



重庆银行

BANK OF CHONGQING

BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code : 1963)



2022 ANNUAL REPORT

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

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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 63rd meeting of the sixth session of the Board of the Bank was held on 30 March 2023 in the form of onsite (video) conference. Chairman LIN Jun presided over the meeting. 13 Directors were eligible to attend the meeting, among which 11 Directors attended the meeting in person, and LIU Jianhua and Yang Yusong (both are Directors) delegated Lin Jun, the Chairman, to attend the meeting and vote on their behalf. 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 2022 Financial Report of the Bank prepared in accordance with the PRC GAAP (China) Accounting Standards and International Financial Reporting Standards (IFRSs), and have issued unqualified auditor's reports, respectively.
- (4) LIN Jun (Chairman of the Bank), RAN Hailing (President of the Bank), YANG Shiyin (Vice President in charge of Finance) and YANG Kun (Head of Finance Department) warrant that the financial report in the annual report is true, accurate and complete.
- (5) Profit distribution plan: The Bank plans to withdraw RMB469 million, i.e. 10% of the audited net profit of RMB4,687 million in 2022, to post into the statutory surplus reserve, and withdraw RMB445 million, i.e. 1.5% of the balance of risk assets, to post into the general reserve. Based on the total share capital of A shares and H shares on the equity registration date for profit distribution, cash dividends of RMB0.395 (tax inclusive) per share will be distributed to all registered shareholders, which shall be denominated and declared in RMB, paid to A-share shareholders in RMB and paid to H-share shareholders in Hong Kong dollars. The actual amount distributed in Hong Kong dollars shall be calculated according to the average benchmark exchange rate of RMB to HK\$ announced by the People's Bank of China (PBOC) five business days before convening the general meeting of shareholders (including the day of the general meeting). The remaining undistributed profits will be carried forward to the next year. In 2022, the Bank did not implement the conversion of capital reserve into share capital. The above profit distribution plan is subject to consideration and approval at the 2022 annual general meeting of the Bank. Since the convertible bonds issued by the Bank are in the conversion period, the total cash dividends actually paid will be determined based on the total number of shares registered on the equity registration date, and the cash dividends per share will remain unchanged.
- (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 subsidiaries
“CBRC”	formerly known as China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CBRC Chongqing Bureau”	formerly known as China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
“Chongqing CBIRC”	China Banking and Insurance Regulatory Commission Chongqing Bureau (中國銀行保險監督管理委員會重慶監管局)
“Chongqing Yufu”	Chongqing Yufu Capital Operation Group Co., Ltd.
“Dah Sing Bank”	Dah Sing Bank, Limited
“Xinyu Financial Leasing”	Chongqing Xinyu Financial Leasing Co., Ltd.
“Xingyi Wanfeng”	Xingyi Wanfeng Village Bank Co., Ltd.
“Mashang Consumer”	Mashang Consumer Finance Co., Ltd.
“Three Gorges Bank”	Chongqing Three Gorges Bank Co., Ltd.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS(s)”	International Financial Reporting Standard(s)
“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 2022
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

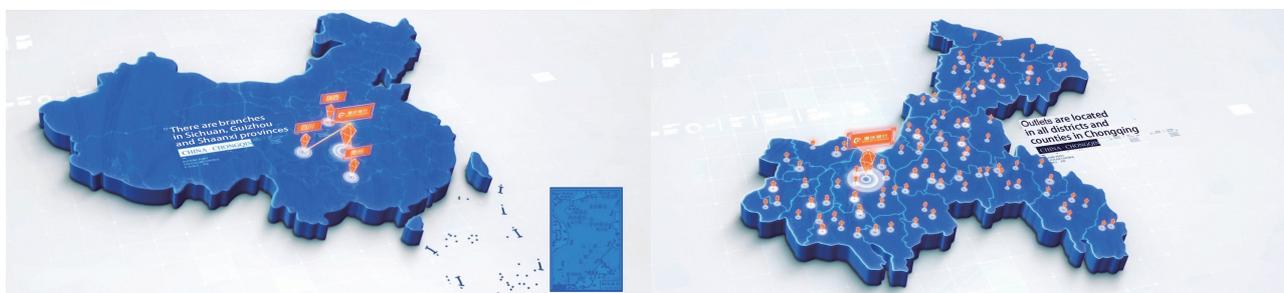
Company Profile

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 was listed on the Hong Kong Stock Exchange, and became the first urban commercial bank in Mainland China to be listed on the Hong Kong Stock Exchange. In 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.

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. As at 31 December 2022, the Bank operated 166 business outlets, covering “one municipality and three provinces”, including all districts and counties in Chongqing as well as provinces such as Sichuan, Guizhou and Shaanxi, and controlled its subsidiaries Chongqing Xinyu Financial Leasing Co., Ltd. and Xingyi Wanfeng Village Bank Co., Ltd. The Group recorded total assets of RMB684,713 million, total deposits of RMB382,594 million, and total loans of RMB352,573 million, with the nonperforming loan ratio of 1.38% and the allowance coverage ratio of 211.19%. Major business indicators have met regulatory requirements.

In line with the strategic positioning of “local bank, bank for small and micro enterprises, and bank for citizens”, the Bank adhered to the original intention of serving local economy, serving small and micro enterprises and serving urban and rural residents, and continued to enhance its financial service capabilities by promoting reform, restructuring, transformation and quality development. During the Reporting Period, the Bank focused on major strategies and key industries, proactively served the real economy, intensified credit support for such areas as the interconnection within the Chengdu-Chongqing Economic Circle, modern industries and ecological livability, and launched special products including “Carbon Reduction Financing” (碳减融). The scale of green financial business increased by 44.7% as compared with the end of the previous year. The Bank focused on inclusive finance and rural revitalization, and continued to meet the financial service needs of small and micro enterprises, private enterprises, individual businesses and new citizens. The balance of “specialized, refined, special and novel” corporate loans, technology-based corporate loans and agriculture-related loans recorded rapid growth. The Bank focused on consumption credit and service improvement, gave full play to its advantages in product systems, and took immediate action in developing self-operated online consumer products. The balance of “Jie E Dai” (捷e贷) increased by 149.9% as compared with the end of the previous year. The Bank focused on digital transformation and technology empowerment, launched a one-stop online platform for data application services, implemented the pilot marketing service platform for digitalization of industries, and completed the establishment of the retail customer relationship management system and the “retail data mart”. Moreover, the Bank focused on building brands and enhancing image. The Bank was rated by the Standard & Poor’s as BBB-international investment rating, with rating outlook as “stable” for six consecutive years, and ranked among the top 300 in the “Top 1,000 World Banks” in The Banker, a UK magazine, for seven consecutive years. The Bank has been selected for the PBOC Pilot Program of Supervision over Financial Technology Innovation for three consecutive years, became the only urban commercial bank being selected in the list of “Double-Hundred Enterprises” in China, and the first local corporate bank in Chongqing to participate in e-CNY business, and was selected as a benchmarking enterprise in the special benchmarking improvement program of Chongqing SASAC.



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 Representative: WANG Yu
- 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: 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Historical Change of Principal Place of Business in Hong Kong: Principal Place of Business in Hong Kong was changed from "Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong" to "5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong" in August 2022
- 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

Company Profile

- 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, ZHANG Ya'nan
Continuous term of auditing service of Signatory Certified Public Accountants: 2 years, 1 year
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: Wang Xiao (王曉), Hu Yijia (扈益嘉)
Period of Continuous Supervision and Guidance: From 5 February 2021 to 31 December 2023 (If the Convertible Corporate Bonds have not been all converted into Shares upon the expiration of the Period of Continuous Supervision, it will be extended until all Convertible Corporate Bonds are converted into Shares)
- 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

3.3 Recognitions and Awards

In 2022 and up to present, the Bank has won many honors and awards in the selection activities organized by domestic and foreign institutions, including:

- In January 2022, the Bank was awarded the “Outstanding Contribution Award for New Technology Application Innovation in the Financial Industry” in the selection organized by the Financial Computerizing.
- In May 2022, the Bank was rated as “excellent” in the evaluation and assessment of services for the rural revitalization in 2021 by the Chongqing business management department of the PBOC and the Chongqing CBIRC.
- In June 2022, the Bank was awarded the “Model Entity” in the 2021 evaluation and assessment of financial services for small and micro enterprises by the Chongqing CBIRC.
- In July 2022, the Bank was awarded the “Outstanding Global ESG Case” at the 6th Global Corporate Social Responsibility Summit.
- In July 2022, the Bank was awarded the “Excellent Case Award for Marketing Innovation” for its “Huiyu Cloud Manager” and the “Excellent Case Award for Digital Intelligence Application Innovation” for its “Digital Intelligence Empowers the Intelligent Transformation of Customer Services” project in the 3rd selection of “Excellent Cases of Digital Intelligence Transformation of Small and Medium-sized Financial Institutions” in 2022 hosted by the Fintech Innovation in China.
- In August 2022, the Bank was awarded the “2022 Green and Sustainable City Commercial Bank Award” by The Asian Banker.
- In August 2022, the Bank was awarded the “2021 Model Financial Institution Award for Social Responsibility” and the “Special Contribution Award” in the selection held by Chongqing Banking Association.
- In August 2022, the Bank was awarded “2022 FinTech Breakthrough Award of IDC Technology Application Scenarios of China’s Financial Industry” by China Digital Financial Services Conference.
- In August 2022, the Bank was awarded the “Jinding Award – 2022 Best Practice Award for Digital Banking Innovation” in the selection held by the organizing committee of Digital Banking Innovation Summit.
- In August 2022, the “Youth Rural Revitalization Loan” of the Bank was awarded the “Top 10 Outstanding Online Influence Cases Award” and the “Outstanding Product Innovation Cases Award” in the selection of “2022 Excellent Cases of City Commercial Banks in Digital Finance” hosted by City Commercial Banks Clearing Co., Ltd.

Company Profile

- In September 2022, the Bank was selected as the “Outstanding ESG Practice Cases of Listed Companies” in the selection organized by China Association for Public Companies.
- In September 2022, the Bank’s innovation case of “targeted operation for agency payment customer bases” in the digital retail ecology was awarded the “Top 10 Retail Bank Innovation Award for Local Commercial Banks” in the selection of “2022 China Financial Innovation Award” hosted by The Banker.
- In October 2022, the Bank was awarded the “2022 Inclusive Finance Award” in the selection of the “Jinding Award” jointly organized by the National Business Daily and authoritative academic institutions.
- In November 2022, the Bank won prize for “Excellent Large-Scale Deployment and Application Case of 2022 Internet Protocol Version 6 (IPv6)” from the China Federation of Internet Societies.
- In November 2022, the green finance practice of the Bank was successfully selected into the “Global Sustainable Development Business Case Library” at the 27th United Nations Climate Change Conference.
- In November 2022, the Customer Service Center of the Bank was awarded the “Excellent Service Innovation Award” in the 2022 “Golden Headset” Best Customer Service Center Selection and Award hosted by the Customer Care & Management World Group (CCMW), the Customer Center – Capability Maturity Model (CC-CMM), the Digital Economy Branch of China Information Association (DEA), and the China Institute for Call Center and E-commerce Development (CICED).
- In December 2022, the Bank was selected into the “Local State-owned Enterprise Social Responsibility – Pioneer 100 Index” at the release conference of the Central Enterprise Social Responsibility Blue Book (2022) and the State-owned Assets and Enterprise Social Responsibility Blue Book (2022) sponsored by Social Responsibility Bureau under SASAC.
- In December 2022, the Bank was awarded the “Best Practice for Annual Results Announcement of Listed Companies” in the selection organized by China Association for Public Companies.
- In December 2022, the Bank was awarded the “2021 Investor Relations Management Award” at the awarding ceremony of the 24th Golden Bull Award for Listed Companies hosted by China Securities Journal.
- In December 2022, the Bank was awarded the “2022 Tianji Award for Harmonious Investor Relations” and the “2022 Tianji Award for Outstanding Bank Research Teams” at the 2022 China Financial Institution Conference hosted by China Securities Journal.
- In January 2023, the Bank was awarded the “Bond Underwriting Improvement Award (Banking Category)” in the selection of “2022 Best Investment Banks” by Wind.

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. The Bank will strengthen the construction of mechanism for enhancing the courage, willingness, capability, and capacity of release of loans, and expand the product matrix to intensify our support for manufacturing, technology, cultural tourism, green development, new citizen, individual businesses and other key areas and industries encountering difficulties. The Bank adheres to the guidance of financial technology, expands the application scenarios, 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 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 proactively support the construction of the Chengdu-Chongqing Economic Circle, the new land-sea channel in China's western region, and the rural revitalization, steadily increase the scale of lending. optimize the asset allocation structure, and increase the proportion of high-rated credit bonds. strengthen the analysis of market trends, expand funding channels, reduce debt costs and resolve liquidity risks. strictly control the access of investments, intensify post-investment management, consolidate the asset quality, and enhance the capabilities to resist interbank risks. strengthen the cooperation of head office and branches, fully promote bond underwriting, enhance the regional market influence of bond underwriting business, and has successfully obtained the underwriter qualification for local bonds of Chongqing, Guizhou and Shaanxi governments. and 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.

Company Profile

3.4.2 Core Competence

Advantageous 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 Region Economic Circle, the large-scale development of China's western region in the new era, and the new land-sea channel in China's western region, the Bank takes the development strategy plan as the guide, deepens the implementation of customer, product and channel strategies, further develops the potential of scale, benefit and quality improvement, and continuously lays a more solid foundation for development.

Efficient financial technology empowerment, stronger 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

The financial information set out in this annual report has been prepared in accordance with International Financial Reporting Standards (“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)	2022	2021	Year-on-year change	2020	2019	2018
			Change in percentage			
			(%)			
OPERATING RESULTS						
Interest income	27,533,983	27,410,536	0.45	25,191,048	22,201,722	19,322,772
Interest expense	(16,725,725)	(15,813,763)	5.77	(14,130,310)	(13,053,512)	(12,447,126)
Net interest income	10,808,258	11,596,773	(6.80)	11,060,738	9,148,210	6,875,646
Net fee and commission income	761,341	768,822	(0.97)	1,037,047	948,512	1,341,922
Net trading gains/(losses), net gains/(losses) on investment securities and other operating income	1,574,037	1,863,268	(15.52)	794,318	1,694,315	2,412,516
Operating income	13,143,636	14,228,863	(7.63)	12,892,103	11,791,037	10,630,084
Operating expenses	(3,627,332)	(3,322,383)	9.18	(2,885,200)	(2,768,419)	(2,571,121)
Credit impairment losses	(3,559,161)	(5,100,660)	(30.22)	(4,316,721)	(3,614,481)	(3,436,383)
Other assets impairment losses	1,567	(9,485)	N/A	(119,303)	900	(385)
Operating profit	5,958,710	5,796,335	2.80	5,570,879	5,409,037	4,622,195
Share of profit of associates	330,227	295,822	11.63	162,903	163,250	220,427
Profit before income tax	6,288,937	6,092,157	3.23	5,733,782	5,572,287	4,842,622
Income tax	(1,172,412)	(1,233,132)	(4.92)	(1,168,087)	(1,250,830)	(1,020,527)
Net profit	5,116,525	4,859,025	5.30	4,565,695	4,321,457	3,822,095
Net profit attributable to shareholders of the Bank	4,867,857	4,663,743	4.38	4,423,633	4,207,488	3,769,847
Net cash flows generated from/(used in) operating activities	5,311,657	5,085,209	4.45	32,211,063	(2,711,725)	(34,163,311)
			Change in percentage			
			(%)			
Calculated on a per share basis (RMB)						
Basic earnings per share	1.31	1.28	2.34	1.32	1.25	1.11
Diluted earnings per share	1.11	1.28	(13.28)	1.32	1.25	1.11
Dividend per share	0.395	0.390	1.28	0.373	0.236	0.154

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December 2022	As at 31 December 2021	Year-on-year change	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
			Change in percentage (%)			
Scale indicators						
Total assets	684,712,563	618,953,620	10.62	561,641,397	501,231,864	450,368,973
Total loans and advances to customers	352,573,462	318,061,937	10.85	283,226,555	247,348,738	212,430,769
– Corporate loans	208,737,958	185,958,346	12.25	164,660,672	140,780,210	128,932,758
– Retail loans	94,527,953	101,848,554	(7.19)	96,526,484	90,779,863	68,774,912
– Discounted bills	47,285,310	28,148,893	67.98	20,032,920	14,271,520	13,501,381
– Interests due from loans and advances to customers	2,022,241	2,106,144	(3.98)	2,006,479	1,517,145	1,221,718
Impairment allowances for loans	10,127,171	11,178,339	(9.40)	10,967,207	8,721,904	6,507,557
Total liabilities	633,217,086	569,706,925	11.15	519,647,183	462,618,195	415,757,400
Customer deposits	382,594,480	338,695,343	12.96	314,500,257	281,048,911	256,394,193
– Corporate demand deposits	60,481,461	71,149,941	(14.99)	74,291,268	69,294,876	66,883,415
– Corporate time deposits	132,906,633	108,914,851	22.03	104,368,093	88,913,327	85,905,724
– Individual demand deposit	19,752,513	17,235,404	14.60	16,011,350	12,799,558	12,005,521
– Individual time deposits	147,470,703	122,683,998	20.20	105,814,582	88,013,730	68,480,223
– Other deposits	16,491,983	15,202,061	8.49	11,077,135	19,480,960	20,894,394
– Interest payable on customer deposits	5,491,187	3,509,088	56.48	2,937,829	2,546,460	2,224,916
Share capital	3,474,540	3,474,505	0.00	3,127,055	3,127,055	3,127,055
Equity attributable to shareholders of the Bank	49,336,512	47,273,188	4.36	40,174,997	36,949,429	33,051,012
Total equity	51,495,477	49,246,695	4.57	41,994,214	38,613,669	34,611,573
Core Tier I Capital, net	45,694,215	43,214,481	5.74	35,902,191	32,521,479	28,552,917
Tier I Capital, net	50,375,870	48,277,879	4.35	40,934,037	37,526,419	33,541,222
Net total capital	61,032,503	59,974,137	1.76	53,672,813	49,674,469	44,558,427
Risk-weighted assets	479,755,986	461,807,558	3.89	427,946,826	382,139,234	337,292,279
			Change in percentage (%)			
Calculated on a per share basis (RMB)						
Net assets per share attributable to shareholders of the Bank	12.90	12.19	5.82	11.28	10.25	9.00

Financial Highlights

4.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	2022	2021	Year-on-year change	2020	2019	2018
Profitability indicators (%)			Change+/-			
Return on average total assets ⁽¹⁾	0.78	0.82	(0.04)	0.86	0.91	0.88
Weighted average return on net asset ⁽²⁾	10.20	10.99	(0.79)	12.23	12.95	12.77
Net interest spread ⁽³⁾	1.59	1.93	(0.34)	2.18	2.10	1.78
Net interest margin ⁽³⁾	1.74	2.06	(0.32)	2.27	2.18	1.79
Net fee and commission income to operating income	5.79	5.40	0.39	8.04	10.67	10.67
Cost-to-income ratio ⁽⁴⁾	26.28	22.16	4.12	21.17	22.27	20.67
Asset quality indicators (%)			Change+/-			
Non-performing loan ratio ⁽⁵⁾	1.38	1.30	0.08	1.27	1.27	1.36
Allowance coverage ratio ⁽⁶⁾	211.19	274.01	(62.82)	309.13	279.83	225.87
Loan allowance ratio ⁽⁷⁾	2.91	3.56	(0.65)	3.92	3.56	3.08
Indicators of capital adequacy ratio (%)			Change+/-			
Core tier I capital adequacy ratio ⁽⁸⁾	9.52	9.36	0.16	8.39	8.51	8.47
Tier I capital adequacy ratio ⁽⁸⁾	10.50	10.45	0.05	9.57	9.82	9.94
Capital adequacy ratio ⁽⁸⁾	12.72	12.99	(0.27)	12.54	13.00	13.21
Total equity to total assets	7.52	7.96	(0.44)	7.48	7.70	7.69
Other indicators (%)			Change+/-			
Liquidity ratio ⁽⁹⁾	128.95	86.36	42.59	83.52	78.35	92.53
Percentage of loans to the single largest customer ⁽¹⁰⁾	3.85	3.30	0.55	2.48	2.52	2.15
Percentage of loans to the top ten customers ⁽¹¹⁾	22.12	23.90	(1.78)	20.49	19.30	18.79
Loan to deposit ratio	92.15	93.91	(1.76)	90.06	88.01	82.85

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.*
- (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.*

Financial Highlights

4.3 Quarterly Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2022			
	Q1	Q2	Q3	Q4
Operating income	3,125,693	3,519,863	3,821,403	2,676,677
Net profit attributable to shareholders of the listed companies	1,443,382	1,341,249	1,456,657	626,569
Net cash flows from operating activities	(25,339,566)	21,099,554	(7,375,905)	16,927,574

(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

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 2022 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

Chairman's Statement



Dear Shareholders:

2022 was an extraordinary year. With focus on embracing, learning, publicizing and implementing the spirit of the 20th CPC National Congress, the Bank of Chongqing shouldered its responsibilities and missions, promoted its transformation and delivered a good performance through solid and hard work in face of major tasks and challenges. As such, the Bank consolidated the foundation for maintaining stability and spurred the vitality for seeking progress. The total assets of the Bank amounted to RMB684.713 billion, and the balances of deposits and loans were RMB382.594 billion and RMB352.573 billion respectively, both maintaining double-digit growth. The net profit amounted to RMB5.117 billion, surpassing the mark of RMB5 billion, and the asset quality remained stable. In 2022, the Bank became

the only city commercial bank in China selected as the “Double-hundred Enterprises” by the State-owned Assets Supervision and Administration Commission of the State Council, and ranked among the Top 300 World Banks for seven consecutive years in terms of comprehensive strength and brand value.

Adhering to the origin to add impetus and inspiration. In line with the original mission to serve the real economy, the Bank implemented a series of measures to ensure the overall stability of the Chinese economy. The balance of loans to the real economy registered a 17.4% growth, and a total credit of over RMB120 billion was provided to support the construction of the Chengdu-Chongqing Economic Circle. Meantime, the Bank strove to support the construction of the new land-sea channel in China's western region, and made more contribution to serving the open economy. The balance of green credit increased by 45%. As the Bank promoted the integrated development of big retail business, the balance of savings deposits grew by RMB27.3 billion, the balance of deposits from government-owned enterprises exceeded RMB200 billion, the balance of inclusive loans for small and micro enterprises rose by nearly 10%, and the number of individual customers increased by over 270 thousand.

Insisting on reform and innovation to unleash endogenous vitality. The Bank has successively promoted 30 major reforms, and recorded high performance in the last year of the three-year reform action for state-owned enterprises. The Bank was awarded the highest rating for banks in China in terms of corporate governance. The Bank completed the issuance of RMB13 billion A Share Convertible Corporate Bonds, RMB5.0 billion Tier II capital bonds, and RMB4.5 billion perpetual bonds. The Bank launched over 120 technology projects, and made all-out efforts in promoting digital transformation to unleash the empowerment of innovation. With the constant iteration of our innovative digital credit, digital risk control and digital marketing, we became the only bank in China that was selected into the Pilot Program of Supervision over Financial Technology Innovation for three consecutive years. Relying on its agile innovation mechanism, the Bank launched a number of scenario-based batch business to leverage the advantages of its industry research team and deepen the solid development of industrial finance.

Chairman's Statement

Fortifying defense lines to prevent and control risks. In order to improve the overall risk management system, we were sharp and quick in foreseeing and identifying potential risks and draw inferences from past experience. With close attention to the reform of pre-credit investigation, credit review, risk monitoring, disposal of nonperforming assets and other key processes, we improved the identification, warning and management of risks the whole process to enhance our digital risk control capabilities. We steadfastly promoted the risk management, resolved major risks in an active and steady manner, and continuously enhanced the management of internal control and compliance, with a view to fostering a sound credit and compliance culture.

While sailing towards new goals, we will work in high spirits on the new journey. We will learn and fully implement the spirit of the 20th CPC National Congress, take active steps to promote the transformation and reform as a pioneer of Hongyan Spirit, and forge ahead to seek for high-quality development with firm strategic determination and through concrete and hard efforts, so as to repay the Shareholders, customers and investors for their trust and support with better performance and greater value.

Chairman of the Board of Directors

LIN Jun

Bank of Chongqing Co., Ltd.

President's Statement



Dear Shareholders:

Despite the impact of numerous unexpected factors in 2022, the Bank of Chongqing has made relentless efforts to implement major arrangements, maintain overall stability in development, promote strategic transformation and consolidate the bedrock for resisting risks in line with the tasks and goals of the year, thus delivering expected operating and management performance. The Bank recorded the total assets of RMB684.713 billion with an increase of 10.62%, the loan balance of RMB352.573 billion with an increase of 10.85%, the deposit balance of RMB382.594 billion with an increase of 12.96%, the annual net profit of RMB5.117 billion with an increase of 5.30%, and the non-performing loan ratio of 1.38%. Major business indicators of the Bank have met regulatory requirements.

Over the past year, **in terms of taking concrete and active measures**, we promoted the development of key sectors in the Chengdu-Chongqing Economic Circle with a total credit of over RMB120 billion, and supported the construction of the new land-sea channel in China's western region covering a total of 48 projects. The balance of green credit increased by 45%. In line with national policies, we reduced the interest rate of inclusive loans for small and micro enterprises, and extended the repayment of the principal and interest of loans for enterprises encountering difficulties. **In terms of promoting development and maintaining stable growth**, we intensified the credit support for the real economy and the manufacturing industry, registering a year-on-year increase of 9 percentage points in loans for the real economy. The self-operated loans under the "Two Increases" policy recorded a year-on-year increase of RMB1.84 billion, and 13,400 new accounts were established. The balance of deposits from government-owned enterprises exceeded the mark of RMB200 billion, and the balance of savings deposit increased by RMB27.3 billion. **In terms of promoting reform and increasing vitality**, we have successively implemented 30 major reforms in the year and completed all tasks under the three-year reform action for state-owned enterprises. We became the only city commercial bank in China selected as the "Double-hundred Enterprises" by the State-owned Assets Supervision and Administration Commission of the State Council, and our data management passed the certification of national standards. **In terms of improving quality and consolidating defense lines**, we promoted the category-based disposal of non-performing loans, resolve key risks in an orderly manner, continuously enhanced the digital risk control capabilities, and implemented four risk management reforms including the truthful pre-credit investigation, forward-looking credit review and timely risk monitoring, so as to constantly improve our mechanisms and systems. **In terms of enhancing compliance and security**, we earnestly carried out a series of actions under the "the Improvement Year for Internal Control and Compliance Management" activity to coordinate the security and development in a comprehensive and unified manner, and made concrete and practical efforts in the security and stability, public opinion management, network security and emergency management. Our achievements are hard-won. On behalf of

President's Statement

the management of the Bank, I would like to express my heartfelt gratitude and sincere respect to the investors and the people from all walks of life who fully support the development of the Bank.

The year 2023 marks the first year for fully implementing the spirit of the 20th CPC National Congress and embarking on a new journey to comprehensively building a modern socialist Chongqing in the new era, and a crucial year for continuously promoting the five-year transformation and development strategy of the Bank. 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 to proactively integrate into and serve the new development pattern. We will unswervingly promote the high-quality development, better coordinate the combination of development and security, and endeavor to consolidate the foundation, promote integrity and innovation and uphold the practical and pioneering spirits, so as to repay the investors who pay attention to and care for the Bank with excellent performance.

President

RAN Hailing

Bank of Chongqing Co., Ltd.

Management Discussions and Analysis

7.1 Overall Operation

In 2022, China coordinated the overall domestic and international situation as well as economic development and social security, strengthened macroeconomic policy regulation, and achieved stable operation and development and steadily quality improvement of economy and overall social stability. The banking industry of China saw a steady increase in total assets, sustained growth in the scale of profits, overall stability in the quality of assets, and sufficient complementation of overall risks. According to the data of the China Banking and Insurance Regulatory Commission (CBIRC), as of 31 December 2022, the total assets of China's commercial banks amounted to RMB319.81 trillion, representing a year-on-year increase of 10.82%, the net profit reached RMB2.30 trillion, representing a year-on-year increase of 5.44%, the non-performing loan ratio was 1.63%, representing a decrease of 0.10 percentage point from the end of the previous year, and the capital adequacy ratio was 15.17%, representing an increase of 0.04 percentage point from the end of the previous year. In terms of types of institutions, the proportion of total assets of large commercial banks in the industry increased, that of urban commercial banks and rural financial institutions remained stable, and that of joint stock commercial banks and other financial institutions decreased.

To cope with the complex and evolving external environment in 2022, the Group actively implemented major national strategies and regulatory measures, further promoted the strategic tasks of the Bank during the 14th Five-Year Plan period, and embarked on a new journey toward high-quality development.

Steady increase in the scale of operation. The Group actively blended itself in the development of the Chengdu-Chongqing Economic Circle, adhered to the orientation of finance serving the real economy, and reinforced the role of deposits as the cornerstone, achieving double-digit growth in major scale indicators. As of 31 December 2022, the total assets of the Group were RMB684.713 billion, representing an increase of RMB65.759 billion or 10.62% as compared with the end of the previous year; the total loans were RMB352.573 billion, representing an increase of RMB34.512 billion or 10.85% as compared with the end of the previous year; and the total deposits were RMB382.594 billion, representing an increase of RMB43.899 billion or 12.96% as compared with the end of the previous year.

Stable profitability. In 2022, the operating income of the Group amounted to RMB13.144 billion. Affected by factors such as the narrowing of interest margin, revenue experienced negative growth. However, the Group achieved a stable growth in net profit by enhancing refined management, consolidating the foundation of asset quality, and strictly controlling operating costs and credit costs. In 2022, the net profit of the Group exceeded the mark of RMB5 billion for the first time, reaching RMB5.117 billion, a year-on-year increase of 5.30%.

Continuous optimization of the business structure. Benefiting from national strategic opportunities such as the construction of the new land-sea channel in China's western region, green finance and rural revitalization, the Group continued to build up differentiated competitive advantages and steadily increased the proportions of credit assets, total deposits and savings deposits. As of 31 December 2022, the Group's total loans as a percentage of the total assets increased to 51.49%, representing an increase of 0.10 percentage point over the end of the previous year; and total deposits as a percentage of the total deposits increased to 60.42%, representing an increase of 0.97 percentage point over the end of the previous year; and savings deposit as a percentage of the total deposits was 43.70%, representing an increase of 2.39 percentage points over the end of the previous year.

Management Discussions and Analysis

Increased efficiency of capital replenishment. Leveraging the advantages of the dual-listing in A Shares and H Shares markets, the Group raised funds through various channels and methods. During the Reporting Period, the Group completed the issuance of RMB13 billion A Share Convertible Corporate Bonds, RMB5.0 billion Tier II capital bonds, and RMB4.5 billion undated capital bonds. As of 31 December 2022, the core tier I capital adequacy ratio, the tier I capital adequacy ratio and the capital adequacy ratio of the Group were 9.52%, 10.50% and 12.72% respectively. The core tier I capital adequacy ratio and the tier I capital adequacy ratio increased by 0.16 percentage point and 0.05 percentage point compared with the end of the previous year, respectively.

Generally controllable 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 2022, the non-performing loan ratio of the Group was 1.38%, representing an increase of 0.08 percentage point over the end of the previous year; the allowance coverage ratio was 211.19%, representing a decrease of 62.82 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 2022, the net interest income of the Group amounted to RMB10,808 million, representing a year-on-year decrease of RMB789 million or 6.80%; and net fee and commission income amounted to RMB761 million, representing a year-on-year decrease of RMB7 million or 0.97%; share of profit of associates amounted to RMB330 million, representing a year-on-year increase of RMB34 million or 11.63%; operating expenses amounted to RMB3,627 million, representing a year-on-year increase of RMB305 million or 9.18%; and credit impairment losses amounted to RMB3,559 million, representing a year-on-year decrease of RMB1,541 million or 30.22%. As a result of the foregoing factors, in 2022, the Group achieved a net profit of RMB5,117 million, representing a year-on-year increase of RMB258 million or 5.30%.

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)	2022	2021	Change in amount	Change in Percentage (%)
Net interest income	10,808,258	11,596,773	(788,515)	(6.80)
Net non-interest income	2,335,378	2,632,090	(296,712)	(11.27)
Including: Net fee and commission income	761,341	768,822	(7,481)	(0.97)
Net trading losses/(gains)	292,033	266,650	25,383	9.52
Net gains on investment securities	1,120,556	1,442,636	(322,080)	(22.33)
Other operating income	161,448	153,982	7,466	4.85
Operating income	13,143,636	14,228,863	(1,085,227)	(7.63)
Less: Operating expenses	3,627,332	3,322,383	304,949	9.18
Less: Credit impairment losses	3,559,161	5,100,660	(1,541,499)	(30.22)
Less: Other assets impairment losses	(1,567)	9,485	(11,052)	(116.52)
Profit before income tax	6,288,937	6,092,157	196,780	3.23
Less: Income tax	1,172,412	1,233,132	(60,720)	(4.92)
Net profit	5,116,525	4,859,025	257,500	5.30
Attributable to: Shareholders of the listed company	4,867,857	4,663,743	204,114	4.38
Non-controlling interests	248,668	195,282	53,386	27.34

Management Discussions and Analysis

7.2.1.1 Operating income

In 2022, the Group achieved the operating income of RMB13,144 million, representing a decrease of RMB1,085 million or 7.63% as compared to the previous year, with the net interest income accounting for 82.23%, and the net non-interest income accounting for 17.77%.

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)	2022		2021		Change in amount	Change in percentage (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Net interest income	10,808,258	82.23	11,596,773	81.50	(788,515)	(6.80)
Net fee and commission income	761,341	5.79	768,822	5.40	(7,481)	(0.97)
Other net non-interest income	1,574,037	11.98	1,863,268	13.10	(289,231)	(15.52)
Total	13,143,636	100.00	14,228,863	100.00	(1,085,227)	(7.63)

7.2.1.2 Net interest income

In 2022, the net interest income of the Group amounted to RMB10,808 million, representing a decrease of RMB789 million or 6.80% as compared to the previous year.

Interest income, interest expense and net interest income

In 2022, the interest income of the Group amounted to RMB27,534 million, representing an increase of RMB123 million or 0.45% as compared to the previous year; the interest expense amounted to RMB16,726 million, representing an increase of RMB912 million or 5.77% 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)	2022	2021	Change in amount	Change in percentage (%)
Interest income	27,533,983	27,410,536	123,447	0.45
Interest expense	16,725,725	15,813,763	911,962	5.77
Net interest income	10,808,258	11,596,773	(788,515)	(6.80)

Management Discussions and Analysis

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

In 2022, the average balance of interest-earning assets of the Group amounted to RMB620.175 billion, representing an increase of RMB56.852 billion or 10.09% as compared to the previous year. The average yield on interest-earning assets decreased by 43 basis points to 4.44% as compared to the previous year.

In 2022, the average balance of interest-bearing liabilities of the Group amounted to RMB587.481 billion, representing an increase of RMB49.618 billion or 9.23% as compared to the previous year. The average cost ratio of interest-bearing liabilities decreased by 9 basis points to 2.85% 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 34 basis points to 1.59% as compared to the previous year, while the net interest margin decreased by 32 basis points to 1.74% as compared to the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2022			2021		
	Average balance	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	333,664,548	16,974,572	5.09	304,048,276	16,847,768	5.54
Investment securities	201,523,280	9,228,536	4.58	172,337,065	8,991,252	5.22
Cash and balances with Central Bank	33,240,455	474,234	1.43	32,794,690	477,365	1.46
Due from other banks and financial institutions	51,746,752	856,641	1.66	54,142,901	1,094,151	2.02
Total interest-earning assets	620,175,035	27,533,983	4.44	563,322,932	27,410,536	4.87
LIABILITIES						
Customer deposits	361,338,641	10,389,753	2.88	327,487,351	9,325,376	2.85
Due to and placements from banks and other financial institutions and lease liabilities	96,502,444	2,706,256	2.80	96,120,684	2,878,055	2.99
Debt securities payable	129,639,512	3,629,716	2.80	114,254,298	3,610,332	3.16
Total interest-bearing liabilities	587,480,597	16,725,725	2.85	537,862,333	15,813,763	2.94
Net interest income		10,808,258			11,596,773	
Net interest spread			1.59			1.93
Net interest margin			1.74			2.06

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 2022.

(All amounts expressed in thousands of RMB unless otherwise stated)	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
ASSETS			
Loans and advances to customers	1,506,674	(1,379,870)	126,804
Investment securities	1,336,550	(1,099,266)	237,284
Cash and balances with Central Bank	6,360	(9,491)	(3,131)
Due from other banks and financial institutions	(39,667)	(197,843)	(237,510)
Change in interest income	2,809,917	(2,686,470)	123,447
LIABILITIES			
Customer deposits	973,343	91,034	1,064,377
Due to and placements from banks and other financial institutions	10,706	(182,505)	(171,799)
Debt securities payable	430,763	(411,379)	19,384
Change in interest expense	1,414,812	(502,850)	911,962
Change in net interest income	1,395,105	(2,183,620)	(788,515)

7.2.1.3 Interest income

In 2022, the Group realised interest income of RMB27,534 million, representing an increase of RMB123 million or 0.45% as compared to the previous year.

Interest income from loans and advances to customers

In 2022, the Group's interest income from loans and advances to customers amounted to RMB16,975 million, representing a year-on-year increase of RMB127 million or 0.75%, primarily due to the average balance on loans and advances to customers increased by 9.74% 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)	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	75,443,262	2,491,973	3.30	53,603,882	2,095,295	3.91
Medium-and-long-term loans	258,221,286	14,482,599	5.61	250,444,394	14,752,473	5.89
Total loans and advances to customers	333,664,548	16,974,572	5.09	304,048,276	16,847,768	5.54

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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)	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	198,848,749	10,738,864	5.40	182,169,444	10,152,873	5.57
Retail loans	97,468,612	5,601,367	5.75	103,983,443	6,264,883	6.02
Discounted bills	37,347,187	634,341	1.70	17,895,389	430,012	2.40
Total loans and advances to customers	333,664,548	16,974,572	5.09	304,048,276	16,847,768	5.54

Interest income from investment securities

In 2022, the Group's interest income from investment securities amounted to RMB9,229 million, representing a year-on-year increase of RMB237 million or 2.64%, primarily due to the increase of 16.94% in average balance on investment securities as compared to that of the previous year.

Interest income from cash and balances with Central Bank

In 2022, the Group's interest income from cash and balances with Central Bank amounted to RMB474 million, representing a year-on-year decrease of RMB3 million or 0.66%.

Interest income from amounts due from other banks and financial institutions

In 2022, the total interest income from the Group's amounts due from other banks and financial institutions amounted to RMB857 million, representing a year-on-year decrease of RMB238 million or 21.71%, primarily due to the average daily balance of amounts due from other banks and financial institutions decreased by 4.43% and the average yield decreased by 36 basis points as compared to that of the previous year.

Management Discussions and Analysis

7.2.1.4 Interest expense

Interest expense on customer deposits

In 2022, the Group's interest expense on customer deposits was RMB10,390 million, representing a year-on-year increase of RMB1,064 million or 11.41%, primarily due to a year-on-year increase in the average balance of customer deposits by 10.34% 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)	2022			2021		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	69,301,765	802,643	1.16	71,765,434	788,065	1.10
Time	119,328,557	3,969,809	3.33	108,219,032	3,702,754	3.42
Subtotal	188,630,322	4,772,452	2.53	179,984,466	4,490,819	2.50
Individual deposits						
Demand	17,729,313	60,285	0.34	16,332,799	65,036	0.40
Time	138,549,028	5,259,811	3.80	116,408,342	4,559,652	3.92
Subtotal	156,278,341	5,320,096	3.40	132,741,141	4,624,688	3.48
Other deposits	16,429,978	297,205	1.81	14,761,744	209,869	1.42
Total	361,338,641	10,389,753	2.88	327,487,351	9,325,376	2.85

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

In 2022, the Group's total interest expense on due to and placements from banks and other financial institutions and lease liabilities was RMB2,706 million, representing a year-on-year decrease of RMB172 million or 5.97%, primarily due to the decrease in placements from banks and other financial institutions, financial assets sold under repurchase agreements and cost ratio.

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)	2022			2021		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to and placements from other banks	40,524,406	1,306,495	3.22	48,524,376	1,691,763	3.49
Borrowings from Central Bank	46,346,908	1,220,835	2.63	34,275,394	897,168	2.62
Financial assets sold under repurchase agreements	9,490,802	174,211	1.84	13,213,896	285,903	2.16
Lease liabilities	140,328	4,715	3.36	107,018	3,221	3.01
Total	96,502,444	2,706,256	2.80	96,120,684	2,878,055	2.99

Interest expense on issuance of debt securities

In 2022, the Group's interest expense on issuance of debts securities amounted to RMB3,630 million, representing a year-on-year increase of RMB19 million or 0.54%, primarily due to the increase in the newly issued convertible bonds this year and interest expense.

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)	2022			2021		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated debts	5,070,356	204,274	4.03	6,198,868	297,591	4.80
Financial debts for small and micro enterprises	3,999,790	144,734	3.62	3,857,219	139,930	3.63
Inter-bank certificates of deposits	107,943,561	2,778,095	2.57	95,495,236	2,826,064	2.96
Financial debts	3,452,142	129,185	3.74	8,702,975	346,747	3.98
Convertible bonds	9,173,663	373,428	4.07	-	-	-
Total	129,639,512	3,629,716	2.80	114,254,298	3,610,332	3.16

7.2.1.5 Non-interest income

Net fee and commission income

In 2022, the Group's net fee and commission income amounted to RMB761 million, representing a decrease of RMB7 million or 0.97% as compared to the previous year. Among them, income from guarantees and credit commitments amounted to RMB72 million, representing a year-on-year decrease of RMB36 million or 33.74%, primarily due to the decrease in income from cross-border guarantee business.

