these legal and regulatory requirements.

The weighted credit risk assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, considering any eligible collateral or guarantee. The similar calculation is adopted for off-balance sheet credit risk exposures, with adjustments made to reflect the more contingent nature of any potential loss. Market risk-weighted assets are calculated using the standardised approach. Basic indicator approach is used to calculate the risk weighted assets of operational risk.

The Group calculated the following core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio in accordance with the Administrative Measures on the Capital of Commercial Banks (Trial) and relevant requirements promulgated by CBIRC.

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

### 50 CAPITAL MANAGEMENT (Continued)

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Core tier-one capital adequacy ratio	<u>12.82%</u>	<u>12.47%</u>
Tier-one capital adequacy ratio	<u>13.57%</u>	<u>12.98%</u>
Capital adequacy ratio	<u>15.36%</u>	<u>14.77%</u>
Components of capital base		
Core tier-one capital:		
Share capital	11,357,000	11,357,000
Valid portion of capital reserve	20,015,830	20,479,146
Surplus reserve and general reserve	30,684,194	28,812,075
Retained earnings	41,945,426	40,306,220
Valid portion of non-controlling interests	<u>870,636</u>	<u>756,366</u>
Total core tier-one capital	104,873,086	101,710,807
Deductions:		
Goodwill	(440,129)	(440,129)
Other intangible assets	(206,071)	(207,608)
Other deductible items from core tier-one capital	<u>10,367</u>	<u>10,367</u>
Net core tier-one capital	104,237,253	101,073,437
Other tier-one capital:		
Other equity instruments	5,998,268	3,998,338
Non-controlling interests	<u>116,084</u>	<u>100,849</u>
Net tier-one capital	110,351,605	105,172,624
Tier-two capital		
Valid portion of tier-two capital instruments issued and related premium	5,000,000	5,000,000
Surplus provision for loan impairment	9,311,165	9,291,352
Valid portion of non-controlling interests	<u>202,589</u>	<u>201,697</u>
Net capital base	<u>124,865,359</u>	<u>119,665,673</u>
Risk-weighted assets:		
Credit risk-weighted assets	754,204,369	752,599,489
Market risk-weighted assets	5,267,300	4,098,886
Operational risk-weighted assets	<u>53,536,117</u>	<u>53,536,117</u>

## Notes To The Interim Condensed Consolidated Financial Statements (Continued)

*For the six months ended 30 June 2022*

*(Amounts in thousands of Renminbi, unless otherwise stated)*

### **51 EVENTS AFTER THE REPORTING PERIOD**

The Group has no significant event after the reporting period.

### **52 COMPARATIVE FIGURES**

Certain comparative amounts have been reclassified to conform to current period's presentation.



## Supplementary Financial Information (Unreviewed)

For the six months ended 30 June 2022

(Amounts in millions of Renminbi, unless otherwise stated)

### LIQUIDITY RATIO (EXPRESSED IN PERCENTAGE)

#### The Group

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
RMB current assets to RMB current liabilities	87.47	79.86
Foreign currency current assets to foreign currency current liabilities	<u>151.20</u>	<u>92.89</u>

### LIQUIDITY COVERAGE RATIO (EXPRESSED IN PERCENTAGE)

#### The Group

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Liquidity coverage ratio	<u>269.91</u>	<u>282.27</u>

## Supplementary Financial Information (Unreviewed) (Continued)

For the six months ended 30 June 2022

(Amounts in millions of Renminbi, unless otherwise stated)

### CURRENCY CONCENTRATIONS

#### The Group

	Equivalent in Renminbi			Total
	USD	HKD	Others	
As at 30 June 2022				
Spot assets	2,392.1	1,989.0	3,750.2	8,131.3
Spot liabilities	(1,332.7)	(176.6)	(3,741.1)	(5,250.4)
Forward purchases	227.9	301.6	–	529.5
Forward sales	(648.1)	(301.6)	(5.7)	(955.4)
Net position	<u>639.2</u>	<u>1,812.4</u>	<u>3.4</u>	<u>2,455.0</u>

