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BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED DECEMBER 31, 2021**

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**”) is pleased to announce the audited annual results of the Bank and its subsidiaries for the year ended December 31, 2021. This announcement, containing the full text of the 2021 Annual Report of the Bank, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

Printed version of the Bank’s 2021 Annual Report will be dispatched to the H Shareholders of the Bank and available for viewing on the websites of the Bank (www.cqcbank.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) in April 2022.

Publication of Results Announcement

Both the Chinese and English versions of this results announcement are available on the websites of the Bank (www.cqcbank.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). In the event of any discrepancies in interpretations between the Chinese version and English version, the Chinese version shall prevail.

The Bank has also prepared the annual report in Chinese in accordance with the PRC Generally Accepted Accounting Principles, which is available on the websites of the Bank (www.cqcbank.com) and the Shanghai Stock Exchange (www.sse.com.cn).

For and on behalf the Board
Bank of Chongqing Co., Ltd.*
LIN Jun
Chairman

Chongqing, the PRC, March 31, 2022

As at the date of this announcement, the executive directors of the Bank are Ms. LIN Jun, Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors of the Bank are Mr. WONG Hon Hing, Mr. YANG Yusong, Mr. WU Heng and Ms. ZHONG Xian; and the independent non-executive directors of the Bank are Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin.

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

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Important Notice

- (1) The Board of Directors, the Board of Supervisors and each Director, Supervisor and member of Senior Management of the Bank warrant that the contents in this annual report are true, accurate and complete and contain no false representations, misleading statements or material omissions, and they will take legal responsibilities for such contents on a several and joint basis.
- (2) The 46th meeting of the sixth session of the Board of the Bank was held on 31 March 2022 in the form of onsite (video) conference. Chairman LIN Jun presided over the meeting. 13 Directors were eligible to attend the meeting, among which 13 Directors attended the meeting. Supervisors and members of Senior Management of the Bank attended the meeting as non-voting participants. The convening of the meeting complied with relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of Bank of Chongqing Co., Ltd.
- (3) The Bank's auditors Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young have audited the 2021 Financial Report of the Bank prepared in accordance with the PRC GAAP (China) Accounting Standards and International Financial Reporting Standards (IFRSs), and have issued unqualified auditor's reports, respectively.
- (4) LIN Jun (Chairman of the Bank), RAN Hailing (President of the Bank), YANG Shiyin (Vice President in charge of Finance) and YANG Kun (Head of Finance Department) warrant that the financial report in the annual report is true, accurate and complete.
- (5) Profit distribution plan: According to Article 18 of the Measures for the Administration of Securities Issuance and Underwriting (Order No. 144 of the China Securities Regulatory Commission), "where the profit distribution plan or the plan for converting the capital reserve into share capital has not been submitted to the Shareholders' General Meeting for approval or has not been executed though approved by the Shareholders' General Meeting, the listed company shall execute its securities issuance after the execution of the plan". As the Bank has not yet completed issuance of A Share Convertible Corporate Bonds as of the latest practicable date as well as fully considering factors including Shareholders' interests and the development of the Bank, the Board has proposed to postpone for consideration the profit distribution plan of the Bank for 2021, and the Bank will carry out matters in relation to the profit distribution immediately following the completion of the issuance of A Share Convertible Corporate Bonds according to the requirements of the regulatory authorities and the provisions of the Articles of Association.
- (6) Forward-looking statements about matters such as future plans of the Bank may be contained in this report. Relevant statements are made on the basis of current plans, estimates and forecasts. The Group believes that the expectations reflected in these forward-looking statements are reasonable, but the Group cannot guarantee that these expectations can be realized or will be proved to be correct, so they shall not constitute substantive commitments of the Group. Investors shall not overly rely on such statements and shall maintain sufficient risk awareness in this regard. Please be aware that these forward-looking statements are related to future events or the Group's future financial, business or other performance and are subject to numerous uncertainties that may lead to significant differences in the actual results.

Definitions

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

“Articles of Association”	the articles of association of Bank of Chongqing Co., Ltd.
“Bank” or “Bank of Chongqing”	Bank of Chongqing Co., Ltd.
“Group”	Bank of Chongqing Co., Ltd. and its controlled subsidiary
“CBRC”	formerly known as China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CBRC Chongqing Bureau”	formerly known as China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
“Chongqing CBIRC”	China Banking and Insurance Regulatory Commission Chongqing Bureau (中國銀行保險監督管理委員會重慶監管局)
“Chongqing Yufu”	Chongqing Yufu Capital Operation Group Co., Ltd.
“Dah Sing Bank”	Dah Sing Bank, Limited
“Xinyu Financial Leasing”	Chongqing Xinyu Financial Leasing Co., Ltd.
“Xingyi Wanfeng”	Xingyi Wanfeng Village Bank Co., Ltd.
“Mashang Consumer”	Mashang Consumer Finance Co., Ltd.
“Three Gorges Bank”	Chongqing Three Gorges Bank Co., Ltd.

Definitions

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS(s)”	International Financial Reporting Standard(s)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	People’s Bank of China (中國人民銀行)
“Reporting Period”	the year ended 31 December 2021
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

Company Profile

3.1 Business Summary

As one of the earliest local joint stock commercial banks in Western China and the upper reaches of the Yangtze River, the Bank was formerly known as Chongqing Urban Cooperative Bank, which was established by consolidating 37 urban credit cooperatives and 1 urban credit union in 1996. The Bank was renamed as Commercial Bank of Chongqing Co., Ltd. in 1998 and as Bank of Chongqing Co., Ltd. in 2007. In 2013, the Bank became the first urban commercial bank in Mainland China to be listed on the Hong Kong Stock Exchange. On 5 February 2021, the Bank was listed on the Shanghai Stock Exchange, thus becoming the third and first city commercial bank with listing of A Shares and H Shares, in China and the Yangtze River Economic Belt respectively. As at 31 December 2021, the Bank operated 156 business outlets, covering “one municipality and three provinces”, including all districts and counties in Chongqing as well as Sichuan, Guizhou and Shaanxi, and controlled its subsidiaries Chongqing Xinyu Financial Leasing Co., Ltd. and Xingyi Wanfeng Village Bank Co., Ltd. The Bank recorded total assets of RMB618.954 billion, total deposits of RMB338.695 billion, and total loans of RMB318.062 billion, with the non-performing loan ratio of 1.30% and the allowance coverage ratio of 274.01%. Major business indicators have met regulatory requirements.

Based on its original intention of serving local economy, serving small and micro enterprises and serving urban and rural residents, the Bank developed “You You Dai” and “Credit Loan for Business Entities” to fully support private enterprises and serve the real economy. The Bank developed “Hao Qi Dai” series financial products using the big data analysis technology to help micro, small and medium-sized enterprises solve their financing difficulties. The Bank launched Chongqing Talent Card to provide exclusive financial services for high-level talents. The Bank obtained the Class B lead underwriter qualification in the inter-bank market and the trading qualification for ordinary derivatives, thereby continuously improving its financial service capability. In 2017, the Bank was awarded the title of “National Civilized Unit” by the Spiritual Civilization Steering Committee of the CPC Central Committee. In 2020, the Head Office was honored as the “National May Fourth Red Flag Youth League Committee” issued by the Central Committee of the Communist Youth League. The Bank was rated by the Standard & Poor’s as investment rating, with rating outlook as “stable” for five consecutive years in 2017-2021. It ranked among the top 300 in the “Top 1,000 World Banks” in The Banker, a UK magazine, for six consecutive years.



Company Profile

3.2 Corporate Information

- 3.2.1** Legal Name and Abbreviation in Chinese: 重慶銀行股份有限公司(Abbreviation:重慶銀行)
Name in English: Bank of Chongqing Co.,Ltd.
- 3.2.2** Legal Representative: LIN Jun
Authorized Representatives: LIN Jun
WONG Wah Sing
Secretary to the Board: PENG Yanxi
Company Secretary: HO Wing Tsz Wendy
Securities Affairs Representative¹: LIU Songtao
- 3.2.3** Registered Address and Office Address: No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Historical Change of Registered Address: Registered address was changed from No. 153 Zourong Road, Yuzhong District, Chongqing to No. 6 Yongpingmen Street, Jiangbei District, Chongqing in February 2020
Principal Place of Business in Hong Kong: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
- 3.2.4** Correspondence Address: No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Postal Code: 400024
Tel: +86(23)63367688
Fax: +86(23)63799024
E-mail: ir@cqcbank.com
Website: <http://www.cqcbank.com>
Customer Service Hotline: 956023
- 3.2.5** General Information on the Listing of Shares:
A Shares:
Listing Exchange: Shanghai Stock Exchange
Stock Name: BCQ
Stock Code: 601963
H Shares:
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ
Stock Code: 01963
Offshore Preference Shares:
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ 17USDPREF
Stock Code: 4616

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

- 3.2.6** Domestic Auditor: Ernst & Young Hua Ming LLP (Special General Partnership)
Office Address: Room 01-12, 17/F, EYHM Tower, Oriental Plaza,
No. 1 East Chang'an Avenue, Dongcheng District, Beijing
Names of Signatory Certified Public Accountants: ZHOU Mingjun, XU Xuming
International Auditor: Ernst & Young (Registered Public Interest Entity Auditor)
Office Address: 27th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Names of Signatory Accountant: Ng Chi Keung
- 3.2.7** Legal Advisor as to PRC Laws: JunHe LLP
Legal Advisor as to Hong Kong Laws: DLA Piper Hong Kong
- 3.2.8** A Share Registrar: China Securities Depository and Clearing Corporation Limited Shanghai Branch
Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai
H Share Registrar: Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- 3.2.9** Newspapers and Websites Designated for Information Disclosure:
Mainland China: China Securities Journal (www.cs.com.cn)
Shanghai Securities News (www.cnstock.com)
Securities Times (www.stcn.com)
Securities Daily (www.zqrb.cn)
Website of the Shanghai Stock Exchange (www.sse.com.cn)
Website of the Bank (www.cqcbank.com)
Hong Kong: Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
Website of the Bank (www.cqcbank.com)
Place for Preparation of the Annual Report: Office of the Board of the Bank
- 3.2.10** Domestic Sponsor Institution for Continuous Supervision and Guidance:
China Merchants Securities Co., Ltd.
Office Address: No. 111, 1st Fuhua Road, Futian Street, Futian District, Shenzhen
Sponsor Representative: CHEN Xin and WEI Jinyang
Period of Continuous Supervision and Guidance: From 5 February 2021 to 31 December 2023
- 3.2.11** Registration Information:
Date of Initial Incorporation: 2 September 1996
Registration Authority: Administration for Market Regulation of Chongqing
(formerly known as Administration for Industry and Commerce of Chongqing)
Unified Social Credit Code: 91500000202869177Y
Financial License Registration Number: the Bank holds a financial licence number B0206H250000001
approved by the regulatory authority of the banking industry of the PRC

Company Profile

3.3 Recognitions and Awards

In 2021, the Bank has won many honors and awards in the selection activities organized by domestic and foreign institutions, including:

- In January 2021, the Bank won the Best Digital Investor Relationship Award and the Best Cutting-edge Award in the Annual Selection of China Excellent IR (2020-2021) jointly sponsored by Roadshow China and its brand Excellent IR.
- In January 2021, as assessed by the Payment & Clearing Association of Chongqing, the Bank won the first prize of the 2020 Risk Prevention Excellence Award for Chongqing Bankcard Business Development Advanced Unit, the first prize of the Market Norm Award, and the second prize of the Systemic Institutional Reform Award.
- In February 2021, the Bank was honored as the “Enterprise Standard Forerunner” in the 2020 selection of “Enterprise Standard Forerunner” in the financial sector organized by National Internet Finance Association of China.
- In February 2021, as assessed by the Chongqing Business Management Department of the People’s Bank of China, the Bank won the first prize of the 2020 Outstanding Contribution Award for Chongqing Mobile Payment Convenience Project.
- In March 2021, the Bank won the “Mobile Banking Award” in the selection of Huaying Award of BDI Digital Index held by the Asia Pacific Banking Alliance.
- In April 2021, the digital risk control system of the Bank was honored as the “2021 Outstanding Financial Digital Innovation Case in China” in the 17th China Commercial Bank Information Development Strategy Summit Forum.
- In May 2021, the Bank was honored as the “Glory Award” in the “2021 China Financial Digital Technology Innovation Competition” held by the Joint Promotion Year of China Electronic Banking and China Electronic Banking Network.
- In June 2021, as assessed by the Chongqing CBIRC, the Bank was honored as the “Model Entity in Financial Services for Small and Micro Enterprises”.
- In September 2021, the Bank was awarded the “Outstanding Practices Case” of 2020 Annual Results Announcement of Listed Companies organized by China Association for Public Companies.

- In September 2021, the Bank was awarded the “Top 10 Inclusive Financial Service Innovation Award” and the “Top 10 Retail Bank Innovation Award” in the selection of “2021 China Financial Innovation Award” held by The Banker and China Financial Innovation Forum.
- In September 2021, the Bank was awarded the “Annual Social Responsibility Award”, the “Annual Social Responsibility Poverty Alleviation Contribution Award” and the “Annual Social Responsibility Special Contribution Award” in the selection of “Model Entities for Social Responsibility in the Banking Industry of Chongqing” held by Chongqing Banking Association.
- In October 2021, the Bank was awarded the “2021 Tianji Award for Harmonious Investor Relations” and the “2021 Tianji Award for Outstanding Bank Research Teams” in the 2021 China Banking Conference & 2021 Selection and Award Presentation Ceremony sponsored by the Securities Times.
- In October 2021, the Bank was awarded the “Excellent Practice Case Award for User Experience” at the 9th China User Experience Summit hosted by China Quality Management Association for Electronics Industry and China User Experience Alliance.
- In October 2021, the Bank was awarded the “Best Data Governance Practice Award” in the selection of “2021 Data Governance Award” held by China Branch of DAMA Data Management Association International (DAMA CHINA).
- In October 2021, the “Insight Smart Risk Control Platform” of the Bank was awarded the “Outstanding Project Award” at the “Five Small Innovation” activity jointly organized by eight departments including the Youth League Committee of Chongqing.
- In November 2021, the Bank ranked 8th in the comprehensive evaluation of city commercial banks at the “GYROSCOPE” evaluation on development capability of commercial banks in 2021 held by China Banking Association.
- In November 2021, the Bank was awarded the “Golden Bull Award for Wealth Management Bank” at the “2021 China Banking Wealth Management Forum” hosted by China Securities Journal.
- In November 2021, the Bank was awarded the “Most Dynamic Credit Card Award of the Year” in the selection of the “Golden List Award for Financial Digital Development” held by the Financial Digital Development Alliance.

Company Profile

- In December 2021, the Bank was awarded the “2021 Top 10 Typical Application Cases of Blockchain in Chongqing” in the selection of “Typical Application Cases of Blockchain in Chongqing” sponsored by the Cyberspace Administration Office of the CPC Chongqing Municipal Committee.
- In December 2021, the "Star Chain Intelligent Marketing Platform" of the Bank was awarded the “Excellent Marketing and Customer Acquisition Case Award” at the “2nd Excellent Cases Selection of City Commercial Banks in Digital Finance and Payment Innovation” hosted by City Commercial Banks Clearing Co., Ltd.
- In December 2021, the Bank was awarded two outstanding case awards in the selection of “Xinghe” cases organized by China Academy of Information and Communications Technology and China Communications Standards Association.
- In December 2021, the Bank was awarded the “Best Innovation Practice Award” at the “2nd ISIG China Industrial Intelligence Conference – 2021 RPA Hyperautomation Industrial Development Conference”.
- In December 2021, the Bank’s intelligent data warehouse based on domestic MPP databases was awarded the “2021 New Technology Application Innovation Award for the Financial Industry” held by the Financial Computerizing.
- In December 2021, the Bank was awarded the “Excellence Award for Sustainable Information Disclosure” at the “9th Global Corporate Sustainable Competitiveness Summit” jointly sponsored by the Social Responsibility and Sustainable Development Committee of The Chinese Institute of Business Administration and Beijing Rongzhi Corporate Social Responsibility Research Institute.
- In December 2021, the Bank won the Best Capital Market Communication Award and was selected into the IR TOP 10 List in the 5th Awards Presentation Ceremony of China Excellent IR jointly sponsored by Roadshow China and its brand Excellent IR.

3.4 Development Strategy and Core Competitiveness

3.4.1 Development Strategy

3.4.1.1 Strategic vision and development philosophy

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

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



Company Profile

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

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

3.4.1.2 Business development strategy

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

Small and micro business: Under the guidance of regulatory policies and based on the supervision and assessment system for financial services for small and micro enterprises, the Bank adheres to the original mission of finance, and focuses on inclusive finance and the overall social and economic benefits, thereby promoting the small and micro enterprise banking business in terms of quantity, coverage, quality and cost reduction. Meantime, the Bank adheres to the guidance of financial technology, creates a new model of integrated online and offline development, and coordinates the speed and quality of development, thus adjusting structure, expanding scale, controlling risks, and creating value for a more inclusive and sustainable high-quality development.

Personal business: In order to promote the high-quality development of retail business, the Bank has actively expanded the retail customer base, and intensified the construction of retail infrastructure, with focus on improving customer experience, enhancing customer stickiness, strengthening the construction of private assets management system, tapping into customer value, and reducing debt costs. Relying on technology empowerment, the Bank has built a digital customer management system, improved the intelligent risk control management system, and promoted the construction of online financial services, so as to create a high-quality product system and promote the efficient growth of retail business.

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

3.4.2 Core Competence

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

Company Profile

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

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

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

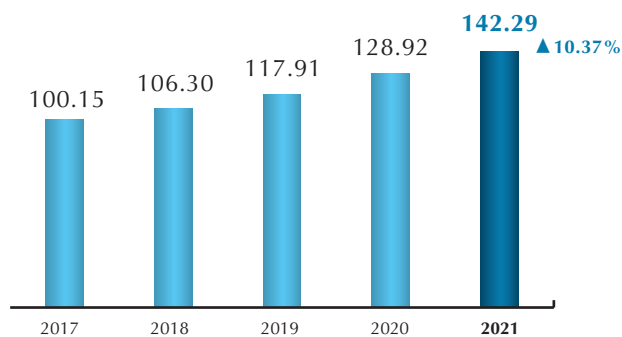
Deepened structural adjustment, improved development efficiency. The Bank has deepened the structural optimization project, and comprehensively implemented adjustment and optimization strategies in terms of asset structure, liability structure, capital structure, and income structure. Firstly, in accordance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

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

Financial Highlights

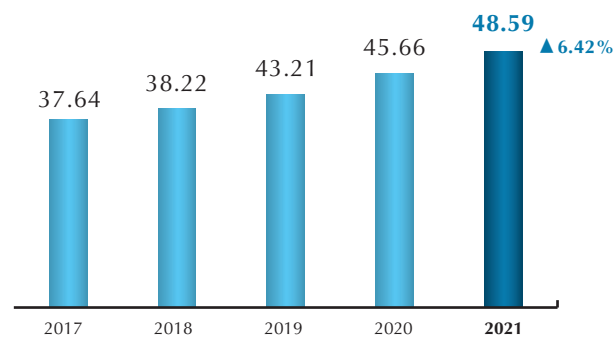
Operating Income

(RMB100 million)



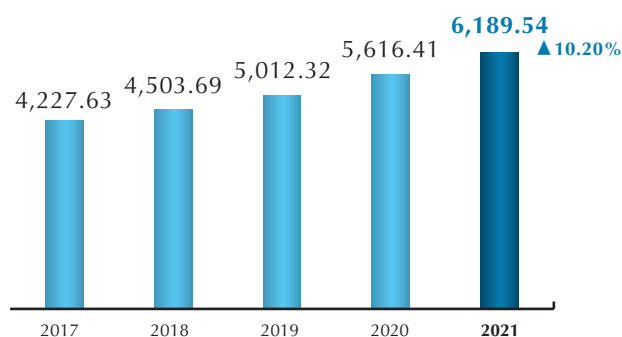
Net Profit

(RMB100 million)



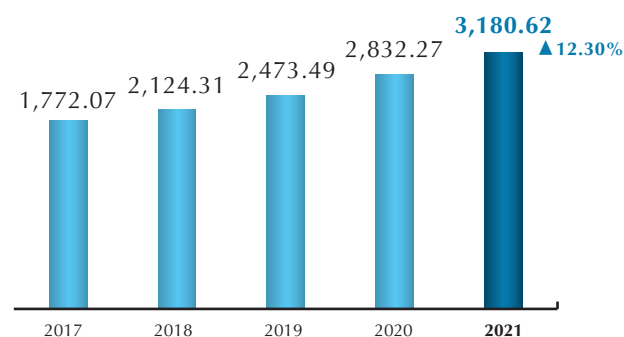
Total Assets

(RMB100 million)



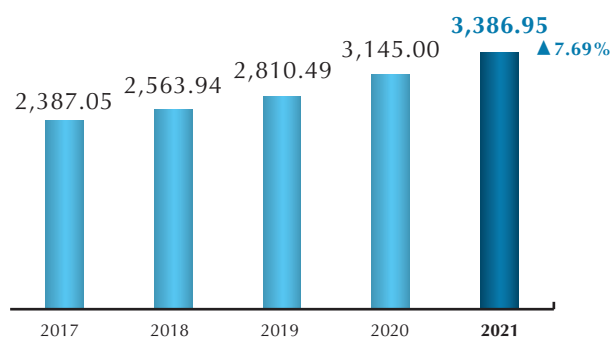
Total Loans

(RMB100 million)



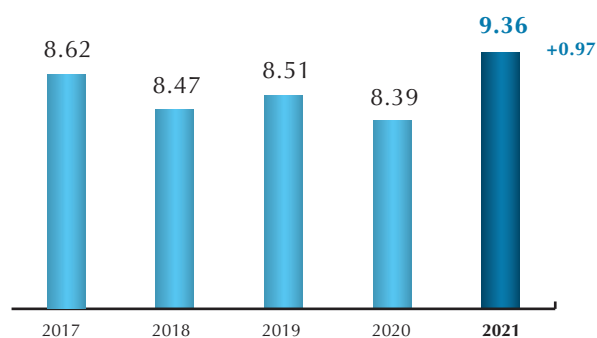
Total Customer Deposits

(RMB100 million)



Core Tier I Capital Adequacy Ratio

(%)



Financial Highlights

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

4.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Year-on-year change between 2021 and 2020	2019	2018	2017
			Change in percentage (%)			
OPERATING RESULTS						
Interest income	27,410,536	25,191,048	8.81	22,201,722	19,322,772	18,920,176
Interest expense	(15,813,763)	(14,130,310)	11.91	(13,053,512)	(12,447,126)	(10,805,081)
Net interest income	11,596,773	11,060,738	4.85	9,148,210	6,875,646	8,115,095
Net fee and commission income	768,822	1,037,047	(25.86)	948,512	1,341,922	1,680,056
Net trading gains/(losses), net gains/(losses) on investment securities and other operating income	1,863,268	794,318	134.57	1,694,315	2,412,516	219,655
Operating income	14,228,863	12,892,103	10.37	11,791,037	10,630,084	10,014,806
Operating expenses	(3,322,383)	(2,885,200)	15.15	(2,768,419)	(2,571,121)	(2,298,865)
Assets impairment losses	(5,110,145)	(4,436,024)	15.20	(3,613,581)	(3,436,768)	(2,999,164)
Operating profit	5,796,335	5,570,879	4.05	5,409,037	4,622,195	4,716,777
Share of profit of associates	295,822	162,903	81.59	163,250	220,427	178,378
Profit before income tax	6,092,157	5,733,782	6.25	5,572,287	4,842,622	4,895,155
Income tax	(1,233,132)	(1,168,087)	5.57	(1,250,830)	(1,020,527)	(1,130,958)
Net profit	4,859,025	4,565,695	6.42	4,321,457	3,822,095	3,764,197
Net profit attributable to shareholders of the Bank	4,663,743	4,423,633	5.43	4,207,488	3,769,847	3,725,881
Net cash flows generated from/(used in) operating activities	5,085,209	32,211,063	(84.21)	(2,711,725)	(34,163,311)	(6,934,186)
			Change in percentage (%)			
As at the end of the Reporting Period						
Total assets	618,953,620	561,641,397	10.20	501,231,864	450,368,973	422,763,025
Of which: loans and advances to customers, net	306,883,598	272,259,348	12.72	238,626,834	205,923,212	172,162,090
Impairment allowances for loans	11,178,339	10,967,207	1.93	8,721,904	6,507,557	5,044,814
Total liabilities	569,706,925	519,647,183	9.63	462,618,195	415,757,400	390,303,113
Of which: customer deposits	338,695,343	314,500,257	7.69	281,048,911	256,394,193	238,704,678
Share capital	3,474,505	3,127,055	11.11	3,127,055	3,127,055	3,127,055
Equity attributable to shareholders of the Bank	47,273,188	40,174,997	17.67	36,949,429	33,051,012	30,951,596
Total equity	49,246,695	41,994,214	17.27	38,613,669	34,611,573	32,459,912
Core Tier I Capital, net	43,214,481	35,902,191	20.37	32,521,479	28,552,917	26,303,430
Tier I Capital, net	48,277,879	40,934,037	17.94	37,526,419	33,541,222	31,260,935
Net total capital	59,974,137	53,672,813	11.74	49,674,469	44,558,427	41,501,684
Risk-weighted assets	461,807,558	427,946,826	7.91	382,139,234	337,292,279	305,269,486
			Change			
Calculated on a per share basis (RMB)						
Net assets per share attributable to shareholders of the Bank	12.19	11.28	0.91	10.25	9.00	8.33
Basic earnings per share	1.28	1.32	(0.04)	1.25	1.11	1.19
Diluted earnings per share	1.28	1.32	(0.04)	1.25	1.11	1.19
Dividend per share ⁽¹⁾	–	0.373	–	0.236	0.154	0.118

Note:

(1) The Bank will carry out matters in relation to the profit distribution for 2021 and publish the Announcement on the Profit Distribution Plan for 2021 upon the completion of the issuance of A Share Convertible Corporate Bonds.

4.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	2021	2020	Year-on-year	2019	2018	2017
			change between 2021 and 2020			
Profitability indicators (%)			Change			
Return on average total assets ⁽¹⁾	0.82	0.86	(0.04)	0.91	0.91	0.95
Weighted average return on net asset ⁽²⁾	10.99	12.23	(1.24)	12.95	12.77	14.95
Net interest spread ⁽³⁾	1.93	2.18	(0.25)	2.10	1.78	N/A
Net interest margin ⁽³⁾	2.06	2.27	(0.21)	2.18	1.79	N/A
Net fee and commission income to operating income	5.40	8.04	(2.64)	10.67	10.67	16.78
Cost-to-income ratio ⁽⁴⁾	22.16	21.17	0.99	22.27	20.67	22.00
Asset quality indicators (%)			Change			
Non-performing loan ratio ⁽⁵⁾	1.30	1.27	0.03	1.27	1.36	1.35
Allowance coverage ratio ⁽⁶⁾	274.01	309.13	(35.12)	279.83	225.87	210.16
Loan allowance ratio ⁽⁷⁾	3.56	3.92	(0.36)	3.56	3.08	2.85
Indicators of capital adequacy ratio (%)			Change			
Core tier I capital adequacy ratio ⁽⁸⁾	9.36	8.39	0.97	8.51	8.47	8.62
Tier I capital adequacy ratio ⁽⁸⁾	10.45	9.57	0.88	9.82	9.94	10.24
Capital adequacy ratio ⁽⁸⁾	12.99	12.54	0.45	13.00	13.21	13.60
Total equity to total assets	7.96	7.48	0.48	7.70	7.69	7.68
Other indicators (%)			Change			
Liquidity ratio ⁽⁹⁾	86.36	83.52	2.84	78.35	92.53	79.55
Percentage of loans to the single largest customer ⁽¹⁰⁾	3.30	2.48	0.82	2.52	2.15	2.28
Percentage of loans to the top ten customers ⁽¹¹⁾	23.90	20.49	3.41	19.30	18.79	17.19
Loan to deposit ratio	93.91	90.06	3.85	88.01	82.85	74.24

Financial Highlights

Notes:

- (1) *Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.*
- (2) *It is calculated in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (as amended in 2010).*
- (3) *Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities; net interest margin represents the ratio of net interest income to the average balance of interest-earning assets. The Group has adopted IFRS 9 – Financial Instruments (IFRS 9) published by the International Accounting Standards Board (IASB) in July 2014. The date of initial application of the standard is 1 January, 2018. Based on IFRS 9 and IAS 1 – Presentation of Financial Statements (IAS 1), the interest income from financial assets at fair value through profit or loss are recorded by the Group in net gains on investment securities and net trading gains, and the financial assets at fair value through profit or loss are no longer presented as interest-earning assets. In accordance with the transition requirements of IFRS 9, the Group chooses not to restate the information for the comparative periods. The net interest spread and net interest margin for 2017 which are calculated according to classified measurement and corresponding presentation standards of IAS 39 – Financial Instruments: Recognition and Measurement (IAS 39) are not comparable with those based on IFRS 9 and IAS 1.*
- (4) *Calculated by dividing operating expenses (less tax and surcharges) by operating income.*
- (5) *Calculated by dividing balance of non-performing loans by total loans and advances to customers.*
- (6) *Calculated by dividing the balance of impairment allowances on loans by the balance of non-performing loans. The balance of impairment allowances on loans is the sum of impairment allowances on loans and advances to customers measured at amortized cost and FVOCI. On a year-on-year basis, the ratio of the audited impairment allowances to non-performing loans for 2018 is 228.35%. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 150%.*
- (7) *Calculated by dividing balance of impairment allowances on loans by total principal of loans and advances to customers. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 2.5%.*
- (8) *The Group's core tier I capital adequacy ratio, tier I capital adequacy ratio and capital adequacy ratio were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial) promulgated by CBIRC.*
- (9) *Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC.*
- (10) *Calculated by dividing total loans to the single largest customer by net capital.*
- (11) *Calculated by dividing total loans to the top ten customers by net capital.*

4.3 Quarterly Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			
	Q1	Q2	Q3	Q4
Operating income	3,607,157	3,562,653	3,833,374	3,225,679
Net profit attributable to shareholders of the listed companies	1,434,136	1,225,261	1,409,574	594,772
Net cash flows from operating activities	(7,860,809)	(13,178,823)	10,930,213	15,194,628

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

4.4 Differences between Domestic and Foreign Accounting Standards

With respect to the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference for the net profit attributable to shareholders of the Bank for the Reporting Period ended 31 December 2021 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

Chairman's Statement



Dear Shareholders:

Over the past year, Bank of Chongqing has stressed efforts to apply the new development philosophy and foster a new development pattern in the new development stage. While earnestly implementing the decisions and arrangements of the CPC Central Committee and the requirements of Chongqing Municipal Party Committee and Chongqing Municipal Government, we stuck to the basic tone of seeking progress while maintaining stability and took the initiative in responding to challenges. The Bank maintained a sound momentum with steady development in the spirit of riding winds and breaking waves, and the total assets scale hit a historical high of over RMB600 billion.

In 2021, the Bank provided the total credit loan of over RMB100 billion to support the construction of the Chengdu-Chongqing Economic Circle. With the launch of unique products including “Huiyu Financial Service” (匯渝金服) for small and micro enterprises and “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸), the Bank ranked first among local corporate banks in the green finance assessment. In order to improve the landscape of our big retail business, we continued to optimize the layout of secondary outlets and intensify the construction of retail infrastructure. The Bank put into production over 70 technology projects and key tasks, successfully launched the customer master data system, upgraded the “Hao Qi Dai” (好企貸) products and the “Wind Chime Intelligent Review” (風鈴智評) platform, and became the first users of e-CNY platform, significantly enhancing our capability to apply technologies. We carried out in-depth special governance measures for post-loan management to resolutely and effectively prevent and defuse risks. The Bank successfully completed the dual-listing in A Shares and H Shares markets for dealings in Shanghai, Shenzhen and Hong Kong Exchanges, and our A Shares have been included as a constituent of SSE SH Equities Index and FTSE Russell Flagship Index. We implemented the normalized COVID-19 response and the safety and stability work in a unified manner, and achieved zero infections and zero cases in 2021. These results can only be achieved with the trust and support of our shareholders, customers and investors. On behalf of the Board of Bank of Chongqing, I would like to extend my sincere gratitude to all of you for your consistent support and contributions.

In 2022, we will spare no effort in promoting transformation and development, and take effective and practical measures to achieve a successful transformation, so as to consolidate the foundation for and embark on the new journey toward the high-quality development of Bank of Chongqing.

Chairman of the Board of Directors

LIN Jun

Bank of Chongqing Co., Ltd.

President's Statement



Dear Shareholders:

In 2021, Bank of Chongqing has deepened its high-quality development and has achieved expected operating results, successfully completing the strategic task to support proper commencement of and pave the way for the 14th Five-Year Plan. As at the end of 2021, the Group recorded the total assets of RMB618.954 billion, representing an increase of 10.20%. The total loans amounted to RMB318.062 billion, representing an increase of 12.30%. The total deposits amounted to RMB338.695 billion, representing an increase of 7.69%. The net profit of the Group amounted to RMB4.859 billion, representing an increase of 6.42%. The non-performing loan ratio was 1.30%. Major business indicators of the Group have met regulatory requirements.

Over the past year, we have resolutely implemented the decisions and arrangements of the CPC Central Committee and the Chongqing Municipal Party Committee to fulfill our mission and responsibility as a state-owned financial enterprise. The Bank made every effort to ensure “stability on six fronts” and “security in six areas”, and invested a total of RMB8.13 billion to implement such policies as fee cuts and interest concessions, easing the financing difficulties of enterprises, and extending loan repayment for enterprises in need. We fully participated in the construction of the Chengdu-Chongqing Economic Circle, and provided support for over 40 major projects including Xi'an-Kunming high-speed railway. In order to support the inclusive finance, we developed the “Huiyu Financial Service” (匯渝金服) for small and micro enterprises and took the lead in launching the “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸) in Chongqing, and the balance of agriculture-related loans for rural revitalization recorded a year-on-year increase of 18%. In terms of green finance, we became the 7th bank in China to adopt the Equator Principles, and the balance of green loans recorded a year-on-year increase of 33%. As for reform and innovation, the Bank promoted reforms in capital replenishment, contract management, and classified assessment, accelerated the R&D innovation of digital products and the digital transformation of traditional products, and launched 48 subproducts of “Hao Qi Dai” (好企貸) for 10 business scenarios. We spared no effort in risk prevention and control to lay a solid foundation for the sustainable and steady development of the Bank. On behalf of the management of the Bank, I would like to express my heartfelt gratitude and sincere respect to the investors and people from all walks of life !

In 2022, we will adhere to the basic tone of seeking progress while maintaining stability, and apply the new development philosophy in a complete, accurate and comprehensive manner in the new development stage to proactively integrate into and serve the new development pattern. We will endeavor to serve the real economy, strengthen risk prevention and control, and deepen reform and innovation, so as to repay the investors for their support and care for the Bank with new results and performance based on high-quality development.

President

RAN Hailing

Bank of Chongqing Co., Ltd.

Management Discussions and Analysis

7.1 Overall Operation

In 2021, China took the lead in the global economic recovery due to its efficient and effective COVID-19 response and targeted macro-control policies. The banking industry of China recorded a steady growth in scale, sound profitability and stable asset quality, and the operating quality and efficiency maintained a steady growth. According to the data of the China Banking and Insurance Regulatory Commission (CBIRC), as of 31 December 2021, the total assets of China's commercial banks amounted to RMB288.59 trillion, representing a year-on-year increase of 8.58%, the net profit reached RMB2.18 trillion, representing a year-on-year increase of 12.63%, and the non-performing loan ratio was 1.73%, representing a decrease of 0.11 percentage points from the end of the previous year. In terms of types of institutions, the proportion of total assets of large and joint stock commercial banks remained stable in the industry, that of city and rural commercial banks increased, and that of other financial institutions¹ decreased.

In 2021, in the face of complex and evolving external conditions, the Group deeply applied the new development philosophy to foster a new development pattern, and seized industry and regional development opportunities to achieve a coordinated development in scale, quality and efficiency, thereby successfully completing the strategic task to support proper commencement of and pave the way for the 14th Five-Year Plan.

Upgrade in the scale of operation. As of 31 December 2021, the total assets of the Group were RMB618.954 billion, representing an increase of RMB57.312 billion or 10.20% as compared with the beginning of the year; the total loans were RMB318.062 billion, representing an increase of RMB34.835 billion or 12.30% as compared with the beginning of the year; and the total deposits were RMB338.695 billion, representing an increase of RMB24.195 billion or 7.69% as compared with the beginning of the year.

Improvement in operating benefits, quality and efficiency. Under the orientation of finance serving the real economy, the Group made efforts to build differentiated competitive advantages and consolidated the high-quality development trend. In 2021, the operating income of the Group amounted to RMB14.229 billion, representing a year-on-year increase of RMB1.337 billion or 10.37%, and the net profit amounted to RMB4.859 billion, representing a year-on-year increase of RMB293 million or 6.42%.

Continuous optimization of the operating structure. The Group actively blended itself in the development of the Chengdu-Chongqing Economic Circle, adjusted its focus of asset investment, expanded sources of core liabilities, and continuously increased the proportions of credit assets and savings deposits. As of 31 December 2021, the Group's total loans and advances to customers as a percentage of the total assets increased to 51.39%, representing an increase of 0.96 percentage points over the end of the previous year; and savings deposit as a percentage of the total deposits was 41.31%, representing an increase of 2.57 percentage points over the end of the previous year.

¹ According to the definition of the CBIRC, other financial institutions comprise policy banks and China Development Bank, private banks, foreign banks, non-bank financial institutions and asset management companies.

Steady enhancement of capital strength. The Group raised funds through various channels and methods. The capital structure was further optimized through IPO of A Shares and stable profit growth during the Reporting Period. As of 31 December 2021, the core tier I capital adequacy ratio, the tier I capital adequacy ratio and the capital adequacy ratio of the Group were 9.36%, 10.45% and 12.99% respectively, representing an increase of 0.97, 0.88 and 0.45 percentage points respectively over the end of the previous year.

Steady improvement in asset quality. The Group continuously strengthened the construction of a comprehensive risk management system, accelerated the addressing of risks from existing large and doubtful credits, firmly forestalled risks, and kept the non-performing loan ratio and provision coverage within a reasonable range. As of 31 December 2021, the non-performing loan ratio of the Group was 1.30%, representing an increase of 0.03 percentage points over the end of the previous year; the allowance coverage ratio was 274.01%, representing a decrease of 35.12 percentage points over the end of the previous year.

7.2. Analysis of the Financial Statements

7.2.1 Analysis of the Income Statement

In 2021, the net interest income of the Group amounted to RMB11,597 million, representing a year-on-year increase of RMB536 million or 4.85%; and net fee and commission income amounted to RMB769 million, representing a year-on-year decrease of RMB268 million or 25.86%; share of profit of associates amounted to RMB296 million, representing a year-on-year increase of RMB133 million or 81.59%; operating expenses amounted to RMB3,322 million, representing a year-on-year increase of RMB437 million or 15.15%; and assets impairment losses amounted to RMB5,110 million, representing a year-on-year increase of RMB674 million or 15.20%. As a result of the foregoing factors, in 2021, the Group achieved a net profit of RMB4,859 million, representing a year-on-year increase of RMB293 million or 6.42%.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Net interest income	11,596,773	11,060,738	536,035	4.85
Net non-interest income	2,632,090	1,831,365	800,725	43.72
Including: Net fee and commission income	768,822	1,037,047	(268,225)	(25.86)
Other net non-interest income	1,863,268	794,318	1,068,950	134.57
Operating income	14,228,863	12,892,103	1,336,760	10.37
Less: Operating expenses	3,322,383	2,885,200	437,183	15.15
Less: Assets impairment losses	5,110,145	4,436,024	674,121	15.20
Operating profit	5,796,335	5,570,879	225,456	4.05
Share of profit of associates	295,822	162,903	132,919	81.59
Profit before income tax	6,092,157	5,733,782	358,375	6.25
Less: Income tax	1,233,132	1,168,087	65,045	5.57
Net profit	4,859,025	4,565,695	293,330	6.42
Attributable to: Shareholders of the listed company	4,663,743	4,423,633	240,110	5.43
Non-controlling interests	195,282	142,062	53,220	37.46

7.2.1.1 Operating income

In 2021, the Group achieved the operating income of RMB14,229 million, representing an increase of RMB1,337 million or 10.37% as compared to the previous year, with the net interest income accounting for 81.50%, and the net non-interest income accounting for 18.50%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021		2020		Change in amount	Change in percentage (%)
	Amount	Percentage	Amount	Percentage		
Net interest income	11,596,773	81.50	11,060,738	85.80	536,035	4.85
Net fee and commission income	768,822	5.40	1,037,047	8.04	(268,225)	(25.86)
Other net non-interest income	1,863,268	13.10	794,318	6.16	1,068,950	134.57
Total	14,228,863	100.00	12,892,103	100.00	1,336,760	10.37

7.2.1.2 Net interest income

In 2021, the net interest income of the Group amounted to RMB11,597 million, representing an increase of RMB536 million or 4.85% as compared to the previous year.

Interest income, interest expense and net interest income

In 2021, the interest income of the Group amounted to RMB27,411 million, representing an increase of RMB2,219 million or 8.81% as compared to the previous year; the interest expense amounted to RMB15,814 million, representing an increase of RMB1,683 million or 11.91% as compared to the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Interest income	27,410,536	25,191,048	2,219,488	8.81
Interest expense	15,813,763	14,130,310	1,683,453	11.91
Net interest income	11,596,773	11,060,738	536,035	4.85

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

In 2021, the average balance of interest-earning assets of the Group amounted to RMB563.323 billion, representing an increase of RMB75.679 billion or 15.52% as compared to the previous year. The average yield on interest-earning assets decreased by 30 basis points to 4.87% as compared to the previous year.

In 2021, the average balance of interest-bearing liabilities of the Group amounted to RMB537.862 billion, representing an increase of RMB66.041 billion or 14.00% as compared to the previous year. The average cost ratio of interest-bearing liabilities decreased by 5 basis points to 2.94% as compared to the previous year.

As a result of the combined impact of the above-mentioned factors, the net interest spread of the Group decreased by 25 basis points to 1.93% as compared to the previous year, while the net interest margin decreased by 21 basis points to 2.06% as compared to the previous year.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	304,048,276	16,847,768	5.54	261,695,674	15,638,356	5.98
Investment securities	172,337,065	8,991,252	5.22	144,437,997	8,041,502	5.57
Cash and balances with Central Bank	32,794,690	477,365	1.46	32,342,792	463,954	1.43
Due from other banks and financial institutions	54,142,901	1,094,151	2.02	49,167,839	1,047,236	2.13
Total interest-earning assets	563,322,932	27,410,536	4.87	487,644,302	25,191,048	5.17
LIABILITIES						
Customer deposits	327,487,351	9,325,376	2.85	299,636,497	8,851,012	2.95
Due to and placements from banks and other financial institutions and lease liabilities	96,120,684	2,878,055	2.99	66,728,358	2,014,685	3.02
Debt securities payable	114,254,298	3,610,332	3.16	105,456,257	3,264,613	3.10
Total interest-bearing liabilities	537,862,333	15,813,763	2.94	471,821,112	14,130,310	2.99
Net interest income		11,596,773			11,060,738	
Net interest spread			1.93			2.18
Net interest margin			2.06			2.27

Management Discussions and Analysis

Analysis of changes in interest income and expense

The Group's changes in interest income and expense are jointly affected by volume factor and interest rate factor. The following table sets forth the analysis of changes in interest income and expense of the Bank in 2021.

(All amounts expressed in thousands of RMB unless otherwise stated)	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
ASSETS			
Loans and advances to customers	2,346,821	(1,137,409)	1,209,412
Investment securities	1,455,564	(505,814)	949,750
Cash and balances with Central Bank	6,578	6,833	13,411
Due from other banks and financial institutions	100,539	(53,624)	46,915
Change in interest income	3,909,502	(1,690,014)	2,219,488
LIABILITIES			
Customer deposits	793,068	(318,704)	474,364
Due to and placements from banks and other financial institutions	880,068	(16,698)	863,370
Debt securities payable	278,010	67,709	345,719
Change in interest expense	1,951,146	(267,693)	1,683,453
Change in net interest income	1,958,356	(1,422,321)	536,035

7.2.1.3 Interest income

In 2021, the Group realised interest income of RMB27,411 million, representing an increase of RMB2,219 million or 8.81% as compared to the previous year.

Interest income from loans and advances to customers

In 2021, the Group's interest income from loans and advances to customers amounted to RMB16,848 million, representing a year-on-year increase of RMB1,209 million or 7.73%, primarily due to the average balance on loans and advances to customers increased by 16.18% as compared to that of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	53,603,882	2,095,295	3.91	62,274,014	2,947,367	4.73
Medium-and-long-term loans	250,444,394	14,752,473	5.89	199,421,660	12,690,989	6.36
Total loans and advances to customers	304,048,276	16,847,768	5.54	261,695,674	15,638,356	5.98

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	182,169,444	10,152,873	5.57	152,678,958	9,070,445	5.94
Retail loans	103,983,443	6,264,883	6.02	93,743,729	6,139,327	6.55
Discounted bills	17,895,389	430,012	2.40	15,272,987	428,584	2.81
Total loans and advances to customers	304,048,276	16,847,768	5.54	261,695,674	15,638,356	5.98

Interest income from investment securities

In 2021, the Group's interest income from investment securities amounted to RMB8,991 million, representing a year-on-year increase of RMB950 million or 11.81%, primarily due to the increase of 19.32% in average balance on investment securities as compared to that of the previous year.

Interest income from cash and balances with Central Bank

In 2021, the Group's interest income from cash and balances with Central Bank amounted to RMB477 million, representing a year-on-year increase of RMB13 million or 2.89%, primarily due to the increase of 1.40% in average balance and the increase of 3 basis points in average yield on cash and balances with Central Bank as compared to those of the previous year.

Interest income from amounts due from other banks and financial institutions

In 2021, the total interest income from the Group's amounts due from other banks and financial institutions amounted to RMB1,094 million, representing a year-on-year increase of RMB47 million or 4.48%, primarily due to the average daily balance of financial assets held under resale agreements increased by 11.46% and the average yield increased by 7 basis points as compared to that of the previous year.

7.2.1.4 Interest expense

Interest expense on customer deposits

In 2021, the Group's interest expense on customer deposits was RMB9,325 million, representing a year-on-year increase of RMB474 million or 5.36%, primarily due to a year-on-year increase in the average balance of customer deposits by 9.29% as compared to that of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	71,765,434	788,065	1.10	68,618,087	676,518	0.99
Time	108,219,032	3,702,754	3.42	107,886,963	3,945,169	3.66
Subtotal	179,984,466	4,490,819	2.50	176,505,050	4,621,687	2.62
Individual deposits						
Demand	16,332,799	65,036	0.40	14,362,994	56,238	0.39
Time	116,408,342	4,559,652	3.92	98,614,616	3,887,296	3.94
Subtotal	132,741,141	4,624,688	3.48	112,977,610	3,943,534	3.49
Other deposits	14,761,744	209,869	1.42	10,153,837	285,791	2.81
Total	327,487,351	9,325,376	2.85	299,636,497	8,851,012	2.95

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

In 2021, the Group's total interest expense on due to and placements from banks and other financial institutions and lease liabilities was RMB2,878 million, representing a year-on-year increase of RMB863 million or 42.85%, primarily due to the sharp increase in the daily average balance of borrowings from Central Bank and financial assets sold under repurchase agreements

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to and placements from other banks	48,524,376	1,691,763	3.49	44,959,593	1,481,827	3.30
Borrowings from Central Bank	34,275,394	897,168	2.62	15,885,999	405,692	2.55
Financial assets sold under repurchase agreements	13,213,896	285,903	2.16	5,756,921	121,212	2.11
Lease liabilities	107,018	3,221	3.01	125,845	5,954	4.73
Total	96,120,684	2,878,055	2.99	66,728,358	2,014,685	3.02

Interest expense on issuance of debt securities

In 2021, the Group's interest expense on issuance of debts securities amounted to RMB3,610 million, representing a year-on-year increase of RMB346 million or 10.59%, primarily due to the increase in average cost ratio by 6 basis points as compared to that of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021			2020		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated debts	6,198,868	297,591	4.80	7,500,000	358,058	4.77
Financial debts for small and micro enterprises	3,857,219	139,930	3.63	316,940	11,853	3.74
Inter-bank certificates of deposits	95,495,236	2,826,064	2.96	88,639,317	2,518,029	2.84
Financial debts	8,702,975	346,747	3.98	9,000,000	376,673	4.19
Total	114,254,298	3,610,332	3.16	105,456,257	3,264,613	3.10

7.2.1.5 Non-interest income

Net fee and commission income

In 2021, the Group's net fee and commission income amounted to RMB769 million, representing a decrease of RMB268 million or 25.86% as compared to the previous year. Among them, commission income from wealth management agency services amounted to RMB567 million, representing a year-on-year decrease of RMB229 million or 28.80%, primarily due to the transition to net-worth wealth management products with low excess return rate.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Fee and commission income	903,753	1,151,897	(248,144)	(21.54)
Financial advisory and consulting services	–	5,111	(5,111)	(100.00)
Wealth management agency services	567,144	796,591	(229,447)	(28.80)
Custodian services	48,024	117,048	(69,024)	(58.97)
Bank card services and annual fee	73,105	27,266	45,839	168.12
Guarantees and credit commitments	107,983	113,135	(5,152)	(4.55)
Settlement and agency services	107,497	92,746	14,751	15.90
Fee and commission expense	(134,931)	(114,850)	(20,081)	17.48
Net fee and commission income	768,822	1,037,047	(268,225)	(25.86)

Other net non-interest income

In 2021, the Group's other non-interest income amounted to RMB1,863 million, representing an increase of RMB1,069 million or 134.57% as compared with the previous year. Among which, the Group's net gains on investment securities amounted to RMB1,443 million, representing an increase of RMB557 million or 62.95% compared with the previous year, mainly due to the fair value gains of the trust investments and directional assets management plans as a result of market fluctuation. The Group's net trading losses/(gains) amounted to RMB267 million, mainly due to the gains on equity investment valuation of the financial assets classified as measured at fair value through profit or loss as compared to the losses of the previous year. Other operating income amounted to RMB154 million, representing an increase of RMB28 million as compared with the previous year or a year-on-year increase of 22.41%, mainly due to the increase in government grants.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Net trading losses/(gains)	266,650	(216,780)	483,430	N/A
Net gains on investment securities	1,442,636	885,304	557,332	62.95
Other operating income	153,982	125,794	28,188	22.41
Total	1,863,268	794,318	1,068,950	134.57

7.2.1.6 Operating expenses

In 2021, the Group's operating expenses were RMB3,322 million, representing an increase of RMB437 million or 15.15% as compared with the previous year. Among which, the staff costs increased by 15.83% on a year-on-year basis; the general and administrative expenses increased by 20.16% on a year-on-year basis; the depreciation and amortization increased by 10.01% on a year-on-year basis; and the tax and surcharges increased by 9.11% on a year-on-year basis.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Staff costs	1,945,510	1,679,589	265,921	15.83
Tax and surcharges	169,964	155,778	14,186	9.11
Depreciation and amortisation	347,582	315,944	31,638	10.01
General and administrative expenses	748,051	622,536	125,515	20.16
Others	111,276	111,353	(77)	(0.07)
Operating expenses	3,322,383	2,885,200	437,183	15.15

7.2.1.7 Assets impairment losses

In 2021, the assets impairment losses of the Group recorded RMB5,110 million, representing an increase of RMB674 million or 15.20% as compared to the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Loans and advances to customers	4,621,888	4,211,102	410,786	9.75
Investment securities	287,117	(2,277)	289,394	N/A
Due from other banks and financial institutions	(6,108)	156,499	(162,607)	N/A
Off-balance sheet losses on expected credit impairment	(195,171)	(51,432)	(143,739)	279.47
Other assets	402,419	122,132	280,287	229.50
Total assets impairment losses	5,110,145	4,436,024	674,121	15.20

7.2.1.8 Share of profit of associates

In 2021, the Group's share of profit of associates amounted to RMB296 million, representing a year-on-year increase of RMB133 million or 81.59%. As of 31 December 2021, the Group's associates included Three Gorges Bank and Mashang Consumer.

7.2.1.9 Income tax

In 2021, the Group's income tax expenses amounted to RMB1,233 million, representing an increase of RMB65 million or 5.57% as compared with the previous year, with the effective tax rate of 20.24%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020	Change in amount	Change in percentage (%)
Profit before income tax	6,092,157	5,733,782	358,375	6.25
Tax calculated at statutory tax rate	1,523,039	1,433,445	89,594	6.25
Effect of preferential tax rate	(48,394)	(39,519)	(8,875)	22.46
Tax effect arising from non-taxable income	(423,402)	(296,770)	(126,632)	42.67
Tax effect of expenses that are not deductible for tax purposes	139,415	92,832	46,583	50.18
Income tax adjustment for prior years	15,049	(92,198)	107,247	N/A
The impact of changes in tax rates on the deferred income tax assets at the beginning of the period	27,425	70,297	(42,872)	(60.99)
Income tax	1,233,132	1,168,087	65,045	5.57

Management Discussions and Analysis

7.2.2 Balance Sheet Analysis

7.2.2.1 Total assets

As of 31 December 2021, the Group's total assets amounted to RMB618,954 million, representing an increase of RMB57,312 million or 10.20% over the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	318,061,937	51.39	283,226,555	50.43
Of which: Total principal of loans and advances to customers	315,955,793	51.05	281,220,076	50.07
Interests due from loans and advances to customers	2,106,144	0.34	2,006,479	0.36
Total impairment allowances for the expected credit	(11,178,339)	(1.81)	(10,967,207)	(1.95)
Net loans and advances to customers	306,883,598	49.58	272,259,348	48.48
Investment securities	194,551,720	31.43	159,581,206	28.41
Investment in associates	2,228,158	0.36	1,945,081	0.35
Cash and balances with Central Bank	37,200,469	6.01	35,305,289	6.29
Due from and placements with banks and other financial institutions	44,831,819	7.24	52,659,497	9.38
Financial assets at fair value through profit or loss	24,585,122	3.97	31,208,753	5.56
Property, plant and equipment	3,152,421	0.51	3,233,280	0.58
Deferred tax assets	3,846,343	0.62	3,353,016	0.60
Other assets	1,673,970	0.27	2,095,927	0.37
Total assets	618,953,620	100.00	561,641,397	100.00

7.2.2.2 Loans and advances to customers

As of 31 December 2021, the Group's total loans and advances to customers increased by RMB34,835 million or 12.30% to RMB318,062 million over the end of the previous year. This is mainly because the Group grasped the opportunity to implement various policies, increased the support for real enterprises, small and micro enterprises, and accelerated the credit granting to key businesses and industries during the Reporting Period.

As of 31 December 2021, the Group's total principal of corporate loans was RMB185,958 million, representing an increase of RMB21,298 million or 12.93% as compared with the end of the previous year; the total principal of retail loans was RMB101,848 million, representing an increase of RMB5,322 million or 5.51% as compared with the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate loans	185,958,346	58.86	164,660,672	58.55
Discounted notes	28,148,893	8.91	20,032,920	7.12
Retail loans	101,848,554	32.23	96,526,484	34.33
Total	315,955,793	100.00	281,220,076	100.00

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Short-term corporate loans	21,361,179	11.49	26,628,158	16.17
Medium-and-long-term corporate loans	164,597,167	88.51	138,032,514	83.83
Total	185,958,346	100.00	164,660,672	100.00

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Personal mortgage loans	42,843,185	42.06	35,530,566	36.81
Personal consumer loans	20,110,306	19.75	31,366,897	32.50
Personal business loans	22,524,007	22.12	19,942,281	20.66
Credit card advances	16,371,056	16.07	9,686,740	10.03
Total	101,848,554	100.00	96,526,484	100.00

Management Discussions and Analysis

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

7.2.2.3 Financial investments

As of 31 December 2021, the Group's financial investments amounted to RMB219,137 million, representing an increase of RMB28,347 million or 14.86% as compared with the end of the previous year. Among them, financial investments at amortized cost amounted to RMB130,465 million, representing an increase of RMB16,765 million or 14.74% as compared with the end of the previous year; financial investments at fair value through other comprehensive income amounted to RMB64,087 million, representing an increase of RMB18,206 million or 39.68% as compared with the end of the previous year; financial assets at fair value through profit or loss amounted to RMB24,585 million, representing a decrease of RMB6,624 million or 21.23% as compared with the end of the previous year. This is mainly due to the standardized, diversified and light-asset allocation of financial investments, the linkage with investment banking business, the increase of investments in fixed income products, and the increase of interest rate bonds and other liquid reserve assets.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Bond investments	138,249,591	63.09	87,653,180	45.94
Trust investments	14,374,223	6.56	18,136,520	9.51
Directional assets management plans	47,021,626	21.46	55,051,886	28.86
Debt financing plans	10,722,000	4.89	13,314,000	6.98
Wealth management products purchased from financial institutions	2,026,559	0.93	7,800,943	4.09
Fund investments	3,032,399	1.38	5,904,445	3.10
Equity investments	832,957	0.38	808,756	0.42
Derivative financial instruments	4,556	0.00	4,543	0.00
Others	14	0.00	14	0.00
Accrued interest	3,911,443	1.78	3,442,174	1.80
Provision for impairment	(1,038,526)	(0.47)	(1,326,502)	(0.70)
Total	219,136,842	100.00	190,789,959	100.00

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Up to 3 months	19,799,911	9.04	12,971,598	6.80
3 to 12 months	36,270,393	16.55	33,900,051	17.77
1 to 5 years	132,297,762	60.37	117,124,829	61.39
Over 5 years	28,748,446	13.12	25,431,099	13.33
In perpetuity	832,957	0.38	813,299	0.42
Overdue	1,187,373	0.54	549,083	0.29
Total financial investments	219,136,842	100.00	190,789,959	100.00

As of 31 December 2021, balance of the Group's financial investments with the remaining term of less than a year was RMB56,070 million, representing an increase of RMB9,199 million or 19.63% as compared with the end of the previous year; balance of the Group's financial investments with the remaining term of more than a year was RMB161,046 million, representing an increase of RMB18,490 million or 12.97% as compared with the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial investments at fair value through profit or loss	24,585,122	11.22	31,208,753	16.36
Financial investments at fair value through other comprehensive income	64,087,193	29.24	45,881,180	24.05
Financial investments measured at amortised cost	130,464,527	59.54	113,700,026	59.59
Total financial investments	219,136,842	100.00	190,789,959	100.00

As of 31 December 2021, the Group's balance of financial investments at fair value through profit or loss amounted to RMB24,585 million, representing a decrease of RMB6,624 million or 21.22% as compared to the end of the previous year; the balance of financial investments at fair value through other comprehensive income amounted to RMB64,087 million, representing an increase of RMB18,206 million or 39.68% as compared to the end of the previous year; the balance of financial investments measured at amortised cost amounted to RMB130,465 million, representing an increase of RMB16,765 million or 14.74% as compared to the end of the previous year.