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)	2022	2021	Change in amount	Change in percentage (%)
Fee and commission income	915,301	903,753	11,548	1.28
Wealth management agency services	616,341	567,144	49,197	8.67
Custodian services	28,100	48,024	(19,924)	(41.49)
Bank card services	82,683	73,105	9,578	13.10
Guarantees and credit commitments	71,546	107,983	(36,437)	(33.74)
Settlement and agency services	116,631	107,497	9,134	8.50
Fee and commission expense	(153,960)	(134,931)	(19,029)	14.10
Net fee and commission income	761,341	768,822	(7,481)	(0.97)

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Other net non-interest income

In 2022, the Group's other non-interest income amounted to RMB1,574 million, representing a decrease of RMB289 million or 15.52% as compared with the previous year. Among which, the Group's net gains on investment securities amounted to RMB1,121 million, representing a decrease of RMB322 million or 22.33% as compared with the previous year, mainly due to the decline in the fair value of financial assets as a result of the decreased valuation affected by market fluctuations. The Group's net trading gains amounted to RMB292 million, which was mainly attributable to the combined effects of two factors including foreign exchange gains of US dollar assets held by the Group arising from changes in exchange rate, and the decline of equity investment valuation of the financial assets classified as measured at fair value through profit or loss. Other operating income amounted to RMB161 million, representing an increase of RMB7 million or 4.85% as compared with the previous year, mainly due to the increase in government grants.

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)	2022	2021	Change in amount	Change in percentage (%)
Net trading gains	292,033	266,650	25,383	9.52
Net gains on investment securities	1,120,556	1,442,636	(322,080)	(22.33)
Other operating income	161,448	153,982	7,466	4.85
Total	1,574,037	1,863,268	(289,231)	(15.52)

7.2.1.6 Operating expenses

In 2022, the Group's operating expenses were RMB3,627 million, representing an increase of RMB305 million or 9.18% as compared with the previous year. Among which, the staff costs increased by 7.46% on a year-on-year basis; the general and administrative expenses increased by 9.53% on a year-on-year basis; the depreciation and amortization increased by 16.71% on a year-on-year basis.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2022	2021	Change in amount	Change in percentage (%)
Staff costs	2,090,644	1,945,510	145,134	7.46
Tax and surcharges	173,282	169,964	3,318	1.95
Depreciation and amortisation	405,677	347,582	58,095	16.71
General and administrative expenses	819,335	748,051	71,284	9.53
Others	138,394	111,276	27,118	24.37
Total operating expenses	3,627,332	3,322,383	304,949	9.18

7.2.1.7 Assets impairment losses

In 2022, the assets impairment losses of the Group recorded RMB3,558 million, representing a decrease of RMB1,553 million or 30.38% 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)	2022	2021	Change in amount	Change in percentage (%)
Loans and advances to customers	3,519,442	4,621,888	(1,102,446)	(23.85)
Investment securities	(142,366)	287,117	(429,483)	(149.58)
Due from other banks and financial institutions	(909)	(6,108)	5,199	(85.12)
Off-balance sheet losses on expected credit impairment	80,628	(195,171)	275,799	N/A
Other assets	100,799	402,419	(301,620)	(74.95)
Total assets impairment losses	3,557,594	5,110,145	(1,552,551)	(30.38)

7.2.1.8 Share of profit of associates

In 2022, the Group's share of profit of associates amounted to RMB330 million, representing a year-on-year increase of RMB34 million or 11.63%. As of 31 December 2022, the Group's associates included Three Gorges Bank and Mashang Consumer.

7.2.1.9 Income tax

In 2022, the Group's income tax expenses amounted to RMB1,172 million, representing a decrease of RMB61 million or 4.92% as compared with the previous year, with the effective tax rate of 18.64%.

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)	2022	2021	Change in amount	Change in percentage (%)
Profit before income tax	6,288,937	6,092,157	196,780	3.23
Tax calculated at statutory tax rate	1,572,234	1,523,039	49,195	3.23
Effect of preferential tax rate	(60,330)	(48,394)	(11,936)	24.66
Tax effect arising from non-taxable income	(610,804)	(423,402)	(187,402)	44.26
Tax effect of expenses that are not deductible for tax purposes	267,746	139,415	128,331	92.05
Income tax adjustment for prior years	3,566	15,049	(11,483)	(76.30)
The impact of changes in tax rates on the deferred income tax assets at the beginning of the period	-	27,425	(27,425)	N/A
Income tax	1,172,412	1,233,132	(60,721)	(4.92)

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7.2.2 Balance Sheet Analysis

7.2.2.1 Total assets

As of 31 December 2022, the Group's total assets amounted to RMB684,713 million, representing an increase of RMB65,759 million or 10.62% 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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	352,573,462	51.49	318,061,937	51.39
Of which: Total principal of loans and advances to customers	350,551,221	51.19	315,955,793	51.05
Interests due from loans and advances to customers	2,022,241	0.30	2,106,144	0.34
Total impairment allowances for the expected credit	(10,127,171)	(1.48)	(11,178,339)	(1.81)
Net loans and advances to customers	342,446,291	50.01	306,883,598	49.58
Investment securities	217,089,746	31.71	194,551,720	31.43
Investment in associates	2,500,712	0.37	2,228,158	0.36
Cash and balances with Central Bank	41,025,999	5.99	37,200,469	6.01
Due from and placements with banks and other financial institutions	43,386,030	6.34	44,831,819	7.24
Financial assets at fair value through profit or loss	28,740,879	4.20	24,585,122	3.97
Fixed assets	3,059,481	0.44	3,152,421	0.51
Deferred tax assets	4,734,162	0.69	3,846,343	0.62
Other assets	1,729,263	0.25	1,673,970	0.27
Total assets	684,712,563	100.00	618,953,620	100.00

7.2.2.2 Loans and advances to customers

As of 31 December 2022, the Group's total loans and advances to customers increased by RMB34,512 million or 10.85% to RMB352,573 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 2022, the Group's total principal of corporate loans was RMB208,738 million, representing an increase of RMB22,780 million or 12.25% as compared with the end of the previous year; the total principal of retail loans was RMB94,528 million, representing a decrease of RMB7,321 million or 7.19% 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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate loans	208,737,958	59.54	185,958,346	58.86
Discounted notes	47,285,310	13.49	28,148,893	8.91
Retail loans	94,527,953	26.97	101,848,554	32.23
Total	350,551,221	100.00	315,955,793	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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Short-term corporate loans	22,095,466	10.59	21,361,179	11.49
Medium-and-long-term corporate loans	186,642,492	89.41	164,597,167	88.51
Total	208,737,958	100.00	185,958,346	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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Personal mortgage loans	41,571,228	43.98	42,843,185	42.06
Personal consumer loans	10,490,127	11.09	20,110,306	19.75
Personal business loans	22,372,601	23.67	22,524,007	22.12
Credit card advances	20,093,997	21.26	16,371,056	16.07
Total	94,527,953	100.00	101,848,554	100.00

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 2022, the Group's financial investments amounted to RMB245,831 million, representing an increase of RMB26,694 million or 12.18% as compared with the end of the previous year. Among them, financial investments at amortized cost amounted to RMB142,148 million, representing an increase of RMB11,683 million or 8.95% as compared with the end of the previous year; financial investments at fair value through other comprehensive income amounted to RMB74,942 million, representing an increase of RMB10,855 million or 16.94% as compared with the end of the previous year; financial assets at fair value through profit or loss amounted to RMB28,741 million, representing an increase of RMB4,056 million or 16.90% 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.

Management Discussions and Analysis

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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Bond investments	181,922,156	74.00	138,249,591	63.09
Trust investments	11,291,561	4.59	14,374,223	6.56
Directional assets management plans	34,860,994	14.18	47,021,626	21.46
Debt financing plans	8,664,000	3.52	10,722,000	4.89
Wealth management products purchased from financial institutions	–	–	2,026,559	0.93
Fund investments	5,053,831	2.06	3,032,399	1.38
Equity investments	599,721	0.24	832,957	0.38
Derivative financial instruments	4,831	0.00	4,556	0.00
Others	14	0.00	14	0.00
Accrued interest	4,219,965	1.72	3,911,443	1.78
Provision for impairment	(786,448)	(0.32)	(1,038,526)	(0.47)
Total	245,830,625	100.00	219,136,842	100.00

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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Up to 3 months	19,515,607	7.94	19,799,911	9.04
3 to 12 months	40,759,087	16.58	36,270,393	16.55
1 to 5 years	160,046,033	65.10	132,297,762	60.37
Over 5 years	24,254,046	9.87	28,748,446	13.12
In perpetuity	604,552	0.25	832,957	0.38
Overdue	651,300	0.26	1,187,373	0.54
Total financial investments	245,830,625	100.00	219,136,842	100.00

As of 31 December 2022, balance of the Group's financial investments with the remaining term of less than a year was RMB60,275 million, representing an increase of RMB4,204 million or 7.50% 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 RMB184,300 million, representing an increase of RMB23,254 million or 14.44% as compared with the end of the previous year.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial investments at fair value through profit or loss	28,740,879	11.69	24,585,122	11.22
Financial investments at fair value through other comprehensive income	74,942,136	30.49	64,087,193	29.24
Financial investments measured at amortised cost	142,147,610	57.82	130,464,527	59.54
Total financial investments	245,830,625	100.00	219,136,842	100.00

As of 31 December 2022, the Group's balance of financial investments at fair value through profit or loss amounted to RMB28,741 million, representing an increase of RMB4,156 million or 16.90% as compared to the end of the previous year; the balance of financial investments at fair value through other comprehensive income amounted to RMB74,942 million, representing an increase of RMB10,855 million or 16.94% as compared to the end of the previous year; the balance of financial investments measured at amortised cost amounted to RMB142,148 million, representing an increase of RMB11,683 million or 8.95% as compared to the end of the previous year.

Composition of the Group's bond investments by issuers

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Treasury bonds	77,673,497	42.70	58,046,354	41.99
Local government bonds	23,768,057	13.06	14,021,496	10.14
Bonds of financial institutions	11,943,578	6.57	6,067,553	4.39
Corporate bonds	68,537,024	37.67	60,114,188	43.48
Total bond investments	181,922,156	100.00	138,249,591	100.00

As of 31 December 2022, the Group's treasury bond investments amounted to RMB77,673 million, representing an increase of RMB19,627 million or 33.81% as compared with the end of the previous year, with its proportion in bond investments increasing by 0.71 percentage point to 42.70%.

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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	363
2022 Tier II capital bonds of commercial banks	500,000	3.90	2032/12/12	N/A
2013 Policy bank bonds	460,000	5.04	2023/10/24	912
2016 Policy bank bonds	300,000	3.18	2026/4/5	754
2022 Financial bonds of commercial banks	300,000	2.50	2025/8/5	765
2022 Financial bonds of commercial banks	300,000	2.55	2025/8/24	765
2022 Financial bonds of commercial banks	300,000	2.81	2025/6/13	762
2022 Financial bonds of commercial banks	300,000	3.00	2025/12/20	758
2022 Tier II capital bonds of commercial banks	300,000	3.03	2032/11/15	N/A
2022 Financial bonds of commercial banks	300,000	2.48	2025/11/7	N/A
2022 Tier II capital bonds of commercial banks	300,000	3.00	2032/11/7	N/A
2022 Financial bonds of commercial banks	300,000	2.40	2025/10/24	N/A
2022 Tier II capital bonds of commercial banks	300,000	3.75	2032/3/17	N/A
2022 Tier II capital bonds of commercial banks	300,000	3.00	2032/11/10	N/A
2022 Financial bonds of commercial banks	300,000	2.45	2025/11/11	N/A
2022 Financial bonds of commercial banks	300,000	2.50	2025/11/1	N/A
2020 Policy bank bonds	300,000	2.85	2032/11/4	N/A
2022 Tier II capital bonds of commercial banks	300,000	3.02	2032/10/26	N/A

Note: The above provision for impairment is calculated on the basis of the expected loss model in accordance with IFRS 9 – Financial Instruments. 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 2022, the Group's net investment in associates was RMB2,501 million, representing an increase of RMB273 million or 12.23% as compared with the end of the previous year, mainly due to the increase in profits of the Group's associates.

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)	2022	2021
Balance at the beginning of the period	2,228,158	1,945,081
Additional investment in associates	–	–
Net profit or loss adjusted by equity method	330,227	295,822
Cash dividends declared	(57,673)	(12,745)
Balance at the end of the period	2,500,712	2,228,158

7.2.2.5 Total liabilities

As at 31 December 2022, the total liabilities of the Group amounted to RMB633,217 million, representing an increase of RMB63,510 million or 11.15% 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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Customer deposits	382,594,480	60.42	338,695,343	59.45
Debt securities issued	133,877,105	21.14	118,852,070	20.86
Due to and placements from banks and other financial institutions	112,003,399	17.69	107,241,149	18.82
Financial liabilities at fair value through profit or loss	11,626	0.00	5,772	0.00
Current tax liabilities	104,964	0.02	248,418	0.04
Other liabilities	4,625,512	0.73	4,664,173	0.83
Total liabilities	633,217,086	100.00	569,706,925	100.00

7.2.2.6 Customer deposits

In 2022, 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 2022, the total customer deposits of the Group amounted to RMB382,594 million, representing an increase of RMB43,899 million or 12.96% as compared to the end of the previous year.

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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 2022, balance of the Group's individual deposits was RMB167,223 million, representing an increase of RMB27,303 million or 19.51%, accounting for 43.70% of the total customer deposits, up by 2.39 percentage points as compared with the end of the previous year. Balance of the Group's corporate deposits (excluding the corporate pledged deposits held as collateral) was RMB193,388 million, representing an increase of RMB13,323 million or 7.40%, accounting for 50.55% of the total customer deposits, decreased by 2.62 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 RMB80,234 million, representing a decrease of RMB8,151 million or 9.22% as compared with the end of the previous year; balance of the Group's time deposits was RMB280,377 million, representing an increase of RMB48,778 million or 21.06% 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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	60,481,461	15.81	71,149,941	21.01
Corporate time deposits	132,906,633	34.74	108,914,851	32.16
Individual demand deposits	19,752,513	5.16	17,235,404	5.09
Individual time deposits	147,470,703	38.54	122,683,998	36.22
Other deposits ⁽¹⁾	16,491,983	4.31	15,202,061	4.49
Interest payable on customer deposits	5,491,187	1.44	3,509,088	1.04
Total customer deposits	382,594,480	100.00	338,695,343	100.00

Note: (1) Other deposits mainly include corporate and individual pledged deposits held as collateral.

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 Administrative Measures for Information Disclosure of Enterprise Credit Bonds.

7.2.2.8 Shareholders' equity

As at 31 December 2022, the total equity of the Bank amounted to RMB51,495 million, representing an increase of RMB2,249 million or 4.57% as compared to the end of the previous year; the equity attributable to shareholders of the Bank amounted to RMB49,337 million, representing an increase of RMB2,063 million or 4.36% 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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,474,540	6.75	3,474,505	7.06
Other equity instruments	5,571,090	10.82	4,909,307	9.97
Capital surplus	7,734,772	15.02	8,044,708	16.34
Other reserves	11,181,305	21.71	11,701,636	23.76
Retained earnings	21,374,805	41.51	19,143,032	38.87
Total equity attributable to shareholders of the Bank	49,336,512	95.81	47,273,188	95.99
Non-controlling interests	2,158,965	4.19	1,973,507	4.01
Total equity	51,495,477	100.00	49,246,695	100.00

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 2022		31 December 2021	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	334,499,750	95.42	301,992,279	95.58
Special mention	11,216,422	3.20	9,857,696	3.12
Substandard	2,714,535	0.77	1,417,191	0.44
Doubtful	1,747,808	0.50	1,564,637	0.50
Loss	372,706	0.11	1,123,990	0.36
Total principals of loans and advances to customers	350,551,221	100.00	315,955,793	100.00
Amount of non-performing loans	4,835,049	1.38	4,105,818	1.30

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

In 2022, 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, and strictly controlled the risk of new credit business while continuously increasing the disposal of the stock risk. As at 31 December 2022, the balance of non-performing loans was RMB4,835 million, representing an increase of RMB729 million as compared to the end of the previous year; non-performing loan ratio was 1.38%, representing an increase of 0.08 percentage point as compared to that of the end of the previous year. The amount of loans under special mention category accounted for 3.20% of total loans, representing an increase of 0.08 percentage point as compared to that of the end of the previous year.

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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 2022				31 December 2021			
	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	208,737,958	59.55	3,607,577	1.73	185,958,346	58.86	3,194,076	1.72
Short-term loans	22,095,466	6.31	273,280	1.24	21,361,179	6.77	1,084,630	5.08
Medium-and-long-term loans	186,642,492	53.24	3,334,297	1.79	164,597,167	52.09	2,109,446	1.28
Discounted bills	47,285,310	13.49	-	-	28,148,893	8.91	-	-
Retail loans	94,527,953	26.96	1,227,472	1.30	101,848,554	32.23	911,742	0.90
Personal mortgage loans	41,571,228	11.86	216,453	0.52	42,843,185	13.56	116,740	0.27
Personal consumer loans	10,490,127	2.99	156,620	1.49	20,110,306	6.36	163,137	0.81
Personal business loans	22,372,601	6.38	550,521	2.46	22,524,007	7.13	502,964	2.23
Credit card advances	20,093,997	5.73	303,878	1.51	16,371,056	5.18	128,901	0.79
Total principals of loans and advances to customers	350,551,221	100.00	4,835,049	1.38	315,955,793	100.00	4,105,818	1.30

In 2022, 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 2022, the non-performing ratio of the Group's corporate loans was 1.73%, up by 0.01 percentage point 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 2022, the non-performing rate of the Group's retail loans was 1.30%, representing an increase of 0.40 percentage point as compared with the end of the previous year.

7.3.3 Distribution of loans and non-performing loans by industry

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022				31 December 2021			
	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	25,473,397	7.27	645,838	2.54	22,395,267	7.10	564,685	2.52
Wholesale and retail	17,233,465	4.92	738,404	4.28	14,860,177	4.70	908,939	6.12
Construction	21,365,844	6.08	281,224	1.32	19,476,734	6.16	239,386	1.23
Real estate	10,153,702	2.90	597,355	5.88	11,534,439	3.65	543,084	4.71
Leasing and commercial services	57,721,684	16.47	45,543	0.08	46,610,041	14.75	26,722	0.06
Water conservation, environment and public facility administration	53,146,884	15.16	5,920	0.01	48,240,630	15.27	–	–
Transportation, warehousing and postal service	3,706,916	1.06	10,296	0.28	2,816,982	0.89	27,363	0.97
Mining	1,403,559	0.40	199,692	14.23	1,545,653	0.49	480,459	31.08
Electricity, heat, gas and water production and supply	4,712,001	1.34	832,000	17.66	6,012,594	1.90	7,720	0.13
Agriculture, forestry, animal husbandry and fishery	3,546,438	1.01	34,404	0.97	3,043,563	0.96	41,375	1.36
Household services, maintenance and other services	478,806	0.14	6,871	1.44	337,473	0.11	7,846	2.32
Education	914,423	0.26	4,545	0.50	831,517	0.26	844	0.10
Financing	878,899	0.25	149,899	17.06	878,949	0.28	–	–
Scientific research and technology services	1,410,848	0.40	5,390	0.38	1,815,385	0.57	278,495	15.34
Information transmission, software and information technology services	1,347,528	0.38	14,038	1.04	1,218,619	0.39	49,011	4.02
Accommodation and catering	1,527,688	0.44	13,658	0.89	1,526,935	0.48	12,878	0.84
Culture, sports and entertainment	1,752,786	0.50	–	–	781,354	0.25	411	0.05
Health and social welfare	1,963,090	0.56	22,500	1.15	2,032,034	0.64	4,858	0.24
Loans to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	47,285,310	13.49	–	–	28,148,893	8.91	–	–
Retail loans – measured at amortised cost								
Retail loans	94,527,953	26.97	1,227,472	1.30	101,848,554	32.24	911,742	0.90
Total	350,551,221	100.00	4,835,049	1.38	315,955,793	100.00	4,105,818	1.30

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 2022, 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.

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As of the end of the Reporting Period, the Group's non-performing loan ratio increased by 0.08 percentage point as compared with the end of the previous year. Among them, the non-performing loan ratios in electricity, heat, gas and water production and supply, financing, real estate and other industries increased as compared with the end of the previous year, while the non-performing loan ratios in mining, scientific research and technology services, information transmission, software and information technology services and other industries decreased as compared with the end of the previous 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 2022				31 December 2021			
	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	91,538,599	26.12	2,289,601	2.50	91,070,650	28.82	1,792,747	1.97
Pledged loans	61,747,111	17.61	371,410	0.60	40,658,574	12.87	160,241	0.39
Guaranteed loans	137,004,792	39.08	1,548,739	1.13	136,184,651	43.10	1,760,799	1.29
Unsecured loans	60,260,719	17.19	625,299	1.04	48,041,918	15.21	392,031	0.82
Total principals of loans and advances to customers	350,551,221	100.00	4,835,049	1.38	315,955,793	100.00	4,105,818	1.30

As at 31 December 2022, balance of the Group's collateralised and pledged loans increased by RMB21,556 million or 16.36%, balance of the guaranteed loans increased by RMB820 million or 0.60%, and balance of the credit loans increased by RMB12,219 million or 25.43% as compared with the end of the previous year. The non-performing loan ratio of collateralised loans, pledged loans and unsecured loans increased by 0.53 percentage point, 0.21 percentage point and 0.22 percentage point respectively, and that of guaranteed loans decreased by 0.16 percentage point as compared with the end of the previous year.

7.3.5 Distribution of loans and non-performing loans by region

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022				31 December 2021			
	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	273,455,364	78.01	4,134,342	1.51	247,898,840	78.46	3,102,469	1.25
Other areas	77,095,857	21.99	700,707	0.91	68,056,953	21.54	1,003,349	1.47
Total principals of loans and advances to customers	350,551,221	100.00	4,835,049	1.38	315,955,793	100.00	4,105,818	1.30

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 2022, the Group's non-performance loan ratio in other areas was 0.91%, representing a decrease of 0.56 percentage point as compared to the end of the previous year; the Group's non-performance loan ratio in Chongqing was 1.51%, representing an increase of 0.26 percentage point 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 2022		
		Loan amount	Percentage of net capital (%)	Percentage of total loans (%)
Customer A	Leasing and commercial services	1,980,000	3.24	0.56
Customer B	Leasing and commercial services	1,563,000	2.56	0.45
Customer C	Water conservation, environment and public facility administration	1,343,834	2.20	0.38
Customer D	Leasing and commercial services	1,320,000	2.16	0.38
Customer E	Leasing and commercial services	1,273,750	2.09	0.36
Customer F	Water conservation, environment and public facility administration	1,270,292	2.08	0.36
Customer G	Leasing and commercial services	1,265,000	2.07	0.36
Customer H	Water conservation, environment and public facility administration	1,195,249	1.96	0.34
Customer I	Leasing and commercial services	1,165,000	1.91	0.33
Customer J	Water conservation, environment and public facility administration	1,130,000	1.85	0.32

As at 31 December 2022, the Bank's total loans to its largest single borrower amounted to RMB1,980 million and accounted for 3.24% of its net capital, while total loans to its top ten customers amounted to RMB13,506 million and accounted for 22.12% of its net capital, which were in compliance with regulatory requirements. As at 31 December 2022, 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 2022		31 December 2021	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Past due within 90 days	7,045,182	2.01	4,888,186	1.55
Past due 90 days to 1 year	2,143,505	0.61	1,736,904	0.55
Past due over 1 year and within 3 years	1,120,101	0.32	1,427,494	0.45
Past due over 3 years	112,485	0.03	398,729	0.13
Total principals of overdue loans and advances to customers	10,421,273	2.97	8,451,313	2.68
Total principals of loans and advances to customers	350,551,221	100.00	315,955,793	100.00

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

As at 31 December 2022, the total overdue loans of the Group amounted to RMB10,421 million, representing an increase of RMB1,970 million as compared to the end of the previous year. Total overdue loans accounted for 2.97% of total loans and advances to customers, representing an increase of 0.29 percentage point as compared to the end of the previous year. The Group adopts a prudent classification standard for overdue loans. The ratio of non-performing loans to loans overdue for more than 90 days is 1.43.

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7.3.8 Restructured loans

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022		31 December 2021	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Restructured loans	383,132	0.11	601,712	0.19
Including: Restructured loans overdue for more than 90 days	222,456	0.06	502,377	0.16
Total principals of loans and advances to customers	350,551,221	100.00	315,955,793	100.00

As at 31 December 2022, the Group's restructured loans accounted for 0.11%, down by 0.08 percentage point as compared with the end of the previous year.

7.3.9 Debt assets and provision for impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022		31 December 2021	
	Amount	Provision for impairment	Amount	Provision for impairment
Debt assets	83,799	(13,638)	83,769	(15,205)

As at 31 December 2022, the Group's debt assets amounted to RMB84 million and the provision for impairment of debt assets was RMB14 million.

7.3.10 Changes in provision for loan impairment

(All amounts expressed in thousands of RMB unless otherwise stated)	2022	2021
Beginning balance of the year	11,178,339	10,967,207
New financial assets originated or purchased	1,672,437	1,758,514
Re-measurement	3,854,209	4,747,302
Repayment	(2,019,067)	(1,906,645)
Written-off and transferred of the year	(5,034,073)	(4,850,525)
Recoveries of loans written-off in previous years and advances transfer-in	768,463	547,312
Effect of discount factors	(293,137)	(84,826)
Ending balance of the year	10,127,171	11,178,339

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 2022, balance of the Group's loan impairment provision was RMB10,127 million, representing a decrease of RMB1,051 million as compared with the end of the previous year. The provision coverage ratio of non-performing loans was 211.19%, down by 62.82 percentage points as compared with the end of the previous year. The loan provision ratio was 2.91%, down by 0.65 percentage point as compared with the end of the previous year.

7.4 Operating Results by Segment

Major business segments of the Group include corporate banking business, 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)	2022		2021	
	Operating income	Profit before income tax	Operating income	Profit before income tax
Corporate banking business	8,829,947	4,147,506	8,799,959	2,768,434
Retail banking business	2,175,812	76,547	2,820,156	1,300,274
Treasury business	2,020,566	2,032,746	2,498,487	2,014,902
Unallocated	117,311	32,138	110,261	8,547
Total	13,143,636	6,288,937	14,228,863	6,092,157

7.5 Other Information to be Disclosed according to Regulatory Requirements

7.5.1 Key regulatory indicators

Items		31 December 2022	31 December 2021	31 December 2020
Liquidity ratio (%)	RMB	121.23	78.51	77.07
	Foreign currency	3,426.17	622.10	787.01
Loan migration ratio (%)	Pass	2.72	3.28	1.72
	Special mention	25.56	31.80	26.57
	Substandard	48.65	66.71	74.59
	Doubtful	14.18	17.21	42.06

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. The CBIRC adjusted the definition of loan migration ratio on 19 January 2022 and has updated previous data in accordance with the new standard;
- (3) Migration ratio of pass loans = (amount migrated to the lower grades from the pass loans at the beginning of the year + amount which were pass loans at the beginning of the year, and were converted to non-performing loans and dealt with during the Reporting Period)/balance of pass loans at the beginning of the year × 100% × annualised coefficient;

Migration ratio of special mention loans = (amount migrated to the lower grades from the special mention loans at the beginning of the year + amount which were special mention loans at the beginning of the year, and were converted to non-performing loans and dealt with during the Reporting Period)/balance of special mention loans at the beginning of the year × 100% × annualised coefficient;

Migration ratio of substandard loans = (amount migrated to the lower grades from the substandard loans at the beginning of the year + amount which were substandard loans at the beginning of the year, and were converted to doubtful loans and loss loans and dealt with during the Reporting Period)/balance of substandard loans at the beginning of the year × 100% × annualised coefficient;

Migration ratio of doubtful loans = (amount migrated to the lower grades from the doubtful loans at the beginning of the year + amount which were doubtful loans at the beginning of the year, and were converted to loss loans and dealt with during the Reporting Period)/balance of doubtful loans at the beginning of the year × 100% × annualised coefficient.

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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 2022	31 December 2021
Credit related commitments	80,785,626	60,814,987
Of which:		
Irrevocable loan commitments	6,503	8,331
Bank acceptance bill	63,443,174	40,136,679
Issuance of letters of guarantee	1,941,292	4,075,148
Issuance of letters of credit	7,461,030	10,407,922
Unused credit card limits	7,582,137	6,186,907
Trade finance confirmation	351,490	–
Capital expenditure commitments	237,981	206,655
Total	81,023,607	61,021,642

7.5.3 Cash Flows

In 2022, the net cash flows from operating activities of the Group were RMB5.312 billion, and the net inflow increased by RMB226 million as compared with the previous year. The net cash flows from investing activities were RMB-12.893 billion, and the net outflow decreased by RMB2.949 billion as compared with the previous year, primarily due to the increase return on investments; the net cash flows from financing activities were RMB9.944 billion, and the net inflow decreased by RMB6.329 billion as compared with the previous year, primarily due to the decrease in proceeds from issuance of shares and the increase in cash paid to redeem debt securities issued of the Bank.

7.5.4 Assets and liabilities measured at fair value

(All amounts expressed in thousands of RMB unless otherwise stated)	Opening balance	Losses/(gains) on changes in fair value in the current period	Cumulative changes in fair value recognised in equity	Impairment provision for the period	Ending balance
Investment securities at FVOCI	64,087,193	–	(1,938,803)	(109,712)	74,942,136
Financial assets and financial liabilities at FVPL	24,579,350	(555,893)	–	–	28,729,253
Loans and advances to customers at FVOCI	28,148,893	–	(180,647)	(11,863)	47,285,310
Total	116,815,436	(555,893)	(2,119,450)	(121,575)	150,956,699

Notes: 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 includes risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, lack of liquidity discount and so on. The Bank had no private equity investments, and its derivatives investment business is not applicable to the relevant provisions on hedge accounting set out in the IAS 39 – Financial Instruments: Recognition and Measurement.

7.6 Business Overview

7.6.1 Corporate Banking Business

During the Reporting Period, the Bank deeply engaged in key national strategies, and built an ecosystem and connected the industrial chain through focusing on industrial clusters and expanding cooperation channels. Meantime, The Bank enhanced its customer service capabilities, deepened a series of strategic cooperation, supported the regional development and construction, and continuously optimized the asset-liability structure of our business.

Supporting major national strategies and deeply engaging in regional construction. Based in Chongqing, the Bank deeply explored strategic opportunities from the Chengdu-Chongqing Economic Circle in line with the 14th Five-Year Plan, the New Land-Sea Corridor and other regional strategies. In 2022, the Bank provided credit support for the areas of interconnection, modern industry and ecological livability, with a total amount of over RMB120 billion. Firstly, we deeply penetrated into industrial clusters. As for industrial clusters with scale of over RMB1 trillion (such as new energy vehicles), featured industrial clusters (such as food industry), and high-growth future industrial clusters (such as new materials), we provided over 200 core enterprises and over 10,000 market entities in the supporting industrial chain with life-cycle financial services covering from the project construction to operations, with a total credit of over RMB40 billion, so as to connect the industrial and supply chains. Secondly, we supported the integrated development. Focusing on function platforms and industrial cooperation demonstration parks in surrounding regions and major projects jointly developed by Sichuan and Chongqing, we launched a package of products to support the interconnection of infrastructure and the integrated development of modern industries, and provided the financial support of over RMB7 billion for nearly 100 major projects including Jiangbei Airport. Thirdly, we reinforced the innovation in linkage. In addition to the credit business, we continued to cooperate with peers in the financial sector and government agencies to promote the cross-regional and cross-bank counter interconnection and cross-provincial tax payment. Our work related to the Chengdu-Chongqing Economic Circle was proposed by the Chengdu-Chongqing Joint Office to relevant national authorities as new practices and experience of cross-regional collaborative innovation.

Building an intelligent hierarchical management system to tap the potential of customer bases. While classifying corporate customers into four levels, namely strategic customer, key customer, potential customer and general customer, for marketing services, we applied the digital customer management system to enhance the marketing efficiency and provide differentiated marketing service, thus further improving the efficiency of our customer base management. In 2022, the average daily deposit of strategic customers, key customers and potential customers increased by nearly RMB12 billion.

Further expanding cooperation channels to attract low-cost funds. Firstly, we continued to consolidate the channels for bank-government and inter-bank cooperation, and attract a batch of fiscal funds such as government special bonds as well as agency funds from policy banks such as the Export-Import Bank of China. Secondly, we intensified the services for industrial parks to meet the cyclical financial needs of enterprises, and focused on attracting the registered capital and working capital of enterprises under investment promotion programs, with a total amount of over RMB12 billion. Thirdly, we continued to expand new business channels and were selected into the first batch of banks for accepting the wage deposit for migrant workers in Chongqing, which effectively attracted the deposit funds while ensuring the payment of wages to migrant workers.

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Accelerating the scenario-based finance and building a service ecosystem. Firstly, we made targeted efforts in recurring scenarios with large funds, and sorted out relevant policies, financial needs and implementation paths to formulate the scenario-based marketing guidelines covering “seven key scenarios + one payment method via e-CNY”. Secondly, we developed the scenario-based finance through combined methods and provided “standardized + customized” service solutions based on categories and circumstances to effectively meet relevant needs. Thirdly, we applied our strengths in advantageous areas into smart schools, smart hospitals, smart property management and other key scenarios, and gradually built a well-coordinated financial service ecosystem across the Bank to continuously empower the batch acquisition of customers and settlements.

Focusing on key industrial clusters and improving financial services for industries. Focusing closely on “2+6+X” industrial clusters in Chongqing and key industrial clusters in Sichuan, Shaanxi and Guizhou provinces and based on “1+6+7+36” industrial parks in Chongqing, we continued to promote the marketing of key industrial clusters. In 2022, we provided a total credit of over RMB40 billion to more than 2,500 enterprises from 33 key industrial chains. The balance of loans for specialized, refined, special and novel enterprises amounted to RMB7.28 billion, representing a year-on-year increase of 182%, and the number of loan customers was 630, increasing by 180% as compared with the end of the previous year. Firstly, we continued to penetrate into the tier I market, sort out the list of customers in key industrial clusters, and carry out regular visits, so as to capture business opportunities in the market in a timely manner. Secondly, we proactively promoted the cooperation with industrial parks and established strategic partnerships with key industrial parks, for which the regular communication mechanism and integrated services are provided. Thirdly, we supported the investment and financing of major industrial projects and worked with policy banks and major state-owned banks to deeply engage in the local investment promotion and support the construction of major industrial projects.

As at 31 December 2022, balance of the Group’s loans and advances to corporate entities (including discount of bills) amounted to RMB256.023 billion, representing an increase of RMB41.916 billion or 19.58% as compared with the end of the previous year. Balance of corporate deposits (excluding cash deposits) amounted to RMB193.388 billion, representing an increase of RMB13.323 billion or 7.40% as compared with the end of the previous year, and accounting for 50.55% of the balance of all deposits.

7.6.2 Inclusive Finance Business

During the Reporting Period, the Bank continued to intensify the allocation of resources, model innovation and credit supply, effectively promoted the direct access of the real economy to inclusive financial policies, funds and discounts, thus further promoting the high-quality development of inclusive financial services. In addition to the establishment of the Small Enterprise Loan Center, a specialized institution, the Bank has set up inclusive SME business departments in the subordinate institutions of 4 branch institutions and in 43 independent accounting sub-branches in Chongqing to provide the inclusive SME business. As at 31 December 2022, according to the national statistic standards issued by the Ministry of Industry and Information Technology, the balance of our small and micro enterprise loans amounted to RMB96.819 billion, representing an increase of RMB8.916 billion as compared with the end of the previous year. According to the statistic standards under “Two Increases” policy of the CBIRC, our inclusive small and micro enterprise loans with an individual lending amount of below RMB10 million recorded a balance of RMB43.619 billion, representing an increase of RMB3.836 billion as compared with the end of the previous year, and the number of loan customers was 54,401, increasing by 451 as compared with the end of the previous year. The weighted average interest rate of loans issued in the current year was 4.62%, down by 0.87 percentage point as compared with the previous year. The non-performing loan rate was 2.26%, which continuously met CBIRC’s regulatory requirements for “two increases and two controls”.

Deepening the levels of supply and improving the financial efficiency. In order to improve the systems and mechanisms for inclusive finance, such as the organizational structure, resources allocation and product development, the head office of the Bank set up the Inclusive Finance Department. Through our innovative research and development, we launched the “Relief and Assistance Loan” (紓困扶持貸) for individual businesses, the online version of “Creation Loan” (創想貸) providing secured loans for individual entrepreneurship, and the “Commercial Value Guarantee Loan” (商業價值擔保貸), the first special guarantee product in Chongqing for enterprises of commercial value, and continuously diversified the financial products for small and micro enterprises covering three categories and eight series. A scenario-based agile team was also established for the batch business of inclusive finance, covering such scenario-based ecosystem as industry segments, customer acquisition channels and operation models. The team adopted a batch model based on common features to provide customized financial services in batches for customer bases of inclusive finance. Meantime, we improved the cost and revenue sharing mechanism and recorded a downward stability in the interest rates of inclusive small and micro enterprise loans. In order to enhance the risk identification, early warning and treatment of loans, we reinforced the management to ensure the authenticity of lenders’ identities, purposes and whereabouts of loans.

Intensifying the support for key areas and boosting the economic cycle. In order to promote the application of credit loans, we provided more inclusive financings for small and micro enterprises. Our “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸), “Commercial Value Guarantee Loan” (商業價值擔保貸) and other products were expanded support the development of specialized, refined, special and novel enterprises, emerging strategic industries and other manufacturing enterprises. Our “Knowledge Value Credit Loan” (知識價值信用貸), “Haoqi IP Loan” (好企知產貸) and other products were promoted to meet the financing needs of high-tech small and micro enterprises and for the technological innovation of small and micro enterprises. Our “Cultural Tourism Loan” (文旅貸), “Cultural Tourism Assistance Loan” (文旅助力貸) and other products were intended to support the development of cultural and tourism industries such as cultural creativity, health preservation and leisure and rural tourism. Our “Relief and Assistance Loan” (紓困扶持貸), “Creation Loan” (創想貸), “Start-up Loan” (啓動力) series and “Hao Qi Dai” (好企貸) series aimed to support the development of individual businesses, new citizens and other micro market entities.

Optimizing the professional mechanism and enhancing service capabilities. We continued to improve the long-term mechanism for enhancing the security, willingness capability and capacity to lending, formulated a series of documents such as “Protecting Market Entities, Stabilizing the Overall Economy and Further Promoting the High-quality Development of Inclusive Financial Services”, and conducted the special assessment and incentive mechanism for the inclusive small and micro enterprise business. We organized a series of trainings such as the “Inclusive Finance Training Month” and the “Empowering Customer Manager”, strengthened the construction of “Huiyu Financial Service” (鏢渝金服), a characteristic brand of the Bank of Chongqing, and launched the “SME Monthly” (小微入月刊) and other publicity activities to display our history and spirits in serving small and micro enterprises. We were fully connected to the bank-enterprise interaction platforms established by government-affiliated industry authorities and financial regulators such as “Yangtze River Chongqing Financing Connection” (長江渝融通), “Credit Easy Loan • Chongqing Huirong” (信易貸•渝惠融), and “financial service platform for enterprises in Chongqing”, and made full use of monetary tools, tax relief, fiscal awards and subsidizes and other policy dividends to benefit small and micro enterprises.

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7.6.3 Retail Banking Business

During the Reporting Period, the Bank firmly adhered to the “customer-focused” business philosophy and the development orientation of “citizen bank” through deeply exploring into the retail markets in the “one municipality and three provinces”, and followed the path of digital development, with a view to providing customers with high-quality products and services and promoting the high-quality transformation and development of our retail banking business.

In terms of individual deposits, firstly, the Bank continued to optimize its product system, promoted and marketed special time deposit products including “Xing Fu Cun” (幸福存) and “Meng Xiang Cun” (夢想存), improved the payment products using the QR code of “Ju Cai Fu” (聚財付), and continuously promote the growth of savings deposits and the decline of interest costs. **Secondly**, the Bank further consolidated its customer base. While exploring the targeted digital marketing model, the Bank focused on agency payment customer bases, expanded payment merchants, constantly retained key customer bases including the elderly, adolescents and new citizens. In order to explore new models to deepen financial services, the Bank launched service outlets to provide comprehensive inclusive financial services in rural areas, which expanded the coverage of its financial services. **Thirdly**, the Bank vigorously developed people-friendly financial scenarios. The Bank continued to optimize the experience of users, developed a featured “online + offline” life circle covering food, house and transportation and other consumption scenarios, and conducted a wide range of themed marketing activities to effectively enhance the engagement and stickiness of customers.

In terms of individual loans, firstly, the Bank continued to promote the construction of credit product systems. With “Jie e Dai (捷 e 貸)”, a self-operated Internet consumption loan, as the growth point, the Bank continued to diversify the guarantee methods, launched online mortgage sub-products, and expanded loan customer bases to provide special sub-products for high-quality customers such as employees of public enterprises and institutions and new citizens. **Secondly**, the Bank accelerated the digital upgrade of consumption credit. The Bank accelerated the construction of the “Star Chain Smart Marketing Platform” (星鏈智慧營銷平台), constantly upgraded the “Insight Smart Risk Control Platform” (火眼智慧風控平台), and promoted the transformation of risk control from “product level” to “customer level”. **Thirdly**, the Bank carried out the housing loan business in an orderly manner and actively optimized the housing mortgage loan products to meet the financing needs of buyers for the first house and the improved house.