	Equivalent in Renminbi			Total
	USD	HKD	Others	
As at 31 December 2021				
Spot assets	2,384.2	1,013.9	3,196.4	6,594.5
Spot liabilities	(1,811.4)	(932.2)	(6,192.1)	(8,935.7)
Forward purchases	318.8	288.4	2,995.3	3,602.5
Forward sales	(509.6)	(370.2)	–	(879.8)
Net position	<u>382.0</u>	<u>(0.1)</u>	<u>(0.4)</u>	<u>381.5</u>

## Supplementary Financial Information (Unreviewed) (Continued)

For the six months ended 30 June 2022

(Amounts in millions of Renminbi, unless otherwise stated)

### INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, the Group's international claims are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include balances with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and loans and advances to customers.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfer. Risk transfer is only made if the claims are guaranteed by a party in a 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.

	Banks and other financial institutions	Non-bank private sectors	Total
As at 30 June 2022			
Asia Pacific	1,224.1	1,230.6	2,454.7
– of which attributed to			
Hong Kong	208.5	–	208.5
North America	226.0	–	226.0
Europe	111.6	–	111.6
Total	<u>1,770.2</u>	<u>1,230.6</u>	<u>3,000.8</u>
As at 31 December 2021			
Asia Pacific	1,538.6	1,264.8	2,803.4
– of which attributed to			
Hong Kong	480.5	–	480.5
North America	205.1	–	205.1
Europe	53.2	–	53.2
Total	<u>1,796.9</u>	<u>1,264.8</u>	<u>3,061.7</u>

## Supplementary Financial Information (Unreviewed) (Continued)

For the six months ended 30 June 2022

(Amounts in millions of Renminbi, unless otherwise stated)

### SUMMARY OF INFORMATION ON GEOGRAPHICAL SEGMENTS

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording the income. The table below sets forth the total operating income attributable to county area branches and urban area branches for the periods indicated.

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	County Area <sup>(Note)</sup>	Urban Area	Total	County Area <sup>(Note)</sup>	Urban Area	Total
Net interest income	3,440.6	9,350.2	12,790.8	3,468.0	9,636.0	13,104.0
Net fee and commission income	343.4	695.5	1,038.9	406.2	856.3	1,262.5
Net trading gains	–	971.1	971.1	–	536.2	536.2
Share of profits of associates	–	(27.9)	(27.9)	–	(19.6)	(19.6)
Other operating income, net	16.5	165.0	181.5	22.5	217.6	240.1
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	–	280.2	280.2	–	48.3	48.3
Net gains on derecognition of financial assets measured at amortised cost	–	63.3	63.3	–	–	–
<b>Total operating income</b>	<b>3,800.5</b>	<b>11,497.4</b>	<b>15,297.9</b>	<b>3,896.7</b>	<b>11,274.8</b>	<b>15,171.5</b>
Internal transfer of income and expenses	3,787.9	(3,787.9)	–	3,422.7	(3,422.7)	–
<b>Income after adjustment</b>	<b>7,588.4</b>	<b>7,709.5</b>	<b>15,297.9</b>	<b>7,319.4</b>	<b>7,852.1</b>	<b>15,171.5</b>

*Note* County Area refers to regions other than Urban Area of Chongqing City. The information of County Area also includes the information of the twelve village and township bank subsidiaries and the information of Qujing Branch.