Management Discussions and Analysis

Composition of the Group's bond investments by issuers

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage total (%)
Treasury bonds	58,046,354	41.99	28,549,717	32.57
Local government bonds	14,021,496	10.14	10,792,550	12.31
Bonds of financial institutions	6,067,553	4.39	5,946,007	6.79
Corporate bonds	60,114,188	43.48	42,364,906	48.33
Total bond investments	138,249,591	100.00	87,653,180	100.00

As of 31 December 2021, the Group's treasury bond investments amounted to RMB58,046 million, representing an increase of RMB29,497 million or 103.32% as compared with the end of the previous year, with its proportion in bond investments increasing by 9.42 percentage points to 41.99%.

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

Name of bonds	Face value (thousands of RMB)	Annual interest rate (%)	Maturity date	Provision for impairment (thousands of RMB)
2020 Policy bank bonds	1,300,000	2.20	2023/4/1	2,332.89
2016 Policy bank bonds	1,000,000	3.18	2026/4/5	1,855.03
2016 Policy bank bonds	500,000	3.18	2026/9/5	8,031.36
2013 Policy bank bonds	460,000	5.04	2023/10/24	864.25
2021 Tier II capital bonds of commercial banks	300,000	3.83	2031/10/25	N/A
2021 Tier II capital bonds of commercial banks	300,000	4.20	2031/9/13	N/A
2005 Policy bank bonds	200,000	4.10	2025/8/30	372.85
2019 Tier II capital bonds of commercial banks	200,000	4.34	2034/9/24	N/A
2020 Tier II capital bonds of commercial banks	200,000	3.75	2030/6/29	N/A
2021 Financial bonds of commercial banks	200,000	3.30	2024/1/26	371.98

Note: The above provision for impairment is calculated on the basis of the expected loss model in accordance with IFRS 9. To the knowledge of the Bank, there is no significant change in the financial position of the above financial bond issuers during the Reporting Period.

7.2.2.4 Investment in associates

As at 31 December 2021, the Group's net investment in associates was RMB2,228 million, representing an increase of RMB283 million or 14.55% as compared with the end of the previous year, mainly due to the increase in profits of the Group's associates. For details, please refer to "Note 23 to the Financial Report".

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020
Balance at the beginning of the period	1,945,081	1,801,573
Additional investment in associates	–	–
Share of profit of associates	295,822	162,903
Cash dividends declared	(12,745)	(19,395)
Balance at the end of the period	2,228,158	1,945,081

7.2.2.5 Total liabilities

As at 31 December 2021, the total liabilities of the Group amounted to RMB569,707 million, representing an increase of RMB50,060 million or 9.63% as compared to the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Customer deposits	338,695,343	59.45	314,500,257	60.52
Debt securities issued	118,852,070	20.86	101,040,342	19.44
Due to and placements from banks and other financial institutions	107,241,149	18.82	97,411,900	18.75
Financial liabilities at fair value through profit or loss	5,772	0.00	6,904	0.00
Current tax liabilities	248,418	0.04	405,461	0.08
Other liabilities	4,664,173	0.83	6,282,319	1.21
Total liabilities	569,706,925	100.00	519,647,183	100.00

Management Discussions and Analysis

7.2.2.6 Customer deposits

In 2021, the Group gave full play to its regional brand advantages, and accelerated innovation in its products and services, which contributed to the steady growth in customer deposits. As at 31 December 2021, the total customer deposits of the Group amounted to RMB338,695 million, representing an increase of RMB24,195 million or 7.69% as compared to the end of the previous year.

In terms of customer structure, the Group's corporate deposits and individual deposits have grown steadily, with a further increase in the proportion of individual deposits. During the Reporting Period, the Group continuously improved the service level for retail customers through deeply exploring into the retail markets in the "one municipality and three provinces", leading to the continual increase in the amount and proportion of individual deposits. As at 31 December 2021, balance of the Group's individual deposits was RMB139,919 million, representing an increase of RMB18,093 million or 14.85%, accounting for 41.31% of the total customer deposits, up by 2.57 percentage points as compared with the end of the previous year. Balance of the Group's corporate deposits was RMB180,065 million, representing an increase of RMB1,405 million or 0.79%, accounting for 53.16% of the total customer deposits, decreased by 3.64 percentage points as compared with the end of the previous year.

In terms of term structure, the scale of the Group's time deposits has expanded. As at the end of the Reporting Period, balance of the Group's demand deposits was RMB88,385 million, representing a decrease of RMB1,917 million or 2.12% as compared with the end of the previous year; balance of the Group's time deposits was RMB231,599 million, representing an increase of RMB21,416 million or 10.19% as compared with the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	71,149,941	21.01	74,291,268	23.62
Corporate time deposits	108,914,851	32.16	104,368,093	33.19
Individual demand deposits	17,235,404	5.09	16,011,350	5.09
Individual time deposits	122,683,998	36.22	105,814,582	33.65
Other deposits	15,202,061	4.49	11,077,135	3.52
Interest payable on customer deposits	3,509,088	1.04	2,937,829	0.93
Total customer deposits	338,695,343	100.00	314,500,257	100.00

7.2.2.7 Issuance of bonds

The Group did not issue any corporate bonds that need to be disclosed in accordance with the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Format of Annual Reports (2021 Revision) and the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 38 – Contents and Format of Annual Reports on Corporate Bonds.

7.2.2.8 Shareholders' equity

As at 31 December 2021, the total equity of the Bank amounted to RMB49,247 million, representing an increase of RMB7,252 million or 17.27% as compared to the end of the previous year; the equity attributable to shareholders of the Bank amounted to RMB47,273 million, representing an increase of RMB7,098 million or 17.67% as compared to the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,474,505	7.06	3,127,055	7.45
Preferred shares	4,909,307	9.97	4,909,307	11.69
Capital surplus	8,044,708	16.34	4,680,638	11.15
Other reserves	11,701,636	23.76	10,356,321	24.66
Retained earnings	19,143,032	38.87	17,101,676	40.72
Total equity attributable to shareholders of the Bank	47,273,188	95.99	40,174,997	95.67
Non-controlling interests	1,973,507	4.01	1,819,217	4.33
Total equity	49,246,695	100.00	41,994,214	100.00

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7.3 Loan quality analysis

7.3.1 Distribution of loans by the five-category classification

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	301,992,279	95.58	269,345,116	95.77
Special mention	9,857,696	3.12	8,311,335	2.96
Substandard	1,417,191	0.44	1,604,471	0.57
Doubtful	1,564,637	0.50	917,641	0.33
Loss	1,123,990	0.36	1,041,513	0.37
Total principals of loans and advances to customers	315,955,793	100.00	281,220,076	100.00
Amount of non-performing loans	4,105,818	1.30	3,563,625	1.27

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

In 2021, faced with the challenges posed by macro-economic and financial dynamics, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, conducted a thorough risk review of credit assets, strengthened early risk warning, tracking and post-lending monitoring management and stepped up efforts in risk management. As a result of these efforts, the quality of the Group's credit assets was relatively good compared to other banks. As at 31 December 2021, the balance of non – performing loans was RMB4,106 million, representing an increase of RMB542 million as compared to the end of the previous year; non-performing loan ratio was 1.30%, representing an increase of 0.03 percentage points as compared to that of the end of the previous year. The amount of loans under special mention category accounted for 3.12% of total loans, representing an increase of 0.16 percentage points as compared to that of the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021				31 December 2020			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Corporate loans	185,958,346	58.86	3,194,076	1.72	164,660,672	58.56	2,604,301	1.58
Short-term loans	21,361,179	6.77	1,084,630	5.08	26,628,158	9.47	1,120,845	4.21
Medium-and-long-term loans	164,597,167	52.09	2,109,446	1.28	138,032,514	49.09	1,483,456	1.07
Discounted bills	28,148,893	8.91	-	-	20,032,920	7.12	-	-
Retail loans	101,848,554	32.23	911,742	0.90	96,526,484	34.32	959,324	0.99
Personal mortgage loans	42,843,185	13.56	116,740	0.27	35,530,566	12.64	103,067	0.29
Personal consumer loans	20,110,306	6.36	163,137	0.81	31,366,897	11.15	300,141	0.96
Personal business loans	22,524,007	7.13	502,964	2.23	19,942,281	7.09	457,509	2.29
Credit card advances	16,371,056	5.18	128,901	0.79	9,686,740	3.44	98,607	1.02
Total principals of loans and advances to customers	315,955,793	100.00	4,105,818	1.30	281,220,076	100.00	3,563,625	1.27

In 2021, the Group adhered to its original intention and actively expanded various credit businesses. In terms of corporate loans, the Group actively overcame the adverse effects of the macroeconomic downturn, and steadily promoted the development of project financing, green finance and other business, as a result of which, the asset quality remained basically stable. As at 31 December 2021, the non-performing ratio of the Group's corporate loans was 1.72%, up by 0.14 percentage points as compared with the end of the previous year. In term of retail loans, the Group steadily launched the personal mortgage loans and credit card loans to satisfy the personal housing needs, and actively supported the personal business loan demand. As at 31 December 2021, the non-performing rate of the Group's retail loans was 0.90%, down by 0.09 percentage points as compared with the end of the previous year, of which that of personal mortgage loans, personal consumer loans, personal business loans and credit card loans decreased, contributing to the stable improvement of the asset quality.

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7.3.3 Distribution of loans and non-performing loans by industry

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021				31 December 2020			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Corporate loans – measured at amortised cost								
Manufacturing	22,395,267	7.10	564,685	2.52	23,232,705	8.26	629,193	2.71
Wholesale and retail	14,860,177	4.70	908,939	6.12	14,095,203	5.01	914,670	6.49
Construction	19,476,734	6.16	239,386	1.23	17,680,813	6.29	355,865	2.01
Real estate	11,534,439	3.65	543,084	4.71	14,556,043	5.18	564,970	3.88
Leasing and commercial services	46,610,041	14.75	26,722	0.06	35,458,997	12.61	9,799	0.03
Water conservation, environment and public facility administration	48,240,630	15.27	–	–	35,349,761	12.57	–	–
Transportation, warehousing and postal service	2,816,982	0.89	27,363	0.97	3,910,638	1.39	27,804	0.71
Mining	1,545,653	0.49	480,459	31.08	1,756,136	0.62	2,272	0.13
Electricity, heat, gas and water production and supply	6,012,594	1.90	7,720	0.13	6,845,137	2.43	–	–
Agriculture, forestry, animal husbandry and fishery	3,043,563	0.96	41,375	1.36	2,506,763	0.89	30,459	1.22
Household services, maintenance and other services	337,473	0.11	7,846	2.32	267,737	0.10	4,077	1.52
Education	831,517	0.26	844	0.10	903,269	0.32	4,367	0.48
Financing	878,949	0.28	–	–	725,257	0.26	–	–
Scientific research and technology services	1,815,385	0.57	278,495	15.34	1,630,880	0.58	–	–
Information transmission, software and information technology services	1,218,619	0.39	49,011	4.02	1,231,397	0.44	41,107	3.34
Accommodation and catering	1,526,935	0.48	12,878	0.84	1,454,567	0.52	17,860	1.23
Culture, sports and entertainment	781,354	0.25	411	0.05	953,156	0.34	–	–
Health and social welfare	2,032,034	0.64	4,858	0.24	2,102,213	0.75	1,858	0.09
Loans to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	28,148,893	8.91	–	–	20,032,920	7.12	–	–
Retail loans – measured at amortised cost								
Retail loans	101,848,554	32.24	911,742	0.90	96,526,484	34.32	959,324	0.99
Total	315,955,793	100.00	4,105,818	1.30	281,220,076	100.00	3,563,625	1.27

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

In 2021, the Group closely responded to the national major strategic planning, actively participated in the construction of “Chengdu-Chongqing Economic Circle”, continued to adjust the credit portfolio, and actively invested resources in the “new infrastructure” sector, strategic emerging industries, advanced manufacturing industry and other industries. We also dynamically adjusted the credit strategies for key industries such as real estate, local government financing platform and constrained exit industries by combining the national macro industrial policies. Moreover, we accelerated the screening of customers involved in high leverage, “zombie enterprises”, overcapacity and other risks.

As of the end of the Reporting Period, the Group’s non-performing loan ratio increased by 0.03 percentage points as compared with the end of last year. The non-performing loan ratios in mining, real estate and other industries increased as compared with the end of last year, while the non-performing loan ratios in construction, manufacturing, wholesale and retail and other industries decreased as compared with the end of last year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021				31 December 2020			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Collateralised loans	91,070,650	28.82	1,792,747	1.97	86,550,044	30.78	1,679,044	1.94
Pledged loans	40,658,574	12.87	160,241	0.39	31,342,120	11.15	278,177	0.89
Guaranteed loans	136,184,651	43.10	1,760,799	1.29	123,129,602	43.78	1,217,603	0.99
Unsecured loans	48,041,918	15.21	392,031	0.82	40,198,310	14.29	388,801	0.97
Total principals of loans and advances to customers	315,955,793	100.00	4,105,818	1.30	281,220,076	100.00	3,563,625	1.27

As at 31 December 2021, balance of the Group’s collateralised and pledged loans increased by RMB13,837 million or 11.74%, balance of the guaranteed loans increased by RMB13,055 million or 10.60%, and balance of the credit loans increased by RMB7,844 million or 19.51% as compared with the end of the previous year. The non-performing loan ratio of collateralised loans and guaranteed loans increased by 0.03 percentage points and 0.30 percentage points respectively, and that of pledged loans and credit loans decreased by 0.50 percentage points and 0.15 percentage points respectively, as compared with the end of the previous year.

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7.3.5 Distribution of loans and non-performing loans by region

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021				31 December 2020			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Chongqing	247,898,840	78.46	3,102,469	1.25	222,907,038	79.26	2,607,316	1.17
Other areas	68,056,953	21.54	1,003,349	1.47	58,313,038	20.74	956,309	1.64
Total principals of loans and advances to customers	315,955,793	100.00	4,105,818	1.30	281,220,076	100.00	3,563,625	1.27

In view of the regional economic characteristics and the differences of customer groups, the Group adopted differentiated risk classification and supervision management for the branch outlets in the “one municipality and three provinces”, so as to effectively prevent credit risk. As at 31 December 2021, the Group’s non-performance loan ratio in other areas was 1.47%, representing a decrease of 0.17 percentage points as compared to the end of the previous year.

7.3.6 Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)		31 December 2021		
		Loan amount	Percentage of net capital (%)	Percentage of total loans (%)
Customer A	Leasing and commercial services	1,980,000	3.30	0.63
Customer B	Leasing and commercial services	1,848,000	3.08	0.58
Customer C	Leasing and commercial services	1,496,500	2.50	0.47
Customer D	Water conservation, environment and public facility administration	1,416,735	2.36	0.45
Customer E	Leasing and commercial services	1,376,250	2.29	0.44
Customer F	Leasing and commercial services	1,337,669	2.23	0.42
Customer G	Water conservation, environment and public facility administration	1,282,356	2.14	0.41
Customer H	Water conservation, environment and public facility administration	1,243,249	2.07	0.39
Customer I	Water conservation, environment and public facility administration	1,200,000	2.00	0.38
Customer J	Leasing and commercial services	1,160,000	1.93	0.37

As at 31 December 2021, the Bank’s total loans to its largest single borrower amounted to RMB1,980 million and accounted for 3.30% of its net capital, while total loans to its top ten customers amounted to RMB14,341 million and accounted for 23.90% of its net capital, which were in compliance with regulatory requirements. As at 31 December 2021, all of the Bank’s loans to top ten single borrowers were loans in the pass category.

7.3.7 Overdue loans

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Past due within 90 days	4,888,186	1.55	3,798,615	1.35
Past due 90 days to 1 year	1,736,904	0.55	1,217,005	0.43
Past due over 1 year and within 3 years	1,427,494	0.45	1,561,623	0.56
Past due over 3 years	398,729	0.13	92,334	0.03
Total principals of overdue loans and advances to customers	8,451,313	2.68	6,669,577	2.37
Total principals of loans and advances to customers	315,955,793	100.00	281,220,076	100.00

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

As at 31 December 2021, the total overdue loans of the Group amounted to RMB8,451 million, representing an increase of RMB1,782 million as compared to the end of the previous year. Total overdue loans accounted for 2.68% of total loans and advances to customers, representing an increase of 0.31 percentage points as compared to the end of the previous year. The Group adopts a prudent classification standard for overdue loans. The ratio of non – performing loans to loans overdue for more than 90 days is 1.15.

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7.3.8 Restructured loans

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Restructured loans	601,712	0.19	489,234	0.17
Including: Restructured loans overdue for more than 90 days	502,377	0.16	469,455	0.17
Total loans and advances to customers	315,955,793	100.00	281,220,076	100.00

As at 31 December 2021, the Group's restructured loans accounted for 0.19%, up by 0.02 percentage points as compared with the end of the previous year.

7.3.9 Withdrawal of debt assets and provision for impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	Amount	Provision for impairment	Amount	Provision for impairment
Debt assets	83,769	(15,205)	74,801	(6,480)

As at 31 December 2021, the Group's debt assets amounted to RMB84 million and the provision for impairment of debt assets was RMB15 million.

7.3.10 Changes in provision for loan impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	2021	2020
Beginning balance of the year	10,967,207	8,721,904
New financial assets originated or purchased	1,758,514	2,059,840
Re-measurement	4,747,302	4,570,203
Repayment	(1,906,645)	(2,375,318)
Written-off and transferred of the year	(4,850,525)	(2,156,615)
Recoveries of loans written-off in previous years and advances transfer-in	547,312	300,204
Effect of discount factors	(84,826)	(153,011)
Ending balance of the year	11,178,339	10,967,207

The Group adheres to a sound and prudent provision policy, and realizes the scientific measurements of expected loss of assets by establishing the expected credit loss model. As at 31 December 2021, balance of the Group's loan impairment provision was RMB11,178 million, representing an increase of RMB211 million as compared with the end of the previous year. The provision coverage ratio of non-performing loans was 274.01%, down by 35.12 percentage points as compared with the end of the previous year. The loan provision ratio was 3.56%, down by 0.36 percentage points as compared with the end of the previous year.

7.4 Operating Results by Segment

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2021		2020	
	Operating income	Profit before income tax	Operating income	Profit before income tax
Corporate banking business	8,799,959	2,768,434	7,563,419	2,884,627
Retail banking business	2,820,156	1,300,274	2,919,029	983,432
Treasury business	2,498,487	2,014,902	2,286,522	1,917,401
Unallocated	110,261	8,547	123,133	(51,678)
Total	14,228,863	6,092,157	12,892,103	5,733,782

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7.5 Other Information to be Disclosed according to Regulatory Requirements

7.5.1 Key regulatory indicators

Items		31 December 2021	31 December 2020	31 December 2019
Liquidity ratio (%)	RMB	78.51	77.07	73.18
	Foreign currency	622.10	787.01	385.34
Loan migration ratio (%)	Pass	3.48	2.81	2.96
	Special mention	29.90	24.62	24.70
	Substandard	71.42	76.77	83.79
	Doubtful	24.65	63.80	25.91

Note:

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021	31 December 2020
Credit related commitments	60,814,987	45,108,117
Of which:		
Irrevocable loan commitments	8,331	8,311
Bank acceptance bill	40,136,679	28,354,591
Issuance of letters of guarantee	4,075,148	4,342,096
Issuance of letters of credit	10,407,922	7,482,028
Unused credit card limits	6,186,907	4,921,091
Capital expenditure commitments	206,655	346,518
Total	61,021,642	45,454,635

7.5.3 Cash Flows

In 2021, the net cash flows from operating activities of the Group were RMB5.085 billion, and the net inflow decreased by RMB27.126 billion as compared with the previous year, primarily due to the customer deposits and net amounts due from other banks and other financial institutions decreased by RMB31.5 billion. The net cash flows from investing activities were RMB-15.841 billion, and the net outflow decreased by RMB5.840 billion as compared with the previous year, primarily due to the decrease in purchase of investment securities; the net cash flows from financing activities were RMB16.274 billion, and the net inflow increased by RMB24.988 billion as compared with the previous year, primarily due to the decrease in cash paid to redeem debt securities issued.

7.6 Business Overview

7.6.1 Corporate Banking Business

During the Reporting Period, the Bank deeply engaged in national key strategies, and fully blended itself in the development of the Chengdu-Chongqing Economic Circle through enhancing customer service capabilities and internal and external synergy capabilities. Meantime, we deepened a series of strategic cooperation, and continued to optimize the asset-liability structure of our business.

Supporting key national strategies and capturing opportunities for business development. Based in Chongqing and deeply penetrating into Sichuan and Chongqing, the Bank clarified its specific direction for the development of the Chengdu-Chongqing Economic Circle in line with the 14th Five-Year Plan and the New Land-Sea Corridor, a regional strategy, and realized its significance to the scale growth, transformation and innovative development of the Bank. The Bank formulated the Construction Plan for Financial Services in the Chengdu-Chongqing Economic Circle (金融服務雙城建設方案), which covered 40 measures in 9 categories and provided stronger support from five aspects including information channels and resources guarantee. Through the strategic cooperation with Chongqing Development and Reform Commission, the Bank provided support for over 40 major projects including Xi'an-Kunming high-speed railway. Meantime, the Bank has established strategic cooperation with Gaozhu New District, and supported the construction of infrastructure and industrial projects, so as to promote the integrated development of Sichuan-Chongqing junction region.

Deeply tapping into potentials of customer base and building a hierarchical management system. While integrating resources across the Bank to the strategic model for customer service, the Bank further classified corporate customers into four levels, namely strategic customer, key customer, potential customer and general customer, based on which a differentiated marketing service system was established for targeted management and services, thus forming a sound customer management. The average daily deposit of strategic customers, key customers and potential customers increased by over RMB10 billion.

Enhancing the internal and external synergy and expanding business development paths. Firstly, we strengthened the linkage between the Bank and governments to market fiscal funds and expand special debts. Secondly, we enhanced the inter-bank linkage and cooperation with policy banks, and carried out syndicated loans, fund management and other businesses in a coordinated manner, thus providing a constant financial supply. Thirdly, we promoted the linkage between the Bank and the leasing industry, and carried out promotion services with Xinyu Financial Leasing, a subsidiary of the Bank, relying on advantages of the Group, so as to meet diversified needs of customers.

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Expanding scenario-based services and diversifying customer services. Based on the construction of scenarios, the Bank expanded scenarios to effectively reduce costs and increase efficiency. The Bank applied its system tools to establish electronic collection scenarios for non-tax payment and expand charging scenarios for schools, and focused on promoting scenarios for the supervision over education and training funds, thereby effectively expanding customer bases and increasing current deposits. The Bank developed a business system for managing cash and pooling financial bills, and enhanced the marketing for group customers and high-quality enterprises, so as to effectively promote the growth of settlement funds and meet customer demand for fund transfer and finance management. Moreover, the Bank launched an transferable large-sum deposits in line with the market demand, which can provide both profitability and flexibility for customers.

As at 31 December 2021, balance of the Group's loans and advances to corporate entities (including discount of bills) amounted to RMB214.107 billion, representing an increase of RMB29.414 billion or 15.93% as compared with the end of the previous year. Balance of corporate deposits amounted to RMB180.065 billion, representing an increase of RMB1.405 billion or 0.79% as compared with the end of the previous year, and accounting for 53.16% of the balance of all deposits.

7.6.2 Inclusive Finance Business

In order to continuously expand the supply of high-quality financial resources and further promote the high-quality development of inclusive financial services, the Bank has taken a series of measures during the Reporting Period, including strengthening the construction of its internal mechanisms, optimizing the innovation of financial products, and deepening the models of financial services. As of 31 December 2021, according to the national statistic standards, the balance of our small and micro enterprise loans amounted to RMB87.902 billion, representing an increase of RMB4.581 billion as compared with the end of the previous year. The small and micro enterprise loans with an individual lending amount of below RMB10 million (excluding discounts and rediscounts of bills) recorded a balance of RMB39.783 billion, representing an increase of RMB5.524 billion as compared with the end of the previous year. The number of loan customers was 53,950, increasing by 6,982 as compared with the end of the previous year. The weighted average interest rate of loans issued in the current year was 5.49%, down by 0.39 percentage points as compared with the previous year. The non-performing loan rate was 3.34%, which continuously met CBIRC's regulatory requirements for "two increases and two controls". During the Reporting Period, the Bank was awarded the "Model Entity in Financial Services for Small and Micro Enterprises" (小微企業金融服務先進單位) by the Chongqing CBIRC. In addition to the establishment of a small business credit center for small and micro enterprises, the Bank has set up special small and micro business departments in the subordinate institutions of 4 branch institutions and 43 independent accounting sub-branches in Chongqing to vigorously promote the development of small and micro business.

Strengthening the construction of internal mechanisms to enhance the security, willingness and capacity to lending. The Bank optimized the indicator system for internal performance assessment of branches, enhanced the weight of indicators relating to inclusive finance, and incorporated financial services for small and micro enterprises into its assessment and evaluation system including the rating of branches, the evaluation on Party building of grass-roots Party organizations, and the management of “providing practical services for the public” list. The Bank established the “Huiyu Digital & Smart” (鐫渝數智) management system to provide financial services for small and micro enterprises, which covers four modules, namely marketing and customer acquisition terminal, management of lost customers, supervision over the reporting and approval work, and display of institutional performance, and provides over 10 functions including online retention of customer funds, intelligent product promotion, automatic distribution of inputs, order allocation to account managers, following lost customers, inquiry on loan progress, and performance ranking. Meantime, the Bank launched a capability improvement initiative for account managers, aiming to enhance the professional development of branches and employees.

Optimizing the innovation of financial products and enhancing the quality and efficiency of credit resources. In June 2021, the Bank launched a unique subproduct “Huiyu Financial Service” (鐫渝金服) to provide financial services for small and micro enterprises, organized experience activities on counseling services for small and micro enterprises for listing on the Beijing Stock Exchange listing and trainings on agricultural online broadcast, and supported the national finals of “Maker China • SME Innovation and Entrepreneurship Competition” (創客中國•中小企業創新創業大賽). The Bank has built a financial product system for small and micro enterprises covering 8 series and 3 categories and featured by “classic”, “unique” and “online”. The Bank has signed a strategic cooperation agreement with Chongqing Economic Information Commission to offer the first “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸) in Chongqing for specialized, refined, special and novel SMEs; expanded the product model of “Hao Qi Dai” (好企貸), an online financing product, and launched “Haoqizhichan Loan (好企知產貸)”, the first online credit product in Chongqing based on big data of intellectual property rights, helping “Hao Qi Dai” (好企貸) hit a new high in terms of the loan balance.

Deepening the model of financial services and effectively facilitating interaction between banks and enterprises. In order to provide financial service products to more small and micro enterprises, the Bank organized a series of financing promotion activities such as the “entry of banks to enterprises (百行進萬企)”, “loans for small enterprises to serve the people” (貸動小生意·服務大民生) and “Financial Services Promotion Conference for Chengdu-Chongqing Economic Circle”, and participated in financing interaction activities among governments banks and enterprises held by local governments of Nanchuan, Wanzhou, Fengjie, Shizhu, Youyang, Wuxi, Jiulongpo, Yubei, Jiangjin, Gaoxin and Liangping. Meantime, the Bank improved its outlets planning and function layout, and established the “1+5+N financial service harbour for private small and micro enterprises and individual businesses” (1+5+N 民營小微企業和個體工商戶金融服務港灣) and the “demonstration base for supporting the high-quality development of the real economy with re-lending from the Central Bank” (央行再貸款支持實體經濟高質量發展示範基地), so as to provide financial services for more small and micro enterprises located in business zones, industrial parks, communities and sub-districts.

Management Discussions and Analysis

7.6.3 Retail Banking Business

During the Reporting Period, the Bank actively practiced the “customer-focused” development philosophy and was deeply engaged in the retail markets in “one city and three provinces”. In order to promote the high-quality transformation and development of our retail business, we persisted in strong internal control and externally promoted development, and showcased a sound trend featured by increasing proportion of deposits, optimized loan structure, and stable quality customer base.

In terms of personal deposits, firstly, we further consolidated our customer base. The Bank adhered to the principle of “refine high-end customer business, improve middle-end customer business and develop general customer business”, actively carried out targeted marketing for customers of payment services, and continuously retained key customer groups including the elderly and adolescents. **Secondly**, we further intensified the publicity and marketing efforts. The Bank continuously promoted and marketed special time deposit products including Xing Fu Cun (幸福存) and Meng Xiang Cun (夢想存), constantly built the online “life circle” on the “Yulehui (渝樂惠)” e-mall, and successively carried out various themed marketing activities, thus effectively improving customer activity and enhancing customer stickiness. Therefore, the Bank recorded the continuous increase in the share of the savings deposit market in Chongqing for many years, and a further increase in the savings deposits in branches in other cities as a percentage.

In terms of personal loans, firstly, we continued to promote the construction, marketing and promotion of product systems. With “Jie e Dai (捷e貸)”, a self-operated Internet consumption loan, as the growth point, the Bank continued to diversify its product types and develop scenario-based installment and online mortgage sub-products, and made greater efforts in the marketing and promotion of “Jie e Dai” to achieve data-driven targeted marketing relying on “Star Chain Smart Marketing Platform” (星鏈智慧營銷平台). **Secondly**, the Bank carried out the housing loan business in an orderly manner to meet the financing needs of buyers for the first house and the improved house. **Thirdly**, the Bank continued to strengthen the construction of risk control system. The Bank improved the construction of “Insight Smart Risk Control Platform” (火眼智慧風控平台) to support the steady operation of new products for new customer bases and promote the application of new technologies in multiple scenarios. Meantime, the Bank continued to update its risk control strategy, optimize its risk control rules and iterative risk control models, consolidated its online loan collection system, and effectively supported the high-quality development of online consumption loans.

In terms of wealth management, the Bank focused on building its wealth management system covering products and services, continuously optimized its capabilities in comprehensive asset allocation for wealth management, and was committed to building a brand image of “a wealth management expert for citizens”. **Firstly**, the Bank continued to optimize its wealth management product system and intensify product innovation. We have formed five closed wealth management products series, namely “Juhui, Jinhui, Caihui, Linghui, and Xianghui”, and a wealth management product system of “cash management + time launch”, so as to meet the diversified wealth management needs of customers. With the launch of “Xing Fu Investment Advisory” (幸福投顧) fund investment advisory service, we provided customers with professional and personalized fund portfolios as well as customized financial services. **Secondly**, the Bank continued to develop a high-quality wealth management service system. In order to deepen the hierarchical management of retail customers, we established a wealth management center at the head office to provide dedicated, professional, committed and exclusive financial services for our high-net-worth customers. Moreover, we optimized the value-added service system for VIP customers, which is based on VIP travel, medical and health care, and gasoline discount.

In terms of bank cards, the Bank was committed to diversifying consumption, settlement and other application functions, improving channels and enhancing security performance, and continued to expand basic customer base and promote the healthy development of its bank card business. In terms of debit cards, the Bank's debit cards integrated the access to characteristic services of mobile phone Quick Pass and Cloud Quick Pass APP, collection and payment agency service, quick payment, account verification and other payment functions, thus effectively improving the customer's mobile payment experience and boosting the volume of mobile payment transactions. In terms of credit cards, the Bank established an agile innovation mechanism for credit cards, improved third-party payment functions, diversified the environment for use of cards, and strengthened publicity channels, thus effectively promoting the increase in the number of cards issued and the transaction volume.

As of 31 December 2021, the balance of personal deposits of the Bank was RMB139.919 billion, representing an increase of RMB18.093 billion or 14.85% as compared with the end of last year, and the local market share continued to increase. The balance of personal consumer loans (including personal consumer loans, mortgage loans and credit card advances) was RMB79.325 billion, representing an increase of RMB2.740 billion as compared with the end of last year. The total number of issued debit cards increased by 366,900 to 4,665,100 as compared with the end of the previous year, and the transaction volume during the Reporting Period amounted to RMB15.374 billion. The total number of credit cards issued increased by 64,100 to 341,000 as compared with the end of the previous year, and the balance of credit card advances amounted to RMB16.371 billion.

7.6.4 Financial Market Business

During the Reporting Period, the Bank paid close attention to changes in the macro economy and capital market, strengthened market research and analysis, adjusted investment strategies and business structure in a timely manner, accurately set the pace of transactions and allocations, and expanded the space, channels and counterparties for inter-bank cooperation. As a result, we maintained a steady growth in the business volume in the financial market, constantly optimized the structure of investment securities products, and enhanced the efficiency of capital utilization under controllable risks.

In 2021, the financial market business of the Bank was awarded the "2021 Interbank Currency Market Assessment – Best Progress Award" by the National Interbank Funding Center, and the "2021 Top 100 Self-operated Settlers" by China Central Depository & Clearing Co., Ltd..

In terms of money market trading, we further expanded the capital trading volume and enhanced the market image and influence. During the Reporting Period, the Bank actively participated in the money market trading, and kept up with the pace of innovation in the inter-bank market. In 2021, our capital trading volume in the inter-bank market presented a year-on-year increase of 81%.

In terms of securities investment products, firstly, we prioritized the allocation of high-quality assets with high liquidity, actively adjusted the structure of bond investments, and vigorously allocated treasury bonds and other coupon bonds, thereby enhancing the anti-risk capacity. Secondly, we continued to optimize the investment structure of credit bonds to support the development of the real economy and local economy, and increased the allocation of high-rated credit bonds.

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In terms of the management of inter-bank liabilities, firstly, we strengthened the market analysis and effectively controlled the cost of liabilities. Secondly, we expanded channels and counterparties for inter-bank cooperation, and became a main participating institution for interbank deposits of China Foreign Exchange Trade System.

7.6.5 Asset Management Business

During the Reporting Period, the Bank coordinated the reform and transformation with the performance growth, steadfastly promoted the rectification of wealth management business, and fully completed the net value-based transformation, thus continuously consolidating the foundation for business development and enhancing risk management.

Adhering to compliant operation and regulated operation. During the Reporting Period, the Bank continued to improve the management system of wealth management business, effectively control the business process, and formed a multi-level system covering the sales, research and development, investment operation, operation accounting, and risk management of wealth management products. In line with the principle of “separate management, bookkeeping and accounting” for each wealth management product, the Bank accurately measured financial assets according to the requirements of accounting standards, and fully completed the rectification wealth management business to secure a solid start.

Continuously consolidating the foundation for business development. During the Reporting Period, the Bank continued to establish, upgrade and optimize its business system, and further enhanced the supporting role of financial technologies. We strengthened the management of sales channels, regulated the information disclosure, and attached importance to investor protection, thus achieving a stable growth in the customer base. We made consistent efforts in investment, research and transactions, gradually enhanced the capabilities of asset allocation and portfolio management, and constantly optimized the asset structure. Meantime, we further promoted the innovation and transformation of products and has established a net value-based product system that meets the market demand.

Constantly enhancing risk management. During the Reporting Period, the Bank established a risk management system for the whole-process management of products, which can monitor credit, concentration, interest rate, liquidity and operational risks in real time. The Bank implemented strict asset access standards in terms of the allocation of major assets, credit rating of bonds and regional management of investments, continuously optimized the asset credit structure and liquidity, and further improved the risk management.

7.6.6 Investment Banking Business

During the Reporting Period, the Bank gave full play to the linkage advantage of “commercial bank + investment bank”, to accelerate the contracting, undertaking and underwriting of local government bonds, debt financing instruments of non-financial enterprises, financial bonds and debt financing plans, so as to provide customers with comprehensive financial service solutions.

Actively developing bond underwriting business. In August 2021, the Bank became the lead underwriter of Chongqing municipal government bonds. During the Reporting Period, the Bank made breakthroughs in bond underwriting business, and successfully completed the underwriting as the lead or joint underwriter for issuance of 9 tranches of Chongqing government bonds, 12 debt financing instruments of non-financial enterprises, and 2 financial bonds.

Supporting national strategies and serving the regional economy. The Bank proactively participated in the underwriting and issuance of bonds in relation to rural revitalization and other national strategic projects, with a view to consolidating the achievements of poverty alleviation with financial means and empowering major national strategic projects. In order to promote the development of the Chengdu-Chongqing Economic Circle, the Bank actively enhanced its cooperation with banking institutions and non-banking institutions in Sichuan Province, and provided direct financing services for enterprises in the Chengdu-Chongqing Economic Circle.

7.6.7 Trade Finance Business

During the Reporting Period, the Bank provided innovative products and enhanced the quality and efficiency of services in line with the basic tone of seeking progress while maintaining stability, promoting the high-quality development of trade and finance businesses to a new stage.

Launching two innovative products based on digital technology. Firstly, the Bank launched the “Export e-finance” (出口e融). “Export e-finance” was our first online financing product for cross-border finance, and the first corporate bank in the central and western regions of China to launch online credit products relying on the cross-border financial blockchain service platform of the State Administration of Foreign Exchange. Secondly, the Bank launched the C-chain cloud platform. The platform is based on business scenarios and focuses on core enterprises, aiming to provide intelligent, convenient and comprehensive financial services for the supply chain.

Enhancing the efficiency of US\$ assets and liabilities through refined operation. Firstly, in terms of assets, both the scale and level of lending were improved. During the Reporting Period, the Bank invested in foreign currency bonds of US\$467 million in total, and the scale of foreign currency bonds amounted to US\$1.053 billion, representing an increase of 10.23%. The issuers or guarantors for new investments were rated AA+ and above, of which issuers in “one city and three provinces” accounted for 73%, projects in the Chengdu-Chongqing economic rim account for 55%, and projects under China-Singapore Connectivity accounted for 24%. Secondly, in terms of liabilities, both deposit growth and cost control were improved. During the Reporting Period, the interest rate of foreign currency deposits declined by approximately 70bp, representing a decrease of 42.68%.

The derivatives business achieved two breakthroughs in line with the principle of seeking progress while maintaining stability. Firstly, agency services for derivatives broke ground. In the first year, the scale of agency services and flat plate business amounted to US\$168 million, and the hedging ratio maintained a relatively sound level among foreign exchange banks in Chongqing. Secondly, self-operated derivatives business made new breakthroughs. During the Reporting Period, the transaction volume of the business increased by 261%, and the income from derivatives business increased by 766%.

Achieving new breakthroughs in service quality and efficiency relying on trade and finance businesses. Firstly, the service business reached a new high. The Bank built a platform to expand business channels, and become one of the five banks in Chongqing for “credit insurance pool” cooperation which introduced the risk compensation mechanism of “government + credit insurance” into export-based financing products. Secondly, the services for foreign exchange operation made new breakthroughs. The Bank put into operation a new generation of collection data system for foreign exchange and completed the upgrade of international online banking system, thereby comprehensively enhancing the intelligence level. During the Reporting Period, the cross-border settlement amount of the Bank amounted to US\$3.194 billion.

Management Discussions and Analysis

Achieving full coverage in license resources to consolidate the foundation. Firstly, all branches and sub-branches have secured corporate foreign exchange licenses. All 48 branches of the Bank have obtained foreign exchange licenses. During the Reporting Period, 27 branches launched the foreign exchange business, and 14 branches achieved the zero breakthrough. Secondly, all branches and sub-branches have appointed foreign exchange employees. 48 branches of the Bank appointed nearly 100 part-time managers on foreign exchange policies, continuously enhancing the professional capacity of foreign exchange employees.

Winning two recognitions in regulatory assessment relying on strong communications. Firstly, the Bank was rated as Class A in the foreign exchange regulatory rating for the second consecutive year. The Bank was rated as Class A, the highest grade, for the first time in the compliance and prudent operation assessment for foreign exchange business in Chongqing in 2020, and was awarded Class A rating for the second consecutive year in 2021. Secondly, the Bank was recognized again in the self-discipline mechanism assessment. In the 2021 Chongqing Bank Foreign Exchange and Cross-Border RMB Business Self-Discipline Mechanism, the Bank was once again honored as “Excellent”, the highest rating, and the “Excellent Membership Unit for Providing Practical Services for the Public”.

7.6.8 Financial Technology

The Bank attached great importance to the development strategy of financial technology, and defined “technological empowerment” and “digital transformation” as the strategic tasks of the Bank during the 14th Five-Year Plan period. The Bank continued to consolidate the foundation of financial technology, upgraded the platform of the financial technology capability, comprehensively boosted the innovation of digital transformation business. In order to carry out the construction of financial technology projects in an orderly manner, the Bank also formulated the strategic plan for information technology during the 14th Five-Year Plan period and the three-year implementation plan for digital innovation and development. In 2021, the Bank invested a total of RMB336 million in technology.

Strengthening the construction of financial technology teams. The Bank adjusted the former Internet Finance Department to the Digital Bank Department, further clarifying its functions on the management of digital innovation, and established two secondary centers, namely the safety and internal control center and the quality management center, under the Information Technology Department, so as to further enhance the professional capacity of technology management. The business line of financial technology had a total of 22 new recruits in 2021, and will continue to recruit professionals in various fields.

Enhancing the delivery efficiency of financial technology. The Bank made active explorations in a delivery mechanism for agile innovation which integrates industry and technology. In the pilot program of credit card business, the Bank set up an agile innovation team across the Credit Card Department, the Digital Bank Department and the Information Technology Department, with an aim to realize continuous, agile, and iterative technological innovation based on business needs, and enhance the speed and quality of technology delivery. As such, a stable and agile dual-model innovation mechanism was initially built, and has achieved remarkable results.

Deepening the application of financial technology. The Bank launched a series of AI optimization projects to adapt to new business scenarios, and enhanced the performance and accuracy of AI technologies such as face recognition, OCR recognition, speech recognition, and semantic recognition; expanded the breadth and depth of RPA robots application, and launched 56 business scenarios including credit card, operation management, and risk prevention and control; enhanced the application model of blockchain, completed the technical research and construction of the C-chain financial cloud service platform, providing a basic operation platform for our innovation in supply chain business; and explored remote banking business scenarios, including the remote signing and service capabilities for credit cards and credit loans for small and micro enterprises.

Consolidating the foundation of financial technology. The Bank completed the preliminary investigation, preparation and assessment, and formal project establishment of the science and technology innovation center, and promoted the site selection and assessment in an orderly manner; built a new generation of intelligent cloud video conference system across the Bank, intelligent WAN (Phase I) project, cloud platform for development and testing and other infrastructures; upgraded the network equipment and line environment of all branches of the Bank in an orderly manner, and deployed the power environment monitoring system for communication rooms, so as to meet the needs of digital management and business development of branches; completed the expansion planning of intra-city disaster recovery center and remote disaster recovery center, in order to support business innovation and development and enhance business continuity; and continuously improved professional and standardized technological operations. The Production, Operation and Maintenance Center of the Information Technology Department has passed the “Information Technology Service Management System (ISO 20000)” and “Information Security Management System (ISO 27001)” certifications of China Cybersecurity Review Technology and Certification Center.

Accelerating the construction of information security system. The Bank formulated the three-year plan for network security, covering security management, security technology and security operation; improved the development of security management system, and set strict regulations and security baselines for the whole-life security management and control of software development; built and deployed a number of security systems to improve the capabilities to manage and monitor network security and data security, identify threats, and hand abnormalities; and conducted regular security operation management to identify and deal with security threats in a timely manner, thus ensuring the stable operation of information systems across the Bank.

Consolidating the foundation of digital transformation. The Bank completed the construction of a new unified platform for data integration based on domestic MPP databases, which provides a high-performance and intelligent data warehouse based on domestic technologies and improves the overall performance by over 10 times; built and continuously optimized the data management and control platform to continuously maintain data standards, monitor data quality and implement metadata management, supporting the data governance; built a retail data themed market and completed the integration of internal and external theme data of the industry, covering retail customer information, products, wealth management funds, channels, agency services, and customer behaviors; put into production the customer master data program, promoted the integrated transformation of over 60 systems involving customer information, and implemented over 200 customer data standards; established a regulatory data theme market with over 1,000 inspection rules on data quality and nearly 700 regulatory data standards, so as to ensure the quality of regulatory data submissions; and conducted research on and put into production an external data management platform, realizing the unified access and management of external data assets of 60 segments under various major themes including individuals, enterprises, and financial markets.

Management Discussions and Analysis

7.6.9 Digital Transformation

During the Reporting Period, the Bank deeply integrated the digital technology with the orientation of finance serving the real economy, so as to empower the transformation of traditional businesses and the development of new businesses.

Steadfastly promoting the basic work for digital innovation. Firstly, the Bank continued to coordinate its digital innovation and development, formulated and issued the “Three-Year Implementation Plan of Bank of Chongqing for Digital Innovation and Development (2021-2023)”, and promoted the research and development and implementation of over 30 key digital innovation projects in all business lines. Secondly, the Bank set up the “Working Group for Pilot Program of Supervision over Financial Technology Innovation” to improve the selection and application mechanism for the pilot program of supervision over innovation based on the business development of the Bank. Thirdly, the Bank completed the submission of materials in relation to the financial standardization construction of the People’s Bank of China in 2021, and was the only city commercial bank in Western China as the “Forerunner” of enterprise standards for two consecutive years.

Consolidating the “data middle office” for data empowerment. Firstly, the Bank launched the “customer master data” program covering 60 systems of 15 departments, promoted the implementation of over 200 customer data standards, and solved nearly 50,000 historical problems related to customer information. Moreover, the Bank formulated a data application planning covering 7 major fields, 36 topics and 112 scenarios. Secondly, the Bank established over 1,000 quality inspection rules based on special governance activities on supervision over data quality. In order to strengthen the management of external data assets, the Bank built a management platform for external data assets which introduced over 30 external data partners and connected to hundreds of data interfaces, thereby promoting data exchange and sharing across all business lines. Thirdly, the Bank developed a retail customer data mart to conduct the labeling, profiling and behavior analysis of retail customers, so as to empower the management of retail marketing. Meantime, the Bank established a new data warehouse based on the domestic distributed database, initially formed a data middle office to provide support services, and developed the data services for data consumption based on the labeling, knowledge map, data analysis, external data, indicators, and algorithm models.

Improving the quantity and quality of digital credit products to support the development of small and micro enterprises. As of 31 December 2021, “Hao Qi Dai” (好企貸), a flagship online product for small and micro enterprises, has expanded to 48 subproducts, with the cumulative lending of over RMB23.5 billion and the new lending of RMB9.19 billion during the Reporting Period. The balance of loans increased by RMB4.15 billion or 76% as compared with the end of the previous year, and the non-performing loan rate was significantly lower than similar inclusive products. In October 2021, the Bank, as one of the 13 representative banks nationwide, participated in and shared experience at a national symposium on the research of digital credit development of the banking industry, and was the only bank directly connected to the digital cloud court trial system of Chongqing Higher People’s Court at the moment.

Strengthening the capacity to assist decision-making on digital risk control, and witnessing the selection of “Wind Chime Intelligent Review” platform into the second batch of supervision sandboxes of the People’s Bank of China.

Since its launch two years ago, the “Wind Chime Intelligent Review” system has become increasingly prominent in assisting the digital decision-making on credit review, marketing and expansion, management of internal control, anti-money laundering and other fields. The Bank continued to improve the holographic profiling of enterprises, and assisted front-line branches in the risk decision-making and marketing and expansion for the credit business, thus selecting and locating targeted corporate customers in a timely and accurate manner. So far, the “Wind Chime Intelligent Review” service has currently covered 24 departments of the head office, 88 branches and 1,700 valid employee users. In 2021, the platform recorded nearly 1.8 million inquiries from enterprises and the download of 9.52 million pieces of data and over 1,100 risk analysis reports, and provided 15.38 million pieces of customized data for nearly 10 business or management systems.

Consolidating targeted customer marketing based on Mobile Banking 5.0 and “Bashi Digital & Smart” platform.

Firstly, the Bank completed the upgrade and construction of Mobile Banking 5.0, Personal Online Banking 4.0, WeChat Banking, Mini Program, and Huawei Atomic Service platform. Under the targeted marketing model of “different pages for different customers”, the Bank developed the “Yunfan” (雲帆) digital operation platform, achieving remarkable results in acquiring and activating customers. The average transaction amount per user of mobile banking wealth management products increased by 8 times as compared with the previous year, and the user views from all channels increased by 48% as compared with the previous year. Secondly, the Bank continued to upgrade the “Bashi Digital & Smart” (巴獅數智) platform, which was selected into the demonstration projects of Chongqing for empowering rural revitalization with financial technology. In 2021, the Bashi Digital & Smart platform recorded the number of new private accounts three times higher than that of counter accounts, and completed 320,000 transactions, representing a year-on-year increase of 177%. There were 68,000 new personal valid accounts established through the “Bashi Digital & Smart” platform, accounting for 35% of the total number of new personal valid account of the Bank during the Reporting Period. Thirdly, we fully promoted the “Yuying Link”, a mobile APP of “Bashi Digital & Smart” platform, within the Bank. Relying on the real-time distribution of the big data of the head office to business personnel, the Bank can assist the retail, credit card, small and micro enterprise business lines in front-line marketing and customer management. As of 31 December 2021, there were nearly 1,000 permanent account managers who completed over 80,000 operations including distributing interests and prompting orders.

7.6.10 Digital operation

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

Physical Outlets

As at 31 December 2021, the Bank operated its business and marketed its banking products and services through 156 sub-units, including the business department of its Head Office, its small enterprise loan center, four primary branches, 169 self-service banking centers, 299 intelligent teller machines, and through its extensive distribution channels, such as telephone banking, mobile banking, online banking and WeChat banking, which cover all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province.

Management Discussions and Analysis

Mobile Banking

As at 31 December 2021, the Bank had 1,478.1 thousand mobile banking personal customers, representing an increase of 319.4 thousand or 27.57% as compared with the end of the previous year; the total number of transactions by mobile banking personal customers was 6,593.8 thousand, representing an increase of 1,107.2 thousand or 20.18% as compared with the same period of the previous year; the total transaction amount was RMB249.880 billion, representing an increase of RMB35.145 billion or 16.37% as compared with the same period of the previous year. During the Reporting Period, the replacement rate for online businesses mainly focusing on transfer, payment, wealth management sales and other high-frequency transactions was more than 95%.

Online banking

As at 31 December 2021, the Bank had 33.2 thousand online banking corporate customers, representing an increase of 3.3 thousand or 11.04% as compared with the end of the previous year; the total number of transactions was 3,311.2 thousand, representing an increase of 738.3 thousand or 28.70% as compared with the same period of the previous year; the total transaction amount was RMB535.836 billion, representing an increase of RMB115.899 billion or 27.60% as compared with the same period of the previous year. The Bank had 1,463.1 thousand personal online banking customers, representing an increase of 311.5 thousand or 27.05% as compared with the end of the previous year; the total number of transactions was 457.4 thousand, representing a decrease of 68.4 thousand or 13.01% as compared with the same period of the previous year; the total transaction amount was RMB36.765 billion, representing a decrease of RMB4.985 billion or 11.94% as compared with the same period of the previous year.

Online payment

The online payment business of the Bank developed rapidly in 2021. The Bank has cooperated with mainstream online payment platforms including Alipay, Tenpay and JD. In 2021, there were a total of 67,093.8 thousand transactions, representing an increase of 13,215.3 thousand or 24.53% as compared with the same period of the previous year; the total transaction amount was RMB49.490 billion, representing a decrease of RMB2.807 billion or 5.37% as compared with the same period of the previous year.

7.6.11 Service Improvement

The Bank attached importance to empowerment by technological innovation, and made efforts to improve business processing efficiency, so as to improve customer experience and provide warmer banking services. We promoted the construction of “Chongyin Yijia (重銀驛家)” service outlets to provide convenience for outdoor workers, and continued to offer circulation and exchange services for small denomination RMB. The Bank established a lobby linkage mechanism based on customer experience, and rationally allocated tellers to carry out guidance and referral work in the lobby, so as to improve customer experience. In order to improve the experience of the elderly, the Bank improved elderly-friendly intelligent machines and devices, and launched the “Elderly Version” with larger font sizes and icons and voice navigation. Meantime, the Bank continued to optimize account services, and provided a fast track for small and micro enterprises, which gave them priority in terms of account opening and approval, and provided simplified account services to meet the urgent needs of enterprises for opening accounts, thus solving urgent account opening and fund transfer issues of small and micro enterprises in a timely manner.

7.6.12 Majority-owned Subsidiaries and Major Investee Companies

7.6.12.1 Majority-owned Subsidiaries

Chongqing Xinyu Financial Leasing Co., Ltd.

Xinyu Financial Leasing was established in March 2017, with the registered capital of RMB3 billion and the Bank as the main promoter holding 51.00% of its shares. Xinyu Financial Leasing is mainly engaged in finance lease, transfer and acceptance of finance lease assets, fixed-income securities investment, acceptance of the lessee's lease deposit, taking of fixed-term deposits of non-bank shareholders with a term of more than 3 months (inclusive), interbank borrowing, borrowing from financial institutions, overseas borrowing, sales and disposal of leased properties, economic consulting and other businesses.

Xinyu Financial Leasing has the corporate vision of "gaining a toehold in Chongqing, covering western China, serving the whole country, and achieving sustainable development through the balance of 'scale, benefit, quality and structure'", and the corporate mission of "focusing on financing and property lending, and serving the real economy."

As at the end of the Reporting Period, Xinyu Financial Leasing recorded the total assets of RMB30.245 billion, the total liabilities of RMB26.273 billion, and the total owner's equity of RMB3.972 billion. Its net profit was RMB424 million for the Reporting Period.

Xingyi Wanfeng Village Bank Co., Ltd.

Xingyi Wanfeng was established in May 2011, with the registered capital of RMB324.5 million, and 66.72% of its shares held by the Bank. The scope of business of Xingyi Wanfeng includes taking public deposits; issuing short-term, medium-term and long-term loans; domestic settlement; acceptance and discounting of notes; interbank lending; bank card business; agency service for redeeming and underwriting government bonds; agency service for collection and payment, and for insurance businesses.

With the market positioning of "based on the county, serving the society and supporting agriculture and supporting small businesses", Xingyi Wanfeng continues to develop well in "serving real economies, serving villages, and serving agriculture, rural areas, and farmers".

As at the end of the Reporting Period, Xingyi Wanfeng recorded the total assets of RMB855 million, the total liabilities of RMB718 million, and the total owner's equity of RMB137 million. Its net profit was RMB259.2 thousand for the Reporting Period.

7.6.12.2 Major Investee Companies

Mashang Consumer Finance Co., Ltd.

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

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

Management Discussions and Analysis

As at the end of the Reporting Period, Mashang Consumer recorded the total assets of RMB61.036 billion, the total liabilities of RMB52.732 billion, and the total owner's equity of RMB8.304 billion. Its net profit was RMB1.382 billion for the Reporting Period.

Chongqing Three Gorges Bank Co., Ltd.

Three Gorges Bank was established in 1998, with the registered capital of RMB5.574 billion, and 4.97% of its shares held by the Bank. The main businesses of Three Gorges Bank include taking public deposits; issuing short-term, medium-term and long-term loans; domestic settlement; note discounting; issuing financial bonds; agency service for issuing, redeeming and underwriting government bonds; interbank lending; foreign exchange deposits, foreign exchange loans, international settlement, interbank foreign exchange lending, acceptance and discounting of foreign exchange instruments, foreign exchange borrowing, foreign exchange guarantee, proprietary foreign exchange trading (limited to spot foreign exchange trading) or agency services for foreign exchange trading, credit investigation, consultation and witness service; providing guarantees; agency service for collection and payment, and for insurance businesses; providing safe deposit box services.

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

As at the end of the Reporting Period, Three Gorges Bank recorded the total assets of RMB240.412 billion, the total liabilities of RMB219.960 billion, and the total owner's equity of RMB20.452 billion. Its net profit was RMB1.645 billion for the Reporting Period.

7.6.13 Structured Entity Controlled

The unconsolidated structure entities managed by the Group were mainly non-capital guaranteed wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential target clients, the Group designed and sold capital investment and management plans to specific target clients, and the raised funds were then invested in relevant financial markets or financial products according to the product contracts. Gains from the investment would be allocated to investors. The Group received corresponding wealth management commission fee income as the asset manager.

For more details, see the “Notes to the Financial Statements”.

7.7 Risk Management

Based on the “coordinated, comprehensive, independent and effective” risk management principle, the Group is committed to establishing and improving a comprehensive risk management system covering all kinds of risks by adhering to the Group's development strategy and risk appetite. The Group comprehensively and effectively implemented risk management to ensure the consistence of the income and the risks undertaken, and maximize the shareholder value. During the Reporting Period, the Group continued to improve the risk management system, so as to actively respond to and prevent all kinds of risks.

7.7.1 Credit risk management

Credit risk refers to the risk of losses resulting from the defaults, rating downgrade, or decline in repayment ability of a borrower or counterparty. By determining the credit risk appetite, improving the organization and management system, optimizing the risk management process and cultivating the risk management culture, the Bank has continuously improved its core competence of credit risk management. While optimizing the asset soundness and future profitability, the Bank has controlled credit risk within an acceptable range, maintained appropriate capital size and maximized its income after risk adjustment.

Formulating credit policies to adapt to the market environment. With a focus on the “14th Five-Year” Plan of the Bank, the Bank adapted to the new landscape of “dual circulation”, fully researched the internal and external economic, financial and regulatory situations, and formulated 28 credit policies in 7 major aspects. The Bank focused on supporting the manufacturing industry, technology enterprises, green finance and other fields in the real economy as well as small and micro enterprises, properly carried out work in respect of inclusive finance and consumer finance, and strictly controlled projects with excess capacity.

Practicing management and control of credit concentration risks. The Bank established an “exposure + low risk” covering all standards and varieties and the whole Group, to promote the unified credit management into a new stage. Moreover, the Bank added industry, product and other dimensions into risk cap indicators and continuously diversified the risk cap monitoring system, thereby effectively restricting the credit lending to high-risk areas.

Implementing special post-loan management measures. The Bank focused on prominent and typical problems in post-loan management, as well as businesses and fields that were exposed to risks. With an orientation towards the settlement of problems, the Bank carried out specific and comprehensive improvement, and improved its working mechanism, optimized its process practices, tackled its weaknesses in a targeted manner, firmly established the philosophy of “monitoring credit risks in the whole process”, and optimized the post-loan management mechanism in the long term.

Strengthening the planned management of non-performing assets. The Bank formulated management targets and plans for non-performing assets, and established and followed up the dynamic records on the progress in the collection of non-performing assets and assets written off. The Bank specified contact persons for special work of planned management, and promoted the principle of one policy for one category, on the basis of one policy for one account. For enterprises in difficulty, the Bank actively explored pre-reorganization, promoted the establishment of a mechanism linking out-of-court mergers and acquisitions, and in-court bankruptcy procedures, so as to improve the efficiency in addressing risks.

Accelerating the expansion of application of digital risk control. With the “Wind Chime Intelligent Review” platform for corporate customer profiling, which is based on knowledge map and artificial intelligence technology, the Bank launched “Correlation Huicha (關聯慧查)” and “Industrial Huilian (產業慧鏈)”, and carried out scenario-based analysis and application in a targeted manner, promoted the targeted marketing at the front line of business, supported the risk middle offices in making risk-related decisions, and consolidated the basic capability of digital risk control.

Management Discussions and Analysis

7.7.2 Management on operational risk

Operational risk refers to the risks of losses that may be incurred due to inadequate or problematic internal procedures, staffing and information technology systems, as well as external events. Based on the principles of effectiveness, comprehensiveness, prudence and cost-effectiveness, the Bank has continuously improved its operational risk management system.

During the Reporting Period, the Bank actively promoted the application of management tools for operational risk, carried out in-depth special management measures for post-loan management and employee behavior, strengthened risk control in key areas, improved business continuity management, and promoted standardized and scientific management of operational risk.