In terms of wealth management, the Bank was committed to providing customers with diversified wealth management products and constantly improved the hierarchical system for retail banking customers. **Firstly**, the Bank continued to strengthen its product innovation, and provided customized wealth management products to specific customer bases such as VIP customers, customers entitle to subsidies and allowances, holders of Chongqing Talent Card and agency payment customers; selected high-quality cooperative institutions and products to diversify our products for agency sales; and optimized the composition of “Xing Fu Investment Advisory” (幸福投顧) to improve our professional service capabilities in asset allocation and meet diverse financial needs of our customers. **Secondly**, the Bank continued to optimize the wealth management service system, and deepened the hierarchical maintenance of retail banking customers relying on the wealth management center of the head office and the new customer relationship management (CRM) system; and developed the offline value-added service chain centered on VIP travel, medical and health care and gasoline discount, and launched online live streaming activities themed on investment analysis, personal pension, home-based fitness, legal and tax consultation and cloud travel series, effectively enhancing the trust and loyalty of high-net-worth customers.

In terms of bank cards, the Bank continued to diversify the consumption, settlement and other functions of bank cards, improve channels and enhance security performance; increased the types of bank cards and issued the third-generation social insurance card, Youth Volunteer Card and Chengdu-Chongqing Card, so as 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 Quick Pass and Cloud Quick Pass APPs, 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 continued to streamline and improve its business processes and enhance the timeliness and customer experience of its businesses, thus continuously enhancing the competitiveness of products. Through reinforcing the linkage between the head office and branches, the Bank carried out the cross marketing to effectively promote the increase both in the asset scale of credit cards and in the number of cards issued.

As of 31 December 2022, the balance of personal deposits of the Group was RMB167.223 billion, representing an increase of RMB27.304 billion or 19.51% as compared with the end of last year, and the local market share continued to increase. After the introduction of the new regulations on Internet loans, the Group took the initiative to adjust the structure of personal consumer loans in line with its business development needs, the balance (including personal consumer loans, mortgage loans and credit card advances) was RMB72.155 billion, representing a decrease of RMB7.169 billion as compared with the end of last year. The total number of issued debit cards increased by 302,800 to 4,967,900 as compared with the end of the previous year, and the transaction volume during the Reporting Period amounted to RMB13.202 billion. The total number of credit cards issued increased by 91,700 to 432,700 as compared with the end of the previous year, and the balance of credit card advances increased by RMB3.723 billion to RMB20.094 billion as compared with the end of the previous year.

7.6.4 Financial Market Business

During the Reporting Period, the Bank paid close attention to the trend of the macro economy, and strengthened the research and judgment on the capital market, so as to adjust its investment and liability strategies in a flexible manner. Through diversifying its investment products and expanding liability channels, the Bank continued to optimize the structures of its investment portfolio and liability maturity, thus maintaining a sound performance in its bond portfolio and a steady improvement in the efficiency of its asset portfolio. Meanwhile, the Bank built an interbank financial ecosystem, reinforced its extensive cooperation with interbank customers, and continuously expanded its interbank customer base.

In terms of bond market trading, the Bank focused on the construction of bond trading capabilities and investment research capabilities, optimized its trading strategies in a dynamic manner. As such, the settlement amount of bond trading recorded a stable growth, and the trading activity and market influence continue to rise. In 2022, the Bank was also among the "Top 100 Self-operated Settlers" (bond trading and investment category).

In terms of the allocation of asset portfolio, firstly, the Bank proactively supported the construction of the Chengdu-Chongqing Economic Circle and the new land-sea channel in China's western region, and strengthened its investment in high-quality bonds. Secondly, the Bank continued to optimize the structure of its bond investments and further enhance the risk resistance capability of its bond portfolio. Thirdly, the Bank expanded the categories adjusted the structure of its interbank assets, and promoted the allocation of numerous varieties to explore new spaces for profit growth.

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7.6.5 Asset Management Business

During the Reporting Period, the Bank's asset management business fully completed the rectification of businesses, and entered a new stage of net value-based management.

Compliant and stable product management. During the Reporting Period, the Bank conducted classified measurement of financial assets according to new accounting standards to ensure fair valuation of financial assets, and made provision for impairment of underlying assets based on expected credit losses. In line with the management requirement of "separate management, bookkeeping and accounting", the Bank made earnest efforts in the management of investment portfolios and net value of products, and regulated the disclosure of product information, thus effectively protecting the legitimate rights and interests of investors. Moreover, the Bank continued to optimize the product layout and structural adjustment, and developed a product system catering to the market demand.

Diversified assets investment. During the Reporting Period, the Bank attached great importance to the research and analysis of investments to enhance the forward-looking analysis of investments, proactively adjusted the structure of investments, managed the concentration of investments, promoted the transformation of cash management products, and increased the investment of high-liquidity assets. The Bank continued to promote the transformation of asset management trading, and actively participate in the secondary market to expand trading channels. Meantime, the Bank strengthened the inter-bank investment cooperation, gradually diversified investment varieties, and promoted the diversified allocation of products.

Prudent and effective risk control. During the Reporting Period, the Bank fully consolidated the risk management system for the wealth management business, and maintained real-time monitoring of credit, concentration, interest rate, liquidity and operational risks. Meanwhile, the Bank further improved the systems and mechanisms for valuation management and investment decision-making, strengthened the management of product liquidity risk, and completed the rectification of cash management wealth management products in a timely manner according to regulatory requirements.

7.6.6 Investment Banking Business

During the Reporting Period, the Bank deeply implemented the new development philosophy and proactively engaged in the new development pattern. With focus on the construction of the investment banking business system and the improvement of service capabilities, the Bank was committed to developing an all-weather, full-cycle and full-chain model for the investment banking business to promote its high-quality and leap-frog development.

Insisting on serving national strategies. With focus on key areas in line with national strategies, the Bank made innovative efforts in the design and service model of investment banking products, improved the organizational structure, functions and responsibilities of investment banking business, optimized the credit, bidding, underwriting, investment and other policies and procedures of investment banking business, and enhanced the capacity to contract and undertake investment banking businesses. Therefore, the Bank was more capable to cater to the financing needs arising from strategic infrastructure construction, provide investment banking services with higher credit cap, efficiency and quality, and boost the financial vitality for the construction of the Chengdu-Chongqing Economic Circle, the new land-sea channel in China's western region. During the Reporting Period, the Bank completed the first private issuance of the notes in relation to technological innovation in China as the lead underwriter, and created a new market-oriented financing channel for real enterprises seeking for the technological innovation.

Accelerating the transformation of service models. The Bank has changed the business philosophy of its investment banking services, paid close attention to the innovation of customer service models, and promoted the transformation from the “project-based” service model to the “customer-centered” one. The coverage of districts and counties and the coverage of customers were of strategic significance to the marketing and development of investment banking business. In order to provide more agile and targeted investment banking services, the Bank has established a full-cycle management mechanism for the investment banking business which covers the demand analysis, opportunity identification, strategy research, marketing and follow-up, project approval, issuance and sales and regular return visits. Through the in-depth development of the investment banking business based on and guided by its financial advisory and consulting services, the Bank was capable to provide all-weather investment banking services. Leveraging the advantages as a local corporate bank, the Bank took the lead in establishing a joint marketing mechanism in cooperation with other national lead underwriters. During the Reporting Period, the number and share of debt financing instruments of non-financial companies issued by the Bank as an underwriter increased by 36% and 29% respectively as compared with 2021.

Speeding up the improvement of business layout. Riding on the opportunities in the investment banking market, the Bank further improved the strategic layout of emerging businesses. During the Reporting Period, the Bank improved the management system in relation to the arrangement of corporate bond projects, direct financing tools for wealth management, risk mitigation, financial advisory services and other businesses, and promoted the diversified development of the investment banking business through intensifying the research on emerging business models and the construction of emerging business systems.

Comprehensively deepening the business linkage. The Bank further promoted the linkage between the head office and branches and that among business lines, including further deepening the linkage mechanism between investment and underwriting, exploring the innovative linkage model between private banking business and investment banking business, exploring and studying the linkage mechanism between overseas bond investment business and consulting business, and exploring and strengthening the linkage mechanism between investment banking business and corporate deposit business. Through strengthening the dual-way collaboration between the head office and branches, the Bank gave full play to the advantages of branches being close to customers and the investment banking department being close to peers, and formed a bottom-up and top-down mechanism for promoting projects.

Significantly expanding the market share. With reference to the benchmarks of peers, the Bank sped up to overtake them, and spared no effort in promoting the upgrading of investment banking business, with a view to achieving leap-frog development. In 2022, the Bank continued to rank among the top 50 underwriting banks. As of the end of December 2022, the Bank rose by 10 and 4 places respectively as compared with 2021 among all lead underwriters in Chongqing in terms of the number and underwriting amount of debt financing instruments of non-financial companies issued as an underwriter. In January 2023, the Bank was awarded the “Bond Underwriting Improvement Award (Banking Category)” in the selection of “2022 Best Investment Banks” by Wind.

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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, injecting new impetus for the high-quality development of trade finance business.

New results in digital innovative products. The Bank developed and launched the “C-chain Cloud Platform • Debt Bills” business, with lending amount of over RMB350 million. Meantime, the Bank launched and promoted the “Export e-finance” (出口 e 融) and the “Cross-border Financial Manager”, an one-stop cross-border financial service cloud platform which provides integrated manager services covering business processing and information inquiry.

New progress in global service strategy. In an effort to deepen and solidify financial services for foreign trade and investment, the Bank issued the Action Plan of Bank of Chongqing for Promoting the High-quality Development of Foreign Trade and Investment. The “Channel e-finance”, the first online-only credit product to support the new land-sea channel in China, was launched to provide targeted support for the financing of export companies relating to the new land-sea channel. The Bank introduced the proprietary forward transaction of Singapore Dollar against RMB, which marks a new breakthrough in the currency derivatives of local corporate banks for countries along the new land-sea channel and promotes the full coverage of agency banks over countries along the new land-sea channel and major ASEAN countries. Moreover, the Bank expanded the Thailand Baht settlement channel to support the construction of financial services of countries along the Belt and Road Initiative and the new land-sea channel.

New breakthroughs in proprietary business. During the Reporting Period, the Bank issued the USD bonds of US\$428 million, and the lending balance amounted to US\$1.378 billion (equivalent to RMB9.595 billion). Among the new investments, the number of issuers with AA+ or above rating accounted for 95%, and the lending balance for projects relating to the construction of the new land-sea channel in western China accounted for 76.64%, projects relating to the Yangtze River Economic Belt accounted for 88.32%, and projects relating to the Chengdu-Chongqing Economic Circle accounted for 55.61%, showcasing our firm support for the implementation of major national strategies.

New improvements in serving the real economy. Leveraging the “credit insurance pool” risk compensation mechanism of the Chongqing Municipal Commission of Commerce, the Bank provided financings for export companies with the financing amount ranking first among the five participating banks in Chongqing. The first cross-border financing facilitation business for specialized, refined, special and novel enterprises in Chongqing was completed under the “cross-border technology loan” model. As for assisting enterprises in hedging exchange rate risk, the number of new customers of agency derivatives increased by 200% as compared with the previous year. In the evaluation and assessment of banks on the compliance and prudent operation of foreign exchange business in 2022, the Bank recorded an excellent performance among 46 banks in Chongqing and maintained the highest “Class A” rating in the annual assessment of foreign exchange management for three consecutive years. Meantime, the Bank was awarded the highest “Excellent” rating for three consecutive years in the annual evaluation and assessment of membership units under the Self-Discipline Mechanism of Banks in Chongqing for Foreign Exchange and Cross-Border RMB Businesses.

7.6.8 Financial Technology

Centering on the strategic plan for information technology during the 14th Five-Year Plan period, the Bank shouldered its mission in the new era with focus on the digital transformation and development, and integrated digital technology with technological innovation. In line with the strategic requirements of “technology empowerment”, the Bank pioneered innovative measures to promote digital transformation and develop financial technology, and made every effort in building “smart bank” and “digital bank” to foster the application of technologies. In 2022, the Bank’s total expense in science and technology amounted to RMB384 million.

Defining the innovation strategy. In line with the master plan of digital transformation, the Bank formulated relevant strategic plans and issued the Strategic Plan of Bank of Chongqing Co., Ltd. for Information Technology During the 14th Five-Year Plan Period and the Data Strategy of Bank of Chongqing, which defines the strategic vision for the construction of technological innovation and governance system featuring “technology-driven development, stable operation and refined management” as well as the implementation goals and paths for the integration and innovation of financial technology across the Bank. Following the concept of creating value with data and riding on the new development trend of digital economy and digital finance, the Bank strengthened the data thinking and application in its financial technology innovation to redouble the significance of data elements.

Optimizing innovative IT layout. Through constantly optimizing the IT architecture, the Bank proactively deployed digital infrastructure to enhance data capabilities, and applied emerging technologies such as artificial intelligence, big data, blockchain, cloud computing, 5G and the Internet of Things, and improved the basic technological capabilities in accumulating, packaging and integrating “6+X” financial technologies to support the technological foundation. Moreover, the Bank improved the overall digital level of the Bank covering all fields and lines from business to management and from the head office to branches, and hit a new high in digital application innovation featuring technological capabilities in all aspects and technological resources for everyone.

Making breakthroughs in core innovative technologies. In response to national strategies and adhering to the principle of “building independent and innovative core capabilities”, the Bank intensified the adaptation and pilot of original leading technologies and steadily promoted key tasks such as innovative application of financial information technology, large-scale deployment of IPv6, and extensive use of commercial cryptography. In order to step up the protection of intellectual property rights, the Bank filed applications for 15 new patents and 16 new software copyrights.

Developing an agile and stable innovation mechanism. Focusing on the core goal of agile iteration, the Bank developed the DevOps platform and promoted the integration of research and operation, achieving a closed-loop and whole-process innovation to enhance the efficiency of business iteration and delivery covering from demand, research and development, testing, delivery to operation. In order to explore and pilot the agile delivery model, promote the in-depth integration of business technology and build a collaboration mechanism, the Bank established agile innovation teams for credit card business, retail banking business and inclusive business to support the small, rapid and flexible iteration and delivery of business innovation.

Management Discussions and Analysis

Building technological and innovative talent teams. Centering on the selection, cultivation, retention and use of technological and innovative talents, the Bank established and improved relevant supporting talent management mechanisms to expand channels for talent recruitment and optimize channels for career development. In order to strengthen the construction of technological and innovative talent teams, the Bank continued to improve the structure of technological teams covering age, education background and professional skills, and pay high attention to introducing high-end interdisciplinary talents skilled in cutting-edge financial technology and professional information security technology.

Deepening the construction of information security system. In order to ensure information security, the Bank aimed to build a comprehensive information security system covering network security protection, host security protection, data security protection, terminal security protection, application security protection and safe operation and management, and took a number of measures including enhancing awareness, optimizing systems, robust systems, and early warning and monitoring.

Strengthening the prevention and control of information technology risks. With close attention to the requirements of latest policies and regulations and regulatory risk warnings, the Bank carried out the interpretation of and training on the Data Security Law and the Personal Information Protection Law, conducted an inspection on the implementation of information technology system, and strove to promote the prevention and control of information technology risks in terms of business continuity, technology compliance management, technology outsourcing management and technology assets management, so as to ensure the stable operation of technologies.

Accelerating the construction of the quality management system. In order to promote the overall optimization of organizational systems, quality standards, research and development performance, and testing quality, the Bank built a quality management system based on TMMi as a model base, and deeply improved the process of quality management and testing service. The Bank has obtained TMMi Level 3 certification and become the first urban commercial bank in Southwest China to obtain such Level 3 certification.

Promoting the construction of technological infrastructure. The Bank completed the expansion and renovation of disaster recovery centers in Shuitu and Wanzhou, promoted the standardized certification for the operation and maintenance system of infrastructure in computer rooms, realized the bank-wide coverage of intelligent wide area network, conducted the exploration of quantum communication technology which was listed in the pilot of regulatory sandbox by the People's Bank of China, promoted the pre-research of cloud technologies for innovative application, and completed the development, testing and pilot operation of IAAS private cloud.

7.6.9 Digital Transformation

During the Reporting Period, the Bank focused its digital innovation on stabilizing the overall economy, vigorously promoting the development of the real economy, and effectively empowering its own reform of the business model and high-quality development.

Digital credit supported key areas. In 2022, the Bank continued to promote the innovation of digital credit products based on the demand of its key businesses. In response to the green finance policy, the Bank completed the development and trial operation of “Haoqi Lvye Loan (好企綠業貸)” relying on the holographic digital profiling of green and low-carbon industries on “Wind Chime Intelligent Review-Industrial Huilian” (風鈴智評－產業慧鏈). Meantime, the Bank worked with the Inclusive Finance Department to jointly develop and launch “Creation Loan” (創想貸), which provides more financial services for “new citizen” entrepreneurs and the re-employed. As of 31 December 2022, “Hao Qi Dai” (好企貸) series, a flagship digital credit product of the Bank, launched a total of 53 sub-products for 13 application scenarios including specialized, refined, special and novel enterprises, green credit, and the rural revitalization. While providing services for nearly 50,000 small and micro enterprise customers and individual businesses, its lending amount totaled RMB34.8 billion, with the balance of RMB12.8 billion, representing an increase of 35% over the beginning of the year.

Data management capabilities met national standards. In 2022, the Bank continued to consolidate its data middle-end services to enhance the speed and efficiency of its operations. The master data system provided over 150 million real-time data services in 2022, and covered more than 160 external data resource databases, which helped solve over data quality problems according to regulatory requirements. In order to promote data asset sharing and enhance the value of data, the Bank continued to optimize the “Kanyun” (瞰雲), “Cube Smart Mapping” (魔方智繪) and other flagship data platforms to provide data support and analysis services for major projects such as retail operation, relief loans for small and micro enterprises, “Huiyu Cloud Manager” (鑣渝雲管家), and labor markets. In 2022, the Bank was among the first financial institutions in Chongqing to pass the DCMM3 certification, a certification on the maturity and stability of data management capabilities according to national standards, and become the first city commercial bank in China to win the “Data Governance Innovation Award” issued by the China Branch of Data Management Association International (DAMA CHINA) for three consecutive years.

Exploring new models of industrial chain financial services. In 2022, the “Wind Chime Intelligent Review (風鈴智評)”, a digital risk control and assistant decision-making platform of the Bank, focused on the development of “Industrial Huilian” (產業慧鏈), and carried out innovative practices in industrial customer marketing, business risk monitoring, digital process management, credit product innovation and other fields. Under the guidance of national and regional key industries such as the development of the Chengdu-Chongqing Economic Circle, green economy, advanced manufacturing, airport economy, intelligent network connection and new energy vehicles, the Bank conducted an identification and in-depth analysis of over 500,000 high-quality enterprises. Leveraging the “Wind Chime Intelligent Review-Smart Visitors” (風鈴智評－慧訪客), a digital marketing tool, the Bank sent a white list of 60,000 customers to over 20 branches, which assisted in the loans for 600 new customers with balance of nearly RMB1 billion.

Digital operation facilitated the transformation of front-line marketing. Relying on the data insight and customer profiling capabilities of “Yunfan” (雲帆), an online operation platform of the Bank, the Bank assisted 11 branches in targeted marketing in 2022. As such, the Bank identified over 100,000 potential retail banking customers during the three-month program, with an increase of approximately 63,000 AUM customers, the deposits and wealth management amount of RMB6.4 billion, and the conversion rate of 46%. The “Yuying Link” (渝鷹link) App provided a targeted marketing list of approximately 60,000 customers to branches in the form of “performance ranking” and “task distribution”, and cooperated with “Huiyu Financial Service” (鑣渝金服) to distribute applications for SME loans totaling RMB400 million to customer managers in the form of competing orders, thus enhancing the marketing quality and efficiency. The “Bashi Digital & Smart Banking” (巴獅數智銀行) was successfully selected into the “Brand Stories of State-owned Enterprises” held by the State-owned Assets Supervision and Administration Commission of the State Council and the “2022 Excellent Cases on Financial Support for Rural Revitalization in Chongqing”.

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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 2022, the Bank operated its business and marketed its banking products and services through 166 sub-units, including the business department of its Head Office, its small enterprise loan center, four primary branches, 197 self-service banking centers, 324 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.

Mobile Banking

As at 31 December 2022, the Bank had 1,774.7 thousand mobile banking personal customers, representing an increase of 296.6 thousand as compared with the end of the previous year; the total number of transactions by mobile banking personal customers was 7,673.5 thousand, representing an increase of 1,079.7 thousand as compared with the same period of the previous year; the total transaction amount was RMB230.486 billion, representing a decrease of RMB19.394 billion 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 nearly 98%.

Online banking

As at 31 December 2022, the Bank had 36.6 thousand online banking corporate customers, representing an increase of 3.4 thousand as compared with the end of the previous year; the total number of transactions was 3,380.5 thousand, representing an increase of 69.3 thousand as compared with the same period of the previous year; the total transaction amount was RMB515.200 billion, representing a decrease of RMB20.636 billion as compared with the same period of the previous year. The Bank had 1,754.6 thousand personal online banking customers, representing an increase of 291.5 thousand as compared with the end of the previous year; the total number of transactions was 346.5 thousand, representing a decrease of 110.9 thousand as compared with the same period of the previous year; the total transaction amount was RMB18.923 billion, representing a decrease of RMB17.842 billion as compared with the same period of the previous year.

Mobile Business

As at 31 December 2022, the two major business platforms system, namely “Bashi Digital & Smart Banking” (巴獅數智銀行) and “Yuying Link”APP (渝鷹link), recorded a total of 450.5 thousand and 783.9 thousand transactions respectively, representing an increase of 25% and 650% respectively 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. The robotic process automation (RPA) was applied in the centralized operation for intelligent automatic identification, comparison and processing under the instant operation mode, enhancing work efficiency and customer experience. As the first local corporate bank in Chongqing to participate in e-CNY business, the Bank provided e-CNY “wallet” products and services for individual and corporate accounts through mobile banking, online banking and other self-operated channels, actively expanded the application scenarios of e-CNY into the payment for food, housing, transportation, tourism and shopping, and launched the e-CNY services for individual businesses in Tiansheng Sanqiao scenic area in Wulong District, Zhuoshui Ancient Town and Jiefangbei commercial area. In order to promote the use of e-CNY in daily lives of the public, the Bank also promoted application scenarios for medical and transportation services including the Second Affiliated Hospital of Chongqing Medical University and the Longyu Petroleum and Gas Station, and carried out popularity and publicity activities through posting articles, videos and comics via official accounts. Meantime, the Bank further optimized account services, and carried out the “Convenient Pay and Account Opening” publicity activity, 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 account opening and fund transfer. Meantime, the Bank implemented the simplified account opening for individuals to solve the difficulty of migrant workers in account opening.

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 RMB35.649 billion, the total liabilities of RMB31.286 billion, and the total owner’s equity of RMB4.363 billion. Its net profit was RMB520 million for the Reporting Period.

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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 RMB761 million, the total liabilities of RMB638 million, and the total owner’s equity of RMB123 million. Its net profit was RMB-13 million 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.

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.

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 Consolidated 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 improving the organization and management system, determining the credit risk appetite, 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.

Highlighting the guidance of credit policies. The Bank focused on the supply-side structural reform, and concentrated on supporting real enterprises, strategic emerging industry clusters, inclusive finance, personal consumer finance, technological innovation, and green development. The Bank established a dynamic list of prioritized target customer bases, and strengthened the financial support for “specialized, refined, special and novel” customers, enterprise customers in the key industry chain, and key customers in the industry. The Bank implemented a dynamic adjustment of credit policies, strengthened the industry research, adhered to early warning, and quickly responded to changes in market policies.

Forming a risk cap management system. The Bank established an integrated cap system for different regions, industries, products and customers, adjusted regional cap coefficients according to local conditions, and strictly controlled the credit cap for restricted and high-risk industries. The Bank was prudent in products with long loan terms or complicated business management models, and adhered to the principle of unified credit authorisation management for customers and managing the credit concentration of a single customer.

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Deepening special post-loan management measures. In line with the general direction, the Bank implemented the rectification of internal and external problems, and maintained consistent requirements in risk control. As for key areas, the Bank monitored key business areas to prevent the accumulation of risks. In terms of weaknesses, the Bank identified weaknesses in its management and consolidated internal management capabilities. The Bank earnestly carried out special governance, firmly established the philosophy of “monitoring credit risks in the whole process”, and optimized the post-loan management mechanism in the long term.

Consolidating the foundation for the management and control of non-performing assets. The Bank strengthened the planned management of non-performing assets and make timely adjustments, and formed a dynamic and orderly closed-loop management. The Bank promoted the standardized post-loan management and regulated disposal procedures of non-performing assets, thus fully enhancing the efficiency of management. Meantime, the Bank adopted the debt collection, debt conversion, judicial recovery, transfer of creditor’s rights, bankruptcy liquidation, repayment with property and other methods in an integrated manner, so as to accelerate the disposal of non – performing assets and collect debts to generate income.

Improving the management system of digital risks. The “Wind Chime Intelligent Review” digital risk control system, consisting of “Correlation Huicha (關聯慧查)” “Industrial Huilian (產業慧鏈)” “Intelligent Financial Identification” (財務慧識) “Digital Intelligent Mapping” (數字慧圖), are widely used in credit business, asset preservation and other areas. Through targeted scenario-based analysis and application, it can provide efficient intelligent risk control tools assisting decision-making for corporate business and internal management.

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 continuously improve the system process to strengthen the compliance culture construction.

Continuously improving the establishment of business continuity management system. The Bank conducted the all-round analysis of impacts on business and risk assessment, formulate Bank-wide business continuity plans and resource construction plans, continuously optimize the emergency plan system for business continuity and carried out drills as planned to practically ensure the continuous and stable operation of the bank's business.

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 2022, the market liquidity remained reasonably sufficient, and the terminal interest rate declined and then rose with fluctuations. 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.

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 2022							
Total financial assets	152,739,958	44,792,808	143,597,870	271,156,491	45,856,114	15,332,626	673,475,867
Total financial liabilities	(145,823,559)	(53,869,708)	(239,008,934)	(166,050,265)	(17,305,683)	(8,945,272)	(631,003,421)
Total interest rate sensitivity gap	6,916,399	(9,076,900)	(95,411,064)	105,106,226	28,550,431	6,387,354	42,472,446

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(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

As at the end of 2022, the Group's accumulated gap for all maturities amounted to RMB42,472 million, representing an increase of RMB713 million or 1.72% 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 2022	31 December 2021
+100 basis points parallel move in all yield curves	(367,150)	(387,646)
- 100 basis points parallel move in all yield curves	367,150	387,646

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of other comprehensive income	
	31 December 2022	31 December 2021
+100 basis points parallel move in all yield curves	(1,345,789)	(1,219,118)
- 100 basis points parallel move in all yield curves	1,401,640	1,270,762

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 2022					
Net position	41,623,074	782,669	5,726	60,977	42,472,446

(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

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.

(All amounts expressed in thousands of RMB unless otherwise stated)	Estimated change in profit/(loss) before income tax	
	31 December 2022	31 December 2021
+1% upward change of foreign exchange rate	7,884	50,474
- 1% downward change of foreign exchange rate	(7,884)	(50,474)

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.

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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, moneymarket balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk. In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the 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 2022 indicated that the liquidity risks remained within a controllable range even under stressful conditions. As at the end of 2022, 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, formulated 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 2022, the the liquidity gap of the Group calculated from our net assets and liabilities and classified according to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
	31 December 2022	(81,485,362)	10,199,594	(14,296,636)	(89,168,777)	148,378,351	109,938,012	28,944,254	11,094,796
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	128,518,809

In 2022, the Group's cumulative gap for all maturities was RMB123,604 million, representing an decrease of RMB4,915 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB81,485 million, the Group had an extensive and solid deposit customer basis. Current deposit settlement rates were relatively high and funding sources were stable, so the impact of the shortfall on the Group's real liquidity was not significant.

Liquidity coverage ratio

The Group measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which was issued on 23 May 2018. As of 31 December 2022, the Group's liquidity coverage ratio was 242.19%, which was in compliance with the regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022	31 December 2021
Qualified high-quality liquid assets	103,015,750	50,084,928
Net cash outflow in the next 30 days	42,534,513	28,972,043
Liquidity coverage ratio (%)	242.19	172.87

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 2022, available and stable funds and required stable funds of the Group amounted to RMB399,891 million and RMB340,670 million, respectively, which met the regulatory requirement with the net stable funding ratio standing at 117.38%.

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.

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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. A number of main compliance management measures have been adopted. Firstly, the Bank formulated the implementation plan for building compliance management system and deepened the construction of the compliance management system. Secondly, the Bank implemented compliance risk monitoring, intensified the monitoring and improvement of vulnerabilities in business and management, and improved the compliance risk control mechanism. Thirdly, the Bank strengthened the life-cycle management of systems and strictly controlled the quality of policy formulation, so as to consolidate the foundation of the compliance management system. Fourthly, the Bank carried out the “the Improvement Year for Internal Control and Compliance Management” activity to deepen the construction of a long-term mechanism for internal control and compliance and invigorate the internal vitality in risk prevention and control. 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.

7.7.8 Anti-money laundering management

The Bank has established internal control system for anti-money laundering that meets regulatory requirements. 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. With focus on comprehensively rectifying the problems identified in the anti-money laundering supervision and inspection by the People’s Bank of China, the Bank clarified the path for anti-money laundering data governance, improved the management of money laundering risk system, intensified the monitoring over suspicious transactions, and strengthened the internal control of anti-money laundering, so as to fully perform its social responsibilities in anti-money laundering and effectively improve the quality and efficiency of anti-money laundering.

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Firstly, in order to consolidate the foundation, the Bank established a whole-process management mechanism based on anti-money laundering data, defined the responsibilities on anti-money laundering data, and formulated the customer and transaction data standards relating to anti-money laundering which were integrated in its business system to enhance the data quality of whole-process anti-money laundering control. This work was selected as an excellent practice case in Chongqing and then was recommended to the Head Office of PBOC by its Chongqing business management department.

Secondly, the Bank improved the functions of money laundering risk control system through technological empowerment, including optimizing the mechanism for re-identifying customers whose accounts were frozen for investigation, improving the restrictions on money laundering risk control, expanded the indicators for monitoring the quality of customer information, and conducting more intelligent money laundering risk control.

Thirdly, the Bank achieved major breakthroughs in the reporting of key suspicious transactions through more professional efforts, including optimizing the monitoring indicators for suspicious transactions, strengthening the capabilities in the manual identification of suspicious transactions. In an in-depth effort to identify the clues of upstream money laundering crimes, the Bank made a major breakthrough in the reporting of key suspicious transactions in 2022, with the number of reported cases four times more than that in 2021. The Bank was praised by public security authorities in Rongchang District and Shapingba District for reporting suspicious activities which provided valuable information for them to investigate and uncover fraud, gambling and other illegal and criminal activities.

Fourthly, the Bank has taken practical measures to strengthen the internal force of risk prevention and control. The Bank planned and promoted the overall anti-money laundering work in a unified and well-coordinated manner under stronger leadership. When implementing practical measures, the Bank conducted regular off-site inspections on the customer risk rating and re-identification as well as on-site inspections on sub-branches vulnerable in money laundering risk control, and took follow-up measures to promote their rectification.

Fifthly, the Bank organized multi-dimensional, full-coverage anti-money laundering trainings to enhance capabilities. Under the theme of “Strengthening Awareness and Enhancing Capabilities”, the Bank carried out anti-money laundering trainings on regulatory policies, performance of duties, customer due diligence practices and reporting of suspicious transactions, with the participation of over 2,100 person-times covering Directors, Supervisors, senior and middle management, line employees, and full-time and part-time anti-money laundering personnel. Meantime, in order to create a sound cultural environment for money laundering risk control, the Bank organized an anti-money laundering knowledge contest themed on “Learning Policies and Promoting Compliance”, with over 4,200 participants across the Bank.

Sixthly, the Bank actively fulfilled the social responsibility in anti-money laundering through diligent and responsible performance of duties. The Bank participated in the topic research on anti-money laundering supervision, and the research results were recognized by the PBOC and adopted by its General Office. Moreover, the Bank prepared the Wechat article “Glimpse of Anti-organized Crime Law” for online publicity, used LED screens in its outlets to publicize drug prohibition, and carried out targeted publicity activities in schools, companies and elderly care centers for students, workers and the elderly who are vulnerable in money laundering capabilities, so as to expand the coverage and depth of anti-money laundering publicity.

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7.8 Capital Management

With an aim to satisfy the regulatory requirements on capital management to 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 2022		31 December 2021	
	The Group	The Bank	The Group	The Bank
Net capital:				
Core Tier I Capital, net	45,694,215	41,868,553	43,214,481	39,864,673
Tier I Capital, net	50,375,870	46,367,953	48,277,879	44,773,980
Net capital	61,032,503	55,244,990	59,974,137	55,799,514
Capital adequacy ratio (%):				
Core Tier I Capital adequacy ratio	9.52	9.50	9.36	9.25
Tier I Capital adequacy ratio	10.50	10.52	10.45	10.39
Capital adequacy ratio	12.72	12.53	12.99	12.95

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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 2022	31 December 2021
Core capital:		
Share capital	3,474,540	3,474,505
Counted part of capital surplus	7,146,506	8,955,990
Eligible portion of other equity instruments	1,071,690	–
Surplus reserve and general risk reserves	11,769,571	10,790,354
Counted part of retained earnings	21,374,805	19,143,032
Non-controlling interests injecting capital	1,366,915	1,155,679
Core Tier I Capital deductibles items:		
Full deductibles items	(360,048)	(305,079)
Threshold deduction items	(149,764)	–
Core Tier I Capital, net	45,694,215	43,214,481
Other Tier I Capital, net	4,681,655	5,063,398
Tier II Capital, net	10,656,633	11,696,258
Net capital	61,032,503	59,974,137
On-balance sheet risk-weighted assets	445,969,518	429,163,661
Off-balance sheet risk-weighted assets	7,812,787	7,264,706
Risk-weighted assets for exposure to counterparty credit risk	18,801	5,885
Total credit risk-weighted assets	453,801,106	436,434,252
Total market risk-weighted assets	311,761	678,575
Total operational risk-weighted assets	25,643,119	24,694,731
Total risk-weighted assets before applying capital base	479,755,986	461,807,558
Total risk-weighted assets after applying capital base	479,755,986	461,807,558
Core Tier I Capital adequacy ratio (%)	9.52	9.36
Tier I Capital adequacy ratio (%)	10.50	10.45
Capital adequacy ratio (%)	12.72	12.99

As of 31 December 2022, the Group's capital adequacy ratio was 12.72%, representing an decrease of 0.27 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 10.50%, representing an increase of 0.05 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 9.52%, representing an increase of 0.16 percentage point as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly because: (1) the accumulation of endogenous capital increased, and endogenous factors such as profit growth in 2022 led to an increase of approximately RMB2.5 billion in net core tier I capital; (2) the size of tier II capital bond declined by RMB1.0 billion; and (3) all businesses developed normally and total on-and off-balance sheet risk-weighted assets increased, reducing the capital adequacy ratio to some extent.

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In accordance with the Supervisory Requirements on Information Disclosure of Commercial Banks' Capital Composition 《關於商業銀行資本構成信息披露的監管要求》 issued by the CBIRC, the 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 2022, the Group's leverage ratio was 6.65%, falling within regulatory requirements of the CBIRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2022	31 December 2021
Leverage ratio (%)	6.65	7.22
Tier I Capital	50,885,682	48,582,958
Deductions from Tier I Capital	509,813	305,079
Tier I Capital, net	50,375,869	48,277,879
On-balance sheet assets after adjustment	686,911,802	620,131,107
Off-balance sheet assets after adjustment	70,812,425	48,300,181
On-and off-balance sheet assets after adjustment	757,724,227	668,431,288

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 March 2017, the Bank issued RMB6.0 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. The bank fully redeemed the bond in March 2022.

In December 2017, the Bank issued the offshore preference shares of US\$750 million (equivalent to RMB4.95 billion) on the Hong Kong Stock Exchange at the indefinite floating interest rate. 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. The preference shares were redeemed on 20 December 2022. For more information, please refer to "12.3 Preference Shares" of the annual Report.

In March 2022, the Bank issued RMB5.0 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 3.73% 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 has the right to redeem the bonds in March 2027.

In March 2022, the Bank publicly issued RMB13 billion A Share Convertible Corporate Bonds at par with a par value of RMB100 each on the Shanghai Stock Exchange. The total number of A Share Convertible Corporate Bonds issued was 130 million. The A Share Convertible Corporate Bonds have a maturity of 6 years, with a coupon rate of 0.20% for the first year, 0.40% for the second year, 1.00% for the third year, 1.70% for the fourth year, 2.50% for the fifth year, and 3.50% for the sixth year, respectively. The proceeds have been fully used to support business development as planned, and will be fully applied towards replenishing the core Tier-1 capital of the Bank after the conversion of A Share Convertible Corporate Bonds into Shares pursuant to the approval of applicable laws and regulators. For more details, please refer to “13.5 Convertible Corporate Bonds” in this annual report.

In December 2022, the Bank publicly issued RMB4.5 billion undated capital bonds in the national interbank bond market, with the coupon rate of 4.7% during the first five years. Subject to the applicable laws and the approvals by relevant regulatory authorities, the proceeds from the issuance will be used to replenish the Bank’s other tier 1 capital. The Bank is entitled to redeem the bonds in December 2027.

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

In face of triple pressure of demand contraction, supply shocks, and weakening expectations amid an increasingly complicated and uncertain external environment in 2022, the Chinese economy continued to grow despite such pressure, and recorded the gross domestic product (GDP) of over RMB121 trillion, representing a year-on-year increase of 3.0%. The fundamentals of the Chinese economy remain unchanged, with strong resilience, enormous potential, and great vitality.

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Looking forward to 2023, the Chinese economy is expected to show an upward trend as its stock and incremental policies take effect. In terms of the economic structure, the infrastructure investment will still be an important leverage to promote the economic growth, the manufacturing industry is expected to continue to recover under the combined influence of various policies and measures, and the real estate industry is expected to see a more stable development with the implementation of relevant policies. The consumption is expected to maintain stable and then rebound under the background of restored scenarios, supporting policies and recovery growth of resident income. In terms of the import and export, exports will continue to be disturbed by uncertainties in the external environment, and imports are expected to gradually pick up with the improvement in economic fundamentals and domestic demand.

In terms of macroeconomic policies, the Central Economic Work Conference demanded making economic stability a top priority and pursuing steady progress while ensuring economic stability, and stated that proactive fiscal policy and prudent monetary policy will continue to be implemented. Proactive fiscal policies will further improve efficiency, and tools such as deficits, special bonds and interest discounts will continue to be optimized. China will implement prudent monetary policies with more targeted and strong measures, maintain reasonable and sufficient liquidity, and ensure the growth rate of broad money supply and social financing basically matching the growth rate of the nominal GDP. 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, China will continue to improve the prevention and control of financial risks, strengthen the construction of the governance system for financial institutions, continuously enhance the effectiveness of supervision, and maintain preventing and defusing major financial risks an important goal of supervision.

In terms of industry landscape, the banking industry will further stick to its main responsibilities and businesses, return to its original missions, and maintain the credit support for the real economy. With focus on key strategies, industries and enterprises, the industry will continue to improve financial services for key areas such as infrastructure investment, small and micro enterprises, technological innovation, manufacturing and green development. The retail banking will continue maintain the balance of quantity, price and quality, expand the coverage and facilitation role of "scenario + finance" ecosystem, and enhance the adaptability, competitiveness and inclusiveness of financial services.

In terms of regional development, as the only municipality directly under the Central Government in central and western China and a state-level key city, Chongqing is poised to several major strategies including the Belt and Road Initiative, the Yangtze River Economic Belt, the development of western China in the new era, the Chengdu-Chongqing Economic Circle and the new land-sea channel in western China, and will play a more important role and shoulder more responsibilities in the overall development of China. Despite the impact of continuous high temperature pandemic and other unexpected factors in 2022, the gross domestic product (GDP) of Chongqing recorded a year-on-year increase of 2.6%. In 2023, Chongqing will strive to achieve the goal of "seeking for steady progress while enhancing efficiency, resolving and preventing risks, promoting reform and transformation, and benefiting the people, and plans to launch over 1,000 major construction projects with total investment amount of approximately RMB3 trillion. Regional development opportunities and supporting policies will bring significant opportunities for financial institutions in the region.

7.9.2 Business Plan

The year 2023 marks the first year for fully implementing the spirit of the 20th CPC National Congress and embarking on a new journey to comprehensively building a modern socialist Chongqing as well as a crucial year for continuously promoting the development of the Group during the 14th Five-Year Plan period. The Group will proactively capture major strategic opportunities from national and regional development, fully align with the construction of the Chengdu-Chongqing Economic Circle (No. 1 Project), and deeply penetrate into the regional economy in line with the philosophy of high-quality development. Meantime, the Group will stay true to the original mission that finance serves for the real economy, and continue to improve its financial services and business coverage, thus constantly enhancing competitiveness, innovation and anti-risk capabilities.

Making solid efforts in fully promoting the implementation of strategies. Firstly, we will deeply participate in the construction of the Chengdu-Chongqing Economic Circle with focus on two industrial clusters with scale of over RMB1 trillion, featured industrial clusters and high-growth future industrial clusters, and strengthen industry research to identify key customers and connect the industrial and supply chains. Secondly, we will strive to support the construction of the new land-sea channel in western China, pay close attention to the channel and road network system, hub and node system, logistics system and other fields to seek for common development opportunities, and promote the export-oriented financial business to continuously optimize and improve the services in foreign capital and trade. Thirdly, we will vigorously develop green finance in line with the construction of pilot zone for green finance reform and innovation, comprehensively implement green finance service solutions, promote the green upgrading of traditional industries (including automobiles and motorcycles) and the growth of low-carbon industries (including new energy vehicles and green technologies). Fourthly, we will spare no effort in serving the rural revitalization with focus on featured and advantageous industries, develop agricultural scenario-based digital products, intensify the credit support for new agriculture-related business entities, and improve the basic rural financial service system.

