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BANK OF CHONGQING CO., LTD.*
重慶銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1963)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED DECEMBER 31, 2023**

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**”) is pleased to announce the audited annual results of the Bank and its subsidiaries for the year ended December 31, 2023. This announcement, containing the full text of the 2023 Annual Report of the Bank, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Bank’s 2023 Annual Report will be provided to the H Shareholders of the Bank and available for viewing on the websites of the Bank (www.cqcbank.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) in April 2024.

Publication of Results Announcement

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

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

For and on behalf of the Board
Bank of Chongqing Co., Ltd.*
YANG Xiuming
Chairman

Chongqing, the PRC, March 27, 2024

As at the date of this announcement, the executive directors of the Bank are Mr. YANG Xiuming, Mr. GAO Song, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors of the Bank are Mr. WONG Hon Hing, Ms. WANG Fengyan, Mr. ZHOU Qiang, Mr. WU Heng and Ms. YOU Lili; and the independent non-executive directors of the Bank are Dr. LIU Xing, Mr. WANG Rong, Dr. FUNG Don Hau, Mr. YUAN Xiaobin and Dr. ZHU Yanjian.

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

CONTENTS

1. Important Notice	2
2. Definitions	3
3. Company Profile	4
4. Financial Highlights	13
5. Chairman’s Statement	18
6. President’s Statement	19
7. Management Discussions and Analysis	20
7.1 Overall Operation	20
7.2 Analysis of the Financial Statements	22
7.3 Loan Quality Analysis	40
7.4 Operating Results by Segment	47
7.5 Other Information to be Disclosed according to Regulatory Requirements	47
7.6 Business Overview	50
7.7 Risk Management	65
7.8 Capital Management	74
7.9 Environment and Outlook	78
8. Corporate Governance Report	82
9. Directors, Supervisors, Senior Management, Employees and Branch Outlets	115
10. Environmental and Social Responsibility	147
11. Significant Events	153
12. Change in Share Capital and Shareholders	188
13. Securities Issuance and Listing	201
14. Report of the Board of Directors	205
15. Report of the Board of Supervisors	211
16. Financial Report	216
17. Organizational Chart	362
18. List of Branch Outlets	363

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 87th meeting of the sixth session of the Board of the Bank was held on 27 March 2024 in the form of onsite (video) conference. Chairman YANG Xiuming presided over the meeting. 14 Directors were eligible to attend the meeting, among which 14 Directors attended the meeting in person. 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 2023 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) YANG Xiuming (Chairman of the Bank), GAO Song (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 RMB470 million, i.e. 10% of the audited net profit of RMB4,699 million in 2023, to post into the statutory surplus reserve, and withdraw RMB680 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 RMB0.408 (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 2023, 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 2023 annual general meeting of the Bank.
- (6) Forward-looking statements about matters such as future plans of the Group 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
“CBIRC”	formerly known as 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)
“Chongqing CBIRC”	formerly known as 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 2023
“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. 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 2023, the Bank operated 183 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 RMB759,884 million, total deposits of RMB414,813 million, and total loans of RMB392,935 million, with the nonperforming loan ratio of 1.34% and the allowance coverage ratio of 234.18%. 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 optimize and 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, and provided over RMB130 billion in credit support for such areas as the interconnection within the Chengdu-Chongqing Economic Circle, modern industries and ecological livability. We led the formation of a financial services consortium for the new land-sea channel, disbursing nearly RMB13 billion in trade financing and foreign currency bonds. Through actively participating in the construction of a pilot zone for green finance reform and innovation in Chongqing and the pilot construction of climate investment and financing, we continued to promote the launch of mortgage and pledge financing business based on environmental rights and interests such as pollutant discharge rights and forest rights, with the scale of green loans increasing by 30.56% compared to the end of the previous year. Focusing on inclusive finance and rural revitalization, the balance of inclusive loans for small and micro enterprises grew by 15.19% compared to the end of the previous year, and the balance of agriculture-related loans increased by 15.81% compared to the end of the previous year. The Bank focused on consumption credit and service improvement and gave full play to its advantages in product systems. Our self-operated online consumer loan product “Jie E Dai” (捷e贷) had rapidly developed, with the balance doubling consecutively over the past three years. The Bank focused on digital transformation and technology empowerment, and became the first corporate bank in China whose innovative applications have been selected into the PBOC Pilot Program of Supervision over Financial Technology Innovation for four consecutive years. 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 seven consecutive years, and ranked among the top 300 in the “Top 1000 World Banks” in The Banker, a UK magazine, for eight consecutive years.

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: YANG Xiuming
Authorized Representatives: YANG Xiuming
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: 3 years, 2 years
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 and insurance industry of the PRC

3.3 Recognitions and Awards

From 2023 till now, the Bank has won many honors and awards in the selection activities organized by domestic and foreign institutions, including:

In March 2023, the Bank was listed for the fourth consecutive year as the “Leader” in corporate standards by eight ministries and commissions, including the State Administration for Market Regulation and the People’s Bank of China.

In March 2023, the Bank was awarded the “Advanced Group” for the operation and maintenance of the payment system in the evaluation organized by the Chongqing business management department of the PBOC.

In April 2023, the Bank won one second prize and two third prizes in the “First State-owned Enterprises Digital Scene Innovation Competition” organized by the State-owned Assets Supervision and Administration Commission of the State Council.

In May 2023, the Bank was awarded the TMMi Excellence in Practice Award, as assessed by the China Software Testing Certification Council.

In May 2023, the Bank was rated as “excellent” in the evaluation and assessment of services of banking financial institutions for the rural revitalization in 2022 jointly conducted by the Chongqing business management department of the PBOC and the Chongqing CBIRC.

In June 2023, the Bank was awarded the “Model Entity” in the 2022 evaluation and assessment of financial services for small and micro enterprises by the Chongqing CBIRC.

In June 2023, the Bank was awarded “Grade 1 Bank” in the evaluation of financial services for small and micro enterprises in 2022 conducted by the Chongqing CBIRC.

In June 2023, the Bank was awarded the “Pilot Excellent Practice Project of Comprehensive Application of Financial Data” by the Chongqing business management department of the PBOC.

In June 2023, the Bank was awarded the “Excellent City Commercial Bank for Asset Management”, “Excellent Bank for Innovation Asset Management”, “Excellent Bank for Investment Return”, “Excellent City Commercial Bank for Wealth Management”, “Excellent Bank for Wealth Service Ability”, “Excellent Bank for Science and Technology Strength” in the “Third Golden Honor Award Ceremony for China Asset Management and Wealth Management Industry 2023” organized by PY Standard.

In July 2023, the Bank was awarded the L3 (Enhanced) Certificate for Data Center Infrastructure Operation and Maintenance Evaluation, as assessed by China Quality Certification Center.

In July 2023, the Bank’s “Specialized, Refined, Special and Novel Credit Loan” and “Relief and Assistance Loan” were rated as the “Chongqing Top 10 Financial Innovation Demonstration Products” in the financial innovation product selection event organized by the Chongqing Municipality Local Financial Supervision Department in conjunction with the central financial regulatory authorities in Chongqing and relevant municipal departments.

Company Profile

In July 2023, the Bank was awarded the “2023 Tianji Award for Harmonious Investor Relations” and the “2023 Tianji Award for Outstanding Bank Research Teams” at the 2023 China Financial Institution Conference hosted by China Securities Journal.

In August 2023, the Bank was one of the first to be certified for the “Robust Level of External Data Management Capability Maturity (Level 3)” by the China Academy of Information and Communications Technology.

In September 2023, the Bank was awarded the second prize in the 2023 Chongqing Financial Industry Cybersecurity Competition, as assessed by the Chongqing Branch of the PBOC.

In October 2023, the Bank was awarded the “Green Finance Innovation Case of the Banker 2023” in the selection organized by The Banker magazine.

In November 2023, the Bank was awarded the “Typical Practice Cases of Board of Directors of Listed Companies 2023” in the selection organized by China Association for Public Companies.

In December 2023, the Bank was awarded the “2023 Outstanding Member Unit” in the selection organized by the Self-Discipline Mechanism of Banks in Chongqing for Foreign Exchange and Cross-Border RMB Businesses.

In December 2023, the Bank was recognized as an “Outstanding Financial Services Unit for Private Small and Micro Enterprises in 2022-2023” and its “Commercial Value Guarantee Loan” was rated as the “Outstanding Financial Service Product for Private Small and Micro Enterprises in 2022-2023” in the “First Collection and Display Event of Excellent Cases of Financial Services for Private Small and Micro Enterprises in Chongqing” organized by the Chongqing Municipality Local Financial Supervision Department, the Chongqing Economic and Information Commission, and the Chongqing Federation of Industry and Commerce.

In December 2023, our “BCQ Digital Letter of Guarantee Platform” won the “Top 10 Urban Financial Services Excellent Case Award” in the “2023 Excellent Case Selection for Urban Financial Services” organized by the City Commercial Banks Clearing Co., Ltd.

In December 2023, the Bank was awarded the “Best Practice for 2022 Annual Results Announcement of Listed Companies” in the selection organized by China Association for Public Companies.

In December 2023, the Bank was awarded the “ESG Pioneer 100 Index of State-owned Listed Company (2023)” at the centralized release event of the blue books on the social responsibility series of central and local state-owned enterprises hosted by the Social Responsibility Bureau under SASAC.

In December 2023, the Bank won the “Chongqing Contribution Award for Financial Services to Manufacturing Industry” at the Chongqing Financial Support Modern Industrial System Construction Conference.

In January 2024, the Bank was rated as the “Top 100 in Proprietary Settlement” in the “Evaluation of Business Development Quality of Chinese Debt Members in 2023” organized by the China Government Securities Depository Trust & Clearing Co., Ltd.

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.

“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.

Company Profile

“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: We build a product system that covers the entire lifecycle of manufacturing enterprises by focusing on Chongqing’s “33618” modern manufacturing industry cluster. Using digital tools such as “Industrial Huilian” (產業慧鏈), we optimize the industrial scoring model and deepen industrial thematic research. Utilizing supply chain financial products such as “Debt Bills”, we expand core enterprises and their upstream and downstream businesses. We develop and promote products such as “Tech Fast Loan” (科技快貸), “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸) and “Haoqi IP Loan” (好企知產貸), creating a multi-dimensional intelligent decision-making model to enhance the efficiency of technology financial services. Taking strategic customers as the “source” and following the “chain” of capital flow, we leverage the addition of deposits from upstream and downstream enterprises. By fully utilizing digital means to deeply cultivate scenario finance, we significantly accumulate low-cost funds.

Small and micro business: Integrating the needs for “balance increment” and “expansion of customer base”, we upgrade and create a product matrix that aligns with the market demands of “one municipality and three provinces”. We will expand the scale, increase the volume, and improve the quality of loans for micro and small enterprises. Leveraging the advantage of agile teams, we expand scenario-based bulk business. We construct a standardized marketing system that covers “points, areas and chains” to enhance our customer acquisition and traffic attraction capabilities. Utilizing the “Huiyu Cloud Manager” (鑄渝雲管家) function, we optimize the customer portrait system for the “agriculture, rural areas, and farmers”. We enhance the quality and efficiency of our services by employing digital tools such as “Remote Assistance Survey” (遠程輔調) and “Direct Connection between Banks and Guarantee Companies” (銀擔直連).

Personal business: We will stabilize the foundation of mortgage loans by expanding the new home market and increasing the issuance of mortgages for second-hand homes. We grow the scale of consumer loans and enhance the brand effect of “Jie E Dai” (捷e貸). By leveraging products such as the “Happiness Card” (幸福卡), “Anju Score” (安居分) and “Aijia Wallet” (愛家錢包), we break into new scenarios such as parking spaces and 3C products, driving the transformation of the credit card business. We will vigorously develop agency payment services and payment business, relying on “online channels + offline scenarios” to tap into county markets. We will leverage wealth management to attract funds, aiming to increase the contribution of deposits from high-net-worth clients.

Interbank business: We will effectively manage credit bond investments within a framework of controllable risk, strengthen market analysis, opportunistically supplement interest rate bonds, rationally arrange bond portfolios, and pay close attention to the impact of market value fluctuations on net assets. We will master the rhythm and timing of trading, balance trading profits with coupon income, and engage in bond lending operations at appropriate times. The financial products such as “Low Volatility” (低波) and “Fixed Income +” (固收+) will be innovatively launched to facilitate a shift in capital raising from being price-driven to service-driven. We will enhance integration between the main office and branches, expand into the “three provinces” markets, strengthen customer group marketing, and increase the overall volume of investment banking services. By effectively using credit risk mitigation tools, we will explore the development of matchmaking services.

3.4.2 Core Competence

Standardized and effective 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 modern financial state-owned enterprise system with Chinese characteristics, 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.

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 construction of 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.

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.

Company Profile

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”, “Jie e Dai”, “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.

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 closely 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.

Financial Highlights

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

4.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022	Year-on-year change	2021	2020	2019
			Change in percentage (%)			
OPERATING RESULTS						
Interest income	28,285,529	27,533,983	2.73	27,410,536	25,191,048	22,201,722
Interest expense	(17,838,526)	(16,725,725)	6.65	(15,813,763)	(14,130,310)	(13,053,512)
Net interest income	10,447,003	10,808,258	(3.34)	11,596,773	11,060,738	9,148,210
Net fee and commission income	411,438	761,341	(45.96)	768,822	1,037,047	948,512
Net trading gains, net gains on investment securities and other operating income	1,987,074	1,574,037	26.24	1,863,268	794,318	1,694,315
Operating income	12,845,515	13,143,636	(2.27)	14,228,863	12,892,103	11,791,037
Operating expenses	(3,889,859)	(3,627,332)	7.24	(3,322,383)	(2,885,200)	(2,768,419)
Credit impairment losses	(3,242,972)	(3,559,161)	(8.88)	(5,100,660)	(4,316,721)	(3,614,481)
Other assets impairment losses	2,606	1,567	66.31	(9,485)	(119,303)	900
Operating profit	5,715,290	5,958,710	(4.09)	5,796,335	5,570,879	5,409,037
Share of profit of associates	372,352	330,227	12.76	295,822	162,903	163,250
Profit before income tax	6,087,642	6,288,937	(3.20)	6,092,157	5,733,782	5,572,287
Income tax	(858,687)	(1,172,412)	(26.76)	(1,233,132)	(1,168,087)	(1,250,830)
Net profit	5,228,955	5,116,525	2.20	4,859,025	4,565,695	4,321,457
Net profit attributable to shareholders of the Bank	4,929,787	4,867,857	1.27	4,663,743	4,423,633	4,207,488
Net cash flows generated from operating activities	4,449,352	5,311,657	(16.23)	5,085,209	32,211,063	(2,711,725)
			Change in percentage (%)			
Calculated on a per share basis (RMB)						
Basic earnings per share	1.36	1.31	3.82	1.28	1.32	1.25
Diluted earnings per share	1.09	1.11	(1.80)	1.28	1.32	1.25
Dividend per share	0.408	0.395	3.29	0.390	0.373	0.236

Financial Highlights

(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December 2023	As at 31 December 2022	Year-on-year change	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Scale indicators			Change in percentage (%)			
Total assets	759,883,870	684,712,563	10.98	618,953,620	561,641,397	501,231,864
Total loans and advances to customers	392,934,966	352,573,462	11.45	318,061,937	283,226,555	247,348,738
– Corporate loans	250,398,073	208,737,958	19.96	185,958,346	164,660,672	140,780,210
– Retail loans	94,949,928	94,527,953	0.45	101,848,554	96,526,484	90,779,863
– Discounted bills	44,852,396	47,285,310	(5.15)	28,148,893	20,032,920	14,271,520
– Interests due from loans and advances to customers	2,734,569	2,022,241	35.22	2,106,144	2,006,479	1,517,145
Impairment allowances for loans	12,139,426	10,127,171	19.87	11,178,339	10,967,207	8,721,904
Total liabilities	700,584,443	633,217,086	10.64	569,706,925	519,647,183	462,618,195
Customer deposits	414,812,696	382,594,480	8.42	338,695,343	314,500,257	281,048,911
– Corporate demand deposits	64,096,964	60,481,461	5.98	71,149,941	74,291,268	69,294,876
– Corporate time deposits	129,718,412	132,906,633	(2.40)	108,914,851	104,368,093	88,913,327
– Individual demand deposit	20,686,248	19,752,513	4.73	17,235,404	16,011,350	12,799,558
– Individual time deposits	180,278,653	147,470,703	22.25	122,683,998	105,814,582	88,013,730
– Other deposits	11,471,728	16,491,983	(30.44)	15,202,061	11,077,135	19,480,960
– Interest payable on customer deposits	8,560,691	5,491,187	55.90	3,509,088	2,937,829	2,546,460
Share capital	3,474,562	3,474,540	0.00	3,474,505	3,127,055	3,127,055
Equity attributable to shareholders of the Bank	56,917,734	49,336,512	15.37	47,273,188	40,174,997	36,949,429
Total equity	59,299,427	51,495,477	15.15	49,246,695	41,994,214	38,613,669
Core Tier I Capital, net	51,003,470	45,694,215	11.62	43,214,481	35,902,191	32,521,479
Tier I Capital, net	58,208,408	50,375,870	15.55	48,277,879	40,934,037	37,526,419
Net total capital	69,708,993	61,032,503	14.22	59,974,137	53,672,813	49,674,469
Risk-weighted assets	521,578,017	479,755,986	8.72	461,807,558	427,946,826	382,139,234
Calculated on a per share basis (RMB)			Change in percentage (%)			
Net assets per share attributable to shareholders of the Bank	14.37	12.90	11.40	12.19	11.28	10.25

4.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	2023	2022	Year-on-year change	2021	2020	2019
Profitability indicators (%)			Change+/-			
Return on average total assets ⁽¹⁾	0.72	0.78	(0.06)	0.82	0.86	0.91
Weighted average return on net asset ⁽²⁾	10.14	10.20	(0.06)	10.99	12.23	12.95
Weighted average return on net asset after deducting non-recurring gains and losses	9.98	10.05	(0.07)	10.82	12.08	12.91
Net interest spread ⁽³⁾	1.39	1.59	(0.20)	1.93	2.18	2.10
Net interest margin ⁽³⁾	1.52	1.74	(0.22)	2.06	2.27	2.18
Net fee and commission income to operating income	3.20	5.79	(2.59)	5.40	8.04	10.67
Cost-to-income ratio ⁽⁴⁾	28.84	26.28	2.56	22.16	21.17	22.27
Asset quality indicators (%)			Change+/-			
Non-performing loan ratio ⁽⁵⁾	1.34	1.38	(0.04)	1.30	1.27	1.27
Allowance coverage ratio ⁽⁶⁾	234.18	211.19	22.99	274.01	309.13	279.83
Loan allowance ratio ⁽⁷⁾	3.13	2.91	0.22	3.56	3.92	3.56
Indicators of capital adequacy ratio (%)			Change+/-			
Core tier I capital adequacy ratio ⁽⁸⁾	9.78	9.52	0.26	9.36	8.39	8.51
Tier I capital adequacy ratio ⁽⁸⁾	11.16	10.50	0.66	10.45	9.57	9.82
Capital adequacy ratio ⁽⁸⁾	13.37	12.72	0.65	12.99	12.54	13.00
Total equity to total assets	7.80	7.52	0.28	7.96	7.48	7.70
Other indicators (%)			Change+/-			
Liquidity ratio ⁽⁹⁾	154.89	128.95	25.94	86.36	83.52	78.35
Percentage of loans to the single largest customer ⁽¹⁰⁾	2.98	3.85	(0.87)	3.30	2.48	2.52
Percentage of loans to the top ten customers ⁽¹¹⁾	21.53	22.12	(0.59)	23.90	20.49	19.30
Loan to deposit ratio	94.73	92.15	2.58	93.91	90.06	88.01

Financial Highlights

Notes:

- (1) *Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.*
- (2) *It is calculated in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (as amended in 2010).*
- (3) *Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities; net interest margin represents the ratio of net interest income to the average balance of interest-earning assets.*
- (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. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 140%.*
- (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 2.1%.*
- (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).*
- (9) *Liquidity ratio is calculated in accordance with the formula promulgated by the NFRA.*
- (10) *Calculated by dividing total loans to the single largest customer by net capital.*
- (11) *Calculated by dividing total loans to the top ten customers by net capital.*

4.3 Quarterly Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	2023			
	Q1	Q2	Q3	Q4
Operating income	3,124,509	3,606,942	3,226,687	2,887,377
Net profit attributable to shareholders of the listed companies	1,482,261	1,424,208	1,363,809	659,509
Net cash flows from operating activities	4,295,652	(11,092,854)	(2,275,054)	13,521,608

(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

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 2023 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

Chairman's Statement



Dear Shareholders:

In 2023, with the care and support of all sectors of society, the Bank of Chongqing fully implemented the decisions and arrangements of the 20th CPC National Congress, and by following the goals and tasks of operational reform, forged ahead and operated steadily. The Bank expanded its scale of assets to nearly RMB760 billion, recorded a net profit exceeding RMB5.2 billion while maintaining a superior growth of deposits and loans. The Bank continued to be selected as the “Double-hundred Enterprises” by the State-owned Assets Supervision and Administration Commission of the State Council and was rated “Excellent”, and ranked among the Top 300 World Banks for eight consecutive years in terms of comprehensive strength, keeping a sound momentum of development.

During the year, we stuck to our main business and served the real economy.

In line with the strategies of serving major projects, we provided credit facilities of over RMB130 billion in support of the construction of the Chengdu-Chongqing Economic Circle. We established free trade zone branches, and initiated a financial service consortium for the new land-sea channel, which serves the construction and economy of the “channel”. We increased support in key areas and maintained double-digit growth in loans to green, agriculture-related, inclusive, and technology-based enterprises. We were awarded Chongqing’s “Financial Services Manufacturing Contribution Award” and “Leader of Key Financial Services Industry Chains”.

During the year, we carried out reform and innovation to improve efficiency and capacity. The Bank coordinated the implementation of a number of major reform tasks and 45 key digital transformation projects to empower service innovation, integrated operations, and management improvement. The increase in general loans of the Bank was 3.8 times that of the previous year, and financial investment increased by 14%. Among investment banks, the income from intermediary business increased by 69%, the AUM of individual customers increased by 15%, the profit contribution rate of subsidiaries to the Group increased to 12%, and the profitability indicators maintained mid-to-upper level of city commercial banks. The proportion of technological talents increased to more than 5%, R&D investment increased by 21%, and we had projects that have been selected into the People’s Bank of China’s “Regulatory Sandbox” for four consecutive years. We obtained the qualifications as independent lead underwriter and core dealer of credit risk mitigation instruments, and were granted the “2023 Typical Practice Cases of Boards of Directors of Listed Companies” by the China Association of Public Companies.

During the year, we built a solid line of defense and operated safely. We controlled the credit risk threshold throughout the process to improve both asset quality and the capabilities for compensation of risks. The Bank was rated as “Excellent” in the eighth round of security assessment of banking financial institutions, maintaining business continuity and stabilizing the fundamentals of safe operation. We reinforced the compliance foundation, created a clean financial culture, and became one of the city’s seven pilot demonstration units for the construction of clean state-owned enterprises, with one internal control case selected as the “Excellent Practice Case for the Construction of a Clean Chongqing”.

In 2024, we will adhere to the basic tone of seeking progress while maintaining stability, stay focused, uphold innovation, tackle challenges in reform, strengthen confidence, and stabilize the three fundamentals of “asset quality, financial management, and safe operation”. We will enhance efforts in “serving the overall situation, operating our scale, and increasing our income”, and promote the improvement in “customer service capabilities, cadre and talent team capabilities, and comprehensive operating capabilities”. Based on local characteristic operations, we will unveil a fresh landscape of high-quality development of the Bank of Chongqing with a new attitude and new actions, making new contributions to economic and social development and in turn creating greater value for shareholders, customers and society.

Chairman of the Board of Directors

YANG Xiuming
Bank of Chongqing Co., Ltd.

President's Statement



Dear Shareholders:

In 2023, we thoroughly studied and implemented the spirit of the 20th CPC National Congress, kept in mind the mission of serving the country through finance, and adhered to the original intention of serving the people through finance. We implemented major decisions and arrangements while shouldering responsibilities, coordinated business development and risk prevention and control while making breakthroughs, and delivered new effectiveness in high-quality development. The Bank's total assets reached nearly RMB760 billion and net profit reached over RMB5.2 billion, allowing the Bank to be ranked among the Top 300 World Banks in terms of comprehensive strength for eight consecutive years.