Further promoting the application of management tools for operational risk. The Bank completed the annual operational risk and control self-assessment (RCSA), organized relevant departments and offices of the head office to optimize the key risk indicators of operational risk, dynamically carried out monitoring on key risk indicators, and continuously promoted the collection processes to collect operational risk incidents from all institutions in a timely manner, which were reported to the Board and the senior management.

Carrying out in-depth special management measures. During the Reporting Period, the Bank carried out in-depth special management measures for post-loan management and employee behavior with focus on fields that were exposed to risks, and carried out comprehensive inspection to promote the rectification of problems identified, thus improving the quality and efficiency of management.

Strengthening risk prevention and control in key areas. The Bank strictly implemented the job rotation system, realized the online examination and approval of key seals and the full coverage of monitoring on seal control areas, and carried out special inspections on file management to consolidate the foundation of file management.

Continuously improving the establishment of business continuity management system. The Bank conducted the analysis of impacts on business, formulate Bank-wide business continuity plans and resource construction plans, continuously optimize the emergency plan system for business continuity, and practically carried out business continuity emergency drills under the real background ensure the authenticity, effectiveness and safety of such drills.

7.7.3 Market risk management

7.7.3.1 Interest rate risk

Interest rate risk analysis

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

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

In 2021, the market liquidity remained reasonably sufficient, and the terminal interest rate declined with fluctuations in a narrow range in the first half of 2021 and showed a downward trend in the second half of 2021. The Group paid close attention to changes in the interest rate environment in the external market, strengthened market research and judgment, and continuously improved the management of interest rate pricing and the interest rate risk in the banking book. It effectively guided the adjustment of repricing term structure through the rational use of tools such as interest rate pricing and internal fund transfer pricing (FTP), and improved its initiative and foresight in terms of bank account book interest rate risk management, to ensure the overall stability and acceptability of interest rate risk.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
31 December 2021							
Total financial assets	143,229,907	40,458,192	125,721,443	243,501,686	42,196,875	13,766,248	608,874,351
Total financial liabilities	(141,562,677)	(46,802,547)	(219,255,835)	(139,984,522)	(12,586,961)	(6,922,385)	(567,114,927)
Total interest rate sensitivity gap	1,667,230	(6,344,355)	(93,534,392)	103,517,164	29,609,914	6,843,863	41,759,424

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
31 December 2020							
Total financial assets	111,858,547	26,535,401	106,154,985	260,046,629	33,480,535	14,337,546	552,413,643
Total financial liabilities	(132,243,198)	(49,503,134)	(189,158,812)	(124,110,387)	(14,089,818)	(8,067,705)	(517,173,054)
Total interest rate sensitivity gap	(20,384,651)	(22,967,733)	(83,003,827)	135,936,242	19,390,717	6,269,841	35,240,589

As at the end of 2021, the Group's accumulated gap for all maturities amounted to RMB41,759 million, representing an increase of RMB6,519 million or 18.50% as compared to the end of the previous year.

Interest rate sensitivity analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of net interest income	
	31 December 2021	31 December 2020
+100 basis points parallel move in all yield curves	(387,646)	(698,015)
-100 basis points parallel move in all yield curves	387,646	698,015

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of other comprehensive income	
	31 December 2021	31 December 2020
+100 basis points parallel move in all yield curves	(1,219,118)	(845,008)
-100 basis points parallel move in all yield curves	1,270,762	877,627

7.7.3.2 Exchange rate risk

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	RMB	US Dollar	HK Dollar	Others	Total
31 December 2021					
Net position	36,687,676	5,040,641	6,766	24,341	41,759,424

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

Management Discussions and Analysis

Exchange rate sensitivity analysis

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

	Estimated profit/(loss) before income tax change	
	31 December 2021	31 December 2020
(All amounts expressed in thousands of RMB unless otherwise stated)		
+1% upward change of foreign exchange rate	50,474	53,878
-1% downward change of foreign exchange rate	(50,474)	(53,878)

7.7.4 Liquidity risk management

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

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

During the Reporting Period, the Group continued to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and improved our capability in liquidity risk measurement and forecast and upgrade our liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk. Meanwhile, the Group also promoted the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity management through system construction and active application of scientific and technological means. The Group had liquidity risk measurement and monitoring mechanisms in place to conduct periodic audits over the Group's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the Group's assets and liabilities were managed in accordance with factors such as liquidity exposure, liquidity reserves, money market balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk. In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weakness in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve the liquidity risk management and control capability of the Bank. The results of the quarterly stress tests in 2021 indicated that the liquidity risks remained within a controllable range even under stressful conditions. As at the end of 2021, all of the major regulatory indicators reflecting the Group's liquidity position met the regulatory requirements.

According to the requirements of regulatory authorities, the Bank has established and improved its management system for the quality of liabilities, prepared internal management measures for the quality of liabilities, and formulated liability management strategies at the beginning of the year. We focused on improving the stability and diversity of liabilities, controlling the reasonable gap between assets and liabilities, reducing the cost of liabilities, and enhancing the capacity to acquire liabilities, so as to ensure the authenticity of liabilities and constantly improve the overall quality of liabilities.

The Group uses liquidity gap analysis to assess liquidity risk. As at the the end of 2021, the the liquidity gap of the Group calculated from our net assets and liabilities and classified according to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)								
	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue
31 December 2021	(88,472,154)	13,175,703	(10,215,764)	(101,832,144)	153,254,370	126,809,551	28,132,352	7,666,895
31 December 2020	(88,661,738)	18,373,305	(23,104,005)	(76,044,259)	130,647,533	88,057,396	29,632,363	7,771,389

In 2021, the Group's cumulative gap for all maturities was RMB128,519 million, representing an increase of RMB41,847 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB88,472 million, the Group had an extensive and solid deposit customer basis. Current deposit settlement rates were relatively high and funding sources were stable, so the impact of the shortfall on the Group's real liquidity was not significant.

Management Discussions and Analysis

Liquidity coverage ratio

The Group measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which was issued on 23 May 2018. As of 31 December 2021, the Group's liquidity coverage ratio was 172.87%, which was in compliance with the regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021	31 December 2020
Qualified high-quality liquid assets	50,084,928	38,740,874
Net cash outflow in the next 30 days	28,972,043	18,889,865
Liquidity coverage ratio (%)	172.87	205.09

Net stable funding ratio

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

As at 31 December 2021, available and stable funds and required stable funds of the Group amounted to RMB363,050 million and RMB337,113 million, respectively, which met the regulatory requirement with the net stable funding ratio standing at 107.69%.

7.7.5 Large-sum risk exposure management

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

7.7.6 Reputational risk management

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

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

7.7.7 Compliance risk management

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

During the Reporting Period, the Bank positively complied with the new regulatory requirements on “strong supervision and strict supervision”, correctly grasped the direction of compliance, ensured the proper transmission of regulatory requirements, and further improved the long-term compliance management mechanism. The following compliance management measures have been mainly adopted: Firstly, the Bank improved its compliance management system and strengthened the top-level design of its compliance management. Secondly, the Bank established a process for monitoring compliance risk and optimized the model of compliance risk management, thus enhancing the compliance risk monitoring level and capability of the Bank. Thirdly, the Bank comprehensively and deeply sorted out and evaluated existing systems in terms of comprehensiveness, compliance, timeliness, applicability and feasibility, so as to ensure that the rules and systems of the Bank were continuously and dynamically updated. Fourthly, the Bank carried out the “Internal Control and Compliance Management Year” activities to strengthen the construction of internal control and compliance management and create a compliance culture of stable and prudent operation. Fifthly, with an orientation towards “risk control and value creation by compliance”, the Bank strengthened compliance review to ensure the steady development of all of its businesses in compliance with laws and regulations. Sixthly, the Bank appointed compliance officers to incorporate compliance work in institutions at all levels of the Bank. Seventhly, the Bank organized knowledge tests across the Bank on compliance cases and special trainings on legal compliance knowledge, with an aim to constantly strengthen the compliance publicity and education and create a soft compliance environment for the Bank.

Management Discussions and Analysis

7.7.8 Anti-money laundering management

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

During the Reporting Period, the bank actively fulfilled anti-money laundering obligations and took a number of measures to enhance its anti-money laundering compliance and effectiveness. Firstly, the Bank established a self-assessment system for money laundering risks covering regions, customers, businesses and channels according to the new Guidelines for the Self-Assessment of Money Laundering and Terrorist Financing Risk of Financial Institutions by carrying out a scientific assessment of its institutional money laundering risks based on data from various business systems, adjusting its anti-money laundering strategies and reasonably allocating anti-money laundering resources across the Bank according to the assessment results. Secondly, the Bank focused on supervising key areas of anti-money laundering, carried out various investigations on fake and anonymous accounts, and strengthened the management of weakness in money laundering risks, thus plugging risk loopholes. Thirdly, the Bank continued to build a culture for money laundering risk management, and organized essay contests on anti-money laundering, collections of creative short videos on anti-money laundering, and competitions on anti-money laundering knowledge, some of which were honored anti-money laundering awards by regulatory authorities. Fourthly, the Bank effectively integrated internal and external data relying on big data thinking, so as to obtain information on any changes of identity or abnormalities of non-natural person customers in a timely manner and enhance the capacity to identify customers timely and accurately. Fifthly, the Bank strengthened the management of high-risk areas, upgraded the approval level for high-risk customers, and established a normal inspection mechanism for abnormal cash transactions, so as to deeply practice the risk-based management philosophy of the Bank.

7.8 Capital Management

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

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

7.8.1 Capital adequacy ratio

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021		31 December 2020	
	The Group	The Bank	The Group	The Bank
Net capital:				
Core Tier I Capital, net	43,214,481	39,864,673	35,902,191	32,937,291
Tier I Capital, net	48,277,879	44,773,980	40,934,037	37,846,598
Net capital	59,974,137	55,799,514	53,672,813	50,048,091
Capital adequacy ratio (%):				
Core Tier I Capital adequacy ratio	9.36	9.25	8.39	8.17
Tier I Capital adequacy ratio	10.45	10.39	9.57	9.39
Capital adequacy ratio	12.99	12.95	12.54	12.42

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021	31 December 2020
Core capital:		
Share capital	3,474,505	3,127,055
Counted part of capital surplus	8,955,990	5,246,195
Surplus reserve and general risk reserves	10,790,354	9,753,867
Counted part of retained earnings	19,143,032	17,101,676
Eligible portion of minority interests	1,155,679	919,041
Core Tier I Capital deductibles items:		
Full deductibles items	(305,079)	(245,643)
Threshold deduction items	—	—
Core Tier I Capital, net	43,214,481	35,902,191
Other Tier I Capital, net	5,063,398	5,031,846
Tier II Capital, net	11,696,258	12,738,776
Net capital	59,974,137	53,672,813
On-balance sheet risk-weighted assets	429,163,661	397,595,492
Off-balance sheet risk-weighted assets	7,264,706	6,893,744
Risk-weighted assets for exposure to counterparty credit risk	5,885	345
Total credit risk-weighted assets	436,434,252	404,489,581
Total market risk-weighted assets	678,575	954,344
Total operational risk-weighted assets	24,694,731	22,502,901
Total risk-weighted assets before applying capital base	461,807,558	427,946,826
Total risk-weighted assets after applying capital base	461,807,558	427,946,826
Core Tier I Capital adequacy ratio (%)	9.36	8.39
Tier I Capital adequacy ratio (%)	10.45	9.57
Capital adequacy ratio (%)	12.99	12.54

As of 31 December 2021, the Group's capital adequacy ratio was 12.99%, representing an increase of 0.45 percentage points as compared to the end of the previous year. Tier I Capital adequacy ratio was 10.45%, representing an increase of 0.88 percentage points as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 9.36%, representing an increase of 0.97 percentage points as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly because: (1) the accumulation of endogenous capital increased, and endogenous factors such as profit growth in 2021 led to an increase of approximately RMB3.2 billion in net core tier I capital; and (2) exogenous capital was replenished as appropriate, and the net proceeds from A-Share IPOs amounted to approximately RMB3.7 billion.

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

7.8.2 Leverage ratio

As of 31 December 2021, the Group's leverage ratio was 7.22%, falling within regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2021	31 December 2020
Leverage ratio (%)	7.22	6.84
Tier I Capital	48,582,958	41,179,679
Deductions from Tier I Capital	305,079	245,642
Tier I Capital, net	48,277,879	40,934,037
On-balance sheet assets after adjustment	620,131,107	562,213,707
Off-balance sheet assets after adjustment	48,300,181	36,389,776
On-and off-balance sheet assets after adjustment	668,431,288	598,603,483

7.8.3 Capital financing management

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

In February 2016, the Bank issued RMB1.5 billion Tier II capital bonds within the domestic inter-bank bond market of China. Such Tier II capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.40% per annum before maturity. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's Tier II capital. The bank redeemed the bond in February 2021.

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In March 2017, the Bank issued RMB6 billion Tier II capital bonds within the domestic inter-bank bond market of China. Such Tier II capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.80% per annum before maturity. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's Tier II capital.

In December 2017, the Bank issued the offshore preference shares of US\$750 million (equivalent to RMB4.95 billion) in the offshore market at the indefinite floating interest rate. The first redemption date is 20 December 2022. Subject to the applicable laws and the approvals by relevant the regulatory authorities, the proceeds from such issuance were all used to replenish the Bank's additional Tier I capital. For more information, please refer to "12.3 Preference Shares" of the Annual Report.

7.8.4 Economic capital allocation and management

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

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

7.9 Environment and Outlook

7.9.1 Prospects for Macro Environment

The year of 2021 marks the recovery of global economy since the COVID-19 outbreak. China maintained its global leading position in economic development and pandemic response, and showcased stronger resilience in the industrial chain. In the second half of 2021, China experienced a downward economic growth under the triple pressure of shrinking demand, supply shocks and weakening expectations, especially the downside pressure in consumption recovery and the real estate industry. However, China's long-term economic fundamentals remain unchanged due to its strong resilience. In 2021, China's gross domestic product (GDP) grew by 8.1% year on year.

Looking forward to 2022, China's economy is expected to remain a stable recovery under the organic combination of inter-cyclical and counter-cyclical macro-control policies. In terms of the economic structure, the infrastructure investment is expected to boost the marginal growth of the economy; the manufacturing investment is expected to rebound due to the growth of corporate profits and the industrial transformation and upgrading; the real estate investment is expected to be under pressure under strict control policies and weakening market confidence; the recovery of consumption largely depends on the pandemic response and market confidence; the foreign trade is expected to benefit from the competitiveness of the export sector, but also faces uncertainties from the recovery of overseas production and the declining demand. In terms of prices, the scissors difference between CPI and PPI is expected to narrow and the profitability of upstream and downstream enterprises in the industrial chain will become more balanced due to numerous factors including the base effect, food prices and the stable supply and price of commodities.

In terms of macroeconomic policies, the Central Economic Work Conference stated that China will continue implementing proactive fiscal policies and prudent monetary policies. Proactive fiscal policies should be more effective and emphasize precision and sustainability. Efforts should be made to ensure the intensity of fiscal expenditure and accelerate the spending progress, and a moderately proactive approach should be taken to advance infrastructure investment. Prudent monetary policies should be flexible and appropriate, and liquidity should be maintained at a reasonable and ample level. Fiscal and monetary policies should be coordinated, and cross-cyclical and counter-cyclical macro-regulation policies should be integrated. Efforts should also be made to fully implement the domestic demand expansion strategy and reinforce the endogenous growth momentum. Proactive and prudent macroeconomic policies will provide a favorable policy environment for China's economic growth and the development of the banking industry.

In terms of regulatory environment, preventing and defusing systemic risks and maintaining a basically stable macro leverage ratio are still important regulatory goals. A systematic, multi-level and full-coverage regulatory framework will lay a foundation for strengthening effective regulation by law.

In terms of industry landscape, China's banking industry will adjust the lending of credit loan to relevant sectors under the requirements of develop the new landscape of "dual circulation", and more loans will be allocated to the real economy including manufacturing and inclusive finance. The retail business will usher in a new stage of scenario-based finance, with in-depth online and offline linkage and downward customer base. Financial innovation will be rolled out in an all-around way, and green finance, inclusive finance and cross-border finance will become new growth points of the industry. The asset quality will remain generally stable, but there may be a differentiation among different institutions due to increasing competition in the industry.

Management Discussions and Analysis

In terms of regional development, as the largest municipality directly under the Central Government in China, an important strategic fulcrum for the development of Western China and the intersection of the Belt and Road Initiative and the Yangtze River Economic Belt, Chongqing enjoyed great location advantages. Driven by pillar industries, the gross domestic product (GDP) of Chongqing recorded a year-on-year increase of 8.3% in 2021. At the same time, the construction of the Chengdu-Chongqing Economic Circle has become a national strategy. The List of Major Projects of Chengdu-Chongqing Economic Circle for 2022 has included 160 major landmark projects, with the total investment of over RMB2 trillion and the planned investment of RMB183.5 billion in 2022. China will build Chengdu and Chongqing into a western China financial center that is based in Western China, faces East Asia, Southeast Asia and South Asia, and serves the countries and regions along the Belt and Road for co-development, promote Chengdu-Chongqing region to accelerate the construction of the Chengdu-Chongqing Economic Circle, and create an important growth pole and a new source of power for high-quality development. Regional development opportunities and supporting policies will bring significant opportunities for financial institutions in the region.

7.9.2 Business Plan

In 2022, to cope with complex and evolving internal and external conditions, the Group will fully align with regional development strategies, capture strategic opportunities from national and regional economic development, and deeply penetrate its development into the regional economy in line with the philosophy of high-quality development. Meantime, we will stay true to the original intention of finance serving real economy, and continue to improve our financial services and business coverage, thus constantly enhance competitiveness, innovation and anti-risk capabilities.

Prospering the Bank through deposits and stabilizing the fundamentals of liabilities. In terms of corporate deposits, firstly, the Bank will intensify the promotion and application of cash management system, build scenarios and R&D systems based on transportation, house leasing, catering payment and smart medical care, and organically integrate daily payment, fund management, investment and financing management businesses, so as to further enhance customer experience and customer stickiness; secondly, the Bank will optimize the cap mechanism for large-sum deposits, strengthen the management of structural deposit quotas, deeply explore the fund management needs of customers, thus achieving a balance between scale and cost. In terms of savings deposits, firstly, the Bank will strengthen marketing in key areas based on the hierarchical management of key customer bases and relying on various customer bases from business lobbies and value-added activities, so as to maximize marketing efficiency through focusing on key points and areas; secondly, the Bank will establish and make full use of channels to create a more convenient environment for payment, settlement and card use, constantly improve the brand building to boost product sales, and enhance asset allocation capabilities to continuously improve the share of high-net-worth customer deposits.

Accelerating transformation to integrate into the new development pattern. Firstly, the Bank will seize strategic opportunities to increase asset investment along with the trend. In order to further consolidate the competitive advantages of our corporate businesses, we will implement a series strategic measures, including deepening support for the construction of the Chengdu-Chongqing Economic Circle, resolutely promoting the transformation of the real economy, proactively developing green finance, and providing sustained support for the construction of infrastructure. Secondly, the Bank will focus on key development area and continue to optimize the structure of retail loans. We will explore the online customer acquisition model for mortgage loans, optimize the centralized approval process, strengthen the application of intelligent risk control measures, and focus on marketing high-quality projects with outstanding location and high sales rate. Meanwhile, with “Jie e Dai (捷 e 贷)”, a self-operated consumption loan, as the new growth point, we will expand the application scope of bank cards, launch exclusive scenario-based subproducts, and adopt Internet marketing measures to acquire and activate customers and enhance the utilization rate of loans. Thirdly, the Bank will enhance the quantity and quality of inclusive finance business in line with relevant policies. Through improving the product system and strengthening the integration of channels, the Bank built “Huiyu Financial Service” (匯渝金服) into an expert brand of financial services for small and micro enterprises; and capitalized on its unique advantages in “special, excellent, new, green” agriculture to increase loans for rural revitalization, maintaining a growth in agriculture-related loans.

Fostering new growth engines through reform and innovation. The Bank will deepen the transformation of digital innovation, and boost the transformation and application of innovative achievements, laying a foundation for its operation and management. Firstly, the Bank will enlarge the scale of digital credit. The Bank will build a digital credit business management mechanism with online and offline collaboration, and expand the application scenarios and subproducts of “Hao Qi Dai” (好企貸) with focus on green credit, so as to continuously enhance the scale and quality of digital credit. Secondly, the Bank will promote the management of digital innovation. With an aim to build a full-scale connection tool with all factors, the Bank will strengthen the comprehensive management of the quality of regulatory statistical data, establish a data asset management and operation system, and focus on building a business data mart. Thirdly, the Bank will boost the supporting role of digital research and development. Based on the transformation direction and business needs of the Bank as well as market hotspots, the Bank will invest more efforts in the research and development of digital technology, and make early deployment in technology reserves, so as to constantly the Bank’s core advantages in digital innovation, research and development and application.

Improving market image through enhancing services. The Bank aims to establish and consolidate sustainable competitive advantages through constantly enhancing service capabilities. Firstly, the Bank is intended to attract customers relying on its sound system. The Bank will continue to diversify the sources for attracting customers through enhancing the supporting role of competitive products. Secondly, the Bank will retain its customers via complete channels. On one hand, the Bank will continue to optimize the network layout to build “small but beautiful, crowded but refined” secondary outlets, forming a scientific and reasonable coverage network. On the other hand, in line with the mission of improving user experience, the Bank will continue to optimize the online system, and build a digital operation system featured with multi-channel collaboration and whole-process management to enhance the personalized marketing capabilities of “different pages for different customers”. Thirdly, the Bank will provide warmer services to customers with high-quality operations. The Bank will enhance efficiency and experience through digital operations, and take measures to provide more convenient and preferential services, thus consolidating and improving the quality of services.

Corporate Governance Report

The Bank is committed to building a high-level corporate governance. In strict accordance with relevant laws and regulations, including the Company Law of the People's Republic of China, the Law of the People's Republic of China on Commercial Banks, and the Securities Law of the People's Republic of China, the listing rules of stock exchanges on which the Bank was listed as well as the corporate governance practices of the Bank, we continue to optimize our corporate governance structure and improve our corporate governance system. There were no significant differences between the actual conditions of the Bank's corporate governance with the laws, administrative regulations and regulatory documents issued by securities regulatory authorities in relation to the governance of listed companies.

During the Reporting Period, the Bank strove to improve the transparency and level of corporate governance to safeguard shareholders' interests and enhance its corporate value. The Bank strictly complied with the provisions of relevant laws and regulations and the Listing Rules governing corporate governance, and completed the revision of policies covering market value management, information disclosure, equity investment and performance assessment, the adjustments of members of special committees of the Board, the performance assessment of the Board and the senior management and their members, so as to regulate and improve the stakeholders protection mechanism and further enhance its information disclosure and market value management.

During the Reporting Period, the Bank strictly complied with the code provisions in the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Hong Kong Listing Rules, and adopted the recommended best practices as specified therein where appropriate.

8.1 General Meeting

8.1.1 Duties and Responsibility of General Meetings

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

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

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

Corporate Governance Report

8.1.2 Information of General Meetings

In 2021, the Bank held one annual general meeting and two Shareholders' class meetings, details of which are set out below:

On 20 May 2021, the Bank held the 2020 Annual General Meeting, the first A Shareholders' class meeting of 2021 and the first H Shareholders' class meeting of 2021, respectively. The 2020 Annual General Meeting mainly considered and approved 13 ordinary resolutions, including the Work Report of the Board of Directors for 2020, the Work Report of the Board of Supervisors for 2020, the 2020 Annual Report and Highlights thereof, the Financial Budget Plan for 2021, the Final Budget Report for 2020, the Profit Distribution Plan for 2020, the Appointment and Remuneration of External Auditor for 2021, the Investment Plan for 2021, the Appointment of Ms. ZHONG Xian as a Non-executive Director of Bank of Chongqing Co., Ltd., the Estimated Annual Cap for Daily Related Party Transactions for 2021, Funding the Establishment of Technology Innovation Center, Amending the Administrative Measures for Related Party Transactions of Bank of Chongqing Co., Ltd., and the Liability Insurance of Directors, Supervisors and Senior Management, and 8 special resolutions, including the Plan for the Public Issuance of A Share Convertible Corporate Bonds, Fulfilling the Conditions for the Public Issuance of A Share Convertible Corporate Bonds, the Feasibility Report of the Use of Proceeds from the Public Issuance of A Share Convertible Corporate Bonds, the Report regarding the Use of Proceeds Previously Raised, the Dilution of Immediate Returns and Remedial Measures to the Public Issuance of A Share Convertible Corporate Bonds, the Authorization to be Granted by the General Meeting to Manage Matters Related to the Public Issuance of A Share Convertible Corporate Bonds, the Preliminary Proposal for the Public Issuance of A Share Convertible Corporate Bonds and the Rules of A Share Convertible Corporate Bondholders' Meeting.

The 2021 first Shareholders' class meeting was divided into H Shareholders' class meeting and A Shareholders' class meeting, each of which considered and approved 8 special resolutions, including the Plan for the Public Issuance of A Share Convertible Corporate Bonds, Fulfilling the Conditions for the Public Issuance of A Share Convertible Corporate Bonds, the Feasibility Report of the Use of Proceeds from the Public Issuance of A Share Convertible Corporate Bonds, the Report regarding the Use of Proceeds Previously Raised, the Dilution of Immediate Returns and Remedial Measures to the Public Issuance of A Share Convertible Corporate Bond, the Authorization to be Granted by the General Meeting to Manage Matters Related to the Public Issuance of A Share Convertible Corporate Bonds, the Preliminary Proposal for the Public Issuance of A Share Convertible Corporate Bonds and the Rules of A Share Convertible Corporate Bondholders' Meeting.

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

8.2 The Board of Directors

8.2.1 Responsibilities of the Board

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

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

- (5) formulating profit distribution plans and plans for recovery of losses of the Bank;
- (6) formulating proposals for increase in, or reduction of the Bank's registered capital, issuance of bonds or other securities and listing plans;
- (7) formulating proposals for major acquisitions, share purchase, mergers, separation, dissolution or change in corporate form of the Bank;
- (8) deciding on external investments, acquisition and disposal of assets, pledges of assets, trust asset management and material related party transactions of the Bank within the authorities authorized by the general meeting;
- (9) examining and approving any financial guarantee to be provided by the Bank when the total amount of external financing guarantees of the Bank is greater than 10% but less than or equal to 30% of the Bank's latest audited total assets;
- (10) deciding on establishment, dissolution and merger of the Bank's internal management departments and branches. The Board may delegate the rights of setting up, dismantling and merging the internal management organs of the Bank to the Strategy and Innovation Committee of the Bank;
- (11) appointing or removing the president and the secretary to the Board; appointing or removing vice presidents, the chief financial officer, the chief executive officer and other senior management based on the recommendations of the president, and deciding on matters relating to their emoluments and their rewards and punishments;
- (12) supervising the senior management's performance of their duties to ensure that senior management are effectively fulfilling their management responsibilities;
- (13) establishing the Bank's basic management system, and conducting regular evaluations to improve corporate governance of the Bank;
- (14) formulating the Bank's policies on risk management and internal control;
- (15) formulating proposals for any amendments to the Articles of Association of the Bank;
- (16) managing information disclosure matters and assuming ultimate responsibility for completeness and accuracy of the accounting and financial reporting system of the Bank;
- (17) proposing appointment or change of accounting firms of the Bank at the shareholders' general meetings;
- (18) reviewing the work report of the president and assessing his performance;
- (19) reviewing the Bank's development strategy on a regular basis and supervising its implementation, managing the Bank's capital base, and assuming ultimate responsibility for the capital adequacy ratio management;
- (20) making decisions on matters relating to external donations;

Corporate Governance Report

(21) exercising other duties and powers prescribed by the laws, administrative regulations, department rules or the Articles of Association of the Bank or conferred by the general meetings.

8.2.2 Implementation of Resolutions of General Meetings by the Board

During the Reporting Period, the Board of the Bank strictly implemented the resolutions of general meetings and the matters entrusted by general meetings, and earnestly implemented the proposals considered and approved at the general meeting regarding the profit distribution plan for 2020, the Final Budget Report for 2020, and the Appointment of External Auditor for 2021.

8.2.3 Chairman and President

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

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

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

8.2.4 Composition of the Board

As at the end of the Reporting Period, the Board of the Bank comprised a total of 13 Directors, including 4 executive Directors, namely, Ms. LIN Jun (Chairman), Mr. RAN Hailing (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; 4 non-executive Directors, namely, Mr. WONG Hon Hing (Vice Chairman), Mr. YANG Yusong, Mr. WU Heng and Ms. ZHONG Xian; and 5 independent non-executive Directors, namely, Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin.

The Board of the Bank has set up eight special committees. Please refer to “8.2.15 Special Committees under the Board” for details.

The diversity policy of the Board is summarized as follows:

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

The Bank attaches great importance to continuous improvement of professionalism and structural rationality of the Board and the best combination of Board members matching the development strategy of the Bank to lay the foundation for the efficient operation and scientific decision-making of the Board. As at the end of the Reporting Period, the Board comprises 13 Directors, including 2 females, 3 persons who are ordinarily resident in Hong Kong, 1 person who has expertise in finance, 2 professors from renowned colleges and universities, and 1 senior lawyer. The Board is diverse in terms of gender, professional background and skills of its members.

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

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

The Board is also responsible for performing corporate governance functions. During the Reporting Period, the Board performed the corporate governance functions as set out in the Corporate Governance Code.

8.2.5 Changes in Directors

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

8.2.6 Operation of the Board

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

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

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

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

8.2.7 Appointment of Directors

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

8.2.8 Board Meetings

During the Reporting Period, the Board convened 21 meetings in total (including 15 written resolutions and 6 on-site/video meetings), at which 102 proposals were considered and approved, including the audit plan, financial reports and profit distribution, 54 reports were heard and 2 matters were reported. None of Directors have proposed any dissenting opinions to relevant matters of the Bank. Details of Board meetings are set out below:

Session	Date	Resolutions
The 22nd meeting of the sixth session of the Board	29 January 2021	considered and approved: 1. the Proposal on the Financial Budget Plan of Bank of Chongqing for 2021; 2. the Proposal on the Investment Plan of Bank of Chongqing for 2021; 3. the Proposal on the Audit Plan of Bank of Chongqing for 2021; 4. the Proposal on the Opinions on Comprehensively Strengthening the Consolidated Management of Xingyi Wanfeng Village Bank; 5. the Proposal on the Interim Measures of Bank of Chongqing for the Administration of Internet Loans; and 6. the Proposal on the Amendments to Outsourcing Risk Management Measures of Bank of Chongqing.
The 23rd meeting of the sixth session of the Board	19 March 2021	considered and approved: 1. the Proposal on the Plan for the Board's Authorization to the President (2021 version); 2. the Proposal on the Measures of Bank of Chongqing on the Management of Internet Loan Risks; 3. the Proposal on the 2021 Outlets Development Plan; 4. the Proposal on Adjustment of Name and Responsibilities of the Strategic Committee of the Board.

Session	Date	Resolutions
The 24th meeting of the sixth session of the Board	30 March 2021	considered and approved: 1. the Proposal on the Financial Statements and Notes thereof for 2020; 2. the Proposal on the Final Budget Report for 2020; 3. the Proposal on the Profit Distribution Plan for 2020; 4. the Proposal on the 2020 Annual Report and Highlights thereof; 5. the Proposal on the 2020 Social Responsibility (Environmental, Social and Governance) Report of Bank of Chongqing; 6. the Proposal on the Report on Assessment of Internal Control for 2020; 7. the Proposal on the 2021 Asset and Liability Management Strategy; 8. the Proposal on the Work Report of the Board of Directors for 2020; 9. the Proposal on the Report of the Board of Directors on Evaluation of Performance of Duties by Directors for 2020; 10. the Proposal on the Duty Performance and Cross-Evaluation Reports of Independent Non-Executive Directors for 2020; 11. the Proposal on the Report of the Implementation of Remuneration of Non-Executive Directors for 2020; 12. the Proposal on the Report of the Management of Related Party Transactions for 2020; 13. the Proposal on the Estimated Annual Cap for Daily Related Party Transactions for 2021; 14. the Proposal on the Appointment and Remuneration of External Auditor for 2021; 15. the Proposal on the Liability Insurance of Directors, Supervisors and Senior Management; 16. the Proposal on Adjustment of the Structure of Some Branches of Yuzhong Management Department; 17. the Proposal on the Plan of Bank of Chongqing Co., Ltd. for the Public Issuance of A Share Convertible Corporate Bonds; 18. the Proposal on Fulfilling the Conditions for the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.; 19. the Proposal on the Feasibility Report of the Use of Proceeds from the Public Issuance of A Share Convertible Corporate Bonds; 20. the Proposal on Dilution of Immediate Returns and Remedial Measures to the Public Issuance of A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd.; 21. the Proposal on the Authorization to be Granted by the General Meeting to Manage Matters Related to the Public Issuance of A Share Convertible Corporate Bonds; 22. the Proposal on the Plan of the Public Issuance of A Share Convertible Corporate Bonds; 23. the Proposal on the Rules of A Share Convertible Corporate Bondholders' Meeting of Bank of Chongqing Co., Ltd.; 24. the Proposal on the Election of Ms. ZHONG Xian as a Non-executive Director of Bank of Chongqing Co., Ltd.; 25. the Proposal on Funding the Establishment of Science and Technology Innovation Center; 26. the Proposal on Preparatory Work for Science and Technology Innovation Center; 27. the Proposal on Convening 2020 Annual General Meeting of Bank of Chongqing Co., Ltd.; 28. the Proposal on Convening the 2021 First A Shareholders' Class Meeting and the 2021 First H Shareholders' Class Meeting.

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Session	Date	Resolutions
The 25th meeting of the sixth session of the Board	12 April 2021	considered and approved: 1. the Proposal on the Report regarding the Use of Proceeds Previously Raised; 2. the Proposal on Changing the Name of the Internet Finance Department to the Digital Bank Department; 3. the Proposal on Increasing the Issuance Cap of Wealth Management Products Relating to Cash Management.
The 26th meeting of the sixth session of the Board	28 April 2021	considered and approved: 1. the Proposal on the 2021 First Quarterly Report; 2. the Proposal on Implementation Measures of Bank of Chongqing for Comprehensively Promoting the Rule of Law; 3. the Proposal on Detailed Working Rules for Main Responsible Persons of Bank of Chongqing Promoting the Rule of Law as the First Responsible Person; 4. the Proposal on Detailed Working Rules for Chief Legal Advisor of Bank of Chongqing; 5. the Proposal on Amendments to the Comprehensive Risk Management Policy of Bank of Chongqing; 6. the Proposal on Supplementing and Improving Definitions Relating to the Authorization of Asset Disposal; 7. the Proposal on Material Related Party Transactions Involved in Granting Intended Guarantee Credit to Chongqing Xingnong Financing Guarantee Group Co., Ltd.; 8. the Proposal on Material Related Party Transactions Involved in Granting Intended Guarantee Credit to Chongqing Sanxia Financing Guarantee Group Corporation.
The 27th meeting of the sixth session of the Board	28 May 2021	considered and approved: 1. the Proposal on the Capital Plan of Bank of Chongqing for 2021-2025; 2. the Proposal on the Internal Capital Adequacy Assessment Procedure (ICAAP) Report of Bank of Chongqing; 3. the Proposal on Amendments to the Administrative Measures on Assessment of Internal Control of Bank of Chongqing; 4. the Proposal on Improving Interpretation of Authorization for Debt Assets; 5. the Proposal on Write-off of Non-performing Loans of Loncin Holdings Co., Ltd. and Chongqing General Trading Chemical Co., Ltd.; 6. the Proposal on the Plan for Assessment of Operating Performance for 2020 and 2018-2020; 7. the Proposal on the Assessment of Operating Performance for 2020 and 2018-2020; 8. the Proposal on the Plan for Assessment of Operating Performance for 2021 and 2021-2023.
The 28th meeting of the sixth session of the Board	8 June 2021	considered and approved: the Proposal on Material Related Party Transactions Involved in Granting Credit to Chongqing Xinyu Financial Leasing Co., Ltd..

Session	Date	Resolutions
The 29th meeting of the sixth session of the Board	30 June 2021	considered and approved: 1. the Proposal on the Liability Insurance of Directors, Supervisors and Senior Management; 2. the Proposal on Amendments to the Working Rules for the Risk Management Committee of the Board of Bank of Chongqing Co., Ltd.; 3. the Proposal on the Consideration of Related Party Transactions with Chongqing Yufu Holding Group Co., Ltd..
The 30th meeting of the sixth session of the Board	30 July 2021	considered and approved: 1. the Proposal on Adjustment of Authorization for Issuance of Wealth Management Products; 2. the Proposal on Proposed Amendments to the Budget Approval Process under the Implementation Rules for the Management of Expense Budget and Capital Expenditure Budget.
The 31st meeting of the sixth session of the Board	5 August 2021	considered and approved: the Proposal on Taking Measures to Stabilize Share Price of A Shares.
The 32nd meeting of the sixth session of the Board	13 August 2021	considered and approved: the Proposal on Adjustment of Authorization for Asset Disposal And Asset Write-off.
The 33rd meeting of the sixth session of the Board	30 August 2021	considered and approved: 1. the Proposal on the 2021 Interim Financial Statements and Review Report; 2. the Proposal on the 2021 Interim Report of Bank of Chongqing and Highlights thereof; 3. the Proposal on the Special Report on the Deposit and Actual Utilization of Raised Funds in the First Half of 2021; 4. the Proposal on the Recovery Plan of Bank of Chongqing and Disposal Plan of Bank of Chongqing; 5. the Proposal on the Implementation of the 2021 Interim Plan for Outlets Development and Adjustment of Annual Plan; 6. the Proposal on Adjusting the Procedure for Determining the Breakdown of Back-to-balance Sheet Assets within the Total Back-to-balance Sheet Assets under the Rectification Plan for Wealth Management Business.
The 34th meeting of the sixth session of the Board	13 September 2021	considered and approved: the Proposal on Disposal of Some Non-Performing Assets by Batch Transfer.

Corporate Governance Report

Session	Date	Resolutions
The 35th meeting of the sixth session of the Board	30 September 2021	considered and approved: 1. the Proposal on the Formulation of and Amendments to Relevant Information Disclosure Policies; 2. the Proposal on Amendments to the Administrative Measures of Bank of Chongqing Co., Ltd. for Post-Evaluation of Investment Projects; 3. the Proposal on Amendments to the Market Value Management Measures of Bank of Chongqing Co., Ltd..
The 36th meeting of the sixth session of the Board	15 October 2021	considered and approved: the Proposal on the Reorganization Plan (Draft) of Enterprises under HNA Group.
The 37th meeting of the sixth session of the Board	29 October 2021	considered and approved: 1. the Proposal on the 2021 Third Quarterly Report of Bank of Chongqing Co., Ltd.; 2. the Proposal on Results of Post-Evaluation of Investment Projects in 2021; 3. the Proposal on Basic Information on Internet Loan Business in 2020 and Development Plan for 2021-2022; 4. the Proposal on Amendments to the Shares Management Measures of Bank of Chongqing Co., Ltd.; 5. the Proposal on Amendments to the Measures on the Management of Shareholdings and Changes of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd.; 6. the Proposal on Considering the Measures on the Management of the Safety and Security Work; 7. the Proposal on Adding Audit Items in the 2021 Audit Plan of Bank of Chongqing; 8. the Proposal on Adjusting the 2021 Annual Business Plan and Financial Budget; 9. the Proposal on Write-off of Non-performing Loans of Century Zhongtian (Zunyi) Real Estate Development Co., Ltd..
The 38th meeting of the sixth session of the Board	15 November 2021	considered and approved: 1. the Proposal on Considering the Tenure System and Contractual Management of Managerial Staff of Bank of Chongqing and the Administrative Measures on the Evaluation and Remuneration of Senior Management of Bank of Chongqing.
The 39th meeting of the sixth session of the Board	30 November 2021	considered and approved: the Proposal on Adjustment of Members of Some special Committees of the Board.

Session	Date	Resolutions
The 40th meeting of the sixth session of the Board	7 December 2021	considered and approved: the Proposal on Dividend Distribution of Offshore Preference Shares for the year of 2021.
The 41st meeting of the sixth session of the Board	22 December 2021	considered and approved: the Proposal on the Assessment of Business Performance and Remuneration Payment of Senior Management of Bank of Chongqing for the year of 2020.
The 42nd meeting of the sixth session of the Board	30 December 2021	considered and approved: 1. the Proposal on the Plan for Main Business Indicators in 2022; 2. the Proposal on the Rolling Update of Development Plan during the 14th Five-Year; 3. the Proposal on Outlets Development Plan in 2022; 4. the Proposal on the separate Establishment of the Investment Banking Department; 5. the Proposal on Renaming the Small and Micro Enterprise Banking Department (Rural Affairs Financial Department) as the Inclusive Finance Department; 6. the Proposal on Consolidated Management Policy of the Group in 2022; 7. the Proposal on Amendments to the Measures for the Management of External Equity Investment of Bank of Chongqing Co., Ltd.; 8. the Proposal on Amendments to the Performance Evaluation Methods for Directors of the Board of Bank of Chongqing Co., Ltd.; 9. the Proposal on Amendments to the Reputational Risk Management Measures of Bank of Chongqing; 10. the Proposal on Amendments to Basic Rules And Regulations Related to Information Technology; 11. the Proposal on Issuing a Letter of Commitment from Substantial Shareholders to Chongqing Three Gorges Bank Co., Ltd.; 12. the Proposal on Increasing the Amount of Liability Insurance of Directors, Supervisors and Senior Management for 2021-2022; 13. the Proposal on Disposal of Loans Relating to Beijing Capital Airlines Co., Ltd. and West Air Co.,Ltd..

Corporate Governance Report

Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2021 (Directors who were involved in connected transactions and required to abstain from voting at the relevant meetings are deemed as present) are set out below:

Members of the Board	Attendance in person/by proxy/required (number of times)									
	The Board	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Strategy and Innovation Committee	Risk Management Committee	Connected Transactions Control Committee	Information Technology Guidance Committee	Consumer Protection Committee	General Meeting
Executive Directors										
LIN Jun	21/0/21		3/0/3	5/0/5	12/0/12					3/0/3
RAN Hailing	21/0/21				12/0/12	15/0/15		3/0/3		3/0/3
LIU Jianhua	20/1/21						8/0/8	3/0/3	3/0/3	3/0/3
WONG Wah Sing	21/0/21							3/0/3	3/0/3	3/0/3
Non-executive Directors										
WONG Hon Hing	21/0/21				12/0/12	15/0/15			3/0/3	3/0/3
YANG Yusong	19/2/21				12/0/12					0/0/3
WU Heng	21/0/21		3/0/3	5/0/5						3/0/3
ZHONG Xian	5/0/5	1/0/1					1/0/1			0/0/0
Independent Non-executive Directors										
LIU Xing	21/0/21	10/0/10	3/0/3	5/0/5			8/0/8			3/0/3
WANG Rong	21/0/21		3/0/3	5/0/5		15/0/15	8/0/8			3/0/3
ZOU Hong	21/0/21						8/0/8	3/0/3		3/0/3
FUNG Don Hau	21/0/21	10/0/10			12/0/12	15/0/15		3/0/3		3/0/3
YUAN Xiaobin	21/0/21	10/0/10	3/0/3	5/0/5			7/0/7		3/0/3	3/0/3
Resigned Directors during the Reporting Period										
DENG Yong	0/1/1	2/0/2				1/0/1				0/0/0
TANG Xiaodong	1/0/1									0/0/0
LIU Ying	17/1/18	9/0/9							3/0/3	3/0/3

Notes:

- For details of changes in Directors, please refer to “9.1.4 Changes in Directors, Supervisors and Senior Management” above.
- Attendance in person includes participation by way of on-site attendance as well as electronic means such as telephone and online video conference.
- During the Reporting Period, there were no Directors who did not attend the Board meetings in person for two consecutive meetings.

8.2.9 Independent Non-executive Directors

During the Reporting Period, the composition of the Board at all times met the requirements of Hong Kong Listing Rules regarding the appointment of at least three independent non-executive Directors, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors of the Bank represent one-third of the Board, in effective compliance with the requirement of Rule 3.10A of the Hong Kong Listing Rules.

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

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

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

For information on the performance of the Bank's independent non-executive Directors' duties, please refer to the Duty Performance and Mutual Evaluation Report of Independent Director for 2021 issued on 31 March 2022 by the Bank.

8.2.10 Directors' Responsibility for Preparation of Financial Statements

The Directors have acknowledged their responsibility for preparing the financial statements of the Bank for the year ended 31 December 2021.

The Directors are responsible for overseeing the preparation of financial statements for each accounting period to make sure that such financial statements give a true and fair view of the financial conditions, operating results and cash flows of the Bank. In preparing the financial statements for the year ended 31 December 2021, the Directors have adopted and consistently applied applicable accounting policies, and exercised prudent and reasonable judgment.

Corporate Governance Report

8.2.11 Continuous Professional Development Program for Directors

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

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

During the Reporting Period, details of participation in training of all Directors of the Bank are as follows:

On 29 October 2021, all Directors of the Bank participated in the training on the Legal Practices of Connected Transactions of Listed Commercial Banks;

On 29 October 2021, all Directors of the Bank participated in the training on compliance in relation to anti-money laundering and sanctions;

On 30 December 2021, all Directors of the Bank participated in the training on the Duty Performance Rules and Performance Evaluation of Directors and Supervisors of Commercial Banks;

On 30 December 2021, all Directors of the Bank participated in the training on compliance of information disclosure of listed companies.

8.2.12 Delegation of Power by the Board

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

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

8.2.13 Corporate Governance Functions of the Board

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

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

8.2.14 Company Secretary

The Bank appointed Ms. HO Wing Tsz Wendy from Tricor Services Limited, an external service provider, as the company secretary of the Bank, and Mr. WONG Wah Sing (executive Director) was the chief contact person for the external company secretary. Ms. HO Wing Tsz Wendy complied with the requirements under Rule 3.29 of the Hong Kong Listing Rules by receiving relevant professional training for not less than 15 hours for the financial year ended 31 December 2021.

8.2.15 Special Committees under the Board

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

Corporate Governance Report

Strategy and Innovation Committee

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

The primary duties of the Strategy and Innovation Committee include:

1. to review the mid-to-long-term development strategy of the Bank;
2. to review the annual business plan submitted by the management, and put forward suggestions or opinions;
3. to review the relevant systems and implementation plans of the Bank's foreign investment, mergers and acquisitions, examine major investments, for example, fixed assets investments and equity investments, and put forward suggestions or opinions;
4. to oversee and inspect the implementation of the Bank's strategic planning, annual business plans and investment schemes;
5. to study the major matters which have influence on the development of the Bank and make recommendations;
6. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the 6th session of the Strategy and Innovation Committee of the Bank held the 14th meeting (28 January), the 15th meeting (18 March), the 16th meeting (29 March), the 17th meeting (9 April), the 18th meeting (27 May), the 19th meeting (21 July), the 20th meeting (26 July), the 21st meeting (27 July), the 22nd meeting (28 September), the 23rd meeting (27 October), the 24th meeting (29 November) and the 25th meeting (29 December), at which a total of 51 matters including profitability analysis reports, market value management report, the development plan of outlets, and the budget proposal were reported and considered.

Audit Committee

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

The primary duties of the Audit Committee include:

1. to conduct audit analysis and monitoring assessment on significant matters of the Bank including implementation of strategic planning, business operation and development and the overall risks that may arise;
2. to provide guidance to and carry out special audits on risk management, compliance management, financial management and other aspects;
3. duties with respect to external auditors;
4. to monitor accounting policies, financial position and financial reporting procedures, examine financial information and its disclosure, and to review significant financial reporting judgments contained therein;
5. to be in charge of the Bank's annual audits, and supervise the rectification;
6. to ensure coordination between the internal and external auditors;
7. to examine the internal audit system and work;
8. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the 6th session of the Audit Committee of the Bank held the 11th meeting (7 January), the 12th meeting (28 January), the 13th meeting (29 March), the 14th meeting (27 April), the 15th meeting (27 May), the 16th meeting (29 June), 17th meeting (28 July), the 18th meeting (27 August), the 19th meeting (27 October) and 20th meeting (6 December), at which a total of 25 proposals including the annual results of 2020, quarterly results of 2021, profit distribution plan and the final financial accounts were considered. Meanwhile, the Audit Committee held 2 meetings with the auditors in accordance with the code provisions of the Corporate Governance Code.

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Remuneration and Appraisal Committee

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

The primary duties of the Remuneration and Appraisal Committee include:

1. to propose the remuneration management measures or plans to the Board;
2. to examine and review the remuneration and remuneration plan of Directors and senior management, to make recommendations to the Board, and to supervise the implementation;
3. to review the duty performance of Directors and senior management and to make performance assessment on them;
4. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the 6th session of the Remuneration and Appraisal Committee of the Bank held the 6th meeting (26 March), the 7th meeting (27 May), the 8th meeting (12 November), the 9th meeting (21 December) and 10th meeting (29 December), at which a total of 10 proposals including the appraisal report on performance of Directors, the duty performance and cross-evaluation reports of independent non-executive Directors, and the assessment of business performance and remuneration payment of senior management for 2020 were considered.

Nomination Committee

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

The primary duties of the Nomination Committee include:

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

During the Reporting Period, the 6th session of the Nomination Committee of the Bank held the 4th meeting (26 March), the 5th Meeting (26 November) and the 6th meeting (23 December), at which a total of 2 proposals including the adjustment of members of some special committees of the Board, and the election of Ms. ZHONG Xian as a Non-executive Director of Bank of Chongqing Co., Ltd were considered, and 1 report was heard.

Risk Management Committee

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

The primary duties of the Risk Management Committee include:

1. business strategies and plans:
 - (1) to consider the Bank's risk strategy, preferences and tolerance;
 - (2) to consider or make recommendations on the risk management function division of the Board and senior management;
 - (3) to consider the Bank's risk limit management framework and the limit;
 - (4) to consider the Bank's overall policies of risk management, compliance management, security work and anti-money laundering work;
 - (5) to consider and approve the risk organization structure and its function;
 - (6) to consider and approve the Bank's risk management standard, important risk measurement methods and tools;
 - (7) to consider and approve the risk class policy, including credit risk, operational risk and market risk;
2. operation and implementation:
 - (1) to consider the power of the president delegated by the Board and risk-taking activities that go beyond the scope of authority of the management, and report to the Board for approval;
 - (2) to receive and consider the report of the Bank's management on the implementation of risk policy, risk monitoring report, compliance risk report, security work report, anti-money laundering work report, and put forward suggestions and measures for improvement;
3. monitoring and evaluating:
 - (1) to evaluate whether the Bank establishes a complete system of risk management organization, personnel, procedures, systems and internal control;
 - (2) to oversee the implementation of the management on the Bank's risk management principles, standards and policies;
 - (3) to receive the report of Risk Management and Internal Control Committee on considering and approving matters, monitor and evaluate the effectiveness of the risk management operation of the management level;
 - (4) to examine and evaluate the effectiveness of the Bank's security work and anti-money laundering work.

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During the Reporting Period, the 6th session of the Risk Management Committee of the Bank held the 13th meeting (28 January), the 14th meeting (18 March), the 15th meeting (9 April), the 16th meeting (27 April), the 17th meeting (27 May), the 18th meeting (29 June), the 19th meeting (28 July), the 20th meeting (6 August), the 21st meeting (27 August), the 22nd Meeting (13 September), the 23rd meeting (28 September), the 24th meeting (13 October), the 25th meeting (27 October), the 26th meeting (26 November) and the 27th meeting (28 December), at which a total of 37 proposals including the risk monitoring report of the Bank, the amendments to the Outsourcing Risk Management Measures of Bank of Chongqing, and the amendments to the Reputational Risk Management Measures of Bank of Chongqing were considered, and 2 reports were heard.

Connected Transactions Control Committee

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

The primary duties of the Connected Transactions Control Committee include:

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

During the Reporting Period, the 6th session of the Connected Transactions Control Committee of the Bank held the 13th meeting (28 January), the 14th meeting (29 March), the 15th meeting (27 April), the 16th meeting (7 June), the 17th meeting (29 June), the 18th meeting (28 July), the 19th meeting (28 October) and the 20th meeting (20 December), at which a total of 11 proposals including major connected transactions, and the report on the update of directory of related parties were considered.

Information Technology Guidance Committee

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

The primary duties of the Information Technology Guidance Committee include:

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

During the Reporting Period, the 6th session of the Information Technology Guidance Committee of the Bank held the 5th meeting (26 March), the 6th meeting (13 December) and the 7th Meeting (28 December), at which a total of 4 proposals including funding the establishment of science and technology innovation center and the preparatory work for science and technology innovation center were considered, and 1 report was heard.

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Consumer Protection Committee

As of the end of the Reporting Period, the Bank's Consumer Protection Committee consisted of 4 Directors, including Mr. WONG Hon Hing as chairman, Mr. LIU Jianhua, Mr. WONG Wah Sing and Mr. YUAN Xiaobin as members.

The primary duties of the Consumer Protection Committee include:

1. to formulate the Bank's strategic planning of consumer protection;
2. to review the Bank's organization structure of consumer protection;
3. to oversee and assess the Bank's consumer protection regarding its comprehensiveness, timeliness and effectiveness, and the senior management's performance of their duties;
4. to guide the work of the leading group of consumer protection;
5. to exercise other duties as delegated by the Board.

During the Reporting Period, the 6th session of the Consumer Protection Committee of the Bank held the 4th meeting (18 March), the 5th Meeting (27 August) and the 6th meeting (17 September), at which a total of 2 proposals including the 2020 Consumer Protection Work Report and the Work Report on Consumer Protection in the First Half of 2021 were considered, and 2 reports were heard.

8.3 Board of Supervisors

8.3.1 Duties of the Board of Supervisors

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

1. the Board of Supervisors shall supervise the Board of Directors and directors regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank, rules of procedure for shareholders' general meetings, and rules of procedure for meetings of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings and meetings of the Board of Supervisors and performance of powers and duties in accordance with laws in making significant decisions on operations and management; determination of major business management and strategy decisions; continued improvement in corporate governance, development strategy, business strategy, capital management, remuneration management, disclosure, and protection of deposit holders and other interested stakeholders; effective operation of the Board of Directors' specialized committees; the directors' attendance, comments and proposals at meetings; independent directors' independent advices on material connected transaction, profit distribution, matters that could potentially damage the interests of depositors or minority shareholders of the Bank, and matters that could potentially cause the Bank's material loss;

2. the Board of Supervisors shall supervise the senior management and its members regarding the following important matters: compliance with applicable laws, regulations, rules and other regulatory documents; compliance with the Articles of Association of the Bank and authorization of the Board of Directors; implementation of resolutions adopted by shareholders' general meetings, meetings of the Board of Directors, and meetings of the Board of Supervisors; performance of business management within their terms of reference, and continued improvement in business management, risk management, and internal control;
3. when it was found out that a director or senior management has breached any applicable laws, regulations, rules, or the Articles of Association of the Bank, the Board of Supervisors may request him to rectify his conduct and recommend investigations regarding liability for those responsible for such breaches;
4. the Board of Supervisors shall establish and improve a performance appraisal system with clearly defined performance criteria and standards, for the evaluation of all directors and senior management in the performance of their duties, and carry out resignation audit for directors and senior management;
5. the Board of Supervisors shall establish a record-keeping system to deposit performance reviews of directors and senior management to make the files of performance reviews complete;
6. to review and present written opinions on the regular reports prepared by the Board of Directors;
7. to examine and supervise the Bank's financial affairs;
8. to review financial information including financial reports, business reports, and profit distribution plan, which the Board of Directors intends to submit to the shareholders' general meeting. Where abnormalities arise, a certified public accountant or certified auditor may be entrusted to assist in re-auditing such financial information in the name of the Bank;
9. to propose the convening of extraordinary shareholders' general meetings, and, if the Board of Directors fails to call such a meeting as required under the PRC Company Law, to convene and host the shareholders' general meetings;
10. to present proposals to shareholders' general meetings;
11. to bring actions against directors and senior management according to the relevant provisions of the PRC Company Law;
12. to investigate any irregularities in the operations of the Bank, and if necessary, engage accounting firms, law firms, or other professional firms to assist its work with costs borne by the Bank;

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13. to conduct audits relating to operation and decision-making, risk management, and internal control of the Bank when necessary;
14. to inquire into directors and senior management;
15. to draft remuneration plans for supervisors, and submit them to the shareholders' general meeting for approval; and
16. other powers prescribed by applicable laws, administrative regulations, and departmental rules, as well as any other powers conferred by the Articles of Association of the Bank.

8.3.2 Composition of the Board of Supervisors

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

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

8.3.3 Chairperson of the Board of Supervisors

On 24 March, 2015, Mr. YANG Xiaotao was elected as Chairperson of the Fifth Session of the Board of Supervisors of the Bank by the Board of Supervisors, with effect from the same date. On 9 December 2019, Mr. YANG Xiaotao was elected as Chairperson of the Sixth Session of the Board of Supervisors of the Bank by the Board of Supervisors, with effect from the same date. On 21 February 2022, Mr. YANG Xiaotao voluntarily resigned from his positions as the chairperson and an employee Supervisor of the Board of Supervisors due to work adjustment. On 18 March 2022, the Board of Supervisors elected Mr. CHEN Zhong, an external Supervisor, as the temporary convener of the meetings of the Board of Supervisors. Prior to the appointment of the new chairperson of the Board of Supervisors, Mr. CHEN will convene and preside over the meetings of the Board of Supervisors until the election of the new chairperson of the Board of Supervisors by the Bank.

8.3.4 Meetings of the Board of Supervisors

In 2021, the Board of Supervisors held a total of 9 meetings, at which 36 proposals and informative reports were considered. Subject matters include the work reports of the Board of Supervisors, main tasks of the Board of Supervisors, regular reports, annual financial statements, profit distribution plan, review report, appraisal report on performance of Supervisors. During the Reporting Period, the Board of Supervisors has found no risks of the Bank in its supervision activities and has proposed no dissenting opinions in relation to its supervision matters.

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

Members of the Board of Supervisors	Attendance in person/by proxy/required (number of times)
YANG Xiaotao	9/0/9
HUANG Changsheng	9/0/9
CHEN Zhong	9/0/9
PENG Daihui	9/0/9
HOU Guoyue	8/1/9
ZENG Xiangming	8/1/9
QI Jun	9/0/9
YIN Jun	9/0/9
WU Ping	9/0/9

Note: Attendance in person includes participation by way of on-site attendance as well as electronic means such as telephone and online video conference.

Corporate Governance Report

8.3.5 Special Committee under the Board of Supervisors

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

Supervision and Nomination Committee

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

The primary duties of the Supervision and Nomination Committee include:

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

In 2021, the Supervision and Nomination Committee held 3 meetings and reviewed 3 proposals, including the supervision of the inspection plan.

8.4 Senior Management

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

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

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

8.5 Securities Transactions by Directors, Supervisors and Relevant Employees

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

The Bank has also set up guidelines in respect of the dealings by its relevant employees in the Bank's securities, which are on no less exacting terms than the Model Code. During the Reporting Period, the Bank has not discovered any breach of the guidelines by its relevant employees.