Fully promoting business expansion while maintaining stable stock and incremental businesses. In terms of asset allocation, all business lines of the Company will unswervingly serve the real economy, expand the market based on enterprises, industries and scenarios, and continuously increase the proportion of loans for the real economy. The inclusive business should continue to expand the basic customer base, give full play to the brand effect of “Huiyu Financial Service” (隴渝金服), and promote the batch implementation of scenario-based inclusive financial services. The retail banking business should play the role of “stabilizer” and “cornerstone” to promote the transformation and upgrading of businesses. In terms of reducing costs and increasing deposits, all business lines of the Company should actively connect with strategic incremental funds, expand the service chain and improve the capital verification, entrusted payment, transfer payment and other aspects, and rely on digital tools to deeply penetrate into scenario-based finance and accumulate transaction funds, so as to provide strategic support for introducing low-cost capital. The retail banking business should vigorously expand the payment merchants via “QR code”, enlarge the customer base with smart payment, continuously expand the customers of payroll agency service, provide special services according to the characteristics of the customer base, and increase the acceptance of current settlement capitals.

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Fully accelerating the digital transformation through reform and innovation. We will strengthen the digital innovation based on the actual needs, prominent problems and inefficient aspects in the business management and marketing, and accelerate the transformation of results to secure effective achievements from reform. Firstly, expanding the digital credit. We will step up the update and iteration of “Hao Qi Dai” (好企貸) series, promote featured digital credit products such as “Lvye Loan” (綠業貸) and “Technology Innovation Loan” (科創貸) with focus on technological innovation, rural revitalization, manufacturing empowerment and other key industries, so as to continuously expand the digital credit products Secondly, making full use of digital assets. We will enhance the data asset management capabilities and build an operation platform for data assets, so as to further improve the quality and efficiency of statistics relying on data governance. Thirdly, strengthening the supporting role of digital products and tools. We will strengthen the application of digital products and tools, and enhance the capacities of operation management personnel at all levels to apply digital analysis in decision-making, implementation of tasks, organizational operation, supervision and inspection, and communication and collaboration. We will reinforce the construction of digital infrastructure and lay a solid foundation for the digital transformation with safe and reliable infrastructure.

Polish the brand and make every effort to achieve service improvement. To ensure that the overall level of service quality improves year by year, and constantly polish the brand image. First, strengthen awareness. Establish the awareness of the “full service” and “full marketing”, all personnel, especially business managers at all levels should be good servers, in a timely manner to respond to customer needs, solve outstanding problems in the service. Second, optimize the terminal. Strengthen the construction of online and offline terminal channels, focus on building high-quality network projects, and make every effort to improve the online interactive experience of digital banking. Demonstrate local characteristics, create more unique elements that fit local aesthetics and customs, and launch more products and services that meet the consumption habits of local customers. Third, improve the mechanism. Promote the standardization of financial services and continuously improve the level of high-quality, civilized and standardized services. Continuously optimize the service process of micro and small enterprises and personal accounts. Implement the “first question responsibility system” for consumer rights protection, improve the rapid disposal of consumer complaints, supervision and guidance, traceability and rectification of the series of mechanisms to ensure and improve service quality and efficiency.

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The Bank is committed to building a high-level corporate governance system. 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, improve our corporate governance system and effectively regulate the operation of corporate governance. 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 the Articles of Association and related rules of procedures, strategic planning management, management on related party transactions and investors relationship, conducted 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 Responsibilities 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 supervisors served by representatives of non-employee, and decide on matters related to the remuneration of directors and supervisors;
- (3) to examine and approve the report of the Board of Directors;
- (4) to examine and approve the report of the Board of Supervisors;
- (5) to examine and approve the Bank's annual financial budget and its final accounts proposals;
- (6) to examine and approve the Bank's plans for profit allocation and loss recovery;
- (7) to adopt a resolution on increase or decrease in the Bank's registered capital;
- (8) to adopt resolutions on merger, separation, dissolution, liquidation or change of company form of the Bank;
- (9) to adopt a resolution on the issuance of the Bank's bonds or other securities or the listing of the Bank;

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- (10) to adopt a resolution on the acquisition of shares of the Bank in accordance with the laws;
- (11) to adopt resolutions on the hiring or firing an accounting firm that is responsible for the regular statutory audits of the Bank's financial reports;
- (12) to amend the Articles of Association;
- (13) to examine and approve the procedural rules for general meetings, the Board of Directors and the Board of Supervisors of the Bank;
- (14) to examine proposals made by the shareholders representing more than 3% of the voting shares in the Bank individually or in aggregate;
- (15) to examine and approve the matters of providing guarantee for shareholders or de facto controllers;
- (16) to examine 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;
- (17) to examine and approve financing guarantees provided to any guaranteed party whose debt to assets ratio is higher than 70%;
- (18) to examine and approve any single financing guarantee with an amount exceeding 10% of the latest audited net assets value of the Bank;
- (19) to examine 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;
- (20) to examine and approve changes in the use of proceeds;
- (21) to examine and approve the Bank's share repurchase plans and equity incentive plans;
- (22) 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.;
- (23) external donations of the Board of Directors exceeding the amount authorized by the shareholders' general meeting;
- (24) purchases of major assets, procurement of bulk materials and services by the Board of Directors exceeding the amount authorized by the shareholders' general meeting;
- (25) to mobilize and use funds for projects not included in the annual budget; to mobilize and use large amount of funds by the Board of Directors exceeding the amount authorized by the shareholders' general meeting;

(26) other matters which should be determined by the general meeting of shareholders in accordance with the laws, regulations, regulatory requirements or the Articles of Association.

8.1.2 Information of General Meetings

In 2022, the Bank held one annual general meeting and two extraordinary general meetings, details of which are set out below:

On 17 March 2022, the Bank held the first extraordinary general meeting of 2022, at which one proposal was considered and approved as an ordinary resolution, namely the Resolution Regarding the Connected Transaction of the Subscription of A Share Convertible Corporate Bonds to be Publicly Issued by Bank of Chongqing Co., Ltd. by Chongqing Yufu Capital Operation Group Co., Ltd.

On 23 June 2022, the Bank held the 2021 annual general meeting. The 2021 annual general meeting considered and approved six special resolutions, including the Proposal on Amending the Articles of Association of Bank of Chongqing Co., Ltd., the Proposal on Amending the Procedural Rules for General Meetings of Bank of Chongqing Co., Ltd., the Proposal on Amending the Procedural Rules for Board of Directors of Bank of Chongqing Co., Ltd., the Proposal on Amending the Procedural Rules for Board of Supervisors of Bank of Chongqing Co., Ltd., the Proposal on Amending the Authorization Plan of the Shareholders' General Meeting to the Board of Directors and the Proposal on Issuance of Undated Capital Bonds of Bank of Chongqing Co., Ltd.; and 11 ordinary resolutions, including the Proposal on the Work Report of the Board of Directors for 2021, the Proposal on the Work Report of the Board of Supervisors for 2021, the Proposal on the Final Financial Accounts for 2021, the Proposal on the Profit Distribution Plan for 2021, the Proposal on the Financial Budget Plan of Bank of Chongqing for 2022, the Proposal on the 2021 Annual Report of Bank of Chongqing Co., Ltd. and Highlights thereof, the Proposal on the Appointment and Remuneration of External Auditors for 2022, the Proposal on Election of Ms. You Lili as a Non-executive Director of Bank of Chongqing, the Proposal on the Estimated Annual Caps for Daily Related Transactions for 2022, the Proposal on the Investment Plan for 2022 and the Proposal on Amending the Management Measures on Outward Equity Investments of Bank of Chongqing Co., Ltd.

On 15 November 2022, the Bank held the second extraordinary general meeting of 2022, at which two proposals were considered and approved as ordinary resolutions, including the Proposal on the Election of Ms. WANG Fengyan as a Non-executive Director of Bank of Chongqing, and the Proposal on Amending the Management Measures for Connected Transactions of Bank of Chongqing Co., Ltd.

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

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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 and investment proposals;
- (4) deciding on development strategy and development plans of the Bank and overseeing the implementation of the strategy;
- (5) formulating the annual financial budget and its final accounts proposals of the Bank;
- (6) formulating profit distribution plans and loss recovery plans of the Bank;
- (7) formulating proposals for increase in, or reduction of the Bank's registered capital, issuance of bonds or other securities and listing plans;
- (8) formulating proposals for major acquisitions, share purchase, mergers, separation, dissolution and change in corporate form of the Bank;
- (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 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 and decide on their emoluments and their rewards and punishments; appointing or removing vice presidents, the chief financial officer, the chief 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; to appoint or dismiss the Bank's general counsel and other senior management based on the recommendations of the chairman of the Board of Directors, and to decide on their remunerations, rewards and punishments; to supervise the effective performance of duties of senior management;
- (12) establishing the Bank's basic management system;
- (13) to formulate the Bank's policy for risk tolerances, risk management and internal controls, and to assume ultimate responsibility for comprehensive risk management;

- (14) to formulate proposals for any amendments to the Articles of Association, to formulate the procedural rules for general meetings and the procedural rules for the Board of Directors, and to consider and approve the work rules of the special committees under the Board of Directors;
- (15) to be responsible for the Bank's disclosure of information, and assume ultimate responsibility for the authenticity, accuracy, completeness and timeliness of the Bank's accounting and financial reporting;
- (16) to regularly evaluate and improve the Bank's corporate governance;
- (17) to propose the appointment or dismissal of accounting firms for regular statutory audits of the Bank's financial reports at the shareholders' general meeting;
- (18) to review working reports of the president and to assess the president's performance;
- (19) to formulate the corporate capital plan, and assume ultimate responsibility for the capital management;
- (20) to safeguard the legitimate rights and interests of financial consumers and other stakeholders;
- (21) to establish a mechanism for identifying, reviewing and managing the conflicts of interest between the Bank and its shareholders, especially substantial shareholders;
- (22) to assume management responsibility of shareholders' matters;
- (23) to make decisions on matters such as external investments, acquisition of assets, disposal and write-off of assets, pledge of assets, entrusted wealth management, material connected transactions and data governance of the Bank within the scope of authorization of the shareholders' general meeting;
- (24) to make decisions on matters relating to external donations within the scope of authorization of the shareholders' general meeting;
- (25) to make decisions on matters relating to purchase of major assets, procurement of bulk materials and services within the scope of authorization of the shareholders' general meeting;
- (26) to make decisions on matters relating to mobilization and use of large amount of funds; mobilization and use of large amount of funds exceeding the project budget in the annual budget within the scope of authorization of the shareholders' general meeting;
- (27) 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.

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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 2021, the Annual Financial Budget for 2022, and the Appointment of External Auditor for 2022.

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 14 Directors, including 4 executive Directors, namely, Ms. LIN Jun (Chairman), Mr. RAN Hailing (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; 5 non-executive Directors, namely, Mr. WONG Hon Hing (Vice Chairman), Mr. YANG Yusong, Ms. ZHONG Xian, Mr. WU Heng and Ms. YOU Lili; 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 14 Directors, including 3 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 still diverse in terms of gender, professional background and skills of its members. Therefore, there is no need to set any further measurable objectives for the implementation of the board diversity policy.

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 “Directors, Supervisors, Senior Management, Employees and Branch Outlets” of this annual report for details of changes in Directors.

8.2.6 Operation of the Board

Board meetings may be convened by way of on-site meetings or voting via video conference. The Board of the Bank shall convene regular board meetings at least once for every quarter. Agenda for a 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 5 days prior to the date of such meeting. Notice for a regular meeting of the Board is 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.

Corporate Governance Report

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

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

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 17 meetings in total (including 7 written resolutions and 10 onsite/video meetings), at which 98 proposals were considered and approved, including the audit plan, financial reports and profit distribution, 66 reports were heard and 3 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 43rd meeting of the sixth session of the Board	2022/1/26	considered and approved: 1. the Proposal on the Financial Budget Plan of Bank of Chongqing for 2022; 2. the Proposal on the Internal Audit Plan of Bank of Chongqing for 2022; 3. the Proposal on the Investment Plan for 2022; 4. the Proposal on the Post-Evaluation Plan for Investment Projects in 2022; 5. the Proposal on Considering the Pre-reorganization Plan of Loncin and its Related Companies; and 6. the Proposal on the Batch Determination of Losses from and Disposal of Non-performing Assets
The 44th meeting of the sixth session of the Board	2022/02/14	considered and approved: 1. the Proposal on the Connected Transaction of the Subscription of A Share Convertible Corporate Bonds to be Publicly Issued by Bank of Chongqing Co., Ltd. by Chongqing Yufu Capital Operation Group Co., Ltd.; 2. the Proposal on Taking Measures to Stabilize Share Price of A Shares; and 3. the Proposal on Convening the 2022 First Extraordinary General Meeting

Session	Date	Resolutions
The 45th meeting of the sixth session of the Board	2022/03/22	considered and approved: 1. the Proposal on Amending the Authorization Plan of the Shareholders' General Meeting to the Board of Directors; 2. the Proposal on the Plan for the Board's Authorization to the President; 3. the Proposal on the 2022 Risk Control Strategy of Bank of Chongqing; and 4. the Proposal on Adding Audit Items in the 2022 Audit Plan of Bank of Chongqing
The 46th meeting of the sixth session of the Board	2022/03/31	considered and approved: 1. the Proposal on the Financial Statements and Notes thereof for 2021; 2. the Proposal on the Final Budget Report for 2021; 3. the Proposal on Delaying the Consideration of the Profit Distribution Plan for 2021; 4. the Proposal on the Appointment and Remuneration of External Auditors for 2022; 5. the Proposal on the 2021 Annual Report and Highlights thereof; 6. the Proposal on the 2021 Social Responsibility (Environmental, Social and Governance) Report of Bank of Chongqing Co., Ltd.; 7. the Proposal on the Special Report on the Deposit and Actual Utilization of Raised Funds in 2021; 8. the Proposal on the Report on Assessment of Internal Control for 2021; 9. the Proposal on the 2022 Asset and Liability Management Strategy; 10. the Proposal on the Work Report of the Board of Directors for 2021; 11. the Proposal on the Report of the Board of Directors on Evaluation of Performance of Duties by Directors for 2021; 12. the Proposal on the Duty Performance and Cross-Evaluation Reports of Independent Non-Executive Directors for 2021; 13. the Proposal on the Report of the Implementation of Remuneration of Non-Executive Directors for 2021; 14. the Proposal on the Report of the Management of Related Party Transactions for 2021; 15. the Proposal on the Estimated Annual Cap for Daily Related Party Transactions for 2022; 16. the Proposal on Election of Ms. You Lili as a Non-executive Director of Bank of Chongqing; 17. the Proposal on the Management Measures for Liability Quality of Bank of Chongqing Co., Ltd.; and 18. the Proposal on the Plan for the Board's Authorization to the President (2022 Version)
The 47th meeting of the sixth session of the Board	2022/04/25	considered and approved: 1. the Proposal on Material Connected Transaction with Chongqing Sanxia Financing Guarantee Group Corporation; and 2. the Proposal on Material Connected Transaction with Chongqing Xingnong Financing Guarantee Co., Ltd.

Corporate Governance Report

Session	Date	Resolutions
The 48th meeting of the sixth session of the Board	2022/04/29	considered and approved: 1. the Proposal on the 2022 First Quarterly Report; 2. the Proposal on the Capital Plan of Bank of Chongqing for 2022-2024; 3. the Proposal on Amendments to the Management Measures of Bank of Chongqing on Asset Impairment Provision; 4. the Proposal on the Proposed Disposal of Loans Related to Chongqing Red Dragonfly Oil Co., Ltd.; 5. the Proposal on the Qualifications of Major Shareholders of Chongqing Real Estate Group Co., Ltd.; and 6. the Proposal on the Qualifications of Major Shareholders of Chongqing Water Conservancy Investment Group Co., Ltd.
The 49th meeting of the sixth session of the Board	2022/05/19	considered and approved: 1. the Proposal on the Profit Distribution Plan for 2021; 2. the Proposal on Amending the Articles of Association of Bank of Chongqing Co., Ltd.; 3. the Proposal on Amending the Procedural Rules for General Meetings of Bank of Chongqing Co., Ltd.; 4. the Proposal on Amending the Procedural Rules for Board of Directors of Bank of Chongqing Co., Ltd.; 5. the Proposal on the Issuance of Undated Capital Bonds of Bank of Chongqing Co., Ltd.; 6. the Proposal on the Valuation and Disposal of Non-performing Loans; 7. the Proposal on the Write-off of Dad Debts from Non-performing Loans; 8. the Proposal on the Data Strategy of Bank of Chongqing Co., Ltd.; and 9. the Proposal on Convening 2021 Annual General Meeting of Bank of Chongqing Co., Ltd.
The 50th meeting of the sixth session of the Board	2022/06/30	considered and approved: 1. the Proposal on the Assessment Results of Operating Performance in 2021; 2. the Proposal on the Assessment Plan for Operating Performance of Heads of Enterprises in 2022; 3. the Proposal on the Strategic Plan of Bank of Chongqing Co., Ltd. for Information Technology During the 14th Five-Year Plan Period; 4. the Proposal on Amending the Management Measures of Bank of Chongqing Co., Ltd. on the Strategic Plan; 5. the Proposal on Amending the Management Measures of Bank of Chongqing Co., Ltd. on Investor Relations; 6. the Proposal on Amending the Management Measures of Bank of Chongqing Co., Ltd. on Raised Funds; and 7. the Proposal on Adding Audit Items in the 2022 Audit Plan

Session	Date	Resolutions
The 51st meeting of the sixth session of the Board	2022/7/29	considered and approved: 1. the Proposal on Amending the Management Measures of Bank of Chongqing on Non-performing Assets; 2. the Proposal on the Implementation Plan of Bank of Chongqing for Building Compliance Management System; 3. the Proposal on the Implementation Plan of Bank of Chongqing on the Construction of the Rule of Law; 4. the Proposal on the Liability Insurance Plan for Directors, Supervisors and Senior Management for 2022-2023; 5. the Proposal on Changing the Principal Place of Business in Hong Kong
The 52nd meeting of the sixth session of the Board	2022/8/30	considered and approved: 1. the Proposal on the 2022 Interim Financial Statements and Review Report; 2. the Proposal on the 2022 Interim Report of Bank of Chongqing Co., Ltd. and Highlights thereof; 3. the Proposal on Adjusting the Expenses and Capital Expenditure Budget for 2022; 4. the Proposal on the Special Report on the Deposit and Actual Utilization of Raised Funds in the First Half of 2022; 5. the Proposal on the Recovery Plan of Bank of Chongqing Co., Ltd. and the Proposal on the Proposed Disposal Plan of Bank of Chongqing Co., Ltd.; 6. the Proposal on the Consideration of Connected Transactions with Chongqing Xinyu Financial Leasing Co., Ltd.; 7. the Proposal on the Disposal of Some Non-performing Assets; 8. the Proposal on the Write-off of Dad Debts from Non-performing Loans; 9. the Proposal on Major Policies, Important Models and Key Parameters of Expected Credit Loss Approach; 10. the Proposal on the Establishment of the Asset Custody Department; 11. the Proposal on the Appointment of Comrade WANG Yu as Securities Affairs Representative of the Bank; 12. the Proposal on the Replacement of Authorized person to the e-Submission System of the Hong Kong Stock Exchange; and 13. the Proposal on the Report of Matters Related to Wealth Management Subsidiary
The 53rd meeting of the sixth session of the Board	2022/9/28	considered and approved: 1. the Proposal on the Election of Ms. WANG Fengyan as a Non-executive Director of Bank of Chongqing; and 2. the Proposal on Redemption of Offshore Preference Shares
The 54th meeting of the sixth session of the Board	2022/10/14	considered and approved: 1. the Proposal on Amending the Management Measures on Connected Transactions of Bank of Chongqing Co., Ltd.; and 2. the Proposal on Convening the 2022 Second Extraordinary General Meeting of Bank of Chongqing Co., Ltd.

Corporate Governance Report

Session	Date	Resolutions
The 55th meeting of the sixth session of the Board	2022/10/26	considered and approved: 1. the Proposal on the 2022 Third Quarterly Report of Bank of Chongqing Co., Ltd.; 2. the Proposal on the Results of Post-Evaluation of Investment Projects in 2022; 3. the Proposal on Amendments to the Management Measures of Bank of Chongqing on Liquidity Risk; 4. the Proposal on Adjusting the 2022 Outlets Development Plan; 5. the Proposal on Applying for Supplementary Employee Medical Insurance Budget for 2023-2024; and 6. the Proposal on Considering the Pre-reorganization Plan of Chongqing Energy Investment Group Co., Ltd. and its Related Companies
The 56th meeting of the sixth session of the Board	2022/11/4	considered and approved: 1. the Proposal on the Qualifications of Shareholders of Chongqing Water Conservancy Investment Group Co., Ltd.; and 2. the Proposal on the Dividend Distribution of Offshore Preference Shares for 2022
The 57th meeting of the sixth session of the Board	2022/11/30	considered and approved: 1. the Proposal on Upgrading Sub-branches of Free Trade Zones to Branches; 2. the Proposal on the Write-off of Bad Debts from Non-performing Loans; 3. the Proposal on Amendments to the Management Measures of Bank of Chongqing on Write-off of Bad Debts; 4. the Proposal on the Distribution Plan of Incentive Remuneration for Senior Management from 2018 to 2020; 5. the Proposal on Changing Reporting Items of Wealth Management Subsidiary; and 6. the Proposal on Adjusting Some Business Indicators for 2022 due to the Debt Disposal of Chongqing Energy Investment Group Co., Ltd.
The 58th meeting of the sixth session of the Board	2022/12/14	considered and approved: the Proposal on Amending Matters Related to the Establishment of Wealth Management Subsidiary
The 59th meeting of the sixth session of the Board	2022/12/28	considered and approved: 1. the Proposal on the Plan for Main Business Indicators in 2023; 2. the Proposal on the Rolling Update of the 2022 Report on Development Plan during the 14th Five-Year Period; 3. the Proposal on the Pre-disposal of Non-performing Loans of Chongqing Energy Investment Group Co., Ltd.; 4. the Proposal on the Post-Evaluation Plan for Investment Projects in 2023; 5. the Proposal on Amendments to the Management Measures of Bank of Chongqing on Asset Impairment Provision; and 6. the Proposal on the Assessment of Business Performance and Remuneration Payment of Senior Management of Bank of Chongqing for 2021

Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2022 (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/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	Total	On-site	By communication	By proxy								
Executive Directors													
LIN Jun	3/3	17/17	10/10	7/7	0		3/3	4/4	15/15				
RAN Hailing	3/3	15/17	8/10	7/7	2				15/15	13/13		3/3	
LIU Jianhua	3/3	16/17	9/10	7/7	1						8/8	3/3	2/2
WONG Wah Sing	3/3	17/17	10/10	7/7	0							3/3	2/2
Non-executive Directors													
WONG Hon Hing	3/3	17/17	10/10	7/7	0				15/15	13/13			2/2
YANG Yusong	2/3	15/17	8/10	7/7	2				15/15				
ZHONG Xian	3/3	16/17	9/10	7/7	1	12/12					8/8		
WU Heng	3/3	17/17	10/10	7/7	0		3/3	4/4					
YOU Lili	1/1	4/4	3/3	1/1	0								
Independent Non-executive Directors													
LIU Xing	3/3	17/17	10/10	7/7	0	12/12	3/3	4/4			8/8		
WANG Rong	3/3	17/17	10/10	7/7	0		3/3	4/4		13/13	8/8		
ZOU Hong	3/3	17/17	10/10	7/7	0						8/8	3/3	
FUNG Don Hau	3/3	17/17	10/10	7/7	0	12/12			15/15	13/13		3/3	
YUAN Xiaobin	2/3	16/17	9/10	7/7	1	12/12	3/3	4/4					2/2

Notes:

- For details of changes in Directors, please refer to "9.1.4 Changes in Directors, Supervisors and Senior Management".
- 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.

Corporate Governance Report

8.2.9 Independent Non-executive Directors

The Bank are fully aware that independent opinions obtained by the Board are crucial to sound corporate governance and the efficiency of the Board. In order to ensure that the Board can obtain independent opinions as necessary, the Board has established a mechanism and reviews its implementation every year, so as to enhance the objectivity and effectiveness of decision-making.

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.

The Board receives an annual report on the performance of the independent non-executive Directors. 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 2022 issued on 30 March 2023 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 2022.

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 2022, the Directors have adopted and consistently applied applicable accounting policies, and exercised prudent and reasonable judgment.

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 applicable laws, regulatory rules and the Listing 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 expected credit loss methodology. 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 19 May 2022, all Directors of the Bank participated in the ESG training of Bank of Chongqing Co., Ltd for 2022;

On 28 December 2022, all Directors of the Bank participated in the training on the anti-money laundering;

On 28 December 2022, all Directors of the Bank participated in the training on the expected credit loss methodology;

On 28 December 2022, all Directors of the Bank participated in the training on ongoing supervisory for 2022.

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-interbank 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, connected 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.

Corporate Governance 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 2022.

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.

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 26th meeting (25 January), the 27th meeting (11 February), the 28th meeting (29 March), the 29th meeting (27 April), the 30th meeting (18 May), the 31st meeting (29 June), the 32nd meeting (26 August), the 33rd meeting (26 September), the 34th meeting (23 October), the 35th meeting (2 November), the 36th meeting (11 November), the 37th meeting (26 November), the 38th meeting (28 November), the 39th meeting (12 December) and the 40th meeting (23 December), at which a total of 54 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.

Corporate Governance Report

During the Reporting Period, the 6th session of the Audit Committee of the Bank held the 21st meeting (6 January), the 22nd meeting (24 January), the 23rd meeting (17 March), the 24th meeting (29 March), the 25th meeting (27 April), the 26th meeting (18 May), the 27th meeting (29 June), the 28th meeting (27 July), the 29th meeting (25 August), the 30th meeting (24 October), 31st meeting (2 November) and 32nd meeting (23 December), at which a total of 30 proposals including the annual results of 2021, quarterly results of 2022, 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.

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 11th meeting (29 March), the 12th meeting (29 June), the 13th meeting (25 November) and the 14th meeting (23 December), at which a total of 7 proposals including the appraisal report on performance of Directors, the duty performance and cross-evaluation reports of independent Directors, and the assessment of business performance and remuneration payment of senior management for 2021 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 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 7th meeting (25 February), the 8th Meeting (25 August) and the 9th meeting (26 September), at which a total of 3 proposals including the election of Ms. YOU Lili as a Non-executive Director of Bank of Chongqing Co., Ltd were considered.

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;

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- (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.

During the Reporting Period, the 6th session of the Risk Management Committee of the Bank held the 28th meeting (25 January), the 29th meeting (11 February), the 30th meeting (17 March), the 31st meeting (25 March), the 32nd meeting (30 March), the 33rd meeting (26 April), the 34th meeting (18 May), the 35th meeting (27 July), the 36th meeting (26 August), the 37th Meeting (23 October), the 38th meeting (18 November), the 39th meeting (28 November) and the 40th meeting (23 December), at which a total of 38 proposals including the risk monitoring report of the Bank and the amendments to the Liquidity Risk Management Measures of Bank of Chongqing Co., Ltd 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 21st meeting (25 January), the 22nd meeting (11 February), the 23rd meeting (29 March), the 24th meeting (24 April), the 25th meeting (27 July), the 26th meeting (23 August), the 27th meeting (7 October) and the 28th meeting (21 October), 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;

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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 8th meeting (25 March), the 9th meeting (29 June) and the 10th Meeting (28 November), at which a total of 2 proposals including the proposal of information technology strategic planning of Bank of Chongqing Co., Ltd. during the "14th Five-Year Plan" period was considered, and 1 report was heard.

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 7th meeting (28 March) and the 8th Meeting (25 August), at which a total of 3 proposals including the 2021 Consumer Protection Work Report 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;

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9. to propose the convening of extraordinary shareholders' general meetings, and, if the Board of Directors fails to call such a meeting as required under the PRC Company Law, to convene and host the shareholders' general meetings;
10. to present proposals to shareholders' general meetings;
11. to bring actions against directors and senior management according to the relevant provisions of the PRC Company Law;
12. to investigate any irregularities in the operations of the Bank, and if necessary, engage accounting firms, law firms, or other professional firms to assist its work with costs borne by the Bank;
13. to conduct audits relating to operation and decision-making, risk management, and internal control of the Bank when necessary;
14. to inquire into directors and senior management;
15. to draft remuneration plans for supervisors, and submit them to the shareholders' general meeting for approval; and
16. other powers prescribed by applicable laws, administrative regulations, and departmental rules, as well as any other powers conferred by the Articles of Association 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 7 Supervisors, among which 3 were employee Supervisors, namely, Mr. HUANG Changsheng, Mr. YIN Jun and Mr. WU Ping; 1 was shareholder Supervisors, namely, 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 21 February 2022, Mr. YANG Xiaotao, former chairperson of the Board of Supervisors, 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 2022, the Board of Supervisors held a total of 8 meetings, at which 35 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 material 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)
HUANG Changsheng	7/1/8
CHEN Zhong	8/0/8
PENG Daihui	8/0/8
HOU Guoyue	8/0/8
QI Jun	8/0/8
YIN Jun	8/0/8
WU Ping	8/0/8

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

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,

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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 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 2022, the Supervision and Nomination Committee held 1 meeting and reviewed 1 proposal, mainly reviewed the supervision of the inspection plan of the Supervisors.

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.

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 mechanism 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 2022 published by the Bank on 30 March 2023, and the unqualified Audit Report on Internal Control of Bank of Chongqing Co., Ltd. for 2022 issued by Ernst & Young Hua Ming LLP (Special General Partnership).

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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 each 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, by means of general meetings of subsidiaries (the meetings), the Board and joint meetings on the consolidated management of the Group, 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.

8.9 Amendments to the Articles of Association

On 23 June 2022, the 2021 annual general meeting of the Bank considered and approved the Proposal on Amending the Articles of Association of Bank of Chongqing Co., Ltd. in accordance with the requirements of the Corporate Governance Code for Banks and Insurance Institutions, the Measures for the Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (Trial), the Rules for General Meetings of Listed Companies and other relevant laws and regulations, and amended the rights and obligations of Shareholders, the functions and powers of general meetings and the Board of Directors, and the procedural rules for general meetings and the Board of Directors.

On 7 March 2023, the Bank received the Approval on Amendments to the Articles of Association of Bank of Chongqing Co., Ltd. (Yu Yin Bao Jian Fu [2023] No. 28), from CBIRC Chongqing Bureau, by which the amendments to the Articles of Association of Bank of Chongqing Co., Ltd. were approved.

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 business processing, general meeting, results announcement, road shows, visit reception and surveys, telephone and emails and enquiry replies.

In 2022, 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.

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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.:

5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong

Investors may view this annual report on the 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 Chairman Executive Director	Since June 2017 Since March 2018 Since March 2018	8,600	20,200	11,600	Increasing shareholding to stabilize Share price
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee Executive Director President	Since December 2013 Since February 2011 Since April 2013	54,574	66,074	11,500	Increasing shareholding to stabilize Share price
LIU Jianhua	Male	December 1965	Member of the Party Committee Executive Director Vice President	Since February 2013 Since August 2016 Since October 2014	176,375	186,875	10,500	Increasing shareholding to stabilize Share price
WONG Wah Sing	Male	July 1960	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	Since September 2016 Since September 2016 Since December 2019	8,700	19,300	10,600	Increasing shareholding to stabilize Share price
WONG Hon Hing	Male	August 1952	Vice Chairman Non-executive Director	Since July 2007	2,000	4,600	2,600	Increasing shareholding to stabilize Share price
YANG Yusong	Male	June 1972	Non-executive Director	Since December 2018	1,033	1,033	-	-
ZHONG Xian	Female	June 1977	Non-executive Director	Since October 2021 to February 2023	-	400	400	Increasing shareholding to stabilize Share price
WU Heng	Male	August 1976	Non-executive Director	Since April 2019	-	-	-	-
YOU Lili	Female	August 1975	Non-executive Director	Since October 2022	-	-	-	-
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	-	-	-	-

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
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	-	-
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	-	-	-	-
Supervisors resigned during the reporting period								
YANG Xiaotao	Male	August 1963	Member of the Party Committee Chairperson of the Board of Supervisors Employee Supervisor	March 2015 to February 2022	-	-	-	-
ZENG Xiangming	Male	October 1974	Shareholder Supervisor	Since August 2019 to March 2022	-	-	-	-

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 Executive Director President	Since December 2013 Since February 2011 Since April 2013	54,574	66,074	11,500	Increasing shareholding to stabilize Share price
SUI Jun	Male	January 1968	Member of the Party Committee Vice President	Since April 2016 Since June 2017	9,900	20,400	10,500	Increasing shareholding to stabilize Share price
LIU Jianhua	Male	December 1965	Member of the Party Committee Executive Director Vice President	Since February 2013 Since August 2016 Since October 2014	176,375	186,875	10,500	Increasing shareholding to stabilize Share price
YANG Shiyin	Female	September 1965	Member of the Party Committee Vice President	Since February 2013 Since October 2014	144,947	155,147	10,200	Increasing shareholding to stabilize Share price
ZHOU Guohua	Male	December 1965	Member of the Party Committee Vice President	Since February 2013 Since October 2014	77,723	87,723	10,000	Increasing shareholding to stabilize Share price
PENG Yanxi	Female	June 1976	Member of the Party Committee Vice President Secretary to the Board	Since October 2015 Since March 2016 Since August 2018	8,300	18,700	10,400	Increasing shareholding to stabilize Share price
HUANG Ning	Male	June 1974	Member of the Party Committee Vice President	Since October 2014 Since March 2016	70,862	81,462	10,600	Increasing shareholding to stabilize Share price
WONG Wah Sing	Male	July 1960	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	Since September 2016 Since September 2016 Since December 2019	8,700	19,300	10,600	Increasing shareholding to stabilize Share price

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 now responsible for the management and development of the internal control and compliance of the Bank. 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 45 years of banking experience.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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 Holding Group Co., Ltd. since April 2020. Mr. YANG commenced his career in October 1992. Mr. YANG served as the chairman of Chongqing Yufu from July 2021 to February 2023. He served as deputy general manager and member of the Party committee of Chongqing Yufu from January 2016 to April 2020. Mr. YANG served as an employee director of Chongqing Yufu from June 2015 to December 2019 (during the period from January 2015 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 July 2016, 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 April 2002 to March 2004, the deputy general manager of Chongqing Linjiang Road Office of Huaxia Securities Co., Ltd. from June 2000 to April 2002, the deputy manager of investment banking of Chongqing branch of Huaxia Securities Co., Ltd. from October 1993 to June 2000, and a staff of the finance department of Chongqing Municipal Federation of Trade Unions from October 1992 to October 1993.

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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. and Chairman of the board of directors, general manager and legal person of SAIC Venture Capital Corporation. 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 April 2005 to April 2009, the chief financial officer of Huayu Automotive Systems Co., Ltd. from April 2009 to April 2015, during which he concurrently served as a director and general manager of Huayu Automotive Systems (Shanghai) Co., Ltd. from April 2014 to April 2015.

Mr. WU obtained a bachelor's degree in economics from the department of business administration of Shanghai University of Finance and Economics in July 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.

YOU Lili (尤莉莉)

Non-executive Director

Ms. YOU Lili, nominated by Chongqing Land Group, a Shareholder of the Bank, has been a non-executive Director of the Bank since October 2022.

Ms. YOU is a deputy secretary of the Party Committee, a director and the general manager of Chongqing Land Group. Ms. YOU has joined Chongqing Land Group since March 2003. She served as a deputy director of Housing Development and Construction Department of Chongqing Land Group from March 2003 to February 2008. She successively served as a deputy director and director of the Development and Research Department of Chongqing Land Group from February 2008 to March 2014, and concurrently served as a discipline committee member of Chongqing Land Group from May 2011 to March 2014. She served as the director and a discipline committee member of Investment Development Department of Chongqing Land Group from March 2014 to July 2015, and served as a member of the Party Committee and a deputy general manager of Chongqing Land Group from July 2015 to April 2020. She has been a deputy secretary of the Party Committee, a director, and the general manager of Chongqing Land Group since April 2020. Before joining Chongqing Land Group, Ms. YOU worked in Chongqing Municipal Public Housing Management Office. She was a section officer, a deputy director, and the director of the Office of Renovation of Dilapidated Houses of Chongqing Municipal Public Housing Management Office from July 1996 to February 2002, and concurrently served as the manager of Chongqing Tongtai City Construction Development Co., Ltd. from April 1994 to February 2002, and a deputy director of Chongqing Municipal Public Housing Management Office from February 2002 to March 2003.

Ms. YOU graduated from the Accounting Department of Chongqing Yuzhou University in July 1996 and obtained a bachelor's degree in infrastructure finance. She graduated from the School of Construction Management and Real Estate of Chongqing University in June 2009 and obtained a master's degree in engineering majoring in project management. Ms. YOU is a senior engineer and senior economist.

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 since November 2013, expert of the review panel of the National Natural Science Foundation 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 New Dazheng Property Group Co., Ltd. (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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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 committee member of the Fourteenth National Committee of the Chinese People's Political Consultative Conference, a legal adviser to Chongqing Municipal Committee of the Communist Party of China, decision-making consultant of Chongqing Municipal People's Government, part-time professor of Southwest University of Political Science and Law, and arbitrator of Shanghai International Arbitration Center and China International Economic and Trade Arbitration Commission.

Mr. YUAN 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 is currently responsible for the management and development of Party Group and Human Resources.

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

YIN Jun (尹軍)

Employee Supervisor

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

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

WU Ping (吳平)

Employee Supervisor

Mr. WU Ping has been an employee Supervisor of the Bank since December 2019. Mr. WU is currently commissioner 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, the secretary of the party committee and the president of the Liangjiang Branch of the Bank from January 2019 to February 2023.

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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), legal representative, executive directors and manager of Chongqing Liang Jiang New Area Ruizi Technology Service Co., Ltd. (重慶兩江新區瑞資科技服務有限責任公司).

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

CHEN Zhong (陳重)

External 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 Brightstone 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 is 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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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.

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 a standing council of Real Estate Law Research Board (重慶市建築房地產法研究會). Mr. HOU has served successively as a lecturer, associate professor and professor of Southwest University of Political Science and Law since 2003. He served as part-time lawyer of Xinli Law Office in Chongqing (重慶欣力律師事務所) from January 2001 to April 2006 and part-time lawyer of Z&Z Attorneys At Law in Chongqing (重慶志和智律師事務所) from April 2006 to May 2014. He has been a part-time lawyer of K&H Law Firm in Chongqing (重慶坤源衡泰律師事務所) since May 2014.

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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.

YANG Shiyin (楊世銀)

Member of the Party Committee and Vice President

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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.

PENG Yanxi (彭彥曦)

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

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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.

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	August 1989	To date
		Vice chairman of the board of directors	April 2011	To date
YANG Yusong	Chongqing Yufu Capital Operation Co., Ltd.	Chairman of the board of directors	July 2021	February 2023
WU Heng	SAIC Motor Corporation Limited	General manager of the financial affairs department	August 2019	To date
YOU Lili	Chongqing Real Estate Group Co., Ltd.	Director	April 2020	To date
		General manager	April 2020	To date
QI Jun	Chongqing Beiheng Investment & Development Limited	Supervisor	May 2015	To date

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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
	DSGI (1) Limited	Director
	DSL I (2) Limited	Director
	DSL I (BVI) (1) Limited	Director
	Macau Insurance Company Limited	Director
	MEVAS (1931) Limited	Director
	WOF Escrow Limited	Director
	The Chinese Banks' Association Limited	Director
YANG Yusong	Hong Kong Institute of Bankers	Director
	Chongqing Yufu Holding Group Co., Ltd.	Member of the Party Committee and deputy general manager
	Ancheng Property & Casualty Co., Ltd.	Director
WU Heng	Chongqing Shangshe Company (Group) Co., Ltd.	Director
	Chongqing Department Store Co., Ltd.	Director
	SAIC Motor Financial Holding Management Co., Ltd.	Director and general manager
	SAIC Venture Capital Corporation	Chairman of the board of directors, general manager and legal representative
	SAIC Equity Investment Company Limited	Director
	China Merchants Bank Co., Ltd.	Supervisor
	Shanghai SAIC Hengxu Investment Management 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
Shanghai Automotive Group Finance Company, Ltd.	Director	

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
	Anji Car Rental and Leasing Co., Ltd.	Director
	SAIC HK International Finance Limited	Director
	RV2Go Technology Co., Ltd. (房車生活家科技有限公司)	Director
	SAIC Insurance Sales Company Limited	Director
	SAIC-GMF Leasing Co., Ltd.	Director
	Shanghai SAIC Mobility Technology and Service Co., Ltd.	Director
	Shanghai UTOPILOT Technology Co., Ltd. (上海友道智途科技有限公司)	Director
	Wuhan KOTEI Informatics Co., Ltd.	Director
	Shanghai Jie-Hydrogen Technology Co., Ltd. (上海捷氫科技股份有限公司)	Director
	DIAS Automotive Electronic Systems Co., Ltd. (聯創汽車電子有限公司)	Director
	Shanghai Lianjing Automotive Technology Co., Ltd. (上海聯徑汽車科技有限公司)	Director
	Shanghai State-Owned Capital Investment FOF Co., Ltd.	Vice Chairman
LIU Xing	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)
	Ping An OneConnect Credit Reference Services Agency (HK) Limited	Independent director
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
	The 14th National Committee of the Chinese People's Political Consultative Conference	Member
	Revolutionary Committee of the Chinese Kuomintang Chongqing Municipal Committee	Deputy chairman
	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
	Chongqing International Trust Co., Ltd.	Independent director
CHEN Zhong	Brightstone Investment and Management Co., Ltd.	Deputy chairman
	Bright Stone Innovation Technology Group Co., Ltd.	Director
	Sichuan Development Lomon Co.,Ltd.	Director
	Doushen (Beijing) Education & Technology INC.	Independent director
	Chongqing International Trust Co., Ltd.	Independent director
HOU Guoyue	Sichuan Provincial Investment Group Company Limited	External director
	Southwest University of Political Science and Law	Professor
	K&H Law Firm in Chongqing	Deputy director of the Administration Committee
QI Jun	Chongqing Airport Group Co., Ltd.	Supervisor
	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
	Chongqing Liang Jiang New Area Ruizi Technology Service Co., Ltd.	Legal representative, executive director and manager

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.4 Changes in Directors, Supervisors and Senior Management

Changes in Directors

On 21 October 2022, as approved by the Approval of the Qualification of You Lili (Yu Yin Bao Jian Fu [2022] No. 197) from the Chongqing CBIRC, Ms. You Lili served as a non-executive Director of the Bank the date of such approval. The term of office of Ms. You Lili as a non-executive Director of the Bank commenced from the date of such approval (being 21 October 2022), and will end upon the expiry of the Sixth Session of the Board.