We maintained and expanded deposits and loans to ensure growth in “volume”.

The balance of deposits and loans grew rapidly, reaching a new level of RMB410 billion and RMB390 billion, respectively. The balance of savings deposits exceeded RMB200 billion, representing an increase of more than 20%. We gave full play to the advantages of outlet layout in Sichuan and Chongqing to provide credit support for the construction of the Chengdu-Chongqing Economic Circle

of more than RMB130 billion, representing an increase of RMB12 billion year-on-year; leveraged the role of the financial service consortium for the new land-sea channel to further develop and solidify the financial services for the channel.

We improved efficiency and capability to achieve improvement in “quality”. We adhered to the basic purpose of serving the real economy to improve technology finance, green finance, inclusive finance, pension finance and digital finance, so called “five articles”, and innovated and iterated a number of products and services. Loans granted to green, agriculture-related, inclusive, technology-based enterprises and other entities and key areas have maintained double-digit growth. The Bank's general loans increased by RMB37.4 billion, 3.8 times that of the previous year, which indicated a continual increase in the intrinsic value of loan disbursement. We successfully issued perpetual bonds of RMB2.5 billion, amounting to RMB7 billion in total, enhancing our capital strength, and the capital adequacy ratio at all levels continued to improve.

We deepened reform to stimulate the driving force for progress. A number of key reform tasks and digital projects have been carried out, forming a new blueprint of “two systems” and “5+6” digital transformation. R&D investment has increased by 21% to propel coordinated progress of technology infrastructure and digital applications. Numerous key technology projects have been put into operation and reach capacity, data management capabilities and technology autonomy and controllability have been improved, showing that digital innovation is gaining stronger momentum. The Bank has obtained the qualifications as independent lead underwriter and core dealer of credit risk mitigation instruments, the amount of bond underwriting increased by 68%, and the underwriting scale of debt financing instruments of non-financial enterprises exceeded RMB10 billion. Its integrated capability of “commercial banks and investment banks” was continuously enhanced, and comprehensive financial services were further advanced.

We strengthened the foundation to consolidate the “stable” trend. We deepened comprehensive risk management, resolved existing risks and strictly prevented incremental risks, in order to better coordinate economic development and security. We also promoted the construction of internal control and compliance mechanisms, enhanced the quality and efficiency of employee behavior management and case prevention, and launched a system of “establishment, revision and abolition” on a rolling basis. At the same time, we strengthened education on discipline, law and compliance, and actively fostered a financial culture with Chinese characteristics, so as to consolidate the cornerstones of stable and long-term development.

Leveraging momentum to open new fronts, we will forge ahead with determination to write a new chapter. In 2024, we will pay close attention to strategic planning and target tasks, focus on the work orientation of stabilizing progress and increasing efficiency, eliminating risks and ensuring safety, making breakthroughs in reform, and benefiting people and strengthening enterprises, adhere to serve major strategies, and actively integrate into the new development pattern of service. Through striving and struggling, working hard and being practical and diligent, we will strive to deliver a new statement of high-quality development with new commitments and new achievements, so as to return the trust and support of our shareholders, customers and investors with better performance and better value.

President
GAO Song
Bank of Chongqing Co., Ltd.

Management Discussions and Analysis

7.1 Overall Operation

In 2023, the Chinese government deepened reform and opening up across the board, strengthened macro regulation, expanded domestic demand, improved the economic structure, bolstered confidence and prevented and defused risks. Economic recovery and growth were boosted and steady progress in pursuing high-quality development was made. In 2023, China's gross domestic product (GDP) reached RMB126.06 trillion, representing an increase of 5.2% as compared to that of the previous year. Fixed asset investment (excluding farmers) reached RMB50.30 trillion, representing an increase of 3.0% as compared to that of the previous year, with infrastructure investment increasing by 5.9% and manufacturing investment by 6.5%. Total retail sales of consumer goods amounted to RMB47.15 trillion, representing an increase of 7.2% as compared to that of the previous year. Total imports and exports of goods amounted to RMB41.76 trillion, representing an increase of 0.2% as compared to that of the previous year. Consumer price index (CPI) rose by 0.2% over the previous year. Broad money supply (M2) increased by 9.7% throughout the year.

In 2023, The banking industry of China saw a steady increase in total assets, sustained enhancement in financial services, stability in the quality of assets, and sufficient capability of overall risk prevention and compensation. According to the data of the National Financial Regulatory Administration (NFRA), as of 31 December 2023, the total assets of China's commercial banks amounted to RMB354.85 trillion, representing a year-on-year increase of 10.95%, the net profit reached RMB2.38 trillion, representing a year-on-year increase of 3.23%, the non-performing loan ratio was 1.59%, representing a decrease of 0.04 percentage point from the end of the previous year, and the capital adequacy ratio was 15.06%, representing a decrease of 0.11 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 2023, the Group took resolute action to implement the major decisions and plans, firmly promoted various strategic tasks, adhered to the overall stable development and embarked on a new journey toward high-quality development.

Steady increase in the scale of operation. The Group adhered to the “four-wheel drive” strategy of strategic guidance, product-driven, focus-driven and marketing-driven, ensured asset investment and loan issuance, and reinforced the support for debts, maintaining steady growth in major scale indicators. As of 31 December 2023, the total assets of the Group were RMB759.884 billion, representing an increase of RMB75.171 billion or 10.98% as compared with the end of the previous year; the total loans were RMB392.935 billion, representing an increase of RMB40.362 billion or 11.45% as compared with the end of the previous year; and the total deposits were RMB414.813 billion, representing an increase of RMB32.218 billion or 8.42% as compared with the end of the previous year.

Stable profitability. The Group insisted on broadening sources of income and cutting expenditures and controlling costs to promote efficiency improvement. In 2023, the Group recorded an operating income of RMB12.846 billion and a net profit of RMB5.229 billion, a year-on-year increase of 2.20%. The Group has maintained a positive growth of net profit for many consecutive years.

Continuous optimization of the business structure. Benefiting from national strategic opportunities such as the development of the Chengdu-Chongqing Economic Circle, 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 and savings deposits. As of 31 December 2023, the Group's total loans as a percentage of the total assets increased to 51.71%, representing an increase of 0.22 percentage point over the end of the previous year; and savings deposit exceeded RMB200 billion and savings deposit as a percentage of the total deposits was 48.45%, representing an increase of 4.75 percentage points over the end of the previous year.

Steady increase of capital strength. The Group enhanced refined management of capital and expanded the outsourced capital replenishment in due course, achieving steady improvement in capital adequacy ratio at different levels. As of 31 December 2023, the core tier I capital adequacy ratio, the tier I capital adequacy ratio and the capital adequacy ratio of the Group were 9.78%, 11.16% and 13.37% respectively. The core tier I capital adequacy ratio, the tier I capital adequacy ratio and capital adequacy ratio increased by 0.26 percentage point, 0.66 percentage point and 0.65 percentage point compared with the end of the previous year, respectively.

Steady improvement of asset quality. The Group continued to secure risk control, enhance the focused inspections and early risk warning and disposal and promote the mitigation and collection of non-performing loans, so as to improve all regulatory indicators on key risks. As of 31 December 2023, the non-performing loan ratio of the Group was 1.34%, representing a decrease of 0.04 percentage point over the end of the previous year; the allowance coverage ratio was 234.18%, representing an increase of 22.99 percentage points over the end of the previous year; the loan allowance ratio was 3.13%, representing an increase of 0.22 percentage point over the end of the previous year.

Management Discussions and Analysis

7.2 Analysis of the Financial Statements

7.2.1 Analysis of the Income Statement

In 2023, the net interest income of the Group amounted to RMB10,447 million, representing a year-on-year decrease of RMB361 million or 3.34%; net fee and commission income amounted to RMB411 million, representing a year-on-year decrease of RMB350 million or 45.96%; net trading losses/(gains) and net gains on investment securities amounted to RMB1.753 billion, representing an increase of RMB340 million or 24.09% over the end of the previous year; share of profit of associates amounted to RMB372 million, representing a year-on-year increase of RMB42 million or 12.76%; operating expenses amounted to RMB3,890 million, representing a year-on-year increase of RMB263 million or 7.24%; and credit impairment losses amounted to RMB3,243 million, representing a year-on-year decrease of RMB316 million or 8.88%. As a result of the foregoing factors, in 2023, the Group achieved a net profit of RMB5,229 million, representing a year-on-year increase of RMB112 million or 2.20%.

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)	2023	2022	Change in amount	Change in percentage (%)
Net interest income	10,447,003	10,808,258	(361,255)	(3.34)
Net non-interest income	2,398,512	2,335,378	63,134	2.70
Including: Net fee and commission income	411,438	761,341	(349,903)	(45.96)
Net trading losses/(gains)	440,556	292,033	148,523	50.86
Net gains on investment securities	1,312,381	1,120,556	191,825	17.12
Other operating income	234,137	161,448	72,689	45.02
Operating income	12,845,515	13,143,636	(298,121)	(2.27)
Less: Operating expenses	3,889,859	3,627,332	262,527	7.24
Less: Credit impairment losses	3,242,972	3,559,161	(316,189)	(8.88)
Less: Other assets impairment losses	(2,606)	(1,567)	(1,039)	66.31
Profit before income tax	6,087,642	6,288,937	(201,295)	(3.20)
Less: Income tax	858,687	1,172,412	(313,725)	(26.76)
Net profit	5,228,955	5,116,525	112,430	2.20
Attributable to: Shareholders of the listed company	4,929,787	4,867,857	61,930	1.27
Non-controlling interests	299,168	248,668	50,500	20.31

7.2.1.1 Operating income

In 2023, the Group achieved the operating income of RMB12,846 million, representing a decrease of RMB298 million or 2.27% as compared to the previous year, with the net interest income accounting for 81.33%, and the net non-interest income accounting for 18.67%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023		2022		Change in amount	Change in percentage (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Net interest income	10,447,003	81.33	10,808,258	82.23	(361,255)	(3.34)
Net fee and commission income	411,438	3.20	761,341	5.79	(349,903)	(45.96)
Other net non-interest income	1,987,074	15.47	1,574,037	11.98	413,037	26.24
Total	12,845,515	100.00	13,143,636	100.00	(298,121)	(2.27)

7.2.1.2 Net interest income

In 2023, the net interest income of the Group amounted to RMB10,447million, representing a decrease of RMB361 million or 3.34% as compared to the previous year.

Interest income, interest expense and net interest income

In 2023, the interest income of the Group amounted to RMB28,286 million, representing an increase of RMB752 million or 2.73% as compared to the previous year; the interest expense amounted to RMB17,839 million, representing an increase of RMB1,113 million or 6.65% 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)	2023	2022	Change in amount	Change in percentage (%)
Interest income	28,285,529	27,533,983	751,546	2.73
Interest expense	17,838,526	16,725,725	1,112,801	6.65
Net interest income	10,447,003	10,808,258	(361,255)	(3.34)

Management Discussions and Analysis

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

In 2023, the average balance of interest-earning assets of the Group amounted to RMB685.183 billion, representing an increase of RMB65.008 billion or 10.48% as compared to the previous year. The average yield on interest-earning assets decreased by 31 basis points to 4.13% as compared to the previous year.

In 2023, the average balance of interest-bearing liabilities of the Group amounted to RMB651.565 billion, representing an increase of RMB64.085 billion or 10.91% as compared to the previous year. The average cost ratio of interest-bearing liabilities decreased by 11 basis points to 2.74% 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 20 basis points to 1.39% as compared to the previous year, while the net interest margin decreased by 22 basis points to 1.52% 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 during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2023			2022		
	Average balance	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	373,339,966	17,685,096	4.74	333,664,548	16,974,572	5.09
Investment securities	235,482,023	9,315,337	3.96	201,523,280	9,228,536	4.58
Cash and balances with Central Bank	32,797,170	478,922	1.46	33,240,455	474,234	1.43
Due from other banks and financial institutions	43,564,058	806,174	1.85	51,746,752	856,641	1.66
Total interest-earning assets	685,183,217	28,285,529	4.13	620,175,035	27,533,983	4.44
LIABILITIES						
Customer deposits	393,768,857	11,000,038	2.79	361,338,641	10,389,753	2.88
Due to and placements from banks and other financial institutions and other liabilities	109,682,662	2,920,450	2.66	96,502,444	2,706,256	2.80
Debt securities payable	148,113,646	3,918,038	2.65	129,639,512	3,629,716	2.80
Total interest-bearing liabilities	651,565,165	17,838,526	2.74	587,480,597	16,725,725	2.85
Net interest income		10,447,003			10,808,258	
Net interest spread			1.39			1.59
Net interest margin			1.52			1.74

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 2023.

(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	1,879,423	(1,168,899)	710,524
Investment securities	1,343,360	(1,256,559)	86,801
Cash and balances with Central Bank	(6,473)	11,161	4,688
Due from other banks and financial institutions	(151,425)	100,958	(50,467)
Change in interest income	3,064,885	(2,313,339)	751,546
LIABILITIES			
Customer deposits	905,947	(295,662)	610,285
Due to and placements from banks and other financial institutions	350,941	(136,747)	214,194
Debt securities payable	488,695	(200,372)	288,323
Change in interest expense	1,745,583	(632,781)	1,112,802
Change in net interest income	1,319,302	(1,680,558)	(361,256)

7.2.1.3 Interest income

In 2023, the Group realised interest income of RMB28,286 million, representing an increase of RMB752 million or 2.73% as compared to the previous year.

Interest income from loans and advances to customers

In 2023, the Group's interest income from loans and advances to customers amounted to RMB17,685 million, representing a year-on-year increase of RMB711 million or 4.19%, primarily due to the average balance on loans and advances to customers increased by 11.89% as compared to that of the previous year.

Management Discussions and Analysis

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)	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	90,822,899	2,653,545	2.92	75,443,262	2,491,973	3.30
Medium-and-long-term loans	282,517,067	15,031,551	5.32	258,221,286	14,482,599	5.61
Total loans and advances to customers	373,339,966	17,685,096	4.74	333,664,548	16,974,572	5.09

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)	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	232,469,075	12,190,274	5.24	198,848,749	10,738,864	5.40
Retail loans	93,833,938	4,821,067	5.14	97,468,612	5,601,367	5.75
Discounted bills	47,036,953	673,755	1.43	37,347,187	634,341	1.70
Total loans and advances to customers	373,339,966	17,685,096	4.74	333,664,548	16,974,572	5.09

Interest income from investment securities

In 2023, the Group's interest income from investment securities amounted to RMB9,315 million, representing a year-on-year increase of RMB87 million or 0.94%, primarily due to the increase of 16.85% in average balance on investment securities as compared to that of the previous year.

Interest income from cash and balances with Central Bank

In 2023, the Group's interest income from cash and balances with Central Bank amounted to RMB479 million, representing a year-on-year increase of RMB5 million or 0.99%.

Interest income from amounts due from other banks and financial institutions

In 2023, the total interest income from the Group's amounts due from other banks and financial institutions amounted to RMB806 million, representing a year-on-year decrease of RMB50 million or 5.89%, primarily because the average balance of amounts due from other banks and financial institutions decreased by 15.81%.

7.2.1.4 Interest expense

Interest expense on customer deposits

In 2023, the Group's interest expense on customer deposits was RMB11,000 million, representing a year-on-year increase of RMB610 million or 5.87%, primarily due to a year-on-year increase in the average balance of customer deposits by 8.98% 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)	2023			2022		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	61,115,563	736,229	1.20	69,301,765	802,643	1.16
Time	129,681,244	3,947,457	3.04	119,328,557	3,969,809	3.33
Subtotal	190,796,807	4,683,686	2.45	188,630,322	4,772,452	2.53
Individual deposits						
Demand	19,387,190	48,787	0.25	17,729,313	60,285	0.34
Time	168,766,083	5,953,752	3.53	138,549,028	5,259,811	3.80
Subtotal	188,153,273	6,002,539	3.19	156,278,341	5,320,096	3.40
Other deposits	14,818,777	313,813	2.12	16,429,978	297,205	1.81
Total	393,768,857	11,000,038	2.79	361,338,641	10,389,753	2.88

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

In 2023, the Group's total interest expense on due to and placements from banks and other financial institutions and other liabilities was RMB2,920 million, representing a year-on-year increase of RMB214 million or 7.91%, primarily due to the increase in the average balance and cost ratio of financial assets sold under repurchase agreements.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023			2022		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to and placements from other banks	44,881,262	1,427,788	3.18	40,524,406	1,306,495	3.22
Borrowings from Central Bank	40,135,144	1,003,161	2.50	46,346,908	1,220,835	2.63
Financial assets sold under repurchase agreements	24,493,859	484,708	1.98	9,490,802	174,211	1.84
Lease liabilities	172,397	4,793	2.78	140,328	4,715	3.36
Total	109,682,662	2,920,450	2.66	96,502,444	2,706,256	2.80

Interest expense on issuance of debt securities

In 2023, the Group's interest expense on issuance of debts securities amounted to RMB3,918 million, representing a year-on-year increase of RMB288 million or 7.94%, primarily due to the increase in the average daily balance of inter-bank certificates of deposits 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)	2023			2022		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated debts	4,999,483	186,559	3.73	5,070,356	204,274	4.03
Financial debts for small and micro enterprises	5,008,084	169,856	3.39	3,999,790	144,734	3.62
Inter-bank certificates of deposits	122,115,882	2,934,347	2.40	107,943,561	2,778,095	2.57
Financial debts	3,499,635	130,941	3.74	3,452,142	129,185	3.74
Convertible bonds	12,490,562	496,335	3.97	9,173,663	373,428	4.07
Total	148,113,646	3,918,038	2.65	129,639,512	3,629,716	2.80

7.2.1.5 Non-interest income

Net fee and commission income

In 2023, the Group's net fee and commission income amounted to RMB411 million, representing a year-on-year decrease of RMB350 million or 45.96%. Among them, income from wealth management agency services amounted to RMB348 million, representing a year-on-year decrease of RMB268 million or 43.48%, primarily due to the decrease in fee income from wealth management business as a result of turbulence in the capital market, increased volatility in size of the wealth management market, and downward returns and others, and income from guarantees and credit commitments amounted to RMB60 million, representing a year-on-year decrease of RMB12 million or 16.41%, primarily due to the decrease in income from cross-border guarantee business based on prudent management of cross-border guarantee business.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022	Change in amount	Change in percentage (%)
Fee and commission income	630,299	915,301	(285,002)	(31.14)
Wealth management agency services	348,337	616,341	(268,004)	(43.48)
Custodian services	28,377	28,100	277	0.99
Bank card services and annual fee	98,087	82,683	15,404	18.63
Guarantees and credit commitments	59,802	71,546	(11,744)	(16.41)
Settlement and agency services	95,696	116,631	(20,935)	(17.95)
Fee and commission expense	(218,861)	(153,960)	(64,901)	42.15
Net fee and commission income	411,438	761,341	(349,903)	(45.96)

Other net non-interest income

In 2023, the Group achieved other non-interest income of RMB1.987 billion, an increase of RMB413 million or 26.24% over the previous year. Among which, the net gains on investment securities was RMB1.312 billion, an increase of RMB192 million, or 17.12%, from the previous year; the net trading losses/(gains) was RMB441 million, an increase of RMB149 million, or 50.86% from the previous year, mainly due to the increase in the equity investment valuation of the financial assets classified as measured at fair value through profit or loss; other operating income was RMB234 million, an increase of RMB73 million from the previous year, a year-on-year increase of 45.02%, mainly due to government subsidies increased.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022	Change in amount	Change in percentage (%)
Net trading gains	440,556	292,033	148,523	50.86
Net gains on investment securities	1,312,381	1,120,556	191,825	17.12
Other operating income	234,137	161,448	72,689	45.02
Total	1,987,074	1,574,037	413,037	26.24

7.2.1.6 Operating expenses

In 2023, the Group's operating expenses were RMB3,890 million, representing an increase of RMB263 million or 7.24% as compared with the previous year. Among which, the staff costs increased by 1.62% on a year-on-year basis; the general and administrative expenses increased by 11.69% on a year-on-year basis; the depreciation and amortization increased by 9.14% on a year-on-year basis.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022	Change in amount	Change in percentage (%)
Staff costs	2,124,527	2,090,644	33,883	1.62
Tax and surcharges	185,411	173,282	12,129	7.00
Depreciation and amortisation	442,756	405,677	37,079	9.14
General and administrative expenses	915,154	819,335	95,819	11.69
Others	222,011	138,394	83,617	60.42
Total operating expenses	3,889,859	3,627,332	262,527	7.24

7.2.1.7 Assets impairment losses

In 2023, the assets impairment losses of the Group recorded RMB3,240 million, representing a decrease of RMB317 million or 8.92% as compared to the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022	Change in amount	Change in percentage (%)
Loans and advances to customers	3,075,910	3,519,442	(443,532)	(12.60)
Investment securities	665,155	(142,366)	807,521	N/A
Due from other banks and financial institutions	10,732	(909)	11,641	N/A
Off-balance sheet losses on expected credit impairment	(150,006)	80,628	(230,634)	(286.05)
Other assets	(361,425)	100,799	(462,224)	(458.56)
Total assets impairment losses	3,240,366	3,557,594	(317,228)	(8.92)

7.2.1.8 Share of profit of associates

In 2023, the Group's share of profit of associates amounted to RMB372 million, representing a year-on-year increase of RMB42 million or 12.76%. As of 31 December 2023, the Group's associates included Three Gorges Bank and Mashang Consumer.

7.2.1.9 Income tax

In 2023, the Group's income tax expenses amounted to RMB859 million, representing a decrease of RMB314 million or 26.76% as compared with the previous year, with the effective tax rate of 14.11%.

The following table sets forth the reconciliation details and changes 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)	2023	2022	Change in amount	Change in percentage (%)
Profit before income tax	6,087,642	6,288,937	(201,295)	(3.20)
Tax calculated at statutory tax rate	1,521,911	1,572,234	(50,323)	(3.20)
Effect of preferential tax rate	(72,668)	(60,330)	(12,338)	20.45
Tax effect arising from non-taxable income	(852,400)	(610,804)	(241,596)	39.55
Tax effect of expenses that are not deductible for tax purposes	258,724	267,746	(9,022)	(3.37)
Income tax adjustment for prior years	3,120	3,566	(446)	(12.51)
Income tax	858,687	1,172,412	(313,725)	(26.76)

Management Discussions and Analysis

7.2.2 Balance Sheet Analysis

7.2.2.1 Total assets

As of 31 December 2023, the Group's total assets amounted to RMB759,884 million, representing an increase of RMB75,171 million or 10.98% 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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	392,934,966	51.71	352,573,462	51.49
Of which: Total principal of loans and advances to customers	390,200,397	51.35	350,551,221	51.19
Interests due from loans and advances to customers	2,734,569	0.36	2,022,241	0.30
Total impairment allowances for the expected credit	(12,139,426)	(1.60)	(10,127,171)	(1.48)
Net loans and advances to customers	380,795,540	50.11	342,446,291	50.01
Investment securities	253,645,157	33.38	217,089,746	31.71
Investment in associates	2,818,162	0.37	2,500,712	0.37
Cash and balances with Central Bank	40,026,407	5.27	41,025,999	5.99
Due from banks and other financial institutions	46,286,128	6.09	43,386,030	6.34
Financial assets at fair value through profit or Loss	27,090,566	3.57	28,736,048	4.20
Derivative financial assets	89,981	0.01	4,831	0.00
Fixed assets	2,963,711	0.39	3,059,481	0.44
Deferred tax assets	4,426,083	0.58	4,734,162	0.69
Other assets	1,742,135	0.23	1,729,263	0.25
Total assets	759,883,870	100.00	684,712,563	100.00

7.2.2.2 Loans and advances to customers

As of 31 December 2023, the Group's total loans and advances to customers increased by RMB40,362 million or 11.45% to RMB392,935 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 2023, the Group's total principal of corporate loans was RMB250,398 million, representing an increase of RMB41,660 million or 19.96% as compared with the end of the previous year; the total principal of retail loans was RMB94,950 million, representing an increase of RMB422 million or 0.45% as compared with the end of the previous year.