Corporate Governance Report

8.6 Internal Control

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

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

The Board of the Bank will continue to promote the construction of internal control, facilitate the continuous improvement and perfection of internal control system, and pursue long-term, sustainable and steady operation and development, with a view to managing rather than eliminating the risk of failure to achieve business objectives. During the Reporting Period, the Board of the Bank conducted a review of the internal control of the Bank and its subsidiaries during the Reporting Period. The review covered all significant controls of the Bank, including financial, operational, compliance and risk controls. The Bank has established an internal audit function which is effective and sufficient in the design or implementation of internal control and risk management, and no significant defects were found. For details, please refer to the Report on Assessment of Internal Control for 2021 published by the Bank on 31 March 2022, and the unqualified Audit Report on Internal Control of Bank of Chongqing Co., Ltd. for 2021 issued by Ernst & Young Hua Ming LLP (Special General Partnership).

8.7 Management and Control of Subsidiaries

The Group has two subsidiaries, namely Chongqing Xinyu Financial Leasing Co., Ltd. and Xingyi Wanfeng Village Bank Co., Ltd. According to the Company Law and the relevant provisions of the articles of association of such subsidiaries, the Group has appointed one and two directors to Xinyu Financial Leasing and Xingyi Wanfeng respectively, and strictly and effectively exercised shareholder's rights through their general meeting and board of directors.

The Group strictly complied with relevant provisions on consolidated management, held a total of 6 joint meetings on consolidated management of the Group. The Group have exercised comprehensive and continuous management and control over consolidated matters of the two subsidiaries covering corporate governance, capital and finance, have taken effective measures to identify, measure, monitor and control the overall risk of the Group, and gave full play to the synergy of internal businesses of the Group.

8.8 Shareholders' Rights

8.8.1 Convening an Extraordinary General Meeting

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

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

8.8.2 Proposals Put forward at General Meetings

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

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

8.8.3 Making enquiries with the Bank

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

Corporate Governance Report

8.9 Amendments to the Articles of Association

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

On 30 March 2021, the Bank received the Approval on Amendments to the Articles of Association of Bank of Chongqing Co., Ltd. (Yu Yin Bao Jian Fu [2021] No. 54), from Chongqing CBIRC, by which the Articles of Association of Bank of Chongqing Co., Ltd. was approved and became effective and applicable upon the listing of A Shares.

Upon completion of the issuance of A Shares, the registered capital of the Bank was changed from RMB3,127,054,805 to RMB3,474,505,339. In January 2022, the Bank completed the industrial and commercial filing for relevant amendments to the Articles of Association.

8.10 Communication with Shareholders

8.10.1 Effective Communication with Shareholders and Work Relating to Investor Relations

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

In 2021, the Bank continued to intensify effective communication with the market, and adopted a strategy of “Going-out” and “Inviting-in”. Through various channels such as performance announcements and roadshows, active visits to investors, reception of investor visits, reply to investors’ hotline calls and emails, we carefully listened to voices from the market, fully responded to market concerns, and disclosed to the market the achievements of the Bank’s strategic development and the stable and balanced performance, which were fully recognized and highly praised by the market and investors.

8.10.2 Information Disclosure

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

The Bank’s information disclosure is based on sound corporate governance, robust internal control and solid information disclosure system, ensuring that investors can obtain information in a timely, accurate and equal manner. In terms of the management of insider information, the Bank strictly complied with relevant laws and regulations and internal policies, implemented the registration management and accountability mechanism for persons with knowledge of inside information, to ensure the confidentiality management and compliant disclosure of inside information.

8.10.3 Shareholders' Enquiries

Any enquiries related to your shareholding of Shares including transfer of Shares, change of address, loss reporting of share certificates and dividend notes,

should be sent in writing to the following address:

A Shares

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

H Shares

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

8.10.4 Investors' Enquiries

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

Office of the Board of Directors of Bank of Chongqing Co., Ltd.
No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the PRC
Tel: +86 (23) 63367688
Fax: +86 (23) 63799024
E-mail: ir@cqcbank.com

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

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

8.10.5 Additional Information

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1 Directors, Supervisors and Senior Management

9.1.1 Basic Information of Directors, Supervisors and Senior Management

Directors

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)	Increase/decrease (shares)	Reasons for the increase/decrease
LIN Jun	Female	August 1963	Secretary to the Party Committee	Since June 2017	–	8,600	8,600	Increasing shareholding to stabilize Share price
			Chairman	Since March 2018				
			Executive Director	Since March 2018				
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee	Since December 2013	45,374	54,574	9,200	Increasing shareholding to stabilize Share price
			Executive Director	Since February 2011				
			President	Since April 2013				
LIU Jianhua	Male	December 1965	Member of the Party Committee	Since February 2013	167,975	176,375	8,400	Increasing shareholding to stabilize Share price
			Executive Director	Since August 2016				
			Vice President	Since October 2014				
WONG Wah Sing	Male	July 1960	Executive Director	Since September 2016	–	8,700	8,700	Increasing shareholding to stabilize Share price
			Chief Risk Officer	Since September 2016				
			Chief Anti-money Laundering Officer	Since December 2019				
WONG Hon Hing	Male	August 1952	Vice Chairman	Since July 2007	–	2,000	2,000	Increasing shareholding to stabilize Share price
			Non-executive Director					
YANG Yusong	Male	June 1972	Non-executive Director	Since December 2018	1,033	1,033	–	–
WU Heng	Male	August 1976	Non-executive Director	Since April 2019	–	–	–	–
ZHONG Xian	Female	June 1977	Non-executive Director	Since October 2021	–	–	–	–
LIU Xing	Male	September 1956	Independent Non-executive Director	Since March 2020	–	–	–	–
WANG Rong	Male	March 1956	Independent Non-executive Director	Since March 2020	–	–	–	–
ZOU Hong	Male	October 1969	Independent Non-executive Director	Since March 2020	–	–	–	–
FUNG Don Hau	Male	December 1952	Independent Non-executive Director	Since March 2020	–	–	–	–
YUAN Xiaobin	Male	August 1969	Independent Non-executive Director	Since May 2020	–	–	–	–
Outgoing Directors During The Reporting Period								
DENG Yong	Male	January 1960	Non-executive Director	February 2013 to February 2021	–	–	–	–
TANG Xiaodong	Male	April 1970	Non-executive Director	December 2018 to March 2021	–	1,000	1,000	Subscribing new shares
LIU Ying	Female	June 1974	Non-executive Director	March 2020 to November 2021	–	1,200	1,200	Increasing shareholding to stabilize Share price

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Supervisors

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)	Increase/decrease (shares)	Reasons for the increase/decrease
YANG Xiaotao	Male	August 1963	Member of the Party Committee Chairperson of the Board of Supervisors Employee Supervisor	March 2015 to February 2022	–	–	–	–
HUANG Changsheng	Male	February 1964	Deputy Secretary of the Party Committee Employee Supervisor Chairman of the Labor Union	Since April 2013	123,451	123,451	–	–
YIN Jun	Male	September 1979	Employee Supervisor	Since May 2019	–	–	–	–
WU Ping	Male	October 1967	Employee Supervisor	Since December 2019	65,625	65,625	–	–
ZENG Xiangming	Male	October 1974	Shareholder Supervisor	Since August 2019 to March 2022	–	–	–	–
QI Jun	Male	December 1978	Shareholder Supervisor	Since December 2019	–	–	–	–
CHEN Zhong	Male	April 1956	External Supervisor	Since June 2016	–	–	–	–
PENG Daihui	Male	October 1954	External Supervisor	Since May 2018	–	–	–	–
HOU Guoyue	Male	May 1974	External Supervisor	Since December 2019	–	–	–	–

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Senior Management

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)	Increase/decrease (shares)	Reasons for the increase/decrease
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee	Since December 2013	45,374	54,574	9,200	Increasing shareholding to stabilize Share price
			Executive Director	Since February 2011				
			President	Since April 2013				
SUI Jun	Male	January 1968	Member of the Party Committee	Since April 2016	–	9,900	9,900	Increasing shareholding to stabilize Share price
			Vice President	Since June 2017				
LIU Jianhua	Male	December 1965	Member of the Party Committee	Since February 2013	167,975	176,375	8,400	Increasing shareholding to stabilize Share price
			Executive Director	Since August 2016				
			Vice President	Since October 2014				
YANG Shiyin	Female	September 1965	Member of the Party Committee	Since February 2013	134,947	144,947	10,000	Increasing shareholding to stabilize Share price
			Vice President	Since October 2014				
ZHOU Guohua	Male	December 1965	Member of the Party Committee	Since February 2013	68,723	77,723	9,000	Increasing shareholding to stabilize Share price
			Vice President	Since October 2014				
PENG Yanxi	Female	June 1976	Member of the Party Committee	Since October 2015	–	8,300	8,300	Increasing shareholding to stabilize Share price
			Vice President	Since March 2016				
			Secretary to the Board	Since August 2018				
HUANG Ning	Male	June 1974	Member of the Party Committee	Since October 2014	62,162	70,862	8,700	Increasing shareholding to stabilize Share price
			Vice President	Since March 2016				
WONG Wah Sing	Male	July 1960	Executive Director	Since September 2016	–	8,700	8,700	Increasing shareholding to stabilize Share price
			Chief Risk Officer	Since September 2016				
			Chief Anti-money Laundering Officer	Since December 2019				

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.2 Biographies of Directors, Supervisors and Senior Management

Biographies of Directors

LIN Jun (林軍)

Secretary to the Party Committee, Chairman and Executive Director

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

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

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

RAN Hailing (冉海陵)

Deputy Secretary of the Party Committee, President and Executive Director

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

LIU Jianhua (劉建華)

Member of the Party Committee, Executive Director and Vice President

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

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

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

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

WONG Wah Sing (黃華盛)

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

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

WONG Hon Hing (黃漢興)

Vice Chairman and Non-executive Director

Mr. WONG Hon Hing, nominated by Dah Sing Bank, a Shareholder of the Bank, has been the vice chairman and non-executive Director of the Bank since 25 July 2007. Mr. WONG is also the chairman of the Consumer Protection Committee, and a member of the Strategy and Innovation Committee and the Risk Management Committee of the Bank.

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

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

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

YANG Yusong (楊雨松)

Non-executive Director

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

Mr. YANG has been serving as deputy general manager and member of the Party committee of Chongqing Yufu from January 2016 to July 2021. He served as the chairman of Chongqing Yufu since July 2021. Mr. YANG commenced his career in September 1992. Mr. YANG served as an employee director of Chongqing Yufu from June 2015 to December 2019 (during the period from January 2016 to July 2016, he also served as the head of financial business department). Mr. YANG served as the assistant manager, deputy manager and manager of the investment department, head of the investment management department, head of industrial business department and head of financial business department of Chongqing Yufu from April 2006 to January 2016, the deputy manager of the finance department, the manager of the investment department and assistant general manager of Chongqing Gangjiu Co., Ltd. from March 2004 to March 2006, general manager of Guiyang Hequn Road Office of Huaxia Securities Co., Ltd. from May 2002 to October 2003, the deputy general manager of Chongqing Linjiang Road Office of Huaxia Securities Co., Ltd. from March 2000 to May 2002, the deputy manager of investment banking of Chongqing branch of Huaxia Securities Co., Ltd. from October 1993 to March 2000, and a staff of the finance department of Chongqing Municipal Federation of Trade Unions from September 1992 to October 1993.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Mr. YANG now serves as the director of Chongqing Department Store Co., Ltd. (a listed company on the main board of Shanghai Stock Exchange, stock code: 600729).

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

WU Heng (吴珩)

Non-executive Director

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

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

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

ZHONG Xian (鍾弦)

Non-executive Director

Ms. ZHONG Xian has been a non-executive Director of the Bank since October 2021, and is also a member of each of the Audit Committee and the Connected Transactions Control Committee.

Ms. ZHONG served as the general manager of Shenzhen Corun New Energy Equity Investment Fund Partnership (Limited Partnership), and the secretary to the board of directors and the chief investment officer of Hunan Corun New Energy Co., Ltd. Ms. ZHONG has been the vice president of Geely Technology Group Co., Ltd., and a director of Lifan Technology (Group) Co., Ltd. (a company listed on the main board of the Shanghai Stock Exchange, stock code: 601777).

Ms. ZHONG graduated from the Law School of Central University of Finance and Economics in July 1999 and obtained a bachelor degree in law.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

LIU Xing (劉星)

Independent Non-executive Director

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

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

Dr. LIU is currently an independent director of Chongqing New Dazheng Property Group Co., Ltd. (重慶新大正物業集團股份有限公司) (a listed company on the SME Board of Shenzhen Stock Exchange, Stock Code: 002968) and CETC Energy Joint Stock Co., Ltd. (中電科能源股份有限公司) (a listed company on the Main Board of the Shanghai Stock Exchange, stock code: 600877).

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

WANG Rong (王榮)

Independent Non-executive Director

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

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

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

ZOU Hong (鄒宏)

Independent Non-executive Director

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

FUNG Don Hau (馮敦孝)

Independent Non-executive Director

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

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

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

YUAN Xiaobin (袁小彬)

Independent Non-executive Director

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Mr. YUAN is currently an independent director of Hanhua Financial Holding Co., Ltd. (瀚華金控股份有限公司) (a listed company on the Hong Kong Stock Exchange, Stock Code: 3903).

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

Biographies of Supervisors

HUANG Changsheng (黃常勝)

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

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

Mr. HUANG obtained an Executive Master of Business Administration degree from Chongqing University in September 2013. Mr. HUANG is an economist and a senior political engineer.

YIN Jun (尹軍)

Employee Supervisor

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

WU Ping (吳平)

Employee Supervisor

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

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

QI Jun (漆軍)

Shareholder Supervisor

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

CHEN Zhong (陳重)

External Supervisor

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

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

Mr. CHEN Zhong is an independent director of IMEIK Technology Development Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300896), a director of Sichuan Development Lomon Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002312), and an independent director of Doushen (Beijing) Education & Technology INC. (a company listed on the Shenzhen Stock Exchange, stock code: 300010).

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

PENG Daihui (彭代輝)

External Supervisor

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

HOU Guoyue (侯國躍)

External Supervisor

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

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

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

Biographies of Senior Management

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

SUI Jun (隋軍)

Member of the Party Committee and Vice President

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

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

Mr. SUI attended the Southwestern University of Finance and Economics and obtained a bachelor's degree in Agricultural Finance and Economics in July 1990, and an Executive Master of Business Administration (EMBA) degree from Chongqing University in June 2010. Mr. SUI obtained a doctorate degree of economics in finance from Southwestern University of Finance and Economics in December 2020. Mr. SUI is a senior economist.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

YANG Shiyin (楊世銀)

Member of the Party Committee and Vice President

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

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

ZHOU Guohua (周國華)

Member of the Party Committee and Vice President

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

PENG Yanxi (彭彥曦)

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

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

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

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

HUANG Ning (黃寧)

Member of the Party Committee and Vice President

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.3 Positions of Directors, Supervisors and Senior Management

Position held in shareholder

Name	Name of shareholder	Position held in shareholder	Date of appointment	Date of termination
WONG Hon Hing	Dah Sing Bank, Limited	Executive Director Vice chairman of the board of directors	August 1989 April 2011	To date
YANG Yusong	Chongqing Yufu Capital Operation Co., Ltd.	Chairman of the board of directors	July 2021	To date
WU Heng	SAIC Motor Corporation Limited	General manager of the financial affairs department	August 2019	To date
ZHONG Xian	Lifan Technology (Group) Co., Ltd.	Director	January 2021	To date
QI Jun	Chongqing Beiheng Investment & Development Limited	Supervisor	May 2015	To date

Position held in other companies

Name	Name of other companies	Position held in other companies
WONG Hon Hing	Dah Sing Banking Group Limited	Executive director, managing director and chief executive officer, and vice chairman of the board of directors
	Dah Sing Financial Holdings Limited	Executive director, managing director and chief executive officer
	Banco Commercial De Macau	Director
	Dah Sing Bank (China) Co., Ltd.	Chairman of the board of directors
	Dah Sing Insurance Company (1976) Ltd.	Executive Director
	Bank Consortium Holding Limited	Director
	Bank Consortium Trust Company Limited	Director
	BCT Financial Limited	Director
	Nengmin Holding Limited (能敏控股有限公司)	Director
	DSB BCM (1) Limited	Director
	DSB BCM (2) Limited	Director
	DSGI (1) Limited	Director
	DSLII (2) Limited	Director

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
	DSLI (BVI) (1) Limited	Director
	DSMI Group Limited	Director
	Dah Sing Company Limited	Director
	Dah Sing Finance Limited	Director
	Dah Sing Properties Limited	Director
	Filey Investment Corporation	Director
	High Standard Investment Ltd.	Director
	Luen Fung Investment Company, Limited	Director
	Macau Insurance Company Limited	Director
	MEVAS (1931) Limited	Director
	MEVAS Nominees Limited	Director
	Modern World Holdings Limited	Director
	Modern Bright Hong Kong Limited	Director
	Newinner Investments Limited	Director
	Pacific Finance (Hong Kong) Limited	Director
	South Development Limited	Director
	Reliable Associates Limited	Director
	Upway Wealth International Limited	Director
	Vanishing Border Investment Services Limited	Director
	WOF Escrow Limited	Director
	Well Idea Enterprises Limited	Director
	The Chinese Banks' Association Limited	Director
	Dah Sing Nominees Limited	Director
	Hong Kong Institute of Bankers	Director
YANG Yusong	Ancheng Property & Casualty Co., Ltd.	Director
	Chongqing Shangshe Company (Group) Co., Ltd.	Director
	Chongqing Department Store Co., Ltd.	Director
WU Heng	SAIC Motor Financial Holding Management Co., Ltd.	General manager
	Shanghai Automotive Group Finance Company, Ltd.	Director
	SAIC Equity Investment Company Limited	Director
	SAIC Insurance Sales Company Limited	Director
	SAIC-GMF Leasing Co., Ltd.	Director
	SAIC HK International Finance Limited	Director
	Shanghai SAIC Hengxu Investment Management Co., Ltd.	Director
	Shanghai SAIC Mobility Technology and Service Co., Ltd.	Director

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
ZHONG Xian LIU Xing	SAIC (Changzhou) Innovation Development Investment Fund Co., Ltd.	Executive director and legal person
	Wuhan KOTEI Informatics Co., Ltd.	Director
	Wuhan Heading Data Intelligence Technology Co., Ltd.	Director
	SAIC Anji Logistics Co., Ltd.	Director
	Anji Hoau Logistics Technology (Shanghai) Co., Ltd. (安吉華宇物流科技(上海)有限公司)	Director
	RV2Go Technology Co., Ltd. (房車生活家科技有限公司)	Director
	Shanghai UTOPILOT Technology Co., Ltd. (上海友道智途科技有限公司)	Director
	Anji Car Rental and Leasing Co., Ltd.	Director
	China Merchants Bank Co., Ltd.	Supervisor
	Geely Technology Group Co., Ltd.	Vice president
	School of Economics and Business Administration of Chongqing University	Professor and doctoral supervisor
	New Dazheng Property Group Co., Ltd.	Independent director
	CETC Energy Joint-Stock Co.,Ltd.	Independent director
	Yinhua Fund Management Co., Ltd.	Independent director
	China Finance and Accounting Research Center of Chongqing University	Director
	Review panel of the National Social Science Fund Project	Expert
	Review panel of the National Natural Science Foundation Project	Expert
	Overseas Academic Exchange Committee of the Accounting Society of China	Deputy director
ZOU Hong	Faculty of Business and Economics of the University of Hong Kong	Professor of finance (Tenure)
FUNG Don Hau	China Banking Association	Senior advisor (Part-time)
	The Hong Kong Institute of Bankers	Senior advisor (Part-time)
	Asian Financial Think Tank under Asian Financial Cooperation Association	Contact research fellow (Part-time)
	Chang'an Bank Limited	Independent director
	China Banking and Insurance Regulatory Commission	Adjunct professor (Part-time)

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
YUAN Xiaobin	Zhonghao Law Firm	Chairman of the board of directors
	Revolutionary Committee of the Chinese Kuomintang	Member of the Standing Committee
	Revolutionary Committee of the Chinese Kuomintang	Deputy chairman
	Chongqing Municipal Committee	
	Chongqing Lawyers Association	President
	Chongqing Municipal Committee of the Communist Party of China	Legal advisor
	Chongqing Law Society	Vice president
	Chongqing Municipal People's Government	Decision-making consultant
	China International Economic and Trade Arbitration Commission	Arbitrator
	Shanghai International Arbitration Center	Arbitrator
	Hanhua Financial Holding Co., Ltd.	Independent director
	Changan Auto Finance Co., Ltd.	Independent director
	Chongqing Pingwei Auto Science & Technology Co.,Ltd.	Independent director
CHEN Zhong	Brighstone Investment and Management Co., Ltd.	Deputy chairman
	Bright Stone Innovation Technology Group Co., Ltd.	Director
	IMEIK Technology Development Co., Ltd.	Independent director
	Sichuan Development Lomon Co.,Ltd.	Director
	Doushen (Beijing) Education & Technology INC.	Independent director
HOU Guoyue	Southwest University of Political Science and Law	Professor
	K&H Law Firm in Chongqing	Deputy director of the Administration Committee
	Chongqing Airport Group Co., Ltd.	Supervisor
QI Jun	Chongqing United Wisdom Technology Co., Ltd.	Director
	Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd.	Deputy manager of the financial department
	Chongqing Jutai Minsheng Investment and Development Co., Ltd.	Supervisor
	Chongqing Shale Gas Industry Investment Fund Co., Ltd.	Supervisor
HUANG Ning	Mashang Consumer Finance Co., Ltd.	Shareholder director

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.4 Changes in Directors, Supervisors and Senior Management

Changes in Directors

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

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

On 29 October 2021, as approved by the Approval of the Qualification of ZHONG Xian (Yu Yin Bao Jian Fu [2021] No. 251) from the Chongqing CBIRC, Ms. ZHONG Xian served as a non-executive Director of the Bank the date of such approval. The term of office of Ms. ZHONG Xian as a non-executive Director of the Bank commenced from the date of such approval (being 29 October 2021), and will end upon the expiry of the Sixth Session of the Board.

On 23 November 2021, Ms. LIU Ying voluntarily resigned her positions as a non-executive Director of the Bank, and a member of each of the audit committee and the consumer protection committee under the Board, due to personal work reasons.

Changes in Supervisors

In 2021, there was no changes in supervisors of the Bank. On 21 February 2022, Mr. YANG Xiaotao voluntarily resigned from his positions as the chairperson and an employee Supervisor of the Board of Supervisors due to work adjustment. On 29 March 2022, Mr. ZENG Xiangming voluntarily resigned from his position as a shareholder Supervisor of the Bank due to work reasons.

Changes in Senior Management

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.5 Emolument of Directors, Supervisors and Senior Management

Emolument of Directors

(Unit: RMB10,000)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank)	Remunerations	Total	Whether to receive remuneration from related parties	Notes
Executive directors								
Lin Jun	20.24	19.12	36.60	12.31	–	88.27	No	–
Ran Hailing	20.24	19.12	36.60	12.38	–	88.34	No	–
Liu Jianhua	20.03	15.30	32.30	12.12	–	79.75	No	–
Wong Wah Sing	16.19	15.30	32.11	0.35	–	63.95	Yes	–
Non-executive Directors								
Wong Hon Hing	–	–	–	–	15.40	15.40	Yes	–
Yang Yusong	–	–	–	–	9.90	9.90	Yes	According to the relevant management requirements of Chongqing Yufu, the nominating shareholder, the remuneration of Yang Yusong as a director of the Bank, was directly transferred to the account of Chongqing Yufu.
Wu Heng	–	–	–	–	–	–	Yes	According to the requirement of SAIC Motor Corporation Limited, the nominating shareholder, no allowances and emolument will be paid.
Zhong Xian	–	–	–	–	2.29	2.29	Yes	Approved as Non-executive Director by Chongqing CBIRC on 29 October 2021

Directors, Supervisors, Senior Management, Employees and Branch Outlets

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank)	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)					
Independent Non-executive Directors								
Liu Xing	-	-	-	-	18.55	18.55	Yes	-
Wang Rong	-	-	-	-	19.60	19.60	No	-
Zou Hong	-	-	-	-	15.70	15.70	No	-
Fung Don Hau	-	-	-	-	20.95	20.95	Yes	-
Yuan Xiaobin	-	-	-	-	19.00	19.00	Yes	-
Outgoing directors during the Reporting Period								
Deng Yong	-	-	-	-	0.90	0.90	Yes	No longer served as Non-executive Director since 22 February 2021
Tang Xiaodong	-	-	-	-	0.30	0.30	Yes	No longer served as Non-executive Director since 12 March 2021
Liu Ying	-	-	-	-	10.04	10.04	Yes	No longer served as Non-executive Director since 23 November 2021

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Emolument of Supervisors

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)	(Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank)				
<i>Employee Supervisors</i>								
Yang Xiaotao	25.04	19.12	33.58	12.38	–	90.12	No	–
Huang Changsheng	20.03	15.30	32.25	12.12	–	79.70	No	–
Yin Jun	21.43	39.67	39.48	11.94	–	112.52	No	–
Wu Ping	25.44	44.66	86.54	11.99	–	168.63	No	–
<i>Shareholder Supervisors</i>								
Zeng Xiangming	–	–	–	–	4.90	4.90	Yes	–
Qi Jun	–	–	–	–	5.00	5.00	No	–
<i>External Supervisors</i>								
Chen Zhong	–	–	–	–	7.60	7.60	Yes	–
Peng Daihui	–	–	–	–	9.70	9.70	No	–
Hou Guoyue	–	–	–	–	7.50	7.50	Yes	–

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Emolument of Senior Management

(Unit: RMB10,000)

Name	Salaries, allowances and benefits	Prepayment for performance	Discretionary bonuses of previous years	Contribution to pension schemes	Remunerations	Total	Whether to receive remuneration from related parties	Notes
	(Allowances and official vehicle subsidies)	(Pre-assessment of performance of the year)	(Performance of previous years)	(Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank)				
Ran Hailing	20.24	19.12	36.60	12.38	-	88.34	No	-
Sui Jun	20.03	15.30	32.25	12.09	-	79.67	No	-
Liu Jianhua	20.03	15.30	32.30	12.12	-	79.75	No	-
Yang Shiyin	20.03	15.30	32.08	12.12	-	79.53	No	-
Zhou Guohua	20.03	15.30	30.66	12.12	-	78.11	No	-
Peng Yanxi	20.03	15.30	31.98	12.07	-	79.38	No	-
Huang Ning	20.03	15.30	32.10	12.07	-	79.50	No	-
Wong Wah Sing	16.19	15.30	32.11	0.35	-	63.95	Yes	-

Note:

1. The total remuneration packages (including discretionary bonus) for some of the above directors, supervisors and officers for the year ended 31 December 2021 have not yet been finalised in accordance with relevant regulations of the relevant authorities in the PRC. The amount of the remuneration not provided for is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2021.
2. According to relevant requirements of SAIC Motor Corporation Limited on part-time jobs of leaders, and as confirmed by Mr. WU Heng, he will not receive any remuneration for acting as a non-executive Director of the Bank. Also, there is no arrangement in which other Directors of the Bank have waived or agreed to waive any emoluments.
3. The employee representative supervisors of the Bank do not receive remuneration as employee representative supervisors.

The Board authorized the Remuneration and Appraisal Committee of the Board to formulate the remuneration criteria for the shareholders' directors and independent non-executive Directors of the Bank and to arrange detailed implementation. The remuneration of the shareholders' directors and independent non-executive Directors of the Bank shall be decided by the resolutions passed by the Remuneration and Appraisal Committee of the Board, the Board and Shareholders' meetings.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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

The Board authorized the Remuneration and Appraisal Committee of the Board to formulate the remuneration criteria for Directors and senior management of the Bank and to arrange detailed implementation. The remuneration of senior management of the Bank was determined in accordance with the Interim Measures for the Administration on Remuneration for People in Charge of Key State-Owned Enterprises Owned by Municipal Governments of Chongqing (重慶市市屬國有重點企業負責人薪酬管理暫行辦法) issued by Chongqing SASAC, the Administrative Measures on the Evaluation and Remuneration of Senior Management of Bank of Chongqing (重慶銀行高級管理人員考核及薪酬管理辦法) and other policies.

9.2 Details of employees

9.2.1 Number and composition of employees

As of 31 December 2021, the Bank had a total of 4,714 regular employees, 4,369 of whom held bachelor's degree or above, representing 92.68% of all the Bank's regular employees. In addition, the Bank had 220 dispatch workers, 58 internally retired employees and 255 retired employees. Furthermore, our subsidiaries had 155 regular employees, including 88 employees in Xinyu Financial Leasing and 67 employees in Xingyi Wanfeng.

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

Item	Number of employees	Percentage(%)
<i>Composition of professions</i>		
Supporting	665	14.11
Risk control	360	7.64
Operation	870	18.46
Business development	1,446	30.67
Information Technology	141	2.99
Management	1,232	26.13
<i>Educational background</i>		
Master's degree or above	704	14.93
Bachelor's degree	3,665	77.75
College's degree or below	345	7.32
<i>Range of ages</i>		
30 and below	1,078	22.87
31-40	2,501	53.05
41-50	851	18.05
51 and above	284	6.02
Total	4,714	100.00

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.2.2 Overall management of human resources

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

9.2.3 Employee Remuneration Policy

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

9.2.4 Training and development of employees

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.3 Branch Outlets

Item	Number of branches	Number of employees	Asset scale (RMB100 million)	Business address
Head Office	–	1,037	3,173.35	No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Liangjiang Branch	9	241	294.14	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing
Other institutions in Chongqing Region	119	2,399	2,028.37	Please refer to Chapter 18 “List of Branch Outlets” for details
Chengdu Branch	13	422	221.97	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu
Xi'an Branch	9	324	247.84	1/F to 3/F, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi'an
Guiyang Branch	6	291	223.87	1/F to 3/F, Building II, Shengshi Huating, No.51 Jiefang Road, Nanming District, Guiyang
Total	156	4,714	6,189.54	–

Environmental and Social Responsibility

10.1 Environmental Protection

10.1.1 Promotion of Green Finance

On 2 February 2021, the Bank formally adopted the Equator Principles and became the 7th "Equator Bank" in China. During the Reporting Period, the Bank formulated the Three-year Implementation Plan and the annual plan for "Building a "Green Ark" to Accelerate Green Finance Development" based on "30•60 Goals", with focus on key areas including green manufacturing, green building, green transportation, green energy and green agriculture and forestry, so as to steadily promote the innovative development of green finance. As of 31 December 2021, the balance of green credit of the Bank was RMB19.12 billion, representing an increase of 33% as compared with the end of last year.

Focusing on research-driven strategy, product innovation, technology empowerment, coordination and synergy, and promotion of concepts, the Bank actively dealt with evolving trend and requirements for green finance and continued to deepen the innovation of green finance.

Adopting dual standards to match international benchmarks. Based on the Equator Principles, the Bank actively studied the EU classification standards of sustainable finance and took the lead in exploring the implementation of EU standards. Driven by dual international standards, the Bank will become a leader in the development of green finance.

Developing innovative and unique products to enhance the quality and efficiency of services. The Bank launched the "dual-carbon" system for green financial products across the Bank, and established three major green financial products, namely "Carbon Reduction Financing" (減碳融), "Carbon Sink Financing" (碳匯融) and "Clean Financing" (清潔融) in line with the goals of low-carbon energy saving, green carbon sink, and pollution prevention and treatment. Through providing financing services based on carbon emission rights successfully, the Bank effectively revitalized the idle carbon assets of enterprises and solved the difficulties in financing and guarantees for energy-saving and emission-reduction enterprises.

Strengthening the application of technology to boost green development. The Bank launched the first green financial management system in Chongqing, which covers four major functions, namely, intelligent identification of green standards, automatic calculation of environmental benefits, multi-dimensional monitoring of environmental risks and the overall management of green financial business of the Group, and comprehensively built the green financial digital management system of the Bank to empower green development. Meantime, the Bank launched the "Green Easy Loan" (綠易貸) and carbon emission reduction support tool modules on the "Yangtze River Green Financing Connection" to promote the all-around intelligent management of green finance.

Giving full play to the synergy effect and deepening exchanges and cooperation. The Bank made active efforts in cooperation with the government, and signed a strategic cooperation agreement on carbon peaking and carbon neutrality with Chongqing Municipal Ecology and Environment Bureau, becoming the first bank to establish cooperation with the Bureau on carbon peaking and carbon neutrality, and will provide RMB50 billion to support financial projects on carbon peaking and carbon neutrality and climate change. Meantime, the Bank actively participated in exchanges with professional organizations to learn advanced experience, and became a council member of Green Finance Specialized Committee of China and Chongqing Green Finance Specialized Committee.

Creating an environmentally friendly image and promoting green concepts. The Bank actively promoted and practiced green operations, and vigorously promoted paperless office. Relying on its advantages in outlets and channels, the Bank organized various online and offline environmental protection activities, including on the World Earth Day and the National Low-Carbon Day, so as to enhance the awareness and implement the practice of green and low-carbon development of the public.

10.1.2 Green Operation

The Bank made efforts to promote the philosophy of low-carbon and green office, and thus the philosophy of energy saving and environmental protection took root in its employees. The Bank formulated the Management Measures for Bank of Chongqing Building to regulate the energy consumption and environmental management of office buildings. The head office building was awarded the Golden Label for green building design by the Chongqing Urban and Rural Development Committee. The office building adopts the renewable energy from the river water source for centralized heating and cooling. The lighting and air-conditioning systems of the office building are equipped with an intelligent system, which can intelligently implement the energy-saving control of office areas and rationally use air conditioners according to the temperature changes. In order to promote the development of new energy vehicles and reduce automobile exhaust pollution, the office building have successively built charging piles.

The Bank fully took the advantages of online office, further promoted paperless office, adopted the practice of using of both sides of paper, and reduced the use of disposable articles including paper cups, so as to minimize paper consumption. The Bank carried out the “clean plate” campaign to strictly save and cherish food and refuse to waste food.

In terms of building energy conservation of outlets, energy-saving and thermal insulation materials are used for external walls, and building materials used are environmentally friendly. In addition, intelligent control of indoor lighting in outlets is gradually promoted to effectively save energy, and indoor natural ventilation and lighting are used as far as possible based on the actual conditions, so as to further achieve the goal of saving energy and reducing consumption.

In purchase management, the Bank publicized and practiced the green and environmental protection philosophy. The Bank had strict requirements on admission of suppliers in terms of environmental protection, energy conservation and emission reduction, and took as important considerations for purchase, environmental protection qualification and energy conservation performance of suppliers of intelligent auxiliary supplies, logos and signs, office furniture and other products. The Bank established a procurement management system and put it into operation to promote online remote biddings for suppliers, so as to reduce procurement costs.

The Bank and its subsidiaries are not included in the list of main pollutants discharging entities announced by the environmental protection department. During the Reporting Period, the Bank and its subsidiaries were not subject to punishment as a result of violation of laws and regulations in relation to environmental protection. The Bank operates in the monetary and financial service industry, and its main business does not generate pollutants specified in the Regulations on the Administration of List of Main Pollutants Discharging Entities. In future production and operation activities, the Bank and its subsidiaries will strictly comply with the Environmental Protection Law of the People's Republic of China and other environmental protection laws and regulations, and perform the environmental protection responsibilities of financial enterprises.

Environmental and Social Responsibility

10.2 Performance of Social Responsibility

Please refer to the 2021 Social Responsibility (Environmental, Social and Governance) Report of the Bank issued on 31 March 2022 for detailed information.

10.3 Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

The Bank continued to strengthen its financial support for agriculture, countryside and farmers, so as to provide a solid financial support for consolidating the achievements of poverty alleviation and fully promoting rural revitalization. As of 31 December 2021, the balance of agriculture-related loans of the Bank was RMB48.743 billion, representing an increase of RMB7.615 billion as compared with the end of the previous year, effectively meeting the financing service needs of agriculture-related business entities such as farmers, household farms, farmers' professional cooperatives and leading enterprises, among which, the balance of inclusive agriculture-related loans was RMB10.525 billion, representing an increase of RMB1.868 billion as compared with the end of the previous year, and the weighted average loan interest rate was 5.51%, representing a decrease of 0.27 percentage points as compared with the previous year.

Focusing on systems and mechanisms and enhancing financial service capabilities for rural revitalization. The Bank set up a working group for rural revitalization at the head office, established a mechanism featured with special responsible person, special assessment and special work mechanism, and formulated the Implementation Opinions on Consolidating Achievements of Poverty Alleviation and Comprehensively Promoting Rural Revitalization Strategy through Financial Assistance during the 14th Five-Year Plan Period (“十四五”金融支持鞏固拓展脫貧攻堅成果全面推進鄉村振興戰略的實施意見). Meantime, the Bank intensified assistance in policies and resources, covering the credit approval process, authorization of credit, product research and development, economic capital allocation, transfer and pricing of internal funds, personnel, assessment and incentives, fee arrangement, due diligence and exemption, and encouraged branches and employees to enhance the courage, willingness, capability, and capacity of release of loans.

Focusing on key areas and increasing the supply of financial resources for rural revitalization. With focus on key areas such as the production of important agricultural products, revitalization of rural industries, construction of infrastructure and integrated urban-rural development, the Bank focused on the financing needs of new agricultural business entities, people out of poverty, farmers and personnel engaging in rural innovation and entrepreneurship. As such, the Bank launched the “Rural Revitalization Loan (鄉村振興貸)”, the first loan in Chongqing which integrated the district and county finance with government-affiliated guarantee institutions to support the construction of agricultural infrastructure, and the “Two Mountains, Informatization and Industrialization, Haoqi Agricultural Support Loan (兩山兩化•好企助農貸)” under the O2O model with the process of “online application, offline review, online approval, and online lending”. Meantime, the Bank expanded the scope and amount of “Real Economy Credit Loan (實體經濟信用貸)”, “Knowledge Value Credit Loan (知識價值信用貸)”, “Youth Rural Revitalization Loan” (鄉村振興青年貸), “Hog Mortgage Loan” (生豬活體抵押貸), “Jie E Dai” (捷 e 貸), “Salary E-Loan” (薪 e 貸) and “Xing Fu Dai” (幸福貸), and jointly underwrote the first ultra-short-term financing bonds for revitalization in northeastern Chongqing.

Focusing on consolidating poverty alleviation and maintaining stable policy support. The Bank strictly implemented the “four-noes” requirements, and strengthened support measures such as credit, consumption, and sales, so as to consolidate the foundation of poverty alleviation and sustain the achievements. In terms of credit-based assistance, the Bank adopted a mobile business platform to handle “Small Credit for People out of Poverty (脫貧人口小額信貸)”, which provided one-stop services for opening accounts, application, contract signing and lending for people out of poverty, so as to support their development and production activities. In terms of consumption assistance, the Bank purchased agricultural products through the canteen and labor union procurements, thus promoting the conversion of agricultural products into actual income of people out of poverty. In terms of sales assistance, the Bank set the special section of “Agriculture Assistance” (惠農幫扶) in “Yangtze Cai Fu Hui” (重慶銀行長江財富匯) and “Point Reward Mall” (重慶銀行積分商城) of Bank of Chongqing to broaden sales channels of agricultural products.

Focusing on optimizing services and improving basic rural financial services. The Bank catered to the financial service needs of farmers, the elderly and individual businesses, and developed the Mobile Banking 5.0, Personal Online Banking 4.0, WeChat Banking, Mini Program and other modules, which provided an online service matrix with various functions, scenarios and mobile intelligence. The Bank promoted the “1+2+N inclusive financial services for villages” (1+2+N 普惠金融服務到村) and developed a five-in-one service platform integrating grassroots Party building, convenience services, financial services, protection of financial consumers and financial publicity, thus enhancing the breadth and depth of basic rural financial services. The Bank installed POS machines (including QR codes) for free for merchants in key districts for rural revitalization to facilitate payment services in rural areas. Moreover, we carried out publicity and education activities for financial knowledge in rural communities, including Guangpu Town of Bishan District, Gelan Town of Changshou District, and Huatian Township of Youyang County, so as to improve the finance awareness of farmers and optimize financial environment in rural areas.

10.4 Consumer Protection

10.4.1 Overview on Consumer Protection

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

At the Board of Directors level, the Board of the Bank assumes the ultimate responsibility for consumer protection. The Board has set up the Consumer Protection Committee to guide and supervise the implementation of consumer protection, and monitor and evaluate the comprehensiveness, promptness and effectiveness of the Bank’s consumer protection as well as the performance of relevant senior management.

Environmental and Social Responsibility

At the organizational and operation guarantee level, the Bank established a special department for consumer protection at the head office in 2016. This department is responsible for the planning, management, organization and coordination of consumer protection work, and sets up a leading work group for consumer protection at the operation and management level according to internal duty distribution. The leading work group consists members from 19 relevant departments and offices, and comprises five professional teams including information disclosure coordination, knowledge dissemination and education, consumer information protection, product design coordination and coordination of complaints of consumer protection, so as to protect the legitimate rights and interests of consumers through coordinating and mobilizing of the Bank's resources more effectively.

In terms of strategy formulation and implementation measures, according to the annual work plan for consumer rights protection and through "implementation in three aspects" and "improvement in three aspects", the Bank maintained a development trend of high quality featured by sound systems and mechanisms, proper ex ante management and control, effective supervision and inspection, efficient treatment of complaints, and effective publicity. Firstly, benchmarking and implementation of regulatory requirements. According to the latest policies issued by regulatory authorities and the actual situation of the Bank, the Bank thoroughly sorted out its existing consumer rights protection systems, tackled the weaknesses, and gradually established a consumer rights protection system with compliant product design, standardized marketing and publicity, adequate information disclosure, effective assessment and evaluation, and accountability. Secondly, prevention first and ex ante management and control. Under the working principle of "prevention first", the Bank took the lead in further improving the ex ante coordination and control mechanism, took preventive measures against risks, and implemented the internal rules and regulatory requirements of consumer rights protection in design and development of products and services, pricing management, agreement formulation, approval and access. Thirdly, efforts for implementation of supervision and inspection. The Bank established the holistic view for consumer rights protection, made concerted efforts for management, gave full play to synergy, continued to carry out supervision and inspection on key risky areas, including employee sales behavior and customer information protection. Fourthly, enhancement of training of employees and the professionalism of the team. The Bank further strengthened the special training in consumer rights protection at all levels, and enhanced the awareness and ability of all employees in relation to consumer rights protection. The Bank made efforts to strengthen the policy application ability and working competence of the special team, and enhance the professionalism and authority of the team. Fifthly, enhancement of publicity and education to improve brand awareness. The Bank persisted in the combination of themed education and daily education, the integration of online and offline education, taking into account the principles of public benefits, effectiveness, serviceability and sustainability, and carried out well-arranged and characteristic financial knowledge publicity and education. Sixthly, enhancement of complaint treatment to improve customer satisfaction. The Bank attached great importance to customers' opinions and suggestions, continuously improved its diversified customer complaint handling and response mechanisms, had strict requirements on the process and time limit for complaint acceptance and handling, analyzed and classified customer complaints, reinforced the rectification back to the source, and promoted the application of complaint analysis results.

10.4.2 Strengthening the handling of complaints

The Bank attached great importance to the handling of customer complaints, and proactively established and improved the mechanism for handling complaints and disputes. When handling customer complaints, the Bank followed the principle of “first inquiry accounts” and further refined the complaint handling process, with the aim to leverage resources at all levels to effectively resolve problems and complaints. The Bank shortened time for handling complaints based on the characteristics of online and offline products, and effectively implemented the Measures of Bank of Chongqing for Quick Handling of Customer Complaints (重慶銀行客戶投訴快速處置辦法) to respond to customer demands in a timely manner. Meantime, the Bank strengthened source management and promoted rectification from the source in response to problems most reported by customers, so as to turn customer opinions into an important means to optimize products and services.

In 2021, the Bank received a total of 1,841 customer complaints, among which, in terms of business lines, the complaints mainly consisted of loans (701 cases, accounting for 38.1%), debit cards (292 cases, accounting for 15.9%), and credit cards (254 cases, accounting for 13.8%). In terms of reason for complaints, it was mainly due to rules, service attitude and quality. In terms of geographical distribution, there were 1,717 complaints in Chongqing, accounting for 93.2%; 36 complaints in Sichuan, accounting for 2%; 27 complaints in Guizhou, accounting for 1.5%; and 61 complaints in Shaanxi, accounting for 3.3%.

Significant Events

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

11.1.1 Profit Distribution Plan for 2021

According to Article 18 of the Measures for the Administration of Securities Issuance and Underwriting (Order No. 144 of the China Securities Regulatory Commission), “where the profit distribution plan or the plan for converting the capital reserve into share capital has not been submitted to the Shareholders’ General Meeting for approval or has not been executed though approved by the Shareholders’ General Meeting, the listed company shall execute its securities issuance after the execution of the plan”.

As the Bank has not yet completed all issuance of A Share Convertible Corporate Bonds as of the latest practicable date as well as fully considering factors including Shareholders’ interests and the development of the Bank, the Board has proposed to postpone the profit distribution of the Bank for 2021, and the Bank will carry out matters in relation to the profit distribution immediately following the completion of the issuance of A Share Convertible Corporate Bonds according to the requirements of the regulatory authorities and the provisions of the Articles of Association.

11.1.2 Profit Distribution of the Bank for the Last Three Years

Year of distribution	Number of bonus shares per share (share)	Dividend per share (inclusive of tax) (RMB)	Number of shares issued for each share upon the conversion (share)	Cash dividend (inclusive of tax) (RMB' 000)	Net profit attributable to the holders of the Company's ordinary shares in consolidated statements for the year of distribution (RMB' 000)	% of the net profit attributable to the holders of the Company's ordinary shares in consolidated statements
2019	–	0.236	–	737,985	3,896,896	18.94
2020	–	0.373	–	1,295,990	4,116,662	31.48
2021	–	–	–	–	–	–

Note: The Bank will carry out matters in relation to the profit distribution for 2021 and publish the Announcement on the Profit Distribution Plan for 2021 upon the completion of the issuance of A Share Convertible Corporate Bonds.

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

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

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

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

During the Reporting Period, the profit distribution plan of the Bank for 2020 with a specific dividend distribution standard and proportion, and complete relevant decision-making procedures and mechanisms, which fully protected the legitimate rights and interests of minority investors, was considered and approved at the 24th meeting of the sixth session of the Board of the Bank, and submitted for consideration and approved at the 2020 annual general meeting, and was implemented by the Board of the Bank in strict accordance with the relevant provisions of the Articles of Association of the Bank.

The profit distribution plan of the Bank for 2021 will also be implemented in strict accordance with the relevant provisions of the Articles of Association of the Bank. The independent directors of the Bank expressed their independent opinions on the Profit Distribution Plan for 2020 and the Proposal on Postponing the Consideration of the Profit Distribution Plan for 2021, and the legitimate rights and interests of minority investors were fully protected in the profit distribution plan of the Bank and its implementation process.

Significant Events

11.2 Performance of Undertakings

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

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

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

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Share lock up	Chongqing Water Conservancy Investment Group Co., Ltd., Chongqing Land Group, Lifan Technology (Group) Co., Ltd. ¹ , Peking University Founder Group Co., Ltd., Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司) ² , Chongqing Expressway Co., Ltd. and Minsheng Industrial (Group) Co., Ltd., all of which are shareholders of the Bank	7 shareholders, namely the Chongqing Water Conservancy Investment Group Co., Ltd., Chongqing Land Group, Lifan Technology (Group) Co., Ltd., Peking University Founder Group Co., Ltd., Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司), Chongqing Expressway Co., Ltd. and Minsheng Industrial (Group) Co., Ltd., undertake as follows: “Within 36 months following the date of listing on the stock exchange of A Shares issued in the initial public offering of Bank of Chongqing, the company will not transfer or engage other persons to manage, or require Bank of Chongqing to repurchase, the shares issued prior to the initial public offering of A Shares of Bank of Chongqing which are directly or indirectly held by the company. Upon expiry of the lock-up period, relevant regulations of relevant regulatory authorities shall apply.”	5 February 2021	36 months	Yes

¹ Formerly known as Lifan Industrial (Group) Co., Ltd., which was renamed as Lifan Technology (Group) Co., Ltd. on 3 March 2021, and the legal representative, registered capital and business scope were changed.

² Formerly known as Chongqing Transport and Travel Investment Group Co., Ltd, which was renamed as Chongqing Development and Real Estate Management Co., Ltd. on 30 April 2020, and the investor, registered capital and business scope were changed.

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

Significant Events

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

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

Significant Events

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

Significant Events

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

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

Significant Events

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

During the Reporting Period, no funds of the Bank were tied up by controlling shareholders of the Bank and other related parties for non-operating purposes, in respect of which Ernst & Young Hua Ming LLP (Special General Partnership), auditor of the Bank, has issued special audit opinions.

11.4 Material Related Party Transaction

11.4.1 Related Party Transaction in Relation to Daily Operation

During the Reporting Period, the Bank carried out related party transactions with fair prices and in the interests of the Bank and its shareholders as a whole, in strict accordance with domestic and overseas supervision systems including the Measures for the Administration of Related Party Transactions between Commercial Banks and Insiders and Shareholders, the Interim Measures for Management of Equity Interests of Commercial Banks, the Rules Governing Listing of Stocks on the Shanghai Stock Exchange, the Implementation Guideline for Related Party Transactions of Companies Listed on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Management Measures for Related Party Transactions of Bank of Chongqing Co., Ltd.

At the 2020 Annual General Meeting held on 20 May 2021, the Bank considered and approved the Proposal on the Estimated Annual Cap for Daily Related Party Transactions for 2021. Information on the Bank's daily related party transactions during the Reporting Period is as follows:

Unit: RMB100 million

S.N.	Name of Related Party	Type of Transaction	Proposed Annual Caps for Related Party Transactions	As of 31 December 2021
			in 2021	
1	Chongqing Yufu Holding Group Co., Ltd. and its associates	Credit	38.55	29.95
2	Chongqing Real Estate Group Co., Ltd. and its associates	Credit	50.00	28.98
3	Lifan Technology (Group) Co., Ltd.	Credit	11.85	2.88
4	Chongqing Road & Bridge Co., Ltd.	Credit	5.00	0.00
5	Chongqing Lifan Holdings Co., Ltd.	Credit	13.51	0.00
6	Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd. and its associates	Credit	25.45	14.89
7	Chongqing Shangshe Company (Group) Co., Ltd. and its associates	Credit	46.60	8.60
8	Southwest Securities Company, Ltd	Credit	3.00	0.00
9	China Resources YuKang Asset Management Co., Ltd. ⁽¹⁾	Credit	10.00	1.90
10	Mashang Consumer Finance Co., Ltd.	Credit	20.00	0.00
11	Chongqing Three Gorges Bank Co., Ltd.	Credit	15.00	2.40
		Non-credit	15.00	0.00
12	Chongqing Rural Commercial Bank Co., Ltd.	Credit	30.00	0.00
		Non-credit	20.00	0.00
13	Chongqing Boe Display Technology Co., Ltd.	Credit	4.25	0.01
14	Chongqing Xingnong Financing Guarantee Group Co., Ltd.	Non-credit	26.70	9.32
15	Chongqing Sanxia Financing Guarantee Group Corporation	Non-credit	30.00	8.59
16	Chongqing Jiaotong Financing Guarantee Co., Ltd.	Non-credit	6.00	1.73
17	Chongqing Financing Re-guarantee Co., Ltd.	Non-credit	5.00	1.83
18	Chongqing Export-Import Financing Guarantee Co., Ltd.	Non-credit	6.00	0.00
19	Connected natural persons	Credit	3.30	1.16

Note: (1) Chongqing Yukang Asset Management Co., Ltd. was renamed as China Resources YuKang Asset Management Co., Ltd. in May 2021.

During the Reporting Period, the 28th meeting of the sixth session of the Board of the Bank considered and approved the Resolution on Material Related Party Transactions Involved in Granting Credit to Chongqing Xinyu Financial Leasing Co., Ltd., agreeing to grant a maximum credit line of RMB4.000 billion to Chongqing Xinyu Financial Leasing Co., Ltd. As of the end of the Reporting Period, the credit balance of related parties was RMB1.450 billion. Pursuant to the Measures for the Administration of Related Party Transactions between Commercial Banks and Insiders and Shareholders published by CBIRC, Chongqing Xinyu Financial Leasing Co., Ltd. is a related party of the Bank.

Significant Events

11.4.2 Related Party Transactions Relating to Assets or Equity Interest Acquisition and Disposal

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

11.4.3 Related Party Transactions Relating to Joint External Investments

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

11.4.4 Claims and Liabilities among the Related Party Transactions

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

11.4.5 Financial businesses in relation to connected financial companies, financial companies controlled by the Company and their related parties

During the Reporting Period, the Bank did not engage in any financial businesses with any connected financial companies, and the Bank did not have any holding financial companies.

11.4.6 Other Material Related Party Transactions

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

11.5 Engagement of Intermediaries

11.5.1 Engagement of Accounting Firms

On 30 March 2021, the 24th meeting of the sixth session of the Board of the Bank considered and approved the Proposal of Bank of Chongqing Co., Ltd. on the Appointment and Remuneration of External Auditor for 2021, intending to engage Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young as the domestic auditors and international auditors of the Bank for 2021 respectively. On 20 May 2021, the 2020 Annual General Meeting of the Bank considered and approved the above proposal.

Ernst & Young Hua Ming LLP (Special General Partnership) is the domestic accounting firm that audits the 2021 financial statements of the Bank, while Ernst & Young is the international accounting firm that audits the 2021 financial statements of the Bank. Ernst & Young Hua Ming LLP (Special General Partnership) is the domestic accounting firm that audits the internal control of Bank the Bank in 2021.

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are both provide audit services for the Bank for the first year. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers had provided audit services for the Bank for eight consecutive years from 2013 to 2020. The Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Financial Enterprises published by the Ministry of Finance (Caijin [2020] No. 6) specifies that a state-owned financial enterprise shall not engage an accounting firm for a term of over 8 years. During the Reporting Period, the Bank changed its accounting firms.

In 2021, the total audit fees of the Group (including subsidiaries) were approximately RMB4.4480 million, including the audit fee of RMB0.5 million for internal control audit. During the Reporting Period, the non-audit services provided by Ernst & Young Hua Ming mainly consisted of professional services in relation to bond issuances, and the total non-audit professional service fees were RMB0.6880 million.

11.5.2 Engagement of Financial Advisers and Sponsors

The Group has engaged China Merchants Securities Co., Ltd. as the sponsor of the Bank with regard to the initial public offering and listing of A Shares, and paid the underwriting and sponsorship fees of RMB45.7937 million (exclusive of value-added tax) in January 2021 after the completion of the offering.

During the Reporting Period, the Group engaged China Merchants Securities Co., Ltd. as the sponsor of the Bank for the public issuance of A -share convertible corporate bonds, and will pay the sponsor remuneration upon the completion of the issuance.

11.6 Material Contracts and Their Performance

Material Custody, Contracting and Lease

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

Material Guarantee

Guarantee business is ordinary business of the Bank. During the Reporting Period, except the financial guarantee business within the scope of business which is approved by CBIRC, there are no other major guarantee matters that need to be disclosed by the Bank. During the Reporting Period, the Bank did not violate stipulated decision-making procedures in issuing outward guarantees.

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

According to relevant regulations of CSRC and the Shanghai Stock Exchange, the independent non-executive Directors of the Bank carefully verified the outward guarantees of the Bank in 2021 based on the principles of openness, fairness and objectivity, and issued special verification opinions as follows:

After verification, the outward guarantee business carried out by Bank of Chongqing is one of the regular businesses approved by CBIRC and in the ordinary course of business of the Bank. As of 31 December 2021, the balance of guarantees issued by Bank of Chongqing was RMB4,075 million.

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

Significant Events

11.7 Material Litigation and Arbitration

In the course of daily operation, the Bank involved several legal proceedings, most of which were initiated to recover non-performing loans. For information on the disputes between the Bank, Chongqing Apu Properties (Group) Co., Ltd. and Chongqing New City Construction Co., Ltd. in relation to bond transactions, please refer to the Announcement on Litigation Matters published by the Bank on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the website of the Bank on 21 January 2022.

The Bank has 21 outstanding legal claims (including the Bank as a third party) of RMB266 million as of 31 December 2021. The Bank believes that the above litigations and arbitrations would not have a material adverse impact on the financial position or operation results of the Bank.

11.8 Punishment and Rectification

- (1) During the Reporting Period, the Bank was not subject to investigation by law for suspected crimes, and all Directors, Supervisors and senior management of the Bank were not subject to coercive measures by law for suspected crimes.
- (2) During the Reporting Period, the Bank and all Directors, Supervisors and senior management of the Bank were not subject to criminal punishment, investigation by the CSRC for suspected violations of laws and regulations, administrative punishment by the CSRC, or material administrative punishment by other competent agencies.
- (3) During the Reporting Period, the Bank and all Directors, Supervisors and senior management of the Bank were not subject to detention by discipline inspection and supervision agencies for suspected serious violations of discipline.
- (4) During the Reporting Period, the Bank and all Directors, Supervisors and senior management of the Bank were not subject to coercive measures by other competent agencies for suspected violations of laws and regulations.
- (5) During the Reporting Period, the Bank and all Directors, Supervisors and senior management of the Bank were not subject to administrative supervision measures by the CSRC, or disciplinary punishments by stock exchanges.
- (6) The Directors, Supervisors and senior management of the Bank had not been subject to punishment by securities regulatory authorities in recent three years.

11.9 Integrity

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

11.10 Statement on Changes in Accounting Policies and Accounting Estimates or Corrections of Significant Accounting Errors

During the Reporting Period, the Bank had no changes in its accounting policies or accounting estimates, nor any corrections to significant accounting errors.

11.11 Major Asset Purchases, Sales and Mergers

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

11.12 Review of Annual Results

The Bank has engaged Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young respectively as external auditors to audit the financial reports of the Bank prepared under the PRC GAAP (China Accounting Standards) and the IFRSs, and they issued auditor reports with no qualified opinions, respectively. The Board of Directors of the Bank and the Audit Committee of the Board have reviewed the 2021 Annual Report of the Bank.

11.13 Publication of Annual Report

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

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

Change in Share Capital and Shareholders

12.1 Changes in the Ordinary Shares

12.1.1 General situation of the Ordinary Shares

At the end of the Reporting Period, the Bank had a total of 3,474,505,339 Ordinary Shares, comprising 1,895,484,527 A Shares and 1,579,020,812 H Shares.