On 13 February 2023, Ms. ZHONG Xian voluntarily resigned her positions as a non-executive Director of the Bank, and a member of each of the audit committee and the connected transactions control committee under the Board, due to personal work reasons.

Changes in Supervisors

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.

On 28 February 2023, Mr. PENG Daihui voluntarily resigned from the position of an external supervisor of the Bank and the chairman of the Supervision and Nomination Committee of the Board of Supervisors due to the latest part-time management requisites for retirees by his former employer. Given that the resignation of Mr. PENG will result in the number of members of the Board of Supervisors of the Bank being lower than the minimum number required by the Bank's Articles of Association, Mr. PENG's resignation will take effect after the election of a new external supervisor at the general meeting of shareholders of the Bank, in accordance with laws and regulations, the Bank's Articles of Association and other relevant provisions. Prior to this, Mr. PENG will continue to perform the duties of an external supervisor of the Bank and the chairman of the Supervision and Nomination Committee of the Board of Supervisors.

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	Paid remuneration (before tax)	Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank	Other monetary income	Part-time Fee	Total Salary Before Tax in the year 2022	Whether to receive remuneration from related parties	Notes
Executive directors							
Lin Jun	40.48	13.22	0.00	–	53.70	No	–
Ran Hailing	40.48	13.22	0.00	–	53.70	No	–
Liu Jianhua	32.38	12.98	3.84	–	49.20	No	–
Wong Wah Sing	32.38	0.35	0.00	–	32.73	Yes	–
Non-executive Directors							
Wong Hon Hing	–	–	–	15.40	15.40	Yes	–
Yang Yusong	–	–	–	10.35	10.35	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.
Zhong Xian	–	–	–	12.00	12.00	Yes	–
Wu Heng	–	–	–	–	–	Yes	According to the requirement of SAIC Motor Corporation Limited, the nominating shareholder, no allowances and emolument will be paid.
You Lili	–	–	–	2.29	2.29	Yes	Approved as Non-executive Director by Chongqing CBIRC on 21 October 2022. According to the relevant management requirements of Chongqing Real Estate Group Co., Ltd., the nominating shareholder, the remuneration of You Lili as a director of the Bank, was directly transferred to the account of shareholder.
Independent Non-executive Directors							
Liu Xing	–	–	–	18.70	18.70	No	–
Wang Rong	–	–	–	19.15	19.15	No	–
Zou Hong	–	–	–	15.70	15.70	No	–
Fung Don Hau	–	–	–	21.40	21.40	No	–
Yuan Xiaobin	–	–	–	17.20	17.20	Yes	–

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Emolument of Supervisors

(Unit: RMB10,000)

Name	Paid remuneration (before tax)	Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank	Other monetary income	Part-time Fee	Total Salary Before Tax in the year 2022	Whether to receive remuneration from related parties	Notes
Employee							
Supervisors							
Huang Changsheng	32.38	12.98	3.84	-	49.20	No	-
Yin Jun	-	-	-	-	-	No	-
Wu Ping	-	-	-	-	-	No	-
Shareholder							
Supervisors							
Qi Jun	-	-	-	6.50	6.50	No	-
External							
Supervisors							
Chen Zhong	-	-	-	8.70	8.70	Yes	-
Peng Daihui	-	-	-	10.60	10.60	No	-
Hou Guoyue	-	-	-	8.80	8.80	Yes	-
Outgoing							
Supervisors during the Reporting Period							
Yang Xiaotao	6.75	2.35	0.80	-	9.90	No	March 2015 to February 2022 in role.
Zeng Xiangming	-	-	-	0.90	0.90	Yes	No longer served as Shareholder Supervisor since March 2022.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Emolument of Senior Management

(Unit: RMB10,000)

Name	Paid remuneration (before tax)	Social insurance, housing fund, enterprise annuity and supplementary medical insurance paid by the Bank	Other monetary income	Part-time Fee	Total Salary Before Tax in the year 2022	Whether to receive remuneration from related parties	Notes
Senior Management							
Ran Hailing	40.48	13.22	0.00	-	53.70	No	-
Sui Jun	32.38	12.96	3.84	-	49.18	No	-
Liu Jianhua	32.38	12.98	3.84	-	49.20	No	-
Yang Shiyin	32.38	12.98	3.84	-	49.20	No	-
Zhou Guohua	32.38	12.94	3.84	-	49.16	No	-
Peng Yanxi	32.38	12.96	3.84	-	49.18	No	-
Huang Ning	32.38	12.93	3.84	-	49.15	No	-
Wong Wah Sing	32.38	0.35	0.00	-	32.73	Yes	-

Notes:

1. According to the relevant regulatory regulations, the remuneration of the Chairman, President, Chairperson of the Board of Supervisors and other heads of the Bank shall be implemented in accordance with the regulatory opinions on restructuring remuneration system for heads of enterprises, which took effect on 1 January 2015.
2. The final assessment-based remuneration of some Directors, Supervisors and senior management of the Bank for 2022 is still under confirmation and will be disclosed in the announcement separately published by the Bank.
3. Paid remuneration refers to the remuneration of Directors, Supervisors and senior management for the year paid according to internal and external regulatory regulations and as approved by the regulatory authorities, including the basic annual salary and the prepaid performance-based annual remuneration for 2022 paid according to external regulatory regulations.
4. The employee representative supervisors of the Bank do not receive remuneration as employee representative supervisors.
5. Other monetary income refers to the business transportation subsidies paid to senior management in the form of currency according to the requirements of the regulatory authorities.
6. 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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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.

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.2 Details of employees

9.2.1 Number and composition of employees

As of 31 December 2022, the Bank had a total of 4,992 regular employees, 4,664 of whom held bachelor's degree or above, representing 93.43% of all the Bank's regular employees. In addition, the Bank had 185 dispatch workers, 55 internally retired employees and 280 retired employees. Furthermore, our subsidiaries had 165 regular employees, including 95 employees in Xinyu Financial Leasing and 70 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	734	14.71
Risk control	372	7.45
Operation	984	19.71
Business development	1,488	29.81
Information Technology	151	3.02
Management	1,263	25.3
<i>Educational background</i>		
Master's degree or above	745	14.92
Bachelor's degree	3,919	78.51
College's degree or below	328	6.57
<i>Range of ages</i>		
30 and below	1,103	22.10
31 – 40	2,680	53.68
41 – 50	868	17.39
51 and above	341	6.83
<i>Composition of genders</i>		
Male	2,125	42.57
Female	2,867	57.43
Total	4,992	100.00

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and 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 adhered to the cultural philosophy of “Fun in Study • Fun in Sharing • Grow Together”. 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.

9.3 Branch Outlets

Item	Number of branches	Number of employees	Asset scale	
			(RMB100 million)	Place of business
Head Office	–	1,058	3,221.53	No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Liangjiang Branch	9	246	244.28	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing
Other institutions in Chongqing Region	128	2,613	2,559.08	Please refer to Chapter 18 “List of Branch Outlets” for details
Chengdu Branch	13	422	305.98	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu
Xi’an Branch	10	356	284.64	1/F to 3/F, Building 2, Yinhe Xinzhuobiao Building, No. 25 Tangyan Road, Xi’an
Guiyang Branch	6	297	231.62	3/F to 8/F, Building 4, North Commercial Zone of Financial City, Area B of Zhongtian Exhibition City, Changling North Road, Guanshanhu District, Guiyang
Total	166	4,992	6,847.13	–

Environmental and Social Responsibility

10.1 Environmental Protection

10.1.1 Promotion of Green Finance

During the Reporting Period, as the 7th “Equator Bank” in China, the Bank based itself on the “dual carbon” national strategy, integrated the concept of sustainable development into its development strategy, established and improved the organizational structure and system of green finance, and was approved as the first batch of green finance departments by regulatory authorities. Through actively participating in the construction of pilot zone for green finance reform and innovation in Chongqing and the pilot construction of climate investment and financing, the Bank focused on key areas such as green manufacturing, green buildings, green transportation, green energy, green agriculture and forestry, and provided professional and efficient green finance services for the low-carbon social and economic transformation.

As of the end of the Reporting Period, according to the statistics of green finance by the People’s Bank of China’s, the scale of green finance business of the Bank increased by 44.7% to RMB32.258 billion as compared with the end of the previous year, and the balance of green credit increased by 44.5% to RMB27.621 billion as compared with the end of the previous year. The Bank was awarded the “2022 Green and Sustainable City Commercial Bank Award” by The Asian Banker. The green finance practice of the Bank was successfully selected into the “Global Sustainable Development Business Case Library”, becoming the only selected local corporate bank in China in 2022.

Focusing on research-driven strategy, product innovation, technology empowerment, 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.

Deeply developing green standards and enhancing capacity building. Firstly, the Bank deepened the application of international standards, and launched the first equator project based on the Equator Principles among local banks in Chongqing which was fully guided by third-party environment experts, and issued the first green loan in Chongqing in line with the Common Ground Taxonomy on Sustainable Finance issued by the EU and China. Secondly, the Bank strengthened the research on green standards, participated in the formulation of the group standards of the Guidelines for the Construction of Digital Platforms for Green Finance (綠色金融數字化平台建設指南) and the national standards such as the Working Rules for Pledge Loans of Carbon Emissions (碳排放權質押貸款操作規範), which contributed our strength for the development of the industry. The Bank also participated in the formulation of the guidelines for mortgage financing of pollution discharges in Chongqing, which promoted the realization of the value of environmental equity assets.

Developing innovative products and tools to enhance the quality and efficiency of services. Firstly, the Bank continued to develop innovative financing methods for environmental rights and interests, launched the mortgage financing business of pollution discharges which was selected as the “Excellent Cases on Green Finance Innovation of Chongqing”, and lent mortgage loans of forest rights to deepen the integration of rural revitalization and green development. Secondly, the Bank rolled out “Haoqi Lvye Loan (好企綠業貸)”, the first special online product for green finance in western China, and provided efficient online services for green small and micro enterprises based on the administrative data (such as industry and commerce and taxation data) and the self-developed big data risk control system.

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Strengthening the application of technology to boost green development. Firstly, the Bank continued to optimize the green finance management system. Relying on the intelligent identification and automatic classification of environmental risks in the green business, the credit business realized the full-coverage identification and conducted the environmental risk classification for nearly 100,000 customers, promoting the transition of green finance from “statistics of green finance” to “management of green finance”. Secondly, the Bank developed “Industrial Huilian (產業慧鏈)”, the first system to automatically identify green enterprises in western China, and selected nearly 160,000 green enterprises, promoting the transformation of green finance services from “enterprises looking for banks” to “banks looking for enterprises”.

Practicing the green concept and building the consensus on development. The Bank was committed to the green concept, and was invited to give speeches in green activities organized by the National Oil and Gas Forum and the China Financial Technology Association to popularize green finance knowledge. Leveraging its advantages in outlets and channels, the Bank publicized the low-carbon concept and organized low-carbon island activities on important times such as the World Earth Day and the National Low-Carbon Day, so as to lead the public to practice the low-carbon concept.

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. When Chongqing experienced a continuous extreme high temperature in the summer of 2022, the Bank took numerous measures to intensify electricity conservation and refine the energy conservation and consumption reduction measures for office spaces, showcasing the leading role of the Bank as a state-owned enterprise. 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, implemented video conferencing and online training for all staff, 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, the Bank used energy-saving and thermal insulation materials 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.

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.

10.2 Performance of Social Responsibility

Please refer to the 2022 Social Responsibility (Environmental, Social and Governance) Report of the Bank issued on 30 March 2023 for detailed information.

10.3 Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

During the Reporting Period, the Bank continued to focus on the financial service needs of agriculture, rural areas and rural residents, made innovative efforts in the system and mechanism, business models and supply modes of financial services for the rural revitalization, providing a solid support for consolidating the achievements of poverty alleviation and fully promoting the rural revitalization. As of 31 December 2022, the balance of agriculture-related loans of the Bank was RMB55.442 billion, representing an increase of RMB6.699 billion or 13.74% as compared with the end of the previous year, among which the balance of inclusive agriculture-related loans was RMB12.455 billion, representing an increase of RMB1.930 billion or 18.34% as compared with the end of the previous year, and the weighted average loan interest rate was 5.08%, representing a decrease of 0.43 percentage point as compared with the previous year, effectively meeting the financing service needs of the people out of poverty, farmers and new agriculture-related business entities.

Striving to promote innovation and strengthening financial supply. The Bank developed the “Youth Rural Revitalization Loan” (鄉村振興青年貸), which is the first special credit product in Chongqing under the “Youth Rural Revitalization Loan Program” (鄉村振興青年貸項目), to provide a solid financial support for the innovation and entrepreneurship of rural youth. In line with the development strategy of “one product for one county”, the Bank launched seven innovative financial service models based on agricultural scenarios covering water and electricity, the integration of supply and marketing cooperatives, credit cooperatives and farmers’ professional cooperatives, industrial development, and cultural tourism. Meantime, the Bank developed an online and offline integrated development model of online application, on-site investigation, offline approval, aid decision making and intelligent risk control, which expanded the coverage and number of special products such as “Two Mountains, Informatization and Industrialization, Haoqi Agricultural Support Loan” (兩山兩化•好企助農貸).

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Focusing on key areas to reinforce credit support. In terms of supporting the development of rural industries, the Bank promoted products such as “Hog Mortgage Loan” (生豬活體抵押貸) to ensure the “shopping basket” and “meat dishes” supply of important agricultural products. In terms of supporting rural construction actions, the Bank used products such as “Rural Revitalization Loan” (鄉村振興貸) to effectively meet the financing needs in the construction of agricultural and rural infrastructure and the improvement of living conditions. In terms of supporting key business entities, the Bank launched products such as “Agriculture-related Credit Loan” (三農誠信貸) to support the development of farmers’ cooperatives, household farms, large-scale livestock farms, leading agriculture-related industrial enterprises and other new agriculture-related business entities. In terms of supporting the green and low-carbon development, the Bank developed the mortgage loans of forest rights, pollution emissions and carbon emissions.

Consolidating poverty alleviation and enhancing comprehensive assistance. In terms of credit assistance, the Bank used products such as “Small Credit for People out of Poverty” (脫貧人口小額信貸) and “Start-up Loan” (啓動力) series to reinforce the financial support for people and areas lifted out of poverty. In terms of consumption assistance, the Bank implemented the canteen and labor union procurements and set the special sales 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, so as to broaden sales channels of agricultural and sideline products in areas lifted out of poverty. In terms of paired assistance, the Bank formulate a series of plans such as the “One Policy for One County” Financial Support for Key National Assisting Counties under the Rural Revitalization Strategy including Chengkou County, Wuxi County, Youyang County, and Pengshui County (“一縣一策”金融支持國家鄉村振興重點幫扶縣城口縣、巫溪縣、酉陽縣、彭水縣工作方案), which focused on consolidating the foundation of assisting areas for industrial development.

Consolidating basic services and strengthening channel construction. The Bank improved the system of service facilities, and developed the “Huinong Station” (鑲農站), an innovative small physical platform that integrates basic financial services, publicity of financial knowledge, product promotion and other functions. Meantime, POS machines, mobile banking vehicles and mobile portable terminals were used to build convenient financial service stations in rural areas, and integrated payment terminals were installed for free for merchants in key districts and counties for rural revitalization. In an effort to strengthen the application of intelligent technology, the Bank adopted 5G, artificial intelligence and other technological means to build the “Bashi Business” platform which provides one-stop financial services covering account opening, business processing and signing of loans. Meantime, the Bank carried out the publicity and education of financial knowledge, and organized the “Spreading Financial Knowledge in Rural Areas” theme activity, with a view to enhancing the awareness of rural residents on financial activities and risk prevention.

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.

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 20 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 rights and interests of consumers through coordinating and mobilizing of the Bank's resources more effectively.

In terms of strategy formulation and implementation measures, the Bank adhered to the "people-centered" development philosophy, thoroughly practiced the core value of "providing practical services for the public", and made relentless efforts to improve its systems and mechanisms and enhance customer satisfaction. The Bank earnestly assumed the main responsibility to protect the rights and interests of financial consumers, incorporated consumer protection into its corporate governance, and established and improved seven consumer protection mechanisms, namely the assessment and evaluation of consumer protection work, the timely handling, trace and rectification of consumer complaints, the assessment of sales suitability, the protection of consumer personal information, the disclosure and inquiry of products and services information, the publicity of and education on financial knowledge, and the special review of products entering the market and consumer protection. Moreover, the Bank further promoted compliant and robust operation and steered the direction of high-quality development, thereby ensuring the stable development of the Bank.

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10.4.2 Strengthening the handling of complaints

The Bank earnestly fulfilled its main responsibility for handling complaints, adopted the “customer-focused” approach to handle customer complaints according to laws and regulations, and promoted the rectification of problems from the source, thus achieving “improvements in three aspects”. Firstly, the Bank further regulated the handling of customer complaints, revised the complaint management system, and carried out special self-inspections, so as to further improve the complaint management mechanism, ensure smooth channels for consumer complaints, strengthen the control of complaint procedures, and remedy vulnerabilities in a timely manner. Secondly, the Bank enhanced the effectiveness of traced rectification, paid close attention to complaints in key risk areas and of similar nature, strengthened data analysis to reveal risks in a timely manner, and followed up on traced rectification, thus promoting the continuous improvement of our products and services and reducing the number of complaints in some businesses. Thirdly, the Bank enhanced the efficiency of complaint handling and implemented the grading and classification of complaints for rapid handling, so as to give full play to the internal coordination mechanism, effectively use the external financial dispute mediation mechanism and achieve accurate, rapid and sound complaint handling.

In 2022, the Bank received a total of 2,221 customer complaints. Among them, in terms of business lines, the complaints mainly consisted of loans (666 cases, accounting for 30.0%), credit cards (482 cases, accounting for 21.7%), and debit cards (404 cases, accounting for 18.2%) and other businesses. In terms of reasons for complaints, it was mainly due to customers’ lack of knowledge of rules, pricing and charges, and failure to meet customer expectations in service attitude and quality. In terms of geographical location, there were 2,042 complaints in Chongqing, accounting for 91.9%; 45 complaints in Sichuan, accounting for 2.0%; 39 complaints in Guizhou, accounting for 1.8%; and 95 complaints in Shaanxi, accounting for 4.3%.

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 2022

The Bank plans to withdraw the statutory surplus reserve of RMB469 million according to 10% of the audited net profit of RMB4.687 billion in 2022, and withdraw the general reserve of RMB445 million according to 1.5% of the balance of risk assets. Based on the total share capital of A shares and H shares on the equity registration date for profit distribution, cash dividends of RMB0.395 (tax inclusive) per share will be distributed to all registered shareholders, which shall be denominated and declared in RMB, paid to A-share shareholders in RMB and paid to H-share shareholders in Hong Kong dollars. The remaining undistributed profits will be carried forward to the next year.

Number of bonus shares per share (share)	–
Dividend per share (RMB) (inclusive of tax)	0.395
Number of shares issued for each share upon the conversion (share)	–
Cash dividend (RMB) (inclusive of tax)	1,372,443,238.38
Net profit attributable to the holders of the Company's ordinary shares in consolidated statements for the year of distribution	4,566,046,570.83
% of the net profit attributable to the holders of the Company's ordinary shares in consolidated statements	30.06

Note: Based on the total number of 3,474,539,844 ordinary shares at the end of 2022, the total cash dividend (inclusive of tax) amounted to RMB1,372,443,238.38. Since the convertible bonds issued by the Bank are in the conversion period, the total cash dividends actually paid will be determined based on the total number of shares registered on the equity registration date, and the cash dividends per share will remain unchanged.

In 2022, the Bank did not implement the conversion of capital reserve into share capital. The above profit distribution plan is subject to consideration and approval at the 2022 annual general meeting of the Bank.

11.1.2 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.

Significant Events

- (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 2021 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 49th meeting of the sixth session of the Board of the Bank, and submitted for consideration and approved at the 2021 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 2022 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 2021 and the Profit Distribution Plan for 2022, and the legitimate rights and interests of minority investors were fully protected in the profit distribution plan of the Bank and its implementation process.

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

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. If the 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>			

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.

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	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

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>			

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>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 noncompliant 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>			

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 noncompliant 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

Significant Events

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

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	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	<p>Chongqing Yufu Capital Operation Group Co., Ltd. undertakes as follows:</p> <p>“(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.</p> <p>(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.</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
			(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>			

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	The Bank	<p>With regard to the share price stabilization within three years following the initial public offering and listing of A Shares, the Bank undertakes as follows:</p> <p>“1. 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

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

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>3. If the Bank adopts the share repurchase plan 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> <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>			

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>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>			
			<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>			

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

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	Chongqing Yufu Capital Operation Group Co., Ltd., the largest shareholder of the Bank	With regard to the share price stabilization within three years following the initial public offering and listing of A Shares of the Bank, Chongqing Yufu Capital Operation Group Co., Ltd. undertakes as follows: “1. The company will actively take the following measure to stabilize the share price of Bank of Chongqing according to the specific share price stabilization plan in the Plan for Stabilization of A Share Price Within Three Years Following Initial Public Offering and Listing of Bank of Chongqing Co., Ltd. if the closing price of A Shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of 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	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: “1. Condition for taking the share price stabilization measures 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.	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
			<p>II. Specific Measures for Stabilization of A Share Price</p> <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 Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>III. Restraints against the failure to perform the obligation to increase shareholdings or repurchase shares</p> <p>If I fail to propose a specific plan of increasing the shareholdings or act according to the disclosed plan within 10 trading days following the date of triggering the obligation to increase the shareholding, Bank of Chongqing shall deduct 15% of my monthly salary, as well as cash dividends (if any), from the month in which the agreed obligation is not performed, until the total amount of deductions reaches 15% of the total salary (after tax) obtained from Bank of Chongqing in the previous accounting year in which the obligation to stabilize the share price shall be performed, and the deductions shall remain with Bank of Chongqing; I will, in accordance with law, compensate Bank of Chongqing and investors for any losses arising out of my failure to perform such obligation.</p> <p>IV. In performing the above obligation, I shall perform corresponding information disclosure obligations in accordance with the listing rules of the place where the shares of the Bank are listed and other applicable regulatory requirements, and shall comply with relevant regulations including those on the regulation of commercial banks."</p>			

Significant Events

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 of Banking and Insurance Institutions, the Interim Measures for Management of Equity Interests of Commercial Banks, the Rules Governing Listing of Stocks on the Shanghai Stock Exchange, the Self-Regulatory Supervision Guidelines for Company Listed on the Shanghai Stock Exchange No. 5 – Transactions and Related Party Transactions, 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 2021 Annual General Meeting held on 23 June 2022, the Bank considered and approved the Proposal on the Estimated Annual Cap for Daily Related Party Transactions for 2022. Information on the Bank's daily related party transactions during the Reporting Period is as follows:

Unit: RMB100 million

Related Party	Type of Related Party Transaction	Proposed Annual Caps for Related Party Transactions in 2022	As of 31 December 2022
Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd. and its associates	Credit	22.64	18.77
Among which, Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd.	Credit	11.43	11.43
Chongqing Yu Feng Imp. & Exp. Co., Ltd.	Credit	4.56	3.84
Chongqing Yumaotong Supply Chain Management Co., Ltd.	Credit	3.50	3.50
Chongqing Yufu Holding Group Co., Ltd. and its associates	Credit	45.50	23.72
Among which, Chongqing Yufu Holding Group Co., Ltd.	Credit	15.00	11.70
Chongqing Yufu Capital Operation Group Co., Ltd.	Credit	8.00	4.00
Chongqing Yin Hai Financing Leasing Co., Ltd.	Credit	5.40	–
Chongqing Travel Investment Group Company Limited	Credit	5.00	5.00

Related Party	Type of Related Party Transaction	Proposed Annual Caps for Related Party Transactions in 2022	As of 31 December 2022
Chongqing Chuanyi Microcircuit Co., Ltd.	Credit	2.20	–
Chongqing Silian Technical Import & Export Co., Ltd.	Credit	2.20	0.22
Southwest Securities Company, Ltd.	Credit	3.00	–
China Silian Instrument Group Co., Ltd.	Credit	4.00	1.80
Chongqing Lifan Industry (Group) Import and Export Co., Ltd.	Credit	5.00	–
Lifan Technology (Group) Co., Ltd.	Credit	2.87	–
Chongqing Export-Import Financing Guarantee Co., Ltd.	Non-credit	11.50	4.57
Chongqing Sanxia Financing Guarantee Group Corporation	Non-credit	45.00	24.87
Chongqing Jiaotong Financing Guarantee Co., Ltd.	Non-credit	5.00	1.29
Chongqing Xingnong Financing Guarantee Group Co., Ltd.	Non-credit	42.00	27.62
Chongqing Financing Re-guarantee Co., Ltd.	Non-credit	5.00	1.19
China Resources YuKang Asset Management Co., Ltd.	Credit	15.00	–
Chongqing Road & Bridge Co., Ltd.	Credit	2.00	–
Chongqing Three Gorges Bank Co., Ltd.	Credit	3.00	2.00
	Non-credit	12.00	12.00
Chongqing Rural Commercial Bank Co., Ltd.	Credit	43.00	2.00
	Non-credit	45.00	14.00
Chongqing Boe Display Technology Co., Ltd.	Credit	4.25	0.78
Chongqing Shangshe Company (Group) Co., Ltd. and its associates	Credit	16.60	4.00
Among which, Chongqing Shangshe Company (Group) Co., Ltd.	Credit	3.30	–
Chongqing Commercial Investment Group Co., Ltd.	Credit	4.50	–
Chongqing Department Store Co., Ltd.	Credit	4.00	4.00
Chongqing Real Estate Group Co., Ltd. and its associates	Credit	35.00	1.40
Among which, Chongqing Real Estate Group Co., Ltd.	Credit	30.10	–
Chongqing Dazhai Property Management Co., Ltd.	Credit	4.90	1.40
Changan Auto Finance Co., Ltd.	Credit	25.00	4.70
China Merchants Bank Co., Ltd.	Credit	88.50	6.29
	Non-credit	24.50	3.00
Chang'an Bank Limited	Credit	42.00	6.52
Connected natural persons	Credit	4.35	0.90

Significant Events

During the Reporting Period, the 52th meeting of the sixth session of the Board of the Bank considered and approved the Proposal on the Consideration of Related Party Transactions with 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 RMB600 million. Pursuant to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions published by CBIRC, Chongqing Xinyu Financial Leasing Co., Ltd. is a related party of the Bank.

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

The first extraordinary general meeting of 2022 by the Bank held on 17 March 2022 considered and approved the Resolution Regarding the Connected Transaction of the Subscription of A Share Convertible Corporate Bonds to be Publicly Issued by Bank of Chongqing Co., Ltd. by Chongqing Yufu Capital Operation Group Co., Ltd.. Chongqing Yufu and its associates undertook to subscribe for the Bank's A Share Convertible Bonds with a principal amount up to RMB3.0 billion. During the Reporting Period, Chongqing Yufu has subscribed for the Bank's A Share Convertible Bonds with a principal amount of RMB2.8 billion in accordance with the Bank's plan for the issuance of A Share Convertible Bonds. These transactions constituted a connected transaction of the Bank under Chapter 14A of the Hong Kong Listing Rules. For further details, please refer to the announcement 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 14 February 2022. Save as disclosed above, 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 31 March 2022, the 46th 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 2022, 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 2022 respectively. On 23 June 2022, the 2021 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 2022 financial statements of the Bank, while Ernst & Young is the international accounting firm that audits the 2022 financial statements of the Bank. Ernst & Young Hua Ming LLP (Special General Partnership) is the accounting firm that audits the internal control of Bank the Bank in 2022.

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young had provided audit services for the Bank for two consecutive years from 2021 to 2022.

In 2022, the total audit fees of the Group (including subsidiaries) were approximately RMB5.33 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 RMB0.64 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 public offering of A Shares Convertible Bonds, and paid the underwriting and sponsorship fees of RMB12.2642 million (exclusive of value-added tax) in March 2022 after the completion of the offering.

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.

Significant Events

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

According to relevant regulations of CSRC and the Shanghai Stock Exchange, the independent non-executive Directors of the Bank carefully verified the outward guarantees of the Bank in 2022 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 2022, the balance of guarantees issued by Bank of Chongqing was RMB1,941 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.

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 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 on 21 January 2022 and 4 July 2022.

The Bank has 22 outstanding legal claims (including the Bank as a third party) of RMB593 million as of 31 December 2022. 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, 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 or job-related crimes.
- (4) During the Reporting Period, 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 2022 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 3,474,539,844 Ordinary Shares, comprising 1,895,519,032 A Shares and 1,579,020,812 H Shares.

	31 December 2021		Increase/decrease (+, -)					31 December 2022	
	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	44.55	-	-	-	-343,907,543	-343,907,543	1,204,126,450	34.66
1. Shareholding of the State	-	-	-	-	-	-	-	-	-
2. Shareholding of state-owned legal persons	1,020,475,249	29.37	-	-	-	-239,441,340	-239,441,340	781,033,909	22.48
3. Other Domestic Shares	527,558,744	15.18	-	-	-	-104,466,203	-104,466,203	423,092,541	12.18
Of which: Shareholding of domestic non-state-owned legal persons	470,205,866	13.53	-	-	-	-72,889,121	-72,889,121	397,316,745	11.44
Shareholding of domestic natural persons	57,352,878	1.65	-	-	-	-31,577,082	-31,577,082	25,775,796	0.74
4. Foreign shares	-	-	-	-	-	-	-	-	-
Of which: Shareholding of offshore legal persons	-	-	-	-	-	-	-	-	-
Shareholding of offshore natural persons	-	-	-	-	-	-	-	-	-
2. Outstanding shares not subject to selling restrictions	1,926,471,346	55.45	-	-	-	343,942,048	343,942,048	2,270,413,394	65.34
1. RMB ordinary shares	347,450,534	10.00	-	-	-	343,942,048	343,942,048	691,392,582	19.90
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,579,020,812	45.45	-	-	-	-	-	1,579,020,812	45.45
4. Others	-	-	-	-	-	-	-	-	-
3. Total number of ordinary shares	3,474,505,339	100.00	-	-	-	34,505	34,505	3,474,539,844	100.00

Notes:

- (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, unrecognized shares custody being incorporated into domestic non-state-owned legal persons and release for circulation of Shares subject to selling restrictions in the market.
- (2) As at the end of the Report Period, pledged shares of the Bank amounted 133,334,720 shares, representing 3.84% of the Bank's total share capital; frozen shares amounted to 219,041 shares, representing 0.01% of the Bank's total share capital.

Change in Share Capital and Shareholders

12.1.2 Statement on Changes in Ordinary Shares

On 30 September 2022, the “BCQ Convertible Bonds” of the Bank began to be converted into ordinary A shares of the Bank. As of 31 December 2022, the total number of shares arising from conversion was 34,505, and the total share capital of the Bank increased from 3,474,505,339 shares to 3,474,539,844 shares.

12.1.3 Changes in Shares subject to Selling Restrictions

Due to the IPO and listing of A Shares of the Bank in 2021, 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, a total of 343,907,543 A shares subject to selling restrictions were released for circulation, involving 2,626 shareholders. This portion of shares are subject to a lock-up period of 12 months from the listing date, which has expired on 5 February 2022 (Saturday), and were released for circulation on 7 February 2022 (Monday). As at the end of the Reporting Period, the Bank had 1,204,126,450 shares subject to selling restrictions.

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 69,587 ordinary shareholder accounts, of which, 68,482 are A Shareholder accounts and 1,105 are H Shareholder accounts.

As at the end of the previous month prior to the disclosure date of this report (i.e. 28 February 2023), the Bank had a total of 68,681 ordinary shareholders, of which, 67,578 are A Shareholder accounts and 1,103 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	1,172,713,932	33.75	H Shares	-147,000	-	-
2	Chongqing Yufu Capital Operation Group Co., Ltd.	State-owned legal person	488,551,003	14.06	A Shares + H Shares	3,116,200	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 Real Estate Group Co., Ltd.	State-owned legal person	174,850,088	5.03	A Shares	14,923,569	139,838,675	-
8	Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned legal person	173,367,766	4.99	A Shares	33,529,091	139,838,675	-
9	Chongqing Road & Bridge Co., Ltd.	Private legal person	171,339,698	4.93	A Shares	-	171,339,698	-
10	New Founder Holdings Development Co., Ltd. ¹	Private legal person	94,506,878	2.72	A Shares	-	94,506,878	-

¹ The 94,506,878 shares held by the Peking University Founder Group Corp. were transferred to New Founder Holdings Development Co., Ltd. in September 2022.

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	1,172,713,932	H Shares	1,172,713,932
2	Special securities account for agreed repurchase securities transactions of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司)	68,600,000	A Shares	68,600,000
3	Chongqing Real Estate Group Co., Ltd.	35,011,413	A Shares	35,011,413
4	Chongqing Water Conservancy Investment Group Co., Ltd.	33,529,091	A Shares	33,529,091
5	CECEP Chongqing Industry Co., Ltd.	24,901,099	A Shares	24,901,099
6	Chongqing Chuanyi Automation Co., Ltd.	16,129,476	A Shares	16,129,476
7	Hong Kong Securities Clearing Company Limited	14,505,148	A Shares	14,505,148
8	Chongqing Jianfeng Industrial Group Co., Ltd. (重慶建峰工業集團有限公司)	12,847,732	A Shares	12,847,732
9	Chongqing Water & Environment Holdings Group Ltd.	10,068,631	A Shares	10,068,631
10	Chongqing Technology Financial Group limited (重慶科技金融集團有限公司)	9,143,525	A Shares	9,143,525

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; Chongqing Yufu Capital Operation Group Co., Ltd. and Chongqing Chuanyi Automation Co., Ltd. are both controlled by Chongqing Yufu Holding Group Co., Ltd.. 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

Notes:

- (1) *The number of shares held by HKSCC Nominees Limited refers to the total number of shares in the shareholders of H shares' account of the Bank in the trading system represented by HKSCC Nominees Limited, including H shares of the Bank held by HKSCC Nominees Limited as designated by other top 10 shareholders of the Bank.*
- (2) *Chongqing Yufu Capital Operation Group Co., Ltd. directly held 413,985,003 A Shares and held 74,566,000 H Shares of the Bank through its subsidiary Chongqing Yufu (Hong Kong) Limited and held 31,173,547 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 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) and Yang Yusong, together with its associates, held an aggregate of 519,724,550 shares of the Bank, representing 14.96% 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 Real Estate Group Co., Ltd. directly held 174,850,088 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), and Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) held 2,259,601 A Shares of the Bank. Chongqing Real Estate Group Co., Ltd., together with its associates, held an aggregate of 177,109,689 A Shares of the Bank, representing 5.10% of the Bank's total shares.*
- (7) *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 196,102 A Shares of the Bank. Chongqing Road & Bridge Co., Ltd., thus held an aggregate of 171,535,800 A Shares of the Bank, representing 4.94% 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	New Founder Holdings Development Co., Ltd.	94,506,878	February 2024	0	36 months from the date of the Bank's listing
7	Chongqing Development and Real Estate Management Co., Ltd.	37,456,522	February 2024	0	36 months from the date of the Bank's listing
8	Chongqing Expressway Investment Holding Co., Ltd.	29,942,325	February 2024	0	36 months from the date of the Bank's listing
9	Minsheng Industrial (Group) Co., Ltd.	24,191,310	February 2024	0	36 months from the date of the Bank's listing
10	Chongqing Kangju Property Development Co., Ltd.	1,659,547	February 2024	0	36 months from the date of the Bank's listing

Statement on the connected relations or concerted actions between the above shareholders: Chongqing Kangju Property Development Co., Ltd. is an indirect subsidiary of Chongqing Real Estate Group Co., Ltd.. Apart from this, 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

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, agreement 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 Ma Bao, 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 413,985,003 A Shares and held 74,566,000 H Shares of the Bank through its subsidiary Chongqing Yufu (Hong Kong) Limited and held 31,173,547 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 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) and Yang Yusong, thus held an aggregate of 519,724,550 shares of the Bank, representing 14.96% of the Bank's total shares.

Change in Share Capital and Shareholders

Dah Sing Bank, Limited

Dah Sing Banking Group Limited is the controlling shareholder of Dah Sing Bank, Limited. Dah Sing Bank, Limited was established on 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 RMB4.572 billion. Its legal representative is Zhou Zongcheng, 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 projects 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.

Change in Share Capital and Shareholders

Chongqing Real Estate Group Co., Ltd.

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 174,850,088 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) and Chongqing Fangzong Real Estate Co., Ltd. (重慶房綜置業有限公司) held 2,259,601 A Shares of the Bank. Chongqing Real Estate Group Co., Ltd., together with its associates, held an aggregate of 177,109,689 A Shares of the Bank, representing 5.10% of the Bank's total shares.

12.2.5 Other Major Shareholders under Regulations

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 (shares)	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	435,749,841	22.99	12.54
	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	413,985,003	21.84	11.91
	H Share	Long position	Interest of a controlled corporation	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
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
Lifan International (Holdings) Limited ⁽⁵⁾	H Share	Long position	Beneficial owner	165,254,000	10.47	4.76
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
Chongqing Real Estate Group Co., Ltd. ⁽⁷⁾	A Share	Long position	Beneficial owner	174,850,088	9.22	5.03
	A Share	Long position	Interest of a controlled corporation	2,259,601	0.12	0.07
Chongqing Water Conservancy Investment Group Co., Ltd.	A Share	Long position	Beneficial owner	173,367,766	9.15	4.99
Chongqing Beiheng Investment & Development Limited	H Share	Long position	Beneficial owner	84,823,500	5.37	2.44

Change in Share Capital and Shareholders

Notes:

- (1) *Dah Sing Bank, Limited held 458,574,853 H Shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.37% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 42.96% of the issued share capital of Dah Sing Financial Holdings Limited. 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.*
- (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 413,985,003 A Shares in the Bank, while Chongqing Yufu (Hong Kong) Limited directly held 74,566,000 H Shares in the Bank. Chongqing Yufu (Hong Kong) Limited is wholly owned by Chongqing Yufu Capital Operation Group Co., Ltd., which is wholly owned by Chongqing Yufu Holding Group Co., Ltd. In addition, Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司), Chongqing Hotel Co., Ltd. (重慶賓館有限公司), Chongqing Chuanyi Microcircuit Co., Ltd. (重慶川儀微電路有限責任公司), Chongqing Silian Investment Management Co., Ltd. (重慶四聯投資管理有限公司) and Southwest Securities Co., Ltd. (西南證券股份有限公司) directly held 16,129,476 A Shares, 4,571,761 A Shares, 136,571 A Shares, 12,679 A Shares and 914,351 A Shares in the Bank, respectively; Chongqing Yufu Holding Group Co., Ltd. directly or indirectly controls more than one-third of the voting rights of these companies. For the purpose of the SFO, 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., Chongqing Yufu (Hong Kong) Limited, Chongqing Chuanyi Automation Co., Ltd., Chongqing Hotel Co., Ltd., Chongqing Chuanyi Microcircuit Co., Ltd., Chongqing Silian Investment Management Co., Ltd. and Southwest Securities Co., Ltd. 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 SFO, 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 of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd., which is wholly owned by Lifan Technology (Group) Co., Ltd. For the purpose of the SFO, 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 SFO, 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 174,850,088 A Shares in the Bank. In addition, Chongqing Kangju Property Development Co., Ltd. (重慶康居物業發展有限公司), 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, 300,020 and 300,034 A Shares in the Bank, respectively. Chongqing Real Estate Group Co., Ltd. (重慶市地產集團有限公司) directly or indirectly controls more than one-third of the voting rights of these companies. 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. and Chongqing Institute of Urban Pest Control Co., Ltd. in the Bank.*

Change in Share Capital and Shareholders

12.3 Preference Shares

Issuance and Listing of Preference Shares in the Last Three Years

The Bank has no issuance and listing of Preference Shares in the last three years.

Number of Holders and Shareholding of the Preference Shares

As of the end of the Reporting Period, the Bank has redeemed all the offshore preference shares, the total number of preference shareholders (or proxies) was 0, and number of shares held was 0.

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 2022 at the 56th meeting of the sixth session of the Board dated 4 November 2022. 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 2022, 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.

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

Type of Offshore Preference Shares	2022	
	Dividend rate	Total dividends (tax inclusive)
Offshore Preference Shares	5.4%	US\$45,000,000

The above dividend distribution plan has been implemented as at 20 December 2022. For details, please refer to the announcements published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank.

Change in Share Capital and Shareholders

Redemption or Conversion of Preference Shares

As approved by the (Yu Yin Jian Fu [2017] No. 78) document from the former Chongqing Bureau of China Banking Regulatory Commission and the ZJ Approval [2017] No. 2242 document from the China Securities Regulatory Commission, the Bank issued US\$750,000,000 non-cumulative perpetual offshore preference shares on 20 December 2017. At the 53th meeting of sixth session of the Board of Directors of the Bank held on 28 September 2022, the Board considered and approved the Proposal on the Redemption of the offshore preference shares, pursuant to which the Bank proposed to redeem all offshore preference shares on 20 December 2022 in accordance with the issuance terms of the offshore preference shares and subject to the approval of the Chongqing CBIRC. In October 2022, the Bank has received the Regulatory Opinions of Chongqing CBIRC on the Proposed Redemption of Offshore Preference Shares Issued in 2017 by Bank of Chongqing, pursuant to which no objections were raised by the Chongqing CBIRC to the redemption. The Bank has redeemed all offshore preference shares on 20 December 2022. The redemption price of the offshore preference shares was US\$790,500,000, being the sum of (i) the liquidation preference in an amount of US\$750,000,000 and (ii) the dividends in an amount of US\$40,500,000. The above-mentioned offshore preference shares have been delisted from the Hong Kong Stock Exchange, which became effective after 16:00, 21 December 2022. Upon the redemption and cancellation of the offshore preference shares on the redemption date, there were no outstanding offshore preference shares of the Bank. For details, please refer to the relevant announcements published by the Bank on the website of the Shanghai Stock Exchange, the website of The Stock Exchange of Hong Kong Limited and the website of 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 and MOF, 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

Save as disclosed in this report, the Bank and its subsidiaries had not purchased, sold or redeemed any listed securities of the Bank during the Reporting Period.