Management Discussions and Analysis

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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate loans	250,398,073	64.17	208,737,958	59.54
Discounted notes	44,852,396	11.49	47,285,310	13.49
Retail loans	94,949,928	24.34	94,527,953	26.97
Total	390,200,397	100.00	350,551,221	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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Short-term corporate loans	26,986,238	10.78	22,095,466	10.59
Medium-and-long-term corporate loans	223,411,835	89.22	186,642,492	89.41
Total	250,398,073	100.00	208,737,958	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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Personal mortgage loans	40,321,906	42.47	41,571,228	43.98
Personal consumer loans	9,774,856	10.29	10,490,127	11.09
Personal business loans	22,528,071	23.73	22,372,601	23.67
Credit card advances	22,325,095	23.51	20,093,997	21.26
Total	94,949,928	100.00	94,527,953	100.00

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

Management Discussions and Analysis

7.2.2.3 Financial investments

As of 31 December 2023, the Group's financial investments amounted to RMB280,736 million, representing an increase of RMB34,910 million or 14.20% as compared with the end of the previous year. Among them, financial investments at amortised cost amounted to RMB159,470 million, representing an increase of RMB17,322 million or 12.19% as compared with the end of the previous year; financial investments at fair value through other comprehensive income amounted to RMB94,175 million, representing an increase of RMB19,233 million or 25.66% as compared with the end of the previous year; financial assets at fair value through profit or loss amounted to RMB27,091 million, representing a decrease of RMB1,645 million or 5.73% as compared with the end of the previous year. This is mainly due to the standardized, diversified and light-asset allocation of financial investments, the linkage with investment banking business, the increase of investments in fixed income products, and the increase of interest rate bonds and other liquid reserve assets.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Bond investments	226,807,782	80.79	181,922,156	74.01
Trust investments	8,580,884	3.06	11,291,561	4.59
Directional assets management plans	30,921,643	11.01	34,860,994	14.18
Debt financing plans	4,680,000	1.67	8,664,000	3.52
Fund investments	4,303,474	1.53	5,053,831	2.06
Equity investments	1,162,101	0.41	599,721	0.24
Inter-bank certificates of deposits	984,859	0.35	–	–
Others	14	0.00	14	0.00
Accrued interest	4,684,056	1.67	4,219,965	1.72
Provision for impairment	(1,389,090)	(0.49)	(786,448)	(0.32)
Total	280,735,723	100.00	245,825,794	100.00

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Up to 3 months	12,768,821	4.55	19,515,607	7.94
3 to 12 months	39,562,904	14.09	40,759,087	16.58
1 to 5 years	189,373,857	67.46	160,046,033	65.11
Over 5 years	37,222,522	13.26	24,254,046	9.87
In perpetuity	1,162,101	0.41	599,721	0.24
Overdue	645,518	0.23	651,300	0.26
Total financial investments	280,735,723	100.00	245,825,794	100.00

As of 31 December 2023, balance of the Group's financial investments with the remaining term of less than a year was RMB52,332 million, representing a decrease of RMB7,943 million or 13.18% 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 RMB226,596 million, representing an increase of RMB42,296 million or 22.95% as compared with the end of the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial investments at fair value through profit or loss	27,090,566	9.65	28,736,048	11.69
Financial investments at fair value through other comprehensive income	94,175,349	33.55	74,942,136	30.49
Financial investments measured at amortised cost	159,469,808	56.80	142,147,610	57.82
Total financial investments	280,735,723	100.00	245,825,794	100.00

As of 31 December 2023, the Group's balance of financial investments at fair value through profit or loss amounted to RMB27,091 million, representing a decrease of RMB1,645 million or 5.73% as compared to the end of the previous year; the balance of financial investments at fair value through other comprehensive income amounted to RMB94,175 million, representing an increase of RMB19,233 million or 25.66% as compared to the end of the previous year; the balance of financial investments measured at amortised cost amounted to RMB159,470 million, representing an increase of RMB17,322 million or 12.19% as compared to the end of the previous year.

Management Discussions and Analysis

Composition of the Group's bond investments by issuers

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Treasury bonds	105,700,113	46.60	77,673,497	42.70
Local government bonds	38,954,600	17.17	23,768,057	13.06
Bonds of financial institutions	13,372,326	5.90	11,943,578	6.57
Corporate bonds	68,780,743	30.33	68,537,024	37.67
Total bond investments	226,807,782	100.00	181,922,156	100.00

As of 31 December 2023, the Group's treasury bond investments amounted to RMB105,700 million, representing an increase of RMB28,026 million or 36.08% as compared with the end of the previous year, with its proportion in bond investments increasing by 3.90 percentage points to 46.60%.

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)
Policy bank bonds	500,000	2.98	2024/1/8	–
Commercial bank bonds	430,000	3.90	2028/8/14	–
Commercial bank subordinated debts	400,000	4.70	2033/4/12	–
Commercial bank bonds	300,000	2.55	2025/8/24	378
Commercial bank bonds	300,000	2.50	2025/8/5	378
Commercial bank subordinated debts	300,000	3.35	2033/8/24	–
Policy bank subordinated debts	300,000	2.85	2032/11/4	–
Commercial bank bonds	300,000	2.45	2025/11/11	–
Commercial bank bonds	300,000	2.40	2025/10/24	–
Commercial bank bonds	300,000	4.90	2100/12/31	–

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 2023, the Group's Investment in associates was RMB2,818 million, representing an increase of RMB317 million or 12.69% 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)	2023	2022
Balance at the beginning of the period	2,500,712	2,228,158
Additional investment in associates	–	–
Net profit or loss adjusted by equity method	372,352	330,227
Cash dividends declared	(54,902)	(57,673)
Balance at the end of the period	2,818,162	2,500,712

7.2.2.5 Total liabilities

As at 31 December 2023, the total liabilities of the Group amounted to RMB700,584 million, representing an increase of RMB67,367million or 10.64% 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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Customer deposits	414,812,696	59.21	382,594,480	60.42
Debt securities issued	153,373,831	21.89	133,877,105	21.14
Due to and placements from banks and other financial institutions	126,599,915	18.07	112,003,399	17.69
Derivative financial liabilities	54,608	0.01	11,626	0.00
Current tax liabilities	148,268	0.02	104,964	0.02
Other liabilities	5,595,125	0.80	4,625,512	0.73
Total liabilities	700,584,443	100.00	633,217,086	100.00

Management Discussions and Analysis

7.2.2.6 Customer deposits

In 2023, 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 2023, the total customer deposits of the Group amounted to RMB414,813 million, representing an increase of RMB32,218 million or 8.42% as compared to the end of the previous year.

In terms of customer structure, the Group's corporate deposits and individual deposits have grown steadily, with a further increase in the proportion of individual deposits. During the Reporting Period, the Group continuously improved the service level for retail customers through deeply exploring into the retail markets in the "one municipality and three provinces", leading to the continual increase in the amount and proportion of individual deposits. As at 31 December 2023, balance of the Group's individual deposits was RMB200,965 million, representing an increase of RMB33,742 million or 20.18%, accounting for 48.45% of the total customer deposits, up by 4.75 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 RMB193,815 million, representing an increase of RMB427 million or 0.22%, accounting for 46.72% of the total customer deposits, down by 3.83 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 RMB84,783 million, representing an increase of RMB4,549 million or 5.67% as compared with the end of the previous year; balance of the Group's time deposits was RMB309,997 million, representing an increase of RMB29,620 million or 10.56% 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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	64,096,964	15.45	60,481,461	15.81
Corporate time deposits	129,718,412	31.27	132,906,633	34.74
Individual demand deposits	20,686,248	4.99	19,752,513	5.16
Individual time deposits	180,278,653	43.46	147,470,703	38.54
Other deposits ⁽¹⁾	11,471,728	2.77	16,491,983	4.31
Interest payable on customer deposits	8,560,691	2.06	5,491,187	1.44
Total customer deposits	414,812,696	100.00	382,594,480	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 2023, the total equity of the Bank amounted to RMB59,299 million, representing an increase of RMB7,804 million or 15.15% as compared to the end of the previous year; the equity attributable to shareholders of the Bank amounted to RMB56,918 million, representing an increase of RMB7,581 million or 15.37% 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 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,474,562	5.86	3,474,540	6.75
Other equity instruments	8,071,264	13.61	5,571,090	10.82
Capital surplus	7,734,979	13.04	7,734,772	15.02
Other reserves	13,874,724	23.40	11,181,305	21.71
Retained earnings	23,762,205	40.07	21,374,805	41.51
Total equity attributable to shareholders of the Bank	56,917,734	95.98	49,336,512	95.81
Minority interests	2,381,693	4.02	2,158,965	4.19
Total equity	59,299,427	100.00	51,495,477	100.00

Management Discussions and Analysis

7.3 Loan quality analysis

7.3.1 Distribution of loans by the five-category classification

During the Reporting Period, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, and strengthened the risk investigation, early risk warning, tracking and post-lending monitoring management and stepped up efforts in risk disposal and management, which consolidated the foundation of asset quality, and ensured that the quality of the Group's credit assets was relatively good compared to other banks. As at 31 December 2023, the balance of non – performing loans was RMB5,212 million, representing an increase of RMB377 million as compared to the end of the previous year; non-performing loan ratio was 1.34%, representing a decrease of 0.04 percentage point as compared to that of the end of the previous year. The amount of loans under special mention category accounted for 3.36% of total loans, representing an increase of 0.16 percentage point as compared to that of the end of the previous year.

The following table sets forth the Group's distribution of loans by the five-category classification as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	371,858,413	95.30	334,499,750	95.42
Special mention	13,130,200	3.36	11,216,422	3.20
Substandard	2,376,421	0.62	2,714,535	0.77
Doubtful	718,794	0.18	1,747,808	0.50
Loss	2,116,569	0.54	372,706	0.11
Total principals of loans and advances to customers	390,200,397	100.00	350,551,221	100.00
Amount of non-performing loans	5,211,784	1.34	4,835,049	1.38

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

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

As of 31 December 2023, the non-performing rate of the Group's retail loans was 1.98%, representing an increase of 0.68 percentage point over the end of the previous year; the non-performing ratio of the Company's corporate loans was 1.33%, representing a decrease of 0.4 percentage point over the end of the previous year.

The following table sets forth the Group's distribution of loans and non-performing loans by product type as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023				31 December 2022			
	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	250,398,073	64.18	3,335,457	1.33	208,737,958	59.55	3,607,577	1.73
Short-term loans	26,986,238	6.92	661,196	2.45	22,095,466	6.31	273,280	1.24
Medium-and-long-term loans	223,411,835	57.26	2,674,261	1.20	186,642,492	53.24	3,334,297	1.79
Discounted bills	44,852,396	11.49	-	-	47,285,310	13.49	-	-
Retail loans	94,949,928	24.33	1,876,327	1.98	94,527,953	26.96	1,227,472	1.30
Personal mortgage loans	40,321,906	10.33	308,546	0.77	41,571,228	11.86	216,453	0.52
Personal consumer loans	9,774,856	2.51	128,515	1.31	10,490,127	2.99	156,620	1.49
Personal business loans	22,528,071	5.77	995,324	4.42	22,372,601	6.38	550,521	2.46
Credit card advances	22,325,095	5.72	443,942	1.99	20,093,997	5.73	303,878	1.51
Total	390,200,397	100.00	5,211,784	1.34	350,551,221	100.00	4,835,049	1.38

7.3.3 Distribution of loans and non-performing loans by industry

In 2023, the Group closely responded to the national major strategies, actively participated in major strategic opportunities such as the development of "Chengdu-Chongqing Economic Circle", the construction of the new land-sea channel in China's western region, formulated credit policies, strengthened customer access, deepened the adjustment of the credit portfolio, and actively marketed to high-quality customers in the intelligent networked new energy vehicles, green development, new materials, and other key industries. We also dynamically adjusted the credit strategies for key industries and strengthened risk prevention and control, and disposal and mitigation in key areas based on the national macro policies orientation and market changes.

As of the end of the Reporting Period, the Group's non-performing loan ratio decreased by 0.04 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, construction, mining and other industries decreased as compared with the end of the previous year, while the non-performing loan ratios in scientific research and technical services, agriculture, forestry, animal husbandry and fisheries, transport, storage and postal services and other industries increased as compared with the end of the previous year.

Management Discussions and Analysis

The following table sets forth the Group's distribution of loans and non-performing loans by industry as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023				31 December 2022			
	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	27,598,449	7.07	857,770	3.11	25,473,397	7.27	645,838	2.54
Wholesale and retail	21,555,067	5.52	1,118,277	5.19	17,233,465	4.92	738,404	4.28
Construction	25,893,709	6.64	125,177	0.48	21,365,844	6.08	281,224	1.32
Real estate	9,569,930	2.45	619,755	6.48	10,153,702	2.90	597,355	5.88
Leasing and commercial services	78,195,749	20.05	41,560	0.05	57,721,684	16.47	45,543	0.08
Water conservation, environment and public facility administration	63,081,708	16.17	62,715	0.10	53,146,884	15.16	5,920	0.01
Transportation, warehousing and postal service	4,181,646	1.07	55,451	1.33	3,706,916	1.06	10,296	0.28
Mining	1,359,909	0.35	101,250	7.45	1,403,559	0.40	199,692	14.23
Electricity, heat, gas and water production and supply	4,217,532	1.08	21,387	0.51	4,712,001	1.34	832,000	17.66
Agriculture, forestry, animal husbandry and fishery	3,724,983	0.95	80,201	2.15	3,546,438	1.01	34,404	0.97
Household services, maintenance and other services	566,006	0.15	3,711	0.66	478,806	0.14	6,871	1.44
Education	532,019	0.14	2,987	0.56	914,423	0.26	4,545	0.50
Financing	860,399	0.22	147,899	17.19	878,899	0.25	149,899	17.06
Scientific research and technology services	1,299,292	0.33	20,738	1.60	1,410,848	0.40	5,390	0.38
Information transmission, software and information technology services	1,932,494	0.50	29,444	1.52	1,347,528	0.38	14,038	1.04
Accommodation and catering	1,550,386	0.40	12,807	0.83	1,527,688	0.44	13,658	0.89
Culture, sports and entertainment	2,492,654	0.64	13,578	0.54	1,752,786	0.50	–	–
Health and social welfare	1,772,915	0.45	20,750	1.17	1,963,090	0.56	22,500	1.15
Public administration, social security and social organizations	13,226	0.00	–	–	–	–	–	–
Loans to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	44,852,396	11.49	–	–	47,285,310	13.49	–	–
Retail loans – measured at amortised cost								
Retail loans	94,949,928	24.33	1,876,327	1.98	94,527,953	26.97	1,227,472	1.30
Total	390,200,397	100.00	5,211,784	1.34	350,551,221	100.00	4,835,049	1.38

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.

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

As at 31 December 2023, balance of the Group's collateralised and pledged loans decreased by RMB290 million or 0.19%, balance of the guaranteed loans increased by RMB28,076 million or 20.49%, and balance of the unsecured loans increased by RMB11,863 million or 19.69% as compared with the end of the previous year. The non – performing loan ratio of pledged loans and guaranteed loans decreased by 0.22 percentage point and 0.44 percentage point respectively, and that of collateralised loans and unsecured loans increased by 0.72 percentage point and 0.18 percentage point respectively as compared with the end of the previous year.

The following table sets forth the Group's distribution of loans and non-performing loans by type of collateral as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023				31 December 2022			
	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	91,788,054	23.52	2,956,274	3.22	91,538,599	26.12	2,289,601	2.50
Pledged loans	61,208,098	15.69	233,755	0.38	61,747,111	17.61	371,410	0.60
Guaranteed loans	165,080,731	42.31	1,144,489	0.69	137,004,792	39.08	1,548,739	1.13
Unsecured loans	72,123,514	18.48	877,266	1.22	60,260,719	17.19	625,299	1.04
Total	390,200,397	100.00	5,211,784	1.34	350,551,221	100.00	4,835,049	1.38

7.3.5 Distribution of loans and non-performing loans by region

As at 31 December 2023, the Group's non-performance loan ratio in Chongqing area and other areas' branch was 1.46% and 0.92%, respectively.

The following table sets forth the Group's distribution of loans and non-performing loans by region as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023				31 December 2022			
	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	302,355,279	77.49	4,401,921	1.46	273,455,364	78.01	4,134,342	1.51
Other areas	87,845,118	22.51	809,863	0.92	77,095,857	21.99	700,707	0.91
Total	390,200,397	100.00	5,211,784	1.34	350,551,221	100.00	4,835,049	1.38

Management Discussions and Analysis

7.3.6 Loans to top ten single borrowers

As at 31 December 2023, the Group's total loans to its largest single borrower amounted to RMB2,080 million and accounted for 2.98% of its net capital, while total loans to its top ten customers amounted to RMB15,015 million and accounted for 21.53% of its net capital, which were in compliance with regulatory requirements. As at 31 December 2023, all of the Group's loans to top ten single borrowers were loans in the pass category.

The following table sets forth the Group's loans to top ten single borrowers as of the date indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	Industry	31 December 2023		
		Loan amount	Percentage of net capital (%)	Percentage of total loans (%)
Customer A	Leasing and commercial services	2,080,000	2.98	0.53
Customer B	Water conservation, environment and public facility administration	1,775,891	2.55	0.46
Customer C	Leasing and commercial services	1,641,000	2.35	0.42
Customer D	Water conservation, environment and public facility administration	1,465,500	2.10	0.38
Customer E	Leasing and commercial services	1,451,000	2.08	0.37
Customer F	Leasing and commercial services	1,348,000	1.93	0.35
Customer G	Water conservation, environment and public facility administration	1,336,500	1.92	0.34
Customer H	Water conservation, environment and public facility administration	1,330,612	1.91	0.34
Customer I	Water conservation, environment and public facility administration	1,319,400	1.89	0.34
Customer J	Construction	1,267,280	1.82	0.32

7.3.7 Overdue loans

As at 31 December 2023, the total overdue loans of the Group amounted to RMB7,623 million, representing a decrease of RMB2,798 million as compared to the end of the previous year. Total overdue loans accounted for 1.95% of the total principal of loans and advances to customers, representing a decrease of 1.02 percentage points as compared to the end of the previous year. The Group adopts a prudent classification standard for overdue loans. The ratio of non-performing loans to loans overdue for more than 90 days is 1.19.

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 2023		31 December 2022	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Past due within 90 days	3,243,148	0.83	7,045,182	2.01
Past due 90 days to 1 year	2,598,159	0.67	2,143,505	0.61
Past due over 1 year and within 3 years	1,728,628	0.44	1,120,101	0.32
Past due over 3 years	53,315	0.01	112,485	0.03
Total principals of overdue loans and advances to customers	7,623,250	1.95	10,421,273	2.97
Total principals of loans and advances to customers	390,200,397	100.00	350,551,221	100.00

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

7.3.8 Restructured loans

As at 31 December 2023, the Group's restructured loans accounted for 0.08%, down by 0.03 percentage point as compared with the end of the previous year.

The following table sets forth the Group's restructured loans as of the date indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Restructured loans	329,168	0.08	383,132	0.11
Including: Restructured loans overdue for more than 90 days	222,751	0.06	222,456	0.06
Total principals of loans and advances to customers	390,200,397	100.00	350,551,221	100.00

Management Discussions and Analysis

7.3.9 Foreclosed assets and provision for impairment

As at 31 December 2023, the Group's foreclosed assets amounted to RMB107 million and the provision for impairment of foreclosed assets was RMB11 million.

The following table sets forth the Group's foreclosed assets and provision for impairment as of the date indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023		31 December 2022	
	Amount	Provision for impairment	Amount	Provision for impairment
Debt assets	107,254	(11,031)	83,799	(13,638)

7.3.10 Changes in provision for loan impairment

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 2023, balance of the Group's loan impairment provision was RMB12,139 million, representing an increase of RMB2,012 million as compared with the end of the previous year. The provision coverage ratio of non-performing loans was 234.18%, up by 22.99 percentage points as compared with the end of the previous year. The loan provision ratio was 3.13%, up by 0.22 percentage point as compared with the end of the previous year.

The following table sets forth changes in the Group's provision for loan impairment as of the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	2023	2022
Beginning balance of the year	10,127,171	11,178,339
New financial assets originated or purchased	1,593,755	1,672,437
Re-measurement	4,043,444	3,854,209
Repayment	(2,543,273)	(2,019,067)
Written-off and transferred of the year	(1,582,816)	(5,034,073)
Recoveries of loans written-off in previous years and advances transfer-in	545,918	768,463
Effect of discount factors	(44,773)	(293,137)
Ending balance of the year	12,139,426	10,127,171

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)	2023		2022	
	Operating income	Profit before income tax	Operating income	Profit before income tax
Corporate banking business	8,993,200	4,531,127	8,829,947	4,147,506
Retail banking business	2,379,645	623,528	2,175,812	76,547
Treasury business	1,283,383	799,184	2,020,566	2,032,746
Unallocated	189,287	133,803	117,311	32,138
Total	12,845,515	6,087,642	13,143,636	6,288,937

7.5 Other Information to be Disclosed according to Regulatory Requirements

7.5.1 Key regulatory indicators

Items		31 December 2023	31 December 2022	31 December 2021
Liquidity ratio (%)	RMB	149.48	121.23	78.51
	Foreign currency	2,727.71	3,426.17	622.10
Loan migration ratio (%)	Pass	1.81	2.72	3.28
	Special mention	18.07	25.56	31.80
	Substandard	54.34	48.65	66.71
	Doubtful	66.25	14.18	17.21

Management Discussions and Analysis

Notes:

- (1) Liquidity ratio is an indicator of the Group, which is calculated in accordance with the regulatory requirements of NFRA.
- (2) Loan migration ratio is an indicator of the Group, which is calculated in accordance with the regulatory requirements of NFRA.
- (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.

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 2023	31 December 2022
Credit related commitments	64,219,441	80,785,626
Of which:		
Irrevocable loan commitments	3,159	6,503
Bank acceptance bill	48,207,232	63,443,174
Issuance of letters of guarantee	1,407,780	1,941,292
Issuance of letters of credit	7,473,000	7,461,030
Trade finance confirmation	1,068,790	351,490
Unused credit card limits	6,059,480	7,582,137
Capital expenditure commitments	132,114	237,981
Total	64,351,555	81,023,607

7.5.3 Cash Flows

In 2023, the net cash flows from operating activities of the Group were RMB4.449 billion, and the net inflow decreased by RMB862 million as compared with the previous year. The net cash flows from investing activities were RMB-20.977 billion, and the net outflow increased by RMB8.084 billion as compared with the previous year, primarily due to the increase in cash paid for investment; the net cash flows from financing activities were RMB16.320 billion, and the net inflow increased by RMB6.375 billion as compared with the previous year, primarily due to the decrease in cash paid to redeem other equity instruments.

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	74,942,136	–	531,728	(62,513)	94,175,349
Financial assets and financial liabilities at FVPL	28,729,253	115,941	–	–	27,125,939
Loans and advances to customers at FVOCI	47,285,310	–	11,585	18,016	44,852,396
Total	150,956,699	115,941	543,313	(44,497)	166,153,684

Note: 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.

Management Discussions and Analysis

7.6 Business Overview

7.6.1 Corporate Banking Business

During the Reporting Period, the Bank deeply engaged in key national strategies, and built scenario-based finance and support key industries through focusing on industrial clusters and expanding cooperation channels. Meantime, The Bank enhanced its customer service capabilities, deepened a series of strategic cooperation, seized development opportunities and steadily promoted the high-quality development of our business.

Implementing major strategies to assist in deepening the solid construction of Chengdu and Chongqing. Focusing on the “ten initiatives”, we promoted the construction of the Chengdu-Chongqing Economic Circle in depth and solidity, and provided financial guarantee for the implementation of major national strategies at the local level. Throughout the year, we provided credit support for Chengdu-Chongqing region, with a total amount of over RMB130 billion. Focusing on function platforms and industrial cooperation demonstration parks in surrounding regions and major projects jointly developed by Sichuan and Chongqing to launch “targeted” initiatives, we held over 50 financial service promotion events in the Chengdu-Chongqing region, providing face-to-face product explanations and point-to-point exchange of needs, and offering credit support exceeding RMB40 billion to six industrial clusters such as IT.