	31 December 2020		Increase/decrease (+, -)					31 December 2021	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Number	Percentage (%)
1. Shares subject to selling restrictions	1,548,033,993	49.50	-	-	-	-	-	1,548,033,993	44.55
1. Shareholding of the State	5,529,998	0.18	-	-	-	-5,529,998	-5,529,998	-	-
2. Shareholding of state-owned legal persons	1,018,216,524	32.56	-	-	-	2,258,725	2,258,725	1,020,475,249	29.37
3. Other Domestic Shares	524,287,471	16.77	-	-	-	3,271,273	3,271,273	527,558,744	15.18
Of which: Shareholding of domestic non-state-owned legal persons	466,751,232	14.93	-	-	-	3,454,634	3,454,634	470,205,866	13.53
Shareholding of domestic natural persons	57,536,239	1.84	-	-	-	-183,361	-183,361	57,352,878	1.65
4. Foreign shares	-	-	-	-	-	-	-	-	-
Of which: Shareholding of offshore legal persons	-	-	-	-	-	-	-	-	-
Shareholding of offshore natural persons	-	-	-	-	-	-	-	-	-
2. Outstanding shares not subject to selling restrictions	1,579,020,812	50.50	347,450,534	-	-	-	347,450,534	1,926,471,346	55.45
1. RMB ordinary shares	-	-	347,450,534	-	-	-	347,450,534	347,450,534	10.00
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,579,020,812	50.50	-	-	-	-	-	1,579,020,812	45.45
4. Others	-	-	-	-	-	-	-	-	-
3. Total number of ordinary shares	3,127,054,805	100.00	347,450,534	-	-	-	347,450,534	3,474,505,339	100.00

Note:

- (1) Among the shares subject to selling restrictions, changes in the number of shares held by state-owned legal persons, domestic non-state-owned legal persons and domestic natural persons are due to changes in the nature of the account of the securities holders, and the shares in the special account of newly-recognized shareholders and unrecognized shares custody being incorporated into domestic non-state-owned legal persons.
- (2) As at the end of the Report Period, pledged shares of the Bank amounted 232,951,788 shares, representing 6.70% of the Bank's total share capital; frozen shares amounted to 1,812,498 shares, representing 0.05% of the Bank's total share capital.

Change in Share Capital and Shareholders

12.1.2 Statement on Changes in Ordinary Shares

On 18 December 2020, the Bank received the Reply on the Approval for Initial Public Offering of Shares of Bank of Chongqing Co., Ltd. (ZJXK [2020] No. 3511) from the CSRC, which approved the public offering of up to 347,450,534 new shares by the Bank. On 5 February 2021, A Shares of the Bank were officially listed on the Shanghai Stock Exchange. As at the end of the Reporting Period, the Bank had a total of 3,474,505,339 Ordinary Shares.

12.1.3 Impact of Changes in Ordinary Shares on Earnings per Share, Net Assets per Share and Other Financial Indicators

In February 2021, the Bank conducted an initial public offering of A Shares at an issue price of RMB10.83 per share and issued 347,450,534 ordinary shares, thus changing the total share capital from 3,127,054,805 shares to 3,474,505,339 shares. As at 31 December 2021, the basic earnings per share of the Bank was RMB1.28 and the net assets per share attributable to ordinary shareholders of the parent company was RMB12.19. If calculated based on the pre-issue share capital, the basic earnings per share of the Bank was RMB1.40 and the net assets per share attributable to ordinary shareholders of the parent company was RMB13.55.

12.1.4 Changes in Shares subject to Selling Restrictions

Due to the IPO and listing of A Shares during the Reporting Period, the original 1,548,033,993 Domestic Shares were recorded as outstanding shares subject to selling restrictions, with the lock-up period of 12 months or 36 months from the listing date; during the Reporting Period, the outstanding shares subject to selling restrictions were not released, as the release date was beyond the Reporting Period. As of the end of the Reporting Period, the number of shares subject to selling restrictions was 1,548,033,993.

12.2 Particulars of Shareholders and Actual Controllers

12.2.1 Total Number of Shareholders

As at the end of the Reporting Period, the Bank had a total of 79,492 ordinary shareholder accounts, of which, 78,373 are A Shareholder accounts and 1,119 are H Shareholder accounts.

As at the end of the previous month prior to the disclosure date of this report (i.e. 28 February 2022), the Bank had a total of 80,414 ordinary shareholders, of which, 79,295 are A Shareholder accounts and 1,119 are H Shareholder accounts.

Change in Share Capital and Shareholders

12.2.2 Top ten shareholders and top ten shareholders holding outstanding shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period

Particulars of Shareholdings of the Top Ten Shareholders

S.N.	Name of shareholder	Nature of shareholder	Total number of shares held at the end of the Period (shares)	Shareholding percentage (%)	Type of share	Increase or decrease during the Reporting Period (shares)	Number of shares subject to selling restrictions (shares)	Pledged or frozen (shares)
1	HKSCC Nominees Limited	Offshore legal person	1,172,860,932	33.76	H Shares	54,108,113	–	–
2	Chongqing Yufu Capital Operation Group Co., Ltd.	State-owned legal person	485,434,803	13.97	A Shares + H Shares	23,255,055	407,929,748	–
3	Dah Sing Bank, Limited	Offshore legal person	458,574,853	13.20	H Shares	–	–	–
4	Lifan Technology (Group) Co., Ltd.	Private legal person	294,818,932	8.49	A Shares + H Shares	–	129,564,932	129,564,932
5	SAIC Motor Corporation Limited	State-owned legal person	240,463,650	6.92	H Shares	–	–	–
6	Funde Sino Life Insurance Co., Ltd.	Private legal person	217,570,150	6.26	H Shares	–	–	–
7	Chongqing Road & Bridge Co., Ltd.	Private legal person	171,339,698	4.93	A Shares	–	171,339,698	–
8	Chongqing Real Estate Group Co., Ltd.	State-owned legal person	159,926,519	4.60	A Shares	20,087,844	139,838,675	–
9	Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned legal person	139,838,675	4.02	A Shares	–	139,838,675	–
10	Peking University Founder Group Co., Ltd.	State-owned legal person	94,506,878	2.72	A Shares	–	94,506,878	–

Change in Share Capital and Shareholders

Shareholdings of Top Ten Ordinary Shares Shareholders not subject to Selling Restrictions

S.N.	Name of shareholder	Number of Outstanding Shares Held not subject to Selling Restrictions (shares)	Class and Number of Shares	
			Class	Number (shares)
1	HKSCC Nominees Limited	1,172,860,932	H Shares	1,172,860,932
2	Chongqing Real Estate Group Co., Ltd.	20,087,844	A Shares	20,087,844
3	Hong Kong Securities Clearing Company Limited	6,543,733	A Shares	6,543,733
4	Chongqing Yufu Capital Operation Co., Ltd.	2,939,055	A Shares	2,939,055
5	Bank of China Limited – Hwabao CSI Bank Trading Index Securities Investment Open-ended Fund (華寶中證銀行交易型開放式指數證券投資基金)	1,724,800	A Shares	1,724,800
6	WANG Yuehong	1,500,000	A Shares	1,500,000
7	China Merchants Securities Co., Ltd.- Tianhong CSI Bank Index Initiated Securities Investment Fund (天弘中證銀行指數型發起式證券投資基金)	1,385,376	A Shares	1,385,376
8	WANG Yuzhong (王玉忠)	1,080,000	A Shares	1,080,000
9	DING Lin (丁林)	953,300	A Shares	953,300
10	GAO Yan (高艷)	885,200	A Shares	885,200

Information on special repurchase accounts of top ten shareholders: N/A

Information on voting rights delegated to and by, and abstinence from voting by the above shareholders: N/A

Information on the related-party relationship or concerted action of the above shareholders: HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Apart from this, the Bank was not aware of any related-party relationship between the above shareholders or whether they are parties acting in concert.

Statement on shareholders of preference shares with restored voting rights and the number of shares held: N/A

Change in Share Capital and Shareholders

Note:

- (1) The number of shares held by HKSCC Nominees Limited refers to the total number of shares in the H Shares' account of shareholders of the Bank in the trading system represented by HKSCC Nominees Limited.*
- (2) Chongqing Yufu Capital Operation Group Co., Ltd. directly held 410,868,803 A Shares and held 74,566,000 H Shares of the Bank through its subsidiary Chongqing Yufu (Hong Kong) Limited and held 35,225,837 A Shares of the Bank through its associates, namely Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司), Chongqing Chuanyi Instrument Microcircuit Co., Ltd. (重慶川儀微電路有限責任公司), Chongqing Silian Investment and Management Co., Ltd. (重慶四聯投資管理有限公司), Southwest Securities Company, Ltd., Chongqing Hotel Co., Ltd., Chongqing Rural Commercial Bank Co., Ltd., Chongqing Union Property Right Exchange Co., Ltd. (重慶聯合產權交易所集團股份有限公司), Chongqing Jiaotong Financing Guarantee Co., Ltd. (重慶市交通融資擔保有限公司) and Yang Yusong, together with its associates, held an aggregate of 520,660,640 shares of the Bank, representing 14.99% of the Bank's total shares.*
- (3) Lifan Technology (Group) Co., Ltd. directly held 129,564,932 A Shares of the Bank and held 165,254,000 H Shares of the Bank through its subsidiary Lifan International (Holdings) Limited. Lifan Technology (Group) Co., Ltd., thus held an aggregate of 294,818,932 Shares of the Bank, representing 8.49% of the Bank's total share capital.*
- (4) SAIC Motor Corporation Limited held 240,463,650 H Shares of the Bank through its subsidiary SAIC Motor HK Investment Limited, representing 6.92% of the Bank's total share capital.*
- (5) Funde Sino Life Insurance Co., Ltd. directly held 150,000,000 H Shares of the Bank and held 67,570,150 H Shares of the Bank through its subsidiary Fund Resources Investment Holding Group Company Limited, thus held an aggregate of 217,570,150 H Shares of the Bank, representing 6.26% of the Bank's total share capital.*
- (6) Chongqing Road & Bridge Co., Ltd. directly held 171,339,698 A Shares of the Bank, and its related party Chongqing International Trust Co., Ltd., held 195,102 A Shares of the Bank. Chongqing Road & Bridge Co., Ltd., thus held an aggregate of 171,534,800 A Shares of the Bank, representing 4.94% of the Bank's total shares.*
- (7) The shares subject to selling restrictions held by Chongqing Real Estate Group Co., Ltd. were transferred from Chongqing Land Group at nil consideration. Chongqing Real Estate Group Co., Ltd. directly held 159,926,519 A Shares of the Bank, and its associates, namely Chongqing Kangju Property Development Co., Ltd. (重慶康居物業發展有限公司), Chongqing Institute of Urban Pest Control (重慶市城市害蟲防治研究所), Chongqing Qing'an Property Management Co., Ltd. (重慶慶安物業管理有限公司), Chongqing Key Engineering Development Co., Ltd. (重慶市重點工程開發有限公司) and Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) held 3,673,494 A Shares of the Bank. Chongqing Real Estate Group Co., Ltd., together with its associates, held an aggregate of 163,600,013 A Shares of the Bank, representing 4.71% of the Bank's total shares.*

Change in Share Capital and Shareholders

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

S.N.	Name of shareholder subject to selling restrictions	Number of shares held subject to selling restrictions (shares)	Details of approved tradable shares subject to selling restrictions		Selling restrictions
			Time available for trading	Additional number of approved tradable shares	
1	Chongqing Yufu Capital Operation Group Co., Ltd.	407,929,748	February 2024	0	36 months from the date of the Bank's listing
2	Chongqing Road & Bridge Co., Ltd.	171,339,698	February 2024	0	36 months from the date of the Bank's listing
3	Chongqing Water Conservancy Investment Group Co., Ltd.	139,838,675	February 2024	0	36 months from the date of the Bank's listing
4	Chongqing Real Estate Group Co., Ltd.	139,838,675	February 2024	0	36 months from the date of the Bank's listing
5	Lifan Technology (Group) Co., Ltd.	129,564,932	February 2024	0	36 months from the date of the Bank's listing
6	Peking University Founder Group Co., Ltd.	94,506,878	February 2024	0	36 months from the date of the Bank's listing
7	Chongqing South Group Limited	68,602,362	February 2022	0	12 months from the date of the Bank's listing
8	Chongqing Development and Real Estate Management Co., Ltd.	37,456,522	February 2024	0	36 months from the date of the Bank's listing
9	Chongqing Expressway Investment Holding Co., Ltd.	29,942,325	February 2024	0	36 months from the date of the Bank's listing
10	CECEP Chongqing Industry Co., Ltd. ¹	24,901,099	February 2022	0	12 months from the date of the Bank's listing

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

Whether there were strategic investors or ordinary legal persons who became top ten ordinary shareholders due to placing of new shares: No

¹ As at the end of the Reporting Period, CECEP Chongqing Industry Co., Ltd. held 24,901,099 shares subject to selling restrictions of the Bank due to the merger of Chongqing Min'an Industry Development Co., Ltd.

Change in Share Capital and Shareholders

12.2.3 Particulars of Controlling Shareholders and De facto Controllers

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

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

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

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

As at the end of the Reporting Period, Chongqing Yufu Capital Operation Group Co., Ltd. directly held 410,868,803 A Shares and held 74,566,000 H Shares of the Bank through its subsidiary Chongqing Yufu (Hong Kong) Limited and held 35,225,837 A Shares of the Bank through its associates, namely Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司), Chongqing Chuanyi Instrument Microcircuit Co., Ltd. (重慶川儀微電路有限責任公司), Chongqing Silian Investment and Management Co., Ltd. (重慶四聯投資管理有限公司), Southwest Securities Company, Ltd., Chongqing Hotel Co., Ltd., Chongqing Rural Commercial Bank Co., Ltd., Chongqing Union Property Right Exchange Co., Ltd. (重慶聯合產權交易所集團股份有限公司), Chongqing Jiaotong Financing Guarantee Co., Ltd. (重慶市交通融資擔保有限公司) and Yang Yusong, thus held an aggregate of 520,660,640 shares of the Bank, representing 14.99% of the Bank's total shares.

Change in Share Capital and Shareholders

Dah Sing Bank, Limited

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

As at the end of the Reporting Period, Dah Sing Bank, Limited held 458,574,853 H Shares, representing 13.20% of the Bank's total share capital.

Lifan Technology (Group) Co., Ltd.

Chongqing Manjianghong Equity Investment Fund Partnership (Limited Partnership) (重慶滿江紅股權投資基金合夥企業(有限合夥)) is the controlling shareholder of Lifan Technology (Group) Co., Ltd.. Lifan Technology (Group) Co., Ltd. was established on 1 December 1997, and were listed on the Shanghai Stock Exchange in November 2010. As at the end of the Reporting Period, Lifan Group has a registered capital of RMB4.5 billion. Its legal representative is Xu Zhihao, and its registered address is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing. Its business scope includes general items: the research, development, production and sales of automobiles, automobile engines, motorcycles, motorcycle engines, vehicle parts, motorcycle parts, small gasoline engines and parts, electric bicycles and parts, gasoline engine mopeds and parts; sales of non-ferrous metals (excluding precious metals), metal materials, metal products, silver jewelry, computers, sports (only car and motorcycle sports) and sports products (excluding development and production); provision of after-sales services for products developed, produced and sold by the company; the export business of technologies developed and produced by the company; the export business of technologies, raw and auxiliary materials, mechanical equipment, instrumentation, and spare parts required for its scientific research and production, and the processing imported goods and "Three-plus-one" business of the company; consulting services on economic information; wholesale and retail of lubricants and greases; and ordinary freight (except for items that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws).

As at the end of the Reporting Period, Lifan Technology (Group) Co., Ltd. held 129,564,932 A Shares and held 165,254,000 H Shares through its wholly-owned subsidiary Lifan International (Holdings) Limited, thus held an aggregate of 294,818,932 Shares, representing 8.49% of the Bank's total share capital. 129,564,932 A Shares held by Lifan Technology (Group) Co., Ltd. were pledged.

Change in Share Capital and Shareholders

SAIC Motor Corporation Limited

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

As at the end of the Reporting Period, SAIC Motor Corporation Limited held 240,463,650 H Shares through its wholly-owned subsidiary SAIC Motor HK Investment Limited, representing 6.92% of the Bank's total share capital.

Funde Sino Life Insurance Co., Ltd.

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

As at the end of the Reporting Period, Funde Sino Life Insurance Co., Ltd. directly held 150,000,000 H Shares and held 67,570,150 H Shares through its wholly-owned subsidiary Fund Resources Investment Holding Group Company Limited, thus held an aggregate of 217,570,150 H Shares, representing 6.26% of the Bank's total share capital.

12.2.5 Other Major Shareholders under Regulations

Chongqing Real Estate Group Co., Ltd.

The restricted shares held by Chongqing Real Estate Group Co., Ltd. were transferred from Chongqing Land Group at nil consideration. The controlling shareholder of Chongqing Real Estate Group Co., Ltd. is the Chongqing State-owned Assets Supervision and Administration Commission. Chongqing Real Estate Group Co., Ltd. was established on 12 September 2006 with the registered capital of RMB5 billion. Its legal representative is Li Shichuan, and its registered address is located at No.2 Jiayuan Road, Yubei District, Chongqing. Its business scope includes general items: investment activities with free funds, land remediation services, and engineering management services (except for items that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws).

As at the end of the Reporting Period, Chongqing Real Estate Group Co., Ltd. held 159,926,519 A Shares of the Bank, and its associates, namely Chongqing Kangju Property Development Co., Ltd. (重慶康居物業發展有限公司), Chongqing Institute of Urban Pest Control (重慶市城市害蟲防治研究所), Chongqing Qing'an Property Management Co., Ltd. (重慶慶安物業管理有限公司), Chongqing Key Engineering Development Co., Ltd. (重慶市重點工程開發有限公司) and Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) held 3,673,494 A Shares of the Bank. Chongqing Real Estate Group Co., Ltd., together with its associates, held an aggregate of 163,600,013 A Shares of the Bank, representing 4.71% of the Bank's total shares. Pursuant to the requirements of the CBIRC, Chongqing Real Estate Group Co., Ltd. has assigned Supervisor to the Bank. Therefore, it is a substantial shareholder of the Bank.

Chongqing Beiheng Investment & Development Limited

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

As at the end of the Reporting Period, Chongqing Beiheng Investment & Development Limited held 84,823,500 H Shares in the Bank, and its associates, namely Chongqing Jintai State-owned Assets Management Co., Ltd. (重慶金泰國有資產經營有限公司), Chongqing High Technology Group Co., Ltd. (重慶高科集團有限公司), and Chongqing Yu Gao – Tech Industry (Group) Co. Ltd., held 1,934,949 A Shares of the Bank. Chongqing Beiheng Investment & Development Limited, together with its associates, held an aggregate of 86,758,449 shares of the Bank, representing 2.50% of the Bank's total shares. Pursuant to the requirements of the CBIRC, Chongqing Beiheng Investment & Development Limited has assigned Supervisor to the Bank. Therefore, it is a substantial shareholder of the Bank.

Change in Share Capital and Shareholders

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

At the end of the Reporting Period, the interests of substantial shareholders (as defined under the SFO), other than Directors, Supervisors or chief executives of the Bank, in Shares and the underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO and to the best knowledge of the Bank were as follows:

Name of shareholder	Class of shares	Long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Financial Holdings Limited ⁽¹⁾	H Share	Long position	Interest of a controlled corporation	458,574,853	29.04	13.20
Dah Sing Banking Group Limited ⁽¹⁾	H Share	Long position	Interest of a controlled corporation	458,574,853	29.04	13.20
Dah Sing Bank, Limited ⁽¹⁾	H Share	Long position	Beneficial owner	458,574,853	29.04	13.20
David Shou-Yeh WONG ⁽¹⁾	H Share	Long position	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853	29.04	13.20
Christine Yen WONG ⁽¹⁾	H Share	Long position	Interest of spouse	458,574,853	29.04	13.20
Harold Tsu-Hing WONG ⁽¹⁾	H Share	Long position	Deemed interest	458,574,853	29.04	13.20
HSBC International Trustee Limited ⁽²⁾	H Share	Long position	Interest of a trustee	458,574,853	29.04	13.20
Chongqing Yufu Holding Group Co., Ltd. ⁽³⁾	A Share	Long position	Interest of a controlled corporation	410,868,803	21.68	11.83
	H Share	Long position	Interest of a controlled corporation	74,566,000	4.72	2.15
Chongqing Yufu Capital Operation Group Co., Ltd. ⁽³⁾	A Share	Long position	Beneficial owner	410,868,803	21.68	11.83
	H Share	Long position	Interest of a controlled corporation	74,566,000	4.72	2.15

Change in Share Capital and Shareholders

Name of shareholder	Class of shares	Long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
Chongqing Yufu (Hong Kong) Limited	H Share	Long position	Beneficial owner	74,566,000	4.72	2.15
SAIC Motor Corporation Limited ⁽⁴⁾	H Share	Long position	Interest of a controlled corporation	240,463,650	15.23	6.92
SAIC Motor HK Investment Limited ⁽⁴⁾	H Share	Long position	Beneficial owner	240,463,650	15.23	6.92
Lifan Technology (Group) Co., Ltd. ⁽⁵⁾	A Share	Long position	Beneficial owner	129,564,932	6.84	3.73
	H Share	Long position	Interest of a controlled corporation	165,254,000	10.47	4.76
	H Share	Short position	Interest of a controlled corporation	122,500,000	7.76	3.53
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. ⁽⁵⁾	H Share	Long position	Interest of a controlled corporation	165,254,000	10.47	4.76
	H Share	Short position	Interest of a controlled corporation	122,500,000	7.76	3.53
Lifan International (Holdings) Limited ⁽⁵⁾	H Share	Long position	Beneficial owner	165,254,000	10.47	4.76
	H Share	Short position	Beneficial owner	122,500,000	7.76	3.53
Funde Sino Life Insurance Co., Ltd. ⁽⁶⁾	H Share	Long position	Beneficial owner	150,000,000	9.50	4.32
	H Share	Long position	Interest of a controlled corporation	67,570,150	4.28	1.94
Fund Resources Investment Holding Group Company Limited ⁽⁶⁾	H Share	Long position	Beneficial owner	67,570,150	4.28	1.94
Chongqing Real Estate Group Co., Ltd. ⁽⁷⁾	A Share	Long position	Beneficial owner	159,926,519	8.44	4.60
	A Share	Long position	Interest of a controlled corporation	3,673,494	0.19	0.11

Change in Share Capital and Shareholders

Name of shareholder	Class of shares	Long position/ short position	Capacity	Number of Shares held	Percentage of relevant share class (%)	Percentage of the total share capital of the Bank (%)
Chongqing Kangju Real Estate Development Co., Ltd. ⁽⁷⁾	A Share	Long position	Beneficial owner	1,659,547	0.09	0.05
Chongqing Qing'an Property Management Co., Ltd. (重慶慶安物業管理有限公司) ⁽⁷⁾	A Share	Long position	Beneficial owner	914,351	0.05	0.03
Chongqing Key Engineering Development Co., Ltd. (重慶市重點工程開發有限公司) ⁽⁷⁾	A Share	Long position	Beneficial owner	720,142	0.04	0.02
Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) ⁽⁷⁾	A Share	Long position	Beneficial owner	288,020	0.02	0.01
Chongqing Institute of Urban Pest Control Co., Ltd. (重慶市城市害蟲防治研究所有限公司) ⁽⁷⁾	A Share	Long position	Beneficial owner	91,434	0.00	0.00
Chongqing Water Conservancy Investment Group Co., Ltd.	A Share	Long position	Beneficial owner	139,838,675	7.38	4.02
DBS Group Holdings Ltd. ⁽⁸⁾	H Share	Long position	Interest of a controlled corporation	101,813,153	6.45	2.93
	H Share	Short position	Interest of a controlled corporation	101,813,153	6.45	2.93
DBS Bank Ltd. ⁽⁸⁾	H Share	Long position	Beneficial owner	101,813,153	6.45	2.93
	H Share	Short position	Beneficial owner	101,813,153	6.45	2.93
Chongqing Beiheng Investment & Development Limited	H Share	Long position	Beneficial owner	84,823,500	5.37	2.44

Notes:

- (1) Dah Sing Bank, Limited held 458,574,853 H Shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.37% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 42.96% of the issued share capital of Dah Sing Financial Holdings Limited. Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. For the purpose of the SFO, Dah Sing Financial Holdings Limited, Dah Sing Banking Group Limited, Mr. David Shou-Yeh WONG, Ms. Christine Yen WONG and Mr. Harold Tsu-Hing WONG are deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited.

Change in Share Capital and Shareholders

- (2) *HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of the family members of Mr. David Shou-Yeh Wong (the grantor), held 39.49% interests in Dah Sing Financial Holdings Limited indirectly. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).*
- (3) *To the knowledge of the Bank, as at the end of the Reporting Period, Chongqing Yufu Capital Operation Group Co., Ltd. directly held 410,868,803 A Shares in the Bank, while Chongqing Yufu (Hong Kong) Limited held 74,566,000 H Shares in the Bank. Chongqing Yufu (Hong Kong) is wholly owned by Chongqing Yufu Capital Operation Group Co., Ltd., which is wholly owned by Chongqing Yufu Holding Group Co., Ltd. For the purpose of the Securities and Futures Ordinance, Chongqing Yufu Capital Operation Group Co., Ltd. is deemed to be interested in the shares held by Chongqing Yufu (Hong Kong) Limited in the Bank, while Chongqing Yufu Holding Group Co., Ltd. is deemed to be interested in the shares held by Chongqing Yufu Capital Operation Group Co., Ltd. And Chongqing Yufu (Hong Kong) Limited in the Bank.*
- (4) *SAIC Motor HK Investment Limited directly held 240,463,650 H Shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the Securities and Futures Ordinance, SAIC Motor Corporation Limited is deemed to be interested in the shares held by SAIC Motor HK Investment Limited in the Bank.*
- (5) *Lifan Technology (Group) Co, Ltd. directly held 129,564,932 A Shares of the Bank. Lifan International (Holdings) Limited directly held 165,254,000 H Shares (long position) of the Bank and 122,500,000 H Shares (short position). Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd., which is wholly owned by Lifan Technology (Group) Co., Ltd. For the purpose of the Securities and Futures Ordinance, Lifan Technology (Group) Co., Ltd. and Chongqing Lifan Industry (Group) Import and Export Co., Ltd. are deemed to be interested in the Shares held by Lifan International (Holdings) Limited in the Bank.*
- (6) *Funde Sino Life Insurance Co., Ltd. directly held 150,000,000 H Shares in the Bank, while Fund Resources Investment Holding Group Company Limited directly held 67,570,150 H Shares in the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the Securities and Futures Ordinance, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the shares held by Fund Resources Investment Holding Group Company Limited in the Bank.*
- (7) *To the knowledge of the Bank, as at the end of the Reporting Period, Chongqing Real Estate Group Co., Ltd. (重慶市地產集團有限公司) directly held 159,926,519 A Shares in the Bank, and Chongqing Kangju Property Development Co., Ltd. (重慶康居物業發展有限公司), Chongqing Qing'an Property Management Co., Ltd. (重慶慶安物業管理有限公司), Chongqing Key Engineering Development Co., Ltd. (重慶市重點工程開發有限公司), Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) and Chongqing Institute of Urban Pest Control Co., Ltd. (重慶市城市害蟲防治研究所有限公司) held 1,659,547, 914,351, 720,142, 288,020 and 91,434 A Shares in the Bank, respectively. Chongqing Real Estate Group Co., Ltd. directly held the 100% equity interest in Chongqing Institute of Urban Pest Control Co., Ltd., and Chongqing Real Estate Group Co., Ltd. indirectly held the 100% equity interest in Chongqing Qing'an Property Management Co., Ltd., Chongqing Key Engineering Development Co., Ltd., Chongqing Fangzong Real Estate Co., Ltd. and Chongqing Kangju Property Development Co., Ltd. through its subsidiaries. For the purpose of the Securities and Futures Ordinance, Chongqing Real Estate Group Co., Ltd. is deemed to be interested in the shares held by Chongqing Kangju Property Development Co., Ltd., Chongqing Fangzong Real Estate Co., Ltd., Chongqing Key Engineering Development Co., Ltd., Chongqing Qing'an Property Management Co., Ltd. and Chongqing Institute of Urban Pest Control Co., Ltd. in the Bank.*
- (8) *DBS Bank Ltd. directly held 101,813,153 H Shares (long position) and 101,813,153 H Shares (short position) in the Bank, and is wholly owned by DBS Group Holdings Ltd. For the purpose of the Securities and Futures Ordinance, DBS Group Holdings Ltd. is deemed to be interested in the shares held by DBS Bank Ltd. in the Bank. The 101,813,153 H Shares (long position) and 101,813,153 H Shares (short position) held by DBS Bank Ltd. involve derivatives in the classes below:*

101,813,153 H Shares (long position) and 101,813,153 H Shares
(short position)

– Listed derivatives (convertible instruments)

Change in Share Capital and Shareholders

12.3 Preference Shares

Issuance and Listing of Preference Shares in the Last Three Years

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

The Offshore Preference Shares will have a par value of RMB100 each and will be issued as fully paid-up capital in U.S. dollars so that the total issuance price of the Offshore Preference Shares will be U.S.\$20 each. The Offshore Preference Shares will be issued in registered form and issued and transferable only in minimum amounts of U.S.\$200,000 (or 10,000 Offshore Preference Shares) and integral multiples of U.S.\$1,000 (or 50 Offshore Preference Shares) in excess thereof. The preference shares shall have no less than 6 qualified placees and are offered to professional investors and not retail investors.

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

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

Change in Share Capital and Shareholders

Number of Holders and Shareholding of the Preference Shares

As of the end of the Reporting Period, the total number of preference shareholders (or proxies) of the Bank was one. The details are as follows:

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

Notes: (1) All shares held by the above shareholder are unconditional shares of the Bank.

(2) The shareholding of preferred shareholders is based on the information contained in the register of preferred shareholders of the Bank.

(3) As the issuance is a non-public offer, the information contained in the register of preferred shareholders refers to the proxies

(4) The Bank is not aware that there are any relationships or concerted actions among the above preferred shareholders and Top 10 ordinary shareholders.

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

Dividend Distribution of Preference Shares

According to the resolution and authorization of shareholders' meeting, the Bank considered and approved the Resolution on Proposal of Dividend Distribution of Offshore Preference Shares for 2021 at the 40th meeting of the sixth session of the Board dated 7 December 2021. The Bank paid dividends in cash to shareholders of Offshore Preference Shares once a year. Non-cumulative dividend payment method was adopted for Offshore Preference Shares, and shareholders of Offshore Preference Shares shall not participate in the distribution of residual profits with the ordinary shareholders after distribution according to the agreed dividend rate.

In accordance with the relevant laws and regulations, the Bank shall withhold and pay income tax at a rate of 10% when distributing dividends on Offshore Preference Shares. The relevant taxes and fees shall be borne by the Bank, and listed into dividends of Offshore Preference Shares. According to the issuance terms of Offshore Preference Shares, as at 20 December 2021, the Bank distributed US\$45,000,000 of dividends of Offshore Preference Shares, among which: US\$40,500,000 was actually paid to shareholders of Offshore Preference Shares, and income tax of US\$4,500,000 was withheld.

Change in Share Capital and Shareholders

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

Type of Offshore Preference Shares	2021	
	Dividend rate	Total dividends (tax inclusive)
Offshore Preference Shares	5.4%	US\$45,000,000

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

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and its Reasons

Pursuant to the relevant requirements of accounting standards such as International Accounting Standard 39 – Recognition and Measurement and International Accounting Standard 32 – Financial Instruments: Presentation formulated by the International Accounting Standards Board, the terms of the outstanding preference shares issued by the Bank conform to the accounting requirements for equity instruments, and are accounted for as equity instruments.

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

During the Reporting Period, the Bank and its subsidiaries had not purchased, sold or redeemed any listed securities of the Bank.

Securities Issuance and Listing

13.1 Issuance and Listing of Ordinary Shares

In order to meet the needs of business development of the Bank and further enhance its capital strength, the Bank launched the Initial Public Offering of A Shares.

On 18 December 2020, the Bank received the Reply on the Approval for Initial Public Offering of Shares of Bank of Chongqing Co., Ltd. (ZJXK [2020] No. 3511) from the CSRC, which approved the public offering of up to 347,450,534 new shares by the Bank. On 27 January 2021, the Bank published the Announcement on the Results of the Initial Public Offering of Shares and issued a total of 347,450,534 A Shares. On 5 February 2021, A Shares of the Bank were officially listed on the Shanghai Stock Exchange. For details, please refer to the Announcement on Initial Public Offering of A Shares of Bank of Chongqing Co., Ltd. published by the Bank on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the website of the Bank on 4 February 2021.

The Bank allotted and issued a total of 347,450,534 A Shares to the qualified inquired investors and individuals and institutional investors which have set up accounts on the Shanghai Stock Exchange (excluding those whose subscriptions are prohibited by the relevant PRC laws and regulations) at an offer price of RMB10.83 per Share. The aggregate par value of the A Shares offering was RMB347,450,534 with par value of RMB1.00 each. A total of 1,548,033,993 domestic shares held by the original domestic shareholders of the Bank were recorded as 1,548,033,993 A Shares. The gross proceeds raised from the Initial Public Offering of A Shares of the Bank were approximately RMB3.763 billion, and net proceeds after deducting issuance costs were approximately RMB3.705 billion, with net proceeds per share of approximately RMB10.66. The net proceeds have been fully applied towards replenishing the core Tier-1 capital of the Bank as scheduled.

As of the end of the Reporting Period, the total number of ordinary shares issued by the Bank was 3,474,505,339 shares, including 1,895,484,527 A Shares listed on the Shanghai Stock Exchange and 1,579,020,812 H Shares listed on the Hong Kong Stock Exchange.

13.2 Existing Internal Employee Shares

As at the end of the Reporting Period, the total number of internal employee shares of the Bank subject to sales restrictions was 35,271,593, accounting for 1.02% of the total share capital of the Bank, which complies with the “Notice on Regulating the Internal Employee Shareholding of Financial Enterprises” (Caijin 2010 No. [97]). Restricted shares held by internal employees are mainly obtained through the following methods: 1. at the time of the establishment of the Bank, the former 39 districts and counties’ on-the-job full-time employees or short-term contract workers in the business category participated in the establishment of the Bank as promoters and shareholders; 2. shares obtained through the employee stock ownership plan in 1997 and transferred from previous dividends; and 3. the Bank’s shares obtained through agreement transfer, gift, inheritance and judicial judgments. The Bank’s existing restricted internal employee shares resulted from the conversion of shares held by employees of original credit cooperative into shares of the Bank at its establishment, so that the issuance date and price of Shares held by internal employees cannot be accurately verified.

Securities Issuance and Listing

13.3 Issuance and Listing of Preference Shares

For details of the issuance and listing of preference shares of the Bank, please refer to the section headed “Change in Share Capital and Shareholders – Preference Shares.”

13.4 Debt Securities Issued

13.4.1 Debt Securities Issued During the Reporting Period

Pursuant to a resolution passed at the general meeting on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Bonds for Small and Micro Business Loans (Yu Yin Bao Jian Fu [2020] No. 205) by the Chongqing CBIRC on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans within the domestic inter-bank bond market of China on 22 January 2021; such subordinated bonds have a maturity of 3 years, with a fixed coupon rate of 3.5%, per annum before maturity, payable annually. The proceeds from this issue would be used for loans to small and micro enterprises.

Pursuant to a resolution passed at the general meeting on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Bao Jian Fu [2020] No. 202) by the Chongqing CBIRC on 15 September 2020, the Bank issued RMB2 billion first phase of green financial bonds within the domestic interbank bond market of China on 16 March 2021 with a fixed coupon rate of 3.57%, per annum before maturity; such subordinated bonds have a maturity of 3 years, payable annually. The proceeds from this issue would be used to support the green industry project specified in the Green Bond Support Project Catalogue compiled by the Green Finance Specialized Committee of the China Financial Association.

As considered and approved by the extraordinary general meeting held on 27 December 2019 and as approved by the Reply on the Issuance of Financial Bonds by Xinyu Financial Leasing (YYJF[2020] No. 175) from Chongqing CBIRC on 27 August 2020, Xinyu Financial Leasing issued financial bonds of RMB1.2 billion on a consolidated basis on 23 June 2021, with a term of 3 years. The bonds bear interest at a fixed rate per annum payable annually, with the annual coupon rate of 3.95%.

13.4.2 Bonds at the End of the Reporting Period

For details of bonds at the end of Reporting Period, please refer to the section headed “Notes to the Financial Report.”

13.5 Issuance of Convertible Corporate Bonds

In March 2021, the Board of the Bank considered and approved the Plan for the Public Issuance of A Share Convertible Corporate Bonds and relevant proposals, according to which the Bank intended to issue up to RMB13 billion (inclusive) of corporate bonds convertible into A Shares of the Bank. In May 2021, the above proposals were considered and approved at the 2020 annual general meeting, the 2021 first H Shareholders' class meeting and the 2021 first A Shareholders' class meeting of the Bank.

In September 2021, the Bank received the Approval by Chongqing CBIRC of the Public Issuance of A Share Convertible Corporate Bonds of Bank of Chongqing issued by Chongqing CBIRC, according to which Chongqing CBIRC approved the Bank's public issuance of convertible corporate bonds of up to RMB13 billion (inclusive) in domestic A Share securities market and the proceeds will be used to replenish the core tier-1 capital of the Bank after conversion into Shares in accordance with relevant regulatory requirements.

In October 2021, the Bank received the Acceptance Notice of the Application for Administrative Permission from the CSRC (《中國證監會行政許可申請受理單》), according to which the CSRC decided to accept the application of the Bank for administrative permission for the public issuance of A Share Convertible Corporate Bonds.

In February 2022, the application of the Bank for the public issuance of A Share Convertible Corporate Bonds was reviewed and approved by the Issuance Examination Committee of the CSRC.

In March 2022, the Reply on Approval for the Public Issuance of Convertible Corporate Bonds by the Bank of Chongqing Co., Ltd. issued by the CSRC, according to which the Bank was approved to issue to the public the Convertible Corporate Bonds with an aggregate nominal value of RMB13 billion and a term of 6 years.

For details of the issuance of A Share Convertible Corporate Bonds of the Bank, please refer to the announcements published by the Bank on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the website of the Bank.

Report of the Board of Directors

The Board is pleased to present the report of the Board of Directors together with the audited financial statements of the Bank for the year ended 31 December 2021.

Principal Activities

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

Business Review

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

Prospects for the Future Development of Banking Business

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

Major Risks and Uncertainties

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

Employment Relations and Retirement Benefit

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

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

Relations with Customers and Suppliers

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

In 2021, the aggregate amount of interest income and other operating income generated from the five largest customers of the Bank represented an amount not exceeding 30% of the total interest income and other operating income of the Bank.

Due to the nature of its business, the Bank had no major suppliers.

Environmental Protection Policy and Implementation

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

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

Compliance with Laws and Regulations

The Group is subject to several laws and regulations, mainly including the Company Law of the People's Republic of China, the Law of the People's Republic of China on Commercial Banks and the Civil Code of the People's Republic of China, as well as domestic and overseas securities laws, regulations and exchange rules, and other laws and regulations and regulatory documents. The Board of Directors of the Bank paid close attention to the policies and practices, under relevant laws and regulations which the Bank is subject to. The Bank has engaged legal advisers for domestic and foreign laws to ensure the transactions and businesses of the Bank are carried out in compliance with the applicable laws. Relevant employees and operation units will be informed by updates on applicable laws and regulations from time to time.

Report of the Board of Directors

Subsequent Major Events with Significant Influence on the Bank

The Bank conducted a comprehensive review on the financial performance of 2021 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2021. After the end of the annual financial review, the Bank's application for the issuance of A Share Convertible Corporate Bonds has been approved by the CSRC, and the Bank has commenced relevant work in relation to the issuance. Please refer to the announcements published by the Bank on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the website of the Bank for details.

Profits and Dividends

The Bank's revenue for the year ended 31 December 2021 and the Bank's financial position as at the same date are set out in the section headed "Financial Statements" of this annual report.

A final dividend of RMB0.373 per share (tax inclusive) for the year ended 31 December 2020 ("**2020 Final Dividend**"), amounting to a total dividend of RMB1,295,990,491.447 (tax inclusive) based on the profit and number of shares issued for the year ended 31 December 2020, was distributed by the Bank to all Shareholders of the Bank upon approval at the 2020 general meeting held on 20 May 2021. The 2020 Final Dividend was distributed to holders of H Shares and domestic shares on 9 July 2021.

According to Article 18 of the Measures for the Administration of Securities Issuance and Underwriting (Order No. 144 of the China Securities Regulatory Commission), "where the profit distribution plan or the plan for converting the capital reserve into share capital has not been submitted to the Shareholders' General Meeting for approval or has not been executed though approved by the Shareholders' General Meeting, the listed company shall execute its securities issuance after the execution of the plan". As the Bank has not yet completed all issuance of A Share Convertible Corporate Bonds as of the latest practicable date as well as fully considering factors including Shareholders' interests and the development of the Bank, the Board has proposed to postpone the profit distribution of the Bank for 2021, and the Bank will carry out matters in relation to the profit distribution immediately following the completion of the issuance of A Share Convertible Corporate Bonds according to the requirements of the regulatory authorities and the provisions of the Articles of Association.

Change in the Reserves

Details of the changes in the reserves of the Bank for the year ended 31 December 2021 are set out in the “Consolidated Statements of Changes in Equity” in the “Financial Statements” and the note “Other Reserves” to the “Financial Statements” of this annual report.

Summary of Financial Information

The summary of the operating results and assets and liabilities of the Bank for the five years ended 31 December 2021 is set out in the “Financial Highlights” of this annual report.

Donations

The charitable and other donations made by the Bank for the year ended 31 December 2021 amounted to approximately RMB4.09 million.

Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended 31 December 2021 are set out in the note “Property, Plant and Equipment” to the “Financial Statements” of this annual report.

Substantial Shareholders

Details of the Bank’s substantial shareholders as at 31 December 2021 are set out in “Change in Share Capital and Shareholders” of this annual report.

Purchase, Sale and Redemption of Listed Securities of the Bank

During the year ended 31 December 2021, the Bank had not purchased, sold or redeemed any listed securities of the Bank.

Report of the Board of Directors

Pre-emptive Rights

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

Share Capital

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

Equity-linked Agreement

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

Directors, Supervisors and Senior Management

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

Confirmation of Independence by the Independent Non-executive Directors

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

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

As at 31 December 2021, the interests of the Directors, the Supervisors and the chief executives of the Bank and their associates in the shares of the Bank as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules are as follows:

Name	Position	Type of share	Long position/ Short position	Capacity	Number of shares held	Percentage of the total share capital of the Bank (%)
LIN Jun	Secretary to the Party Committee Chairman Executive Director	A Share	Long position	Beneficial owner	8,600	0.00025
RAN Hailing	Deputy Secretary of the Party Committee Executive Director President	A Share	Long position	Beneficial owner	54,574	0.00157
LIU Jianhua	Member of the Party Committee Executive Director Vice President	A Share	Long position	Beneficial owner	176,375	0.00508
WONG Wah Sing	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	A Share	Long position	Beneficial owner	8,700	0.00025
WONG Hon Hing	Vice Chairman Non-executive Director	A Share	Long position	Beneficial owner	2,000	0.00006
YANG Yusong	Non-executive Director	A Share	Long position	Beneficial owner	1,033	0.00003
HUANG Changsheng	Deputy Secretary of the Party Committee Employee Supervisor Chairman of the Labor Union	A Share	Long position	Beneficial owner	123,451	0.00355
		A Share	Long position	Interest of spouse	60,647	0.00175
WU Ping	Employee Supervisor	A Share	Long position	Beneficial owner	65,625	0.00189

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 SFO) as at 31 December 2021.

Report of the Board of Directors

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

Except for the working relationship, there are no other relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.

Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period was the Bank, its holding company or any of its fellow subsidiaries, a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate. None of the Directors and Supervisors has entered into a service contract with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Contracts and Service Contracts

Saved for the connected transactions which are fully exempted under Chapter 14A of the Hong Kong Listing Rules, none of the Directors or Supervisors or their related entities had any interest, whether directly or indirectly, in any contract of significance in relation to the Group's business to which the Bank or any of its subsidiary is a party at the end of the Reporting Period and at any time during the Reporting Period. Such Directors' liability insurance was valid during the Reporting Period and remained valid as at the date of this report.

Permitted Indemnity Provision

Appropriate Directors' liability insurance cover has been arranged by the Bank to indemnify the Directors for liabilities arising out of corporate activities. The Directors' liability insurance was effective during the Reporting Period and remains effective as at the date of this report.

Management Contract

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

Directors and Supervisors' Interests in Competing Business of the Bank

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

Corporate Governance

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

Connected Transactions

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

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

Remuneration Policies for Directors, Supervisors and Senior Management

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

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

Public Float

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

By order of the Board
Bank of Chongqing Co., Ltd.
LIN Jun
Chairman

Report of the Board of Supervisors

In 2021, follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Board of Supervisors of the Bank of Chongqing thoroughly studied and implemented the guiding principles of the 19th National Congress of the Communist Party of China, and the Second, Third, Fourth, Fifth and Sixth Plenary Sessions of the 19th Party Central Committee, pursuant to the Company Law, Corporate Governance Code for Banks and Insurance Institutions (銀行保險機構公司治理準則), Work Guidelines for the Board of Supervisors of Commercial Banks (商業銀行監事會工作指引) and the Articles of Association, the Board of Supervisors of the Bank of Chongqing always focused on important business and risks in line with the problem-oriented principle. The Board of Supervisors carefully performed its supervision duties, and deeply and pragmatically carried out various supervision activities, and played a positive role in improving the corporate governance, promoting internal control, enhancing risk management as well as promoting high-quality development of the Bank.

Report on Major Tasks

During the Reporting Period, 12 meetings were held by the Board of Supervisors and the Supervision and Nomination Committee, at which an aggregate of 39 supervision matters, briefings and reports were received and considered, including, among others, Proposals and Reports on Inspection, Assessment Report on Performance of Directors and Supervisors, Annual Financial Reports, and Profit Distribution Plan were considered. Supervisors attended 3 shareholders' meeting, and were present at total of 76 meetings of the Board and special committees under it to ensure that the resolutions and meeting procedures were in compliance with laws and regulations.

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

Firstly, strengthening supervision over key businesses and risks, and performed solid and comprehensive inspections on projects. During the Reporting Period, the Board of Supervisors conducted an aggregate of 3 comprehensive inspections on projects across the Bank, including the centralized supervision and inspection of the Bank for 2020; a special inspection on the rectification of problems raised in the resignation audit of heads of branches in Chongqing in 2019; and a special inspection on the management and implementation of biddings for outlet construction projects. Through inspections, the Board of Supervisors identified 10 vulnerabilities and hidden risks involving the management of settlement fees for non-performing assets, safety management, management of capital and liquidity risks, credit business, performance appraisal, seal management, file management, and management of outlet construction.

Secondly, strengthening interim supervision, and promptly identified major problems and hidden risks. During the Reporting Period, the Board of Supervisors continued to strengthen interim supervision. In 2021, the Board of Supervisors formed 4 special reports of daily supervision in respect of major risks and identified problems in the management of assets for debt payment, management of the purchase and construction of outlets, management of interest rate of time deposit, and disposal of non-performing assets. The Board of Supervisors issued 5 Reminder Letters to the Board of Directors and senior management on 5 aspects, covering the management of official vehicles, travel expenses, management of accounting of current accounts, management of financing cap for urban investment enterprises, and bank confirmation letter business. The senior management attached great significance in these issues and deployed rectifications in a timely manner.

Thirdly, strengthening the follow-up evaluation of execution of rectifications and improved the effectiveness of supervision. During the Reporting Period, the Board of Supervisors conducted follow-up reviews in respect of the rectification of 32 problems revealed during the supervision and inspection process in the previous year and in 2021, and verified the rectification measures and implementation status one by one. All these 32 issues have been rectified, effectively promoting the Bank to eliminate loopholes and hidden risks.

Fourthly, continuing to carry out performance supervision and implement performance assessment. Firstly, the Board of Supervisors performed a general evaluation on the Board of Directors, senior management on their performance in 2020, and individually evaluated the Chairman, the President and the person in charge of finance. Secondly, the Board of Supervisors performed individual evaluation on the Board of Directors with quantitative and qualitative indicators through self-evaluation, peer evaluation and the evaluation from the Board of Supervisors in 2020. Thirdly, the Board of Supervisors performed an off-office evaluation on three resigned directors. Fourthly, the Board of Supervisors established standardized personal performance files of the directors, supervisors and senior management members which will be updated on a quarterly basis.

In 2021, the Board of Supervisors continued to strengthen its own development by amending the Bank's Rules of Procedure for the meetings of the Board of Supervisors, the Measures for Performance Evaluation of the Directors by the Board of Supervisors and the Measures for Performance Evaluation of Supervisors to further improve the relevant work systems of the Board of Supervisors according to the latest regulatory requirements. In addition, the Board of Supervisors successively implemented research to branching organizations, to understand their operation conditions and major difficulties encountered. The Board of Supervisors improved its work and enhanced efficiency of supervision through the investigation and research.

Report of the Board of Supervisors

Independent Opinions on Relevant Matters

Performance of Duties by the Board of Directors and Senior Management

During the Reporting Period, the Board of Directors performed its duties diligently in accordance with the *Corporate Governance Standards for Banking or Insurance Institutions* and provisions of the Articles of Association, and proactively implemented national and local financial policies and resolutions of Shareholders' meetings, while consciously accepting supervision from the Board of Supervisors. They also had an accurate understanding of national macro trends and the reform and development direction of the Bank of Chongqing, making adjustments on development strategy in a timely manner. In 2021, the Board of Directors vigorously promoted the Initial Public Offering of A Shares, deepened the market value management, and strengthened communications with investors, laying a solid foundation for the Bank's high-quality development; resolutely implemented major decisions and deployments, and promoted integration into the construction of Chengdu-Chongqing Economic Rim; accelerated the development of green finance, vigorously supported rural revitalization, and continuously enhanced the capacity to serve the real economy; and deepened reform and transformation for development, further promoted the three-year reform action for state-owned enterprises, and completed the reform tasks ahead of schedule, and implemented the improvement action on benchmarking management. The Board of Directors placed emphasis on corporate governance, risk management, capital management, compensation management, consolidated management, internal control and compliance management and data governance. In accordance with regulatory requirements, the Board of Directors regularly listened to business performance reports, profitability analysis reports, risk monitoring reports, asset and liability management analysis reports, anti-money laundering and anti-terrorism financing reports, case prevention work reports, compliance management reports, internal audit work reports and consumer rights protection work. Based on market changes and the Bank's actual situation, the Board of Directors timely adjusted development strategies, gave full play to the scientific decision-making, effectively promoted the implementation of the strategic planning of Bank of Chongqing, and put into effect the risk management, capital management, internal control and compliance management, anti-money laundering work and consumer rights protection. The decisions of the Board of Directors were made with sound reason, and complied with the procedures set out in the Articles of Association of the Bank. The Directors of the Bank performed their duties faithfully, honestly and diligently, attended the meetings of the Board of Directors and its special committees, carefully reviewed proposals, and made scientific decisions on major issues of Bank of Chongqing. In accordance with the *Performance Evaluation Methods for Directors of the Board by Supervisors of Bank of Chongqing Co., Ltd.*, the Board of Supervisors conducted an assessment for the performance of the Directors, and all of the evaluation results were "excellent".

During the Reporting Period, the senior management fully implemented the deployment of the Board of Directors, strictly performed various regulatory requirements, earnestly put into effect the opinions from the Board of Supervisors, and successfully completed the annual business plan, achieving a good start in the first year of 14th Five-Year Plan. In the course of operation and management, the Bank resolutely implemented the decisions and arrangements of the CPC Central Committee and the Chongqing Municipal Party Committee, fully supported the “stability on six fronts” and “security in six areas”; stayed true to its original mission, and provided innovative products and business models to actively serve the real economy; established and improved the rectification mechanism, and made solid efforts in implementing various rectification opinions; steadfastly promoted the “Internal Control Compliance Year” activity to strengthen the management of employee behaviors, strictly followed requirements related to anti-money laundering and consumer rights protection, conscientiously managed authorization process, and effectively implemented regulatory requirement on a daily and regular basis; fully participated in and deepened strategic cooperation on the construction of the Chengdu-Chongqing Economic Circle, and provided support for over 40 major projects; reinforced the empowerment of financial technology, diversified the digital credit product system, improved the digital risk control system, enhanced the development of scientific and technological talents, and stepped up the support role of technology; fortified the coordinated and comprehensive management of risks, improved the credit risk prevention and control system, conducted special governance on post-loan management, promoted the substantial transformation of key credit issues, and enhanced the efficiency of risk handling; constantly improved the internal control management system, optimized systems on a regular basis, and strengthened the construction of the rule of law; and make overall plans for safe production, stable complaints and petitions and robust pandemic response created a safe and stable development environment. Adhering to the goal of high-quality development, the senior management of the Bank performed their duties responsibly and diligently, and led all employees of the Bank to overcome difficulties and forge ahead, and made important contributions to the Bank’s strategic transformation, business promotion, and management enhancement, effectively promoting the sustained and steady development of the Bank.

Report of the Board of Supervisors

Operations in Compliance with Laws and Regulations

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

Financial Report

The 2021 financial report of the Bank gave a true and fair view of the financial position and operating results of the Bank.

Acquisition and Disposal of Assets

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

Related Party Transactions

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

Internal Control

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

Social Responsibility

During the Reporting Period, the Bank earnestly undertook social responsibilities. The Board of Supervisors had no dissenting opinions to the 2021 Social Responsibility (Environment, Society, Governance) Report of Bank of Chongqing.

Financial Report

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Independent Auditor's Report

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

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

Opinion

We have audited the consolidated financial statements of Bank of Chongqing Co., Ltd. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses for loans and advances to customers and financial investments at amortised cost</p> <p>The Group uses a number of judgements and assumptions in the measurement of expected credit losses, for example:</p> <ul style="list-style-type: none"> • Significant increase in credit risk – Criteria for determining whether significant increase in credit risk has occurred are highly judgemental, and may have a significant impact on expected credit losses for loans and advances to customers (“loans”) and financial investments at amortised cost with longer outstanding maturities; • Models and parameters – Complex models, numerous inputs and parameters are used to measure expected credit losses, involving plenty of management judgements and assumptions; • Forward-looking information – Macroeconomic forecasts are developed, and impacts on expected credit losses are considered for probability weighted multiple economic scenarios; • Whether financial assets are credit-impaired – The determination of credit impairment requires consideration of multiple factors, and measurement of expected credit losses depends on estimates of future cash flows. 	<p>We evaluated and tested the effectiveness of design and implementation of key internal controls related to expected credit losses for loans and financial investments at amortised cost, including relevant data quality and information systems.</p> <p>We adopted a risk-based sampling approach in our review procedures for loans and financial investments at amortised cost. We assessed the debtors’ repayment capacity and evaluated the Group’s grading for loans and financial investments at amortised cost, taking into consideration post-lending/investment investigation reports, debtors’ financial information, collateral valuation reports and other available information.</p> <p>With the support of internal credit risk modelling experts, we evaluated and tested the expected credit loss model, key parameters, management’s major judgements and related assumptions, mainly focusing on the following aspects:</p> <ol style="list-style-type: none"> 1. Expected credit loss model: <ul style="list-style-type: none"> • Taking into account macroeconomic changes, we assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, risk exposure, and significant increases in credit risk;

Key audit matter	How our audit addressed the key audit matter
Expected credit losses for loans and advances to customers and financial investments at amortised cost (continued)	
<p>Since the measurement of expected credit losses of loans and financial investments at amortised cost involves many significant judgements and assumptions, and in view of the significance of the amount (as at 31 December 2021, gross loans and financial investments at amortised cost amounted to RMB449,565 million, representing 72.63% of total assets, and impairment allowance for loans and financial investments at amortised cost amounted to RMB12,289 million), we consider expected credit losses for loans and financial investments at amortised cost a key audit matter.</p> <p>Relevant disclosures are included in Note 3.1.4, Note 4(d), Note 21 and Note 22 to the consolidated financial statements.</p>	<ul style="list-style-type: none">• We assessed the forward-looking information that management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumption and the weights of multiple macroeconomic scenarios; and• We assessed the reasonableness of management's determination of credit impairment. For credit-impaired loans and financial investments at amortised cost, we analysed the amount, timing and probability of management's estimated future cash flows, especially the recoverable cash flows from collateral. <p>2. Design and operating effectiveness of key controls:</p> <ul style="list-style-type: none">• We evaluated and tested the data and processes used to determine expected credit losses, including loan business data, internal credit rating data, macroeconomic statistics, as well as the computational logic, data inputs and system interfaces of the impairment assessment system; and• We evaluated and tested key controls over the expected credit loss model, including approval of model changes, ongoing monitoring model performance, model validation and parameter calibration. <p>We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of credit risk exposures and expected credit losses.</p>

Key audit matter

How our audit addressed the key audit matter

Consolidation assessment and disclosures of structured entities

The Group holds interests in various structured entities, including wealth management products, funds, trust plans, asset management plans, and asset-backed securities, in conducting businesses such as financial investments, asset management, and credit asset transfers. The Group needs to comprehensively consider the power it possesses, its exposure to variable returns, and the link between the power and the returns to determine whether it has control over such structured entities, and therefore whether it should include them in the scope of consolidation.

The assessment of the Group's control over structured entities involves significant judgements on factors such as the purpose and design of structured entities, its ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fee, benefits received or losses incurred from providing credit enhance or liquidity support. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgements and estimates.

In view of the materiality and the complexity of management judgements, we consider consolidation assessment and disclosures of structured entities a key audit matter.

Relevant disclosures are included in Note 4(b) and Note 37 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key internal controls related to the Group's assessment of whether it controls a structured entity.

We assessed the Group's analysis and conclusions on whether it controls structured entities based on the Group's analysis on its power over structured entities, and the magnitude and variability of variable returns from its involvement with structured entities. We also assessed whether the Group has obligation to ultimately take the risk of structured entities by reviewing relevant term sheets, and whether the Group has provided liquidity support or credit enhancement to structured entities.

We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of unconsolidated structured entities.

Independent Auditor's Report

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Bank are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Chi Keung.