## Supplementary Financial Information (Unreviewed) (Continued)

For the six months ended 30 June 2022

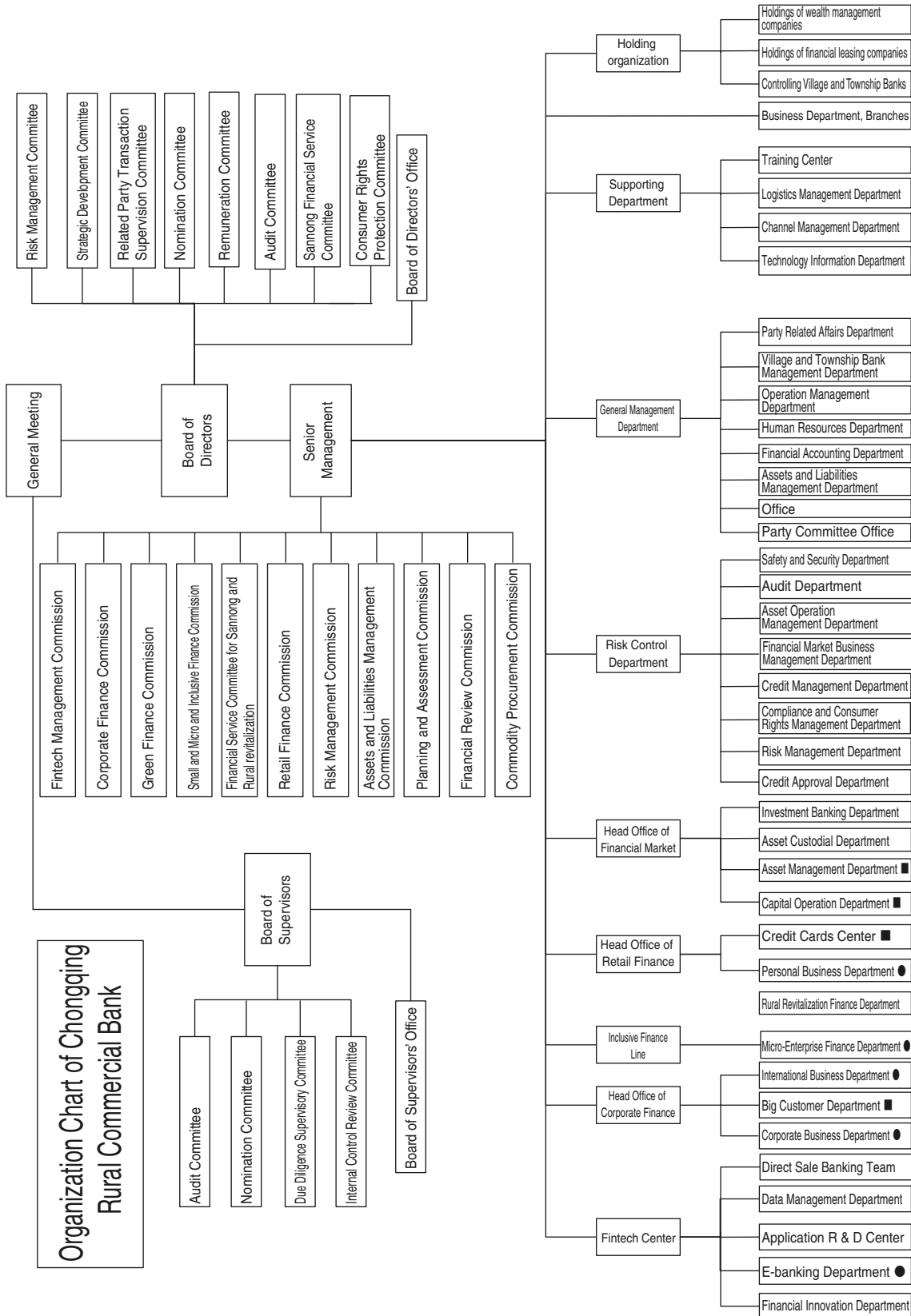
(Amounts in millions of Renminbi, unless otherwise stated)

### ABSTRACT OF GEOGRAPHICAL SEGMENTS

(Expressed in percentage)	As at 30 June 2022		As at 31 December 2021	
	County Area	Urban Area	County Area	Urban Area
Deposits	70.57	29.43	70.62	29.38
Loans	50.36	49.64	52.00	48.00
Assets	50.00	50.00	50.69	49.31
Loan-deposit ratio	<u>53.61</u>	<u>126.73</u>	<u>56.44</u>	<u>125.28</u>

(Expressed in percentage)	As at 30 June 2022		As at 30 June 2021	
	County Area	Urban Area	County Area	Urban Area
Return on average total assets	0.91	1.11	0.88	1.10
Net fee and commission income to operating income	4.53	9.02	5.55	10.91
Cost-to-income ratio	<u>30.14</u>	<u>24.45</u>	<u>30.15</u>	<u>25.44</u>

# Organization Chart



Notes:  
 ■ representing the implementation of division of the system management mode;  
 ● representing the implementation of the prospective division of the system management mode;  
 □ unidentified representing the implementation of straight line management mode.



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