Focusing on key industrial clusters and improving the quality and efficiency of serving the real economy. Focusing on “33618” modern manufacturing industry clusters of Chongqing, we focused on the upgrade of Chongqing’s manufacturing industry to “high-end, intelligent and green”, supporting the high-quality development of the real economy with quality financial services. Thus, we were awarded the “Contribution Award for Financial Services Manufacturing Industry” in Chongqing. We strengthened the top-level design and deployed at a higher level. By closely following the action direction of the high-quality development of Chongqing’s manufacturing industry, we have introduced the “Implementation Plan for Supporting the High-quality Development of the Manufacturing Industry” (《支持製造業高質量發展實施方案》). We were fully committed to facilitating the construction of a modern manufacturing cluster system through the comprehensive implementation of the “five projects” including integrated development and upgrading, market entity cultivation, product and service upgrading, digital empowerment enhancement and professional capacity building. We strengthened product innovation and enriched service methods. In view of the pain points, difficulties and bottlenecks of financing for the manufacturing industry, we innovated a series of Zirong products such as “Zirong Investment Promotion Loan” (智融招商貸) and “Zirong Technological Transformation Loan” (智融技改貸), to address the contradiction of long-run use of short-term loans for manufacturing enterprises and improve their availability and convenience of loans. We optimized the assessment mechanism to enhance endogenous motivation. We gave a preferential policy resources support to credit investment, internal pricing, performance appraisal and liability exemption for due diligence.

Deepening the expansion of business channels and promoting the stable growth of the corporate deposits. We comprehensively implemented the “7 existing scenarios+1 digital RMB scenario” marketing to meet the specified needs of the market. We focused on creating a standardized and systematic livelihood scenario construction based on the payment system, building a collaborative and closed scenario ecosystem. We actively implemented the digital Chongqing strategy, achieved the digital online operation of corporate deposit products, effectively empowered market expansion and business marketing, and promoted the intelligent development of deposit business, enhancing its customer service capabilities and levels.

Promoting intelligent hierarchical management to increase the value of customer bases. Leveraging digital tools such as the ECRM system, we enhanced the intelligence of customer hierarchical management, and matched targeted and differentiated financial service solutions for different customers, so as to enhance the ability to provide comprehensive services to customers and promote the upgrading of customers’ financial service experience. The number of strategic customers increased by 13.4% as compared with the beginning of the year, the number of key and potential customers increased by 18.6% as compared with the beginning of the year, and the deposits of strategic, key and potential customers increased by nearly RMB10 billion as compared with the end of the previous year, with an increase of 5.6%. The expansion, increase, and enhancement of customer marketing have further elevated the level of refined management.

As at 31 December 2023, balance of the Group’s loans and advances to corporate entities (including discount of bills) amounted to RMB295.25 billion, representing an increase of RMB39.227 billion or 15.32% as compared with the end of the previous year. Balance of corporate deposits (excluding cash deposits) amounted to RMB193.815 billion, representing an increase of RMB427 million or 0.22% as compared with the end of the previous year.

Management Discussions and Analysis

7.6.2 Inclusive Finance Business

During the Reporting Period, the Group deeply penetrated into key areas including small and micro enterprises and the rural revitalization, thus further promoting the expansion of inclusive financial services and the improvement of quality and efficiency. 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 5 branch institutions and in 43 directly sub-branches (department) in Chongqing to provide the inclusive SME business. As at 31 December 2023, according to the national statistic standards, the balance of our small and micro enterprise loans amounted to RMB114.225 billion, representing an increase of RMB17.407 billion as compared with the end of the previous year. According to the statistic standards under “Two Increases” policy, our inclusive small and micro enterprise loans with an individual lending amount of below RMB10 million recorded a balance of RMB50.246 billion, representing an increase of RMB6.627 billion as compared with the end of the previous year, and the number of loan customers was 57,889, increasing by 3,488 as compared with the end of the previous year. The weighted average interest rate of loans issued in the current year was 4.26%, which continuously met CBIRC’s regulatory requirements for “two increases and two controls”.

Strengthening service supply and improving the quality of inclusive financial services. In order to diversify its service offerings, the Bank developed and launched products such as “Running Loan” for settlement accounts to loanholders, “Chongqing Trade Loan” for small and medium-sized commercial enterprises, “Communication Chain Quick Loan” for telecommunications distributors, and “New Agricultural Loan” for new agricultural operating entities. Meantime, the Bank leveraged the advantages of an agile team for scenario-based batch business of inclusive finance, and relied on the common characteristics of industry segments, operation mode and market channels of inclusive customer groups to customize financial service solutions such as “Merchant Credit Loan” and “Industry Development Loan” in batches to improve the availability and coverage of inclusive finance. In order to optimize its service structure, the Bank focused on the financing needs of “non-debtors” to increase the amount of initial loan granting, and enhanced the exploration and utilization of customer credit information to increase credit loan granting. The Bank optimized interest rate pricing, improved the scientificity and accuracy of pricing based on the loan prime rate (LPR) and the characteristics of small and micro enterprise customer groups. In order to strictly control risks, the Bank reinforced the “three inspections” management before, during and after the loan, enhanced the risk identification, early warning and treatment, and with a focus on reinforcing the management of the authenticity of lenders’ identities, purposes and whereabouts of loans, effectively controlled loan risks.

Strengthening the docking of services and improving the effectiveness of inclusive financial services. In order to support scientific and technological innovation, the Bank developed and implemented the Special Work Plan for the Development of “Financial Technology”, focusing on key areas such as high-tech enterprises, technology-based enterprises and modern manufacturing industry, and launched “Specialized, Refined, Special and Novel Credit Loan” (專精特新信用貸) and “Haoqi IP Loan” (好企知產貸) and other products to facilitate the technological innovation and development of technologically innovative small and micro enterprises and other small and micro enterprises. In order to support cultural tourism, the Bank formulated and implemented the Implementation Plan of Financial Support for High-quality Development of the Cultural and Tourism Industry, launching “Cultural Tourism Loan” (文旅貸), “Cultural Tourism Assistance Loan” (文旅助力貸) and other products to promote the relief and development of the cultural tourism industry, expand domestic demand and stabilize employment. In order to support private enterprises, the Bank and the Chongqing Federation of Industry and Commerce jointly held the “Conference on Promoting the High-quality Development of the Private Economy”, which formulated and implemented the Work Plan for Promoting the High-quality Development of the Private Economy, and launched “Relief and Assistance Loan” (紓困扶持貸), “Hao Qi Dai” (好企貸) and other products to expand the effective financial supply to private enterprises, individual industrial and commercial households and other key areas of the private economy.

Improving service capabilities and enhancing development momentum of inclusive finance. Focusing on special topics such as the emerging industries and rural revitalization, the Bank strengthened and conducted investigations and research on market entities, scientific research institutes, chambers of commerce and associations. The Bank improved its policies and mechanisms, carried out the activities of “practical and pioneering spirits and competitive attitudes” (唯實爭先、賽馬比拼), implemented special training on “Huiyu Growth” (鑄渝成長), and strived to enhance the security, willingness, capability and capacity of lending. The Bank strengthened digital development by innovating a “remote auxiliary adjustment” system, which realized “one person on site, one person in the bank” remote joint operation in the form of video, improved the efficiency of on-site investigation, and innovated “bank-in-charge direct connection” mode, creating a digital and intelligent banking cooperation interaction system. The Bank strengthened brand promotion, created a brand of “Huiyu Financial Service” and “Hui Bao Bao” (鑄寶寶) IP image, and held the live broadcast event of “Pu Xiao Wei•Hui Baiye” series (“普小微•鑄百業”系列). The Bank enhanced policy dividends and made full use of support policies such as refinancing loan, refinancing funds, incentives for incremental support tools for inclusive small and micro loans and value-added tax reduction and exemption on interest income.

Management Discussions and Analysis

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 promoted and marketed special time deposit products including “Xing Fu Cun” (幸福存) and “Meng Xiang Cun” (夢想存), and built the unified payment management platform of “Ju Cai Fu” (聚財付), to create a new ecology of card usage, and promote the growth of savings deposits and the decline of interest costs. **Secondly**, the Bank further consolidated its customer base. The Bank was committed to exploring and enhancing the value of the “elderly customer bases”, “agency payment customer bases” and “VIP customer bases”. The Bank actively explored models to deepen financial services, enhancing the county-level financial service capabilities. **Thirdly**, the Bank vigorously developed people-friendly financial service scenarios, continued to optimize the experience of users, developed a “payment +” ecosystem with organic linkage between banks, merchants and customers covering food, shopping, house and entertainment and other high-frequency 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 improved the development speed of self-operated digital consumption loan, enriched the connotation of “Jie e Dai (捷 e 貸)”, and continued to expand the scale of loans and loan customer bases to achieve the process reengineering of the technology system. **Secondly**, the Bank carried out the housing loan business in a steady manner and improved the efficiency of product operation through the establishment of a housing loan agile team and other measures to actively meet the financing needs of buyers for the first house and the improved house. **Thirdly**, the Bank strengthened the digital infrastructure construction for consumption credit, iterated the framework of the “Star Chain Smart Marketing Platform” (星鏈智慧營銷平台) to help customers refine their hierarchical marketing; upgraded the customer-level risk management level of the “Insight Smart Risk Control System” (火眼智慧風控體系), and promoted the intelligent and online collection management and write-off loan litigation.

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, forming a comprehensive product system including characteristic deposit, bank wealth management, fund, insurance, and trust plan; selected and supplemented high-quality cooperative institutions to further diversify its products for agency sales. **Secondly**, the Bank established a “layered, group-based and hierarchical” management system for customers, and implemented targeted “profiling”, maintenance and marketing for customers, so as to promote the upgrade of “customer service” to “customer management”. **Thirdly**, the Bank launched the four value-added services featuring “sound health, exclusive travel, enjoyable education and entertaining life” (安享健康、尊享出行、樂享教育、悅享生活), providing value-added services such as airport VIP lounges, high-speed rail VIP lounges and health check-ups for VIP customers, so as to enhance customers’ satisfaction, loyalty and contribution through meticulous maintenance and considerate services.

In terms of bank cards, the Bank continued to diversify the consumption, settlement and other scenarios of bank cards, leveraging the customer acquisition model of merchants and customers linkage to expand customer acquisition channels, reducing customer acquisition costs, and enriching the card usage environment. In terms of debit cards, the Bank continued to increase the types of bank cards and issued special card types including 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 credit cards, the Bank launched the “Xing Fu Card” (幸福卡) product for young customer bases of new citizens and focused on meeting the financial consumption needs of new citizens, thus continuously enhancing the competitiveness of products; through reinforcing the linkage between the head office and branches, the Bank carried out the cross marketing and diversified marketing activities in combination with the needs of residents for cultural and tourism consumption to effectively promote the increase both in the asset scale of credit cards and in the number of cards issued.

As of 31 December 2023, the balance of personal deposits of the Group was RMB200.965 billion, representing an increase of RMB33.742 billion or 20.18% as compared with the end of last year, and the market share in Chongqing continued to increase. The Group’s balance of personal consumer loans (including personal consumer loans, mortgage loans and credit card advances) was RMB72.422 billion, representing an increase of RMB0.267 billion as compared with the end of last year. The total number of issued debit cards increased by 383,400 to 5,351,300 as compared with the end of the previous year, and the transaction volume during the Reporting Period amounted to RMB20.9 billion. The total number of credit cards issued increased by 31,200 to 463,900 as compared with the end of the previous year, and the balance of credit card advances increased by RMB2.231 billion to RMB22.325 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 macro trend, strengthened the research and judgment on the market, and adhered to a prudent investment strategy. The Bank optimized the diversified allocation of assets and grasped the pace of transactions to enhance profitability. Through expanding liability channels, the Bank adjusted its product and maturity structure in a flexible manner to strengthen liquidity and market risk management and achieve balanced development in scale, efficiency and asset quality of its financial market business.

Continuously optimizing the investment structure of bonds to promote steady growth in scale. The Bank deeply supported the construction of the Chengdu-Chongqing Economic Circle, the new land-sea channel in China’s western region and other major national strategies. Through optimizing the structure of bond investment products, the Bank further improved the anti-risk capability of the bond portfolio.

Steadily improving the investment research and transaction capabilities. The Bank focused on the construction of bond trading capabilities and investment research capabilities, optimized its investment strategies in a dynamic manner and grasp the pace of trading. As such, the trading activity, market influence and revenue contribution recorded stable growth. The Bank was awarded the “Top 100 Self-operated Settlers” (bond trading and investment category) by China Central Depository & Clearing Co., Ltd. for three consecutive years.

Management Discussions and Analysis

Continuously strengthening the inter-bank cooperation. The Bank expanded the channels for inter-bank cooperation and built an inter-bank financial ecosystem and strengthened extensive cooperation among inter-bank customers to continuously expand its interbank customer bases. Meanwhile, the Bank enriched liability financing channels, improving its liability stability.

7.6.5 Asset Management Business

During the Reporting Period, the Bank focused on enhancing its active management capabilities, with its asset management business sustaining a compliant and steady development.

Making every effort to improve the levels of internal control. During the Reporting Period, in accordance with regulatory requirements, the Bank strengthened the construction of institutional systems, standardized product investment operation processes, carried out internal and external compliance audits to continuously improve its business compliance and transform and optimize business systems, as well as strengthened financial technology support.

Making efforts to strengthen investment and research capacity building. During the Reporting Period, the Bank further strengthened its management on product net value by continuous product stress testing and liquidity risk monitoring, continuously improved investment research and transaction capabilities, optimized and improved asset structure, realized diversified allocation, and maintained stable income of wealth management products and further enhanced the competitiveness of its market.

Doing a good job in cultivating investors. During the Reporting Period, the Bank popularized and publicized the features of net worth products through various channels such as online and offline, strengthened the business skills training of front-line sales staff, improved the professionalism of the sales force, and actively carried out customer marketing and expansion, resulting in the increasingly consolidation of the customer base, further enhancement of product competitiveness, and a steady increase in the scale of wealth management products.

7.6.6 Investment Banking Business

During the Reporting Period, the Bank deeply implemented the new development philosophy, focused on the national strategies 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.

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 2023, the Bank ranked 2nd and 5th respectively 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, rising by 3 and 8 places respectively as compared with 2022, with a total of underwriting amount exceeding RMB10 billion throughout the year. In January 2024, the Bank has been awarded the “Bond Underwriting Improvement Award (Banking Category)” in the selection of “Best Investment Banks” by Wind for two consecutive years.

Speeding up the improvement of the business system. Riding on opportunities in the investment banking market, the Bank further improved the strategic layout of businesses. During the Reporting Period, the Bank became a core dealer and issuing institution of credit risk mitigation warrants (CRMW) and credit-linked notes (CLN), which is of significance in enriching credit risk management tools, carrying out credit derivatives trading, deepening the synergy of bond financing services, and enhancing its bond underwriting service capabilities. The Bank has been promoted to be an independent lead underwriter for debt financing instruments of non-financial institutions in the China interbank market, expanding its business from the local area to Chongqing, Sichuan, Shaanxi and Guizhou, and achieving full coverage of its business areas. In the year, the Bank successfully implemented the first non-local bond underwriting business in Shaanxi. During the Reporting Period, the Bank also explored the promotion of corporate bond project arranger business to expanded the business scope.

Accelerating the consolidation of customer base. 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 contracting process. In the undertaking process, the Bank actively played the role of lead underwriter, and served as the lead underwriter for 13 projects with a total of RMB21.9 billion in 2023, representing an increase of 18.18% and 52.08% as compared with 2022. In the issuance process, the Bank adhered to optimize sales channels and actively assumed the role of bookrunner, with 58 core investor partners participating in the underwriting projects led by the Bank on a regular basis in the year.

Comprehensively deepening the business linkage. The Bank further promoted the linkage between the head office and branches, among front, middle and back offices, and among business lines. As for the linkage between the head office and branches, branches focused on overall customer relationship maintenance and early identification of business opportunities, and the investment banking department focused on dynamic market strategy coordination and whole process operation of specific projects, and meanwhile, leveraged bond underwriting to improve deposit attraction and significantly increased the size of proceeds from the issuance under supervision. As for the linkage among front, middle and back offices, an extremely agile “Bank of Chongqing speed” for bond underwriting was created. As for the linkage among business lines, the Bank integrated investment banking business into a package of customer financial services, achieving an overall planning and marketing strategy, so as to consolidate the foundation of investment banking business.

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 further promoted the transformation of its service model to the “customer-centered” one, in a more advanced and proactive approach. In 2023, the Bank visited customers for a total of 156 times. With a more open and positive attitude, the Bank promoted the transformation of operation model to an “open consortium”, and built an investment banking business cooperation platform of “led by Bank of Chongqing, joint development, openness and sharing, and mutual benefit”.

Management Discussions and Analysis

7.6.7 Trade Finance Business

During the Reporting Period, the Bank actively served the construction of the Chengdu-Chongqing Economic Circle and the new land-sea channel in western China in line with the basic tone of seeking progress while maintaining stability, promoting the high-quality development of trade finance business.

The Chengdu-Chongqing Economic Circle helped us well-positioned with initiatives. The Bank actively invested in the first Japanese yen bonds in the Chengdu-Chongqing region, explored and made breakthroughs in non-USD currency-dominated investments, and increased comprehensive income through Japanese yen swaps. During the Reporting Period, the foreign currency bonds invested in the Chengdu-Chongqing Economic Circle were worth approximately RMB600 million. The cross-border settlement in the two cities exceeded US\$2 billion, and the accumulated amount of on-balance sheet and off-balance sheet trade financing exceeded RMB10 billion. The Bank actively promoted exchanges and cooperation with peers in the financial sector in the cities by building cooperation platforms with Bank of Sichuan, Bank of Chengdu and Chengdu Rural Commercial Bank to carry out comprehensive cooperation in multiple fields.

The service of the new land-sea channel in western China has accelerated. By adding 11 new agency banks, the agency bank network covers five continents, connects 19 countries and regions along the new land-sea channel in western China, and can provide settlement and exchange services in 10 currencies including Singapore dollar and Thai baht. The Bank handled financing under railway waybills and opened up financial service channels for railway waybills. The Bank launched exclusive exchange rate hedging products for the new land-sea channel in western China, successfully implementing the Singapore dollar forward business, and became the first local corporate bank in Chongqing to have implemented Singapore dollar to RMB agency derivatives business. Using the risk compensation fund pool of the “Chongqing Trade Loan” of the Commerce Commission, the Bank provided financing support to enterprises for their new foreign trade business modes such as cross-border e-commerce and market procurement trade. It actively hosted the Fifth China-Singapore Financial Summit Forum on Financial Services for Railway Bill, and was invited to participate in the 2023 New Land-sea Channel International Logistics Expo, which received good social response.

The Bank made the first move in opening up and innovation. It became the first local corporate bank in the city to be approved for the pilot project of facilitation of foreign exchange receipts and payments for trade in services, effectively enhancing the sense of access to facilitated financial services for enterprises. By launching the SWIFT GO small-amount straight-through cross-border settlement service, the Bank became the first financial institution in the central and western regions to provide small and micro enterprises with lower prices and faster cross-border settlement services. The first foreign currency bonds repurchase offer business was successfully launched to support enterprises in optimizing their financing structure. The Bank added the Thai baht settlement currency and became the first corporate bank in the city to provide Thai baht settlement business on behalf of customers.

7.6.8 Financial Technology

The Bank attached great importance to the development strategy of financial technology, and continuously implemented the strategic tasks of “technological empowerment” for digital Bank of Chongqing. With focus on “enhancing scientific and technological innovation capabilities, and improving technology compliance management”, the Bank deepened the implementation of the strategic plan for information technology during the 14th Five-Year Plan period, further implemented the strategic layout of “1+3+10” financial technology development, and constantly explored cutting-edge technologies and enhanced independent innovation to promote the continuous development of its technological innovation. In 2023, the total technology investment of the Bank was RMB0.48 billion.

Creating a culture of digital innovation and invigorating the application of financial technology. Centering on the selection, cultivation, retention and use of technological and innovative talents, the Bank established and improved relevant supporting talent management mechanisms, the Bank focused on introducing professionals in introducing professionals in artificial intelligence, data analysis and information security, and continuously optimized the structure of professionals of its financial technology team. The Bank successfully introduced one postdoctoral fellow, with a master's degree or above accounting for 28.06%, representing an increase of 4.11% as compared with 2022. In line with corporate culture of “working together for shared growth” (心相伴·共成長), the Bank carried out a series of themed trainings, created an “engineer culture” for the science and technology team featuring innovation, dedication, responsibility and collaboration, and adopted multiple measures to invigorate the development of the science and technology team.

Deepening the research on cutting-edge technologies and intensifying the innovation in financial technology. By pushing ahead with the development strategy of scientific and technological innovation, the Bank promoted the application innovation of information technology in an orderly manner, with continuous improvement in autonomous and controllable capabilities, enhanced the use of cloud computing and distributed databases, and carried out the research on and expanded the reserve of new technologies, new concepts and new models. Leveraging five core capabilities of artificial intelligence, the Bank completed 47 OCR customized models, added 56 RPA scenarios, and implemented 4 types of business scenarios such as remote dual recording and remote contract signing to boost its business development and unleash human resources undertaking complex operations. The Bank promoted the construction of corporate-level data lake and data warehouse, and enhanced the scientific and technological services with digital means, so as to invigorate the development of front-line operations.

Consolidating the foundation of financial technology and enhancing business assurance. The Bank strengthened the construction of standardized operation and maintenance of central computer rooms. The main data center was granted the L3 (enhanced) level certificate for infrastructure operation and maintenance evaluation by the China Quality Certification Center, becoming the second banking data center in the country to win this honor. The Shuitu intra-city data center has successfully achieved the same level of capacity expansion, laying a foundation for continued improvement of intra-city disaster recovery capabilities. The Bank built new infrastructure fundamentals and deployed the “Bank of Chongqing PaaS cloud platform” to effectively consolidate infrastructure capabilities.

Strengthening the quality and efficiency of internal management and increasing operation capabilities of technologies. The Bank carried out the verification of security policy effectiveness and the construction of evaluation system to strengthen information security management. The Bank built an information technology compliance management grid position and an information technology compliance digital knowledge base. The Bank completed the construction of a technology outsourcing management platform and promoted the digital transformation of outsourcing management. The Bank continued to build capabilities of intra-city applications active and off-site data-level disaster recovery, and expanded the scope of protection based on full coverage of important information systems. The Bank carried out emergency drills to effectively improve business continuity assurance. A mobile APP intelligent testing laboratory was built to further consolidate the lean and innovative quality management system.

Management Discussions and Analysis

7.6.9 Digital Transformation

During the Reporting Period, the Bank always focused its digital transformation on, promoting the development of the real economy and the implementation of major strategies, and continuously and effectively empowering its high-quality development and front-line business expansion.

Firstly, a Digital Strategy Committee was established to deepen and coordinate the transformation work of the entire bank. The Bank arranged a new round of digital transformation plan based on the spirit of the Central Financial Work Conference, and formulated the “Work Plan for Implementing the Spirit of the Conference on Building Digital Chongqing” in accordance with the requirements of building Digital Chongqing, which guided the upgrade of the Bank’s digital development. During the Reporting Period, the Bank ranked first among the city’s Corporate Standard Leader with four standards; one project was included in the innovative application of the financial technology innovation supervision tools of the PBOC, making it the first local corporate bank in the country to be selected for four consecutive years and the first in terms of cumulative number of selections in Chongqing.

Secondly, the data asset management capabilities have been improved in quality and efficiency and recognized by authoritative institutions again. Adhering to the concept of “intelligent integration and communication” (智融慧通), the Bank managed and made good use of data assets. Together with the Chongqing Big Data Application and Development Administration and Jinyu.com, the Bank launched the first batch of pilot projects for government data, introducing 44 data sources and 270 foreign data services. The “Kanyun” (瞰雲) data portal has released the first data assets on a trial basis, initially enabling “one account” browsing of data assets, “one-stop” use for data analysis, and “one-package” application for data permissions. The pilot flow analysis scenario covered more than 30 branches and provided insights into corporate customers on the capital loss concern list, empowering front-line low-cost capital retention.