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2021	2020
Interest income		27,410,536	25,191,048
Interest expense		(15,813,763)	(14,130,310)
Net interest income	6	11,596,773	11,060,738
Fee and commission income		903,753	1,151,897
Fee and commission expense		(134,931)	(114,850)
Net fee and commission income	7	768,822	1,037,047
Net trading gains/(losses)	8	266,650	(216,780)
Net gains on investment securities	9	1,442,636	885,304
Other operating income	10	153,982	125,794
Operating income		14,228,863	12,892,103
Operating expenses	11	(3,322,383)	(2,885,200)
Credit impairment losses	13	(5,100,660)	(4,316,721)
Other impairment losses		(9,485)	(119,303)
Operating profit		5,796,335	5,570,879
Share of profit of associates	23	295,822	162,903
Profit before income tax		6,092,157	5,733,782
Income tax	15	(1,233,132)	(1,168,087)
Net profit for the year		4,859,025	4,565,695
Net profit attributable to:			
Shareholders of the Bank		4,663,743	4,423,633
Non-controlling interests		195,282	142,062
		4,859,025	4,565,695

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2021	2020
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net gains/(losses) on debt investments at fair value through other comprehensive income		570,982	(204,003)
Less: Relevant income tax effect		(142,745)	51,001
Subtotal		428,237	(153,002)
<i>Items that will not be reclassified to profit or loss:</i>			
Net losses on equity investments designated at fair value through other comprehensive income		(161,009)	–
Less: Relevant income tax effect		40,252	–
Remeasurement gains/(losses) of retirement benefits		1,798	(142)
Less: Related income tax effect		(450)	35
Subtotal		(119,409)	(107)
Total other comprehensive income, net of tax	40	308,828	(153,109)
Total comprehensive income for the year		5,167,853	4,412,586
Total comprehensive income attributable to:			
Shareholders of the Bank		4,972,571	4,270,524
Non-controlling interests		195,282	142,062
		5,167,853	4,412,586
Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)			
Basic and diluted	16	1.28	1.32

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

Consolidated Statement of Financial Position

As at 31 December 2021

(In RMB thousands, unless otherwise stated)

		As at 31 December	
	Note	2021	2020
ASSETS			
Cash and balances with Central Bank	17	37,200,469	35,305,289
Due from and placements with banks and other financial institutions	18	44,831,819	52,659,497
Financial assets at fair value through profit or loss (“FVPL”)	19	24,585,122	31,208,753
Loans and advances to customers	21	306,883,598	272,259,348
Investment securities	22		
– Fair value through other comprehensive income (“FVOCI”)		64,087,193	45,881,180
– Amortised cost		130,464,527	113,700,026
Investment in associates	23	2,228,158	1,945,081
Property, plant and equipment	24	3,152,421	3,233,280
Deferred tax assets	30	3,846,343	3,353,016
Other assets	25	1,673,970	2,095,927
Total assets		618,953,620	561,641,397
LIABILITIES			
Due to and placements from banks and other financial institutions	26	107,241,149	97,411,900
Financial liabilities at fair value through profit or loss	20	5,772	6,904
Customer deposits	27	338,695,343	314,500,257
Current tax liabilities		248,418	405,461
Debt securities issued	28	118,852,070	101,040,342
Other liabilities	29	4,664,173	6,282,319
Total liabilities		569,706,925	519,647,183
EQUITY			
Share capital	32	3,474,505	3,127,055
Preference shares	33	4,909,307	4,909,307
Capital surplus	34	8,044,708	4,680,638
Other reserves	35	11,701,636	10,356,321
Retained earnings		19,143,032	17,101,676
Equity attributable to shareholders of the Bank		47,273,188	40,174,997
Non-controlling interests		1,973,507	1,819,217
Total equity		49,246,695	41,994,214
Total liabilities and equity		618,953,620	561,641,397

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

LIN JUN
CHAIRMAN

RAN HAILING
PRESIDENT

YANG SHIYIN
VICE PRESIDENT

YANG KUN
HEAD OF FINANCE
DEPARTMENT

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders of the Bank									
	Share capital (Note 32)	Preference shares (Note 33)	Capital surplus (Note 34)	Surplus reserve (Note 35)	General reserve (Note 35)	Revaluation reserve for financial assets at FVOCI (Note 35)	Remeasurement of retirement benefits (Note 35)	Retained earnings	Non-controlling interests	Total
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,458,521	6,295,346	607,806	(5,352)	17,101,676	1,819,217	41,994,214
Net profit for the year	-	-	-	-	-	-	-	4,663,743	195,282	4,859,025
Other comprehensive income (Note 40)	-	-	-	-	-	307,480	1,348	-	-	308,828
Total comprehensive income	-	-	-	-	-	307,480	1,348	4,663,743	195,282	5,167,853
Issue of share capital	347,450	-	3,357,838	-	-	-	-	-	-	3,705,288
Dividends to ordinary shares (Note 36)	-	-	-	-	-	-	-	(1,293,754)	(44,100)	(1,337,854)
Dividends to preference shares (Note 36)	-	-	-	-	-	-	-	(292,146)	-	(292,146)
Transfer to other reserves	-	-	-	451,628	584,859	-	-	(1,036,487)	-	-
Others	-	-	6,232	-	-	-	-	-	3,108	9,340
Balance at 31 December 2021	3,474,505	4,909,307	8,044,708	3,910,149	6,880,205	915,286	(4,004)	19,143,032	1,973,507	49,246,695
Balance at 31 December 2019	3,127,055	4,909,307	4,680,638	3,026,522	5,516,685	760,808	(5,245)	14,933,659	1,664,240	38,613,669
Net profit for the year	-	-	-	-	-	-	-	4,423,633	142,062	4,565,695
Other comprehensive income (Note 40)	-	-	-	-	-	(153,002)	(107)	-	-	(153,109)
Total comprehensive income	-	-	-	-	-	(153,002)	(107)	4,423,633	142,062	4,412,586
Business combination involving enterprises not under common control	-	-	-	-	-	-	-	-	40,845	40,845
Dividends to ordinary shares (Note 36)	-	-	-	-	-	-	-	(737,985)	(27,930)	(765,915)
Dividends to preference shares (Note 36)	-	-	-	-	-	-	-	(306,971)	-	(306,971)
Transfer to other reserves	-	-	-	431,999	778,661	-	-	(1,210,660)	-	-
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,458,521	6,295,346	607,806	(5,352)	17,101,676	1,819,217	41,994,214

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2021	2020
Cash flows from operating activities:		
Profit before income tax	6,092,157	5,733,782
Adjustments:		
Depreciation and amortisation	347,582	315,944
Impairment losses on loans	4,621,888	4,211,102
Provision for impairment losses on other assets	488,257	224,922
Net gains on disposal of property, plant and equipment and foreclosed assets	(20,873)	(34,322)
(Gains)/Losses on changes in fair value	(396,016)	248,532
Net gains arising from financial investments	(1,360,334)	(1,229,705)
Share of profit of associates	(295,822)	(162,903)
Interest income arising from investment securities	(8,991,252)	(8,041,501)
Interest expense arising from financing activities	3,613,553	3,270,567
Changes in operating assets:		
Net decrease/(increase) in restricted deposit balances with Central Bank	1,246,713	(2,409,797)
Net decrease in due from and placements to banks and other financial institutions	2,122,352	4,410,002
Net decrease in financial assets held under resale agreements	8,043,590	4,753,891
Net increase in loans and advances to customers	(39,025,158)	(37,531,136)
Net increase in other operating assets	(1,489,688)	(892,423)
Changes in operating liabilities:		
Net increase in borrowings from Central Bank	22,687,576	15,274,988
Net (decrease)/increase in due to and placements from banks and other financial institutions	(14,753,931)	10,063,919
Net increase in financial assets sold under repurchase agreements	1,822,273	1,923,768
Net increase in customer deposits	23,623,827	33,451,346
Net (decrease)/increase in other operating liabilities	(1,305,040)	645,900
Income tax paid	(1,986,445)	(2,015,813)
Net cash from operating activities	5,085,209	32,211,063

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2021	2020
Cash flows from investing activities:		
Dividends received	2,080	1,440
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	69,918	53,107
Purchase of property, plant and equipment, intangible assets and other long-term assets	(349,659)	(444,857)
Return on investments	54,820,365	63,771,833
Purchase of investment securities	(80,123,830)	(94,988,330)
Net cash received from acquired subsidiary	–	17,507
Proceeds from sale and redemption of investments	9,739,645	9,908,315
Net cash used in investing activities	(15,841,481)	(21,680,985)
Cash flows from financing activities:		
Proceeds from issuance of shares	3,714,628	–
Proceeds from issuance of debt securities	125,942,895	123,831,323
Cash paid to redeem debt securities issued	(110,940,000)	(130,720,000)
Cash paid for lease liabilities	(37,958)	(40,131)
Interest paid on debt securities	(801,499)	(721,600)
Dividends paid to shareholders	(1,604,330)	(1,064,190)
Net cash from/(used in) financing activities	16,273,736	(8,714,598)
Impact from exchange rate changes on cash and cash equivalents	(13,122)	(249,938)
Net increase in cash and cash equivalents	5,504,342	1,565,542
Cash and cash equivalents at the beginning of the year	11,524,221	9,958,679
Cash and cash equivalents at the end of the year (Note 41)	17,028,563	11,524,221

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

1 GENERAL INFORMATION

Bank of Chongqing Co., Ltd. (the “Bank”) was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established by consolidating 37 urban credit cooperatives and 1 urban credit union in Chongqing with the approval of Yin Fu [1996] No.140 by the People’s Bank of China (“PBOC”). On 31 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd.” (重慶市商業銀行股份有限公司) with the approval of Yu Yin Fu [1998] No.48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.” (重慶銀行股份有限公司) with the approval of Yin Jian Fu [2007] No.325 by the China Banking Regulatory Commission (now renamed as China Banking and Insurance Regulatory Commission, hereinafter referred to as the “CBIRC”). On 6 November 2013, the Bank was listed on the Stock Exchange of Hong Kong Limited. On 5 February 2021, the Bank was listed on Shanghai Stock Exchange.

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

As at 31 December 2021, the Bank operated its business through 145 sub-branches including a business department at its headquarter, a small enterprise credit center, and 4 primary branches covering all 38 districts and counties of Chongqing as well as three provinces in Western China, namely Sichuan Province, Shaanxi Province and Guizhou Province.

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

These consolidated financial statements were authorised for issuance by the Bank’s Board of Directors (the “Board”) on 31 March 2022.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of presentation

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

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

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) Standards and amendments issued and applied

From 2021 on, the Group has adopted the following standards and amendments, which were applicable for the Group's financial year beginning on 1 January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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

Except for those described above, the significant accounting policies adopted by the Group for the annual financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

(b) Standards and amendments issued but not yet effective

		Effective for annual period beginning on or after
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle		1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) *Standards and amendments issued but not yet effective (Continued)*

Amendments to IFRS 3 are intended to replace a reference to *the Framework for the Preparation and Presentation of Financial Statements* issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities, and clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. The costs that relate directly to a contract include both incremental costs (examples would be the costs of direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRSs 2018-2020 Cycle was issued in May 2020. Those amendments affect IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and IFRS 16 *Leases*.

The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: what is meant by a right to defer settlement; that a right to defer must exist at the end of the Reporting Period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Guidance and illustrative examples are added in the Practice Statement 2 to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

Amendments to IAS 8 introduces a new definition of “accounting estimates”. Accounting estimates are defined as “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) *Standards and amendments issued but not yet effective (Continued)*

Amendments to IAS 12 introduce an exception to the initial recognition exemption in IAS 12 for deferred tax assets and deferred tax liabilities, and clarify the accounting treatment method of deferred income tax for right-of-use assets and lease liabilities, and decommissioning obligations.

The narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a “business” (as defined in IFRS 3 *Business Combinations*).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments apply prospectively.

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

2.2 Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Bank and the subsidiaries (including structured entities) controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date when the Group ceases to control the subsidiary.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred in a business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets of the acquiree in the case of a bargain purchase, the difference is recognised in profit or loss.

Total comprehensive income of the subsidiary is attributed to the shareholders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs an impairment test on goodwill at least once a year.

On disposal of the related CGU or group of CGUs, any attributable amount of goodwill net of allowances for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.4 Associates

Associates are all entities over which the Group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy decisions.

Investments in associates are accounted for using the equity method of the accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group assesses at each financial reporting date whether there is objective evidence that investments in associates are impaired. Impairment losses are recognised for the amounts by which the investments in associates' carrying amounts exceed its recoverable amounts. The recoverable amounts are the higher of investments in associates' fair value less costs to sell and the present value of expected future cash flows.

2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition and derecognition of financial instruments

The Group shall recognise a financial asset or a financial liability in its statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- (1) the contractual rights to the cash flows from the financial asset expire; or
- (2) the contractual rights to the cash flows from the financial asset are transferred, or the Group undertake the obligation to pay the cash flows collected to a third party in full and on time under the "pass-through agreement" and the Group (a) transfers substantially all the risks and rewards of ownership of the financial assets or (b) where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

The Group recognises and de-recognises financial assets on the trading day when trading financial assets in a conventional way. Trading financial assets in a conventional way refers to collecting on delivering financial assets within the time limit prescribed by laws or common practices in accordance with contract provisions. The trading day refers to the date on which the Group undertakes to buy or sell financial assets.

Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged or cancelled, or expires. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets

The Group classifies financial assets as at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Only if when the Group changes the business model for managing financial assets, the Group shall reclassify the affected financial assets.

For financial assets at fair value through profit or loss, transaction costs are directly recognised in profit or loss. For other financial assets, transaction costs are recognised in the initial measurement.

Business models

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. If financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the business model of the financial assets is "other". The Group's assessment of the business model is performed on a financial asset portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

The contractual cash flow characteristics

The assessment of contractual cash flow characteristics is to determine whether the cash flows are solely payments of principal and interest on the principal amount outstanding. Principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset (for example, if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The subsequent measurement of financial assets depends on the classification:

Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method for such financial assets. The gains or losses from derecognition, amendments or impairment on such financial assets are recognised in profit or loss.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

Debt instruments at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A gain or loss on a financial asset measured at the fair value through other comprehensive income should be recognised in other comprehensive income, except for interests calculated using effective interest method and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Equity instruments at fair value through other comprehensive income

The Group has irrevocably designated equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. Only relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is recognised in profit or loss, and subsequent changes in fair value are recognised in other comprehensive income without provision for impairment. When financial assets are derecognised, the accumulated gains or losses previously recognised in other comprehensive income shall be reclassified to retained earnings under equity.

Financial assets at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Such financial assets that the Group holds are subsequently measured at fair value. Gains or losses on such financial assets are recognised in profit or loss.

Classification and measurement of financial liabilities

The Group classifies financial liabilities as at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are directly recognised in profit or loss. For other financial liabilities, transaction costs are recognised in the initial measurement.

The subsequent measurement of financial liabilities depends on the classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative financial instruments) and financial liabilities designated at fair value through profit or loss at initial recognition. Financial liabilities held for trading (including derivative financial instruments) are subsequently measured at the fair value. A gain or loss on such financial liability is recognised in profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at the fair value. A gain or loss on such financial liability is recognised in profit or loss, except that the changes in the fair value of the financial liability arising from changes in the Group's own credit risk should be recognised in other comprehensive income. If the recognition of the impact arising from changes in the financial liabilities' own credit risk in other comprehensive income will create or enlarge the accounting mismatch in profit or loss, the Group shall recognise the entire gain or loss of the financial liabilities (including the impact of changes in its own credit risk) in profit or loss.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial instruments

The Group evaluates and confirms relevant impairment allowance for financial assets measured at amortised cost, debt instrument investments at fair value through other comprehensive income, loan commitments and financial guarantee contracts based on ECL.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured at fair value at initial recognition. For financial guarantee contracts which are not designated as at fair value through profit or loss subsequently measured at the higher of the expenditure determined by the ECL model that is required to settle any financial obligation arising at the financial reporting date, and the value initially recognised less the accumulated amortisation recognised in accordance with the guidance for revenue recognition.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Derivative financial instruments

The Group uses derivative financial instruments, for example, to hedge exchange-rate risks and interest rate risks through foreign exchange forward contracts and interest rate swaps, which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of these derivatives are recognised in profit or loss unless it is related to hedge accounting.

Transfer of financial assets

If the Group has transferred substantially all the risks and rewards of ownership of financial assets to the transferee, it shall derecognise the financial assets; if it retains substantially all the risks and rewards of ownership of financial assets, it shall not derecognise the financial assets.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, it shall deal with the following situations separately: if it abandons its control over the financial assets, it should derecognise the financial assets and recognise the assets and liabilities that arose; if it does not abandon its control over the financial assets, it shall recognise the relevant financial assets in accordance with the extent to which it continues to be involved in the transferred financial assets, and relevant liabilities are recognised accordingly.

If the Group continues to be involved in the transferred financial assets by providing a financial guarantee, the assets that arose from the continued involvement shall be determined at the lower of the book value of the financial assets and the amount of the financial guarantee. The amount of the financial guarantee refers to the maximum amount that will be required to be repaid among the consideration received.

2.6 Interest income and expense

Interest income and expense are recognised in profit or loss on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount.

2.7 Fee and commission income

For the performance obligation implemented at a certain point of time, the Group recognises revenue when the customer obtains control of the service. For the performance obligation implemented during a certain period, the Group recognises the income according to the progress of the performance during the period.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.8 Dividend distribution

Common stock cash dividends are recognised as liabilities in the current period of the approval of the general meeting. Preferred stock cash dividends are recognised as liabilities in the current period of the approval of the Board.

2.9 Sale/purchase and repurchase/resale agreements

Assets sold subject to a linked repurchase agreements (“Repos”) with banks and other financial institutions are retained in the consolidated financial statements as financial assets held for trading or investment securities, as the Group still retains substantially all risk and rewards of the ownership of the underlying assets. The related liability is recorded as “due to and placements from banks and other financial institutions”.

Resale agreements (“Reverse repos”) refers to the agreement under which the Group purchases an asset with an obligation to resell it to the same counterparty at a pre-determined price on a specified date. Reverse repos are recorded as “due from and placements with banks and other financial institutions” while assets bought are not recognised.

Interest earned from resale agreement and interest paid under repurchase agreement are recorded as interest income or interest expense respectively using effective interest method during the agreement period.

2.10 Property, plant and equipment

The Group’s property, plant and equipment mainly comprise buildings, motor vehicles, electronic equipment, office equipment, assets under operating leases and construction in progress.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset’s carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and present value of expected future cash flows.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.10 Property, plant and equipment (Continued)

Gains or losses on disposals are determined by the difference between proceeds and carrying amount, after deduction of relevant sales taxes and expenses. These are recognised in profit or loss.

Buildings comprise primarily head and branch network premises and office premises. The estimated useful lives, estimated residual value rate and depreciation rate of buildings, motor vehicles, electronic equipment, office equipment and operating leasing assets are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	30 years	3.0%	3.23%
Motor vehicles	5 years	3.0%	19.40%
Electronic equipment	5 years	3.0%	19.40%
Office equipment	5 years	3.0%	19.40%
Operating leasing assets	4-8 years	0.0%-30.0%	8.75%-24.25%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, cost of installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and the depreciation charge commences from then.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.11 Foreclosed assets

When the Group's obligor use foreclosed asset to compensate the principal and interest of loan, foreclosed asset was initially recognised and measured at fair value, then it was subsequently measured at the lower of carrying amount and recoverable amount. At each reporting date, the Group will assess if a foreclosed asset has been impaired individually. If recoverable amount of foreclosed asset is lower than carrying amount, the difference should be charged to profit or loss for the current period.

2.12 Land use rights

Land use rights, listed under "right-of-use assets", are recognised initially at "cost", being the consideration paid for the rights to use and occupy the land. Land use rights are amortised using the straight-line method over their authorised useful lives.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.13 Intangible assets

An intangible asset is measured initially at cost, including direct expenses incurred in connection with the acquisition. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of each Reporting Period, and makes adjustments when necessary.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.14 Investment property

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing, and buildings that are being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties are initially measured at cost, including costs that are directly attributable to the properties, at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, annual depreciation rate (annual amortisation rate) and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful lives (years)	Estimated residual value rate	Annual depreciation rate
Buildings	30 years	3.0%	3.23%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

Investment properties are reviewed for impairment at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the expected future net cash flows generated by the asset.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.15 Impairment of non-financial assets

The Group determines the impairment of assets, other than the impairment of deferred tax assets and financial assets, using the following methods:

The Group assesses at the reporting date whether there is any indication that assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs to sell and the present value of the expected future cash flows. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

(a) *Testing CGU with goodwill for impairment*

For the purposes of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired.

(b) *Impairment loss*

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to the profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset.

(c) *Reversing an impairment loss*

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversed.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.16 Leases

Lease refers to a contract in which the lessor transfers the right of use of the assets to the lessee for a certain period of time to obtain the consideration.

The Group as lessee

The Group recognises the right-of-use asset on the start date of the lease term and recognises the lease liability at the present value of the remaining lease payments. The lease payments include fixed payments and payments to be made in the case that it is reasonably determined that the purchase option will be exercised or the lease option will be terminated.

The Group's right-to-use assets include buildings, office equipment, electronic equipment and land use rights. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, the lease payments already paid on or before the lease start date, the initial direct costs etc, and deducts any lease incentives. The asset is depreciated over the remaining useful life of the leased asset if Group could reasonably determine the ownership of the leased asset at the expiration of the lease term; if it is not possible to reasonably determine whether the ownership of the leased asset can be obtained at the expiration of the lease term, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. When the recoverable value is lower than the book value of the right-of-use asset, the Group reduces its book value to the recoverable value.

As for the short-term leases with a lease term less than 12 months and low-value asset leases with a lower value of individual assets, the Group will not recognise the right-of-use assets and lease liabilities, and the relevant rental expenses are recognised in profit or loss on the straight-line basis for each period of the lease term or in the related assets costs.

The Group accounts for a modification to a finance lease as a separate lease if both:(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group remeasures the lease term and the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset for lease modifications that decrease the scope or term of the lease, and recognises the gain or loss relating to the partial or full termination of the lease in profit or loss. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Operating lease

When the Group leases out its own buildings, equipment and motor vehicles, the rental income arising from operating leases is recognised on the straight-line basis over the lease term.

(ii) Finance lease

When the Group is the lessor in a finance lease, an amount representing the minimum lease payment receivables and unguaranteed residual value, net of initial direct costs, and all discounted at the implicit lease rate (the “net lease investment”), is recorded in the consolidated statement of financial position as “Loans and advances to customers”. The difference between the net lease investment and the undiscounted amount is recorded as unearned finance income, which is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return. Impairment losses on lease receivables are accounted for in accordance with the accounting policies as financial instruments impairment.

2.17 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than three months’ maturity from the date of acquisition, including: cash, excess reserve with Central Bank and amounts due from and placements with banks and other financial institutions.

2.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as provisions.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

2.20 Current and deferred income taxes

The tax expense for the year comprises current and deferred income tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. As at the consolidated financial statements date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related deferred income tax asset is realised or the deferred income tax liability is settled pursuant to tax laws.

The temporary differences primarily arise from impairment allowance for loans and advances, impairment allowance for financial assets at amortised cost, and unrealised gains/losses of financial assets at FVOCI.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred income tax liabilities are the amounts of income tax payable in respect of taxable temporary differences, which are measured at the amount expected to be paid to the tax authorities in the future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Share capital

Share capital of equity comprises ordinary shares issued.

Notes to Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.22 Employee benefits

Salaries and bonuses, housing benefits and costs for social security benefits are accrued in the financial period in which the services are rendered by employees of the Group. The Group also participates in various defined contribution retirement plans principally organised by municipal and provincial governments.

In addition, the Group pays supplementary retirement benefits to employees, who retired before 30 June 2011. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Group is committed to pay to the employees after their retirement using actuarial techniques. Such benefits are discounted to determine their present values. The discount rate is the yield on equivalent government bonds at the reporting date, the maturity dates of which approximate to the terms of the Group's obligations. Actuarial gains and losses, and changes in actuarial assumptions are charged or credited to the other comprehensive income as they occur. Current service cost and net interest on the net defined benefit liability (asset) is recognised in profit and loss.

After 1 January 2010, employees can also voluntarily participate in a defined contribution plan established by the Group ("the Annuity Plan") according to state corporate annuity plan besides the pension plan of the social security. The Group contributes to the Annuity Plan based on certain percentages of the employees' gross salaries in the previous year. The Group's contributions to annuity plans are charged to profit or loss in the financial period to which they relate.

2.23 Foreign currency translation

(a) Functional and recording currency

The Group's recording currency is Renminbi ("RMB"), the legal currency of the PRC. Items included in the consolidated financial statements of each of the Group are measured using the currency that best reflects the economic environment of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in RMB which is the functional and recording currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign currency gains or losses in monetary assets measured at FVOCI are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities measured at FVOCI, are included in other comprehensive income.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.24 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from the consolidated financial statements where the Group acts in a fiduciary capacity such as nominee, trustee, custodian or agent.

The Group grants entrusted loans on behalf of third-party lenders. The Group grants loans to borrowers, as agent, at the direction of the third-party lenders, who fund these loans. The Group has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates, and repayment schedule. The Group charges a commission related to its activities in connection with the entrusted loans which are recognised ratably over the period the service is provided. The risk of loss is born by the third-party lenders, thus the principal amounts of the entrusted loans are recorded on the off-balance sheet.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the senior management team represented by the President as its chief operating decision maker.

An operating segment is a component of the Group with all of the following conditions are satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete consolidated financial statements for the component are available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments are based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales.

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.26 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specially, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's business activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Assuming risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

The Board is the highest authority for the Group's overall risk management. It examines and approves strategy and measures of risk management, and monitors risk management and internal control system. It accesses overall risk based on monitoring information and the risk report of senior management. Under the authorisation of the Board, the risk management committee is in charge of the Group's overall risk management policies and process, including the written policies covering specific areas, such as credit risk, market risk, liquidity risk and operational risk. The senior management of the Group is in charge of the overall risk management and internal control, risk management policy making and procedure implementation. In addition, the internal audit department is in charge of conducting an independent review of the risk management and control environment.

The Group is subject to a number of financial risks, primarily including credit risk, market risk (including foreign exchange risk and interest risk), liquidity risk, and operational risk.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk

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

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

3.1.1 Credit risk management

(a) Credit business

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

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk management (Continued)

(a) Credit business (Continued)

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

Pass:	The borrower can fulfil the contracts, and there is insufficient reason to suspect that the principal and interest of loans cannot be repaid in full on time.
Special mention:	The borrower has the ability to make current payments, but there may be some potential issues that could have adverse impact on the future payments.
Substandard:	The borrower's repayment ability has been impaired and their normal income cannot repay the loan principal and interest in full. Even with execution of guarantee, there may be certain level of loss.
Doubtful:	The borrower cannot repay the principal plus the interest in full. Even with the execution of guarantee, there will be a significant loss.
Loss:	After taking consideration of all possible recovery actions or all necessary legal proceedings, the future outcome of recovery is likely to be little or no recovery.

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

(b) Treasury business

The Group manages the credit quality of amounts due from and placements with banks and other financial institutions by considering the size, financial position and the external credit rating of banks and financial institutions. The head office monitors and reviews the credit risk of loans to banks and other financial institutions by counterparties periodically. Limits are placed on different counterparties. For debt securities and other treasury business, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies

(a) Credit business

The Group takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Group's credit risk includes the following: credit policy stipulating, pre-credit investigation, credit rating for corporate and retail customers, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, due-diligence on non-performing loans.

The Group has established a mechanism of risk warning for credit business, mainly including single customer credit authorisation risk and systematic risk. Unified credit authorisation management is implemented for key customers. Once the maximum exposure of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Group at any time before it achieved new credit limit.

The Group takes action to strengthen controls over credit risk in relation to group customers and related party customers. The Group manages the concentration risk of group customers to control credit risk. The committee of related party transactions is set up under the Board to manage controls over related party transaction.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is a common practice.

Except for few customers with excellent quality, the Group requires the borrowers to provide collateral for loans. The type of collateral mainly includes mortgage, pledge and guarantee. The Group employs property appraisal companies with certificates to evaluate the collateral. The detailed collateral type and amount are determined by credit risk of counterparty or customers. Please refer to Note 3.1.5(c) for specific guidelines on collateral and guarantee.

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For the year ended 31 December 2021

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies (Continued)

(b) Treasury business

Financial inter-bank division centralises control over treasury business with hierarchical authorisation from department heads to the President for different business types such as subscription, distribution, buying, selling and repurchase of bonds.

The Group invests in bonds with hierarchical authorisation under the guidelines of asset and liability management committee. The Group sets stop-loss point accordingly for different maturity period and evaluates risk and loss of trading bonds. The Group places limits for interbank borrowing and lending. The Group manages the credit risk exposures of interbank borrowing and lending strictly within the limit of regulation and credit authorisation.

For bonds, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments, par value of single debt security purchase, selling price. RMB bond investments require a rating of AA – or above. Among foreign currency bond investments, financial institution bonds refer to those issued by a financial institution with an external credit rating of BBB or above (by Standard & Poor's, Moody's or equivalent agencies)

The bond traders regularly review and monitor the changes of market interest and report the market value of bonds to the financial market department and the asset and liability management department, and conduct risk prevention measures based on guidance. If there is any violation of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for bond investments will ask for holding extraordinary asset and liability management meeting to conclude an emergency plan. The debt traders will react according to the plan.

The Group invests in trust plans and asset management plans which are mainly guaranteed by third party banks or guarantee companies, or secured by collateral. The Group sets credit risk limit to the counter party banks and third party companies to mitigate the risk associated therewith.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.3 Credit risk assessment

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

Aiming to the exposure of corporate client risk, the Group uses internal credit risk gradings to reflect its assessment of the PD of individual counterparties, while using various internal rating models to various categories of counterparty. Borrower and loan specific information collected at the time of application (such as key financial ratios, turnover and industry type of corporate borrowers) is fed into this rating model. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. The rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A – rating grade is lower than the difference in the PD between a BB and B rating grade.

Aiming to bond investment and interbank business, the Group uses external credit risk gradings to reflect its probability of default of individual counterparties, which is the prediction base of future PD. External rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

In order to assess the exposure of individual risk, the Group uses historical data to estimate the historical default data, which is the prediction base of future PD, under various overdue period and aging. After the date of initial recognition, the payment behaviour of the borrower, such as previous delinquency history, is monitored on a periodic basis. This score is mapped to a PD.

The internal rating system of the Group includes 15 non-default levels (AAA+ to C) and 1 default grades (D). The main scale table matches the default probability of a specific range for each rating category and stays stable for a certain period of time. The Group conducts regular verification and recalibration of the rating method to enable it to reflect all actual observable default situations.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement

IFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired. Please refer to Note 3.1.4(a) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”. Please refer to Note 3.1.4(b) for a description of how the Group determines when a significant increase in credit risk has occurred.
- The provision method of impairment allowance at different stages is as follows: Financial instruments in Stage 1 have their ECL allowance measured at an amount equal to portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL allowance measured based on expected credit losses on a lifetime basis. Please refer to Note 3.1.4(c) for a decryption of inputs, assumptions and estimation techniques used in measuring the ECL allowance.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 3.1.4(d) includes an explanation of how the Group has incorporated this in its ECL models.
- POCI financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(a) Significant increase in credit risk (SICR)

The group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date of corporate loans and investment securities assessed by internal gradings has increased by over 100%, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised, and default rate is greater than 2%.

To illustrate the application of these thresholds, take an enterprise loan which at initial recognition had a Lifetime PD of 1.31% as an example. If at the current reporting date the Lifetime PD is actually 2.74% and this exceeds the expected PD by more than the threshold stated above, then a SICR has occurred.

Based on the assessment of how the PD changes over the lifetime of the instrument before default, the Group has determined the corresponding thresholds for corporate loans and investments assessed by internal gradings.

The financial instrument is considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

Qualitative criteria:

- 1) Borrower of loan-related financial instrument is on the Watchlist, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;
- 2) The risk classification of the instrument is between Special-mention I and Special-mention III; or
- 3) The status of credit card is classified as “overdue” or “concerned” under internal management.

The Group provided extended and rescue programs for existing customers affected by the Covid-19 in accordance with the government regulations. For customers who applied for loan extensions and rescue programs, the Group carefully evaluated their repayment ability and provided deferred interest repayment or adjustment of repayment plans to the customers who met the standards, while at the same time assessed whether such customers' credit risk has increased significantly.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(b) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

- 1) Borrower of loan-related financial instrument is on the Monitoring List, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;
- 2) The instrument is classified between Substandard I and Loss; or
- 3) The status of credit card is classified as “outsourced collection” or “sued and interest accrual stopped” under internal management.

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower’s financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group’s expected loss calculation.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined set out below:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For the definition of default, refer to Note 3.1.4(b).
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by availability of collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

The 12M and Lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet payment loans, this is based on the contractual repayments owed by the borrower over a 12M or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

The 12M and Lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product types. For secured products, this is primarily based on collateral types.

Forward-looking economic information is also included in determining the 12M and Lifetime PDs, EADs, and LGDs. These assumptions vary by product types. Refer to Note 3.1.4(d) for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral value change, are monitored and reviewed regularly.

Except for forward-looking information, there have been no significant changes in estimation techniques or significant assumptions made in 2021 (2020: Nil).

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models

The assessment of a significant increase in credit risk and the calculation of expected credit losses both involve forward-looking information. Through historical data analysis, the Group identifies key economic indicators that affect the credit risk and expected credit loss of various assets, such as the accumulated year-on-year growth rate of consumer price index ("CPI"), the accumulated year-on-year growth rate of industrial value added, and purchasing managers' index ("PMI"). The Group evaluates and forecasts these economic indicators at least annually, and regularly checks the evaluation results. In 2021, the Group adjusted the forecast of forward-looking economic indicators by using statistical analysis methods and expert judgments. When considering forward-looking information, the Group comprehensively considers internal and external data, expert forecasting, and statistical analysis to determine the relationship between these economic indicators and PD, LGD, and EAD. On the basis of fully considering the impact of Covid-19 on the future macroeconomics, the input value of the model has been smoothly adjusted. As at 31 December 2021, the key macroeconomic parameters used by the Group in various macroeconomic scenarios and the forecasting values for the next year are listed as follows:

	Economic Scenario		
	Central	Upside	Downside
CPI: accumulated year on year	2.40	2.80	2.20
Industrial Value Added: accumulated year on year	4.90	6.00	3.50
PMI	50.00	50.50	49.50

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base/central economic scenario") are provided by the Group on year basis and provide the best estimate view and prediction in scenarios of the future economy. To project the economic variables out for the full remaining lifetime of each instrument following the forecast period, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate or a long run average growth rate over a period of years. The impact of these economic variables on the PD has been determined by performing Merton-type model and statistical regression analysis to understand the impact of historical changes in these variables on default rates and on the PD.

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

The Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12M or Lifetime ECLs should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12M ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As at 31 December 2021, the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20% (31 December 2020: the same).

As at 31 December 2021, the ECL calculated for the above three scenarios and the weighted average ECL of the Group are as follows:

	As at 31 December 2021		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	9,112,642	2,065,697	1,791,443
Central	9,108,915	1,708,517	1,784,211
Upside	8,220,545	1,294,628	1,367,142
Downside	9,571,735	3,701,365	2,028,904

	As at 31 December 2020		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	8,820,311	2,146,896	1,504,326
Central	8,687,648	1,775,027	1,421,288
Upside	7,988,461	1,429,771	1,063,119
Downside	9,700,558	3,806,999	2,015,563

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and the chosen scenarios are appropriately representative of the range of possible scenarios.

The following table illustrates the change of ECL and provisions in the consolidated statement of financial position, in case that all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1:

	As at 31 December 2021
Gross amount of ECL and provisions assuming all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1	2,505,221
Gross amount of ECL and provisions in the consolidated statement of financial position	2,934,309
Difference – amount	(429,088)
Difference – percentage	(15%)
	As at 31 December 2020
Gross amount of ECL and provisions assuming all the financial assets and credit related commitments and financial guarantee in Stage 2 are transferred to Stage 1	3,151,153
Gross amount of ECL and provisions in the consolidated statement of financial position	3,986,686
Difference – amount	(835,533)
Difference – percentage	(21%)

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For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure

(a) Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 31 December	
	2021 Carrying amount	2020 Carrying amount
On-balance-sheet items		
Balances with Central Bank (Stage 1)	36,599,182	34,656,253
Due from and placements with banks and other financial institutions	44,831,819	52,659,497
Stage 1	44,769,143	52,568,049
Stage 3	49,750	49,750
Accrued interest	12,926	41,698
Loans and advances to customers		
– Amortised cost	278,734,705	252,226,428
Stage 1	262,500,678	232,835,680
Stage 2	11,759,240	14,901,761
Stage 3	2,368,643	2,482,508
Accrued interest	2,106,144	2,006,479
– FVOCI	28,148,893	20,032,920
Stage 1	28,148,893	20,032,718
Stage 2	–	202
Investment securities – Amortised cost	130,464,527	113,700,026
Stage 1	125,686,404	109,391,050
Stage 2	1,901,995	1,156,129
Stage 3	451,231	673,771
Accrued interest	2,424,897	2,479,076
Investment securities – FVOCI	63,971,188	45,604,166
Stage 1	62,232,306	44,641,068
Stage 2	252,336	–
Accrued interest	1,486,546	963,098
Other receivables	334,309	461,168
Stage 1	249,665	169,094
Stage 2	76,057	242,951
Stage 3	8,587	49,123
On-balance-sheet total	583,084,623	519,340,458
Off-balance-sheet total	60,653,256	44,751,215
Total	643,737,879	564,091,673

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For the year ended 31 December 2021
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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The Group internally ranks the asset risk characteristics based on the quality of the assets. The financial assets used in the expected credit loss is classified as “low risk”, “medium risk” and “high risk” according to internal rating for internal credit risk management purposes. “Low risk” means that the assets are of good quality, of which the possibility of future default is low, and it is less affected by external unfavorable factors; “medium risk” refers to the assets with certain solvency, but persistent major instability and poor commercial, financial or economic conditions may reduce its solvency; “high risk” refers to the assets with high risk of default or those meet the definition of default by the Group, and there exist unfavorable factors that have a greater impact on solvency.

The following tables illustrates the maximum credit risk exposure of loans and advances to customers at amortised cost classified by credit grade:

	As at 31 December 2021			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	200,673,892	427,973	–	201,101,865
Medium risk	65,286,830	11,066,701	–	76,353,531
High risk	–	3,148,783	7,202,721	10,351,504
Gross principal balance	265,960,722	14,643,457	7,202,721	287,806,900
Impairment allowance	(3,460,044)	(2,884,217)	(4,834,078)	(11,178,339)
Total	262,500,678	11,759,240	2,368,643	276,628,561

	As at 31 December 2020			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	165,880,096	133,592	–	166,013,688
Medium risk	70,292,784	13,765,608	–	84,058,392
High risk	–	4,945,242	6,169,834	11,115,076
Gross principal balance	236,172,880	18,844,442	6,169,834	261,187,156
Impairment allowance	(3,337,200)	(3,942,681)	(3,687,326)	(10,967,207)
Total	232,835,680	14,901,761	2,482,508	250,219,949

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The following tables illustrates the maximum credit risk exposure of financial investment – amortised cost classified by credit grade:

	As at 31 December 2021			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	111,425,029	–	–	111,425,029
Medium risk	14,829,714	1,952,000	–	16,781,714
High risk	–	–	871,413	871,413
Gross principal balance	126,254,743	1,952,000	871,413	129,078,156
Impairment allowance	(568,339)	(50,005)	(420,182)	(1,038,526)
Total	125,686,404	1,901,995	451,231	128,039,630

	As at 31 December 2020			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	92,431,369	–	–	92,431,369
Medium risk	17,807,000	1,200,000	–	19,007,000
High risk	–	–	1,109,083	1,109,083
Gross principal balance	110,238,369	1,200,000	1,109,083	112,547,452
Impairment allowance	(847,319)	(43,871)	(435,312)	(1,326,502)
Total	109,391,050	1,156,129	673,771	111,220,950

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The following tables illustrates the maximum credit risk exposure of financial investment measured at fair value and the change of which is included in other comprehensive income classified by credit grade:

	As at 31 December 2021			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	62,232,320	–	–	62,232,320
High risk	–	–	252,336	252,336
Gross principal balance	62,232,320	–	252,336	62,484,656
Impairment allowance	(288,917)	–	(464,000)	(752,917)
Total	61,943,403	–	(211,664)	61,731,739

	As at 31 December 2020			
	ECL Stage			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit rating				
Low risk	44,641,082	–	–	44,641,082
Gross principal balance	44,641,082	–	–	44,641,082
Impairment allowance	(177,824)	–	–	(177,824)
Total	44,463,258	–	–	44,463,258

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(b) Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. at FVPL):

	Maximum exposure to credit risk	
	As at 31 December	
	2021	2020
Financial assets at FVPL		
Bond investments	3,170,991	1,490,543
Trust investments	5,743,525	5,178,637
Asset management plans	9,890,126	10,297,886
Wealth management products purchased from financial institutions	2,026,559	7,800,943
Fund investments	3,032,399	5,904,445
Total	23,863,600	30,672,454

(c) Collateral and other credit enhancements

The Group has a range of policies and practices for mitigating credit risk. The common practice is to accept collateral. The Group implements guidelines on the acceptability of specific classes of collateral. The principal types of collateral for loans and advances to customers are:

- Residential properties;
- Business assets such as premises, inventories and accounts receivable;
- Financial instruments such as stocks.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(c) Collateral and other credit enhancements (Continued)

The value of collateral at the time of loan origination is determined by risk assessment department and the amount of the loans granted is subject to loan-to-value ratio limits based on collateral types. The principal types of collateral for corporate loans and individual loans are as follows:

Type of collateral	Maximum loan-to-value ratio
Bank note and bank acceptance bill	90%
Warehouse receipt and accounts receivable	70%
Construction in progress	50%
Publicly traded stocks	60%
Properties	70%
Land use rights	70%
Motor vehicles	40%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised dependent on the nature of the loan.

For loans guaranteed by a third-party guarantor, the Group will assess the guarantor's credit rating, financial condition, credit history and ability to meet obligations.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Bonds, treasury and other eligible bills are generally unsecured, with the exception of certain asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Group is obligated to return are disclosed in Note 39.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(c) Collateral and other credit enhancements (Continued)

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and the related collateral held in order to mitigate potential losses are shown below:

As at 31 December 2021	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	6,265,132	(4,263,034)	2,002,098	4,330,711
– Retail loans	937,589	(571,044)	366,545	708,432
Investment securities measured at amortised cost	871,398	(420,182)	451,216	451,216
Gross amount of credit-impaired assets	8,074,119	(5,254,260)	2,819,859	5,490,359

As at 31 December 2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	5,205,827	(3,035,014)	2,170,813	976,150
– Retail loans	964,007	(652,312)	311,695	231,095
Investment securities measured at amortised cost	1,109,083	(435,312)	673,771	673,771
Gross amount of credit-impaired assets	7,278,917	(4,122,638)	3,156,279	1,881,016

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12M and Lifetime ECL;
- Additional allowances for new financial instruments recognised for the current year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs for the current year, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Loans and advances to customers derecognised for the current year and write-offs of allowances related to loans and advances to customers that were written off during the period.

The impact of the above factors on the loss allowance of loans and advances to customers made from the beginning to the end of this year is set out in Note 21(c). The impact of the above factors on the Investment securities measured at FVOCI made from the beginning to the end of this period is set out in Note 22. The impact of the above factors on the Investment securities measured at amortised cost made from the beginning to the end of this period is set out in Note 22.

3.1.7 Write-off policy

In the case of meeting the provisions of the relevant documents issued by the Ministry of Finance for the write-off of bad debts, the Group writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that show no reasonable expectation of recovery include (i) collection or enforcement activity having been in place for a necessary period and (ii) the Group's recovery method foreclosing on collateral and the value of the collateral not expected to recover the principal and interest in full.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding amounts of such assets written off for the year ended 31 December 2021 was RMB3,735,807 thousand (2020: RMB2,156,615 thousand).

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers

(a) Restructured loans and advances

Rescheduled loans are loans that have been renegotiated due to deterioration in the borrower's financial position to the extent that the borrower is unable to repay according to the original terms and where the Group has made concessions that it would not otherwise consider under normal circumstances. Rescheduled loans are subject to ongoing monitoring. The balance of restructured loans and advances as at 31 December 2021 was RMB601,712 thousand (31 December 2020: RMB489,234 thousand).

(b) Concentration risk analysis for loans and advances to customers (gross) by geographic sector

	As at 31 December 2021		
	Gross amount	%	Non-performing loan ratio
Chongqing City	247,898,840	77.94	1.25%
Shaanxi Province	24,729,584	7.78	0.32%
Guizhou Province	23,466,601	7.38	2.28%
Sichuan Province	19,860,768	6.24	1.95%
Accrued interest	2,106,144	0.66	N/A
Total	318,061,937	100.00	1.30%

	As at 31 December 2020		
	Gross amount	%	Non-performing loan ratio
Chongqing City	222,907,038	78.70	1.17%
Shaanxi Province	20,959,824	7.40	0.51%
Guizhou Province	20,611,515	7.28	0.62%
Sichuan Province	16,741,699	5.91	4.31%
Accrued interest	2,006,479	0.71	N/A
Total	283,226,555	100.00	1.27%

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

(c) The composition of loans and advances to customers by industry or nature

	As at 31 December			
	2021		2020	
	Amount	%	Amount	%
Corporate loans – Amortised cost				
Water conservation, environment and public facility administration	48,240,630	22.53	35,349,761	19.13
Leasing and commercial services	46,610,041	21.76	35,458,997	19.20
Manufacturing	22,395,267	10.46	23,232,705	12.58
Construction	19,476,734	9.10	17,680,813	9.57
Wholesale and retail	14,860,177	6.94	14,095,203	7.63
Real estate	11,534,439	5.39	14,556,043	7.88
Electricity, heat, gas and water production and supply	6,012,594	2.81	6,845,137	3.71
Agriculture, forestry, animal husbandry and fishery	3,043,563	1.42	2,506,763	1.36
Transportation, storage and postal service	2,816,982	1.32	3,910,638	2.12
Health and social welfare	2,032,034	0.95	2,102,213	1.14
Scientific research and technology services	1,815,385	0.85	1,630,880	0.88
Mining	1,545,653	0.72	1,756,136	0.95
Accommodation and catering	1,526,935	0.71	1,454,567	0.79
Information transmission, software and information technology services	1,218,619	0.57	1,231,397	0.67
Financing	878,949	0.41	725,257	0.39
Education	831,517	0.39	903,269	0.49
Culture, sports and entertainment	781,354	0.36	953,156	0.52
Household services, repairing and other services	337,473	0.16	267,737	0.14
Corporate loans – FVOCI				
Discounted bills	28,148,893	13.15	20,032,920	10.85
Total corporate loans	214,107,239	100.00	184,693,592	100.00
Retail loans – Amortised cost				
Mortgage loans	42,843,185	42.06	35,530,566	36.80
Personal business loans	22,524,007	22.12	19,942,281	20.66
Personal consumer loans	20,110,306	19.75	31,366,897	32.50
Credit card advances	16,371,056	16.07	9,686,740	10.04
Total retail loans	101,848,554	100.00	96,526,484	100.00
Accrued interest	2,106,144		2,006,479	
Gross amount of loans and advances to customers	318,061,937		283,226,555	

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

(c) The composition of loans and advances to customers by industry or nature (Continued)

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

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

	As at 31 December	
	2021	2020
Guaranteed loans	136,184,651	123,129,602
Collateralised loans	91,070,650	86,550,044
Unsecured loans	48,041,918	40,198,310
Pledged loans	40,658,574	31,342,120
Accrued interest	2,106,144	2,006,479
Total	318,061,937	283,226,555

3.1.9 Investment securities

The Group's bonds are rated by Zhongchengxin International Credit Rating Co. Ltd., China Lianhe Credit Rating Co., Ltd., Shanghai Far East Credit Rating Co., Ltd., Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., Pengyuan Credit Rating Co., Ltd. and Golden Credit Rating International Co., Ltd.

The rate of the Group's investment securities made by the independent credit agencies is as follows:

As at 31 December 2021	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
AAA	1,444,666	8,258,633	149,753	9,853,052
AA – to AA+	–	26,980,811	–	26,980,811
A+ and below	–	252,336	–	252,336
Unrated ^(a)	22,418,934	26,992,862	127,889,877	177,301,673
Accrued interest	–	1,486,546	2,424,897	3,911,443
Total	23,863,600	63,971,188	130,464,527	218,299,315

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.9 Investment securities (Continued)

As at 31 December 2020	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
AAA	613,345	6,174,056	149,813	6,937,214
AA – to AA+	227,752	19,267,317	–	19,495,069
A+ and below	49,348	–	–	49,348
Unrated ^(a)	29,782,009	19,199,695	111,071,137	160,052,841
Accrued interest	–	963,098	2,479,076	3,442,174
Total	30,672,454	45,604,166	113,700,026	189,976,646

(a) These mainly represent debt securities at FVPL, debt securities at FVOCI and debt securities at amortised cost issued by PRC Ministry of Finance, the Central Bank and policy banks who are creditworthy issuers in the market, but are not rated by independent rating agencies. In addition, debt securities at FVOCI and debt securities at amortised cost mainly include non-principal-guaranteed wealth management products issued by other banks, and the beneficiary rights of trust plans and asset management plans. As at 31 December 2021, the impairment allowance for debt securities at FVOCI amounted to RMB752,917 thousand and the impairment allowance for debt securities at amortised cost amounted to RMB1,038,526 thousand (31 December 2020: RMB177,824 thousand and RMB1,326,502 thousand).

Trust investments/asset management plans classification by underlying asset are summarised as follow :

	As at 31 December	
	2021	2020
Financial assets at FVPL		
– Credit assets	15,633,651	15,476,523
Financial assets at amortised cost		
– Bond assets	10,623,698	42,495,000
– Credit assets	35,138,500	15,216,883
	45,762,198	57,711,883

As at 31 December 2021, the gross principal balance of the Group's Stage 3 investments in trust plans and asset management plans at amortised cost was RMB871,398 thousand, whose underlying assets were all credit assets, of which the accrued ECL allowance amounted to RMB420,182 thousand (31 December 2020: RMB1,109,083 thousand and RMB435,312 thousand).

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk

3.2.1 Overview

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

In accordance with the requirements of the CBIRC, the Group categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held either with trading intent or in order to economically hedge other elements of the trading book or the banking book. The banking book consists of the assets purchased with excess funds and other financial instruments that are not captured in trading book.

The market risks arising from trading and non-trading activities are monitored by two teams separately. Regular reports are submitted to the Board and head of each business unit.

3.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk of the Group mainly comes from the impact of interest rate change on net interest income, which was caused by the mismatch between the interest-rate-sensitive assets and liabilities' maturity date or the re-pricing date.

The Group records the assets in trading book and non-trading book. The freely tradable financial instruments held for trading purpose or avoiding the risks of other items in trading book were recorded under the trading book; others were recorded under the non-trading book.

The Financial Market Department manages and conducts treasury transactions within the interest rate limit approved by the senior management, and monitors the market risk of the trading book and its risk limit compliance. The Financial Markets Department manages and implements capital trading business in accordance with the interest rate risk limit approved by the senior management, and monitors the market risk of the trading book and the risk limit compliance.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

The Board or its special committees review and approve policies, strategies, and procedures related to interest rate risk management in the banking book based on risk appetite. The senior management or its subordinate Asset and Liability Management Committee is responsible for formulating and evaluating policies, strategies, and procedures related to interest rate risk management in the banking book. Asset and Liability Management Department implements the daily management of interest rate risk in the banking book, and is responsible for the analysis of RMB interest rate risk, submission of interest rate analysis report to the Asset and Liability Management Committee, and timely reporting and dealing with extraordinary situations of interest rate risks identified.

The Group uses the RMB interest rate risk management system to monitor and manage the overall interest rate risk of the assets and liabilities under the non-trading book. At the current stage, the Group manages the interest rate risk mainly through raising suggestion about the re-pricing date of assets and liabilities, setting market risk limit and other methods. The Group analyses the interest rate gap and assesses the difference between the interest-bearing assets and liabilities which would mature or re-price within certain time period, to provide instruction for the adjustment of interest-bearing assets and liabilities' re-pricing date. Meanwhile, the Group controls and manages interest risk by establishing the instruction and authorisation limit of investment portfolio. The Group's treasury management conducts real-time market value assessment to monitor the investment risk more accurately. In addition, the Group manages the interest rate risk of branches by the head office using the internal fund transfer-pricing system.

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For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

The tables below summarise the Group's exposures to interest rate risks and present the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing and maturity dates.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	Total
As at 31 December 2021							
Assets							
Cash and balances with Central Bank	36,586,283	-	-	-	-	614,186	37,200,469
Due from and placements with banks and other financial institutions	38,315,509	6,375,994	127,390	-	-	12,926	44,831,819
Financial assets at FVPL	4,436,462	3,000,599	8,464,430	5,751,096	2,062,412	870,123	24,585,122
Loans and advances to customers	60,295,076	20,669,433	83,398,990	114,074,462	21,025,681	7,419,956	306,883,598
Investment securities							
– FVOCI	1,513,144	1,735,979	4,058,742	48,036,185	7,140,606	1,602,537	64,087,193
– Amortised cost	2,083,433	8,676,187	29,671,891	75,639,943	11,968,176	2,424,897	130,464,527
Other financial assets	-	-	-	-	-	821,623	821,623
Total financial assets	143,229,907	40,458,192	125,721,443	243,501,686	42,196,875	13,766,248	608,874,351
Liabilities							
Due to and placements from banks and other financial institutions	(29,282,074)	(5,262,706)	(71,956,069)	(40,000)	-	(700,300)	(107,241,149)
Financial debt at fair value through profit or loss	-	-	-	-	-	(5,772)	(5,772)
Customer deposits	(109,103,983)	(16,651,375)	(70,096,196)	(132,745,704)	(6,588,997)	(3,509,088)	(338,695,343)
Debt securities issued	(3,176,620)	(24,888,466)	(77,203,570)	(7,198,818)	(5,997,964)	(386,632)	(118,852,070)
Other financial liabilities	-	-	-	-	-	(2,320,593)	(2,320,593)
Total financial liabilities	(141,562,677)	(46,802,547)	(219,255,835)	(139,984,522)	(12,586,961)	(6,922,385)	(567,114,927)
Total interest rate risk gap	1,667,230	(6,344,355)	(93,534,392)	103,517,164	29,609,914	6,843,863	41,759,424

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest- bearing	Total
As at 31 December 2020							
Assets							
Cash and balances with Central Bank	34,641,833	-	-	-	-	663,456	35,305,289
Due from and placements with banks and other financial institutions	48,846,599	2,352,290	1,418,910	-	-	41,698	52,659,497
Financial assets at FVPL	7,519,153	2,204,453	19,324,907	381,109	1,022,877	756,254	31,208,753
Loans and advances to customers	18,788,821	17,902,882	59,007,911	150,691,486	18,110,848	7,757,400	272,259,348
Investment securities							
– FVOCI	1,173,629	2,715,331	4,681,438	30,744,253	5,326,417	1,240,112	45,881,180
– Amortised cost	888,512	1,360,445	21,721,819	78,229,781	9,020,393	2,479,076	113,700,026
Other financial assets	-	-	-	-	-	1,399,550	1,399,550
Total financial assets	111,858,547	26,535,401	106,154,985	260,046,629	33,480,535	14,337,546	552,413,643
Liabilities							
Due to and placements from banks and other financial institutions	(19,448,413)	(9,404,757)	(67,829,486)	(102,275)	-	(626,969)	(97,411,900)
Financial debt at fair value through profit or loss	-	-	-	-	-	(6,904)	(6,904)
Customer deposits	(106,823,031)	(22,681,055)	(53,548,595)	(121,932,476)	(6,577,271)	(2,937,829)	(314,500,257)
Debt securities issued	(5,971,180)	(17,414,803)	(67,750,327)	(2,000,000)	(7,495,836)	(408,196)	(101,040,342)
Other financial liabilities	(574)	(2,519)	(30,404)	(75,636)	(16,711)	(4,087,807)	(4,213,651)
Total financial liabilities	(132,243,198)	(49,503,134)	(189,158,812)	(124,110,387)	(14,089,818)	(8,067,705)	(517,173,054)
Total interest rate risk gap	(20,384,651)	(22,967,733)	(83,003,827)	135,936,242	19,390,717	6,269,841	35,240,589

The Group assesses the impact of interest rate changes on net profit and equity through sensitivity analysis. The following table illustrates the interest rate sensitivity analysis result based on the structure of assets and liabilities as at the reporting date.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

Interest rate sensitivity test

The result of the interest rate sensitivity tests set out in the table below is based on the following assumptions: yield curves move parallel to the change of interest rate; the assets and liabilities portfolio has a static structure of interest rate; all positions are held and renewed after maturity. The Group has not considered the following: changes after the reporting date; the impact of interest rate fluctuations on the customers' behaviours; the complicated relationship between complex structured products and interest rate fluctuations; the impact of interest rate fluctuations on market prices; the impact of interest rate fluctuations on off-balance sheet products; and impact of risk management.

On the basis of the above gap analysis on the interest rate, the Group implemented sensitivity test to analyse the sensitivity of bank's net interest income against change in interest rate. The table below illustrates the analysis of potential pre-tax impact on the Group's net interest income within the next year on the assumption of a 100 basis point parallel move of the yield curves on each reporting date.

	Changes of net interest income	
	As at 31 December	
	2021	2020
+ 100 basis points parallel move in all yield curves	(387,646)	(698,015)
– 100 basis points parallel move in all yield curves	387,646	698,015

The table below illustrates the potential pre-tax impact of a 100 basis point parallel move on the other comprehensive income of the Group.

	Changes of other comprehensive income	
	As at 31 December	
	2021	2020
+ 100 basis points parallel move in all yield curves	(1,219,118)	(845,008)
– 100 basis points parallel move in all yield curves	1,270,762	877,627

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk

The Group's main business is located in China, and its main business is settled in RMB. However, the foreign currency assets and liabilities recognised by the Group and foreign currency transactions in the future still remain exposed to foreign exchange risk. The exchange rate risk is that the foreign exchange exposure level and cash flow of the Group will also be affected by fluctuations in the main foreign exchange rate. The Group's daily management of exchange rate risk is the responsibility of Trade and Finance Department. The Group mitigates and controls foreign exchange rate risk by setting foreign currency exposure limits and stop-loss limits.

The following tables show the Group's financial assets and liabilities at carrying amounts in RMB, categorised by the original currency:

	RMB	US Dollar	HK Dollar	Others	Total
31 December 2021					
Assets					
Cash and balances with Central Bank	36,594,191	605,987	142	149	37,200,469
Due from and placements with banks and other financial institutions	40,458,933	4,340,209	6,655	26,022	44,831,819
Financial assets at FVPL	24,585,122	–	–	–	24,585,122
Loans and advances to customers	306,712,826	170,772	–	–	306,883,598
Investment securities					
– FVOCI	57,267,597	6,819,596	–	–	64,087,193
– Amortised cost	130,464,527	–	–	–	130,464,527
Other financial assets	821,623	–	–	–	821,623
Total financial assets	596,904,819	11,936,564	6,797	26,171	608,874,351
Liabilities					
Due to and placements from banks and other financial institutions	(107,241,097)	(52)	–	–	(107,241,149)
Financial liabilities at FVPL	(5,772)	–	–	–	(5,772)
Customer deposits	(331,797,624)	(6,895,859)	(31)	(1,829)	(338,695,343)
Debt securities issued	(118,852,070)	–	–	–	(118,852,070)
Other financial liabilities	(2,320,580)	(12)	–	(1)	(2,320,593)
Total financial liabilities	(560,217,143)	(6,895,923)	(31)	(1,830)	(567,114,927)
Net position	36,687,676	5,040,641	6,766	24,341	41,759,424
Financial guarantees and credit related commitments	53,044,857	7,275,967	–	494,163	60,814,987

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk

	RMB	US Dollar	HK Dollar	Others	Total
31 December 2020					
Assets					
Cash and balances with Central Bank	35,055,055	249,897	159	178	35,305,289
Due from and placements with banks and other financial institutions	50,201,642	2,419,866	3,365	34,624	52,659,497
Financial assets at FVPL	31,208,753	–	–	–	31,208,753
Loans and advances to customers	271,463,921	795,427	–	–	272,259,348
Investment securities					
– FVOCI	39,533,096	6,348,084	–	–	45,881,180
– Amortised cost	113,700,026	–	–	–	113,700,026
Other financial assets	1,399,550	–	–	–	1,399,550
Total financial assets	542,562,043	9,813,274	3,524	34,802	552,413,643
Liabilities					
Due to and placements from banks and other financial institutions	(97,394,008)	(55)	–	(17,837)	(97,411,900)
Financial liabilities at FVPL	(6,904)	–	–	–	(6,904)
Customer deposits	(310,054,945)	(4,441,204)	(83)	(4,025)	(314,500,257)
Debt securities issued	(101,040,342)	–	–	–	(101,040,342)
Other financial liabilities	(4,213,075)	–	–	(576)	(4,213,651)
Total financial liabilities	(512,709,274)	(4,441,259)	(83)	(22,438)	(517,173,054)
Net position	29,852,769	5,372,015	3,441	12,364	35,240,589
Financial guarantees and credit related commitments	39,221,228	5,159,644	–	727,245	45,108,117

The Group assesses the impact of foreign exchange rate changes on net profit through sensitivity analysis. The following table illustrates the foreign exchange rate sensitivity analysis result based on the structure of assets and liabilities as at the reporting date.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk (Continued)

Foreign exchange sensitivity test

The Group performs exchange rate sensitivity analysis on net profit before tax for the Group by measuring the impact of a change in exchange rate on foreign exchange sensitivity gap. The analysis is based on the assumptions below: the sensitivities of foreign currencies are exchange gains or losses of RMB against the foreign currency fluctuating by 1% absolute value in closing price at the reporting date. The foreign currency exchange rates against RMB move by the same amount and same trends. The portfolio of assets and liabilities has a static structure of foreign exchange risk and all positions are held and renewed after maturity. The Group has not considered the following: business changes after the reporting date, the impact of exchange rate fluctuations on the customers' behaviours; the complicated relationship between complex structured products and exchange rate fluctuations; the impact of exchange rate fluctuations on market prices, the impact of exchange rate fluctuations on off-balance sheet products; and the impact of risk management.