Securities Issuance and Listing

13.1 Securities Issued During the Reporting Period

The Bank started the issuance of A Share Convertible Corporate Bonds in March 2021. Upon the consideration and approval of the Board of Directors and the general meeting of the Bank and with the approval of the Chongqing CBIRC and the CBIRC, the Bank has publicly issued a total of 130 million A Share Convertible Corporate Bonds at par value of RMB100 each on 23 March 2022. The total proceeds from the issuance were RMB13 billion, and the net proceeds after deducting expenses relating to the issuance were approximately RMB12.984 billion. On 14 April 2022, the A share convertible corporate bonds of the Bank were listed on the Shanghai Stock Exchange (Stock abbreviation: BCQ Convertible Bonds (重銀轉債); Stock code: 113056) and the closing price on that day was RMB104.910 per bond. 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 Stock Exchange of Hong Kong Limited and the website of the Bank.

The following table sets out the relevant information of “BCQ Convertible Bonds”.

Bond code	Name of the bond	Issue date	Maturity	Issue price	Coupon rate	Number of bonds to be issued	Listing date	Conversion period
113056	BCQ Convertible Bonds	22 March 2022	22 March 2028	RMB100 each	0.20% for the first year; 0.40% for the second year; 1.00% for the third year; 1.70% for the fourth year; 2.50% for the fifth year; and 3.50% for the sixth year.	130 million	14 April 2022	From 30 September 2022 to 22 March 2028

13.2 Existing Internal Employee Shares

The shares held by internal employees of the Bank 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. As of the end of the reporting period, some of the Bank's restricted shares have been released from restriction and listed for circulation, and it is not possible to accurately verify the shareholding after circulation.

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 at the general meeting passed on 20 November 2020 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Bao Jian Fu [2022] No. 17) by the Chongqing CBIRC on 20 January 2022, the Bank issued RMB5 billion Tier II capital bonds in the domestic inter-bank bond market of China on 24 March 2022. Such Tier II bonds have a maturity of 10 years, with a fixed coupon rate of 3.73% 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 28 March 2027.

As approved by the Approval from China Banking and Insurance Regulatory Commission Chongqing Office on the Issuance of Undated Capital Bonds by Bank of Chongqing (Yu Yin Bao Jian Fu [2022] No. 191) and the Affirmative Decision on Administrative License from the People’s Bank of China (Yin Xu Zhun Yu Jue Zi [2022] No. 182), the Bank issued RMB4.5 billion undated capital bonds in the national interbank bond market on 16 December 2022. The coupon rate is 4.70% during the first 5 years and will be adjusted every 5 years. The Bank is entitled to redeem all or part of the above-mentioned bonds on every dividend payment date from the fifth year onwards upon the satisfaction of redemption conditions and subject to the approval of the CBIRC.

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 Convertible Corporate Bonds

13.5.1 Issuance of Convertible Corporate Bonds

For details of the issuance of convertible corporate bonds of the Bank, please refer to the section headed “Securities Issued During the Reporting Period.”

13.5.2 Holders and Guarantors of Convertible Bonds

Name of convertible bonds	BCQ Convertible Bonds
Number of holders of convertible bonds at the end of the Period	183,420
Guarantors of convertible bonds	None

Securities Issuance and Listing

The top ten holders of convertible bonds are as follows:

Name of holders of convertible bonds	Number of bonds held at the end of the Period (RMB)	Shareholding (%)
Specific accounts for bonds repurchase and pledge under the registration and settlement system (CITIC Securities Co., Ltd.)	1,897,673,000	14.60
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Industrial and Commercial Bank of China)	1,019,379,000	7.84
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Minsheng Banking Corp., Ltd.)	601,629,000	4.63
CITIC Securities Co., Ltd.	537,358,000	4.13
China Securities Co., Ltd.	503,000,000	3.87
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Southwest Securities Co., Ltd.)	380,000,000	2.92
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Securities Co., Ltd.)	374,740,000	2.88
Special accounts for bonds repurchase and pledge under the registration and settlement system (China Construction Bank)	363,703,000	2.80
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Bank of China)	353,857,000	2.72
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Guosen Securities Co., Ltd.)	322,913,000	2.48

13.5.3 Changes in Convertible Bonds

Unit: RMB

Name of convertible bonds	Before the change	Increase/decrease			After the change
		Converted	Redeemed	Sold back	
BCQ Convertible Bonds	13,000,000,000	378,000	–	–	12,999,622,000

13.5.4 Cumulative Conversion of Convertible Bonds

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of completion of the issuance of the Convertible Bonds, i.e., from 30 September 2022 to 22 March 2028 (which is subject to extension for public holidays). As of the end of the Reporting Period, BCQ Convertible Bonds worth RMB378,000 were converted to Ordinary A-Share accumulatively of the Bank.

Name of convertible corporate bonds	BCQ Convertible Bonds
Amount of converted bonds during the Reporting Period (RMB)	378,000
Number of shares converted during the Reporting Period (shares)	34,505
Cumulative number of shares converted (shares)	34,505
Percentage of the cumulative number of shares converted to the total number of shares in issue prior to the conversion (%)	0.0010
Amount of unconverted bonds (RMB)	12,999,622,000
Percentage of the number of unconverted convertible bonds to the total amount of issued convertible bonds (%)	99.9971

13.5.5 Previous Adjustment of Conversion Price

According to the Offering Document on the Public Issuance of the A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd., if there is any change in the shares of the Bank due to the distribution of share dividends, conversion of capital reserve into share capital, follow-on offering, placement of shares and other matters (excluding the increase in share capital due to the issuance of Convertible Corporate Bonds), or any distribution of cash dividends after this issuance, the Bank will adjust the conversion price based on the principles of fairness, justice and equity as well as fully protecting the rights of holders of Convertible Corporate Bonds.

The 2021 annual general meeting held on 23 June 2022 considered and approved the Proposal on the Profit Distribution Plan for 2021, which decided to distribute to all shareholders whose names appear on the register of members a cash dividend of RMB3.90 (tax inclusive) per 10 shares based on the total share capital of A Shares and H Shares on the record date for implementation of the profit distribution. Based on these reasons and according to the terms of the Convertible Bonds, the conversion price of BCQ Convertible Bonds will be adjusted from RMB11.28 per share to RMB10.89 per share, and the adjusted conversion price will be effective from 28 July 2022 (Ex-dividend Date). For details of the adjustment of the conversion price of the Convertible Bonds, please refer to the announcements published by the Bank on the website of the Shanghai Stock Exchange, the website of The Stock Exchange of Hong Kong Limited and the website of the Bank.

13.5.6 Liabilities, Credit Changes and Cash Arrangements for Debt Repayment in Next Years

According to the Measures for the Administration of the Issuance of Securities by Listed Companies, the Measures for the Administration of the Issuance and Trading of Corporate Bonds, the Rules of the Shanghai Stock Exchange Governing the Listing of Corporate Bonds and other relevant regulations, the Bank has engaged China Lianhe Credit Rating Co., Ltd. ("Lianhe Credit Rating") to rate the A Share Convertible Corporate Bonds issued by the Bank in March 2022, and Lianhe Credit Rating has issued the Credit Rating Report on the Public Issuance of the A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd. The rating results are as follows: the Company's overall credit rating is "AAA", and the BCQ Convertible Bonds' credit rating is "AAA" and its rating outlook is "stable".

In May 2022, Lianhe Credit Rating has carried out a follow-up credit rating on the Bank and BCQ Convertible Bonds, and has issued the 2022 Follow-up Rating Report on the Public Issuance of the A Share Convertible Corporate Bonds by Bank of Chongqing Co., Ltd. The rating results are as follows: the Company's overall credit rating is "AAA", and the BCQ Convertible Bonds' credit rating is "AAA" and its rating outlook is "stable". The rating results remain unchanged as compared with the previous one.

The Bank has a reasonable asset structure with good credit standing, and there are no significant changes in liabilities. As such, the Bank has sufficient solvency.

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 2022.

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 2022, 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.

Subsequent Major Events with Significant Influence on the Bank

The Bank conducted a comprehensive review on the financial performance of 2022 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2022. After the end of the annual financial review, the Bank did not have any incidents or cases that had a significant impact on the Bank.

Profits and Dividends

The Bank's revenue for the year ended 31 December 2022 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 RMB0.390 per share (tax inclusive) for the year ended 31 December 2021 ("2021 Final Dividend"), amounting to a total dividend of RMB1.355 billion (tax inclusive) based on the profit and number of shares issued for the year ended 31 December 2021, was distributed by the Bank to all Shareholders of the Bank upon approval at the 2021 general meeting held on 23 June 2022. The 2021 Final Dividend was distributed to holders of A Shares and H Shares on 28 July 2022.

The Board of the Bank proposed to distribute a final dividend (the "2022 Final Dividend") per share of RMB0.395 (tax inclusive) for the year ended 31 December 2022), amounting to a total dividend of 1,372,443,238.38 (tax inclusive). The dividend distribution plan will be submitted to the 2022 annual general meeting of the Bank for consideration. Upon the consideration and approval of the general meeting, the Bank will implement the dividend distribution plan in details. The bank will publish a separate announcement on matters relating to the time of dividend distribution.

Report of the Board of Directors

Change in the Reserves

Details of the changes in the reserves of the Bank for the year ended 31 December 2022 are set out in the “Consolidated Statement 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 2022 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 2022 amounted to RMB3.48 million.

Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended 31 December 2022 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 2022 are set out in “Change in Share Capital and Shareholders” of this annual report.

Purchase, Sale and Redemption of Listed Securities of the Bank

The Bank has redeemed all non-cumulative perpetual offshore preference shares during the Reporting Period, the details of which are set out in the section headed “Change in Share Capital and Shareholders – 12.3 Preference Shares.” Save as disclosed above, the Bank had not purchased, sold or redeemed any listed securities of the Bank during the year ended 31 December 2022.

Pre-emptive Rights, Securities Issued

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.

Details of securities issued by the Bank during the reporting period are set out in “Securities Issuance and Listing” of this annual report.

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.

Report of the Board of Directors

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

As at 31 December 2022, 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 (shares)	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	20,200	0.00058
RAN Hailing	Deputy Secretary of the Party Committee Executive Director President	A Share	Long position	Beneficial owner	66,074	0.00190
LIU Jianhua	Member of the Party Committee Executive Director Vice President	A Share	Long position	Beneficial owner	186,875	0.00538
WONG Wah Sing	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	A Share	Long position	Beneficial owner	19,300	0.00056
WONG Hon Hing	Vice Chairman Non-executive Director	A Share	Long position	Beneficial owner	4,600	0.00013
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 2022.

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.

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 material transaction, arrangement or contract 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. None of the Directors and Supervisors of the Bank has entered into a service contract with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

Permitted Indemnity Provision

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

Report of the Board of Directors

Connected Transactions

On 17 March 2022, the Bank held the first extraordinary general meeting of 2022, at which the Resolution Regarding the Connected Transaction of the Subscription of A Share Convertible Corporate Bonds to be Publicly Issued by Bank of Chongqing Co., Ltd. by Chongqing Yufu Capital Operation Group Co., Ltd. was considered and approved. Chongqing Yufu and its associates undertook to subscribe for the Bank's A Share Convertible Bonds with a principal amount up to RMB3.0 billion. During the Reporting Period, Chongqing Yufu has subscribed for the A share convertible bonds of the Bank with subscribed principal amount of RMB2.8 billion according to the A share convertible bond issuance plan of the Bank. These transactions constituted a connected transaction of the Bank under Chapter 14A of the Hong Kong Listing Rules. For further details, please refer to the announcement 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 14 February 2022. Save as disclosed above, the Bank had no other material related party transactions during the Reporting Period.

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 2022, 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 20th National Congress of the Communist Party of China, and the Plenary Sessions of the 19th Party Central Committee, and fulfilled its supervisory responsibilities seriously and promoted the quality development of the Bank of Chongqing 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) and the Articles of Association.

I. Report on Major Tasks

The Board of Supervisors conducted supervision over major decision-making, financial activities, internal control, risk control, and performance of duties by the Board of Directors and senior management through attending meetings, conducting inspections and data monitoring. In the process of performing its duties, the Board of Supervisors effectively integrated the leadership of the Party with the corporate governance. The formulation and revision of major policies of the Board of Supervisors and the reelection and adjustment plans of the Board of Supervisors were all approved by the Party Committee according to the relevant requirements of collective decisions made by the Bank. Supervisors who are also members of the Party Committee strictly implemented the decisions of the Party Committee and actively facilitated the information communication between the Party Committee and the Board of Supervisors.

(I) Implementing meeting supervision and expressing supervisory opinions

During the Reporting Period, 9 meetings were held by the Board of Supervisors and the Supervision and Nomination Committee, at which an aggregate of 36 supervision matters, briefings and reports were received and considered, including, among others, Proposals and Reports on Inspection, Assessment Report on Performance, Annual Financial Reports, and Profit Distribution Plan were considered. Supervisors attended 3 shareholders' meeting, and were present at total of 69 meetings of the Board and special committees under it to ensure that the resolutions and meeting procedures were in compliance with laws and regulations. Supervisors expressed 25 supervisory opinions involving risk control, disposal of non-performing assets, management of related transactions, liquidity management, product innovation and other aspects, which were all adopted.

(II) Conduct project inspections and implement oversight of internal controls, risk management, and financial activities

During the Reporting Period, the Board of Supervisors conducted an aggregate of 2 comprehensive inspections on projects across the Bank, including the centralized supervision and inspection of the Bank for 2021 and a special inspection of the Bank's derivative products business. Through the inspections, 8 management loopholes and risk hazards were revealed, covering fixed asset management and accounting, authorization management, disposal of non-performing assets, and internal control construction and execution of derivatives business.

(III) Supervising the duty performance and paying attention to major decisions and their implementation.

During the Reporting Period, the Board of Supervisors continued to deepen the supervision over the performance of duties by the Board of Directors, senior management and their members. Firstly, the Board of Supervisors conducted an annual performance evaluation on the performance of duties by the Board of Directors and senior management in 2021 as well as individual evaluations on the Chairman, President, and head of finance department of the Bank. Secondly, the Board of Supervisors performed individual evaluations of the performance of duties by 13 Directors and nine Supervisors based on quantitative and qualitative indicators through the combination of self-evaluation,

Report of the Board of Supervisors

peer evaluation, the evaluation from the Board of Directors and the evaluation from the Board of Supervisors in 2021. Such evaluations covered five dimensions, namely faithfulness, due diligence, professional performance, independence and morality, and compliance. The evaluation results were notified to the general meeting and submitted to the regulatory authorities in a timely manner. Thirdly, the Board of Supervisors established individual performance files for 13 Directors, nine Supervisors, and eight members of senior management, and sorted out and recorded their performance behaviors in an objective manner.

(IV) Promoting the rectification of identified problems and enhancing the effectiveness of supervision

During the Reporting Period, the Board of Supervisors conducted follow-up reviews in respect of the problems revealed in the two project inspections in 2022, two project inspections in 2021 and four daily supervision reports as well as the problems revealed in the supervision and inspection of the Board of Supervisors from 2018 to 2020. The Board of Supervisors verified the rectification of 33 problems and issued five evaluation opinions. These 33 problems were mainly related to the construction of outlets, audit rectification and accounting treatment, all of which have been rectified. The identification, supervision and rectification of these problems effectively enhanced the effectiveness of internal control of the Bank and defused potential risks.

In 2022, the Board of Supervisors continued to strengthen its own construction, and amended the items related to the Board of Supervisors in the Procedural Rules for Board of Supervisors and the Articles of Association according to the latest regulatory requirements, which further improved the relevant working systems of the Board of Supervisors. In addition, the Bank organized the Supervisors to participate in trainings on ESG, performance of duties by Supervisors of listed companies, prevention and crackdown on financial fraud and capital appropriation, anti-money laundering, expected credit loss approach and other aspects. Through trainings and learnings, the overall performance capability of the Board of Supervisors was further improved.

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 the Articles of Association, and proactively implemented national and local financial policies and resolutions of Shareholders' meetings, while conscientiously implementing the relevant regulations on integrity and 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 2022, the Board of Directors vigorously promoted the capital replenishment and brought the comprehensive strength of the Bank to a new high; firmly implemented major decisions and arrangements, introduced a package of measures to help stabilize the overall economy, and relieved difficulties of market entities; blended itself in the development of the Chengdu-Chongqing Economic Circle, participated in the construction of the new land-sea channel, sped up the development of green finance, strongly supported the rural revitalization, and achieved new results in serving the real economy; insisted on reform and innovation, completed 30 major reforms, recorded high performance in the last year of the three-year reform action for state-owned enterprises, constantly implemented the improvement action on benchmarking management; and further promoted the digital transformation in line with the general direction of "technology-led, innovation-driven" development. The Board of Directors placed emphasis on corporate governance, risk management, capital management, consolidated management, internal control and compliance management, data governance and compensation management. 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, authorization management work reports, internal audit work reports, expected credit loss approach management 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, put into effect the risk management, capital management, internal control and compliance management, expected credit loss approach management, anti-money laundering work and consumer rights protection, and earnestly fulfilled the main responsibility for decision-making. 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 13 Directors, and all of the evaluation results were "excellent".

During the Reporting Period, the senior management conscientiously implemented the resolutions of the Board of Directors, strictly followed the regulatory requirements and the regulations on professional integrity, and actively cooperated with the Board of Supervisors in the supervision work, successfully completed the annual business plan, and achieve positive results in business management. In 2022, the senior management resolutely followed the decisions and arrangements of the CPC Central Committee and the Chongqing Municipal Party and fully implemented a series of measures to ensure the overall stability of the economy connected with major strategies, and actively participated in the construction of the Chengdu-Chongqing Economic Circle and the new land-sea channel in western China, and vigorously developed green finance with a 45% increase in the balance of green credit; intensified the credit support for the real economy and the manufacturing industry, took effective and practical measures to achieve a successful transformation, stabilize stock businesses and promote incremental businesses, and completed tasks under the "Two Increases" policy; further promoted reform and innovation, successively implemented 30 major reforms in the year, and completed all tasks under the three-year reform action for state-owned enterprises; strengthened the guiding role of financial technology, launched over 120 technology projects, and passed the certification of data management according to national standards; implemented four risk control reforms including the truthful pre-credit investigation, forward-looking credit review and timely risk monitoring, and continuously enhanced the digital risk control capabilities; promoted the category-based disposal of non-performing loans, resolved key risks in an orderly manner, and consolidated the overall trend of sound asset quality; earnestly carried out a series of actions under the "the Improvement Year for Internal Control and Compliance Management" activity, constantly deepened the special management of employee behaviors, comprehensively promoted the construction of the rule of law, spared no effort in preventing and controlling case risks, and strictly implemented the requirements of the regulatory authorities on expected credit loss approach management, anti-money laundering and consumer rights protection; coordinated the security and development in a unified manner, and made concrete and practical efforts in the security and stability, public opinion management, network security and emergency management, thus creating 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 2022 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 2022 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.

(Established 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 2022, 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 2022, 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 stage division 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; and

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 (continued)</p> <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 2022, gross loans and financial investments at amortised cost amounted to RMB495,508 million, representing 72.37% of total assets, and impairment allowance for loans and financial investments at amortised cost amounted to RMB10,997 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 rationality of 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 rationality of management's estimated future cash flows including amount, timing and probability, 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 business data of loans and financial investments at amortised cost, 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 the appropriateness of disclosures of credit risk exposures and expected credit losses.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Consolidation assessment and disclosures of structured entities</p> <p>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.</p> <p>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.</p> <p>In view of the materiality and the complexity of management judgements, we consider consolidation assessment and disclosures of structured entities a key audit matter.</p> <p>Relevant disclosures are included in Note 4(b) and Note 37 to the consolidated financial statements.</p>	<p>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.</p> <p>We assessed the Group's analysis and conclusions on whether it controlled 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 had obligation to ultimately take the risk of structured entities by reviewing relevant term sheets, and assessed whether the Group has provided liquidity support or credit enhancement to structured entities.</p> <p>We evaluated the appropriateness of disclosures of unconsolidated structured entities.</p>

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 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

30 March 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2022	2021
Interest income		27,533,983	27,410,536
Interest expense		(16,725,725)	(15,813,763)
Net interest income	6	10,808,258	11,596,773
Fee and commission income		915,301	903,753
Fee and commission expense		(153,960)	(134,931)
Net fee and commission income	7	761,341	768,822
Net trading gains	8	292,033	266,650
Net gains on investment securities	9	1,120,556	1,442,636
Other operating income	10	161,448	153,982
Operating income		13,143,636	14,228,863
Operating expenses	11	(3,627,332)	(3,322,383)
Credit impairment losses	12	(3,559,161)	(5,100,660)
Other impairment losses		1,567	(9,485)
Operating profit		5,958,710	5,796,335
Share of profits of associates	23	330,227	295,822
Profit before income tax		6,288,937	6,092,157
Income tax	15	(1,172,412)	(1,233,132)
Net profit for the year		5,116,525	4,859,025
Net profit attributable to:			
Shareholders of the Bank		4,867,857	4,663,743
Non-controlling interests		248,668	195,282
		5,116,525	4,859,025

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2022	2021
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		(1,993,461)	570,982
Less: Relevant income tax effect		498,366	(142,745)
Subtotal		(1,495,095)	428,237
<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		(4,414)	(161,009)
Less: Relevant income tax effect		1,104	40,252
Remeasurement gains/(losses) of retirement benefit plans		(1,524)	1,798
Less: Related income tax effect		381	(450)
Subtotal		(4,453)	(119,409)
Total other comprehensive income, net of tax	40	(1,499,548)	308,828
Total comprehensive income for the year		3,616,977	5,167,853
Total comprehensive income attributable to:			
Shareholders of the Bank		3,368,309	4,972,571
Non-controlling interests		248,668	195,282
		3,616,977	5,167,853
Earnings per share attributable to the shareholders of the Bank			
(expressed in RMB per share)	16		
Basic		1.31	1.28
Diluted		1.11	1.28

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

Consolidated Statement of Financial Position

As at 31 December 2022

(In RMB thousands, unless otherwise stated)

	Note	As at 31 December	
		2022	2021
ASSETS			
Cash and balances with central bank	17	41,025,999	37,200,469
Due from and placements with banks and other financial institutions	18	43,386,030	44,831,819
Financial assets at fair value through profit or loss ("FVPL")	19	28,740,879	24,585,122
Loans and advances to customers	21	342,446,291	306,883,598
Investment securities	22		
– Fair value through other comprehensive income ("FVOCI")		74,942,136	64,087,193
– Amortised cost		142,147,610	130,464,527
Investments in associates	23	2,500,712	2,228,158
Property, plant and equipment	24	3,059,481	3,152,421
Deferred tax assets	30	4,734,162	3,846,343
Other assets	25	1,729,263	1,673,970
Total assets		684,712,563	618,953,620
LIABILITIES			
Due to and placements from banks and other financial institutions	26	112,003,399	107,241,149
Financial liabilities at fair value through profit or loss	20	11,626	5,772
Customer deposits	27	382,594,480	338,695,343
Current tax liabilities		104,964	248,418
Debt securities issued	28	133,877,105	118,852,070
Other liabilities	29	4,625,512	4,664,173
Total liabilities		633,217,086	569,706,925
EQUITY			
Share capital	32	3,474,540	3,474,505
Other equity instruments:	33	5,571,090	4,909,307
of which: Preference shares		–	4,909,307
Perpetual bonds		4,499,400	–
Capital surplus	34	7,734,772	8,044,708
Other reserves	35	11,181,305	11,701,636
Retained earnings		21,374,805	19,143,032
Equity attributable to shareholders of the Bank		49,336,512	47,273,188
Non-controlling interests		2,158,965	1,973,507
Total equity		51,495,477	49,246,695
Total liabilities and equity		684,712,563	618,953,620

LIN JUN
CHAIRMAN

RAN HAILING
PRESIDENT

YANG SHIYIN
VICE PRESIDENT

YANG KUN
HEAD OF FINANCE
DEPARTMENT

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders of the Bank											
	Share capital (Note 32)	Other equity instruments			Capital surplus (Note 34)	Surplus reserve (Note 35)	General reserve (Note 35)	Revaluation reserve for financial assets at FVOCI (Note 35)	Remeasurement of retirement benefit plans (Note 35)	Retained earnings	Non-controlling interests	Total
		Preference shares										
		Perpetual bonds (Note 33)	Others									
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
Net profit for the year	-	-	-	-	-	-	-	-	-	4,867,857	248,668	5,116,525
Other comprehensive income (Note 40)	-	-	-	-	-	-	-	(1,498,405)	(1,143)	-	-	(1,499,548)
Total comprehensive income	-	-	-	-	-	-	-	(1,498,405)	(1,143)	4,867,857	248,668	3,616,977
Issue of convertible bonds	-	-	-	1,071,721	-	-	-	-	-	-	-	1,071,721
Conversion of convertible bonds	35	-	-	(31)	343	-	-	-	-	-	-	347
Capital contribution by other equity instruments holders	-	-	4,499,400	-	-	-	-	-	-	-	-	4,499,400
Capital deduction by other equity instruments holders	-	(4,909,307)	-	-	(310,279)	-	-	-	-	-	-	(5,219,586)
Dividends to ordinary shareholders (Note 36)	-	-	-	-	-	-	-	-	-	(1,355,057)	(63,210)	(1,418,267)
Dividends to other equity instrument holders (Note 36)	-	-	-	-	-	-	-	-	-	(301,810)	-	(301,810)
Transfer to other reserves	-	-	-	-	-	468,663	510,554	-	-	(979,217)	-	-
Balance at 31 December 2022	3,474,540	-	4,499,400	1,071,690	7,734,772	4,378,812	7,390,759	(583,119)	(5,147)	21,374,805	2,158,965	51,495,477

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders of the Bank									Total
	Share capital (Note 32)	Other equity instruments – 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 benefit plans (Note 35)	Retained earnings	Non-controlling interests	
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 shareholders (Note 36)	-	-	-	-	-	-	-	(1,293,754)	(44,100)	(1,337,854)
Dividends to other equity instrument holders (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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2022	2021
Cash flows from operating activities:		
Profit before income tax	6,288,937	6,092,157
Adjustments:		
Depreciation and amortisation	405,677	347,582
Impairment losses on loans	3,519,442	4,621,888
Provision for impairment losses on other assets	38,152	488,257
Net gains on disposal of long-term assets	(4,980)	(20,873)
Losses/(Gains) on changes in fair value	555,893	(396,016)
Net gains arising from financial investments	(1,497,988)	(1,360,334)
Share of profits of associates	(330,227)	(295,822)
Interest income arising from investment securities	(9,228,536)	(8,991,252)
Interest expense arising from financing activities	3,634,431	3,613,553
Changes in operating assets:		
Net (increase)/decrease in restricted deposit balances with central bank	(1,027,965)	1,246,713
Net (increase)/decrease in due from and placements to banks and other financial institutions	(641,618)	2,122,352
Net decrease in financial assets held under resale agreements	1,778,322	8,043,590
Net increase in loans and advances to customers	(39,501,177)	(39,025,158)
Net increase in other operating assets	(5,259,675)	(1,489,688)
Changes in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	(11,055,119)	22,687,576
Net increase/(decrease) in due to and placements from banks and other financial institutions	3,407,890	(14,753,931)
Net increase in financial assets sold under repurchase agreements	12,511,354	1,822,273
Net increase in customer deposits	41,917,038	23,623,827
Net increase/(decrease) in other operating liabilities	1,505,640	(1,305,040)
Income tax paid	(1,703,834)	(1,986,445)
Net cash from operating activities	5,311,657	5,085,209

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2022	2021
Cash flows from investing activities:		
Dividends received	–	2,080
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	9,475	69,918
Purchase of property, plant and equipment, intangible assets and other long-term assets	(338,021)	(349,659)
Return on investments	67,513,686	54,820,365
Purchase of investment securities	(90,771,009)	(80,123,830)
Proceeds from sale and redemption of investments	10,693,011	9,739,645
Net cash from investing activities	(12,892,858)	(15,841,481)
Cash flows from financing activities:		
Cash received from capital injection	–	3,714,628
Cash received from issuance of other equity instruments	4,499,400	–
Proceeds from issuance of debt securities	160,242,638	125,942,895
Cash paid to redeem other equity instruments issued	(5,219,586)	–
Cash paid to redeem debt securities issued	(147,220,000)	(110,940,000)
Cash paid for lease liabilities	(58,262)	(37,958)
Interest paid on debt securities	(555,241)	(801,499)
Dividends paid to shareholders	(1,744,348)	(1,604,330)
Net cash from financing activities	9,944,601	16,273,736
Impact from exchange rate changes on cash and cash equivalents	94,516	(13,122)
Net increase in cash and cash equivalents	2,457,916	5,504,342
Cash and cash equivalents at the beginning of the year	17,028,563	11,524,221
Cash and cash equivalents at the end of the year (Note 41)	19,486,479	17,028,563

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2022

(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 2022, the Bank operated its business through 166 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 30 March 2023.

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 judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement 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 2022
(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) Amended standards issued and applied

From 2022 on, the Group has adopted the following amended standards, which were applicable for the Group's financial year beginning on 1 January 2022.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Annual Improvements to IFRSs 2018-2020 Cycle	

The adoption of the amended standards above does not have a material impact on the Group's consolidated financial statements.

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 2021.

(b) Amended standards issued but not yet effective

		Effective for annual period beginning on or after
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 IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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

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 2022
(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) Amended standards 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 IASB has amended IFRS 16 to specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use retained. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

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 bond is itself an equity instrument would the terms of a liability not impact its classification.

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 investors’ investments in the associate or joint venture. The amendments apply prospectively.

The adoption of the above amended standards issued but not yet effective is not expected to have a material effect on the Group’s consolidated financial statements.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date when the Group ceases to control the subsidiary.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred in a business combination 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 2022
(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 2022
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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, impairment 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 financial liabilities at amortised cost at initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are directly recognised in profit or loss. For financial liabilities at amortised cost, 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Financial liabilities at amortised cost

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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Convertible bonds

When the Group issues convertible bonds, the Group determines whether they contain both liability and equity components based on the terms. If a convertible bond is issued with both liability and equity components, the liability and equity components are separated at initial recognition and treated separately. The fair value of the liability component is determined as the initial recognition amount, and the initial recognition amount of the equity component is determined by deducting the initial recognition amount of the liability component from the issue price of the convertible bond as a whole. Transaction costs are apportioned between the liability component and the equity component based on their respective fair values. The liability component is presented as a liability and is subsequently remeasured at amortised cost until it is revoked, converted or redeemed. Equity components are presented as equity and are not subsequently remeasured.

Perpetual Bonds

The perpetual bonds issued by the Group do not include contractual obligations to pay cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavourable conditions, and there are no arrangements under which the perpetual bonds are required to be settled by or may be settled by the Group's own equity instruments, thus the perpetual bonds issued by the Group are classified as equity instruments. Fees, commissions, and transaction costs incurred in issuing the perpetual bonds are deducted from equity. Interest on the perpetual bonds is treated as profit distribution when declared.

Notes to Consolidated Financial Statements

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

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.

2.8 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.9 Sale/purchase and repurchase/resale agreements

Assets sold subject to a linked repurchase agreements 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.

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.

Notes to Consolidated Financial Statements

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.10 Property, plant and equipment (Continued)

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.

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.

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.

Notes to Consolidated Financial Statements

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.14 Investment property

Investment properties, including buildings that are held for the purpose of leasing, and buildings that are being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties are initially measured at cost, including costs that are directly attributable to the properties, at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, estimated residual value rate and annual depreciation 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.

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.

Notes to Consolidated Financial Statements

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.15 Impairment of non-financial assets (Continued)

(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.

2.16 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 calculates the interest expense on the lease liabilities for each period of the lease term based on a fixed periodic interest rate, which is recognised in profit or loss.

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.

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

The Group as lessee (Continued)

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.

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. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income is recognised, and are charged to profit or loss.

(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.

Notes to Consolidated Financial Statements

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

2.19 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.

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2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.21 Share capital

Share capital of equity comprises ordinary shares issued.

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.

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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.

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.

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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.

3.1 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 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 monthly summarises the reclassification information and reports to risk management and internal control committee for approval. The classification of loans is monitored through 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.

3.1.2 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 at any time before it achieved new credit limit.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies (Continued)

(a) Credit business (Continued)

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.

Most of the borrowers are required to provide proper 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.

(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 instruments 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.

(a) Significant increase in credit risk (SICR)

The group considers a financial instrument to have experienced a SICR when it meets one or more of the following criteria.

Quantitative criteria:

The borrower is more than 30 days past due on its contractual payments.

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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) (Continued)

Qualitative criteria:

- i) Borrower of loan-related financial instrument is on the Watchlist, which is used to monitor credit risks and assessment at the counterparty level is conducted regularly;
- ii) The risk classification of the instrument is between Special-mention I and Special-mention III; or
- iii) the change of internal rating triggers stage 2 condition; or
- iv) The status of credit card is classified as “overdue” under internal management.

(b) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

- i) Borrower of loan-related financial instrument is on the Monitoring List, which is used to monitor credit risks and assessment at the counterparty level is conducted regularly;
- ii) The instrument is classified between Substandard I and Loss; or
- iii) The status of credit card is classified as “outsourced collection” or “sued and interest accrual stopped” under internal management.

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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 (Continued)

Qualitative criteria: (Continued)

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.

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Group classifies credit risk exposures according to credit risk characteristics including product type, customer type, customer industry and market distribution. Non-retail business risks are grouped into "industry, commerce and trade, construction, real estate, government-affiliated institutions, small and micro enterprises, general companies". Retail business risks are grouped into "mortgage loans, consumption loans, revolving loans and credit card advances".

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).

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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)

- 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.

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.

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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 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 2022 (2021: Nil).

(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 2022, the Group adjusted the forecast of forward-looking economic indicators by using statistical analysis methods and expert judgements. 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. The input value of the model has been smoothly adjusted. As at 31 December 2022, 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	1.99	2.50	1.10
Industrial Value Added:			
accumulated year on year	5.41	6.20	4.10
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 judgement 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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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 2022, the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20% (31 December 2021: the same).

As at 31 December 2022, the ECL calculated for the above three scenarios and the weighted average ECL of the Group are as follows:

	As at 31 December 2022		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	7,583,955	2,543,216	1,649,077
Central	7,463,878	2,335,866	1,632,788
Upside	7,164,679	1,943,197	1,526,517
Downside	8,213,862	3,568,951	1,767,370

	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

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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)

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and the chosen scenarios are appropriately representative of the range of possible scenarios.

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	
	2022	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	1,924,173	2,505,221
Gross amount of ECL and provisions in the consolidated statement of financial position	2,144,575	2,934,309
Difference – amount	(220,402)	(429,088)
Difference – percentage	(10%)	(15%)

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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	
	2022 Carrying amount	2021 Carrying amount
On-balance-sheet items		
Balances with central bank (Stage 1)	40,450,089	36,599,182
Due from and placements with banks and other financial institutions	43,386,030	44,831,819
Stage 1	43,295,375	44,769,143
Stage 3	49,750	49,750
Accrued interest	40,905	12,926
Loans and advances to customers		
– Amortised cost	295,160,981	278,734,705
Stage 1	278,111,655	262,500,678
Stage 2	11,092,971	11,759,240
Stage 3	3,934,114	2,368,643
Accrued interest	2,022,241	2,106,144
– FVOCI (Stage 1)	47,285,310	28,148,893
Investment securities – Amortised cost	142,147,610	130,464,527
Stage 1	138,113,695	125,686,404
Stage 2	1,127,316	1,901,995
Stage 3	413,501	451,231
Accrued interest	2,493,098	2,424,897
Investment securities – FVOCI	74,830,559	63,971,188
Stage 1	72,803,139	62,232,306
Stage 2	63,055	–
Stage 3	237,498	252,336
Accrued interest	1,726,867	1,486,546
Other receivables	285,925	334,309
Stage 1	227,492	249,665
Stage 2	950	76,057
Stage 3	57,483	8,587
On-balance-sheet total	643,546,504	583,084,623
Off-balance-sheet total	80,543,267	60,653,256
Total	724,089,771	643,737,879

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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 unfavourable 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 unfavourable 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:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2022				
Credit rating				
Low risk	209,439,248	260,473	–	209,699,721
Medium risk	72,425,788	10,196,136	–	82,621,924
High risk	–	2,705,092	8,239,174	10,944,266
Gross principal balance	281,865,036	13,161,701	8,239,174	303,265,911
Impairment allowance	(3,753,381)	(2,068,730)	(4,305,060)	(10,127,171)
Total	278,111,655	11,092,971	3,934,114	293,138,740
As at 31 December 2021				
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

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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 – amortised cost classified by credit grade:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2022				
Credit rating				
Low risk	128,137,517	–	–	128,137,517
Medium risk	10,351,764	1,148,000	220,178	11,719,942
High risk	–	–	583,501	583,501
Gross principal balance	138,489,281	1,148,000	803,679	140,440,960
Impairment allowance	(375,586)	(20,684)	(390,178)	(786,448)
Total	138,113,695	1,127,316	413,501	139,654,512
As at 31 December 2021				
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

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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:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at				
31 December 2022				
Credit rating				
Low risk	72,803,139	–	–	72,803,139
High risk	–	63,055	237,498	300,553
Gross principal balance	72,803,139	63,055	237,498	73,103,692
Impairment allowance	(343,915)	(54,714)	(464,000)	(862,629)
Total	72,459,224	8,341	(226,502)	72,241,063
As at				
31 December 2021				
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

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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	
	2022	2021
Financial assets at FVPL		
Bond investments	8,160,726	3,170,991
Trust investments	5,808,282	5,743,525
Asset management plans	9,225,065	9,890,126
Wealth management products purchased from financial institutions	–	2,026,559
Fund investments	5,053,831	3,032,399
Total	28,247,904	23,863,600

(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.

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%

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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)

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.

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:

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
As at 31 December 2022				
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	6,946,657	(3,554,327)	3,392,330	4,655,251
– Retail loans	1,292,517	(750,733)	541,784	684,654
Investment securities measured at amortised cost	803,679	(390,178)	413,501	413,501
Gross amount of credit-impaired assets	9,042,853	(4,695,238)	4,347,615	5,753,406
As at 31 December 2021				
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

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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 2022 was RMB3,980,255 thousand (2021: RMB3,735,807 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 2022 was RMB383,132 thousand (31 December 2021: RMB601,712 thousand).

(b) Concentration risk analysis for loans and advances to customers (gross) by geographic sector

	As at 31 December 2022		
	Gross amount	%	Non-performing loan ratio
Chongqing City	273,455,364	77.57	1.51%
Shaanxi Province	28,468,039	8.07	0.31%
Guizhou Province	23,902,086	6.78	1.05%
Sichuan Province	24,725,732	7.01	1.46%
Accrued interest	2,022,241	0.57	N/A
Total	352,573,462	100.00	1.38%

	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%

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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			
	2022 Amount	%	2021 Amount	%
Corporate loans – Amortised cost				
Leasing and commercial services	57,721,684	22.52	46,610,041	21.76
Water conservation, environment and public facility administration	53,146,884	20.76	48,240,630	22.53
Manufacturing	25,473,397	9.95	22,395,267	10.46
Construction	21,365,844	8.35	19,476,734	9.10
Wholesale and retail	17,233,465	6.73	14,860,177	6.94
Real estate	10,153,702	3.97	11,534,439	5.39
Electricity, heat, gas and water production and supply	4,712,001	1.84	6,012,594	2.81
Transportation, storage and postal service	3,706,916	1.45	2,816,982	1.32
Agriculture, forestry, animal husbandry and fishery	3,546,438	1.39	3,043,563	1.42
Health and social welfare	1,963,090	0.77	2,032,034	0.95
Culture, sports and entertainment	1,752,786	0.68	781,354	0.36
Accommodation and catering	1,527,688	0.60	1,526,935	0.71
Scientific research and technology services	1,410,848	0.55	1,815,385	0.85
Mining	1,403,559	0.55	1,545,653	0.72
Information transmission, software and information technology services	1,347,528	0.53	1,218,619	0.57
Education	914,423	0.36	831,517	0.39
Financing	878,899	0.34	878,949	0.41
Household services, repairing and other services	478,806	0.19	337,473	0.16
Corporate loans – FVOCI				
Discounted bills	47,285,310	18.47	28,148,893	13.15
Total corporate loans	256,023,268	100.00	214,107,239	100.00
Retail loans – Amortised cost				
Mortgage loans	41,571,228	43.98	42,843,185	42.06
Personal business loans	22,372,601	23.67	22,524,007	22.12
Credit card advances	20,093,997	21.26	16,371,056	16.07
Personal consumption loans	10,490,127	11.09	20,110,306	19.75
Total retail loans	94,527,953	100.00	101,848,554	100.00
Accrued interest	2,022,241		2,106,144	
Gross amount of loans and advances to customers	352,573,462		318,061,937	

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

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

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

	As at 31 December	
	2022	2021
Guaranteed loans	137,004,792	136,184,651
Collateralised loans	91,538,599	91,070,650
Unsecured loans	60,260,719	48,041,918
Pledged loans	61,747,111	40,658,574
Accrued interest	2,022,241	2,106,144
Total	352,573,462	318,061,937

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 2022	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
AAA	4,540,285	10,797,808	19,991,717	35,329,810
AA- to AA+	1,190,558	20,918,669	–	22,109,227
A+ and below	–	164,297	–	164,297
Unrated ^(a)	22,517,061	41,222,904	119,662,795	183,402,760
Accrued interest	–	1,726,867	2,493,098	4,219,965
Total	28,247,904	74,830,545	142,147,610	245,226,059

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.9 Investment securities (Continued)

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

(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 2022, the impairment allowance for debt securities at FVOCI amounted to RMB862,629 thousand and the impairment allowance for debt securities at amortised cost amounted to RMB786,448 thousand (31 December 2021: RMB752,917 thousand and RMB1,038,526 thousand).