Thirdly, digital credit accelerated innovation in segmented scenarios and strengthened support for inclusive entities. The Bank further sank the inclusive customer base and innovated products for segmented scenarios. The Bank obtained access to social security data to develop “Hao Qi Wen Gang Dai” (好企穩崗貸) to help stabilize enterprises and employment; launched “Panxi Market Loan” (盤溪市場貸) and designed “Shuangfu Market Loan” (雙福市場貸) to empower inclusive financial specialized institutions to expand small business credit centers; launched “Hao Qi Ke Chuang Dai” (好企科創貸) to help other areas’ branches expand their customer base for technological innovations. The Bank built the “Xinghan Intelligent Decision-making” (星瀚智策), a digital credit self-research and decision-making platform, to continuously consolidate the foundation of digital credit business scenarios. Through exploring the “multi-tenant management” model, such decision-making platform has supported the operation of multiple scenario products in digital credit, credit cards, inclusive specialized institutions and consumer finance. During the Reporting Period, a total of 4 brands and 16 key products in the digital credit inclusive product system were put into operation in the market, with a cumulative investment amount of RMB46.44 billion, and a balance of RMB13.65 billion.

Fourthly, the Bank deepened the development of “Intelligent Camp for Industry and Research” (產研智營) platform to empower a new track in industrial finance. In line with major strategies such as the Chengdu-Chongqing Economic Circle, and the new land-sea channel in western China and “33618”, the Bank focused on new energy vehicles, electronic information, intelligent manufacturing, green ESG, technological innovation and other sub-industries, and continued to improve the “Intelligent Camp for Industry and Research” digital profiling analysis capabilities, empowering industrial marketing to corporate customers. New energy vehicle model analysis was launched, and a list of thousands of companies was pushed to branches and sub-branches, of them 81 companies were in the process of credit. The Bank issued and updated special research reports on 8 key industries and a list of companies in the region around “33618”; explored more than 2,000 companies along the new land-sea channel in western China, empowering front-line to carry out special marketing.

Fifthly, the Bank enhanced the concept of overall intelligent governance and explored the marketing process reengineering of the business system. The Bank used the methodology of building Digital Chongqing to sort out the core business of each line. Based on the “Yuying (渝鷹) + Bashi” mobile business management platform, the Bank explored a mobile integration of handheld operational tools in corporate, retail, inclusive and risk business areas, to create unified interface standards and reshape work processes and mechanism. During the Reporting Period, “Yuying” supported frontline account managers reaching a total of 2,446,800 customer and had 7,972,400 inquiries, representing an increase of 78.12% and 42.68% respectively as compared with the previous year. “Bashi” mobile business platform recorded a total of 781.1 thousand transactions and opened 91.300 thousand personal accounts, representing an increase of 73.40% and 62.71% respectively as compared with the previous year.

Sixthly, the Bank implemented data-driven marketing strategies and strengthened targeted customer services. The Bank launched mobile banking 6.0, covering more than 110 businesses including deposits, loans, remittances, wealth management and credit cards. By establishing a digital operation system and based on more than 1,400 customer tags, the Bank relied on the customer profiling and business opportunity insight capabilities of “Yunfan” (雲帆) digital operation platform to empower branches in accurate customer acquisition and customer activation. The Bank issued a list for tapping more than 300,000 potential retail customers. It supported the issuance of marketing cards and coupons for 120,000 people, and launched a digital hall for gift collection, with 75,000 people receiving the same, improving the quality and efficiency of front-line customer services. The Bank completed local deployment of the service account on WeChat Work, laying a solid foundation for the next stage of linked marketing of business systems.

Management Discussions and Analysis

7.6.10 Service channels

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 2023, the Bank operated and expanded its business and marketed its financial products and services through 183 sub-units, including the business department of its Head Office, its small enterprise loan center, five primary branches, 189 self-service banking centers, 360 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 2023, the Bank had 2,174.4 thousand mobile banking personal customers, representing an increase of 399.7 thousand as compared with the end of the previous year; the total number of transactions by mobile banking personal customers was 9,978.3 thousand, representing an increase of 2,304.9 thousand as compared with the same period of the previous year; the total transaction amount was RMB254.36 billion, representing an increase of RMB23.874 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 97.54%.

Online banking

The Bank had 41.1 thousand online banking corporate customers, representing an increase of 4.4 thousand as compared with the end of the previous year; the total number of transactions was 3,614.7 thousand, representing an increase of 234.2 thousand as compared with the same period of the previous year; the total transaction amount was RMB776.59 billion, representing an increase of RMB261.39 billion as compared with the same period of the previous year. The Bank had 2.1509 million personal online banking customers, representing an increase of 396.3 thousand as compared with the end of the previous year; the total number of transactions was 361 thousand, representing an increase of 14.5 thousand as compared with the same period of the previous year; the total transaction amount was RMB19.807 billion, representing an increase of RMB884 million 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. Through building a digital confirmation platform and applying OCR+RPA technology, the Bank achieved automated, online, and intensive business process, so as to effectively improve service capabilities and business processing efficiency. Meantime, the Bank continued to optimize account services, a fast track for small and micro enterprises which gave them priority in terms of account opening and approval and provided convenient account opening services, to effectively meet the urgent needs of account opening and fund transfer for small and micro enterprises and migrant workers. The Bank is well-positioned for handling “all things after the death of a citizen”. As one of the first six pilot banks in Chongqing, the Bank carried out inter-bank inquiry services for the bank account information of deceased individuals to facilitate the public’s access to the account information of deceased relatives, simplifying the withdrawal of small deposits from deceased depositors. The process of “handling all things at a time” effectively addressed the difficulties and worries of the people.

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 RMB40.640 billion, the total liabilities of RMB35.818 billion, and the total owner’s equity of RMB4.822 billion. Its net profit was RMB615 million for the Reporting Period.

Management Discussions and Analysis

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 RMB860 million, the total liabilities of RMB736 million, and the total owner’s equity of RMB124 million. Its net profit was RMB88,400 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.

Adhering to the class-based credit policy. While continuously supporting the real economy, the Bank focused on modern manufacturing, green finance, the construction of the Chengdu-Chongqing Economic Circle and the new land-sea channel in western China, the integrated development of domestic and foreign trade, inclusive finance for rural revitalization, and financing needs of new citizens and new consumers, with a view to providing effective financing support for the real economy. The Bank provided targeted credit with appropriate intensity, and promoted the continuous optimization of credit structure.

Conducting forward-looking judgments on the change of risks. Based on its judgment on material risks, the Bank strengthened the prediction on the change of credit risks for different customers, industries and regions. Leveraging its internal rating on customers, the Bank has established a closed-loop management covering rating updates, rating warnings, post-loan monitoring and impairment provision, and incorporated the concept of forward-looking risk management into the whole process of granting credit.

Strengthening post-loan management. The Bank intensified the daily supervision of collaterals to give play to their role in risk mitigation; and deepened the multi-dimensional dynamic risk monitoring covering different points, lines and areas, and further tightened up the network of on-site inspections and off-site monitoring, so as to enhance its capability in risk prediction, identify potential risks in a timely manner and take early countermeasures to resolve risks.

Management Discussions and Analysis

Collecting non-performing assets as far as possible. The Bank strengthened the planned management of non-performing assets, and formed a dynamic and orderly closed-loop management. The Bank continued to explore the new approach of “one policy for one category”, and efficiently applied the litigation strategy to guide practical actions; continuously expanded the disposal pathways to enhance the quality and efficiency of collection; and extended disposal channels relying on modern and digital means to identify the new growth space for asset value.

7.7.2 Management on operational risk

Operational risk refers to the risks of losses that may be incurred due to problematic internal procedures, staffing and information technology systems, as well as external events, including legal risk, but excluding strategic risk and reputational risk. Based on the principles of effectiveness prudence, comprehensiveness, coordination and 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, continuously strengthened risk control in key areas, improved business continuity management, and promoted standardized and scientific management of operational risk. Firstly, the Bank deepened the application of management tools for operational risk, conducted the operational risk and control self-assessment (RCSA), optimized the key risk indicators of operational risk, dynamically monitored key risk indicators, and continuously promoted the collection processes to collect operational risk incidents in a timely manner, which were regularly reported to the Board and the senior management. Secondly, the Bank continued to strengthen risk management and control in key areas. The head office continued to strengthen the supervision and inspection of branches with focus on key areas such as post-loan management and lending management, strengthened the remediation of weak links, and took multiple measures to enhance the quality and efficiency of management. Thirdly, the Bank built a business continuity management system, starting from the concept of full life cycle management of business continuity, and using an integrated technology management platform, achieved the standardized, digital and platform-based management of business continuity, and established a closed-loop management of business continuity.

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.

Management Discussions and Analysis

In 2023, the market liquidity remained reasonably sufficient, and the terminal interest rate showed “N”-shaped 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 2023							
Total financial assets	153,679,732	51,981,591	134,922,113	341,189,356	51,510,652	15,378,950	748,662,394
Total financial liabilities	(138,741,004)	(76,915,708)	(266,504,930)	(198,012,530)	(5,029,747)	(13,005,372)	(698,209,291)
Total interest rate sensitivity gap	14,938,728	(24,934,117)	(131,582,817)	143,176,826	46,480,905	2,373,578	50,453,103

(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

As at the end of 2023, the Group’s accumulated gap for all maturities amounted to RMB50,453 million, representing an increase of RMB7,981 million or 18.79% as compared to the end of the previous year.

Management Discussions and Analysis

Interest rate sensitivity analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of net interest income	
	31 December 2023	31 December 2022
+100 basis points parallel move in all yield curves	(558,057)	(367,150)
- 100 basis points parallel move in all yield curves	558,057	367,150

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of other comprehensive income	
	31 December 2023	31 December 2022
+100 basis points parallel move in all yield curves	(2,635,325)	(1,345,789)
- 100 basis points parallel move in all yield curves	2,793,471	1,401,640

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 2023					
Net position	47,390,248	1,509,919	3,196	1,549,740	50,453,103

(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

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 2023	31 December 2022
+1% upward change of foreign exchange rate	30,253	7,884
- 1% downward change of foreign exchange rate	(30,253)	(7,884)

7.7.4 Liquidity risk management

Liquidity risk refers to the risk of our 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 Group established a liquidity risk management governance framework, which defined the duties and reporting routes of the Board of Directors, the Risk Management Committee, the Board of Supervisors, the senior management, special committees and relevant departments in liquidity risk management, thus forming into a liquidity risk management framework subject to division of labor, clear responsibilities, and efficient operation.

During the Reporting Period, the Group continued to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and improved our capability in liquidity risk measurement and forecast and upgrade our liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk. Meanwhile, the Group also promoted the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity management through system construction and active application of scientific and technological means. The Group had liquidity risk measurement and monitoring mechanisms in place to conduct periodic audits over the Group's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the Group's assets and liabilities were managed in accordance with factors such as liquidity exposure, liquidity reserves, 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 2023 indicated that the liquidity risks remained within a controllable range even under stressful conditions. As at the end of 2023, all of the major regulatory indicators reflecting the Group's liquidity position met the regulatory requirements.

Management Discussions and Analysis

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of 2023, the liquidity gap of the Group calculated from our net assets and liabilities and classified according to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Within		1 to 3	3 to 12	1 to 5	Over	In perpetuity	Overdue	Total
	On demand	1 month	months	months	years	5 years			
31 December 2023	(80,597,910)	18,405,106	(25,025,846)	(125,318,936)	180,902,742	132,416,965	29,561,484	6,604,921	136,948,526
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	123,604,232

In 2023, the Group's cumulative gap for all maturities was RMB136,949 million, representing an increase of RMB13,344 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB80,598 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 the National Financial Regulatory Administration (國家金融監督管理總局最新流動性風險管理辦法) which was issued on 23 May 2018. As of 31 December 2023, the Group's liquidity coverage ratio was 277.49%, which was in compliance with the regulatory requirements of the NFRA.

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023	31 December 2022
Qualified high-quality liquid assets	132,623,032	103,015,750
Net cash outflow in the next 30 days	47,793,590	42,534,513
Liquidity coverage ratio (%)	277.49	242.19

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 2023, available and stable funds and required stable funds of the Group amounted to RMB455,040 million and RMB374,410 million, respectively, which met the regulatory requirement with the net stable funding ratio standing at 121.54%.

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

7.7.7 Compliance risk management

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

Management Discussions and Analysis

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 carried out the special program of “the Year for Building and Consolidating Compliance System” to continuously improve the compliance system, with a view to further enhancing the compliant management capabilities and level of the Bank. Secondly, the Bank carried out the activity of “the Year for Improving Internal Control and Compliance Management” to deepen the construction of the long-term mechanism for internal control and compliance and invigorate the internal vitality in risk prevention and control. Thirdly, the Bank amended and issued constitutional documents on rules and regulations to promote the establishment of a more scientific, systematic and rigorous system that meets the Bank’s operational management and internal control requirements. Fourthly, the Bank continuously implemented compliance risk monitoring, intensified the monitoring and improvement of vulnerabilities in business and management, and improved the compliance risk control level. 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 digital transformation as the core work, the Bank improved the anti-money laundering information security management system, intensified the accuracy of monitoring over suspicious transactions, and strengthened the supervision and inspection of anti-money laundering, so as to effectively improve the quality and efficiency of anti-money laundering.

Firstly, the Bank increased its expense in science and technology, and the digital transformation achieved initial results. The Bank built an anti-money laundering information security protection mechanism to realize the shift from “man-controlled” to “machine-controlled; carried out research on monitoring over suspicious transaction based on digital and intelligent analysis and application, and dug deep into knowledge graphs and machine learning technologies to formulate group-based money laundering risk monitoring plan based on associated knowledge graphs. The Bank improved the customer information management process by upgrading the anti-money laundering data governance function from “report prompt” to “task flow”, and changing “passive review” to “active early warning”.

Management Discussions and Analysis

Secondly, the Bank exerted multiple efforts and took practical measures to increase the accuracy of monitoring over suspicious transactions. The Bank followed up the situation of money-laundering crimes to evaluate and optimize monitoring models for existing suspicious transactions, and to increase the accuracy of system's early warnings. The Bank played the role of "sentinel" in preventing money laundering crimes, and reported more than 100 clues to the public security organs during the year to assist them in catching seven suspected criminals, with 20 letters of thanks/commendation received from such public security organs. With the initiatives of centralized screening personnel, the Bank dig out upstream criminal clues hidden in suspicious transactions and submitted multiple key suspicious transaction reports to the PBOC.

Thirdly, the Bank strengthened management and inspection to improve the execution of anti-money laundering internal controls. The Bank improved the anti-money laundering supervision mechanism and conducted rolling off-site inspections of the anti-money laundering of branches throughout the year; expanded the coverage of on-site inspections of anti-money laundering and conducted on-site inspections of 15 branches. The Bank reinforced the anti-money laundering management of village banks and guided them in formulation of annual plans, and sent personnel to village banks to provide on-site counseling and help increase the performance of money laundering risk prevention.

Fourthly, the Bank fostered an anti-money laundering culture and provided hierarchical and classified anti-money laundering training. The Bank invited anti-money laundering experts from third-party consulting companies to conduct training for senior management to clarify the direction of anti-money laundering. The Bank organized anti-money laundering staff in branches to conduct two anti-money laundering business trainings, and conducted intensive special training on suspicious transaction screening to improve practical capabilities; carried out all-staff anti-money laundering knowledge competition and essay contest, winning the first, second and third prizes in the 2023 anti-money laundering essay competition of the PBOC Chongqing Branch. Meanwhile, the Bank won the second prize in the collection of research papers on the topic of "crack down on new types of crimes in telecommunications networks" held by the Chongqing NFRA.

Fifthly, the Bank carried out education and publicity on multiple themes to create a good anti-money laundering social atmosphere. The Bank conducted anti-money laundering publicity month activities, and relying on the Bank's WeChat official account, launched six consecutive issues of "Illustration of Law with Cases: Broadcasting of Series of Cases for Understanding Money Laundering Crimes", and carried out activities such as "entering the community", "entering the enterprise", "entering the campus" and "entering the square" to popularize anti-money laundering knowledge. The Bank organized law popularization training on the Anti-Telecommunication Network Fraud Law (《反電信網絡詐騙法》), and produced "Nine Pictures to Help You Understand the Anti-Telecommunication Network Fraud Law" for online publicity, so that the general public can fully understand the legislative intention and policy measures. The Bank promoted its business outlets to carry out anti-drug propaganda and built a strong anti-drug defense line.

Management Discussions and Analysis

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 requirements.

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))》 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 the NFA'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 2023		31 December 2022	
	The Group	The Bank	The Group	The Bank
Net capital:				
Core Tier I Capital, net	51,003,470	46,859,678	45,694,215	41,868,553
Tier I Capital, net	58,208,408	53,859,272	50,375,870	46,367,953
Net capital	69,708,993	63,913,717	61,032,503	55,244,990
Capital adequacy ratio (%):				
Core Tier I Capital adequacy ratio	9.78	9.78	9.52	9.50
Tier I Capital adequacy ratio	11.16	11.24	10.50	10.52
Capital adequacy ratio	13.37	13.34	12.72	12.53

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023	31 December 2022
Core capital:		
Share capital	3,474,562	3,474,540
Counted part of capital surplus	8,881,694	7,146,506
Eligible portion of other equity instruments	1,071,670	1,071,690
Surplus reserve and general risk reserves	12,728,009	11,769,571
Counted part of retained earnings	23,762,205	21,374,805
Eligible portion of minority interests	1,540,079	1,366,915
Core Tier I Capital deductibles items:		
Full deductibles items	(454,749)	(360,048)
Threshold deduction items	–	(149,764)
Core Tier I Capital, net	51,003,470	45,694,215
Other Tier I Capital, net	7,204,938	4,681,655
Tier II Capital, net	11,500,585	10,656,633
Net capital	69,708,993	61,032,503
On-balance sheet risk-weighted assets	490,167,180	445,969,518
Off-balance sheet risk-weighted assets	3,049,656	7,812,787
Risk-weighted assets for exposure to counterparty credit risk	64,834	18,801
Total credit risk-weighted assets	493,281,670	453,801,106
Total market risk-weighted assets	2,551,278	311,761
Total operational risk-weighted assets	25,745,069	25,643,119
Total risk-weighted assets before applying capital base	521,578,017	479,755,986
Total risk-weighted assets after applying capital base	521,578,017	479,755,986
Core Tier I Capital adequacy ratio (%)	9.78	9.52
Tier I Capital adequacy ratio (%)	11.16	10.50
Capital adequacy ratio (%)	13.37	12.72

Management Discussions and Analysis

As of 31 December 2023, the Group's capital adequacy ratio was 13.37%, representing an increase of 0.65 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 11.16%, representing an increase of 0.66 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 9.78%, representing an increase of 0.26 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 2023 led to an increase of approximately RMB5.3 billion in net core tier I capital; (2) the issuance of new perpetual bonds in the amount of RMB2.5 billion during the year.

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》), 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 2023, the Group's leverage ratio was 7.13%, falling within regulatory requirements of the NFRA.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	31 December 2023	31 December 2022
Leverage ratio (%)	7.13	6.65
Tier I Capital	58,663,157	50,885,682
Deductions from Tier I Capital	454,749	509,813
Tier I Capital, net	58,208,408	50,375,869
On-balance sheet assets after adjustment	761,343,870	686,911,802
Off-balance sheet assets after adjustment	55,512,496	70,812,425
On-and off-balance sheet assets after adjustment	816,856,366	757,724,227

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 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 as planned. The bank has the right to redeem the bonds in March 2027.

In March 2022, the Bank publicly issued a total amount of RMB13.0 billion A Share Convertible Corporate Bonds at par with a par value of RMB100 each. The total number of A Share Convertible Corporate Bonds issued was 130.00 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-I 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 “13.3 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 4.70% 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 I capital. The Bank is entitled to redeem the bonds in December 2027.

In October 2023, the Bank publicly issued RMB2.5 billion undated capital bonds in the national interbank bond market, with the coupon rate of 4.5% 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 I capital. The Bank is entitled to redeem the bonds in October 2028.

7.8.4 Economic capital allocation and management

The Group’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 Group 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.

Management Discussions and Analysis

7.9 Environment and Outlook

7.9.1 Prospects for Macro Environment

In 2023, confronted with increasing complexity, severity and uncertainty of the external environment, and hardships such as insufficient internal effective demand, weak social expectations and numerous hidden risks, our country's economy withstood external pressure, overcame internal difficulties, and recorded a new level of economic strength. China's GDP exceeded RMB126 trillion, a year-on-year increase of 5.2% during the year. The basic trend of China's economic recovery and long-term uplift has not changed, and the factors and conditions supporting high-quality development are still gathering and increasing.

Looking forward to 2024, as fiscal, monetary, industrial, regional and other policy coordination continues to strengthen, the rebound and sound movement of economic operation will be further consolidated and enhanced. From a structural perspective, the manufacturing industry is expected to continue to pick up under the counter-cyclical and cross-cyclical macroeconomic policies, and the accelerated advancement of "three major real estate projects" is expected to create a new development model. As new consumption is cultivated and expanded, traditional consumption expands steadily, a virtuous cycle in which consumption and investment facilitate each other is expected to be formed. 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 pursuing steady progress while ensuring economic stability, promoting stability through promotion, establishing the new before abolishing the old, and stated that proactive fiscal policy and prudent monetary policy will continue to be implemented. Proactive fiscal policies will be appropriately intensified to improve quality and efficiency, and prudent monetary policies will be flexible, moderate, targeted and effective to maintain reasonable and sufficient liquidity, which will provide important support for the steady operation of our country's economy and the healthy development of banking industry.

In terms of regulatory environment, financial supervision will be fully strengthened, and efforts will be made to prevent and resolve financial risks, especially systemic risks. Continuously deepening financial reform and improving financial services and management will remain important goals of supervision.

In terms of industry landscape, high-quality development is still the consistent theme of commercial banks, and serving the real economy is still the fundamental purpose of commercial banks. The banking industry will effectively strengthen quality financial services for major strategies, key areas and vulnerabilities, improve technology finance, green finance, inclusive finance, pension finance and digital finance, and input more financial resources to technology innovation, advanced manufacturing, green development and micro, small and medium-sized enterprises. In terms of retail, the Bank will engage in distinctive operations based on service areas, paying more attention to the balance of "quantity", "price" and "quality", expand the coverage and convenience of the "scene + finance" ecosystem, and meet people's new needs for a better life.

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 in the upper reaches of the Yangtze River, Chongqing is brought significant development opportunities arising from national strategies including the Chengdu-Chongqing Economic Circle, the new land-sea channel in western China, the high-quality development of the Yangtze River Economic Belt, and the construction of national strategic hinterland. In 2023, Chongqing's economic aggregate exceeded RMB3 trillion for the first time, with a year-on-year growth of 6.1%. In 2024, Chongqing will accelerate the building of the "33618" modern manufacturing cluster system, iteratively upgrade the manufacturing industry structure, and strive to build an important national advanced manufacturing center. Regional development opportunities and supporting policies will provide broader room for the development of financial industry in the region.

7.9.2 Business Plan

2024 is the year for implementing the new deployment and new requirements of the central financial work. It is an important year for the in-depth advancement of the construction of a modern new Chongqing, as well as a year for the Group to make breakthroughs in reform. Our Group will closely align with strategic goals and tasks of reform and development, achieving "three stabilizations", promoting "three advancements", implementing "three optimizations", focusing on "three enhancements", and fostering "three upgrades" to fully drive the initiation and development of high-quality growth.

Achieving "three stabilizations". First, stabilizing the foundation of asset quality. The Bank will implement targeted strategies to orderly and prudently address key areas, regions, and significant existing credit risks. We will precisely support the reasonable financing needs of real estate projects and coordinate the risk prevention and control for "guaranteed delivery" projects. The Bank will conduct thorough analyses of emerging industries and focus on diversifying and controlling risks through group participation and joining consortia. We will pay attention to mismatched maturities and interest rate duration risks, strictly guarding against market and liquidity risks. Second, stabilizing the foundation of financial management. The Bank will continue to increase the allocation of credit assets, expand the installment business, and boost core income-generating assets; we aim to effectively improve investment returns, strengthen fund management and utilization, and minimize the occupancy of low-yield assets and non-interest-bearing funds. We will judiciously use monetary policy tools and bond issuance to effectively manage debt costs and continuously reduce deposit interest rates; we will enhance equity investment management to boost the value contribution of holding and participating companies to the Group. The Bank will intensify the disposition of non-performing assets to achieve recovery and profitability; we will fully utilize idle assets to reduce costs and improve efficiency; we will adhere to targeted credit solutions for key issues, with a customized resolution plan for each account and category, ensuring substantive resolution; we will increase assessments of institutions and responsible individuals on meeting non-performing control targets. Third, stabilizing the foundation of safe operation. The Bank will pay close attention to and effectively prevent new types of risks such as information technology, consumer protection complaints, online public sentiment, and unscrupulous intermediaries.