The table below illustrates the potential impact of 1% change of rates of RMB against foreign currencies on the Group's net profit before tax:

	Changes of expected net profit before tax	
	As at 31 December	
	2021	2020
1% upward change of foreign exchange rates	50,474	53,878
1% downward change of foreign exchange rates	(50,474)	(53,878)

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk

3.3.1 Overview

Liquidity risk is the risk that the Group will be unable to obtain sufficient funds on a timely basis at a reasonable cost to deal with asset growth, repayment of due debts or other payment obligations. The Group's objective in liquidity management is to ensure the availability of adequate funding to meet its needs for deposit withdrawals and repayment of other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments while taking advantage of new investment opportunities.

The Group needs to respond to daily calls on its available cash resources from overnight deposits, current accounts, matured deposits, loan drawdowns, guarantees and cash deposit held as collateral. The Board set the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2021, 8% (31 December 2020: 9%) of the Bank's total RMB-denominated and 9% (31 December 2020: 5%) of the total foreign-currency-denominated customer deposits were required to be deposited with the PBOC.

3.3.2 Liquidity risk management process

The Board or the subordinate special committee approves the policies, strategies, procedures, limits and contingency plans related to the overall management of liquidity risk according to risk preference. The asset and liability management committee is established under the top management, which is responsible for formulating and assessing the policies, strategies, procedures, limits and the contingency plans related to the overall management of the liquid risk management, and implementing the daily operations in liquidity risk management. The Asset and Liability Management Department cooperates with the Financial Market Department and other departments to form a well-organised, fully functional and efficient liquidity risk management system.

The Group proactively applies new technology to enhance the involvement of IT in liquidity risk management. A system is introduced to monitor the liquidity index and exposure, which forms a mechanism for regular, automatic liquidity risk assessment, and arrange the Bank's asset and liability operations according to current liquidity exposure. The Group actively modifies the assets and liabilities maturity structure by applying internal fund transfer pricing, while taking control of the limit of the liquidity risk positively by carrying out performance assessment. The Group pays constant attention to its liquidity risk management process, holds meetings for assets and liabilities integration, enhances and improves liquidity risk related policy, and adjusts policies in a timely manner, eventually achieving its goal in liquidity risk management.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Cash flows of non-derivative financial instruments

The table below presents the undiscounted cash flows of the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts listed in the table present the undiscounted cash flows as per the contracts.

	On demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2021									
Liabilities									
Due to and placements from banks and other financial institutions	(285,877)	(29,223,188)	(5,438,454)	(74,931,930)	(43,731)	-	-	-	(109,923,180)
Customer deposits	(95,277,430)	(14,199,757)	(16,977,934)	(72,406,656)	(149,321,982)	(7,535,285)	-	-	(355,719,044)
Debt securities issued	-	(3,180,000)	(25,449,400)	(78,602,000)	(8,827,900)	(6,288,000)	-	-	(122,347,300)
Other financial liabilities	(233,618)	(77,667)	(7,740)	(207,851)	(1,307,659)	(349,191)	(136,867)	-	(2,320,593)
Total financial liabilities	(95,796,925)	(46,680,612)	(47,873,528)	(226,148,437)	(159,501,272)	(14,172,476)	(136,867)	-	(590,310,117)
Assets									
Cash and balances with Central Bank	601,287	9,409,597	-	-	-	-	27,189,585	-	37,200,469
Due from and placements with banks and other financial institutions	6,706,417	31,584,659	6,397,887	127,574	-	-	-	55,456	44,871,993
Non-derivative financial assets at FVPL	-	3,637,934	2,197,452	792,565	11,887,237	9,782,484	716,966	1,479	29,016,117
Loans and advances to customers	-	11,576,886	16,154,418	81,064,605	163,465,503	108,586,659	-	6,188,246	387,036,317
Investment securities									
- FVOCI	-	1,858,795	2,684,962	7,510,417	56,120,008	7,860,225	115,991	252,336	76,402,734
- Amortised cost	-	1,763,436	10,195,865	34,785,095	81,278,565	14,523,154	-	933,558	143,479,673
Other financial assets	17,067	25,008	27,180	36,037	4,329	229,505	246,677	235,820	821,623
Total financial assets	7,324,771	59,856,315	37,657,764	124,316,293	312,755,642	140,982,027	28,269,219	7,666,895	718,828,926
Net liquidity gap	(88,472,154)	13,175,703	(10,215,764)	(101,832,144)	153,254,370	126,809,551	28,132,352	7,666,895	128,518,809

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Cash flows of non-derivative financial instruments (Continued)

	On demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2020									
Liabilities									
Due to and placements from banks and									
other financial institutions	(138,257)	(19,381,963)	(10,012,886)	(69,145,672)	(111,822)	-	-	-	(98,790,600)
Customer deposits	(90,631,676)	(16,222,847)	(22,857,576)	(61,859,300)	(135,108,633)	(6,128,404)	-	-	(332,808,436)
Debt securities issued	-	(15,582,872)	(18,050,498)	(54,837,599)	(7,553,496)	(8,143,441)	-	-	(104,167,906)
Other financial liabilities	(2,581,991)	(886)	(322)	(37,953)	(1,159,495)	(338,648)	(111,627)	-	(4,230,922)
Total financial liabilities	(93,351,924)	(51,188,568)	(50,921,282)	(185,880,524)	(143,933,446)	(14,610,493)	(111,627)	-	(539,997,864)
Assets									
Cash and balances with Central Bank	649,036	6,208,125	-	-	-	-	28,448,128	-	35,305,289
Due from and placements with banks									
and other financial institutions	4,040,926	45,017,825	2,365,089	1,454,451	-	-	-	23,646	52,901,937
Non-derivative financial assets at FVPL	-	5,906,555	1,243,514	7,810,228	9,402,346	12,217,063	531,756	-	37,111,462
Loans and advances to customers	-	10,123,545	19,537,150	69,066,936	138,983,937	73,148,460	-	6,779,429	317,639,457
Investment securities									
- FVOCI	-	1,221,503	2,797,166	6,243,312	37,432,367	5,936,972	277,000	-	53,908,320
- Amortised cost	-	337,902	1,874,358	25,257,957	88,762,329	11,135,912	-	859,708	128,228,166
Other financial assets	224	746,418	-	3,381	-	229,482	487,106	108,606	1,575,217
Total financial assets	4,690,186	69,561,873	27,817,277	109,836,265	274,580,979	102,667,889	29,743,990	7,771,389	626,669,848
Net liquidity gap	(88,661,738)	18,373,305	(23,104,005)	(76,044,259)	130,647,533	88,057,396	29,632,363	7,771,389	86,671,984

Assets available to meet all of the liabilities include cash, balances with Central Bank, items in the course of collection and treasury, amounts due from and placements with banks and other financial institutions, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain debt securities have been pledged for liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities, using credit commitments from other financial institutions, early termination of borrowings from other financial institutions and repurchase agreements and using the mandatory reserve deposits upon the PBOC's approval.

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For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Cash flows of derivative financial instruments

The Group's derivatives that will be settled on a net basis include interest rate swap contracts. The table below analyses the Group's derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Derivatives settled on a net basis

	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2021				
Interest rate swap				
Net outflows	2,430	3,364	20	5,814
	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2020				
Interest rate swap				
Net outflow	549	2,420	–	2,969

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	On Demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2021									
Assets									
Cash and balances with									
Central Bank	601,287	9,409,597	-	-	-	-	27,189,585	-	37,200,469
Due from and placements									
with banks and other									
financial institutions	6,706,417	31,566,419	6,376,001	127,526	-	-	-	55,456	44,831,819
Financial assets at FVPL	-	3,545,081	2,030,929	24,813	8,621,634	9,639,664	721,522	1,479	24,585,122
Loans and advances to customers	-	10,454,374	13,785,108	70,925,205	138,378,007	68,378,937	-	4,961,967	306,883,598
Investment securities									
- FVOCI	-	1,569,463	2,090,808	4,881,804	48,036,185	7,140,606	115,991	252,336	64,087,193
- Amortised cost	-	1,273,828	9,289,802	31,359,220	75,639,943	11,968,176	-	933,558	130,464,527
Other financial assets	17,067	25,008	27,180	36,037	4,329	229,505	246,677	235,820	821,623
Total financial assets	7,324,771	57,843,770	33,599,828	107,354,605	270,680,098	97,356,888	28,273,775	6,440,616	608,874,351
Liabilities									
Due to and placements from									
banks and other									
financial institutions	(285,877)	(29,132,335)	(5,306,708)	(72,475,695)	(40,534)	-	-	-	(107,241,149)
Financial liabilities at FVPL	-	-	-	-	-	-	(5,772)	-	(5,772)
Customer deposits	(95,277,430)	(14,181,519)	(16,901,172)	(71,063,422)	(134,422,934)	(6,848,866)	-	-	(338,695,343)
Debt securities issued	-	(3,176,620)	(25,238,480)	(77,240,188)	(7,198,818)	(5,997,964)	-	-	(118,852,070)
Other financial liabilities	(233,618)	(77,667)	(7,740)	(207,851)	(1,307,659)	(349,191)	(136,867)	-	(2,320,593)
Total financial liabilities	(95,796,925)	(46,568,141)	(47,454,100)	(220,987,156)	(142,969,945)	(13,196,021)	(142,639)	-	(567,114,927)
Net liquidity gap	(88,472,154)	11,275,629	(13,854,272)	(113,632,551)	127,710,153	84,160,867	28,131,136	6,440,616	41,759,424

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Maturity analysis (Continued)

	On Demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2020									
Assets									
Cash and balances with									
Central Bank	649,036	6,208,125	–	–	–	–	28,448,128	–	35,305,289
Due from and placements with									
banks and other									
financial institutions	4,040,396	44,834,882	2,353,281	1,430,938	–	–	–	–	52,659,497
Financial assets at FVPL	–	5,904,445	1,223,652	7,005,862	5,635,521	10,902,974	536,299	–	31,208,753
Loans and advances to customers	–	9,141,281	17,297,040	60,100,084	120,826,495	60,384,548	–	4,509,900	272,259,348
Investment securities									
– FVOCI	–	1,219,055	2,788,803	4,781,714	31,375,854	5,438,754	277,000	–	45,881,180
– Amortised cost	–	339,849	1,495,794	22,112,475	80,113,454	9,089,371	–	549,083	113,700,026
Other financial assets	224	746,419	–	3,381	–	229,482	311,438	108,606	1,399,550
Total financial assets	4,689,656	68,394,056	25,158,570	95,434,454	237,951,324	86,045,129	29,572,865	5,167,589	552,413,643
Liabilities									
Due to and placements from									
banks and other									
financial institutions	(138,257)	(19,357,489)	(9,474,418)	(68,338,337)	(103,399)	–	–	–	(97,411,900)
Financial liabilities at FVPL	–	–	–	–	–	–	(6,904)	–	(6,904)
Customer deposits	(90,631,676)	(16,205,335)	(22,710,600)	(56,624,885)	(122,272,610)	(6,055,151)	–	–	(314,500,257)
Debt securities issued	–	(15,510,770)	(17,863,755)	(53,884,107)	(5,998,976)	(7,782,734)	–	–	(101,040,342)
Other financial liabilities	(2,581,991)	(1,365)	(2,519)	(59,037)	(1,138,226)	(318,886)	(111,627)	–	(4,213,651)
Total financial liabilities	(93,351,924)	(51,074,959)	(50,051,292)	(178,906,366)	(129,513,211)	(14,156,771)	(118,531)	–	(517,173,054)
Net liquidity gap	(88,662,268)	17,319,097	(24,892,722)	(83,471,912)	108,438,113	71,888,358	29,454,334	5,167,589	35,240,589

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.6 Off-balance-sheet items

The table below lists the off-balance-sheet items of the Group according to their remaining term to maturity, and also includes the future minimum lease payments under non-cancellable operating leases where the Group are the lessees. The financial commitments are listed by the earliest maturity date in notional principal.

As at 31 December 2021	Up to 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bills	40,136,679	–	–	40,136,679
Letters of credit	10,399,645	8,277	–	10,407,922
Letters of guarantee	2,924,581	1,150,367	200	4,075,148
Unused credit card limits	6,186,907	–	–	6,186,907
Irrevocable credit commitments	8,331	–	–	8,331
Capital expenditure commitments	139,264	67,391	–	206,655
Total	59,795,407	1,226,035	200	61,021,642

As at 31 December 2020	Up to 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bills	28,354,591	–	–	28,354,591
Letters of credit	7,482,028	–	–	7,482,028
Letters of guarantee	1,160,247	3,181,549	300	4,342,096
Unused credit card limits	4,921,091	–	–	4,921,091
Irrevocable credit commitments	8,311	–	–	8,311
Capital expenditure commitments	189,664	156,854	–	346,518
Total	42,115,932	3,338,403	300	45,454,635

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities

(a) Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value in consolidated statement of financial position mainly include: balances with Central Bank, amounts due from and placements with banks and other financial institutions, loans and advances to customers, financial assets at amortised cost, amounts due to and placements from banks and other financial institutions, customer deposits, and debt securities issued. Except for the following financial assets and financial liabilities, the carrying amount of financial assets and liabilities that are not measured at fair value is a reasonable approximation of their fair value.

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair value.

	As at 31 December 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	130,464,527	–	74,581,193	57,899,294	132,480,487
Financial liabilities					
Debt securities issued	118,852,070	–	119,076,039	–	119,076,039

	As at 31 December 2020				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	113,700,026	–	41,741,818	72,144,202	113,886,020
Financial liabilities					
Debt securities issued	101,040,342	–	101,440,380	–	101,440,380

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(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

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

Investment securities

The fair value of financial investments at amortised cost is based on market prices or broker/dealer price quotations. When the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

Debt securities issued

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

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

(b) *Fair value hierarchy*

The table below analyses financial instruments carried at fair value, by level of inputs to valuation techniques. The different levels have been defined as follow:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value on a recurring basis:

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	28,148,893	–	28,148,893
Financial assets at FVPL				
– Debt securities	–	3,170,991	–	3,170,991
– Fund investments	3,032,399	–	–	3,032,399
– Trust investments	–	–	5,743,525	5,743,525
– Wealth management products purchased from financial institutions	–	–	2,026,559	2,026,559
– Asset management plans	–	–	9,890,126	9,890,126
– Equity investments at fair value	594,216	–	122,750	716,966
– Derivative financial instruments	–	4,556	–	4,556
	3,626,615	3,175,547	17,782,960	24,585,122
Financial investments at FVOCI				
– Debt securities	–	63,971,202	–	63,971,202
– Equity investments	–	–	115,991	115,991
	–	63,971,202	115,991	64,087,193
Total	3,626,615	95,295,642	17,898,951	116,821,208

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	20,032,920	–	20,032,920
Financial assets at FVPL				
– Debt securities	–	1,490,543	–	1,490,543
– Fund investments	5,904,445	–	–	5,904,445
– Trust investments	–	–	5,178,637	5,178,637
– Wealth management products purchased from financial institutions	–	–	7,800,943	7,800,943
– Asset management plans	–	–	10,297,886	10,297,886
– Equity investments at fair value	425,373	–	106,383	531,756
– Derivative financial instruments	–	4,543	–	4,543
	6,329,818	1,495,086	23,383,849	31,208,753
Financial investments at FVOCI				
– Debt securities	–	45,604,180	–	45,604,180
– Equity investments	–	–	277,000	277,000
	–	45,604,180	277,000	45,881,180
Total	6,329,818	67,132,186	23,660,849	97,122,853

The Group takes the date of the event that causes the transfers between hierarchies as the timing of recognising the transfers between hierarchies. There were no significant transfers within the fair value hierarchy of the Group for the years ended 31 December 2021 and 2020.

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

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Specific valuation techniques used to value financial instruments include:

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

Changes in Level 3 financial assets are analysed below:

	Financial assets at FVPL	Investment securities at FVOCI
Balance at 31 December 2020	23,383,849	277,000
Total gains or losses		
– Current profits and losses	184,455	–
– Other comprehensive income	–	(161,009)
Purchases	2,476,046	–
Sales and settlement	(8,261,390)	–
Balance at 31 December 2021	17,782,960	115,991
Total unrealised gains for the year included in profit and loss for financial assets held as at 31 December 2021	390,284	–
	Financial assets at FVPL	Investment securities at FVOCI
Balance at 31 December 2019	25,198,130	277,000
Total gains or losses		
– Current profits and losses	(120,664)	–
– Other comprehensive income	–	–
Purchases	7,700,000	–
Sales and settlement	(9,393,617)	–
Balance at 31 December 2020	23,383,849	277,000
Total unrealised gains for the year included in profit and loss for financial assets held as at 31 December 2020	189,462	–

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily unlisted equity and derivative contracts. These financial instruments are valued using cash flow discount model and market method. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 31 December 2020, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

3.5 Capital management

The Group's objectives when managing capital, which is a broader concept than 'equity' on the consolidated statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of regulatory capital are monitored quarterly by the Group's management with employing techniques based on the guidelines developed by the Basel Committee, as implemented by the CBIRC, for supervisory purposes. The required information is filed with the CBIRC on a quarterly basis.

The Group calculated the capital adequacy ratio based on the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)* issued by the CBIRC in June 2012. According to the approach, the Group measured the credit risk-weighted assets by the weighted method, market risk-weighted assets by the standard method, and operation risk-weighted assets by the basic indicator method.

The CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)*. For non-systematically important banks, the CBIRC requires minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. At present, the Group is fully compliant with legal and regulatory requirements.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management (Continued)

The capital adequacy ratios calculated by the Group based on the *Rules for Regulating the Capital Adequacy of Commercial Banks (Trial)* are as follows:

	As at 31 December	
	2021	2020
Core capital:		
Share capital	3,474,505	3,127,055
Counted part of capital surplus	8,955,990	5,246,195
Surplus reserve and general reserve	10,790,354	9,753,867
Counted part of retained earnings	19,143,032	17,101,676
Capital contribution by non-controlling interests	1,155,679	919,041
Core Tier 1 Capital deductibles items:		
Full deduction items	(305,079)	(245,643)
Threshold deduction items	—	—
Core Tier 1 Capital, net	43,214,481	35,902,191
Other Tier 1 Capital, net	5,063,398	5,031,846
Tier 2 Capital, net	11,696,258	12,738,776
Net capital	59,974,137	53,672,813
On-balance sheet risk-weighted assets	429,163,661	397,595,492
Off-balance sheet risk-weighted assets	7,264,706	6,893,744
Risk-weighted assets for exposure to counterparty credit risk	5,885	345
Total credit risk-weighted assets	436,434,252	404,489,581
Total market risk-weighted assets	678,575	954,344
Total operational risk-weighted assets	24,694,731	22,502,901
Total risk-weighted assets before applying capital base	461,807,558	427,946,826
Total risk-weighted assets after applying capital base	461,807,558	427,946,826
Core Tier 1 Capital adequacy ratio	9.36%	8.39%
Tier 1 Capital adequacy ratio	10.45%	9.57%
Capital adequacy ratio	12.99%	12.54%

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.6 Fiduciary activities

The Group acts in fiduciary activities as a manager, a custodian or an agent for customers. As the Group does not assume the risk and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are not recorded on the statement of financial position.

As at 31 December 2021, the Group's entrusted loans amounted to RMB7,535,455 thousand (31 December 2020: RMB8,190,410 thousand).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation models (e.g. discounted cash flow model). To the extent of practicality, only observable data is used in the discounted cash flow model. However, areas such as expected future cash flows, credit risks (from both parties of transactions), market volatilities and correlations require the management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(b) Consolidation of structured entity

Structured entity refers that when judging the control side of the entity, the key elements to consider are the contracts which the entities' main activities are based on or the corresponding arrangements rather than the voting rights or similar rights (for example: the voting rights are just associated with administrative matters only).

When the Group acts as the asset manager in structured entity, the Group needs to identify its own role as the agent or the trustee to make decisions for the structured entity. If the Group's role is just an agent, the Group's primary responsibility is to exercise decision-making authority for other parties (other investors of the structured entity), and therefore the Group does not control the structured entity. However, if the Group's primary responsibility is to exercise decision-making authority for itself, thus the Group controls the structured entity. During the evaluation to identify its own role as the agent or the trustee, the Group considers many factors, such as the purpose and design of structured entities, the Group's ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fees, and benefits received or losses incurred from providing credit enhancement or liquidity support.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

(c) Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has made estimates for items of uncertainty and application of new tax legislation taking into account existing tax legislation and policies given by authorities in charge in previous years. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

(d) Measurement of the expected credit loss

The measurement of the expected credit loss for financial assets including loans and advances to customers and investment securities measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant estimates and judgements are also required in applying the accounting requirements to measuring ECL, such as:

- Significant increase in credit risk – Criteria for determining whether significant increase in credit risk has occurred are highly judgemental, and may have a significant impact on expected credit losses for loans and advances to customers (“loans”) and financial investments at amortised cost with longer outstanding maturities;
- Models and parameters – Complex models, numerous inputs and parameters are used to measure expected credit losses, involving plenty of management judgements and assumptions;
- Forward-looking information – Macroeconomic forecasts are developed, and impacts on expected credit losses are considered for probability weighted multiple economic scenarios;
- Whether financial assets are credit-impaired – The determination of credit impairment requires consideration of multiple factors, and measurement of expected credit losses depends on estimates of future cash flows.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 3.1.4.

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5 SUBSIDIARY

As at 31 December 2021, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Principle place of business and place of incorporation	Paid-in capital	Proportion of equity interest	Proportion of voting rights	Principal activities
Chongqing Xinyu Financial Leasing Co., Ltd.	23 March 2017	Chongqing, the PRC	3,000,000	51.00%	51.00%	Financial leasing
Xingyi Wanfeng Village Bank Co., Ltd.	5 May 2011	Guizhou, the PRC	324,500	66.72%	66.72%	Financial services

	Assets	Liabilities	Revenue	Net profit
Chongqing Xinyu Financial Leasing Co., Ltd.	30,245,030	26,273,335	913,040	423,940
Xingyi Wanfeng Village Bank Co., Ltd.	854,880	718,362	33,044	259
	31,099,910	26,991,697	946,084	424,199

As at 31 December 2020, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Principle place of business and place of incorporation	Paid-in capital	Proportion of equity interest	Proportion of voting rights	Principal activities
Chongqing Xinyu Financial Leasing Co., Ltd.	23 March 2017	Chongqing, the PRC	3,000,000	51.00%	51.00%	Financial leasing
Xingyi Wanfeng Village Bank Co., Ltd.	5 May 2011	Guizhou, the PRC	324,500	66.72%	66.72%	Financial services

	Assets	Liabilities	Revenue	Net profit/(loss)
Chongqing Xinyu Financial Leasing Co., Ltd.	23,998,981	20,369,651	902,845	289,924
Xingyi Wanfeng Village Bank Co., Ltd.	1,040,395	917,672	24,426	(22,019)
	25,039,376	21,287,323	927,271	267,905

The above subsidiaries are companies limited by share and limited by liability respectively.

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6 NET INTEREST INCOME

	2021	2020
Interest income		
Balances with Central Bank	477,365	463,954
Due from and placements with banks and other financial institutions	1,094,151	1,047,236
Loans and advances to customers	16,847,768	15,638,357
Investment securities	8,991,252	8,041,501
	27,410,536	25,191,048
Interest expense		
Due to and placements from banks and other financial institutions	(2,874,834)	(2,008,731)
Customer deposits	(9,325,376)	(8,851,012)
Debt securities issued	(3,610,332)	(3,264,613)
Other liabilities	(3,221)	(5,954)
	(15,813,763)	(14,130,310)
Net interest income	11,596,773	11,060,738

7 NET FEE AND COMMISSION INCOME

	2021	2020
Fee and commission income		
Wealth management agency service	567,144	796,591
Guarantees and credit commitments	107,983	113,135
Settlement and agency services	107,497	92,746
Bank card services and annual fee	73,105	27,266
Custodian service	48,024	117,048
Financial advisory and consulting services	–	5,111
	903,753	1,151,897
Fee and commission expense		
Settlement and agency services	(69,000)	(65,412)
Bank card services	(28,351)	(17,467)
Others	(37,580)	(31,971)
	(134,931)	(114,850)
Net fee and commission income	768,822	1,037,047

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(In RMB thousands, unless otherwise stated)

8 NET TRADING GAINS/(LOSSES)

	2021	2020
Foreign exchange losses	(59,522)	(358,726)
Bond and fund investments	147,576	230,840
Equity investments	185,210	(85,868)
Derivatives	(6,614)	(3,026)
	266,650	(216,780)

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

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

9 NET GAINS ON INVESTMENT SECURITIES

	2021	2020
Net gains arising from financial assets at FVPL and net gains on disposal of investment securities at FVOCI	1,442,636	885,304

10 OTHER OPERATING INCOME

	2021	2020
Government grants ^(a)	78,344	60,142
Gains on sale of property, plant and equipment, intangible assets and other long-term assets	21,057	35,375
Rental income ^(b)	41,880	20,484
Other miscellaneous income ^(c)	10,621	8,353
Dividend income from unlisted FVOCI investments	2,080	1,440
	153,982	125,794

(a) The government grants mainly include enterprise development support bonus, bonus of small and micro business loans and other government grants.

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

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

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11 OPERATING EXPENSES

	2021	2020
Staff costs (<i>Note 12</i>)	1,945,510	1,679,589
General and administrative expenses	748,051	622,536
Tax and surcharges	169,964	155,778
Depreciation of property, plant and equipment (<i>Note 24</i>)	204,795	177,351
Amortisation of intangible assets (<i>Note 25(b)</i>)	87,458	74,706
Depreciation of right-of-use assets (<i>Note 25(c)</i>)	42,978	53,504
Depreciation of investment properties (<i>Note 25(f)</i>)	232	241
Amortisation of long-term prepaid expenses	12,119	10,142
Rental expenses	6,700	8,428
Professional fees	88,163	73,473
Auditors' remuneration		
– Audit services	4,845	5,798
Donations	4,090	19,500
Others	7,478	4,154
	3,322,383	2,885,200

12 STAFF COSTS

	2021	2020
Salaries and bonuses	1,420,053	1,299,841
Pension expenses (<i>Note 31</i>)	193,747	73,722
Housing benefits and subsidies	119,340	106,228
Labour union and staff education funds	34,467	31,819
Other social security and benefit costs	177,903	167,979
	1,945,510	1,679,589

Five highest paid individuals

None of the five highest paid individuals are directors or supervisors whose emoluments are disclosed in Note 14. The emoluments payable to the five highest paid individuals for relevant years are as follows:

	2021	2020
Remunerations, salaries, allowances and benefits	1,772	1,729
Discretionary bonuses	8,408	7,999
Contributions to pension schemes	592	383
	10,772	10,111

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(In RMB thousands, unless otherwise stated)

12 STAFF COSTS (Continued)

Five highest paid individuals (Continued)

The emoluments payable to the senior management and individuals fell within the following bands:

	Number of individuals	
	2021	2020
RMB 1,500,001 – RMB2,000,000	–	3
RMB 2,000,001 – RMB2,500,000	5	2
	5	5

No emoluments had been paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for demission.

13 (REVERSE OF) CREDIT IMPAIRMENT LOSSES

	2021	2020
Loans and advances to customers carried at amortised cost	4,599,171	4,201,017
Loans and advances to customers at FVOCI	22,717	10,085
Investment securities – Amortised cost	(287,976)	(75,802)
Investment securities – FVOCI	575,093	73,525
Loan commitments and financial guarantee contracts	(195,171)	(51,432)
Due from and placements with banks and other financial institutions	(6,108)	156,499
Other credit impairment losses	392,934	2,829
	5,100,660	4,316,721

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and supervisors' emoluments

Details of the directors' and supervisors' emoluments for the year ended 31 December 2021 are as follows:

Expressed in ten thousands of RMB

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Executive Directors							
Lin Jun	20.24	19.12	36.60	12.31	–	88.27	
Ran Hailing (President)	20.24	19.12	36.60	12.38	–	88.34	
Liu Jianhua	20.03	15.30	32.30	12.12	–	79.75	
WONG Wah Sing	16.19	15.30	32.11	0.35	–	63.95	
Non-executive Directors							
WONG Hon Hing	–	–	–	–	15.40	15.40	
Yang Yusong	–	–	–	–	9.90	9.90	
Liu Ying	–	–	–	–	10.04	10.04	Non-executive Director resigned on 23 November 2021.
Liu Xing	–	–	–	–	18.55	18.55	
Wang Rong	–	–	–	–	19.60	19.60	
Wu Heng	–	–	–	–	–	–	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid.
Zou Hong	–	–	–	–	15.70	15.70	
Feng Dunxiao	–	–	–	–	20.95	20.95	
Yuan Xiaobin	–	–	–	–	19.00	19.00	

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For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Tang Xiaodong	-	-	-	-	0.30	0.30	Non-executive Director resigned on 12 March 2021.
Deng Yong	-	-	-	-	0.90	0.90	Non-executive Director resigned on 22 February 2021.
Zhong Xian	-	-	-	-	2.29	2.29	Approved as non-executive Director by CBRIC on 29 October 2021
Supervisors							
Yang Xiaotao	25.04	19.12	33.58	12.38	-	90.12	
Huang Changsheng	20.03	15.30	32.25	12.12	-	79.70	
Yin Jun	21.43	39.67	39.48	11.94	-	112.52	
Wu Ping	25.44	44.66	86.54	11.99	-	168.63	
Chen Zhong	-	-	-	-	7.60	7.60	
Peng Daihui	-	-	-	-	9.70	9.70	
Hou Guoyue	-	-	-	-	7.50	7.50	
Zeng Xiangming	-	-	-	-	4.90	4.90	
Qi Jun	-	-	-	-	5.00	5.00	
Total	168.64	187.59	329.46	85.59	167.33	938.61	

The total remuneration packages (including discretionary bonus) for directors and supervisors for the year ended 31 December 2021 have not yet been finalised in accordance with relevant regulations of the relevant authorities in the PRC. The amount of the remuneration not provided for is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2021.

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of the directors' and supervisors' emoluments for the year ended 31 December 2020 are as follows:

Expressed in ten thousands of RMB

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Executive Directors							
Lin Jun	19.12	19.12	35.63	7.86	–	81.73	
Ran Hailing (President)	19.12	19.12	35.63	8.18	–	82.05	
Liu Jianhua	19.14	15.30	33.60	8.00	–	76.04	
WONG Wah Sing	15.30	15.30	30.94	0.30	–	61.84	
Non-executive Directors							
Deng Yong	–	–	–	–	8.40	8.40	
WONG Hon Hing	–	–	–	–	14.05	14.05	
Jin Jingyu	–	–	–	–	6.43	6.43	Non-executive Director resigned on 9 May 2020
Kong Xiangbin	–	–	–	–	3.63	3.63	Non-executive Director resigned on 30 March 2020
Li He	–	–	–	–	2.90	2.90	Non-executive Director resigned on 3 March 2020
Wang Pengguo	–	–	–	–	3.07	3.07	Non-executive Director resigned on 3 March 2020
Tang Xiaodong	–	–	–	–	7.05	7.05	

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Yang Yusong	–	–	–	–	9.60	9.60	
Yuan Xiaobin	–	–	–	–	12.27	12.27	Approved as non-executive Director by CBRIC on 9 May 2020
Zou Hong	–	–	–	–	12.28	12.28	Approved as non-executive Director by CBRIC on 30 March 2020
Feng Dunxiao	–	–	–	–	15.43	15.43	Approved as non-executive Director by CBRIC on 30 March 2020
Non-executive Directors							
Liu Ying	–	–	–	–	8.83	8.83	Approved as non-executive Director by CBRIC on 3 March 2020
Liu Xing	–	–	–	–	15.63	15.63	Approved as non-executive Director by CBRIC on 3 March 2020

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Salaries, allowances and benefits (Allowances and official vehicle subsidies, including back pays for previous years)	Prepayment for performance (Pre-assessment of performance of the year)	Discretionary bonuses of previous years (Performance liquidation and tenure stimulation of previous years)	Contribution to pension schemes (Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the company)	Remunerations	Total	Notes
Wang Rong	–	–	–	–	15.45	15.45	Approved as non-executive Director by CBRIC on 3 March 2020
Wu Heng	–	–	–	–	–	–	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid.
Supervisors							
Yang Xiaotao	23.92	19.12	33.71	8.18	–	84.93	
Huang Changsheng	19.14	15.30	30.94	8.00	–	73.38	
Chen Zhong	–	–	–	–	7.90	7.90	
Peng Daihui	–	–	–	–	10.40	10.40	
Hou Guoyue	–	–	–	–	8.40	8.40	
Zeng Xiangming	–	–	–	–	6.20	6.20	
Qi Jun	–	–	–	–	6.10	6.10	
Yin Jun	21.71	45.12	28.23	7.66	–	102.72	
Wu Ping	25.31	49.77	73.81	7.74	–	156.63	
Total	162.76	198.15	302.49	55.92	174.02	893.34	

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Directors' and supervisors' retirement benefits

For the year ended 31 December 2021, no retirement benefits were paid to the directors or supervisors by the defined benefit pension plan operated by the Group (2020: Nil).

(c) Directors' and supervisors' termination benefits

For the year ended 31 December 2021, no termination benefits were paid to the directors or supervisors by the Group (2020: Nil).

(d) Consideration provided to third parties for making available directors' and supervisors' services

For the year ended 31 December 2021, no consideration was provided to third parties for making available directors' and supervisor' services by the Group (2020: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and body corporates controlled by such directors and supervisors

For the year ended 31 December 2021, no loan, quasi-loan and other dealing was entered into by the Group, where applicable, in favour of body corporates controlled by directors and supervisors. The information about loans, quasi-loans and other dealings entered into by the Group, where applicable, in favour of a director and a supervisor is as follows:

Name of director	Nature of connection	Outstanding at the beginning of the year	Outstanding at the end of the year	Maximum outstanding during the year	Amounts due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
Liu Jianhua	Executive director	679	642	679	–	–	18 years, average capital plus interest	4.015%	mortgaged by real estate

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and body corporates controlled by such directors and supervisors (Continued)

For the year ended 31 December 2020, no loan, quasi-loan and other dealing was entered into by the Group, where applicable, in favour of body corporates controlled by directors and supervisors. The information about loans, quasi-loans and other dealings entered into by the Group, where applicable, in favour of a director and a supervisor is as follows:

Name of director	Nature of connection	Outstanding at the beginning of the year	Outstanding at the end of the year	Maximum outstanding during the year	Amounts due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
Liu Jianhua	Executive Director	1,761	679	1,761	–	–	18 years, average capital plus interest	4.015%	mortgaged by real estate

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business, to which the Group was a party and in which a director or a supervisor of the Group had a material interest, whether directly or indirectly, subsisted at the end of 2021 or at any time during the year (2020: Nil).

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15 INCOME TAX EXPENSE

	2021	2020
Current income tax	1,828,952	1,917,459
Deferred income tax (Note 30)	(595,820)	(749,372)
	1,233,132	1,168,087

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

A reconciliation between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax is as follows:

	2021	2020
Profit before income tax	6,092,157	5,733,782
Income tax calculated at statutory tax rate	1,523,039	1,433,445
The effect of a different tax rate of subsidiaries ^(a)	(48,394)	(39,519)
Tax effect arising from non-taxable income ^(b)	(423,402)	(296,770)
Tax effect of expenses that are not deductible for tax purposes ^(c)	139,415	92,832
Income tax adjustment for prior years	15,049	(92,198)
The impact of changes in tax rates on the deferred income tax assets at the beginning of the period	27,425	70,297
Income tax expense	1,233,132	1,168,087

(a) In accordance with related provisions of the Notice on the Continuation of the Corporate Income Tax Policy of the Western Development Strategy (Cai Shui Fa [2020] No.23) and the latest Encouraged Industries in the Western Region Catalog released in 2021, the income tax rate of Chongqing Xinyu Financial Leasing Co., Ltd., a subsidiary of the Bank, has been adjusted to 15%.

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

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

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16 BASIC AND DILUTED EARNINGS PER SHARE

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

	2021	2020
Net profit attributable to shareholders of the Bank	4,663,743	4,423,633
Less: Net profit attributable to other equity holders of the Bank	(292,146)	(306,971)
Net profit attributable to ordinary shareholders of the Bank	4,371,597	4,116,662
Weighted average number of ordinary shares issued (in thousand)	3,416,597	3,127,055
Basic and diluted earnings per share (in RMB)	1.28	1.32

The Bank issued non-cumulative preference shares on 20 December 2017 under the terms and conditions as detailed in Note 33. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to ordinary shareholders of the Bank. The conversion feature of preference shares are considered to fall within contingently issuable ordinary shares. No triggering events of conversion occurred for the year ended 31 December 2021 and 2020, and therefore the conversion feature of preference shares had no effect on the calculation of diluted earnings per share.

17 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2021	2020
Cash	601,287	649,036
Mandatory reserve deposits with Central Bank	27,073,358	28,310,077
Surplus reserve deposits with Central Bank	9,396,699	6,205,535
Fiscal deposits	116,226	126,221
Total	37,187,570	35,290,869
Accrued interest	12,899	14,420
	37,200,469	35,305,289

The Group is required to place mandatory reserve deposits with Central Bank. The deposits are calculated based on the amount of customer deposits placed with the Group.

The Bank's mandatory reserve rates for deposits as at the end of Reporting Period are set out below:

	As at 31 December	
	2021	2020
Mandatory reserve rate for deposits denominated in RMB	8.0%	9.0%
Mandatory reserve rate for deposits denominated in foreign currencies	9.0%	5.0%

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17 CASH AND BALANCES WITH CENTRAL BANK (Continued)

The mandatory reserve deposit rate of the subsidiaries of the Bank was consistent with the requirements of the Central Bank.

Deposits with Central Bank other than mandatory reserve maintained are mainly for liquidity purpose.

18 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2021	2020
Bills purchased under resale agreements	24,958,637	24,975,897
Securities purchased under resale agreements	12,658,570	20,684,900
Due from banks and other financial institutions	6,707,428	4,316,522
Placements with banks and other financial institutions	650,178	2,828,434
Total	44,974,813	52,805,753
Accrued interest	12,926	41,698
Less: ECL allowance	(155,920)	(187,954)
	44,831,819	52,659,497

As at 31 December 2021, the gross principal balance of the Group's amounts due from and placements with banks and other financial institutions in Stage 3 was RMB199,000 thousand, of which the accrued ECL allowance amounted to RMB149,250 thousand. The rest was all in Stage 1. As at 31 December 2020, the gross principal balance of the Group's amounts due from and placements with banks and other financial institutions in Stage 3 was RMB224,943 thousand, of which the accrued ECL allowance amounted to RMB175,193 thousand. The rest was all in Stage 1.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
Financial assets at FVPL		
– Listed outside Hong Kong	594,216	453,568
– Unlisted	23,986,350	30,750,642
	24,580,566	31,204,210
Derivative financial instruments (Note 20)	4,556	4,543
	24,585,122	31,208,753

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

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December	
	2021	2020
Unlisted financial assets at FVPL		
– Trust investments ^(a)	5,743,525	5,178,637
– Asset management plans ^(b)	9,890,126	10,297,886
– Wealth management products purchased from financial institutions	2,026,559	7,800,943
– Fund investments	3,032,399	5,904,445
– Commercial banks	1,444,666	862,250
– Governments	1,726,325	600,098
– Equity Investment	122,750	106,383
Total	23,986,350	30,750,642

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

As at 31 December 2021, there were no financial assets at FVPL of the Group pledged to third parties under repurchase agreements (31 December 2020: Nil).

(a) Trust investment

	As at 31 December	
	2021	2020
Trust investments purchased from trust companies		
– Guaranteed by third-party companies	5,210,898	5,173,923
– Unsecured	532,627	4,714
	5,743,525	5,178,637

(b) Asset management plans

	As at 31 December	
	2021	2020
Asset management plans purchased from securities companies		
– Guaranteed by third-party companies	9,890,126	10,297,886

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

(b) Asset management plans (Continued)

Financial assets at fair value through profit or loss by the issuer are set out below:

	As at 31 December	
	2021	2020
Financial assets at FVPL		
– Trust companies	5,743,525	5,178,637
– Securities companies	9,890,126	10,297,886
– Commercial banks	3,471,225	8,663,193
– Fund companies	3,032,399	5,904,445
– Corporations	–	28,195
– Governments	1,726,325	600,098
– Equity investment	716,966	531,756
	24,580,566	31,204,210

20 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2021	Notional amount	Fair value	
		Assets	Liabilities
Swap contracts	39,864,023	4,556	(5,772)

As at 31 December 2020	Notional amount	Fair value	
		Assets	Liabilities
Swap contracts	29,855,200	4,543	(6,904)

As at 31 December 2021, the financial liabilities at FVPL were generated from derivative financial instruments (31 December 2020: the same).

21 LOANS AND ADVANCES TO CUSTOMERS

	As at 31 December	
	2021	2020
Loans and advances to customers		
– Amortised cost	287,806,900	261,187,156
– FVOCI	28,148,893	20,032,920
Total	315,955,793	281,220,076
Accrued interest	2,106,144	2,006,479
Less: ECL allowance	(11,178,339)	(10,967,207)
	306,883,598	272,259,348

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Loans and advances to customers analysis

	As at 31 December	
	2021	2020
Loans and advances to corporate entities – Amortised cost		
– Corporate loans and advances	185,958,346	164,660,672
Loans and advances to corporate entities – FVOCI		
– Discounted bills	28,148,893	20,032,920
Subtotal	214,107,239	184,693,592
Loans and advances to individuals – Amortised cost		
– Mortgage loans	42,843,185	35,530,566
– Personal loans	22,524,007	19,942,281
– Personal consumer loans	20,110,306	31,366,897
– Credit card advances	16,371,056	9,686,740
Subtotal	101,848,554	96,526,484
Total	315,955,793	281,220,076
Accrued interest	2,106,144	2,006,479
Gross amount of loans and advances to customers	318,061,937	283,226,555
Less: ECL allowance	(11,178,339)	(10,967,207)
Carrying amount of loans and advances to customers	306,883,598	272,259,348

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(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Credit quality of loans and advances to customers

	As at 31 December 2021				
	Overdue within 90 days (inclusive)	Overdue for 90 days to 1 year (inclusive)	Overdue for 1 to 3 years (inclusive)	Overdue for more than 3 years	Total
Collateralised loans	2,270,493	854,203	417,898	129,554	3,672,148
Guaranteed loans	1,610,237	642,118	904,168	238,681	3,395,204
Unsecured loans	371,224	240,583	82,687	30,494	724,988
Pledged loans	636,232	–	22,741	–	658,973
Total	4,888,186	1,736,904	1,427,494	398,729	8,451,313

	As at 31 December 2020				
	Overdue within 90 days (inclusive)	Overdue for 90 days to 1 year (inclusive)	Overdue for 1 to 3 years (inclusive)	Overdue for more than 3 years	Total
Collateralised loans	1,955,775	447,974	740,499	51,995	3,196,243
Guaranteed loans	1,556,961	476,492	623,883	20,329	2,677,665
Unsecured loans	264,479	264,774	84,329	20,010	633,592
Pledged loans	21,400	27,765	112,912	–	162,077
Total	3,798,615	1,217,005	1,561,623	92,334	6,669,577

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers

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

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2020	2,246,170	3,539,127	3,035,014	8,820,311
New financial assets originated or purchased	1,134,001	–	–	1,134,001
Remeasurement	(391,343)	1,292,713	3,108,277	4,009,647
Repayments	(592,850)	(302,700)	(89,659)	(985,209)
Written-off and transferred of the year	–	–	(4,238,317)	(4,238,317)
Transfers:				
Transfer from Stage 1 to Stage 2	(134,820)	134,820	–	–
Transfer from Stage 1 to Stage 3	(20,210)	–	20,210	–
Transfer from Stage 2 to Stage 1	147,285	(147,285)	–	–
Transfer from Stage 2 to Stage 3	–	(2,174,215)	2,174,215	–
Transfer from Stage 3 to Stage 2	–	118,915	(118,915)	–
Recoveries of loans and advances written off in previous years	–	–	407,117	407,117
Unwind impact of discount	–	–	(34,908)	(34,908)
As at 31 December 2021	2,388,233	2,461,375	4,263,034	9,112,642
As at 31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
New financial assets originated or purchased	1,366,047	–	–	1,366,047
Remeasurement	(167,794)	1,815,264	1,780,671	3,428,141
Repayments	(601,336)	(664,275)	(337,569)	(1,603,180)
Written-off and transferred of the year	–	–	(1,500,085)	(1,500,085)
Transfers:				
Transfer from Stage 1 to Stage 2	(122,826)	122,826	–	–
Transfer from Stage 1 to Stage 3	(11,203)	–	11,203	–
Transfer from Stage 2 to Stage 1	120,914	(120,914)	–	–
Transfer from Stage 2 to Stage 3	–	(1,376,427)	1,376,427	–
Transfer from Stage 3 to Stage 2	–	55,466	(55,466)	–
Recoveries of loans and advances written off in previous years	–	–	210,531	210,531
Unwind impact of discount	–	–	(132,570)	(132,570)
As at 31 December 2020	2,246,170	3,539,127	3,035,014	8,820,311

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

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

	Stage 1	Stage 2	Stage 3	
Retail loans	12M ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2020	1,091,030	403,554	652,312	2,146,896
New financial assets originated or purchased	624,513	–	–	624,513
Remeasurement	6,435	296,842	434,378	737,655
Repayments	(608,274)	(208,218)	(104,944)	(921,436)
Written-off and transferred of the year	–	–	(612,208)	(612,208)
Transfers:				
Transfer from Stage 1 to Stage 2	(35,227)	35,227	–	–
Transfer from Stage 1 to Stage 3	(19,066)	–	19,066	–
Transfer from Stage 2 to Stage 1	10,471	(10,471)	–	–
Transfer from Stage 2 to Stage 3	–	(103,408)	103,408	–
Transfer from Stage 3 to Stage 2	–	9,316	(9,316)	–
Transfer from Stage 3 to Stage 1	1,929	–	(1,929)	–
Recoveries of loans and advances written off in previous years	–	–	140,195	140,195
Unwind impact of discount	–	–	(49,918)	(49,918)
As at 31 December 2021	1,071,811	422,842	571,044	2,065,697

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	Stage 1	Stage 2	Stage 3	
Retail loans	12M ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2019	752,811	357,178	560,488	1,670,477
New financial assets originated or purchased	693,793	–	–	693,793
Remeasurement	174,667	308,645	658,750	1,142,062
Repayments	(419,750)	(150,898)	(201,490)	(772,138)
Written-off and transferred of the year	–	–	(656,530)	(656,530)
Transfers:				
Transfer from Stage 1 to Stage 2	(58,024)	58,024	–	–
Transfer from Stage 1 to Stage 3	(66,781)	–	66,781	–
Transfer from Stage 2 to Stage 1	10,699	(10,699)	–	–
Transfer from Stage 2 to Stage 3	–	(163,824)	163,824	–
Transfer from Stage 3 to Stage 2	–	5,128	(5,128)	–
Transfer from Stage 3 to Stage 1	3,615	–	(3,615)	–
Recoveries of loans and advances written off in previous years	–	–	89,673	89,673
Unwind impact of discount	–	–	(20,441)	(20,441)
As at 31 December 2020	1,091,030	403,554	652,312	2,146,896

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(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

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

	Stage 1	Stage 2	Stage 3	
Discounted bills	12M ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2020	49,196	1	–	49,197
New financial assets originated or purchased	71,914	–	–	71,914
Repayments	(49,196)	(1)	–	(49,197)
As at 31 December 2021	71,914	–	–	71,914
As at 31 December 2019	39,111	1	–	39,112
New financial assets originated or purchased	49,197	–	–	49,197
Repayments	(39,111)	(1)	–	(39,112)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1)	1	–	–
As at 31 December 2020	49,196	1	–	49,197

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers

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

Loans and advances to corporate entities	Stage 1	Stage 2	Stage 3	Total
	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2020	142,210,652	17,244,193	5,205,827	164,660,672
New financial assets originated or purchased	78,924,157	–	–	78,924,157
Proceeds received	(48,329,607)	(4,149,236)	(193,253)	(52,672,096)
Financial assets derecognised other than write-offs	–	–	(1,699,097)	(1,699,097)
Write-off	–	–	(3,255,290)	(3,255,290)
Transfers:				
Transfer from Stage 1 to Stage 2	(7,023,100)	7,023,100	–	–
Transfer from Stage 1 to Stage 3	(626,293)	–	626,293	–
Transfer from Stage 2 to Stage 1	1,798,318	(1,798,318)	–	–
Transfer from Stage 2 to Stage 3	–	(5,905,243)	5,905,243	–
Transfer from Stage 3 to Stage 2	–	324,591	(324,591)	–
As at 31 December 2021	166,954,127	12,739,087	6,265,132	185,958,346
As at 31 December 2019	118,943,528	19,589,885	2,246,797	140,780,210
New financial assets originated or purchased	76,821,220	–	–	76,821,220
Proceeds received	(45,687,591)	(5,102,413)	(635,963)	(51,425,967)
Financial assets derecognised other than write-offs	–	–	(106,930)	(106,930)
Write-off	–	–	(1,500,085)	(1,500,085)
Transfers:				
Transfer from Stage 1 to Stage 2	(8,861,664)	8,861,664	–	–
Transfer from Stage 1 to Stage 3	(673,400)	–	673,400	–
Transfer from Stage 2 to Stage 1	1,576,335	(1,576,335)	–	–
Transfer from Stage 2 to Stage 3	–	(4,592,910)	4,592,910	–
Transfer from Stage 3 to Stage 2	–	64,302	(64,302)	–
Business combination involving enterprises not under common control	92,224	–	–	92,224
As at 31 December 2020	142,210,652	17,244,193	5,205,827	164,660,672

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(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers (Continued)

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

	Stage 1	Stage 2	Stage 3	
Retail loans	12M ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2020	93,962,228	1,600,249	964,007	96,526,484
New financial assets originated or purchased	47,184,014	–	–	47,184,014
Proceeds received	(40,252,069)	(800,981)	(182,025)	(41,235,075)
Financial assets derecognised other than write-offs	–	–	(14,780)	(14,780)
Write-off	–	–	(612,089)	(612,089)
Transfers:				
Transfer from Stage 1 to Stage 2	(1,489,244)	1,489,244	–	–
Transfer from Stage 1 to Stage 3	(498,619)	–	498,619	–
Transfer from Stage 2 to Stage 1	94,576	(94,576)	–	–
Transfer from Stage 2 to Stage 3	–	(310,177)	310,177	–
Transfer from Stage 3 to Stage 2	–	20,611	(20,611)	–
Transfer from Stage 3 to Stage 1	5,709	–	(5,709)	–
As at 31 December 2021	99,006,595	1,904,370	937,589	101,848,554
As at 31 December 2019	88,560,210	1,325,409	894,244	90,779,863
New financial assets originated or purchased	52,480,769	–	–	52,480,769
Proceeds received	(45,476,343)	(793,759)	(284,545)	(46,554,647)
Write-off	–	–	(656,530)	(656,530)
Transfers:				
Transfer from Stage 1 to Stage 2	(1,611,886)	1,611,886	–	–
Transfer from Stage 1 to Stage 3	(555,463)	–	555,463	–
Transfer from Stage 2 to Stage 1	76,932	(76,932)	–	–
Transfer from Stage 2 to Stage 3	–	(479,488)	479,488	–
Transfer from Stage 3 to Stage 2	–	13,133	(13,133)	–
Transfer from Stage 3 to Stage 1	10,980	–	(10,980)	–
Business combination involving enterprises not under common control	477,029	–	–	477,029
As at 31 December 2020	93,962,228	1,600,249	964,007	96,526,484

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21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers (Continued)

(2) *Movements on gross amount (excluding accrued interest) of loans and advances to customers at FVOCI*

	Stage 1	Stage 2	Stage 3	
Discounted bills	12M ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2020	20,032,718	202	–	20,032,920
New financial assets originated or purchased	27,744,279	–	–	27,744,279
Proceeds received	(20,032,718)	(202)	–	(20,032,920)
Fair value measurement	404,614	–	–	404,614
As at 31 December 2021	28,148,893	–	–	28,148,893
As at 31 December 2019	14,270,608	912	–	14,271,520
New financial assets originated or purchased	19,695,990	–	–	19,695,990
Proceeds received	(14,270,608)	(912)	–	(14,271,520)
Transfers:				
Transfer from Stage 1 to Stage 2	(200)	200	–	–
Fair value measurement	336,928	2	–	336,930
As at 31 December 2020	20,032,718	202	–	20,032,920

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22 INVESTMENT SECURITIES

	As at 31 December	
	2021	2020
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	21,900,014	8,402,710
– Listed in Hong Kong	6,195,354	5,828,833
– Unlisted	34,389,274	30,409,525
Total	62,484,642	44,641,068
Accrued interest	1,486,546	963,098
	63,971,188	45,604,166
Equity securities – measured at fair value		
– Unlisted	115,991	277,000
Others	14	14
	64,087,193	45,881,180

Unlisted financial investments measured at FVOCI are set out below:

	As at 31 December	
	2021	2020
Debt securities – measured at fair value (unlisted)		
– Corporations	32,458,833	28,094,726
– Policy banks	1,117,018	1,092,775
– Commercial banks	612,857	1,025,161
– Governments	200,566	196,863
Subtotal	34,389,274	30,409,525
Equity securities – measured at fair value (unlisted)		
– Equity investments	115,991	277,000
Total	34,505,265	30,686,525

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22 INVESTMENT SECURITIES (Continued)

	As at 31 December	
	2021	2020
Investment securities – Amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	10,106,458	10,240,510
– Unlisted	118,971,698	102,306,942
Total	129,078,156	112,547,452
Accrued interest	2,424,897	2,479,076
Less: ECL allowance	(1,038,526)	(1,326,502)
	130,464,527	113,700,026

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

	As at 31 December	
	2021	2020
Debt securities – measured at amortised cost (unlisted)		
– Bonds	62,487,500	31,281,059
– Trust investments ^(a)	8,630,698	12,957,883
– Asset management plans ^(b)	37,131,500	44,754,000
– Debt financing plans	10,722,000	13,314,000
Total	118,971,698	102,306,942

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22 INVESTMENT SECURITIES (Continued)

(a) Trust investments

	As at 31 December	
	2021	2020
Trust investments purchased from trust companies		
– collateralised by properties	5,288,017	6,079,676
– guaranteed by third-party companies	2,677,300	5,057,800
– unsecured	665,381	1,820,407
Total	8,630,698	12,957,883

(b) Asset management plans

	As at 31 December	
	2021	2020
Asset management plans purchased from securities companies		
– guaranteed by third-party companies	1,275,000	1,422,000
– collateralised by properties	488,000	797,000
– unsecured	–	800,000
Subtotal	1,763,000	3,019,000
Asset management plans purchased from asset management companies		
– unsecured	29,186,000	34,000,000
– guaranteed by third-party companies	6,182,500	7,735,000
Subtotal	35,368,500	41,735,000
Total	37,131,500	44,754,000

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22 INVESTMENT SECURITIES (Continued)

Movements on impairment allowance for investment securities are set out below:

	Stage 1	Stage 2	Stage 3	
	12M ECL	Lifetime ECL	Lifetime ECL	Total
Investment securities – FVOCI				
As at 31 December 2020	177,824	–	–	177,824
New financial assets originated or purchased	126,767	94,900	–	221,667
Remeasurement	8,029	–	369,100	377,129
Repayments	(23,703)	–	–	(23,703)
Transfers:				
Transfer from Stage 2 to Stage 3	–	(94,900)	94,900	–
As at 31 December 2021	288,917	–	464,000	752,917

	Stage 1	Stage 2	Stage 3	
	12M ECL	Lifetime ECL	Lifetime ECL	Total
Investment securities – Amortised cost				
As at 31 December 2020	847,319	43,871	435,312	1,326,502
New financial assets originated or purchased	41,128	2,240	–	43,368
Remeasurement	(143,093)	(2,462)	69,737	(75,818)
Repayments	(164,596)	(6,063)	(84,867)	(255,526)
Transfers:				
Transfer from Stage 1 to Stage 2	(20,076)	20,076	–	–
Transfer from Stage 2 to Stage 1	7,657	(7,657)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
As at 31 December 2021	568,339	50,005	420,182	1,038,526

	Investment securities – FVOCI	Investment securities – Amortised cost			Total
	Stage 1 12M ECL	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2019	104,299	853,589	262,547	286,168	1,506,603
New financial assets originated or purchased	89,060	375,529	–	–	464,589
Remeasurement	19,459	(136,769)	(5,038)	(41,017)	(163,365)
Repayments	(34,994)	(212,702)	(44,186)	(11,619)	(303,501)
Transfers:					
Transfer from Stage 1 to Stage 2	–	(48,910)	48,910	–	–
Transfer from Stage 2 to Stage 1	–	16,582	(16,582)	–	–
Transfer from Stage 2 to Stage 3	–	–	(201,780)	201,780	–
As at 31 December 2020	177,824	847,319	43,871	435,312	1,504,326

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22 INVESTMENT SECURITIES (Continued)

Movements on gross amount (excluding accrued interest) of investment securities are set out below:

As at 31 December 2021, investment securities – FVOCI of RMB500,000 thousand of the Group were in stage 3, and the ECL allowance on the above-mentioned securities amounted to RMB464,000 thousand. The rest were in stage 1 (31 December 2020: all in stage 1).