Trust investments/asset management plans classification by underlying asset are summarised as follow :

	As at 31 December	
	2022	2021
Financial assets at FVPL		
– Credit assets	15,033,347	15,633,651
Financial assets at amortised cost		
– Credit assets	6,585,178	10,623,698
– Bond assets	24,534,030	35,138,500
	31,119,208	45,762,198

As at 31 December 2022, the gross principal balance of the Group's Stage 3 investments in trust plans and asset management plans at amortised cost was RMB803,679 thousand, whose underlying assets were all credit assets, of which the accrued ECL allowance amounted to RMB390,178 thousand (31 December 2021: RMB871,398 thousand and RMB420,182 thousand).

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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 the risk from the trading book or other elements. 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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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 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest-bearing	Total
As at 31 December 2022							
Assets							
Cash and balances with central bank	40,435,514	-	-	-	-	590,485	41,025,999
Due from and placements with banks and other financial institutions	38,856,848	3,293,524	1,194,753	-	-	40,905	43,386,030
Financial assets at FVPL	9,399,619	7,192,081	2,370,693	5,319,220	3,779,749	679,517	28,740,879
Loans and advances to customers	61,118,129	25,457,650	102,366,938	122,686,019	21,914,300	8,903,255	342,446,291
Investment securities							
– FVOCI	576,845	1,249,746	9,098,512	55,250,600	6,927,989	1,838,444	74,942,136
– Amortised cost	2,353,003	7,599,807	28,566,974	87,900,652	13,234,076	2,493,098	142,147,610
Other financial assets	-	-	-	-	-	786,922	786,922
Total financial assets	152,739,958	44,792,808	143,597,870	271,156,491	45,856,114	15,332,626	673,475,867
Liabilities							
Due to and placements from banks and other financial institutions	(38,477,396)	(9,108,786)	(63,818,792)	-	-	(598,425)	(112,003,399)
Financial debt at fair value through profit or loss	-	-	-	-	-	(11,626)	(11,626)
Customer deposits	(100,524,509)	(28,649,219)	(87,337,133)	(160,550,948)	(41,484)	(5,491,187)	(382,594,480)
Debt securities issued	(6,821,654)	(16,111,703)	(87,853,009)	(5,499,317)	(17,264,199)	(327,223)	(133,877,105)
Other financial liabilities	-	-	-	-	-	(2,516,811)	(2,516,811)
Total financial liabilities	(145,823,559)	(53,869,708)	(239,008,934)	(166,050,265)	(17,305,683)	(8,945,272)	(631,003,421)
Total interest rate risk gap	6,916,399	(9,076,900)	(95,411,064)	105,106,226	28,550,431	6,387,354	42,472,446

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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 to 3 months	3 to 12 months	1 to 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

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	
	2022	2021
+ 100 basis points parallel move in all yield curves	(367,150)	(387,646)
- 100 basis points parallel move in all yield curves	367,150	387,646

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	
	2022	2021
+ 100 basis points parallel move in all yield curves	(1,345,789)	(1,219,118)
- 100 basis points parallel move in all yield curves	1,401,640	1,270,762

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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 2022					
Assets					
Cash and balances with central bank	40,731,475	294,232	149	143	41,025,999
Due from and placements with banks and other financial institutions	42,754,857	563,684	5,636	61,853	43,386,030
Financial assets at FVPL	28,740,879	–	–	–	28,740,879
Loans and advances to customers	341,647,271	799,020	–	–	342,446,291
Investment securities					
– FVOCI	65,794,128	9,148,008	–	–	74,942,136
– Amortised cost	142,147,610	–	–	–	142,147,610
Other financial assets	786,922	–	–	–	786,922
Total financial assets	662,603,142	10,804,944	5,785	61,996	673,475,867
Liabilities					
Due to and placements from banks and other financial institutions	(106,130,394)	(5,873,005)	–	–	(112,003,399)
Financial liabilities at FVPL	(11,626)	–	–	–	(11,626)
Customer deposits	(378,444,186)	(4,149,244)	(32)	(1,018)	(382,594,480)
Debt securities issued	(133,877,105)	–	–	–	(133,877,105)
Other financial liabilities	(2,516,757)	(26)	(27)	(1)	(2,516,811)
Total financial liabilities	(620,980,068)	(10,022,275)	(59)	(1,019)	(631,003,421)
Net position	41,623,074	782,669	5,726	60,977	42,472,446
Financial guarantees and credit related commitments	77,972,712	2,811,198	–	1,716	80,785,626

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For the year ended 31 December 2022
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3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk (Continued)

The following tables show the Group's financial assets and liabilities at carrying amounts in RMB, categorised by the original currency: (Continued)

	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

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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For the year ended 31 December 2022
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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	
	2022	2021
1% upward change of foreign exchange rates	7,884	50,474
1% downward change of foreign exchange rates	(7,884)	(50,474)

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(In RMB thousands, unless otherwise stated)

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 2022, 7.5% (31 December 2021: 8%) of the Bank's total RMB-denominated and 6% (31 December 2021: 9%) 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 2022									
Liabilities									
Due to and placements from banks and other financial institutions	(108,322)	(38,774,314)	(9,350,547)	(65,320,031)	-	-	-	-	(113,553,214)
Customer deposits	(84,887,191)	(16,015,077)	(29,465,755)	(90,452,505)	(179,194,970)	(53,232)	-	-	(400,068,730)
Debt securities issued	-	(6,900,000)	(16,463,899)	(89,103,850)	(7,174,629)	(19,387,109)	-	-	(139,029,487)
Other financial liabilities	(207,671)	(79,295)	(32,223)	(180,854)	(1,890,387)	(117,818)	(8,563)	-	(2,516,811)
Total financial liabilities	(85,203,184)	(61,768,686)	(55,312,424)	(245,057,240)	(188,259,986)	(19,558,159)	(8,563)	-	(655,168,242)
Assets									
Cash and balances with central bank	575,910	12,232,539	-	-	-	-	28,217,550	-	41,025,999
Due from and placements with banks and other financial institutions	3,091,390	35,771,682	3,319,226	1,209,139	-	-	-	55,456	43,446,893
Non-derivative financial assets at FVPL	-	5,151,017	2,227,413	981,574	19,959,568	4,724,788	488,144	-	33,532,504
Loans and advances to customers	-	15,390,201	24,232,660	107,065,579	158,454,241	100,506,589	-	10,084,196	415,733,466
Investment securities									
- FVOCI	-	913,091	2,362,732	13,035,430	63,499,412	7,479,126	111,577	237,800	87,639,168
- Amortised cost	-	2,491,157	8,866,540	33,567,872	94,482,785	16,785,668	-	413,500	156,607,522
Other financial assets	50,522	18,593	7,217	28,869	242,331	-	135,546	303,844	786,922
Total financial assets	3,717,822	71,968,280	41,015,788	155,888,463	336,638,337	129,496,171	28,952,817	11,094,796	778,772,474
Net liquidity gap	(81,485,362)	10,199,594	(14,296,636)	(89,168,777)	148,378,351	109,938,012	28,944,254	11,094,796	123,604,232

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(In RMB thousands, unless otherwise stated)

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 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)

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.

3.3.4 Cash flows of derivative financial instruments

Derivatives settled on a net basis

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.

	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2022				
Net outflows	2,375	3,895	–	6,270
<hr/>				
	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2021				
Net outflow	2,430	3,364	20	5,814

Derivatives settled on a full basis

The Group's derivatives that will be settled on a full basis include interest rate swap contracts. The table below analyses the Group's derivative financial instruments that will be settled on a full basis by relevant maturity grouping 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. As at 31 December 2021, the Group had no derivatives that will be settled on a full basis.

	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2022				
Foreign exchange swap				
Cash inflow	–	133,840	–	133,840
Cash outflow	–	(139,292)	–	(139,292)
Foreign exchange forward				
Cash inflow	–	20,085	–	20,085
Cash outflow	–	(20,079)	–	(20,079)

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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 2022									
Assets									
Cash and balances with central bank	575,910	12,232,539	-	-	-	-	28,217,550	-	41,025,999
Due from and placements with banks and other financial institutions	3,091,390	35,746,700	3,294,735	1,197,749	-	-	-	55,456	43,386,030
Financial assets at FVPL	-	5,054,938	2,045,237	160,966	16,894,782	4,091,981	492,975	-	28,740,879
Loans and advances to customers	-	13,387,107	22,564,121	97,181,736	136,291,924	65,868,032	-	7,153,371	342,446,291
Investment securities									
- FVOCI	-	622,089	1,690,058	10,102,024	55,250,599	6,927,989	111,577	237,800	74,942,136
- Amortised cost	-	2,049,350	8,053,935	30,496,097	87,900,652	13,234,076	-	413,500	142,147,610
Other financial assets	50,522	18,593	7,217	28,869	242,331	-	135,546	303,844	786,922
Total financial assets	3,717,822	69,111,316	37,655,303	139,167,441	296,580,288	90,122,078	28,957,648	8,163,971	673,475,867
Liabilities									
Due to and placements from banks and other financial institutions	(108,322)	(38,575,392)	(9,214,426)	(64,105,259)	-	-	-	-	(112,003,399)
Financial liabilities at FVPL	-	-	-	-	-	-	(11,626)	-	(11,626)
Customer deposits	(84,887,191)	(15,993,559)	(29,307,319)	(88,827,967)	(163,533,950)	(44,494)	-	-	(382,594,480)
Debt securities issued	-	(6,886,861)	(16,331,024)	(87,895,704)	(5,499,317)	(17,264,199)	-	-	(133,877,105)
Other financial liabilities	(207,671)	(79,295)	(32,223)	(180,854)	(1,890,387)	(117,818)	(8,563)	-	(2,516,811)
Total financial liabilities	(85,203,184)	(61,535,107)	(54,884,992)	(241,009,784)	(170,923,654)	(17,426,511)	(20,189)	-	(631,003,421)
Net liquidity gap	(81,485,362)	7,576,209	(17,229,689)	(101,842,343)	125,656,634	72,695,567	28,937,459	8,163,971	42,472,446

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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 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)

3.3.6 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.

	Up to 1 year	1 to 5 years	Over 5 years	Total
As at 31 December 2022				
Bank acceptance bills	63,443,174	–	–	63,443,174
Letters of credit	7,461,030	–	–	7,461,030
Letters of guarantee	1,003,402	937,690	200	1,941,292
Confirmation	351,490	–	–	351,490
Other financial guarantees and credit related commitments	7,588,640	–	–	7,588,640
Capital expenditure commitments	188,711	49,270	–	237,981
Total	80,036,447	986,960	200	81,023,607
As at 31 December 2021				
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
Other financial guarantees and credit related commitments	6,195,238	–	–	6,195,238
Capital expenditure commitments	139,264	67,391	–	206,655
Total	59,795,407	1,226,035	200	61,021,642

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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 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	142,147,610	–	102,493,430	40,969,982	143,463,412
Financial liabilities					
Debt securities issued	133,877,105	12,627,703	121,274,369	–	133,902,072
	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

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.

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3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

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

Debt securities issued (Continued)

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).

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 2022	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	47,285,310	–	47,285,310
Financial assets at FVPL				
– Debt securities	–	8,160,726	–	8,160,726
– Fund investments	5,053,831	–	–	5,053,831
– Trust investments	–	–	5,808,282	5,808,282
– Asset management plans	–	–	9,225,065	9,225,065
– Equity investments at fair value	433,092	–	55,052	488,144
– Derivative financial instruments	–	4,831	–	4,831
	5,486,923	8,165,557	15,088,399	28,740,879
Financial investments at FVOCI				
– Debt securities	–	74,830,559	–	74,830,559
– Equity investments	–	–	111,577	111,577
	–	74,830,559	111,577	74,942,136
Total	5,486,923	130,281,426	15,199,976	150,968,325

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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 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

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 2022 and 2021.

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 2021	17,782,960	115,991
Total gains or losses		
– Current profits and losses	(198,629)	–
– Other comprehensive income	–	(4,414)
Purchases	311,363	–
Sales and settlement	(2,807,295)	–
Balance at 31 December 2022	15,088,399	111,577
Total unrealised gains for the year included in profit and loss for financial assets held as at 31 December 2022	(40,378)	–
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	–

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 2022, 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 I capital adequacy ratio, tier I capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. At present, the Group is fully compliant with legal and regulatory requirements.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
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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	
	2022	2021
Core capital:		
Share capital	3,474,540	3,474,505
Counted part of capital surplus	7,146,506	8,955,990
Eligible portion of other equity instruments	1,071,690	–
Surplus reserve and general reserve	11,769,571	10,790,354
Counted part of retained earnings	21,374,805	19,143,032
Capital contribution by non-controlling interests	1,366,915	1,155,679
Core tier I Capital deductibles items:		
Full deduction items	(360,048)	(305,079)
Threshold deduction items	(149,764)	–
Core tier I Capital, net	45,694,215	43,214,481
Other tier I Capital, net	4,681,655	5,063,398
Tier II Capital, net	10,656,633	11,696,258
Net capital	61,032,503	59,974,137
On-balance sheet risk-weighted assets	445,969,518	429,163,661
Off-balance sheet risk-weighted assets	7,812,787	7,264,706
Risk-weighted assets for exposure to counterparty credit risk	18,801	5,885
Total credit risk-weighted assets	453,801,106	436,434,252
Total market risk-weighted assets	311,761	678,575
Total operational risk-weighted assets	25,643,119	24,694,731
Total risk-weighted assets before applying capital base	479,755,986	461,807,558
Total risk-weighted assets after applying capital base	479,755,986	461,807,558
Core tier I Capital adequacy ratio	9.52%	9.36%
Tier I Capital adequacy ratio	10.50%	10.45%
Capital adequacy ratio	12.72%	12.99%

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
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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 2022, the Group's entrusted loans amounted to RMB5,418,026 thousand (31 December 2021: RMB7,535,455 thousand).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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.

Notes to Consolidated Financial Statements

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5 SUBSIDIARIES

As at 31 December 2022, 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.	35,648,672	31,285,779	1,136,856	520,198
Xingyi Wanfeng Village Bank Co., Ltd.	760,999	637,512	29,815	(13,031)
	36,409,671	31,923,291	1,166,671	507,167

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

The above subsidiaries are companies limited by share and limited by liability respectively.

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6 NET INTEREST INCOME

	2022	2021
Interest income		
Balances with central bank	474,234	477,365
Due from and placements with banks and other financial institutions	856,641	1,094,151
Loans and advances to customers	16,974,572	16,847,768
Investment securities	9,228,536	8,991,252
Subtotal	27,533,983	27,410,536
Interest expense		
Due to and placements from banks and other financial institutions	(2,701,541)	(2,874,834)
Customer deposits	(10,389,753)	(9,325,376)
Debt securities issued	(3,629,716)	(3,610,332)
Other liabilities	(4,715)	(3,221)
Subtotal	(16,725,725)	(15,813,763)
Net interest income	10,808,258	11,596,773

7 NET FEE AND COMMISSION INCOME

	2022	2021
Fee and commission income		
Wealth management agency service	616,341	567,144
Guarantees and credit commitments	71,546	107,983
Settlement and agency services	116,631	107,497
Bank card services and annual fee	82,683	73,105
Custodian service	28,100	48,024
Subtotal	915,301	903,753
Fee and commission expense		
Settlement and agency services	(66,659)	(69,000)
Bank card services	(56,325)	(28,351)
Others	(30,976)	(37,580)
Subtotal	(153,960)	(134,931)
Net fee and commission income	761,341	768,822

Notes to Consolidated Financial Statements

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8 NET TRADING GAINS

	2022	2021
Foreign exchange gains/(losses)	455,036	(59,522)
Bond and fund investments	73,077	147,576
Equity investments	(228,822)	185,210
Derivatives	(7,258)	(6,614)
Total	292,033	266,650

Net trading gains 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, forward and swap contracts and translation of foreign currency monetary assets and liabilities into RMB.

9 NET GAINS ON INVESTMENT SECURITIES

	2022	2021
Net gains arising from financial assets at FVPL and net gains on disposal of investment securities at FVOCI	877,626	1,442,636
Net gains on derecognition of investment securities at amortised cost	242,930	–
Total	1,120,556	1,442,636

10 OTHER OPERATING INCOME

	2022	2021
Government grants ^(a)	101,939	78,344
Gains on sale of property, plant and equipment, intangible assets and other long-term assets	6,158	21,057
Rental income ^(b)	44,462	41,880
Other miscellaneous income ^(c)	8,889	10,621
Dividend income from unlisted FVOCI investments	–	2,080
Total	161,448	153,982

(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 and machinery equipment.

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

Notes to Consolidated Financial Statements

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11 OPERATING EXPENSES

	2022	2021
Staff costs (<i>Note 13</i>)	2,090,644	1,945,510
General and administrative expenses	819,335	748,051
Tax and surcharges	173,282	169,964
Depreciation of property, plant and equipment (<i>Note 24</i>)	222,026	204,795
Amortisation of intangible assets (<i>Note 25(b)</i>)	109,090	87,458
Depreciation of right-of-use assets (<i>Note 25(c)</i>)	58,132	42,978
Depreciation of investment properties (<i>Note 25(f)</i>)	275	232
Amortisation of long-term prepaid expenses	16,154	12,119
Rental expenses	1,165	6,700
Professional fees	105,428	88,163
Auditors' remuneration		
– Audit services	5,632	4,845
Donations	3,480	4,090
Others	22,689	7,478
Total	3,627,332	3,322,383

12 CREDIT IMPAIRMENT LOSSES

	2022	2021
Loans and advances to customers carried at amortised cost	3,507,579	4,599,171
Loans and advances to customers at FVOCI	11,863	22,717
Investment securities – Amortised cost	(252,078)	(287,976)
Investment securities – FVOCI	109,712	575,093
Loan commitments and financial guarantee contracts	80,628	(195,171)
Due from and placements with banks and other financial institutions	(909)	(6,108)
Other credit impairment losses	102,366	392,934
Total	3,559,161	5,100,660

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13 STAFF COSTS

	2022	2021
Salaries and bonuses	1,507,589	1,420,053
Pension expenses (<i>Note 31</i>)	217,795	193,747
Housing benefits and subsidies	132,752	119,340
Labour union and staff education funds	37,048	34,467
Other social security and benefit costs	195,460	177,903
Total	2,090,644	1,945,510

Five highest paid individuals

Among the five highest paid individuals for the year ended 31 December 2022, one (2021: none) was director or supervisor of the Bank whose emoluments were included in Note 14 below. The aggregate emolument of the remaining four (2021: five) highest paid individuals who were neither directors nor supervisors of the Bank is as follows.

	2022
Paid remuneration	7,765
Contribution to pension schemes	503
Total	8,268

	2021
Remunerations, salaries, allowances and benefits	1,772
Discretionary bonuses	8,408
Contribution to pension schemes	592
Total	10,772

The emoluments payable to the senior management and individuals fell within the following bands:

	Number of individuals	
	2022	2021
RMB 1,500,001 – RMB2,000,000	1	–
RMB 2,000,001 – RMB2,500,000	3	5
Total	4	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.

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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 2022 are as follows:

Expressed in ten thousands of RMB

Name	Paid remuneration	Contribution to pension schemes	Other monetary income	Part-time fee	Total emoluments before tax	Notes
Executive directors						
Lin Jun	40.48	13.22	–	–	53.70	
Ran Hailing (President)	40.48	13.22	–	–	53.70	
Liu Jianhua	32.38	12.98	3.84	–	49.20	
Wong Wah Sing	32.38	0.35	–	–	32.73	
Non-executive directors						
Wong Hon Hing	–	–	–	15.40	15.40	
Yang Yusong	–	–	–	10.35	10.35	
Wu Heng	–	–	–	–	–	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid
You Lili	–	–	–	2.29	2.29	Approved as non-executive director by CBIRC on 21 October 2022
Liu Xing	–	–	–	18.70	18.70	
Wang Rong	–	–	–	19.15	19.15	
Yuan Xiaobin	–	–	–	17.20	17.20	
Zou Hong	–	–	–	15.70	15.70	
Fung Don Hau	–	–	–	21.40	21.40	
Zhong Xian	–	–	–	12.00	12.00	
Supervisors						
Yang Xiaotao	6.75	2.35	0.80	–	9.90	Supervisor resigned on 21 February 2022
Huang Changsheng	32.38	12.98	3.84	–	49.20	
Yin Jun	–	–	–	–	–	
Wu Ping	–	–	–	–	–	
Chen Zhong	–	–	–	8.70	8.70	
Peng Daihui	–	–	–	10.60	10.60	
Hou Guoyue	–	–	–	8.80	8.80	
Zeng Xiangming	–	–	–	0.90	0.90	Supervisor resigned on 29 March 2022
Qi Jun	–	–	–	6.50	6.50	
Total	184.85	55.10	8.48	167.69	416.12	

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

The total remuneration packages (including discretionary bonus) for directors and supervisors for the year ended 31 December 2022 have not yet been finalised in accordance with relevant regulations of the relevant authorities in PRC. The amount of the remuneration not provided for is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2022.

Details of the directors' and supervisors' emoluments for 2021 are as follows:

Expressed in ten thousands of RMB

Name	Paid remuneration	Contribution to pension schemes	Other monetary income	Part-time fee	Total emoluments before tax	Notes
Executive directors						
Lin Jun	39.36	12.31	–	–	51.67	
Ran Hailing (President)	39.36	12.38	–	–	51.74	
Liu Jianhua	31.49	12.12	3.84	–	47.45	
Wong Wah Sing	31.49	0.35	–	–	31.84	
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	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid.
Wu Heng	–	–	–	–	–	
Zou Hong	–	–	–	15.70	15.70	
Fung Don Hau	–	–	–	20.95	20.95	
Yuan Xiaobin	–	–	–	19.00	19.00	
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 CBIRC on 29 October 2021

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14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Name	Paid remuneration	Contribution to pension schemes	Other monetary income	Part-time fee	Total emoluments before tax	Notes
Supervisors						
Yang Xiaotao	39.36	12.38	4.80	–	56.54	
Huang Changsheng	31.49	12.12	3.84	–	47.45	
Yin Jun	–	–	–	–	–	
Wu Ping	–	–	–	–	–	
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	212.55	61.66	12.48	167.33	454.02	

(b) Directors' and supervisors' retirement benefits

For the year ended 31 December 2022, no retirement benefits were paid to the directors or supervisors by the defined benefit pension plan operated by the Group (2021: Nil).

(c) Directors' and supervisors' termination benefits

For the year ended 31 December 2022, no termination benefits were paid to the directors or supervisors by the Group (2021: Nil).

(d) Consideration provided to third parties for making available directors' and supervisors' services

For the year ended 31 December 2022, no consideration was provided to third parties for making available directors' and supervisor' services by the Group (2021: Nil).

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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

For the year ended 31 December 2022, 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	642	604	642	-	-	18 years, average capital plus interest	3.665%	mortgaged by real estate

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

(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 2022 or at any time during the year (2021: Nil).

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15 INCOME TAX EXPENSE

	2022	2021
Current income tax	1,560,761	1,828,952
Deferred income tax (Note 30)	(388,349)	(595,820)
Total	1,172,412	1,233,132

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:

	2022	2021
Profit before income tax	6,288,937	6,092,157
Income tax calculated at statutory tax rate of 25%	1,572,234	1,523,039
The effect of a preferential tax rate of subsidiaries ^(a)	(60,330)	(48,394)
Tax effect arising from non-taxable income ^(b)	(610,804)	(423,402)
Tax effect of expenses that are not deductible for tax purposes ^(c)	267,746	139,415
Income tax adjustment for prior years	3,566	15,049
The impact of changes in tax rates on the deferred income tax assets at the beginning of the period	–	27,425
Income tax expense	1,172,412	1,233,132

(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.

	2022	2021
Net profit attributable to shareholders of the Bank	4,867,857	4,663,743
Less: Net profit attributable to other equity holders of the Bank	(301,810)	(292,146)
Net profit attributable to ordinary shareholders of the Bank	4,566,047	4,371,597
Weighted average number of ordinary shares issued (in thousands)	3,474,512	3,416,597
Basic earnings per share (in RMB)	1.31	1.28

Diluted earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank based on the assumption of the conversion of all dilutive potential shares for the year, by the adjusted weighted average number of ordinary shares in issue. The Bank had convertible bonds as dilutive potential ordinary shares.

	2022	2021
Net profit attributable to ordinary shareholders of the Bank	4,566,047	4,371,597
Add: Interest expense on convertible bonds, net of tax	290,249	–
Net profit used to determine diluted earnings per share	4,856,296	4,371,597
Weighted average number of ordinary shares issued (in thousands)	3,474,512	3,416,597
Add: Weighted average number of ordinary shares with the assumption of the conversion of all dilutive shares (in thousands)	895,291	–
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	4,369,803	3,416,597
Diluted earnings per share (in RMB)	1.11	1.28

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 Bank redeemed the preference shares on 20 December 2022.

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17 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2022	2021
Cash	575,910	601,287
Mandatory reserve deposits with central bank	28,205,191	27,073,359
Surplus reserve deposits with central bank	12,217,964	9,396,698
Fiscal deposits	12,359	116,226
Subtotal	41,011,424	37,187,570
Accrued interest	14,575	12,899
Total	41,025,999	37,200,469

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. As at 30 June 2022, the mandatory reserve rate of the Bank for deposits denominated in RMB was 7.5% (31 December 2021: 8%), and the mandatory reserve rate of the Bank for deposits denominated in foreign currencies was 6% (31 December 2021: 9%). The mandatory reserve deposit rate of the subsidiaries of the Bank was consistent with the requirements of the central bank.

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

18 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2022	2021
Bills purchased under resale agreements	9,141,935	24,958,637
Securities purchased under resale agreements	26,696,950	12,658,570
Due from banks and other financial institutions	4,092,102	6,707,428
Placements with banks and other financial institutions	3,569,149	650,178
Subtotal	43,500,136	44,974,813
Accrued interest	40,905	12,926
Less: ECL allowance	(155,011)	(155,920)
Total	43,386,030	44,831,819

As at 31 December 2022 and 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.

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022	2021
Financial assets at FVPL		
– Listed outside Hong Kong	433,092	594,216
– Unlisted	28,302,956	23,986,350
Subtotal	28,736,048	24,580,566
Derivative financial instruments (Note 20)	4,831	4,556
Total	28,740,879	24,585,122

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December	
	2022	2021
Unlisted financial assets at FVPL		
– Corporate bonds	518,700	–
– Trust investments ^(a)	5,808,282	5,743,525
– Asset management plans ^(b)	9,225,065	9,890,126
– Wealth management products purchased from financial institutions	–	2,026,559
– Fund investments	5,053,831	3,032,399
– Commercial bank bonds	4,783,525	1,444,666
– Government bonds	2,565,750	1,726,325
– Policy bank bonds	292,751	–
– Equity Investment	55,052	122,750
Total	28,302,956	23,986,350

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

As at 31 December 2022, there were no financial assets at FVPL of the Group pledged to third parties under repurchase agreements (31 December 2021: Nil).

(a) Trust investment

	As at 31 December	
	2022	2021
Trust investments purchased from trust companies		
– Guaranteed by third-party companies	5,100,915	5,210,898
– Unsecured	707,367	532,627
Total	5,808,282	5,743,525

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

(b) Asset management plans

	As at 31 December	
	2022	2021
Asset management plans purchased from securities companies – Guaranteed by third-party companies	9,225,065	9,890,126

Financial assets at fair value through profit or loss by the issuer are set out below:

	As at 31 December	
	2022	2021
Financial assets at FVPL		
– Trust companies	5,808,282	5,743,525
– Securities companies	9,225,065	9,890,126
– Commercial banks	4,783,525	3,471,225
– Fund companies	5,053,831	3,032,399
– Corporations	518,700	–
– Governments	2,565,750	1,726,325
– Policy banks	292,751	–
– Equity investment	488,144	716,966
Total	28,736,048	24,580,566

20 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2022	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swap	44,622,740	4,543	(6,236)
Foreign exchange swap	139,292	–	(5,387)
Foreign exchange forward	20,079	288	(3)
Total	44,782,111	4,831	(11,626)

As at 31 December 2021	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swap	39,864,023	4,556	(5,772)

As at 31 December 2022 and 31 December 2021, the financial liabilities at FVPL were generated from derivative financial instruments.

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21 LOANS AND ADVANCES TO CUSTOMERS

	As at 31 December	
	2022	2021
Loans and advances to customers		
– Amortised cost	303,265,911	287,806,900
– FVOCI	47,285,310	28,148,893
Total	350,551,221	315,955,793
Accrued interest	2,022,241	2,106,144
Less: ECL allowance	(10,127,171)	(11,178,339)
Carrying amount of loans and advances to customers	342,446,291	306,883,598

(a) Loans and advances to customers analysis

	As at 31 December	
	2022	2021
Loans and advances to corporate entities – Amortised cost		
– Corporate loans and advances	208,737,958	185,958,346
Loans and advances to corporate entities – FVOCI		
– Discounted bills	47,285,310	28,148,893
Subtotal	256,023,268	214,107,239
Loans and advances to individuals – Amortised cost		
– Mortgage loans	41,571,228	42,843,185
– Individual business loans	22,372,601	22,524,007
– Individual consumption loans	10,490,127	20,110,306
– Credit card advances	20,093,997	16,371,056
Subtotal	94,527,953	101,848,554
Total	350,551,221	315,955,793
Accrued interest	2,022,241	2,106,144
Gross amount of loans and advances to customers	352,573,462	318,061,937
Less: ECL allowance	(10,127,171)	(11,178,339)
Carrying amount of loans and advances to customers	342,446,291	306,883,598

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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 2022				
	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	2,598,053	777,259	672,456	95,748	4,143,516
Guaranteed loans	2,853,732	859,929	315,386	–	4,029,047
Unsecured loans	894,535	434,907	132,259	16,737	1,478,438
Pledged loans	698,862	71,410	–	–	770,272
Total	7,045,182	2,143,505	1,120,101	112,485	10,421,273

	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

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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 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	2,388,233	2,461,375	4,263,034	9,112,642
New financial assets originated or purchased	1,182,958	–	–	1,182,958
Remeasurement	(305,627)	631,474	2,039,608	2,365,455
Repayments	(630,078)	(194,985)	(360,975)	(1,186,038)
Write-offs and disposals	–	–	(4,291,764)	(4,291,764)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(108,494)</i>	<i>108,494</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(12,525)</i>	<i>–</i>	<i>12,525</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>86,779</i>	<i>(86,779)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(1,491,197)</i>	<i>1,491,197</i>	<i>–</i>
Recoveries of loans and advances written off in previous years	–	–	633,165	633,165
Unwind impact of discount	–	–	(232,463)	(232,463)
As at 31 December 2022	2,601,246	1,428,382	3,554,327	7,583,955
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)
Write-offs and disposals	–	–	(4,238,317)	(4,238,317)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(134,820)</i>	<i>134,820</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 1 to Stage 3</i>	<i>(20,210)</i>	<i>–</i>	<i>20,210</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 1</i>	<i>147,285</i>	<i>(147,285)</i>	<i>–</i>	<i>–</i>
<i>Transfer from Stage 2 to Stage 3</i>	<i>–</i>	<i>(2,174,215)</i>	<i>2,174,215</i>	<i>–</i>
<i>Transfer from Stage 3 to Stage 2</i>	<i>–</i>	<i>118,915</i>	<i>(118,915)</i>	<i>–</i>
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

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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)

Retail loans	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	1,071,811	422,842	571,044	2,065,697
New financial assets originated or purchased	489,479	–	–	489,479
Remeasurement	220,498	499,901	768,355	1,488,754
Repayments	(561,005)	(209,819)	(62,205)	(833,029)
Write-offs and disposals	–	–	(742,309)	(742,309)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(48,464)	48,464	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(33,610)	–	33,610	–
<i>Transfer from Stage 2 to Stage 1</i>	12,230	(12,230)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(116,435)	116,435	–
<i>Transfer from Stage 3 to Stage 1</i>	1,196	–	(1,196)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	7,625	(7,625)	–
Recoveries of loans and advances written off in previous years	–	–	135,298	135,298
Unwind impact of discount	–	–	(60,674)	(60,674)
As at 31 December 2022	1,152,135	640,348	750,733	2,543,216
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)
Write-offs and disposals	–	–	(612,208)	(612,208)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(35,227)	35,227	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(19,066)	–	19,066	–
<i>Transfer from Stage 2 to Stage 1</i>	10,471	(10,471)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(103,408)	103,408	–
<i>Transfer from Stage 3 to Stage 1</i>	1,929	–	(1,929)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	9,316	(9,316)	–
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)
(2) *Movements on impairment allowance for loans and advances to customers at FVOCI*

Discounted bills	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	71,914	–	–	71,914
New financial assets originated or purchased	83,777	–	–	83,777
Repayments	(71,914)	–	–	(71,914)
As at 31 December 2022	83,777	–	–	83,777
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

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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 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	166,954,127	12,739,087	6,265,132	185,958,346
New financial assets originated or purchased	82,351,237	–	–	82,351,237
Proceeds received	(52,132,709)	(2,020,087)	(647,529)	(54,800,325)
Financial assets derecognised other than write-offs	–	–	(1,330,045)	(1,330,045)
Write-offs	–	–	(3,441,255)	(3,441,255)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(6,095,371)	6,095,371	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(733,168)	–	733,168	–
<i>Transfer from Stage 2 to Stage 1</i>	895,465	(895,465)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(5,367,186)	5,367,186	–
As at 31 December 2022	191,239,581	10,551,720	6,946,657	208,737,958
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-offs	–	–	(3,255,290)	(3,255,290)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(7,023,100)	7,023,100	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(626,293)	–	626,293	–
<i>Transfer from Stage 2 to Stage 1</i>	1,798,318	(1,798,318)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(5,905,243)	5,905,243	–
<i>Transfer from Stage 3 to Stage 2</i>	–	324,591	(324,591)	–
As at 31 December 2021	166,954,127	12,739,087	6,265,132	185,958,346

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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)

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

Retail loans	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	99,006,595	1,904,370	937,589	101,848,554
New financial assets originated or purchased	31,319,702	–	–	31,319,702
Proceeds received	(36,894,344)	(865,342)	(133,788)	(37,893,474)
Financial assets derecognised other than write-offs	–	–	(4,920)	(4,920)
Write-offs	–	–	(741,909)	(741,909)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(2,130,089)	2,130,089	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(875,041)	–	875,041	–
<i>Transfer from Stage 2 to Stage 1</i>	193,850	(193,850)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(386,701)	386,701	–
<i>Transfer from Stage 3 to Stage 1</i>	4,782	–	(4,782)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	21,415	(21,415)	–
As at 31 December 2022	90,625,455	2,609,981	1,292,517	94,527,953
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-offs	–	–	(612,089)	(612,089)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,489,244)	1,489,244	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(498,619)	–	498,619	–
<i>Transfer from Stage 2 to Stage 1</i>	94,576	(94,576)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(310,177)	310,177	–
<i>Transfer from Stage 3 to Stage 1</i>	5,709	–	(5,709)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	20,611	(20,611)	–
As at 31 December 2021	99,006,595	1,904,370	937,589	101,848,554

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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 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Discounted bills				
As at 31 December 2021	28,148,893	–	–	28,148,893
New financial assets originated or purchased	47,061,343	–	–	47,061,343
Proceeds received	(28,148,893)	–	–	(28,148,893)
Fair value measurement	223,967	–	–	223,967
As at 31 December 2022	47,285,310	–	–	47,285,310
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

22 INVESTMENT SECURITIES

	As at 31 December	
	2022	2021
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	30,219,042	21,900,014
– Listed in Hong Kong	7,352,802	6,195,354
– Unlisted	35,531,834	34,389,274
Subtotal	73,103,678	62,484,642
Accrued interest	1,726,867	1,486,546
Equity securities – measured at fair value		
– Unlisted	111,577	115,991
Others	14	14
Total	74,942,136	64,087,193

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22 INVESTMENT SECURITIES (Continued)

Unlisted financial investments measured at FVOCI are set out below:

	As at 31 December	
	2022	2021
Debt securities – measured at fair value (unlisted)		
– Corporate bonds	30,858,395	32,458,833
– Policy bank bonds	909,929	1,117,018
– Commercial bank bonds	2,344,082	612,857
– Government bonds	1,419,428	200,566
Subtotal	35,531,834	34,389,274
Equity securities – measured at fair value (unlisted)		
– Equity investments	111,577	115,991
Total	35,643,411	34,505,265

	As at 31 December	
	2022	2021
Investment securities – Amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	6,000,252	10,106,458
– Unlisted	134,440,708	118,971,698
Subtotal	140,440,960	129,078,156
Accrued interest	2,493,098	2,424,897
Less: ECL allowance	(786,448)	(1,038,526)
Total	142,147,610	130,464,527

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22 INVESTMENT SECURITIES (Continued)

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

	As at 31 December	
	2022	2021
Debt securities – measured at amortised cost (unlisted)		
– Bonds	94,657,500	62,487,500
– Trust investments ^(a)	5,483,279	8,630,698
– Asset management plans ^(b)	25,635,929	37,131,500
– Debt financing plans	8,664,000	10,722,000
Total	134,440,708	118,971,698

(a) Trust investments

	As at 31 December	
	2022	2021
Trust investments purchased from trust companies		
– collateralised by properties	3,742,098	5,288,017
– guaranteed by third-party companies	1,555,800	2,677,300
– unsecured	185,381	665,381
Total	5,483,279	8,630,698

(b) Asset management plans

	As at 31 December	
	2022	2021
Asset management plans purchased from securities companies		
– guaranteed by third-party companies	487,900	1,275,000
– collateralised by properties	463,999	488,000
Subtotal	951,899	1,763,000
Asset management plans purchased from asset management companies		
– unsecured	20,965,180	29,186,000
– guaranteed by third-party companies	3,718,850	6,182,500
Subtotal	24,684,030	35,368,500
Total	25,635,929	37,131,500

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22 INVESTMENT SECURITIES (Continued)

Movements on impairment allowance for investment securities are set out below:

Investment securities – FVOCI	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	288,917	–	464,000	752,917
New financial assets originated or purchased	126,449	–	–	126,449
Remeasurement	(17,013)	54,451	–	37,438
Repayments	(54,175)	–	–	(54,175)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(263)	263	–	–
As at 31 December 2022	343,915	54,714	464,000	862,629

Investment securities – FVOCI	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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:				
<i>Transfer from Stage 2 to Stage 3</i>	–	(94,900)	94,900	–
As at 31 December 2021	288,917	–	464,000	752,917

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22 INVESTMENT SECURITIES (Continued)

Investment securities – Amortised cost	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	568,339	50,005	420,182	1,038,526
New financial assets originated or purchased	33,574	–	–	33,574
Remeasurement	(123,312)	(469)	(141)	(123,922)
Repayments	(115,057)	(16,810)	(29,863)	(161,730)
Transfers:				
<i>Transfer from Stage 2 to Stage 1</i>	12,042	(12,042)	–	–
As at 31 December 2022	375,586	20,684	390,178	786,448

Investment securities – Amortised cost	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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:				
<i>Transfer from Stage 1 to Stage 2</i>	(20,076)	20,076	–	–
<i>Transfer from Stage 2 to Stage 1</i>	7,657	(7,657)	–	–
As at 31 December 2021	568,339	50,005	420,182	1,038,526

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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 2022, 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; FVOCI of RMB200,000 thousand of the Group were in stage 2, and the ECL allowance on the above-mentioned securities amounted to RMB54,714 thousand. The rest were in stage 1. 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.

Investment securities – Amortised cost	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021	126,254,758	1,952,000	871,398	129,078,156
New financial assets originated or purchased	43,580,577	–	–	43,580,577
Proceeds received	(31,596,054)	(554,000)	(67,719)	(32,217,773)
Transfers:				
<i>Transfer from Stage 2 to Stage 1</i>	250,000	(250,000)	–	–
As at 31 December 2022	138,489,281	1,148,000	803,679	140,440,960
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>	(1,447,000)	1,447,000	–	–
<i>Transfer from Stage 2 to Stage 1</i>	700,000	(700,000)	–	–
As at 31 December 2021	126,254,758	1,952,000	871,398	129,078,156

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22 INVESTMENT SECURITIES (Continued)

Investment securities are analysed by issuer as follows:

	As at 31 December	
	2022	2021
Investment securities – FVOCI		
– Corporations	68,018,324	60,084,188
– Policy banks	909,929	1,117,018
– Commercial banks	2,655,840	720,628
– Governments	1,419,428	361,212
– Other financial institutions	100,157	201,596
– Equity investments at fair value	111,577	115,991
– Others	14	14
Subtotal	73,215,269	62,600,647
Accrued interest	1,726,867	1,486,546
Total	74,942,136	64,087,193
Investment securities – Amortised cost		
– Governments	97,456,376	69,980,313
– Asset management companies	24,684,030	35,368,500
– Corporations	8,664,000	10,752,000
– Trust companies	5,483,279	8,630,698
– Policy banks	2,481,376	2,463,645
– Securities companies	951,899	1,763,000
– Commercial banks	720,000	120,000
Subtotal	140,440,960	129,078,156
Accrued interest	2,493,098	2,424,897
Less: ECL allowance	(786,448)	(1,038,526)
Total	142,147,610	130,464,527

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23 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2022	2021
Balance at the beginning of the year	2,228,158	1,945,081
Share of profits of associates	330,227	295,822
Declared cash dividends	(57,673)	(12,745)
Balance at the end of the year	2,500,712	2,228,158

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.