Management Discussions and Analysis

Promoting “three advancements”. First, advancement in serving the broader strategy. The Bank will closely align with major strategies such as the development of the Chengdu-Chongqing Economic Circle, the construction of the new land-sea channel in western China, the establishment of a financial center in western China, and the reform breakthroughs of “33618”, “Five Major Articles” (五篇大文章) and “Three Breakthroughs with One Revitalization” (三攻坚一盘活) to strengthen financial supply and enhance service quality and efficiency. Second, advancement in business scale. The Bank will accelerate the transformation towards real economy sectors and expand our real economy customer base. Seizing the opportunity presented by the “Five Major Articles,” we will push for the expansion and quality improvement of retail business, inclusive business, manufacturing loans, green loans, and digital credit. Third, advancement in profitability enhancement. The Bank will take advantage of the marketing peak season for early and substantial investments, continuously increasing the proportion of credit assets; we will expand the scope of interbank business investments to promote diversified asset allocation. The Bank will enhance the development of wealth management and agency services to increase service fees. We will make full use of its independent lead underwriter license to ensure rapid growth in business volume and fee income. The Bank will strengthen analysis and judgment of the situation and accurately capture market opportunities, improve bond trading, and increase investment returns; we will vigorously develop transaction banking services, exploring new investment and trading areas through diversified layout.

Implementing “three optimizations”. First, optimizing the volume-price coordination mechanism. The Bank will fine-tune comprehensive loan pricing, applying a “deposit + investment banking + public-private partnership” (存款+投行+公私聯動) comprehensive assessment for high-quality real enterprises, and deepening interest margin management. We will ensure policy coordination in performance assessment, fund pricing, and resource allocation; business coordination in products, services, optimizing the synergy between interest and fees, and business lines collaboration; market financing coordination in terms of the maturity and frequency of use of interbank funds; and debt channels coordination by increasing the use of policy tools such as re-lending and rediscounting. Second, optimizing the management process mechanism. The Bank will continuously improve the credit process, promoting a “three-level” transition to online, automated, and intelligent credit operations. We will persist in refining the approval process to further compress the time limits for loan review and pricing. We will keep optimizing the operational management process, promoting the efficient replacement of counter services with intelligent tools. Gradually, we will implement centralized authorization, centralized operations, and centralized inspections to accelerate the transformation towards more concentrated and intelligent business. Third, optimizing the authorization and credit mechanism. The Bank will steadfastly support strategic emerging industries, technology sectors, manufacturing, and clients in regions with strong industrial development and clear competitive advantages. Taking a customer-oriented approach, we will gather information through various channels including customer fund settlement, upstream and downstream industry chains, and personal financial management, to implement comprehensive credit and integrated management. We will enhance the authorization system, ensuring that authorization matches risk control capabilities, emphasizing the primary gatekeeping role and principal responsibility of operational institutions for business risk. Authorizations will be dynamically adjusted based on external regional economic conditions, fiscal strength, internal asset quality, asset size, and internal control assessments, etc.

Focusing on “three enhancements”. First, enhancing technological empowerment. The Bank will undertake the “one task” reform in marketing and business expansion, integrating and optimizing digital tools to clear bottlenecks and breakpoints throughout the entire process of acquiring, identifying, contacting, and activating customers. We will enable data retrieval for customer relationship management systems through the interoperability of core systems, credit systems, and mobile business platforms. The Bank will build and improve the intelligent risk control system, ensuring efficient transmission of various risk information across the head office and branches. We will continue to deepen the construction of core IT capabilities, enhance hardware infrastructure management, and further strengthen business continuity. Second, enhancing mechanism empowerment. Based on regional characteristics, institutional features, and transformation directions, the Bank will set differentiated assessment weights to promote the specialization and characteristic transformation of eligible institutions. We will improve the pertinence and timeliness of assessments, allowing for the penetration of key developmental basic business assessments to front-line employees. Third, enhancing Group empowerment. The Bank will fully leverage its strategic leadership advantage, strengthening strategic advocacy, execution, and assessment to build consensus in thought and action. We will continue to deepen consolidated management, providing support, services, and guarantees to subsidiaries and branches. The Bank will fully utilize its overall advantages by forming special teams, establishing joint mechanisms, etc., to enhance the optimization and allocation of resources, coordinate comprehensive marketing, and promote product development, risk resolution, and technological breakthroughs. The Bank will fully leverage organizational strengths to encourage proactive engagement, proactive services and front-line guidance by the headquarters departments.

Fostering “three upgrades”. First, upgrading the capability to serve customers. The Bank will strengthen customer segmentation and group management, optimizing and enriching a product system that better understands and meets customer needs in terms of access thresholds, usage scenarios, and credit limits. We will promote the acceleration of offline financial services “going online”, making the accessibility of products and services more efficient, convenient, and cost-effective. We will push for the online transformation of international settlements, guarantee services, etc., creating a digital product marketplace to improve customer experience. The Bank will enhance the construction of a layered service system and segmented management projects, perfecting the rights and points system. Second, upgrading the capability of the cadre and talent teams. The Bank will prioritize political standards, establish a correct orientation for selecting and employing personnel, and focus on cultivating and selecting cadres who are politically reliable and proficient in business. We will strengthen our internal training teams, enhance training course development, and implement a series of high-quality training projects. The Bank will increase efforts to cultivate and introduce scarce and specialized talents in investment banking, financial markets, digital technology, etc. We will enhance the comprehensive capabilities of frontline teams, implementing the job integration and fusion management of the counter staff and lobby personnel. The Bank will encourage marketing personnel to face the market and reach customers directly, continually improving the account management capabilities and comprehensive skills of customer managers. Third, upgrading comprehensive operational capabilities. The Bank will advance and perfect mechanisms for deposit and loan pricing, integrated operations, loan review and pricing for comprehensive accounting, and collaborative synergies, strengthening volumetric marketing, chain operations, and cross-selling. We will enhance comprehensive income assessment, integrating the promotion of multi-channel, multi-product, multi-line, and multi-department comprehensive income pricing, accounting, and assessment, stimulating the enthusiasm of all participants. The Bank will implement cross-certification for large and medium-sized, inclusive, and retail customer managers, breaking down barriers in customer management to achieve integrated marketing and collaborative advancement of both corporate and private banking services.

Corporate Governance Report

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 is 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 strictly complied with the code provisions in the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix C1 to the Hong Kong Listing Rules.

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 formulation of policies covering the management of independent Directors and the code of ethics for Directors, the revision of policies covering the Articles of Association and related rules of procedures, and the terms of reference of the committees of the Board of Directors, 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.

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;
- (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;

Corporate Governance Report

- (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 2023, the Bank held one annual general meeting and one extraordinary general meeting, details of which are set out below:

On 21 June 2023, the Bank held the annual general meeting of 2022. The meeting considered and approved one proposal as a special resolution, namely the Proposal on Amending the Procedural Rules for Board of Directors of Bank of Chongqing Co., Ltd.; considered and approved ten proposals as ordinary resolutions, including the Proposal on the Work Report of the Board of Directors for 2022, the Proposal on the Work Report of the Board of Supervisors for 2022, the Proposal on the Final Financial Accounts for 2022, the Proposal on the Profit Distribution Plan for 2022, the Proposal on the 2022 Annual Report of Bank of Chongqing Co., Ltd. and Highlights thereof, the Proposal on the Financial Budget Plan of Bank of Chongqing for 2023, the Proposal on the Investment Plan for 2023, the Proposal on the Estimated Annual Caps for Daily Related Transactions for 2023, the Proposal on the Appointment and Remuneration of External Auditors for 2023, and the Proposal on Election of Mr. ZHOU Qiang as a Non-executive Director of Bank of Chongqing.

On 19 October 2023, the Bank held the first extraordinary general meeting of 2023. The meeting considered and approved two proposals as ordinary resolutions, including the Proposal on the Election of Mr. GAO Song as an Executive Director of Bank of Chongqing Co., Ltd., and the Proposal on the Election of Mr. ZHU Yanjian as an Independent Director 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.

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;

Corporate Governance Report

- (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.

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 promoted the implementation of the proposals considered and approved at the general meeting regarding the profit distribution plan for 2022, the Annual Financial Budget for 2023, and the Appointment of External Auditor for 2023.

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 of the date of this report, the Board of the Bank comprised a total of 14 Directors, including 4 executive Directors, namely, Mr. YANG Xiuming (Chairman), Mr. GAO Song (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; 5 non-executive Directors, namely, Mr. WONG Hon Hing (Vice Chairman), Ms. WANG Fengyan, Mr. ZHOU Qiang, Mr. WU Heng and Ms. YOU Lili; and 5 independent non-executive Directors, namely, Dr. LIU Xing, Mr. WANG Rong, Dr. FUNG Don Hau, Mr. YUAN Xiaobin and Dr. ZHU Yanjian.

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 diverse board 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.

Corporate Governance Report

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 of the date of this report, the Board comprises 14 Directors, including 2 females, 2 persons who are ordinarily resident in Hong Kong, 7 persons who have extensive banking experience, 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.

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 22 meetings in total (including 8 written resolutions and 14 onsite/video meetings), at which 90 proposals were considered and approved, including the audit plan, financial reports and profit distribution, 65 reports were heard and 4 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 60th meeting of the sixth session of the Board	2023/01/30	considered and approved: 1. the Proposal on the Investment Plan for 2023; 2. the Proposal on the Financial Budget Plan of Bank of Chongqing for 2023; 3. the Proposal on the 2023 Outlets Development Plan; 4. the Proposal on Major Policies, Important Models and Key Parameters of Expected Credit Loss Approach; and 5. the Proposal on 2023 Audit Plan of Bank of Chongqing.
The 61st meeting of the sixth session of the Board	2023/02/17	considered and approved: the Proposal on Measures to Stabilize the A Share Price in 2023.
The 62nd meeting of the sixth session of the Board	2023/02/27	considered and approved: 1. the Proposal on the 2023 Risk Control Strategy of Bank of Chongqing; 2. the Proposal on Amending the Plan for the Board's Authorization to the President; and 3. the Proposal on the Election of Mr. ZHOU Qiang as a Non-executive Director of Bank of Chongqing.

Corporate Governance Report

Session	Date	Resolutions
The 63rd meeting of the sixth session of the Board	2023/03/30	considered and approved: 1. the Proposal on the Financial Statements and Notes thereof for 2022; 2. the Proposal on the Final Budget Report for 2022; 3. the Proposal on the Profit Distribution Plan for 2022; 4. the Proposal on the Appointment and Remuneration of External Auditors for 2023; 5. the Proposal on the 2022 Annual Report of Bank of Chongqing Co., Ltd. and Highlights thereof; 6. the Proposal on the 2022 Social Responsibility (Environmental, Social and Governance) Report of Bank of Chongqing Co., Ltd.; 7. the Proposal on the Report on Assessment of Internal Control for 2022 of Bank of Chongqing Co., Ltd.; 8. the Proposal on the 2023 Asset and Liability Management Strategy; 9. the Proposal on the Group's Consolidated Management Policy for 2023; 10. the Proposal on the Work Report of the Board of Directors for 2022; 11. the Proposal on the Report of the Board of Directors on Evaluation of Performance of Duties by Directors for 2022; 12. the Proposal on the Duty Performance and Cross-Evaluation Reports of Independent Directors for 2022; 13. the Proposal on the Report of the Implementation of Remuneration of Non-Executive Directors for 2022; 14. the Proposal on the Report of Related Party Transactions for 2022; 15. the Proposal on the Estimated Annual Cap for Daily Related Party Transactions for 2023; 16. the Proposal on the Special Report on the Deposit and Actual Utilization of Raised Funds in 2022 of Bank of Chongqing Co., Ltd.; 17. the Proposal on Vesting the Management of Chaotianmen Sub-branch; 18. the Proposal on Donating RMB1.50 million to Southwest University; and 19. the Proposal on Donating RMB1.50 million to Chongqing University.
The 64th meeting of the sixth session of the Board	2023/04/27	considered and approved: 1. the Proposal on the 2023 First Quarterly Report of Bank of Chongqing Co., Ltd.; 2. the Proposal on the Capital Plan for 2023-2025; 3. the Proposal on the 2023 Financial Debt Issuance Plan; 4. the Proposal on the Implementation Plan for the New Capital Regulations; 5. the Proposal on the Optimization Plan for the Expected Credit Loss Approach for 2023; 6. the Proposal on the Assessment Results of Operating Performance of Heads of Enterprises in 2022; and 7. the Proposal on the Assessment Plan for Operating Performance of Heads of Enterprises in 2023.

Session	Date	Resolutions
The 65th meeting of the sixth session of the Board	2023/05/17	considered and approved: 1. the Proposal on the Three-year Plan on Internet Lending Business of Bank of Chongqing (2023-2025); 2. the Proposal on Amending the Procedural Rules for Board of Directors of Bank of Chongqing Co., Ltd.; 3. the Proposal on Amending the General Policy on Internal Control of Bank of Chongqing; 4. the Proposal on Disposal of Non-performing Assets in the Second Quarter of 2023; 5. the Proposal on Material Connected Transaction with Chongqing Sanxia Financing Guarantee Group Corporation; 6. the Proposal on Material Connected Transaction with Chongqing Xingnong Financing Guarantee Co., Ltd.; 7. the Proposal on the Adjustment of the Membership of Some Special Committees under the Board of the Directors; and 8. the Proposal on Convening 2022 Annual General Meeting of Bank of Chongqing Co., Ltd.
The 66th meeting of the sixth session of the Board	2023/05/31	considered and approved: 1. the Proposal on Considering of the Report of Bank of Chongqing Co., Ltd. on the Implementation of the Supervisory Opinions of the Chongqing CBIRC on the Operation and Management of Bank of Chongqing for 2022.
The 67th meeting of the sixth session of the Board	2023/06/19	considered and approved: 1. the Proposal on Amending the Measures for Credit Asset Risk Classification and Management of Bank of Chongqing Co., Ltd.; and 2. the Proposal on Formulating the Measures for Risk Management of Off-balance Sheet Business of Bank of Chongqing Co., Ltd.
The 68th meeting of the sixth session of the Board	2023/06/30	considered and approved: 1. the Proposal on Amending the Measures for Business Continuity Management of Bank of Chongqing Co., Ltd.; 2. the Proposal on Adding Audit Items to the 2023 Internal Audit Plan; 3. the Proposal on 2023 Half-year Re-examination of Macroeconomic Forward-looking Parameters of the Expected Credit Loss Approach; and 4. the Proposal on the Consideration of the Report on the Internal Control System Establishment and Supervision Work of Bank of Chongqing Co., Ltd. in 2023.
The 69nd meeting of the sixth session of the Board	2023/07/27	considered and approved: the Proposal on Specifying Mr. GAO Song to Perform the Duties on behalf of the President before the Approval of his Qualification.
The 70th meeting of the sixth session of the Board	2023/07/28	considered and approved: the Proposal on the Disposal of the Non-performing Loans of the Baota System of Xi'an Branch.

Corporate Governance Report

Session	Date	Resolutions
The 71st meeting of the sixth session of the Board	2023/08/03	considered and approved: 1. the Proposal on the Appointment of Mr. GAO Song as the President of Bank of Chongqing Co., Ltd.; and 2. the Proposal on the Nomination of Mr. GAO Song as an Executive Director of Bank of Chongqing Co., Ltd.
The 72nd meeting of the sixth session of the Board	2023/08/30	considered and approved: 1. the Proposal on the 2023 Interim Financial Statements and Review Report; 2. the Proposal on the 2023 Interim Report of Bank of Chongqing Co., Ltd. and Highlights thereof; 3. the Proposal on Amending the Plan for the Board's Authorization to the President; and 4. 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.
The 73rd meeting of the sixth session of the Board	2023/09/18	considered and approved: 1. the Proposal on the Nomination of Mr. ZHU Yanjian as a Candidate for Independent Director of Bank of Chongqing Co., Ltd.; and 2. the Proposal on Convening the 2023 First Extraordinary General Meeting of Bank of Chongqing Co., Ltd.
The 74th meeting of the sixth session of the Board	2023/09/26	considered and approved: 1. the Proposal on the Write-off of Dad Debts from Non-performing Loans; 2. the Proposal on the Disposal of Some Non-performing Assets in the Third Quarter of 2023; and 3. the Proposal on Adjusting the 2023 Outlets Development Plan.
The 75th meeting of the sixth session of the Board	2023/10/17	considered and approved: the Proposal on the Feedback for Reform and Risk Resolution Methods of Xingyi Wanfeng Village Bank.
The 76th meeting of the sixth session of the Board	2023/10/27	considered and approved: 1. the Proposal on the 2023 Third Quarterly Report of Bank of Chongqing Co., Ltd.; 2. the Proposal on Amending Matters Related to the Establishment of Wealth Management Subsidiary; and 3. the Proposal on the Site Selection for the Science and Technology Innovation Center.
The 77th meeting of the sixth session of the Board	2023/11/06	considered and approved: the Proposal on Cooperating with Chongqing Government Offices Administration to Use Some Floors of the North Building of the Head Office Building.

Session	Date	Resolutions
The 78th meeting of the sixth session of the Board	2023/11/22	considered and approved: 1. the Proposal on the Appointment of Mr. ZHANG Song as the Vice President of Bank of Chongqing Co., Ltd.; 2. the Proposal on the Nomination of Mr. GUO Xile as a Candidate for the Non-executive Director of Bank of Chongqing Co., Ltd.; and 3. the Proposal on the Adjustment of the Membership of Some Special Committees under the Board of the Directors.
The 79th meeting of the sixth session of the Board	2023/11/30	considered and approved: 1. the Proposal on the Rolling Update of the 2023 Report on Development Plan during the 14th Five-Year Period; 2. the Proposal on Major Policies, Important Models and Key Parameters for the Implementation of Expected Credit Loss Approach and Fair Value Valuation in 2023; 3. the Proposal on Amending the Measures for the Administration of Rules and Regulations of Bank of Chongqing Co., Ltd.; 4. the Proposal on Considering the Risk Classification and Management Measures for Non-Credit Assets of Bank of Chongqing Co., Ltd. (Version 2023); 5. the Proposal on Amending the Remuneration Management Measures of Bank of Chongqing; 6. the Proposal on Formulating the Management Measures for Independent Directors and the Working Rules for Special Meetings of Independent Directors of the Bank; 7. the Proposal on Amending the Working Rules of Some Special Committees under the Board of Directors; and 8. the Proposal on Considering the Implementation Measures for Collective Decision-Making on Matters of “Three Major and One Big Events” of Bank of Chongqing Co., Ltd.
The 80th meeting of the sixth session of the Board	2023/12/18	considered and approved: the Proposal on Major Connected Transactions with Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd.

Corporate Governance Report

Session	Date	Resolutions
The 81st meeting of the sixth session of the Board	2023/12/28	considered and approved: 1. the Proposal on the Three-Year Plan for Digital Transformation and Development of Bank of Chongqing Co., Ltd. (2024-2026); 2. the Proposal on Terminating the Adoption of Equator Principles by Bank of Chongqing; 3. the Proposal on the Consideration of the Matters related to Wealth Management Sales Agency Business; 4. the Proposal on the Results of Post-evaluation of Investment Projects in 2023; 5. the Proposal on the Plan for Post-evaluation of Investment Projects in 2024; 6. the Proposal on Amendments to the Management Measures of Bank of Chongqing Co., Ltd. on Impairment Provision (2023 Version); 7. the Proposal on Amendments to the Management Measures of Bank of Chongqing Co., Ltd. on Fair Value of Financial Instruments (2023 Version); 8. the Proposal on Formulating the Code of Ethics for Directors of Bank of Chongqing Co., Ltd.; 9. the Proposal on Amending the Working Rules of the Strategy and Innovation Committee and the Connected Transactions Control Committee of the Board of Directors of the Bank; and 10. the Proposal on the Results of the 2022 Operational Performance Assessment and Payment of Remuneration to Senior Managers of Bank of Chongqing.

Corporate Governance Report

Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2023 (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														
GAO Song	0/0	4/4	3/3		1/1	0			2/2			2/2		
LIU Jianhua	2/2	21/22	13/14		8/8	1					8/8	3/3	3/3	
WONG Wah Sing	2/2	22/22	14/14		8/8	0						3/3	3/3	
Non-executive Directors														
WONG Hon Hing	2/2	22/22	14/14		8/8	0			14/14	14/14			3/3	
WANG Fengyan	2/2	17/18	10/11		7/7	1	6/6							
ZHOU Qiang	0/0	1/1	1/1		0/0	0								
WU Heng	2/2	20/22	12/14		8/8	2	6/6	4/4						
YOU Lili	2/2	20/22	12/14		8/8	2							2/2	
Independent Non-executive Directors														
LIU Xing	2/2	22/22	14/14		8/8	0	11/11	6/6	4/4			8/8		
WANG Rong	2/2	22/22	14/14		8/8	0		6/6	4/4		14/14	8/8		
FUNG Don Hau	2/2	22/22	14/14		8/8	0	11/11			14/14	14/14	4/4	1/1	
YUAN Xiaobin	2/2	20/22	12/14		8/8	2	11/11	6/6	4/4				1/1	
ZHU Yanjian	0/0	1/1	1/1		0/0	0								
Outgoing Directors														
LIN Jun	2/2	22/22	14/14		8/8	0		6/6	4/4	14/14				
RAN Hailing	1/1	9/11	5/6		4/5	0				8/8	10/10		1/1	
YANG Yusong	1/1	14/15	8/9		6/6	1				11/11				
ZHONG Xian	0/0	1/1	1/1		0/0	0	2/2					1/1		
ZOU Hong	1/1	13/13	8/8		5/5	0						5/5	1/1	

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 no less than 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 attaches great importance to the safeguards for duty performance by independent non-executive Directors, and the Board, senior management and relevant staff have provided active co-operation and effective support to the independent non-executive Directors in the course of their duty performance. During the Reporting Period, the Bank established a special meeting mechanism for independent Directors, formulated and published the Management Measures for Independent Directors and the Working Rules for Special Meetings of Independent Directors, further improving the rules and regulations for the duty performance by independent non-executive Directors. The Bank values the opinions and suggestions of the independent non-executive Directors. During the Reporting Period, the Bank organized seminars between the chairman and independent non-executive Directors to communicate and exchange views on the Bank's operation and development. The Bank also convened several special meetings of the independent Directors to fully understand and seek professional opinions and suggestions from the independent non-executive Directors on the Bank's operation, management and major issues.

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 Report of Independent Directors of Bank of Chongqing Co., Ltd. for 2023 issued on 27 March 2024 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 2023.

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 2023, 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 5 February 2023, all Directors of the Bank participated in the training for directors, supervisors and senior management of listed companies for 2022;

On 24 February 2023, all Directors of the Bank participated in the training on the rules of shareholding reduction for major shareholders, directors and supervisors of listed companies;

On 13 March 2023, all Directors of the Bank participated in the training on the interpretation of policies on the reform of the registration system for listed companies;

On 26 September 2023, all Directors of the Bank participated in training on anti-money laundering and new capital regulations;

From November to December 2023, all Directors of the Bank participated in the training on the topic of independent director system for listed companies.

Corporate Governance Report

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.

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 examined the Bank’s corporate governance policies and practices, and made recommendations;
2. examined and monitored the training and continuous professional development of Directors and senior management members;
3. examined and monitored the Bank’s policies and practices in respect of compliance with laws, regulations and regulatory requirements;
4. formulated, examined and monitored the codes of conduct for Directors and employees;
5. examined 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 2023.

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 of the date of this report, the Bank's Strategy and Innovation Committee consisted of 3 Directors, including Mr. GAO Song, Mr. WONG Hon Hing and Dr. FUNG Don Hau as members.