Investment securities	Stage 1	Stage 2	Stage 3	Total
– Amortised cost	12M ECL	Lifetime ECL	Lifetime ECL	
As at 31 December 2020	110,238,369	1,200,000	1,109,083	112,547,452
New financial assets originated or purchased	39,069,748	235,000	–	39,304,748
Proceeds received	(22,306,359)	(230,000)	(237,685)	(22,774,044)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(1,447,000)</i>	<i>1,447,000</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>700,000</i>	<i>(700,000)</i>	<i>–</i>	<i>–</i>
As at 31 December 2021	126,254,758	1,952,000	871,398	129,078,156
As at 31 December 2019	93,010,807	2,191,644	657,022	95,859,473
New financial assets originated or purchased	39,303,562	–	–	39,303,562
Proceeds received	(21,153,350)	(1,450,614)	(11,619)	(22,615,583)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(1,222,650)</i>	<i>1,222,650</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>300,000</i>	<i>(300,000)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(463,680)</i>	<i>463,680</i>	<i>–</i>
As at 31 December 2020	110,238,369	1,200,000	1,109,083	112,547,452

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22 INVESTMENT SECURITIES (Continued)

Investment securities are analysed by issuer as follows:

	As at 31 December	
	2021	2020
Investment securities – FVOCI		
– Corporations	60,084,188	42,306,711
– Policy banks	1,117,018	1,092,775
– Commercial banks	720,628	1,044,719
– Governments	361,212	196,863
– Other financial bonds	201,596	–
– Equity investments at fair value	115,991	277,000
– Others	14	14
Total	62,600,647	44,918,082
Accrued interest	1,486,546	963,098
	64,087,193	45,881,180
Investment securities – Amortised cost		
– Governments	69,980,313	38,545,306
– Asset management companies	35,368,500	41,735,000
– Corporations	10,752,000	13,344,000
– Trust companies	8,630,698	12,957,883
– Policy banks	2,463,645	2,826,263
– Securities companies	1,763,000	3,019,000
– Commercial banks	120,000	120,000
Total	129,078,156	112,547,452
Accrued interest	2,424,897	2,479,076
Less: ECL allowance	(1,038,526)	(1,326,502)
	130,464,527	113,700,026

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23 INVESTMENT IN ASSOCIATES

	As at 31 December	
	2021	2020
Balance at the beginning of the year	1,945,081	1,801,573
Share of profit of associates	295,822	162,903
Declared cash dividends	(12,745)	(19,395)
Balance at the end of the year	2,228,158	1,945,081

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

Pursuant to the resolution of the board of directors of Chongqing Three Gorges Bank Co., Ltd. ('Three Gorges Bank') on 21 April 2017, the Group appointed a director to the board of directors of Three Gorges Bank that day, and therefore the Group had significant influence on Three Gorges Bank. Three Gorges Bank became an associate of the Group. The investment of the Group amounted to RMB379,024 thousand, accounting for 4.97% of equity interest. The registered capital of Three Gorges Banks was RMB5,573,974 thousand.

Investments in associates of the Group are unlisted corporation's ordinary shares. Assets, liabilities, revenue and profit of associates are listed as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Net profit	Shareholding (%)
As at 31 December 2021						
Mashang Finance	PRC	61,035,922	52,731,689	10,012,470	1,382,162	15.53%
Three Gorges Bank	PRC	240,412,099	219,959,634	5,238,682	1,644,741	4.97%
As at 31 December 2020						
Mashang Finance	PRC	52,484,181	45,332,216	7,603,987	711,514	15.53%
Three Gorges Bank	PRC	236,763,108	217,580,346	4,543,405	1,503,511	4.97%

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24 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Assets under operating leases	Construction in progress	Total
Cost							
As at 31 December 2020	3,058,596	9,851	552,564	143,723	178,975	516,935	4,460,644
Additions	21,478	524	68,075	16,642	–	64,219	170,938
Transfer from construction in progress	79,381	–	–	2,357	–	(81,738)	–
Disposals	(14,663)	–	(9,950)	(9,647)	–	(40,316)	(74,576)
Transfer to investment properties	(1,525)	–	–	–	–	–	(1,525)
As at 31 December 2021	3,143,267	10,375	610,689	153,075	178,975	459,100	4,555,481
Accumulated depreciation							
As at 31 December 2020	(730,333)	(8,835)	(367,540)	(105,712)	(13,444)	–	(1,225,864)
Charge for the year (Note 11)	(102,527)	(524)	(61,133)	(12,347)	(28,264)	–	(204,795)
Disposals	9,771	–	9,663	9,366	–	–	28,800
Transfer to investment properties	299	–	–	–	–	–	299
As at 31 December 2021	(822,790)	(9,359)	(419,010)	(108,693)	(41,708)	–	(1,401,560)
Impairment allowance							
As at 31 December 2020	–	–	–	–	–	(1,500)	(1,500)
Transfer from construction in progress	(1,500)	–	–	–	–	1,500	–
As at 31 December 2021	(1,500)	–	–	–	–	–	(1,500)
Net book value							
As at 31 December 2021	2,318,977	1,016	191,679	44,382	137,267	459,100	3,152,421
As at 31 December 2020	2,328,263	1,016	185,024	38,011	165,531	515,435	3,233,280

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(In RMB thousands, unless otherwise stated)

24 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Assets under operating leases	Construction in progress	Total
Cost							
As at 31 December 2019	2,983,027	8,876	537,585	137,584	48,663	448,156	4,163,891
Additions	8,456	1,452	55,050	19,772	130,312	127,135	342,177
Transfer from construction in progress	58,021	–	2	333	–	(58,356)	–
Transfer from held-for-sale assets	19,570	–	–	–	–	–	19,570
Disposals	(10,478)	(477)	(40,073)	(13,966)	–	–	(64,994)
As at 31 December 2020	3,058,596	9,851	552,564	143,723	178,975	516,935	4,460,644
Accumulated depreciation							
As at 31 December 2019	(629,271)	(8,560)	(346,346)	(108,105)	(1,598)	–	(1,093,880)
Charge for the year (<i>Note 11</i>)	(98,047)	(277)	(56,586)	(10,595)	(11,846)	–	(177,351)
Other additions	–	(461)	(4,558)	(732)	–	–	(5,751)
Transfer from held-for-sale assets	(9,606)	–	–	–	–	–	(9,606)
Disposals	6,591	463	39,950	13,720	–	–	60,724
As at 31 December 2020	(730,333)	(8,835)	(367,540)	(105,712)	(13,444)	–	(1,225,864)
Impairment allowance	–	–	–	–	–	(1,500)	(1,500)
Net book value							
As at 31 December 2020	2,328,263	1,016	185,024	38,011	165,531	515,435	3,233,280
As at 31 December 2019	2,353,756	316	191,239	29,479	47,065	448,156	3,070,011

As at 31 December 2021, the cost of motor vehicles and machinery equipment leased out by the Group under operating lease arrangements was RMB178,975 thousand (31 December 2020: RMB178,975 thousand). The depreciation charged for the year amounted to RMB28,264 thousand (for the year ended 31 December 2020: RMB13,444 thousand). There were no clauses regarding to residual value guarantee under the lease contracts signed by the Group as a lessor.

As at 31 December 2021, the net value of the buildings whose registration procedures had not been completed was RMB93,489 thousand (31 December 2020: RMB109,229 thousand). The registration process has little impact on the Group's right to own the property, plant and equipment.

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25 OTHER ASSETS

	As at 31 December	
	2021	2020
Other receivables ^(a)	372,134	634,190
Less: Impairment allowance ^(a)	(37,825)	(173,022)
Intangible assets ^(b)	305,079	245,643
Right-of-use assets ^(c)	242,168	264,402
Interest receivable	235,820	108,606
Continuing involvement in transferred assets	229,505	229,482
Fee and commission receivables	105,885	665,365
Foreclosed assets ^(d)	68,564	68,321
Leasehold improvements	49,279	29,571
Prepaid rental expenses ^(e)	4,298	20,035
Investment properties ^(f)	3,569	2,575
Others	95,494	759
	1,673,970	2,095,927

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25 OTHER ASSETS (Continued)

(a) Other receivables

Movements on impairment allowance for other receivables:

Other receivables	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2020	1,093	69,370	102,559	173,022
New financial assets originated or purchased	1,300	–	–	1,300
Remeasurement	(11,271)	(11,138)	52,193	29,784
Write-off	–	–	(126,046)	(126,046)
Repayments	(604)	(22,610)	(17,021)	(40,235)
Transfers:				
Transfer from Stage 1 to Stage 2	(54)	54	–	–
Transfer from Stage 1 to Stage 3	(512)	–	512	–
Transfer from Stage 2 to Stage 1	15,396	(15,396)	–	–
Transfer from Stage 2 to Stage 3	–	(3,117)	3,117	–
As at 31 December 2021	5,348	17,163	15,314	37,825
As at 31 December 2019	1,370	142,621	12,843	156,834
New financial assets originated or purchased	600	–	–	600
Remeasurement	(839)	28,095	43,944	71,200
Repayments	(18)	(53,301)	(2,293)	(55,612)
Transfers:				
Transfer from Stage 1 to Stage 2	(151)	151	–	–
Transfer from Stage 1 to Stage 3	(110)	–	110	–
Transfer from Stage 2 to Stage 1	173	(173)	–	–
Transfer from Stage 2 to Stage 3	–	(48,025)	48,025	–
Transfer from Stage 3 to Stage 2	–	2	(2)	–
Transfer from Stage 3 to Stage 1	68	–	(68)	–
As at 31 December 2020	1,093	69,370	102,559	173,022

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25 OTHER ASSETS (Continued)

(a) Other receivables (Continued)

Movements on gross amount of other receivables:

Other receivables	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2020	170,187	312,321	151,682	634,190
New financial assets originated or purchased	131,760	–	–	131,760
Proceeds received	(85,456)	(122,818)	(26,564)	(234,838)
Write-off	–	–	(158,978)	(158,978)
Transfers:				
Transfer from Stage 1 to Stage 2	(4,283)	4,283	–	–
Transfer from Stage 1 to Stage 3	(40,827)	–	40,827	–
Transfer from Stage 2 to Stage 1	83,632	(83,632)	–	–
Transfer from Stage 2 to Stage 3	–	(16,934)	16,934	–
As at 31 December 2021	255,013	93,220	23,901	372,134
As at 31 December 2019	145,336	656,763	22,334	824,433
New financial assets originated or purchased	62,702	–	–	62,702
Proceeds received	(1,433)	(247,675)	(3,837)	(252,945)
Transfers:				
Transfer from Stage 1 to Stage 2	(29,490)	29,490	–	–
Transfer from Stage 1 to Stage 3	(8,015)	–	8,015	–
Transfer from Stage 2 to Stage 1	976	(976)	–	–
Transfer from Stage 2 to Stage 3	–	(125,284)	125,284	–
Transfer from Stage 3 to Stage 2	–	3	(3)	–
Transfer from Stage 3 to Stage 1	111	–	(111)	–
As at 31 December 2020	170,187	312,321	151,682	634,190

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25 OTHER ASSETS (Continued)

(b) Intangible assets

	2021	2020
Cost		
Balance at the beginning of the year	538,642	424,910
Additions	146,894	113,790
Disposals	–	(58)
Balance at the end of the year	685,536	538,642
Accumulated amortisation		
Balance at the beginning of the year	(292,999)	(218,351)
Amortisation for the year (<i>Note 11</i>)	(87,458)	(74,706)
Disposals	–	58
Balance at the end of the year	(380,457)	(292,999)
Net book value		
Balance at the end of the year	305,079	245,643
Balance at the beginning of the year	245,643	206,559

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25 OTHER ASSETS (Continued)

(c) Right-of-use assets

	Buildings	Electronic equipment	Office equipment	Land use rights	Total
Cost					
As at 31 December 2020	208,232	12,745	66	186,905	407,948
Add: Additions	59,771	–	–	–	59,771
Less: Deductions	(100,008)	(8,625)	(66)	–	(108,699)
As at 31 December 2021	167,995	4,120	–	186,905	359,020
Accumulated depreciation					
As at 31 December 2020	(79,850)	(10,527)	(2)	(53,167)	(143,546)
Add: Depreciation charged for the year	(36,530)	(1,775)	–	(4,673)	(42,978)
Less: Reversal	61,045	8,625	2	–	69,672
As at 31 December 2021	(55,335)	(3,677)	–	(57,840)	(116,852)
Net book value					
As at 31 December 2021	112,660	443	–	129,065	242,168
As at 31 December 2020	128,382	2,218	64	133,738	264,402

	Buildings	Electronic equipment	Office equipment	Land use rights	Total
Cost					
As at 31 December 2019	157,667	12,693	474	186,905	357,739
Add: Additions	50,565	52	–	–	50,617
Less: Deductions	–	–	(408)	–	(408)
As at 31 December 2020	208,232	12,745	66	186,905	407,948
Accumulated depreciation					
As at 31 December 2019	(36,117)	(5,195)	(238)	(48,492)	(90,042)
Add: Depreciation charged for the year	(43,733)	(5,332)	(116)	(4,675)	(53,856)
Less: Reversal	–	–	352	–	352
As at 31 December 2020	(79,850)	(10,527)	(2)	(53,167)	(143,546)
Net book value					
As at 31 December 2020	128,382	2,218	64	133,738	264,402
As at 31 December 2019	121,550	7,498	236	138,413	267,697

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25 OTHER ASSETS (Continued)

(d) Foreclosed assets

	As at 31 December	
	2021	2020
Business properties	65,221	67,910
Residential properties	3,343	411
Total	68,564	68,321

The Group intends to dispose of foreclosed assets through various methods including auction, competitive bidding and transfer. For the year ended 31 December 2021, the original cost of foreclosed assets disposed of by the Group amounted to RMB5,850 thousand (for the year ended 31 December 2020: RMB9,409 thousand).

(e) Prepaid rental expenses

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

(f) Investment properties

	2021	2020
Cost		
Balance at the beginning of the year	5,949	8,125
Transfer from property, plant and equipment	1,525	–
Disposals	–	(2,176)
Balance at the end of the year	7,474	5,949
Accumulated depreciation		
Balance at the beginning of the year	(3,374)	(4,560)
Transfer from property, plant and equipment	(299)	–
Depreciation charged for the year (Note 11)	(232)	(241)
Disposals	–	1,427
Balance at the end of the year	(3,905)	(3,374)
Net book value		
Balance at the end of the year	3,569	2,575
Balance at the beginning of the year	2,575	3,565

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26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2021	2020
Loans from Central Bank	50,286,801	27,599,225
Placements from banks and other financial institutions	25,576,022	22,072,275
Deposits from banks	7,823,804	25,936,877
Deposits from other financial institutions	5,682,022	5,826,627
Bills sold under repurchase agreements	–	6,925,527
Securities sold under repurchase agreements	17,172,200	8,424,400
Total	106,540,849	96,784,931
Accrued interest	700,300	626,969
	107,241,149	97,411,900

27 CUSTOMER DEPOSITS

	As at 31 December	
	2021	2020
Corporate demand deposits	71,149,941	74,291,268
Corporate time deposits	108,914,851	104,368,093
Individual demand deposits	17,235,404	16,011,350
Individual time deposits	122,683,998	105,814,582
Other deposits	15,202,061	11,077,135
Total	335,186,255	311,562,428
Accrued interest	3,509,088	2,937,829
	338,695,343	314,500,257

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28 DEBT SECURITIES ISSUED

	As at 31 December	
	2021	2020
Subordinated debts		
Fixed rate tier II capital debt – 2026 ^(a)	–	1,497,618
Fixed rate tier II capital debt – 2027 ^(b)	5,997,964	5,998,079
Financial debts		
Fixed rate financial debt – 2021 ^(c)	–	2,999,282
Fixed rate green financial debt – 2021 ^(d)	–	5,998,982
Fixed rate small and micro business debt – 2023 ^(e)	2,000,000	2,000,000
Fixed rate small and micro business debt – 2024 ^(f)	1,999,722	–
Fixed rate green financial debt – 2024 ^(g)	1,999,846	–
Fixed rate financial debt – 2024 ^(h)	1,199,250	–
Inter-bank certificates of deposit ⁽ⁱ⁾	105,268,656	82,138,185
Total	118,465,438	100,632,146
Accrued interest	386,632	408,196
	118,852,070	101,040,342

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

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

The forementioned debts have the write-down characteristics of the tier II capital instrument. When the regulatory trigger events stipulated in the issuance document occur, the Bank has the right to write down the principal of the debts, and any accumulated interest payables will not be paid as well. According to the related regulations issued by the CBIRC, the tier II capital debts meet the standards of the qualified tier II capital instrument.

(c) Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Financial Bonds (Yu Yin Jian Fu [2017] No. 156) by the Chongqing CBIRC on 3 November 2017, the Group issued RMB3 billion Innovation-and-entrepreneurship-themed bonds in the domestic inter-bank bond market of China on 8 June 2018. Such bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised would be used for loans to innovation-and-entrepreneurship-themed enterprises. The bank redeemed the bonds at maturity in June 2021.

28 DEBT SECURITIES ISSUED (Continued)

- (d) Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Jian Fu [2017] No. 157) by the Chongqing CBIRC on 2 November 2017, the Group issued first phase of green financial bonds of RMB3 billion in the domestic inter-bank bond market of China on 5 November 2018 with a fixed coupon rate of 4.05% per annum before maturity, and then issued second phase of green financial bonds of RMB3 billion in the domestic inter-bank bond market of China on 21 November 2018 with a fixed coupon rate of 3.88% per annum before maturity; such bonds have a maturity of 3 years, payable annually. The proceeds from this issue would be used to support the green industry projects specified in the Green Bond Support Project Catalogue compiled by the Green Finance Specialised Committee of the China Financial Association. The bank redeemed the bonds at maturity in November 2021.
- (e) Pursuant to a resolution at the general meeting passed on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Bonds for small and micro business loans (Yu Yin Bao Jian Fu [2020] No. 205) by the Chongqing CBIRC on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans, in the domestic inter-bank bond market of China on 2 November 2020; such bonds have a maturity of 3 years, with a fixed coupon rate of 3.73% per annum before maturity, payable annually. The proceeds from this issue would be used for loans to small and micro enterprises.
- (f) Pursuant to a resolution at the general meeting passed on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Bonds for small and micro business loans (Yu Yin Bao Jian Fu [2020] No. 205) by the Chongqing CBIRC on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans in the domestic inter-bank bond market of China on 22 January 2021. Such bonds have a maturity of 3 years, with a fixed coupon rate of 3.5% per annum before maturity, payable annually. The proceeds from this issue would be used for loans to small and micro enterprises.
- (g) Pursuant to a resolution at the general meeting passed on 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Jian Fu [2020] No. 202) by the Chongqing CBIRC on 15 September 2020, the Bank issued first phase of green financial bonds of RMB2 billion in the domestic inter-bank bond market of China on 16 March 2021. Such bonds have a maturity of 3 years, with a fixed coupon rate of 3.57% per annum before maturity, payable annually. The proceeds from this issue will be used to support the green industry project specified in the Green Bond Support Project Catalogue compiled by the Green Finance Specialized Committee of the China Financial Association.
- (h) Pursuant to a resolution at the extraordinary general meeting passed on 27 December 2019 and the Approval for Chongqing Xinyu Financial Leasing Co., Ltd. to Issue Financial Bonds (Yu Yin Jian Fu [2020] No. 175) by the Chongqing CBIRC on 27 August 2020, Chongqing Xinyu Financial Leasing Co., Ltd. issued RMB1.5 billion financial bonds in the domestic inter-bank bond market of China on 23 June 2021. Such bonds have a maturity of 3 years, with a fixed coupon rate of 3.95% per annum before maturity, payable annually. All proceeds raised are used for the launch of financial leasing projects. As at 31 December 2021, the outstanding balance of the bonds of the Group was RMB1.2 billion.
- (i) For the year ended 31 December 2021, the Bank issued 175 inter-bank certificates of deposit at discounts with maturities from one month to one year and annual interest rates between 2.02% and 3.28% (2020: 185 inter-bank certificates of deposit with maturities from one month to one year and annual interest rates between 1.22% and 3.40%). As at 31 December 2021, 139 items of them were not yet due with a total par value of RMB106.68 billion (31 December 2020: 125 items of them were not yet due with a total par value of RMB83.29 billion).

For the year ended 31 December 2021, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuance (2020: Nil).

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29 OTHER LIABILITIES

	As at 31 December	
	2021	2020
Lease deposits	1,648,685	1,159,566
Other payables	744,322	350,373
Employee benefits payable	719,387	707,531
Deferred income	484,170	396,392
Value-added tax and other taxes payable	287,765	328,983
Continuing involvement in transferred liabilities	229,505	229,482
Provisions	195,231	390,402
Clearing funds for wealth management products	117,084	2,470,425
Lease liabilities ^(a)	96,777	125,844
Dividends payable	93,024	67,354
Others	48,223	55,967
	4,664,173	6,282,319

(a) As at 31 December 2021, the Group had 8 leases signed but not yet commenced (31 December 2020: Nil).

30 DEFERRED INCOME TAXES

Movements in the deferred income tax are listed as follows:

	As at 31 December	
	2021	2020
Balance at the beginning of the year	3,353,016	2,479,531
Charge to profit or loss (Note 15)	595,820	749,372
Changes in fair value of financial assets at FVOCI	46,959	71,903
Changes in ECL allowance of financial assets at FVOCI	(149,452)	(20,902)
Business combination involving enterprises not under common control	–	73,112
Balance at the end of the year	3,846,343	3,353,016

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30 DEFERRED INCOME TAXES (Continued)

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

	As at 31 December	
	2021	2020
Deferred tax assets		
Asset impairment allowances	3,916,675	3,353,059
Losses on changes in fair value of financial assets at FVPL	–	41,040
Others ^(a)	299,548	295,390
	4,216,223	3,689,489
Deferred tax liabilities		
Gains on changes in fair value of financial assets at FVPL	(81,950)	–
Gains on changes in fair value of financial assets at FVOCI	(98,829)	(145,788)
Share of the profit from associates under the equity method	(144,067)	(144,067)
Others	(45,034)	(46,618)
	(369,880)	(336,473)
Net deferred tax assets	3,846,343	3,353,016

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

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

	2021	2020
Asset impairment allowances	713,068	706,043
Changes in fair value of financial assets at FVPL	(122,990)	61,656
Profit and loss adjustments of associates	–	12,698
Others	5,742	(31,025)
	595,820	749,372

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31 RETIREMENT BENEFIT OBLIGATIONS

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

Employees who retire after 1 January 2010 can voluntarily participate in an annuity plan set up by the Group pursuant to related state corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in other comprehensive income as incurred.

The Group has not forfeited any retirement benefit scheme contributions (i.e., contributions which are processed by the employer on behalf of the employee after the employee has withdrawn from the scheme before the relevant contributions become his/her own). At 31 December 2021, there are no forfeited contributions under the Group's retirement benefit plans which can be used to deduct contributions payable for future years.

	2021	2020
Expenses incurred for retirement benefit plans	135,443	21,017
Expenses incurred for supplementary retirement benefits	433	248
Expenses incurred for corporate annuity plan	57,871	52,457
Total (Note 12)	193,747	73,722

	As at 31 December	
	2021	2020
Consolidated statement of financial position obligations for:		
– Retirement benefits	17,671	20,563

	2021	2020
Consolidated statement of comprehensive income charge for:		
– Retirement benefits	433	248

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31 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The amounts recognised in the consolidated statements of financial position are determined as follows:

	As at 31 December	
	2021	2020
Present value of unfunded obligations	17,671	20,563
Unrecognised past service cost	–	–
Net amount of liabilities in the consolidated statement of financial position	17,671	20,563

Movements of the present value of unfunded obligations are as follows:

	2021	2020
Balance at the beginning of the year	20,563	22,808
Retirement benefits paid	(1,527)	(2,635)
Interest cost	433	248
Net actuarial (gains)/losses	(1,798)	142
Balance at the end of the year	17,671	20,563

Amounts of retirement benefits recognised in the consolidated statement of comprehensive income are as follows:

	2021	2020
Current service cost	–	–
Interest cost	433	248
Past service cost	–	–
Retirement benefit expense – total	433	248

Remeasurement of retirement benefits plan recognised in the consolidated statement of comprehensive income is as follows:

	2021	2020
Remeasurement of retirement benefits plan (Note 40)	1,348	(107)

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31 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The mortality assumptions are determined based on the statistics published by China Banking and Insurance Regulatory Commission.

The following table lists an average remaining life expectancy in years of a pensioner retiring at age 60 for male and 55 for female:

	As at 31 December	
	2021	2020
Male	22.08	22.08
Female	29.58	29.58

32 SHARE CAPITAL

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

	31 December 2020	Additions	Deductions	31 December 2021
Quantity in shares (in thousands)	3,127,055	347,450	–	3,474,505
Carrying amount (in thousands)	3,127,055	347,450	–	3,474,505

33 PREFERENCE SHARES

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

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

(2) Preference shares movement of the year

	31 December 2020	Additions	Deductions	31 December 2021
Quantity in shares	37,500,000	–	–	37,500,000
Carrying amount in RMB (in thousands)	4,909,307	–	–	4,909,307

	31 December 2019	Additions	Deductions	31 December 2020
Quantity in shares	37,500,000	–	–	37,500,000
Carrying amount in RMB (in thousands)	4,909,307	–	–	4,909,307

33 PREFERENCE SHARES (Continued)

(3) Main clauses

(a) Dividend rate

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

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

(b) Conditions to distribution of dividends

On the premise that the capital adequacy ratio of the Bank meets the relevant regulatory requirements, and that the Bank has distributable after-tax profit after making up for the losses of previous years and contributing to the statutory surplus reserve and general reserve in accordance with law, and that the Board has passed a resolution to declare such dividend in accordance with the *Articles of Association*, the Bank can distribute the dividends to offshore preference shareholders.

Furthermore, subject to a resolution to be passed at a general meeting on each such occasion, the Bank may elect to cancel (in whole or in part) any dividend otherwise scheduled to be paid on a dividend payment date in the manner set out in the Conditions. The Bank may at its discretion use the funds arising from the cancellation of such dividend to repay other debts that are due. Save as provided in the Conditions, the offshore preference shareholders shall not be entitled to convene, attend or vote at such shareholders' general meeting.

The Bank shall give notice of any cancellation (in whole or in part) of any dividend scheduled to be paid to the offshore preference shareholders (in the manner specified in conditions) and the fiscal agent as soon as possible after a resolution has been passed at the general meeting described above to cancel (in whole or in part) such dividend, and in any event at least 10 payment business days prior to the relevant dividend payment date, provided that any failure to give such notice shall not affect the cancellation of (in whole or in part) such dividend by the Bank and shall not constitute a default for any purpose.

If the proposal of cancellation of all or part of offshore preference share dividends is approved by general meeting, the Bank shall not make any distribution or dividend to general shareholders or any type of share/obligation whose recovery order is or is clearly illustrated after offshore preference share.

Notes to Consolidated Financial Statements

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33 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(c) Conversion

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

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

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

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

33 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(d) Status and rights upon liquidation

Upon the winding-up of the Bank, the offshore preference shareholders shall rank:

- (1) junior to holders of (i) all liabilities of the Bank including subordinated liabilities and (ii) obligations issued or guaranteed by the Bank that rank, or are expressed to rank, senior to the offshore preference shares;
- (2) equally in all respects with each other and without preference among themselves and with the holders of parity obligations; and
- (3) senior to the ordinary shareholders

Upon the winding-up of the Bank, the assets of the Bank will be distributed in the following order:

- (i) payment of liquidation expenses;
- (ii) payment of salaries, social insurance premiums and legal compensations of the employees of the Bank;
- (iii) payment of principal amounts for personal savings deposit and its legal interest;
- (iv) payment of taxes due; and
- (v) settlement of the debts of the Bank.

On such winding-up of the Bank, the residual assets of the Bank shall, after the distributions in accordance with paragraphs (i) to (v) above have been made, be applied to the claims of the offshore preference shareholders and the claims of the offshore preference shareholders shall rank *pari passu* with the claims of holders of any parity obligations in all respects and in priority to the claims of the ordinary shareholders. On such winding-up of the Bank, the offshore preference shareholders shall be entitled to an amount in respect of each offshore preference share which will be equal to the liquidation preference together with any declared but unpaid dividends for the then current dividend period in respect of that offshore preference share.

If there are insufficient residual assets upon such winding-up of the Bank to cover the amounts payable in full on the offshore preference shares and all parity obligations, the offshore preference shareholders and the holders of such parity obligations will share rateably in the distribution of such residual assets (if any) of the Bank in proportion to the full amounts to which they are respectively entitled.

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33 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(e) Redemption

The Bank may, subject to obtaining CBIRC approval and compliance with the conditions to the distribution of dividends set out in the conditions and the redemption preconditions, upon not less than 30 nor more than 60 days' notice to the offshore preference shareholders and the fiscal agent, redeem in whole or in part the offshore preference shares on the first reset date and on any dividend payment date thereafter. The redemption price for each offshore preference share so redeemed shall be the aggregate of an amount equal to its liquidation preference plus any declared but unpaid dividends in respect of the period from the immediately preceding dividend payment date (inclusive) to the date scheduled for redemption (exclusive).

34 CAPITAL SURPLUS

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

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

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

The Bank issued shares at share premium. Share premium was recorded in the capital surplus after deducting direct issuance costs, which mainly included underwriting fees and professional fees.

The Group's capital surplus is shown as follows:

	As at 31 December	
	2021	2020
Share premium	8,037,676	4,679,838
Donations received from shareholders	7,032	800
	8,044,708	4,680,638

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35 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve of equity instruments at FVOCI	Revaluation reserve of debt instruments at FVOCI	Impairment allowances for financial assets at FVOCI	Remeasurement of retirement benefits plan	Total
Balance at 31 December 2020	3,458,521	6,295,346	201,300	236,242	170,264	(5,352)	10,356,321
Other comprehensive income	-	-	(120,757)	(20,121)	448,358	1,348	308,828
Appropriation reserve	451,628	584,859	-	-	-	-	1,036,487
Balance at 31 December 2021	3,910,149	6,880,205	80,543	216,121	618,622	(4,004)	11,701,636
Balance at 31 December 2019	3,026,522	5,516,685	201,300	451,951	107,557	(5,245)	9,298,770
Other comprehensive income	-	-	-	(215,709)	62,707	(107)	(153,109)
Appropriation reserve	431,999	778,661	-	-	-	-	1,210,660
Balance at 31 December 2020	3,458,521	6,295,346	201,300	236,242	170,264	(5,352)	10,356,321

(a) *Surplus reserve*

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

The Group's statutory surplus reserve as at 31 December 2021 amounted to RMB3,910,149 thousand (31 December 2020: RMB3,458,521 thousand).

(b) *General reserve*

The Bank and its subsidiaries appropriate general reserves according to Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance (MOF) on 30 March 2012. In principle, the balance of general reserve shall not be less than 1.5% of the ending balance of risk assets.

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36 DIVIDENDS

	2021	2020
Ordinary shares dividends declared during the year	1,293,754	737,985
Dividend per share (in RMB)(Based on prior year shares)	0.373	0.236
Preference shares dividends declared during the year	292,146	306,971

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

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

In accordance with the relevant regulations, after the Bank's initial public offering, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with the China Accounting Standards for Business Enterprises and (ii) the retained profit determined in accordance with IFRS.

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37 STRUCTURED ENTITY

(a) Consolidated structured entity

The Group has consolidated certain structured entities, which mainly are wealth management products controlled by the Group, but issued and managed by independent third parties.

As at 31 December 2021, the structured entities consolidated by the Group amounted to RMB2,026,559 thousand (31 December 2020: RMB7,800,943 thousand).

(b) Unconsolidated structured entity

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

The unconsolidated structure entities managed by the Group were mainly unsecured wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Group gained from investment. The Group received corresponding wealth management commission fee income as the asset manager. The Group recognised net commission income from unsecured wealth management products with the amount of RMB567,144 thousand for the year ended 31 December 2021 through provision of asset management services (2020: RMB796,591 thousand). The Group expected that the variable return would be insignificant as to the structured entities.

As at 31 December 2021, asset investment from the unsecured wealth management products issued and managed by the Group which were unconsolidated structure entities amounted to RMB52,391,448 thousand (31 December 2020: RMB49,018,236 thousand). The balance of unconsolidated wealth management products issued and managed by the Group amounted to RMB52,275,708 thousand (31 December 2020: RMB51,488,661 thousand).

In July 2020, the regulatory authorities declared the extension of the transition period of the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* to the end of 2021, encouraging the orderly disposal of stock assets in a variety of ways such as new product acquisition, market-based transfer, and return to financial statements. For the year ended 31 December 2021, the Group included part of the stock assets of unsecured wealth management products issued in investment securities.

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37 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Group

In 2021 and 2020, to make better use of capital for profit, the Group invested in unconsolidated structured entities, mainly including the capital trust plans, asset management plans and funds issued and managed by independent third parties.

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

As at 31 December 2021	Carrying amount	Maximum risk exposure
Financial assets at FVPL	18,666,050	18,666,050
Investment securities – Amortised cost	44,561,876	44,561,876
	63,227,926	63,227,926

As at 31 December 2020	Carrying amount	Maximum risk exposure
Financial assets at FVPL	21,380,968	21,380,968
Investment securities – Amortised cost	56,569,611	56,569,611
	77,950,579	77,950,579

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

The interest income and fee and commission income from the above unconsolidated structured entities managed or invested by the Group were:

	2021	2020
Interest income	4,342,055	4,552,158
Income from investment	1,065,048	991,472
Fee and commission income	615,168	913,639
	6,022,271	6,457,269

For the year ended 31 December 2021, there was no loss related to the above unconsolidated structured entities (2020: Nil).

For the year ended 31 December 2021, the Group had no plan to provide liquidity support to unconsolidated structured entities (2020: Nil).

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

Financial guarantees and credit related commitments

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

	As at 31 December	
	2021	2020
Bank acceptance bills	40,136,679	28,354,591
Letters of credit	10,407,922	7,482,028
Letters of guarantee	4,075,148	4,342,096
Other commitments with an original maturity of		
– Within 1 year	6,195,238	4,929,402
	60,814,987	45,108,117

Capital expenditure commitments

	As at 31 December	
	2021	2020
Contracted but not provided for:		
– Capital expenditure commitments for buildings	63,068	71,883
– Acquisition of IT system	143,587	274,635
	206,655	346,518

External investment commitment

As at 31 December 2021, the Group had no external investment commitments (31 December 2020: Nil).

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 31 December 2021, The Group had 21 outstanding legal claims amounting to RMB266,099 thousand (31 December 2020: 25 outstanding legal claims amounting to RMB314,615 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

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39 COLLATERAL

(a) Assets pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2021	2020
Bonds	18,460,752	8,424,400
Discounted bills	–	6,925,527
Total	18,460,752	15,349,927

The carrying amounts of loans and bonds pledged as collateral under refinance agreements with the PBOC are as follows:

	As at 31 December	
	2021	2020
Loans	11,740,631	8,095,531
Bonds	51,564,637	26,378,797
Total	63,305,268	34,474,328

As at 31 December 2021, the Group's repurchase agreements and refinance agreements were due within 12 months (31 December 2020: the same).

(b) Collateral accepted

The bonds and bills the Group received as collateral in connection with the purchase of assets under resale agreements cannot be resold or repledged.

As at 31 December 2021, the Group had accepted collateral with a carrying amount of RMB37,659,703 thousand (31 December 2020: RMB45,660,797 thousand). The Group had no re-pledged collateral which shall be returned upon maturity as at 31 December 2021 (31 December 2020: Nil).

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40 OTHER COMPREHENSIVE INCOME

	Before tax amount	Income tax	Net of tax amount
As at 31 December 2021			
<i>Items that may be reclassified to profit or loss:</i>			
Net losses on valuation of financial assets measured at FVOCI	(23,212)	5,803	(17,409)
Net losses on reclassification to profit or loss of financial assets measured at FVOCI	(3,616)	904	(2,712)
Credit loss provision of financial assets measured at FVOCI	597,810	(149,452)	448,358
<i>Items that will not be reclassified to profit or loss:</i>			
Net losses on equity investments designated at fair value through other comprehensive income	(161,009)	40,252	(120,757)
Remeasurement of retirement benefit plans	1,798	(450)	1,348
Other comprehensive income for the year	411,771	(102,943)	308,828
As at 31 December 2020			
<i>Items that may be reclassified to profit or loss:</i>			
Net losses on valuation of financial assets measured at FVOCI	(286,280)	71,570	(214,710)
Net losses on reclassification to profit or loss of financial assets measured at FVOCI	(1,333)	334	(999)
Credit loss provision of financial assets measured at FVOCI	83,610	(20,903)	62,707
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement benefit plans	(142)	35	(107)
Other comprehensive income for the year	(204,145)	51,036	(153,109)

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41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2021	2020
Cash and balances with Central Bank	9,997,985	6,854,571
Due from banks and other financial institutions	6,707,428	4,292,876
Placements with banks and other financial institutions	323,150	376,774
	17,028,563	11,524,221

(b) Cash outflows relating to leases

For the year ended 31 December 2021, total cash outflows paid by the Group as a lessee amounted to RMB44,658 thousand (2020: RMB48,599 thousand), of which cash payments for the principal portion and interest portion of the lease liabilities as cash flows from financing activities amounted to RMB37,958 thousand (2020: RMB40,131 thousand), and the rest, generated from the rental expenses prepaid for lease exempted from recognition of right-of-use assets and lease liabilities, which resulted from a lease term of 12 months or less or an underlying asset of low value based on the value of the asset when it is new, was included in operating activities.

42 FINANCIAL ASSETS TRANSFER

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

(a) Disposal of loans and advances

For the year ended 31 December 2021, the Group disposed of loans to the third parties with a gross amount of RMB1,430,983 thousand and collected a total amount of RMB577,372 thousand. As at 31 December 2021, the remaining balance amounting to RMB26,000 thousand has not been collected yet and will be collected in three years by installment. As at 31 December 2021, there were no defaults. The Group derecognised these loans accordingly.

For the year ended 31 December 2020, the Group disposed of loans to the third parties with a gross amount of RMB113,656 thousand and collected a total amount of RMB106,930 thousand. As at 31 December 2020, the remaining balance amounting to RMB43,000 thousand has not been collected yet and will be collected in two years by installment. As at 31 December 2021, the remaining balance amounting to RMB20,000 thousand has not been collected. As at 31 December 2020 and 2021, there were no defaults. The Group derecognised these loans accordingly.

42 FINANCIAL ASSETS TRANSFER (Continued)

(b) Asset securitisation

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

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

As at 31 December 2021, assets continuously recognised by the Group amounting to RMB229,505 thousand have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets in the form of holding subordinated tranches (31 December 2020: RMB229,482 thousand).

43 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

The related parties of the Group mainly include: the major shareholders (those who have 5% or more shares of the Bank, or who hold less than 5% of the total shares or capital but have significant influence on the Bank's operation and management); as well as the related parties of them; the Group's associates; the key management personnel (including the Group's directors, supervisors and senior management) and their family members who have close relationships with them; as well as the entities which are controlled, jointly controlled or can be significantly influenced by the Group's key management personnel or their close family members; staff with credit approval authority and their close family members; the enterprises controlled, jointly controlled and can be significantly influenced by staff with credit approval authority and their close family members; and the natural persons or juridical persons who have been under one of the above circumstances in the past 12 months or will be in the next 12 months according to relevant agreements and arrangements.

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43 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances

	2021	2020
Interest income from loans and advances to customers	267,287	120,937
Interest income from investment securities	66,724	87,698
Interest income from financial assets held under resale agreements	2,253	1,209
Interest expense for customer deposits	207,460	63,247
Fee and commission income	9,992	3,901

	As at 31 December	
	2021	2020
Loans and advances to customers	6,886,829	4,929,543
Customer deposits	9,480,191	8,695,324
Due to and placements from banks and other financial institutions	480,692	1,608,478
Due from and placements with banks and other financial institutions	19,446	–
Financial assets held under resale agreements	–	618,973
Other assets	69,806	86,513
Investment securities at amortised cost	500,000	500,000
Investment securities at FVOCI	1,430,000	1,370,000
Bank acceptance bills	214,962	11,777
Consideration of credit asset transfers	231,835	–

	As at 31 December	
	2021	2020
Loans and advances to customers	3.19%-8.33%	2.05%-7.50%
Customer deposits	0.01%-5.40%	0.05%-4.26%
Due to and placements from banks and other financial institutions	0.39%-2.85%	0.39%-3.33%
Due from and placements with banks and other financial institutions	0.05%-0.35%	–
Financial assets held under resale agreements	0.83%-3.19%	2.70%-3.00%
Investment securities at amortised cost	6.52%	6.52%
Investment securities at FVOCI	2.55%-5.6%	3.30%-6.3%

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43 RELATED PARTY TRANSACTIONS (Continued)

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

	As at 31 December	
	2021	2020
Chongqing Xingnong Financing Guarantee Co., Ltd.	931,639	381,108
Chongqing Sanxia Financing Guarantee Group Corporation	859,414	316,320
Chongqing Education Guarantee Co., Ltd.	40,890	42,994
Chongqing Yutai Guarantee Co., Ltd.	27,400	31,440
Chongqing Small&Mirco Business Financing Guarantee Co., Ltd.	N/A	24,340
Chongqing Jiaotong Financing Guarantee Co., Ltd.	173,350	374,869
Chongqing Financing Re-guarantee Co., Ltd.	183,220	121,627
	2,215,913	1,292,698

(d) Transactions between the Bank and its subsidiaries

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

Transactions and balances are as follows:

	As at 31 December	
	2021	2020
The Bank		
Due to and placements from banks and other financial institutions	1,065,967	392,311
Due from and placements with banks and other financial institutions	944,095	–
Investment securities – FVOCI	306,168	–
The Bank		
Interest income	10,393	5,658
Interest expense	10,532	6,520
Fee and commission income	–	1
Other operating income	1,492	1,536

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

43 RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions with key management personnel

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the business of the Group, directly or indirectly, including directors, supervisors and senior management personnel. The Group enters banking transactions with key management personnel in the ordinary course of business. For the years ended 31 December 2021 and 2020, there was no material transaction and balance with key management personnel on an individual basis.

The compensation for key management personnel for the years ended 31 December 2021 and 2020 comprises:

	2021	2020
Remunerations, salaries, allowances and benefits	4,561	4,516
Discretionary bonuses	8,002	7,781
Contribution to pension schemes	1,580	1,035
	14,143	13,332

Note: In accordance with the regulations of the relevant authorities in the PRC, the total remuneration packages for certain key management personnel for the year ended 31 December 2021 have not yet been finalised, but the amount of the remuneration not provided for is not expected to have any significant impact on the Bank's and consolidated financial statements as at 31 December 2021. The total remuneration will be disclosed separately after approval.

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

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)

44 SEGMENT ANALYSIS

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

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

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

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

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

	2021				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	6,811,614	310,227	4,474,932	–	11,596,773
Inter-segment net interest income/(expense)	1,752,823	2,477,523	(4,230,346)	–	–
Net interest income	8,564,437	2,787,750	244,586	–	11,596,773
Net fee and commission income	121,248	32,406	615,168	–	768,822
Net trading losses	72,633	–	194,017	–	266,650
Net gains on investment securities	–	–	1,442,636	–	1,442,636
Share of profit of associates	–	–	295,822	–	295,822
Other operating income	41,641	–	2,080	110,261	153,982
Asset impairment losses	(4,317,143)	(350,629)	(369,896)	(72,477)	(5,110,145)
Operating expense	(1,714,382)	(1,169,253)	(409,511)	(29,237)	(3,322,383)
– Depreciation and amortisation	(231,349)	(86,903)	(29,330)	–	(347,582)
– Others	(1,483,033)	(1,082,350)	(380,181)	(29,237)	(2,974,801)
Profit before income tax	2,768,434	1,300,274	2,014,902	8,547	6,092,157

	As at 31 December 2021				
Capital expenditure	115,938	44,956	186,548	2,217	349,659
Segment assets	205,228,896	79,579,422	330,220,763	3,924,539	618,953,620
Segment liabilities	(201,028,735)	(142,107,145)	(226,570,149)	(896)	(569,706,925)

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	2020				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	5,766,617	853,064	4,441,057	–	11,060,738
Inter-segment net interest income/(expense)	1,702,185	2,056,204	(3,758,389)	–	–
Net interest income	7,468,802	2,909,268	682,668	–	11,060,738
Net fee and commission income	114,868	8,540	913,639	–	1,037,047
Net trading losses	(20,251)	–	(196,529)	–	(216,780)
Net gains on investment securities	–	–	885,304	–	885,304
Share of profit of associates	–	–	162,903	–	162,903
Other operating income	–	1,221	1,440	123,133	125,794
Asset impairment losses	(3,241,037)	(917,454)	(155,401)	(122,132)	(4,436,024)
Operating expense	(1,437,755)	(1,018,143)	(376,623)	(52,679)	(2,885,200)
– Depreciation and amortisation	(157,441)	(111,492)	(41,242)	(5,769)	(315,944)
– Others	(1,280,314)	(906,651)	(335,381)	(46,910)	(2,569,256)
Profit/(loss) before income tax	2,884,627	983,432	1,917,401	(51,678)	5,733,782
As at 31 December 2020					
Capital expenditure	174,653	71,299	196,223	2,682	444,857
Segment assets	220,503,307	90,016,322	247,735,848	3,385,920	561,641,397
Segment liabilities	(225,473,190)	(123,294,942)	(170,877,914)	(1,137)	(519,647,183)

45 OPERATING LEASE PAYMENTS TO BE RECEIVED SUBSEQUENT TO THE REPORTING DATE

As a lessor, the undiscounted cash flow of lease payments to be received subsequent to the reporting date is summarised as follows:

	As at 31 December	
	2021	2020
Within 1 year	38,048	38,163
1 year to 2 years	29,470	20,400
2 year to 3 years	26,420	20,400
3 year to 4 years	16,370	17,350
4 year to 5 years	9,070	7,300
	119,378	103,613

Notes to Consolidated Financial Statements

For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)

46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

(a) Statement of financial position of the Bank

	As at 31 December	
	2021	2020
ASSETS		
Cash and balances with Central Bank	37,156,859	35,211,108
Due from and placements with banks and other financial institutions	45,379,666	51,601,625
Financial assets at fair value through profit or loss ("FVPL")	24,585,122	31,208,753
Loans and advances to customers	277,880,342	249,282,901
Investment securities		
– Fair value through other comprehensive income ("FVOCI")	64,395,214	45,881,180
– Amortised cost	130,464,527	113,700,026
Investment in subsidiaries	1,627,007	1,627,007
Investment in associates	2,228,158	1,945,081
Property, plant and equipment	2,943,470	2,993,287
Deferred tax assets	3,589,114	3,113,836
Other assets	1,597,118	2,056,535
Total assets	591,846,597	538,621,339
LIABILITIES		
Due to and placements from banks and other financial institutions	87,051,026	79,027,844
Financial liabilities at fair value through profit or loss	5,772	6,904
Customer deposits	337,993,246	313,590,102
Current tax liabilities	184,080	362,322
Debt securities issued	117,628,146	101,040,342
Other liabilities	2,168,851	4,724,659
Total liabilities	545,031,121	498,752,173
EQUITY		
Share capital	3,474,505	3,127,055
Preference shares	4,909,307	4,909,307
Capital surplus	8,038,476	4,680,638
Other reserves	11,548,920	10,201,796
Retained earnings	18,844,268	16,950,370
Total equity	46,815,476	39,869,166
Total liabilities and equity	591,846,597	538,621,339

LIN JUN

RAN HAILING

YANG SHIYIN

YANG KUN

CHAIRMAN

PRESIDENT

VICE PRESIDENT

HEAD OF FINANCE
DEPARTMENT

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

(b) Statement of Changes in Equity of the Bank

	Share capital	Preference shares	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for financial assets at FVOCI	Remeasurement of retirement benefits	Retained earnings	Total
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,454,533	6,144,809	607,806	(5,352)	16,950,370	39,869,166
Net profit for the year	-	-	-	-	-	-	-	4,516,285	4,516,285
Other comprehensive income	-	-	-	-	-	309,289	1,348	-	310,637
Total comprehensive income	-	-	-	-	-	309,289	1,348	4,516,285	4,826,922
Issue of share capital	347,450	-	3,357,838	-	-	-	-	-	3,705,288
Dividends to ordinary shares	-	-	-	-	-	-	-	(1,293,754)	(1,293,754)
Dividends to preference shares	-	-	-	-	-	-	-	(292,146)	(292,146)
Transfer to other reserves	-	-	-	451,628	584,859	-	-	(1,036,487)	-
Balance at 31 December 2021	3,474,505	4,909,307	8,038,476	3,906,161	6,729,668	917,095	(4,004)	18,844,268	46,815,476
Balance at 31 December 2019	3,127,055	4,909,307	4,680,638	3,022,534	5,429,484	760,808	(5,245)	14,822,667	36,747,248
Net profit for the year	-	-	-	-	-	-	-	4,319,983	4,319,983
Other comprehensive income	-	-	-	-	-	(153,002)	(107)	-	(153,109)
Total comprehensive income	-	-	-	-	-	(153,002)	(107)	4,319,983	4,166,874
Dividends to ordinary shares	-	-	-	-	-	-	-	(737,985)	(737,985)
Dividends to preference shares	-	-	-	-	-	-	-	(306,971)	(306,971)
Transfer to other reserves	-	-	-	431,999	715,325	-	-	(1,147,324)	-
Balance at 31 December 2020	3,127,055	4,909,307	4,680,638	3,454,533	6,144,809	607,806	(5,352)	16,950,370	39,869,166

47 SUBSEQUENT EVENTS

With the approval of China Securities Regulatory Commission on 11 January 2022, the Bank publicly issued RMB13 billion A-share convertible bonds at 23 March 2022.

Unaudited Supplementary Financial Information

Cross-border Claims

The Bank is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include amounts due from other banks and other financial institutions.

Cross-border claims have been disclosed by country or geographical area. A country or geographical area is reported separately where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in another country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

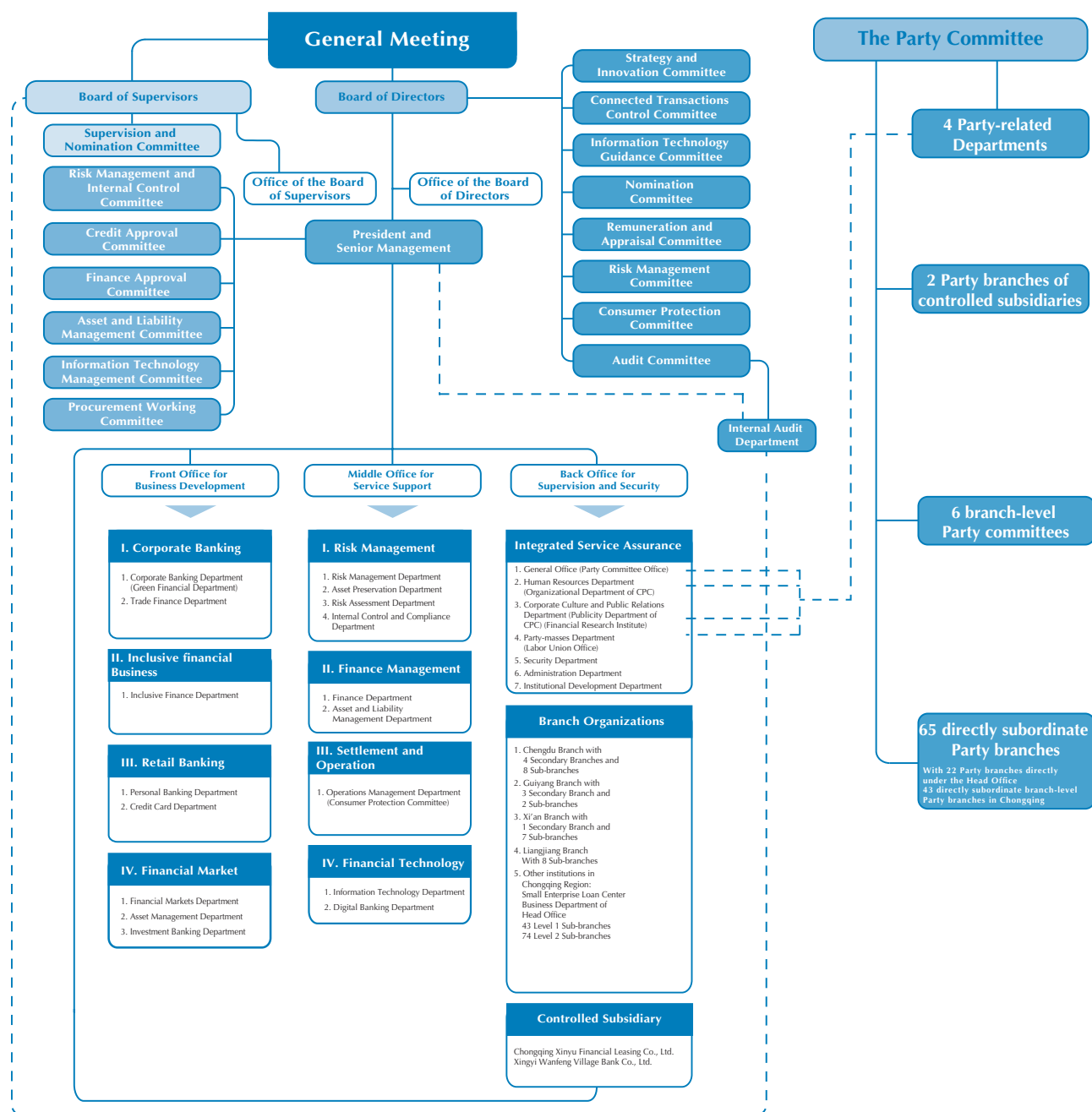
(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December, 2021	As at 31 December, 2020
Asia Pacific excluding Mainland China	46,080	33,067
– of which attributed to Hong Kong	35,785	20,863
Europe	3,751	8,523
North America	355,137	526,535
Total	404,968	568,125

Currency Concentrations

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			
	US Dollar	HK Dollar	Others	Total
As at 31 December 2021				
Spot assets	12,118,212	6,830	45,496	12,170,538
Spot liabilities	11,681,184	6,865	46,073	11,734,122
Net long/(short) position	437,028	(35)	(577)	436,416

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			
	US Dollar	HK Dollar	Others	Total
As at 31 December 2020				
Spot assets	9,815,041	3,524	71,725	9,890,290
Spot liabilities	9,361,169	3,541	72,782	9,437,492
Net long/(short) position	453,871	(17)	(1,058)	452,796

Organizational Chart



List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
1.	Business Department of Bank of Chongqing Co., Ltd.	No. 6 Yongpingmen Street, Jiangbei District, Chongqing	1	400020
2.	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	1	401147
3.	Liangjiang Branch of Bank of Chongqing Co., Ltd.	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing	9	401121
4.	Chengdu Branch of Bank of Chongqing Co., Ltd.	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu, Sichuan	13	610059
5.	Guiyang Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building II, Shengshi Huating, No. 51 Jiefang Road, Nanming District, Guiyang, Guizhou	6	550002
6.	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzhuobiao Building, No. 25 Tangyan Road, Xi'an	9	710075
7.	Wenhua Gong Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	3	400014
8.	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	13	400010
9.	Shapingba Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	4	400030
10.	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	3	400044
11.	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	2	400084
12.	Gaoxin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3, 4, 5, and 6, Unit 1, Building 1, No 23 Bai Xin Road, Baishiyi Town, Jiulongpo District, Chongqing	2	401329
13.	Jiulongpo Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	5	400039
14.	Nan'an Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Subdistrict, Nan'an District, Chongqing	5	400060
15.	Banan Sub-branch of Bank of Chongqing Co., Ltd.	Shop-1 13-20, Shop-2 9-14, Shop-3 6-12, No. 40, Longzhou Avenue, Banan District, Chongqing	4	401320
16.	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455, 457, 459, 461 and 463 Yunqing Road, Beibei District, Chongqing	5	400700
17.	Jiangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District	5	400020

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
18.	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	4	401147
19.	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Sub-district, Yubei District, Chongqing	2	401120
20.	Fuling Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2, 2-2, 3-1, 3-4, Basement, Block 2, Xiangjiang Garden, No. 8-1 Zhongshan Road, Fuling District, Chongqing	3	408000
21.	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	3	401220
22.	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	1-2, 2-1, No. 402, 400 Jiangcheng Avenue, South Office, Hechuan District	2	401520
23.	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	3	404000
24.	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District	2	409000
25.	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 503, 505 & 505 Dingshan Avenue, Jijiang Subdistrict, Jiangjin District, Chongqing	4	402260
26.	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	Shop-1 1, Shop-2 1, Shop-3 1, Building 1,, No. 505 Jinlong Avenue (Financial Building), Dongcheng Subdistrict, Tongliang District, Chongqing	3	402560
27.	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	2	402160
28.	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-21 to 1-25, 1-96 to 1-101, 2-19 to 2-25, Building 2, No. 5, Jingui Road, Shuanggui Street, Liangping District, Chongqing	2	405200
29.	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-12 and No. 2-14, Block 1, No. 12 Longhua Avenue (Chamber of Commerce Building), Xi Cheng Sub-district, Nanchuan District, Chongqing	2	408400
30.	Rongchang Sub-branch of Bank of Chongqing Co., Ltd.	1-3 and 2-3, No. 43-2 Changlong Avenue, Changzhou Sub-district, Rongchang County, Chongqing	2	402460
31.	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	2	404300

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
32.	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78, No. 80, No. 82, No. 84, No. 86, Shuangxing Avenue, Biquan Street, Bishan District, Chongqing	3	402760
33.	Qijiang Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-40 and Sub No. 2-225 to 229, Podium Building, Rongrun Kaixuan Mingcheng, No. 47 Jiulong Avenue, Wenlong Sub-district, Qijiang District	1	401420
34.	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	1	400800
35.	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	1-4, 1-5, 2-4 and 2-5, No. 70-1, Fengxiang Road, Zhonghe Street, Xiushan County, Chongqing	2	409900
36.	Kaizhou Sub-branch of Bank of Chongqing Co., Ltd.	Market Square, Kaizhou Avenue (Middle Section), Kaizhou County, Chongqing	2	405400
37.	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 335 Shengji West Road, Tangxiang Avenue, Dazu District, Chongqing	3	402360
38.	Tongnan Sub-branch of Bank of Chongqing Co., Ltd.	No. 173, 175, 177, 179 and 181 Xiangyang Road and 1-4, No. 219, 221, 223, 225, 227, 229 and 229 Ganquan West Road, Guilin Sub-district, Tongnan District	2	402660
39.	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 181, 183, 185, 187, 189, 191, 179 (2-10, 2-11, 2-12, 2-13, 2-14, 2-15) and 179 (3-10, 3-11, 3-12, 3-13, 3-14, 3-15) Longcheng Avenue, Sanhe Sub-district, Fengdu County, Chongqing	1	408200
40.	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	26-30, No. 35, Dudu Avenue, Wan'an Street, Shizhu County, Chongqing	2	409100
41.	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 9-32 Nanyang West Road, Guiyang Subdistrict, Dianjiang County, Chongqing	2	408300
42.	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing	2	404500
43.	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	1	405800
44.	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	2	408500
45.	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-14, 1-15, 2-1, Building 9, Huisheng Square, No. 10 Middle Road, Taohuayuan Avenue, Youyang County, Chongqing	2	409800

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
46.	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 35 and No. 38, Building 1, No. 1 Liangjiang New Street, Shaoqing Sub-district, Pengshui Miao and Tujia Autonomous County	1	409699
47.	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	Complex Building 1-1, No. 329 Guangdong East Road, Gaotang Sub-district, Wushan County, Chongqing	1	404700
48.	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	Commercial Building One, Block 1, Chongyang•Yicheng International Commercial Podium, No.18 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	1	405900
49.	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	1	404600