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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 2021	3,143,267	10,375	610,689	153,075	178,975	459,100	4,555,481
Additions	5,743	1,843	77,287	24,142	-	26,593	135,608
Transfers from construction in progress	217,250	-	63	-	-	(217,313)	-
Disposals	(6,789)	(8)	(51,577)	(10,034)	(74)	-	(68,482)
Transfers to investment properties	(2,326)	-	-	-	-	-	(2,326)
As at 31 December 2022	3,357,145	12,210	636,462	167,183	178,901	268,380	4,620,281
Accumulated depreciation							
As at 31 December 2021	(822,790)	(9,359)	(419,010)	(108,693)	(41,708)	-	(1,401,560)
Charge for the year (Note 11)	(109,560)	(511)	(67,756)	(15,940)	(28,259)	-	(222,026)
Disposals	4,461	7	49,128	9,340	16	-	62,952
Transfers to investment properties	1,334	-	-	-	-	-	1,334
As at 31 December 2022	(926,555)	(9,863)	(437,638)	(115,293)	(69,951)	-	(1,559,300)
Impairment allowance							
As at 31 December 2022	(1,500)	-	-	-	-	-	(1,500)
Net book value							
As at 31 December 2022	2,429,090	2,347	198,824	51,890	108,950	268,380	3,059,481
As at 31 December 2021	2,318,977	1,016	191,679	44,382	137,267	459,100	3,152,421

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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 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)
Transfers 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
Transfers 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 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

As at 31 December 2022, the cost of motor vehicles and machinery equipment leased out by the Group under operating lease arrangements was RMB178,901 thousand (31 December 2021: RMB178,975 thousand). The depreciation charged for the year amounted to RMB28,259 thousand (for the year ended 31 December 2021: RMB28,264 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 2022, the net value of the buildings whose registration procedures had not been completed was RMB66,228 thousand (31 December 2021: RMB93,489 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	
	2022	2021
Other receivables ^(a)	344,848	372,134
Less: Impairment allowance ^(a)	(58,923)	(37,825)
Intangible assets ^(b)	360,048	305,079
Right-of-use assets ^(c)	278,831	242,168
Interest receivable	303,844	235,820
Continuing involvement in transferred assets	229,528	229,505
Fee and commission receivables	114,299	105,885
Foreclosed assets ^(d)	70,161	68,564
Leasehold improvements	72,418	49,279
Prepaid rental expenses ^(e)	5,059	4,298
Investment properties ^(f)	4,286	3,569
Others	4,864	95,494
Total	1,729,263	1,673,970

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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 2021	5,348	17,163	15,314	37,825
New financial assets originated or purchased	945	–	–	945
Remeasurement	(392)	(4,685)	44,015	38,938
Write-offs	–	–	(16,354)	(16,354)
Repayments	(815)	(852)	(764)	(2,431)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(12)	12	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(198)	–	198	–
<i>Transfer from Stage 2 to Stage 1</i>	1	(1)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(11,491)	11,491	–
As at 31 December 2022	4,877	146	53,900	58,923
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-offs	–	–	(126,046)	(126,046)
Repayments	(604)	(22,610)	(17,021)	(40,235)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(54)	54	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(512)	–	512	–
<i>Transfer from Stage 2 to Stage 1</i>	15,396	(15,396)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(3,117)	3,117	–
As at 31 December 2021	5,348	17,163	15,314	37,825

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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 2021	255,013	93,220	23,901	372,134
New financial assets originated or purchased	100,449	–	–	100,449
Proceeds received	(103,365)	(6,438)	(1,578)	(111,381)
Write-offs	–	–	(16,354)	(16,354)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,162)	1,162	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(18,572)	–	18,572	–
<i>Transfer from Stage 2 to Stage 1</i>	6	(6)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(86,842)	86,842	–
As at 31 December 2022	232,369	1,096	111,383	344,848
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-offs	–	–	(158,978)	(158,978)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(4,283)	4,283	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(40,827)	–	40,827	–
<i>Transfer from Stage 2 to Stage 1</i>	83,632	(83,632)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(16,934)	16,934	–
As at 31 December 2021	255,013	93,220	23,901	372,134

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25 OTHER ASSETS (Continued)

(b) Intangible assets

	2022	2021
Cost		
Balance at the beginning of the year	685,536	538,642
Additions	164,059	146,894
Disposals	(333)	–
Balance at the end of the year	849,262	685,536
Accumulated amortisation		
Balance at the beginning of the year	(380,457)	(292,999)
Amortisation for the year (<i>Note 11</i>)	(109,090)	(87,458)
Disposals	333	–
Balance at the end of the year	(489,214)	(380,457)
Net book value		
Balance at the end of the year	360,048	305,079
Balance at the beginning of the year	305,079	245,643

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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 2021	167,995	4,120	–	186,905	359,020
Additions	99,416	383	–	–	99,799
Deductions	(16,373)	(4,503)	–	–	(20,876)
As at 31 December 2022	251,038	–	–	186,905	437,943
Accumulated depreciation					
As at 31 December 2021	(55,335)	(3,677)	–	(57,840)	(116,852)
Depreciation (<i>Note 11</i>)	(52,633)	(826)	–	(4,673)	(58,132)
Deductions	11,369	4,503	–	–	15,872
As at 31 December 2022	(96,599)	–	–	(62,513)	(159,112)
Net book value					
As at 31 December 2022	154,439	–	–	124,392	278,831
As at 31 December 2021	112,660	443	–	129,065	242,168
Cost					
As at 31 December 2020	208,232	12,745	66	186,905	407,948
Additions	59,771	–	–	–	59,771
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)
Depreciation (<i>Note 11</i>)	(36,530)	(1,775)	–	(4,673)	(42,978)
Deductions	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

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25 OTHER ASSETS (Continued)

(d) Foreclosed assets

	As at 31 December	
	2022	2021
Business properties	66,793	65,221
Residential properties	3,368	3,343
Total	70,161	68,564

The Group intends to dispose of foreclosed assets through various methods including auction, competitive bidding and transfer. For the year ended 31 December 2022, the Group did not dispose of the foreclosed assets (for the year ended 31 December 2021: disposed of foreclosed assets amounting to RMB5,850 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

	2022	2021
Cost		
Balance at the beginning of the year	7,474	5,949
Transfer from property, plant and equipment	2,326	1,525
Balance at the end of the year	9,800	7,474
Accumulated depreciation		
Balance at the beginning of the year	(3,905)	(3,374)
Transfers from property, plant and equipment	(1,334)	(299)
Depreciation for the year (Note 11)	(275)	(232)
Balance at the end of the year	(5,514)	(3,905)
Net book value		
Balance at the end of the year	4,286	3,569
Balance at the beginning of the year	3,569	2,575

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26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2022	2021
Loans from central bank	39,231,682	50,286,801
Placements from banks and other financial institutions	34,127,796	25,576,022
Deposits from banks	8,284,348	7,823,804
Deposits from other financial institutions	77,594	5,682,022
Bills sold under repurchase agreements	10,678,554	–
Securities sold under repurchase agreements	19,005,000	17,172,200
Subtotal	111,404,974	106,540,849
Accrued interest	598,425	700,300
Total	112,003,399	107,241,149

27 CUSTOMER DEPOSITS

	As at 31 December	
	2022	2021
Corporate demand deposits	60,481,461	71,149,941
Corporate time deposits	132,906,633	108,914,851
Individual demand deposits	19,752,513	17,235,404
Individual time deposits	147,470,703	122,683,998
Other deposits	16,491,983	15,202,061
Subtotal	377,103,293	335,186,255
Accrued interest	5,491,187	3,509,088
Total	382,594,480	338,695,343

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28 DEBT SECURITIES ISSUED

	As at 31 December	
	2022	2021
Subordinated debts		
Fixed rate tier II capital debt – 2027 ^(a)	–	5,997,964
Fixed rate tier II capital debt – 2032 ^(b)	4,999,454	–
Financial debts		
Fixed rate small and micro business debt – 2023 ^(c)	2,000,000	2,000,000
Fixed rate small and micro business debt – 2024 ^(d)	1,999,857	1,999,722
Fixed rate green financial debt – 2024 ^(e)	1,999,916	1,999,846
Fixed rate financial debt – 2024 ^(f)	1,499,544	1,199,250
Convertible Bonds ^(g)	12,264,745	–
Inter-bank certificates of deposit ^(h)	108,786,366	105,268,656
Subtotal	133,549,882	118,465,438
Accrued interest	327,223	386,632
Total	133,877,105	118,852,070

(a) 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 Debt (Yu Yin Jian Fu [2016] No. 162) by the CBIRC on 30 November 2016, the Bank issued RMB6 billion tier II capital debt in the domestic inter-bank bond market of China on 20 March 2017. Such tier II capital debt has a maturity of 10 years, with a fixed coupon rate of 4.80% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the debt at the par value on 21 March 2022. The Bank redeemed the debt on 21 March 2022.

(b) Pursuant to a resolution at the general meeting passed on 20 November 2020 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Debt (Yu Yin Bao Jian Fu [2022] No. 17) by the CBIRC Chongqing Bureau on 20 January 2022, the Bank issued RMB5 billion tier II capital debt in the domestic inter-bank bond market of China on 24 March 2022. Such tier II debt has a maturity of 10 years, with a fixed coupon rate of 3.73% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the debt at the par value on 28 March 2027.

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 30 April 2019 and the Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Debt for Small and Micro Business Loans (Yu Yin Bao Jian Fu [2020] No. 205) by the CBIRC Chongqing Bureau on 17 September 2020, the Bank issued RMB2 billion special financial debt for small and micro business loans, in the domestic inter-bank bond market of China on 2 November 2020; such debt has a maturity of 3 years, with a fixed coupon rate of 3.73% per annum before maturity, payable annually. The proceeds from this issue were used for loans to small and micro enterprises.

(d) 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 Debt for Small and Micro Business Loans (Yu Yin Bao Jian Fu [2020] No. 205) by the CBIRC Chongqing Bureau on 17 September 2020, the Bank issued RMB2 billion special financial debt for small and micro business loans in the domestic inter-bank bond market of China on 22 January 2021. Such debt has a maturity of 3 years, with a fixed coupon rate of 3.50% per annum before maturity, payable annually. The proceeds from this issue were used for loans to small and micro enterprises.

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28 DEBT SECURITIES ISSUED (Continued)

- (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 Green Financial Debt (Yu Yin Jian Fu [2020] No. 202) by the CBIRC Chongqing Bureau on 15 September 2020, the Bank issued first phase of green financial debt of RMB2 billion in the domestic inter-bank bond market of China on 16 March 2021. Such debt 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 were used to support the green industry projects specified in the Green Debt Support Project Catalogue compiled by the Green Finance Specialised Committee of the China Financial Association.
- (f) 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 Debt (Yu Yin Jian Fu [2020] No. 175) by the CBIRC Chongqing Bureau on 27 August 2020, Chongqing Xinyu Financial Leasing Co., Ltd. issued RMB1.5 billion financial debt in the domestic inter-bank bond market of China on 23 June 2021. Such debt has a maturity of 3 years, with a fixed coupon rate of 3.95% per annum before maturity, payable annually. All proceeds raised were used for the launch of financial leasing projects. As at 31 December 2022, the outstanding balance of the debt of the Group was RMB1.5 billion (31 December 2021: RMB1.2 billion).

Pursuant to a resolution at the general meeting passed on 20 May 2021, and the Approval for Bank of Chongqing Co., Ltd. to Publicly Issue A-share Convertible Bonds (Yu Yin Bao Jian Fu [2021] No. 227) by the CBIRC Chongqing Bureau on 26 September 2021, and the Approval for Bank of Chongqing Co., Ltd. to Publicly Issue Convertible Bonds (Zheng Jian Xu Ke [2022] No. 505) by China Securities Regulatory Commission on 23 March 2022, the Bank publicly issued A-share convertible bonds with a total nominal amount of RMB13 billion. The convertible bonds have a maturity term of six years from 23 March 2022 to 22 March 2028, and bear a fixed interest rate of 0.20% for the first year, 0.40% for the second year, 1.00% for the third year, 1.70% for the fourth year, 2.50% for the fifth year and 3.50% for the sixth year. The convertible bond holders may exercise their rights to convert the convertible bonds into the Bank's A shares at the stipulated conversion price during the year ("conversion period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Bank shall redeem the outstanding convertible bonds at 110% of the par value, including interest for the sixth year.

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
Nominal value of convertible bonds	11,926,926	1,073,074	13,000,000
Direct transaction costs	(15,033)	(1,353)	(16,386)
Balance as at the issuance date	11,911,893	1,071,721	12,983,614
Amortisation	353,209	–	353,209
Conversion	(357)	(31)	(388)
Balance as at 31 December 2022	12,264,745	1,071,690	13,336,435

During the conversion period, if the closing price of the Bank's A Shares is not lower than or equal to 130% of the prevailing conversion price in at least 15 trading days out of any 30 consecutive trading days, subject to the approval by relevant PRC authorities (if needed), the Bank has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest on the first day on which the redemption criteria are met. In case that the Bank's conversion price is adjusted due to the ex-right or ex-dividend at these trading days, the pre-adjustment price is calculated at the conversion price and the closing price at the trading day before the adjustment, and the post-adjustment price is calculated at the conversion price and the closing price at the trading day after the adjustment. The Bank also has the right to redeem all the convertible bonds at par value plus accrued interest should the total outstanding amount be less than RMB30 million.

Based on the calculation method in the prospectus of the convertible bonds, the initial conversion price is RMB11.28 per share, no less than the average trading price of the Bank's A shares within 30 or 20 trading days before the announcement date of the prospectus (if the stock price is adjusted due to the ex-right or ex-dividend within these 30 or 20 trading days, the pre-adjustment price is calculated at the related adjusted price), the average trading price of the Bank's A shares at the previous trading day, as well as the latest audited net asset value per share and the face value.

As at 31 December 2022, convertible bonds of RMB378 thousand had been converted into 34,505 ordinary shares.

For the year ended 31 December 2022, the Bank did not pay any interest on the convertible bonds.

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28 DEBT SECURITIES ISSUED (Continued)

(g) For the year ended 31 December 2022, the Bank issued 156 inter-bank certificates of deposit at discounts with maturities from one month to one year and annual interest rates between 1.39% and 2.85% (2021: 175 inter-bank certificates of deposit with maturities from one month to one year and annual interest rates between 2.02% and 3.28%). As at 31 December 2022, 119 items of them were not yet due with a total par value of RMB109.98 billion (31 December 2021: 139 items were not due with a total par value of RMB106.68 billion).

For the year ended 31 December 2022, there were no defaults of principal and interest or other breaches with respect to these debts since their issuance (2021: Nil).

29 OTHER LIABILITIES

	As at 31 December	
	2022	2021
Lease deposits	1,991,820	1,648,685
Other payables	202,728	744,322
Employee benefits payable	817,656	719,387
Deferred income	458,622	484,170
Value-added tax and other taxes payable	281,081	287,765
Continuing involvement in transferred liabilities	229,528	229,505
Provisions	287,059	195,231
Clearing funds for wealth management products	125,773	117,084
Lease liabilities	135,077	96,777
Dividends payable	68,753	93,024
Others	27,415	48,223
Total	4,625,512	4,664,173

30 DEFERRED INCOME TAXES

Movements in the deferred income tax are listed as follows:

	As at 31 December	
	2022	2021
Balance at the beginning of the year	3,846,343	3,353,016
Charge to profit or loss (Note 15)	388,349	595,820
Changes in fair value of financial assets at FVOCI	529,862	46,959
Changes in ECL allowance of financial assets at FVOCI	(30,392)	(149,452)
Balance at the end of the year	4,734,162	3,846,343

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30 DEFERRED INCOME TAXES (Continued)

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

	As at 31 December	
	2022	2021
Deferred tax assets		
Asset impairment allowances	4,103,405	3,916,675
Changes in fair value of financial assets at FVPL	55,184	–
Changes in fair value of financial assets at FVOCI	431,033	–
Others ^(a)	341,834	299,548
Subtotal	4,931,456	4,216,223
Deferred tax liabilities		
Changes in fair value of financial assets at FVPL	–	(81,950)
Changes in fair value of financial assets at FVOCI	–	(98,829)
Share of the profit from associates under the equity method	(144,067)	(144,067)
Others	(53,227)	(45,034)
Subtotal	(197,294)	(369,880)
Net deferred tax assets	4,734,162	3,846,343

(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:

	2022	2021
Asset impairment allowances	217,124	713,068
Changes in fair value of financial assets at FVPL	137,134	(122,990)
Others	34,091	5,742
Total	388,349	595,820

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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 2022, there are no forfeited contributions under the Group's retirement benefit plans which can be used to deduct contributions payable for future years.

	2022	2021
Expenses incurred for retirement benefit plans	152,654	135,443
Expenses incurred for supplementary retirement benefits	161	433
Expenses incurred for corporate annuity plan	64,980	57,871
Total (Note 13)	217,795	193,747

	As at 31 December	
	2022	2021
Consolidated statement of financial position obligations for:		
– Retirement benefits	17,832	17,671

	2022	2021
Consolidated statement of comprehensive income charge for:		
– Retirement benefits	161	433

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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	
	2022	2021
Present value of unfunded obligations	17,832	17,671
Unrecognised past service cost	–	–
Net amount of liabilities in the consolidated statement of financial position	17,832	17,671

Movements of the present value of unfunded obligations are as follows:

	2022	2021
Balance at the beginning of the year	17,671	20,563
Retirement benefits paid	(1,524)	(1,527)
Interest cost	161	433
Net actuarial losses/(gains)	1,524	(1,798)
Balance at the end of the year	17,832	17,671

Amounts of retirement benefits recognised in the consolidated statement of comprehensive income are as follows:

	2022	2021
Current service cost	–	–
Interest cost	161	433
Past service cost	–	–
Retirement benefit expense – total	161	433

Remeasurement of retirement benefit plans recognised in the consolidated statement of comprehensive income is as follows:

	2022	2021
Remeasurement of retirement benefit plans (Note 40)	(1,143)	1,348

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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	
	2022	2021
Male	22.08	22.08
Female	29.58	29.58

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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 2021	Additions	Deductions	31 December 2022
Quantity in shares (in thousands)	3,474,505	35	–	3,474,540
Carrying amount	3,474,505	35	–	3,474,540

33 OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2022	2021
Perpetual bonds (note 33(a))	4,499,400	–
Preference shares (note 33(b))	–	4,909,307
Equity of convertible bonds (note 28(g))	1,071,690	–
Total	5,571,090	4,909,307

Movements of perpetual bonds and preference shares are as follows:

	31 December 2021	Additions	Deductions	31 December 2022
Perpetual bonds				
Par value	–	4,500,000	–	4,500,000
Carrying amount	–	4,499,400	–	4,499,400
Preference shares				
Quantity in shares (in thousands)	37,500	–	(37,500)	–
Carrying amount	4,909,307	–	(4,909,307)	–

	31 December 2020	Additions	Deductions	31 December 2021
Preference shares				
Quantity in shares (in thousands)	37,500	–	–	37,500
Carrying amount	4,909,307	–	–	4,909,307

(a) Main clauses of perpetual bonds

Pursuant to a resolution at the general meeting passed on 23 June 2022, and the Approval for Bank of Chongqing Co., Ltd. to Issue Perpetual Bonds (Yu Yin Bao Jian Fu [2022] No. 191) by the CBIRC Chongqing Bureau on 30 September 2022, and the approval of PBOC (Yin Xu Ke Zhun Yu Jue Zi [2022] No. 182) on 22 November 2022, the Bank issued RMB4.5 billion perpetual bonds in the domestic inter-bank bond market of China on 16 December 2022. The annual coupon rate of the Bonds is 4.70% for the first five years, and is reset every 5 years.

33 OTHER EQUITY INSTRUMENTS (Continued)

(a) Main clauses of perpetual bonds (Continued)

The duration of the above bonds is the same as the period of continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the CBIRC, the Bank may redeem the above bonds in whole or in part on each distribution payment date 5 years after the issuance date of the above bonds. Upon the occurrence of a trigger event for the write-downs, with the consent of the CBIRC, the Bank has the right to write down all or part of the above bonds issued and existing at that time in accordance with the total par value, where no consent of bondholders is required. The claims of the holders of the above bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors with higher ranks; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier I capital instruments of the Bank that rank pari passu with the above bonds.

The above bonds are paid with non-cumulative interest. The Bank shall have the right to cancel distributions on the above bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts. However, the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

Capital raised from the issuance of the above bonds, after deduction of transaction costs, was wholly used to replenish the Bank's additional tier I capital and to increase its capital adequacy ratio.

(b) Main clauses of preference shares

(1) Dividend rate

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

- (i) from the issue date (inclusive) to the first reset date (exclusive), at the initial dividend rate; and
- (ii) 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.

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33 OTHER EQUITY INSTRUMENTS (Continued)

(b) Main clauses of preference shares (Continued)

(2) *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.

(3) *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):

- (i) Cancel any dividend in respect of the relevant loss absorption amount that is unpaid and accrued up to the conversion date (inclusive); and

33 OTHER EQUITY INSTRUMENTS (Continued)

(b) Main clauses of preference shares (Continued)

(3) Conversion (Continued)

- (ii) 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 I capital instrument trigger event or non-viability trigger event (whichever is applicable). Among them, additional tier I 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.

(4) Status and rights upon liquidation

Upon the winding-up of the Bank, the offshore preference shareholders shall rank:

- (i) 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;
- (ii) equally in all respects with each other and without preference among themselves and with the holders of parity obligations; and
- (iii) 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;

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33 OTHER EQUITY INSTRUMENTS (Continued)

(b) Main clauses of preference shares (Continued)

(4) Status and rights upon liquidation (Continued)

- (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.

(5) 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).

(6) Movements of preference shares

Pursuant to the terms and conditions of the offshore preference shares, and according to the reply letter from the CBIRC, no objections being raised to the Bank's redemption of the offshore preference shares. The Bank has redeemed all offshore preference shares on 20 December 2022. The redemption price of the offshore preference shares is US\$790,500,000, being the sum of the liquidation preference in an amount of US\$750,000,000 and the dividends in an amount of US\$40,500,000.

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34 CAPITAL SURPLUS

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

- (i) Share premium arising from the issue of shares at prices in excess of their par value;
- (ii) Donations received from shareholders; and
- (iii) 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	
	2022	2021
Share premium	7,727,740	8,037,676
Others	7,032	7,032
Total	7,734,772	8,044,708

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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 benefit plans	Total
Balance at							
31 December 2021	3,910,149	6,880,205	80,543	216,121	618,622	(4,004)	11,701,636
Other comprehensive income	-	-	(3,310)	(1,586,278)	91,183	(1,143)	(1,499,548)
Appropriation reserve	468,663	510,554	-	-	-	-	979,217
Balance at							
31 December 2022	4,378,812	7,390,759	77,233	(1,370,157)	709,805	(5,147)	11,181,305
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

(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 2022 amounted to RMB4,378,812 thousand (31 December 2021: RMB3,910,149 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

	2022	2021
Ordinary shares dividends declared during the year	1,355,057	1,293,754
Dividend per share (in RMB)(Based on prior year shares)	0.390	0.373
Dividends to other equity holders declared during the year	301,810	292,146

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.

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 2022, there were no such structured entities consolidated by the Group (31 December 2021: RMB2,026,559 thousand).

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37 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity

(1) 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 RMB616,341 thousand for the year ended 31 December 2022 through provision of asset management services (2021: RMB567,144 thousand). The Group expected that the variable return would be insignificant as to the structured entities.

As at 31 December 2022, asset investment from the unsecured wealth management products issued and managed by the Group which were unconsolidated structure entities amounted to RMB53,686,705 thousand (31 December 2021: RMB52,391,448 thousand). The balance of unconsolidated wealth management products issued and managed by the Group amounted to RMB53,549,232 thousand (31 December 2021: RMB52,275,708 thousand).

(2) Unconsolidated structured entities invested by the Group

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.

	Carrying amount	Maximum risk exposure
As at 31 December 2022		
Financial assets at FVPL	20,087,178	20,087,178
Investment securities – Amortised cost	30,467,728	30,467,728
Total	50,554,906	50,554,906
As at 31 December 2021		
Financial assets at FVPL	18,666,050	18,666,050
Investment securities – Amortised cost	44,561,876	44,561,876
Total	63,227,926	63,227,926

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

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37 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

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

The income from the above unconsolidated structured entities managed or invested by the Group is as below.

	2022	2021
Interest income	3,178,508	4,342,055
Income from investment	1,066,324	1,065,048
Fee and commission income	644,441	615,168
Total	4,889,273	6,022,271

For the year ended 31 December 2022, there was no loss related to the above unconsolidated structured entities (2021: Nil).

For the year ended 31 December 2022, the Group had no plan to provide liquidity support to unconsolidated structured entities (2021: Nil).

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	
	2022	2021
Bank acceptance bills	63,443,174	40,136,679
Letters of credit	7,461,030	10,407,922
Letters of guarantee	1,941,292	4,075,148
Confirmation	351,490	–
Other commitments with an original maturity of		
– Within 1 year	7,588,640	6,195,238
Total	80,785,626	60,814,987

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For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

38 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Capital expenditure commitments

	As at 31 December	
	2022	2021
Contracted but not provided for:		
– Capital expenditure commitments for buildings	32,321	63,068
– Acquisition of IT system	205,660	143,587
Total	237,981	206,655

External investment commitment

As at 31 December 2022, the Group had no external investment commitments (31 December 2021: Nil).

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 31 December 2022, The Group had 22 outstanding legal claims amounting to RMB592,638 thousand (31 December 2021: 21 outstanding legal claims amounting to RMB266,099 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

39 COLLATERAL

(a) Assets pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2022	2021
Bonds	21,480,491	18,460,752
Discounted bills	10,707,237	–
Total	32,187,728	18,460,752

The carrying amounts of loans and bonds pledged as collateral under refinance agreements with the PBOC are as follows:

	As at 31 December	
	2022	2021
Loans	574,274	11,740,631
Bonds	41,387,744	51,564,637
Total	41,962,018	63,305,268

As at 31 December 2022, the Group's repurchase agreements and refinance agreements were due within 12 months (31 December 2021: 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 2022, the Group had accepted collateral with fair value of RMB36,848,055 thousand (31 December 2021: RMB37,659,703 thousand). The Group had no re-pledged collateral which shall be returned upon maturity as at 31 December 2022 (31 December 2021: Nil).

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

40 OTHER COMPREHENSIVE INCOME

	Before tax amount	Income tax	Net of tax amount
As at 31 December 2022			
<i>Items that may be reclassified to profit or loss:</i>			
Net losses on valuation of financial assets measured at FVOCI	(2,035,527)	508,881	(1,526,646)
Net losses on reclassification to profit or loss of financial assets measured at FVOCI	(79,509)	19,877	(59,632)
Credit loss provision of financial assets measured at FVOCI	121,575	(30,392)	91,183
<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	(4,414)	1,104	(3,310)
Remeasurement of retirement benefit plans	(1,524)	381	(1,143)
Other comprehensive income for the year	(1,999,399)	499,851	(1,499,548)
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
(In RMB thousands, unless otherwise stated)

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2022	2021
Cash and balances with central bank	12,793,874	9,997,985
Due from banks and other financial institutions	4,092,102	6,707,428
Placements with banks and other financial institutions	2,600,503	323,150
Balance of cash and cash equivalents	19,486,479	17,028,563

(b) Cash outflows relating to leases

For the year ended 31 December 2022, total cash outflows paid by the Group as a lessee amounted to RMB59,427 thousand (2021: RMB44,658 thousand), of which cash payments for the principal portion and interest portion of the lease liabilities as cash flows from financing activities amounted to RMB58,262 thousand (2021: RMB37,958 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 2022, the Group disposed of loans to the third parties with a gross amount of RMB1,829,166 thousand for RMB644,856 thousand. The Group derecognised these loans accordingly. As at 31 December 2022, the receivables were collected.

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 for RMB577,372 thousand. The Group derecognised these loans accordingly. As at 31 December 2021, the uncollected balance amounted to RMB26,000 thousand.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022

(In RMB thousands, unless otherwise stated)

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 2022, assets continuously recognised by the Group amounting to RMB229,528 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 2021: RMB229,505 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
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43 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances

	2022	2021
Interest income from loans and advances to customers	250,812	267,287
Interest income from investment securities	76,733	66,724
Income from investment securities	609	–
Interest income from financial assets held under resale agreements	264	2,253
Interest expense from financial assets sold under repurchase agreements	157	–
Interest expense for customer deposits	243,475	207,460
Fee and commission income	4,410	9,992
Consideration of credit asset transfers	423,601	231,835

	As at 31 December	
	2022	2021
Loans and advances to customers	6,077,567	6,886,829
Customer deposits	10,543,786	9,480,191
Due to and placements from banks and other financial institutions	119	480,692
Due from and placements with banks and other financial institutions	196	19,446
Other assets	44,106	69,806
Investment securities at amortised cost	500,000	500,000
Investment securities at FVOCI	1,466,610	1,430,000
Financial assets at fair value through profit or loss	117,740	–
Financial guarantees and credit related commitments	1,050,460	1,516,382

	As at 31 December	
	2022	2021
Loans and advances to customers	1.10%-8.33%	3.19%-8.33%
Customer deposits	0.00%-5.40%	0.01%-5.40%
Due to and placements from banks and other financial institutions	0.30%-2.40%	0.39%-2.85%
Due from and placements with banks and other financial institutions	0.05%	0.05%-0.35%
Financial assets held under resale agreements	2.25%	0.83%-3.19%
Investment securities at amortised cost	6.52%	6.52%
Investment securities at FVOCI	2.40%-6.50%	2.55%-5.60%
Financial assets at fair value through profit or loss	2.00%	N/A

Notes to Consolidated Financial Statements

For the year ended 31 December 2022
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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	
	2022	2021
Chongqing Xingnong Financing Guarantee Co., Ltd.	867,446	931,639
Chongqing Sanxia Financing Guarantee Group Corporation	1,535,408	859,414
Chongqing Education Guarantee Co., Ltd.	37,890	40,890
Chongqing Yutai Guarantee Co., Ltd.	24,686	27,400
Chongqing Jiaotong Financing Guarantee Co., Ltd.	128,688	173,350
Chongqing Financing Re-guarantee Co., Ltd.	118,850	183,220
	2,712,968	2,215,913

(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	
	2022	2021
Due to and placements from banks and other financial institutions	920,263	1,065,967
Due from and placements with banks and other financial institutions	150,168	944,095
Investment securities – FVOCI	–	306,168
	2022	2021
Interest income	40,653	10,393
Interest expense	7,524	10,532
Other operating income	1,562	1,492

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43 RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions with key management personnel

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Bank or the Group.

The remuneration of directors and other members of key management during the year were as follows:

	2022	2021
Paid remuneration	3,791	4,015
Contribution to pension schemes	1,329	1,341
Other monetary income	315	355
Part-time fee	1,677	1,673
Total	7,112	7,384

Certain key management personnel's final emoluments for the current year are subject to approval by relevant authorities in the PRC and have not been finalised. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group for the year of 2022. The disclosed amount of remuneration is the amount paid in current year. The total amount of actual remuneration will be announced after confirmation and approval of the Bank.

(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.

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.

Notes to Consolidated Financial Statements

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44 SEGMENT ANALYSIS (Continued)

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.

	2022				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	6,832,464	(866,120)	4,841,914	–	10,808,258
Inter-segment net interest income/(expense)	1,863,235	3,023,857	(4,887,092)	–	–
Net interest income	8,695,699	2,157,737	(45,178)	–	10,808,258
Net fee and commission income	98,825	18,075	644,441	–	761,341
Net trading gains/(losses)	(8,714)	–	300,747	–	292,033
Net gains on investment securities	–	–	1,120,556	–	1,120,556
Share of profits of associates	–	–	330,227	–	330,227
Other operating income	44,137	–	–	117,311	161,448
Credit impairment losses	(2,781,582)	(878,770)	141,645	(40,454)	(3,559,161)
Other asset impairment losses	–	–	–	1,567	1,567
Operating expense	(1,900,859)	(1,220,495)	(459,692)	(46,286)	(3,627,332)
– Depreciation and amortisation	(265,537)	(87,033)	(53,107)	–	(405,677)
– Others	(1,635,322)	(1,133,462)	(406,585)	(46,286)	(3,221,655)
Profit before income tax	4,147,506	76,547	2,032,746	32,138	6,288,937
	As at 31 December 2022				
Capital expenditure	113,290	35,468	186,913	2,350	338,021
Segment assets	229,485,131	71,845,251	378,622,820	4,759,361	684,712,563
Segment liabilities	(216,465,579)	(170,193,499)	(246,557,367)	(641)	(633,217,086)

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For the year ended 31 December 2022
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44 SEGMENT ANALYSIS (Continued)

	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 gains	72,633	–	194,017	–	266,650
Net gains on investment securities	–	–	1,442,636	–	1,442,636
Share of profits of associates	–	–	295,822	–	295,822
Other operating income	41,641	–	2,080	110,261	153,982
Credit impairment losses	(4,317,143)	(350,629)	(369,896)	(62,992)	(5,100,660)
Other asset impairment losses	–	–	–	(9,485)	(9,485)
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)

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	
	2022	2021
Within 1 year	38,028	38,048
1 to 2 years	26,403	29,470
2 to 3 years	16,370	26,420
3 to 4 years	9,070	16,370
4 to 5 years	–	9,070
	89,871	119,378

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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	
	2022	2021
ASSETS		
Cash and balances with central bank	40,990,348	37,156,859
Due from and placements with banks and other financial institutions	43,051,466	45,379,666
Financial assets at fair value through profit or loss (“FVPL”)	28,642,265	24,585,122
Loans and advances to customers	308,150,433	277,880,342
Investment securities		
– Fair value through other comprehensive income (“FVOCI”)	74,942,136	64,395,214
– Amortised cost	142,147,610	130,464,527
Investments in subsidiaries	1,627,007	1,627,007
Investments in associates	2,500,712	2,228,158
Property, plant and equipment	2,881,397	2,943,470
Deferred tax assets	4,442,054	3,589,114
Other assets	1,683,538	1,597,118
Total assets	651,058,966	591,846,597
LIABILITIES		
Due to and placements from banks and other financial institutions	85,939,285	87,051,026
Financial liabilities at fair value through profit or loss	11,626	5,772
Customer deposits	381,973,538	337,993,246
Current tax liabilities	39,937	184,080
Debt securities issued	132,346,718	117,628,146
Other liabilities	2,052,096	2,168,851
Total liabilities	602,363,200	545,031,121
EQUITY		
Share capital	3,474,540	3,474,505
Other equity instruments	5,571,090	4,909,307
of which: Preference shares	–	4,909,307
Perpetual bonds	4,499,400	–
Capital surplus	7,728,540	8,038,476
Other reserves	10,939,491	11,548,920
Retained earnings	20,982,105	18,844,268
Total equity	48,695,766	46,815,476
Total liabilities and equity	651,058,966	591,846,597

LIN JUN

RAN HAILING

YANG SHIYIN

YANG KUN

CHAIRMAN

PRESIDENT

VICE PRESIDENT

HEAD OF FINANCE
DEPARTMENT

Notes to Consolidated Financial Statements

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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	Other equity instruments			Capital surplus	Surplus reserve	General reserve	Revaluation reserve for financial assets at FVOCI	Remeasurement of retirement benefit plans	Retained earnings	Total
		Preference shares	Perpetual bonds	Others							
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
Net profit for the year	-	-	-	-	-	-	-	-	-	4,686,632	4,686,632
Other comprehensive income	-	-	-	-	-	-	-	(1,500,214)	(1,143)	-	(1,501,357)
Total comprehensive income	-	-	-	-	-	-	-	(1,500,214)	(1,143)	4,686,632	3,185,275
Issue of convertible bonds	-	-	-	1,071,721	-	-	-	-	-	-	1,071,721
Conversion of convertible bonds	35	-	-	(31)	343	-	-	-	-	-	347
Capital contribution by other equity instruments holders	-	-	4,499,400	-	-	-	-	-	-	-	4,499,400
Capital deduction by other equity instruments holders	-	(4,909,307)	-	-	(310,279)	-	-	-	-	-	(5,219,586)
Dividends to ordinary shareholders	-	-	-	-	-	-	-	-	-	(1,355,057)	(1,355,057)
Dividends to other equity instrument holders	-	-	-	-	-	-	-	-	-	(301,810)	(301,810)
Transfer to other reserves	-	-	-	-	-	468,663	423,265	-	-	(891,928)	-
Balance at 31 December 2022	3,474,540	-	4,499,400	1,071,690	7,728,540	4,374,824	7,152,933	(583,119)	(5,147)	20,982,105	48,695,766

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46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

(b) Statement of Changes in Equity of the Bank (Continued)

	Share capital	Other equity instruments – Preference shares	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for financial assets at FVOCI	Remeasurement of benefit retirement plans	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 shareholders	-	-	-	-	-	-	-	(1,293,754)	(1,293,754)
Dividends to other equity instrument holders	-	-	-	-	-	-	-	(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

47 SUBSEQUENT EVENTS

Up to the date of this report, the Group has no material events for disclosure after the reporting date.

Unaudited Supplementary Financial Information

1 Cross-border Claims

The Bank is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include amounts due from other banks and other financial institutions.

Cross-border claims have been disclosed by 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.

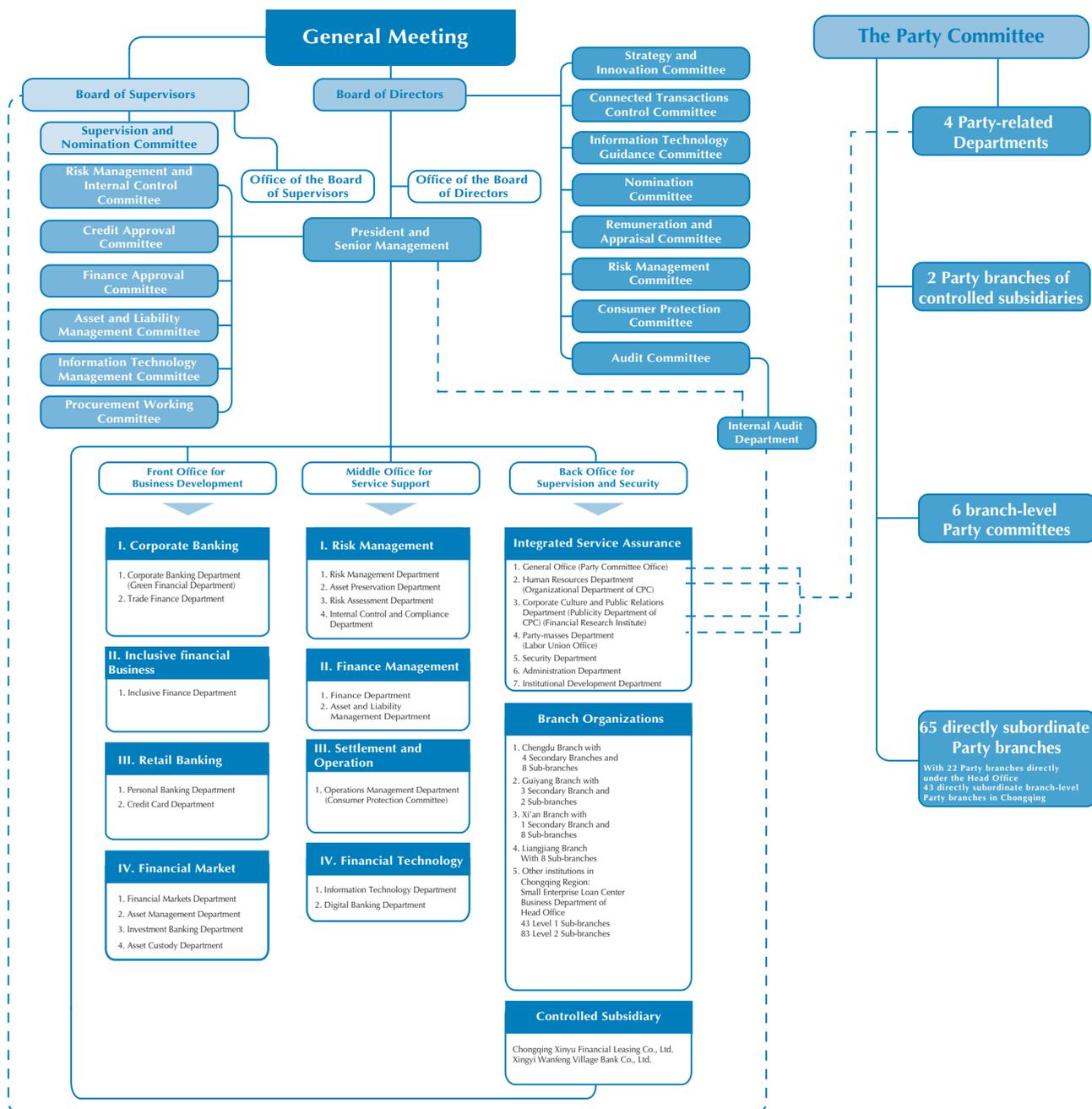
(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December	
	2022	2021
Asia Pacific excluding Mainland China	41,249	46,080
– of which attributed to Hong Kong	13,475	35,785
Europe	–	3,751
North America	344,411	355,137
Total	385,660	404,968

2 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 2022				
Spot assets	10,921,849	5,806	79,028	11,006,683
Spot liabilities	10,824,720	5,838	79,318	10,909,876
Net long/(short) position	97,129	(32)	(290)	96,807

(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

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.	3/F to 8/F, North Zone of Financial Business District 4, Zone B, Zhongtian • Exhibition City, Changling North Road, Guanshanhu District, Guiyang	6	550081
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	10	710075
7.	Wenhuaogong 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	5	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	3	401329
13.	Jiulongpo Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	7	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, 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
18.	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	4	401147

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
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	4	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
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

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
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	2	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	3	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	2	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
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	2	409699

List of Branch Outlets

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
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