The primary duties of the Strategy and Innovation Committee include:

1. to review the development strategy and financial innovation strategy of the Bank;
2. to review the annual business plan submitted by the management;
3. to review new arrangements and adjustments of the Bank's organizational structure;
4. to review the relevant systems and implementation plans of the Bank's external investment, mergers and acquisitions, examine major investments, for example, fixed assets investments and equity investments, and put forward suggestions or opinions;
5. to oversee and inspect the implementation of the Bank's strategic planning, annual business plans and investment schemes;
6. to study the major matters which have influence on the development of the Bank and make recommendations;
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 Strategy and Innovation Committee of the Bank held the 41st meeting (19 January), the 42nd meeting (15 February), the 43rd meeting (20 March), the 44th meeting (24 March), the 45th meeting (21 April), the 46th meeting (11 May), the 47th meeting (25 May), the 48th meeting (21 June), the 49th meeting (25 August), the 50th meeting (22 September), the 51th meeting (13 October), the 52nd meeting (23 October), the 53rd meeting (24 November) and the 54th meeting (25 December), at which a total of 45 proposals including profitability analysis reports, market value management report, the development plan of outlets, and the budget proposal were considered.

Corporate Governance Report

Audit Committee

As of the date of this report, the Bank's Audit Committee consisted of 4 Directors, including Dr. LIU Xing as chairman, and Ms. WANG Fengyan, 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 C1 to the Hong Kong Listing Rules.

The primary duties of the Audit Committee include:

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

During the Reporting Period, the 6th session of the Audit Committee of the Bank held the 33rd meeting (5 January), the 34th meeting (13 January), the 35th meeting (24 February), the 36th meeting (24 March), the 37th meeting (25 April), the 38th meeting (21 June), the 39th meeting (24 July), the 40th meeting (28 August), the 41st meeting (25 October), the 42nd meeting (24 November) and 43rd meeting (25 December), at which a total of 31 proposals including the annual results of 2022, quarterly results of 2023, profit distribution plan and the final financial accounts were considered, and 1 report was heard. 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 date of this report, the Bank's Remuneration and Appraisal Committee consisted of 4 Directors, including Mr. WANG Rong as chairman, 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 15th meeting (23 March), the 16th meeting (23 April), the 17th meeting (24 November) and the 18th meeting (25 December), at which a total of 8 proposals including the appraisal report on performance of Directors by the Board for 2022, the duty performance and cross-evaluation reports of independent Directors for 2022, and the assessment of business performance and remuneration payment of senior management for 2022 were considered.

Nomination Committee

As of the date of this report, the Bank's Nomination Committee consisted of 4 Directors, including Mr. YUAN Xiaobin as chairman, 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 Rule 3.27A of the Hong Kong Listing Rules.

Corporate Governance Report

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 10th meeting (24 February), the 11th meeting (12 May), the 12th meeting (2 August), the 13th meeting (10 September), the 14th meeting (21 November), the 15th meeting (27 November), at which a total of 9 proposals including the adjustment of the membership of some special committees under the Board of Directors and the nomination of Directors were considered.

Risk Management Committee

As of the date of this report, the Bank's Risk Management Committee consisted of 3 Directors, including Dr. FUNG Don Hau as chairman, and Mr. WONG Hon Hing and Mr. WANG Rong as members.

The primary duties of the Risk Management Committee include:

1. to consider the comprehensive risk management structure;
2. to consider the Bank's risk management strategy, and determine risk preferences, tolerance and limit;
3. to consider or make recommendations on the risk management organization structure and function division;
4. to consider the Bank's policies of major risk management, classified risk management, internal control, compliance management, security work and anti-money laundering work;

5. 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;
6. 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, continuously monitor and review the effectiveness of the risk management system, internal control policies, compliance management, security and anti-money laundering work;
7. To comprehensively promote the development of the rule of law of the Bank and supervise the implementation by the management of the Bank's policies on comprehensively promoting the development of the rule of law and operating and managing in accordance with the law;
8. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the 6th session of the Risk Management Committee of the Bank held the 41st meeting (16 January), the 42nd meeting (24 February), the 43rd meeting (24 March), the 44th meeting (23 April), the 45th meeting (12 May), the 46th meeting (25 May), the 47th meeting (16 June), the 48th meeting (25 June), the 49th meeting (20 July), the 50th meeting (24 July), the 51st meeting (18 August), the 52nd meeting (22 September), the 53rd meeting (19 October) and the 54th meeting (27 November), at which a total of 33 proposals including the risk monitoring report of the Bank, the 2023 risk management strategy and the amendments to the general policy on internal control were considered, and 2 reports were heard.

Connected Transactions Control Committee

As of the date of this report, the Bank's Connected Transactions Control Committee consisted of 4 Directors, including Mr. LIU Jianhua, Dr. LIU Xing, Mr. WANG Rong and Dr. FUNG Don Hau as members. Mr. WANG Rong acted as the temporary convenor of the meeting and was responsible for convening and chairing the meeting.

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;

Corporate Governance Report

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 29th meeting (19 January), the 30th meeting (24 March), 31st meeting (25 April), the 32nd meeting (15 May), the 33rd meeting (24 July), the 34th meeting (25 October), the 35th meeting (15 December) and the 36th meeting (26 December), at which a total of 10 proposals including major connected transactions, and the report on the update of directory of related parties were considered, and 5 reports were heard.

Information Technology Guidance Committee

As of the date of this report, the Bank's Information Technology Guidance Committee consisted of 3 Directors, including Mr. GAO Song as chairman, and Mr. LIU Jianhua and Mr. WONG Wah Sing 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 guide the work of the Information Technology Management Committee, and conduct a first review of its annual report on information technology risk;
4. to receive the report on information technology situation, put forward improvement measures or suggestions and monitor their implementation;
5. 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 11th meeting (23 March), the 12th meeting (28 November) and the 13th meeting (27 December), at which a total of 2 proposals including the 2022 Information Technology Work Report and the Amendments of the Terms of Reference of the Information Technology Guidance Committee of the Board of Directors of Bank of Chongqing Co., Ltd. were considered, and 1 report was heard.

Consumer Protection Committee

As of the date of this report, 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 Ms. YOU Lili 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 the work of senior management and the consumer protection department regarding its comprehensiveness, timeliness and effectiveness;
4. to guide the work of the leading group of consumer protection;
5. 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 Consumer Protection Committee of the Bank held the 9th meeting (23 March), the 10th meeting (25 August) and the 11th meeting (28 November), at which a total of 3 proposals including the 2022 Consumer Protection Work Report and the 2023 Half-year Consumer Protection Work Report were considered, and 3 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;

Corporate Governance Report

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

During the Reporting Period, Mr. CHEN Zhong, an external Supervisor, acted 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 2023, the Board of Supervisors held a total of 8 meetings, at which 41 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. 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.

Corporate Governance Report

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	7/1/8
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 date of this report, the Bank's Supervision and Nomination Committee consisted of 5 Supervisors, including Mr. PENG Daihui (external Supervisor) as chairman, Mr. HUANG Changsheng (employee Supervisor), Mr. HOU Guoyue (external Supervisor), Mr. QI Jun (shareholder Supervisor) and Mr. YIN Jun (employee Supervisor) as members.

The primary duties of the Supervision and Nomination Committee include:

1. formulating specific proposal for the Board of Supervisors to exercise its supervisory functions and powers;
2. executing its functions of supervising and auditing with the authorization of the Board of Supervisors; formulating the audit proposal for supervising the performance of Directors, Chairman and senior management members; formulating proposal for supervising and auditing the Bank's treasury activities, operation decisions, risk management and internal control with the authorization of the Board of Supervisors, and organizing the implementation of such audit activities; to be responsible for the outgoing audit of directors and the senior management;
3. conducting investigation on specific matters of the Bank with the authorization of the Board of Supervisors and reporting the results to the Board of Supervisors;

4. formulating the procedures and criteria for 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 2023, the Supervision and Nomination Committee held 5 meetings and reviewed 6 proposals, mainly reviewed the supervision of the inspection plan of the Supervisors, the evaluation plan of performance, and the audit plan on economic responsibility of outgoing senior management members.

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 rules and regulations 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.

Corporate Governance Report

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 C3 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 Risk Management 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 in accordance with the Basic Rules on Internal Control of Enterprises and the Internal Control Guidelines for Commercial Banks. The review covered all significant controls of the Bank, including financial, operational, 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 2023 published by the Bank on 27 March 2024 on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange and the official website of the Bank, and the unqualified Audit Report on Internal Control of Bank of Chongqing Co., Ltd. for 2023 issued by Ernst & Young Hua Ming LLP (Special General Partnership).

8.7 Management and Control of Subsidiaries

The Group has two subsidiaries, namely Chongqing Xinyu Financial Leasing Co., Ltd. and Xingyi Wanfeng Village Bank Co., Ltd. According to the Company Law and the relevant provisions of the articles of association of 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, the Board shall furnish a written reply stating its agreement or disagreement to convene an extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board of Directors disagrees to convene an extraordinary general meeting or does not furnish any reply within 10 days upon receipt of such request, shareholders individually or jointly holding more than 10% of the total number of the Bank's Shares with voting rights shall be entitled to propose to the Board of Supervisors the convening of an extraordinary general meeting in writing. If the Board of Supervisors fails to issue the notice of extraordinary general meeting within the prescribed timeframe, shareholders individually or jointly holding more than 10% of the total number of the Bank's Shares with voting rights for more than 90 consecutive days may convene and preside over the meeting by themselves (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).

Corporate Governance Report

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 amended 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 general meeting, results announcement, road shows, visit reception and surveys, telephone and enquiry.

In 2023, 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 presentations 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.

Corporate Governance Report

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 Bank 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 (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
YANG Xiuming	Male	September 1970	Secretary to the Party Committee	Since December 2023	-	-	-	
			Chairman	From March 2024				
			Executive Director	From March 2024				
GAO Song	Male	February 1979	Deputy Secretary of the Party Committee	Since July 2023	-	-	-	
			President	Since September 2023				
			Executive Director	Since November 2023				
LIU Jianhua	Male	December 1965	Member of the Party Committee	Since February 2013	186,875	191,875	5,000	Increasing shareholding to stabilize Share price
			Executive Director	Since August 2016				
			Vice President	Since October 2014				
WONG Wah Sing	Male	July 1960	Executive Director	Since September 2016	19,300	24,600	5,300	Increasing shareholding to stabilize Share price
			Chief Risk Officer	Since September 2016				
			Chief Anti-money Laundering Officer	Since December 2019				
WONG Hon Hing	Male	August 1952	Vice Chairman	Since July 2007	4,600	7,100	2,500	Increasing shareholding to stabilize Share price
			Non-executive Director					
WANG Fengyan	Female	August 1977	Non-executive Director	Since April 2023	-	-	-	
ZHOU Qiang	Male	May 1974	Non-executive Director	Since December 2023	-	-	-	
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	-	-	-	
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	-	-	-	
ZHU Yanjian	Male	January 1981	Independent Non-executive Director	Since December 2023	-	-	-	
Outgoing Directors								
LIN Jun	Female	August 1963	Secretary to the Party Committee	Since June 2017 to December 2023	20,200	25,700	5,500	Increasing shareholding to stabilize Share price
			Chairman	Since March 2018 to January 2024				
			Executive Director	Since March 2018 to January 2024				
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee	Since December 2013 to July 2023	66,074	71,674	5,600	Increasing shareholding to stabilize Share price
			President	Since April 2013 to August 2023				
			Executive Director	Since February 2011 to August 2023				
YANG Yusong	Male	June 1972	Non-executive Director	Since December 2018 to October 2023	1,033	1,033	-	
ZHONG Xian	Female	June 1977	Non-executive Director	Since October 2021 to February 2023	400	400	-	
ZOU Hong	Male	October 1969	Independent Non-executive Director	Since April 2020 to September 2023	-	-	-	

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 Daitui	Male	October 1954	External Supervisor	Since May 2018	-	-	-	-
HOU Guoyue	Male	May 1974	External Supervisor	Since December 2019	-	-	-	-

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Senior Management

Name	Gender	Month and year of birth	Position	Time in role	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)	Increase/decrease (shares)	Reasons for the increase/decrease
GAO Song	Male	February 1979	Deputy Secretary of the Party Committee	Since July 2023	-	-	-	-
			President	Since September 2023				
			Executive Director	Since November 2023				
LIU Jianhua	Male	December 1965	Member of the Party Committee	Since February 2013	186,875	191,875	5,000	Increasing shareholding to stabilize Share price
			Executive Director	Since August 2016				
			Vice President	Since October 2014				
YANG Shiyin	Female	September 1965	Member of the Party Committee	Since February 2013	155,147	160,147	5,000	Increasing shareholding to stabilize Share price
			Vice President	Since October 2014				
PENG Yanxi	Female	June 1976	Member of the Party Committee	Since October 2015	18,700	23,700	5,000	Increasing shareholding to stabilize Share price
			Vice President	Since March 2016				
			Secretary to the Board	Since August 2018				
WONG Wah Sing	Male	July 1960	Executive Director	Since September 2016	19,300	24,600	5,300	Increasing shareholding to stabilize Share price
			Chief Risk Officer	Since September 2016				
			Chief Anti-money Laundering Officer	Since December 2019				
Outgoing Senior Management								
RAN Hailing	Male	May 1963	Deputy Secretary of the Party Committee	Since December 2013 to July 2023	66,074	71,674	5,600	Increasing shareholding to stabilize Share price
			President	Since April 2013 to August 2023				
			Executive Director	Since February 2011 to August 2023				
SUI Jun	Male	January 1968	Member of the Party Committee	Since April 2016 to March 2023	20,400	25,600	5,200	Increasing shareholding to stabilize Share price
			Vice President	Since June 2017 to April 2023				
ZHOU Guohua	Male	December 1965	Member of the Party Committee	Since February 2013 to October 2023	87,723	92,723	5,000	Increasing shareholding to stabilize Share price
			Vice President	Since October 2014 to November 2023				
HUANG Ning	Male	June 1974	Member of the Party Committee	Since October 2014 to September 2023	81,462	86,462	5,000	Increasing shareholding to stabilize Share price
			Vice President	Since March 2016 to October 2023				

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.1.2 Biographies of Directors, Supervisors and Senior Management

Biographies of Directors

YANG Xiuming (楊秀明)

Secretary to the Party Committee, Chairman, Executive Director

Mr. YANG Xiuming has been the Secretary to the Party Committee of the Bank since December 2023 and the chairman and an executive Director of the Bank since March 2024.

Mr. YANG successively served as a cadre of Shuangshi Business Office, a cadre of Credit Section and a deputy director of Laisu Business Office of Chongqing Yongchuan Sub-branch, a staff member of Credit Management Division, the manager of Credit Rating and Granting Department and an assistant to the division head of Branch, the secretary of the Party Committee and president of Tongnan County Branch, the deputy director of Credit Management Division, the deputy general manager of Real Estate Credit Department (in charge of work), the general manager of Real Estate Credit Department, the general manager of Corporate Business Department (Small Enterprise Business Department), the general manager of Investment Banking Department, the director of Party Committee Organization Department, the general manager of Human Resources Department (Three-rural Human Resources Management Center) of the Branch, the secretary to the Party Committee and president of Chongqing Yubei Sub-branch of Agricultural Bank of China; and he served as a member of the Party Committee and vice president of Chongqing Branch of Agricultural Bank of China from December 2017 to May 2023, and the deputy secretary to the Party Committee and vice president of the Chongqing Branch of the Agricultural Bank of China from May 2023 to December 2023.

Mr. YANG graduated from Beijing Agricultural University (北京農業大學) with a bachelor's degree in economics in August 1994. Mr. YANG is a senior economist. He was awarded the National Financial System Labor Day Medal in 2016.

GAO Song (高嵩)

Deputy Secretary of the Party Committee, President and Executive Director

Mr. GAO Song has been the Deputy Secretary of the Party Committee of the Bank since July 2023, the president of the Bank since September 2023 and an executive Director of the Bank since November 2023. Mr. GAO is also the chairman of the Information Technology Guidance Committee, and a member of each of the Strategy and Innovation Committee of the Bank.

Mr. GAO served successively as the teller, accountant and credit officer of the business sales section of the Shapingba sub-branch, a clerk of the risk management department, an asset preservation officer of the asset preservation department, and a legal compliance management officer of the legal compliance department of the branch, and the deputy president of the Xinpaifang sub-branch of the Chongqing branch of Bank of Communications. After that, Mr. GAO joined Chongqing Rural Commercial Bank Co., Ltd., and successively served as the deputy general manager of the asset preservation department and the general manager of the channel management department, the secretary of the party committee, the principal officer and the president of Changshou sub-branch, the general manager of the human resources department; and he served as a member of the party committee and vice president of Chongqing Rural Commercial Bank Co., Ltd. from September 2016 to July 2023, during which period he concurrently served as the deputy director of the Bureau of Policies, Laws and Regulations of SASAC from July 2020 to December 2021.

Mr. GAO graduated from Southwest University of Political Science and Law with a bachelor's degree in law in July 2001 and a master's degree in law in January 2005. Mr. GAO is a senior economist, a political worker and a corporate lawyer.

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, credit card business and institutional development 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 also serves as 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 and an executive director of Dah Sing Insurance Company (1976) Ltd. (大新保險(1976)有限公司). He served as the chairman of Dah Sing Bank (China) Co., Ltd. from June 2008 to August 2023.

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.

WANG Fengyan (王鳳豔)

Non-executive Director

Ms. WANG Fengyan, nominated by Chongqing Water Conservancy Investment Group Co., Ltd., a Shareholder of the Bank, has been a non-executive Director of the Bank since April 2023. Ms. WANG is also a member of the Audit Committee of the Bank.

Ms. WANG is a member of the Communist Party Committee, a director, a deputy general manager and the chief legal counsel of Chongqing Water Conservancy Investment Group Co., Ltd.. Before joining Chongqing Water Conservancy Investment Group Co., Ltd. in February 2021, Ms. WANG served as a civil servant in the General Office of Chongqing Planning Committee from July 1999 to July 2000. She served as a division personnel and deputy division director of the Capital Balance Division of Chongqing Development and Planning Committee from July 2000 to November 2003. She served as the deputy division director, division director and deputy division chief of the Capital Division of the Chongqing Development and Reform Commission from November 2003 to October 2013. She served as the director and general manager of Chongqing Chemical & Pharmaceutical Holdings Group Finance Co., Ltd. (重慶化醫控股集團財務有限公司) from October 2013 to February 2021.

Ms. WANG graduated from Zhongnan University of Economics and Law in July 1999 with bachelor's degrees in economics and law, majoring in finance and economic law. Ms. WANG is a senior economist and has obtained the qualification of secretary of the board of directors of listed companies.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

ZHOU Qiang (周強)

Non-executive Director

Mr. ZHOU Qiang, nominated by Lifan Technology (Group) Co., Ltd., a Shareholder of the Bank, has been a non-executive Director of the Bank since December 2023.

Mr. ZHOU is currently the vice president, the chief financial officer of Lifan Technology (Group) Co., Ltd. and the chief financial officer of Chongqing Livan Automotive Technology Company Limited(重慶睿藍汽車科技有限公司).

He served as the director of financial department of Zhejiang Haoqing Automobile Manufacturing Company Limited(浙江豪情汽車製造有限公司) from August 1997 to December 2004, the senior director of Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) from December 2004 to August 2021, and the chief financial officer of Fengsheng Automobile Technology Group Co., Ltd. (楓盛汽車科技集團有限公司) from August 2021 to December 2021.

WU Heng (吳珩)

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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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 also a member of the Consumer Protection Committee of the Bank.

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 external 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 Shenzhen Stock Exchange, Stock Code: 002968), an independent director of CETC Chip Technology Co., Ltd. (中電科芯片技術股份有限公司) (a listed company on the Shanghai Stock Exchange, stock code: 600877) and Lijiang Yulong Tourism Co., Ltd. (麗江玉龍旅遊股份有限公司) (a listed company on the SME Board of the Shenzhen Stock Exchange, stock code: 002033).

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.

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 Connected Transactions Control 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 NFRA 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 the Audit Committee, Remuneration and Appraisal Committee of the Bank.

Mr. YUAN is currently the chairman of the Administration Committee of Zhonghao Law Firm, member of the Standing Committee of the Revolutionary Committee of the Chinese Kuomintang, member of the National Committee of the Chinese People's Political Consultative Conference and president of Chongqing New Social Class Professionals Federation (重慶市新的社會階層專業人士聯合會). Mr. YUAN served as a staff member of the Party Committee of the People's Congress of Luzhou City, Sichuan Province from September 1987 to November 1992, a lawyer at Wudu Law Firm from November 1992 to July 1993, deputy director of Sichuan Industry and Commerce Law Firm (四川工商律師事務所) from July 1993 to July 1996, and deputy director of Sichuan Zhonghao Law Firm from July 1996 to April 1997. In addition, he also served as a legal adviser to Chongqing Municipal Committee of the Communist Party of China, a contact supervisor of the Supreme People's Court, decision-making consultant of Chongqing Municipal People's Government, a contact supervisor of the Chongqing Higher People's Court, 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, and an expert advisory committee member of Chongqing Arbitration Commission.

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

ZHU Yanjian (朱燕建)

Independent Non-executive Director

Dr. ZHU Yanjian has been an independent non-executive Director of the Bank since December 2023.

Dr. ZHU currently serves as the head, a professor and a doctoral supervisor of the Faculty of Finance at the School of Economics of Zhejiang University and a researcher of Academy of Financial Research at Zhejiang University. Dr. ZHU served as a post-doctoral fellow and lecturer at the School of Economics of Zhejiang University from February 2008 to February 2010, a lecturer of the Faculty of Finance at the School of Economics of Zhejiang University from February 2010 to December 2013, and an associate professor of the Faculty of Finance at the School of Economics of Zhejiang University from January 2014 to December 2018. From 2014 to April 2019, he served as the deputy head of the Faculty of Finance at the School of Economics of Zhejiang University. Since January 2019, he has been serving as a professor of the Faculty of Finance at the School of Economics of Zhejiang University. Since May 2019, he has been serving as the head of the Faculty of Finance at the School of Economics of Zhejiang University. Since 2015, he has been serving as a doctoral supervisor of the Faculty of Finance at the School of Economics of Zhejiang University.

Dr. ZHU is currently an independent director of Yongan Futures Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600927), and an independent director of Zhejiang Huangma Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 603181).

Dr. ZHU obtained a bachelor's degree in national economic management from Renmin University of China in July 2002, a master's degree in finance from PBC School of Finance of Tsinghua University in June 2004 and a Ph.D. degree in finance from Nanyang Technological University (Singapore) in January 2008.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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, human resources, administration and office work.

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

YIN Jun (尹軍)

Employee Supervisor

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

WU Ping (吳平)

Employee Supervisor

Mr. WU Ping has been an employee Supervisor of the Bank since December 2019. Mr. WU is currently 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.

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 manager of Ruizi asset operation 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, deputy manager of the financial department of Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd. from January 2017 to October 2023 and since October 2023, he has been serving as the manager of Ruizi asset operation 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 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.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

CHEN Zhong (陳重)

External Supervisor

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

Mr. CHEN has been the deputy chairman of board of directors of 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.

PENG Daihui (彭代輝)

External Supervisor

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

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

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

Directors, Supervisors, Senior Management, Employees and Branch Outlets

HOU Guoyue (侯國躍)

External Supervisor

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

Mr. HOU currently is a professor and doctoral supervisor of the Civil and Commercial Law School of Southwest University of Political Science and Law, a research scholar of the Supreme People's Court (2019-2020) and a council member of China Health Law Society (中國衛生法學會), China Behavior Law Association (中國行為法學會理事) and Chongqing Construction and 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.

Biographies of Senior Management

For the biographies of **Mr. GAO Song (高嵩)**, **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.

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 management and development of the Bank's financial management, credit review management and security 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

PENG Yanxi (彭彦曦)

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 department, the Financial Research Institute, financial technology, digital banking 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

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
WANG Fengyan	Chongqing Water Conservancy Investment Group Co., Ltd.	Party committee member, director, deput general manager, general counsely	February 2021	To date
ZHOU Qiang	Lifan Technology (Group) Co., Ltd.	Vice president, chief financial officer	December 2021	To date
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, 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 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
	DSLII (2) Limited	Director
	DSLII (BVI) (1) Limited	Director
	Macau Insurance Company Limited	Director
	MEVAS (1931) Limited	Director
	WOF Escrow Limited	Director
The Chinese Banks' Association Limited	Director	
ZHOU Qiang	Chongqing Livan Automotive Technology Company Limited	Chief financial officer

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
WU Heng	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
	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	
Shanghai Anjia Zhixing Digital Technology Co., Ltd. (上海安駕智行數字科技有限公司)	Director	

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
LIU Xing	School of Economics and Business Administration of Chongqing University	Professor and doctoral supervisor
	New Dazheng Property Group Co., Ltd.	External director
	CETC Chips Technology Inc.	Independent director
	Yinhua Fund Management Co., Ltd.	Independent director
	Lijiang Yulong Tourism 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
	FUNG Don Hau	China Banking Association
The Hong Kong Institute of Bankers		Senior advisor (Part-time)
“Asian Financial Think Tank” under Asian Financial Cooperation Association		Contract research fellow (Part-time)
Chang’an Bank Limited		Independent director
YUAN Xiaobin	NFRA	Adjunct professor (Part-time)
	Zhonghao Law Firm	Chairman of the Administration Committee
	Revolutionary Committee of the Chinese Kuomintang	Member of the Standing Committee
	Chongqing New Social Class Professionals Federation (重慶市新的社會階層專業人士聯合會)	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
	Chongqing Arbitration Commission (重慶市仲裁委員會)	Expert advisory committee member
Changan Auto Finance Co., Ltd.	Independent director	

Directors, Supervisors, Senior Management, Employees and Branch Outlets

Name	Name of other companies	Position held in other companies
ZHU Yanjian	Yongan Futures Co., Ltd.	Independent director
	Zhejiang Huangma Technology Co., Ltd.	Independent director
	Hangzhou Shanglv Financial Investment Co., Ltd.	External director
	Hangzhou Real Estate Development Group Co., Ltd.	External 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
	Sichuan Provincial Investment Group Company Limited	External director
	Harvest Fund Management Co., Ltd.	Independent director
HOU Guoyue	China Life Pension Company Limited	Independent director
	Southwest University of Political Science and Law	Professor
	K&H Law Firm in Chongqing	Chairman of the executive committee
QI Jun	Chongqing Airport Group Co., Ltd.	Supervisor
	Chongqing Liang Jiang New Area Industrial Development Group Co., Ltd.	Manager of Ruizi asset operation department
	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 13 February 2023, Ms. ZHONG Xian resigned her positions as a non-executive Director of the Bank, and a member of each of the Connected Transactions Control Committee and the Audit Committee under the Board, due to work adjustment.

On 20 April 2023, as approved by the Approval of the Qualification of WANG Fengyan (Yu Yin Bao Jian Fu [2023] No. 56) from the Chongqing CBIRC, Ms. WANG Fengyan served as a non-executive Director of the Bank the date of such approval.

On 2 August 2023, Mr. RAN Hailing resigned from his positions as an executive Director of the Bank, the chairman of the Information Technology Guidance Committee, and a member of each of the Strategy and Innovation Committee and the Risk Management Committee under the Board, due to reaching the age of retirement.

On 15 September 2023, Mr. ZOU Hong resigned from his positions as an independent non-executive Director of the Bank, the chairman of the Connected Transactions Control Committee and a member of the Information Technology Guidance Committee under the Board due to the management requirements of his work unit.

On 17 October 2023, Mr. YANG Yusong resigned from his positions as a non-executive Director of the Bank and a member of the Strategy and Innovation Committee under the Board due to work adjustment.

On 13 November 2023, as approved by the Approval of the Qualification of GAO Song in Bank of Chongqing (Yu Jin Guan Fu [2023] No. 44) from the Chongqing NFRA, Mr. GAO Song served as an executive Director of the Bank from the date of such approval.

On 12 December 2023, as approved by the Approval of the Qualification of ZHU Yanjian (Yu Jin Guan Fu [2023] No. 55) from the Chongqing NFRA, Mr. ZHU Yanjian served as an independent non-executive Director of the Bank from the date of such approval.

On 12 December 2023, as approved by the Approval of the Qualification of ZHOU Qiang (Yu Jin Guan Fu [2023] No. 56) from the Chongqing NFRA, Mr. ZHOU Qiang served as a non-executive Director of the Bank from the date of such approval.

On 11 January 2024, Ms. LIN Jun resigned from his positions as the Chairman, an executive Director of the Bank, the chairman of the Strategy and Innovation Committee under the Board, a member of each of Nomination Committee and Remuneration and Appraisal Committee, due to reaching the age of retirement.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

On February 19, 2024, the Proposal on the Election of Mr. GUO Xile as a Non-executive Director of Bank of Chongqing Co., Ltd. was considered and approved by the first extraordinary general meeting of 2024 of the Bank. The general meeting agreed to the election of Mr. GUO Xile as a non-executive director of the Bank, and the qualification of Mr. GUO Xile as a non-executive director shall be subject to the approval by the Chongqing NFRA.

On 13 March 2024, as approved by the Approval of the Qualification of YANG Xiuming in Bank of Chongqing (Yu Jin Guan Fu [2024] No. 23) from the Chongqing NAFR, Mr. YANG Xiuming served as the Chairman and an executive Director of the Bank from the date of such approval.

Changes in Supervisors

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

On 10 April 2023, Mr. SUI Jun resigned from his position as a Vice President of the Bank due to work adjustment.

On 2 August 2023, Mr. RAN Hailing resigned from his position as the President of the Bank due to reaching the age of retirement.

On 27 September 2023, as approved by the Approval of the Qualification of GAO Song in Bank of Chongqing (Yu Jin Guan Fu [2023] No. 23) from the Chongqing NAFR, Mr. GAO Song served as the President of the Bank from the date of such approval.

On 16 October 2023, Mr. Huang Ning resigned from his position as a Vice President of the Bank due to work adjustment.

On 21 November 2023, Mr. ZHOU Guohua resigned from his position as a Vice President of the Bank due to work adjustment.

On 22 November 2023, the 78th meeting of the sixth session of the Board of the Bank considered and approved the Proposal on the Appointment of Mr. Mr. ZHANG Song as the Vice President of Bank of Chongqing Co., Ltd. The Board has approved the appointment of Mr. ZHANG Song as the Vice President of the Bank. The qualification of Mr. ZHANG Song as the Vice President is subject to the approval by the Chongqing NFRA. Prior to the approval of his qualification, Mr. GAO Song shall perform the duties of the President 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 2023	Whether to receive remuneration from related parties	Notes
Executive directors							
GAO Song	17.28	5.59	2.00	–	24.87	No	The payroll period in the Bank for the current year is from August to December.
LIU Jianhua	33.18	13.53	3.84	–	50.55	No	–
WONG Wah Sing	33.18	0.39	0.00	–	33.57	Yes	–
Non-executive Directors							
WONG Hon Hing	–	–	–	17.20	17.20	Yes	–
WANG Fengyan	–	–	–	9.11	9.11	Yes	According to the relevant management requirements of Chongqing Water Conservancy Investment Group Co., Ltd., the nominating shareholder, the remuneration of WANG Fengyan as a director of the Bank, was directly transferred to the account of Chongqing Water Conservancy Investment Group Co., Ltd.
ZHOU Qiang	–	–	–	–	–	Yes	Served as a non-executive Director of the Bank since December 2023.
WU Heng	–	–	–	–	–	Yes	According to the requirement of SAIC Motor Corporation Limited, the nominating shareholder, no allowances and emolument will be paid.
YOU Lili	–	–	–	9.90	9.90	Yes	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 Chongqing Real Estate Group Co., Ltd..

Directors, Supervisors, Senior Management, Employees and Branch Outlets

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 2023	Whether to receive remuneration from related parties	Notes
Independent Non-executive Directors							
LIU Xing	-	-	-	22.00	22.00	Yes	-
WANG Rong	-	-	-	21.85	21.85	No	-
FUNG Don Hau	-	-	-	23.20	23.20	No	-
YUAN Xiaobin	-	-	-	18.55	18.55	Yes	-
ZHU Yanjian	-	-	-	0.93	0.93	Yes	Served as an independent non-executive Director of the Bank since December 2023.
Outgoing Directors							
LIN Jun	41.48	13.72	0.00	-	55.20	No	No longer served as the Chairman and executive Director since January 2024.
RAN Hailing	24.20	8.17	0.00	-	32.37	No	No longer served as the President and executive Director since August 2023.
YANG Yusong	-	-	-	8.83	8.83	Yes	No longer served as the non-executive Director since October 2023. 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	-	-	-	1.38	1.38	Yes	No longer served as the non-executive Director since February 2023.
ZOU Hong	-	-	-	11.18	11.18	No	No longer served as the independent non-executive Director since September 2023.

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 2023	Whether to receive remuneration from related parties	Notes
Employee Supervisors							
HUANG Changsheng	33.18	13.53	3.84	–	50.55	No	–
YIN Jun	–	–	–	–	–	No	–
WU Ping	–	–	–	–	–	No	–
Shareholder Supervisors							
QI Jun	–	–	–	7.30	7.30	No	–
External Supervisors							
CHEN Zhong	–	–	–	8.90	8.90	Yes	–
PENG Daihui	–	–	–	11.60	11.60	No	–
HOU Guoyue	–	–	–	9.80	9.80	Yes	–

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 2023	Whether to receive remuneration from related parties	Notes
Senior Management							
GAO Song	17.28	5.59	2.00	-	24.87	No	The payroll period in the Bank for the current year is from August to December.
LIU Jianhua	33.18	13.53	3.84	-	50.55	No	-
YANG Shiyin	33.18	13.53	3.84	-	50.55	No	-
PENG Yanxi	33.18	13.50	3.84	-	50.52	No	-
WONG Wah Sing	33.18	0.39	0.00	-	33.57	Yes	-
Outgoing Senior Management							
RAN Hailing	24.20	8.17	0.00	-	32.37	No	The payroll period in the Bank for the current year is from January to July.
SUI Jun	8.30	3.14	0.96	-	12.40	No	The payroll period in the Bank for the current year is from January to March.
ZHOU Guohua	27.65	10.25	3.20	-	41.10	No	The payroll period in the Bank for the current year is from January to October.
HUANG Ning	27.65	10.21	3.20	-	41.06	No	The payroll period in the Bank for the current year is from January to October.

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 2023 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 2023 paid according to external regulatory regulations. The Directors have recused themselves from discussions on their remuneration at the Board meeting.
4. The employee supervisors of the Bank do not receive remuneration as 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 2023, the Bank had a total of 5,284 regular employees, 5,033 of whom held bachelor's degree or above, representing 95.25% of all the Bank's regular employees. In addition, the Bank had 143 dispatch workers, 44 internally retired employees and 331 retired employees. Furthermore, our subsidiaries had 175 regular employees, including 109 employees in Xinyu Financial Leasing and 66 employees in Xingyi Wanfeng.

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

Item	Number of employees	Percentage (%)
Composition of professions		
Supporting	790	14.95
Risk control	396	7.49
Operation	1,024	19.38
Business development	1,583	29.96
Information Technology	238	4.51
Management	1,253	23.71
Educational background		
Master's degree or above	868	16.43
Bachelor's degree	4,165	78.82
College's degree or below	251	4.75
Range of ages		
30 and below	1,167	22.09
31-40	2,802	53.03
41-50	918	17.37
51 and above	397	7.51
Composition of genders		
Male	2,258	42.73
Female	3,026	57.27
Total	5,284	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.

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”. In accordance with national policies, we have established a remuneration mechanism that matches remuneration incentives with performance-based risks, continued to improve the performance remuneration deferred payment system for middle and senior managers and key position personnel, and established a recovery and deduction of performance-based remuneration system. For employees who are exposed to risks, violate regulations and disciplines, their corresponding performance-based remuneration will be deducted based on accountability decisions.

9.2.4 Training and development of employees

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank established the College of Bank of Chongqing in February 2020, with the philosophy of “Fun in Study • Fun in Sharing • Growing Together”, the tenet of talent empowerment, management enhancement and service development, and the goal of becoming a booster of the Bank’s strategic change, an important base for talent cultivation and development and the dissemination of corporate culture, so as to promote the Bank’s achievement of high-quality development. 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 and practices the Bank’s corporate culture and aligns with the requirements of the Bank’s strategic development. With two core resources of courses and teachers as the starting point, the Bank introduced a variety of training techniques by building online training and learning platforms. Through high-quality 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 by creating quality training projects, to keep promoting the overall standard of all the employees, thus building the Bank’s advantages in talent competition.

Directors, Supervisors, Senior Management, Employees and Branch Outlets

9.3 Branch Outlets

Item	Number of branches	Number of employees	Asset scale (RMB100 million)	Place of business
Head Office	–	1,128	3,742.12	No. 6 Yongpingmen Street, Jiangbei District, Chongqing
Liangjiang Branch	9	256	231.43	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing
Chongqing Pilot Free Trade Zone Branch	8	259	177.79	No. 153 Zourong Road, Yuzhong District, Chongqing
Other institutions in Chongqing Region	135	2,533	2,531.16	Please refer to Chapter 18 “List of Branch Outlets” for details
Chengdu Branch	13	439	353.22	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu
Xi’an Branch	11	382	331.17	1/F to 3/F, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi’an
Guiyang Branch	7	287	231.95	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	183	5,284	7,598.84	–

Environmental and Social Responsibility

10.1 Environmental Protection

10.1.1 Promotion of Green Finance

During the Reporting Period, the Bank actively supported 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 further promoted the group-based development of green finance and was committed to meeting the comprehensive financial needs of customers under the “dual carbon” goals.

As of the end of the Reporting Period, according to the statistics of green finance by the People’s Bank of China, the scale of green finance business of the Bank increased by 28.3% to RMB41.380 billion as compared with the end of the previous year, and the balance of green credit increased by 30.6% to RMB36.062 billion as compared with the end of the previous year. The Bank was honored a number of external awards, including the Model Entity of Chongqing in Green Finance, the Excellent Cases on Green Finance Innovation of Chongqing, the ESG Leading 100 Cases of Listed Companies in China (中國上市公司ESG領先100案例) and the Financial Innovation Case of The Banker (《銀行家》雜誌金融創新案例).

With focus on strategic guidance, product innovation, technology empowerment and promotion of concepts, the Bank continued to promote the high-quality development of green finance.

Strengthening top-level design to boost business development. The Bank strengthened the strategic guidance by continuously updating our strategic plan for green finance during the 14th Five-Year Plan period and developing specific work programs to further define the development direction, objectives and implementation paths of green finance. The Bank increased resource investment to further improve the system of green finance, and formulated supporting policies of green finance including credit policy and assessment policy, so as to gradually improve the refined management and guidance for the development of green finance from a macro to micro perspective.

Accelerating product innovation and activating developmental momentum. By further deepening the application of green finance products, the Bank continued to promote the implementation of financing services secured by environmental rights such as pollution rights and forest rights; we further promoted the use of green finance monetary policy instruments, implemented the first batch of carbon reduction support tools for local banks in Chongqing, actively supported projects that reduce carbon emissions in areas such as solar energy utilization and the efficiency improvement of motor systems; furthermore, we promoted the effective connection between green finance and transition finance, explored sustainable linked loan products, implemented the Bank’s first demonstration loan for transition finance, and continuously enriched the products and tools available to serve our customers.

Developing system tools to enhance risk management capabilities. While exploring the digital ESG ratings for corporate customers, the Bank conducted an in-depth analysis of several indicators for environmental resources, social responsibility and corporate governance, and promoted the application of rating results in the credit process from specific points to a broad series, so as to ensure the sustainable development of investment and financing business. Through incorporating the environmental and social risk management of the projects into the credit process, the Bank improved the environmental risk management in the operation of projects based on the green finance management system.

Environmental and Social Responsibility

Practicing green public welfare to build a beautiful Chongqing together. The Bank has coordinated a number of active measures to promote the carbon neutrality of the Bank and publicize green and low-carbon operations. Relying on the “Sichuan-Chongqing Joint Service Platform for Carbon Neutrality”, the headquarters building of the Bank has achieved the carbon neutrality, which was the first headquarters in Chongqing to achieve carbon neutrality and the first cross-regional project within the Chengdu-Chongqing Economic Circle to achieve carbon neutrality. The Bank has hosted the “National Low-Carbon Day” theme events with the Chongqing Municipal Ecology and Environment Bureau for three consecutive years, and popularized green and low-carbon concepts on significant occasions such as World Earth Day and Tree Planting Day.

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 User Manual 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 head 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 integrated control system, which can rationally set the temperature control switches of air conditioners according to the temperature changes. Intelligent lighting ensured that lights were turned off in employee workstation areas, aisles, and elevator front rooms to save energy. Garage lighting was upgraded from all-day “always-on lights” to intelligent lighting systems, reducing brightness during nights or times of low vehicle and pedestrian traffic to save energy. In order to effectively cope with the power shortage situation during the summer peak period, we planned ahead of time to set up a special team for Bank of Chongqing to meet the summer peak and save electricity, to do a good job in ensuring power supply and saving electricity during the summer peak period, to help local power security, and to highlight the role of state-owned enterprises. In order to promote the development of new energy vehicles and reduce automobile exhaust pollution, 6 fuel vehicles were disposed and charging piles were successively built for the office building in 2023.

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

In terms of building energy conservation of outlets, 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.

Environmental and Social Responsibility

The Bank formulated the Bank of Chongqing Procurement Management Measures (《重慶銀行採購管理辦法》). In procurement management, the Bank publicized and practiced the green and environmental protection philosophy. The Bank has strict requirements on admission of suppliers in terms of environmental protection, energy conservation and emission reduction, and took environmental protection qualification and energy conservation performance of suppliers as important considerations for the procurement of engineering air conditioners and other products. The requirements on environmental protection were implemented for the selection of construction suppliers. The Bank established a procurement management system and put it into operation to promote online remote bidding for suppliers, so as to reduce procurement costs.

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

10.2 Performance of Social Responsibility

Please refer to the 2023 Social Responsibility (Environmental, Social and Governance) Report of the Bank issued on 27 March 2024 for detailed information.

10.3 Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

During the Reporting Period, by focusing on consolidating and expanding the achievements of poverty alleviation, comprehensively promoting rural revitalization, accelerating the construction of a strong agricultural country and achieving the goal of common prosperity, the Bank continued to improve the rural financial service system, continuously improved the quality and efficiency of rural financial services, and gave full play to the positive role of finance in comprehensively promoting rural revitalization. As of 31 December 2023, the balance of agriculture-related loans was RMB64,206 million, an increase of RMB8,765 million over the end of last year, an increase of 15.81%, serving 48,341 of agriculture-related customers. Among them, the balance of inclusive agriculture-related loans was RMB15,500 million, an increase of RMB3,045 million over the end of last year, an increase of 24.44%, fully channeling “financial vitality” to support the revitalization and development of agriculture and rural areas.

Strengthening top-level design and consolidating policy mechanism. The Bank has formulated the Implementation Plan for Providing Financial Support to Comprehensively Promote Rural Revitalization and Key Works in 2023 (《2023年金融支持全面推進鄉村振興重點工作的實施方案》), and has clearly defined guidelines in credit policy for rural revitalization business strategy, customer strategy, and product strategy, effectively ensuring the rural revitalization efforts are productive and impactful. Relying on the rural revitalization work group of the head office, the Bank has established a rural revitalization work mechanism of “head office-led + institutional promotion + full participation”, clarifying functional responsibilities and enhancing collaborative linkage. Focusing on key tasks such as the “three bottom lines” and the “four thousand actions”, we have set up a “special team for rural revitalization product innovation” (鄉村振興產品創新工作專班) and a “special team for new type of agricultural business entities archiving and rating” (新型農業經營主體建檔評級工作專班), building a cross-departmental, cross-functional, and cross-sectoral financial synergy mechanism to improve the quality and effectiveness of financial services for rural revitalization.

Environmental and Social Responsibility

Strengthening comprehensive assistance and consolidating the outcomes of poverty alleviation. By purchasing ingredients for the cafeteria, organizing exhibitions and sales and other forms, the Bank procured agricultural products from counties crucial to the rural revitalization support initiative, transforming these products into “goods” and “income” to stimulate the endogenous development momentum of areas and populations that have emerged from poverty. Leveraging the e-commerce platform of “Yu Le Hui of Bank of Chongqing” (重慶銀行渝樂惠), the Bank established dedicated assistance pavilions for rural revitalization in nine key support areas and counties, including Wuxi, Chengkou, Youyang and Pengshui, to create internet supply and sales channels for agricultural products from poverty-alleviated areas to the consumer market, effectively promoting the industrial development of poverty-alleviated areas. The Bank provided support to Tongcheng Town in Wuxi County in a paired manner to fully advance rural revitalization, conducted “creditworthy villages” evaluations, developed the “village-based credit granting” model to enhance precise financial support, and organized a special live broadcast of “Wuxi’s Treasures for Chongqing’s Fine Gifts” for rural revitalization, so as to broaden the sales channels of characteristic agricultural products in Wuxi County by means of online sales.

Strengthening credit allocation to support key areas. Focusing on the critical field of food security, the Bank promoted specialized products and batch business such as “Two Mountains, Informatization and Industrialization – Haoqi Agricultural Support Loan” (兩山兩化•好企助農貸) and “Agricultural Trade Market Loan” (農貿市場貸), supporting the development of the “rice bag” and “shopping basket” production and operation entities and helping to build a diversified food supply system. Around the “3+6+X” advantageous and characteristic industrial clusters, the Bank promoted specialized products and batch business such as “Youth Rural Revitalization Loan” (鄉村振興青年貸) and “Agricultural Industry Development Loan”, supporting the development of high-efficiency specialty industrial clusters in citrus, pickled vegetables, and lemons in mountainous areas. Focusing on livable, business-friendly and beautiful rural demonstration projects, the Bank promoted product models such as “Forest Rights Mortgage Loan” (林權抵押貸) and “Water and Electricity Loan” (小水電貸), supporting the development of key areas in rural construction such as road transportation, medical education, clean energy, and living environment. Addressing the consumer financial needs of rural residents, urbanized farmers, and new urban citizens, the Bank promoted product models such as “Jie E Dai” (捷e貸) and “Xing Fu Dai” (幸福貸), boosting the consumer market.

Strengthening digital empowerment and innovating product services. In terms of innovating digital products, the Bank developed the new agricultural business entity loan, “Xin Nong Dai” (新農貸), incorporating data resources related to agriculture, credit reporting, industry and commerce, judiciary, etc. Utilizing digital intelligence technologies such as mobile internet and customer profiling, we achieved functions such as “online loan application and quota estimation, bank visits for loan processing, self-service withdrawal and repayment, and real-time borrowing and repayment”. In the area of innovating digital services, the Bank built online service channels such as internet banking, mobile banking, WeChat banking, and WeChat applets, creating an instant interactive customer service system that integrates text, voice, and remote video. We focused on optimizing development for the elderly and accessibility features, meeting the differentiated financial service needs of special customer groups. Regarding innovating digital operations, the Bank launched the “Bashi Business” and “Yuying Link” (渝鷹link) for customer manager use, loading 70% of branch business onto mobile electronic devices. By customizing financial service functions to benefit agriculture, the Bank enhanced financial service capabilities in remote areas and expanded the boundaries of financial services for rural revitalization.

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, and prioritized the in-depth incorporation of consumer protection into its corporate governance. The Bank focused on constantly improving its systems and mechanisms, strengthening the traceability and rectification of complaints, promoting the publicity of and education on financial knowledge, strengthening the education and training of employees, and strictly implementing assessment and accountability mechanism. Through coordinating development and security, the Bank made relentless efforts to consolidate its foundation, uphold fairness and promote innovation, thus unswervingly promoting its high-quality development.

Environmental and Social Responsibility

10.4.2 Strengthening the handling of complaints

The Bank always adhered to the original spirit of “Finance for the People” in its consumer protection and complaint handling work, focusing on customers’ hot and difficult issues, and continuously strengthening the traced rectification mechanism to improve the quality of products and services and protect the legitimate rights and interests of customers in a practical manner. On the one hand, we focused on source management, continuously improved the traced rectification mechanism, regularly carried out and followed up our traced rectification work, thus promoting the continuous improvement of our products and services and reducing the number of complaints in some businesses, and further enhancing the customer service experience. On the other hand, the Bank continued to improve its complaint management system and mechanism by consolidating its foundation in the context of “stringent supervision and risk prevention”, and launched special training and organized emergency drills, further enhancing the complaint handling capability of its staff.

In 2023, the Bank received a total of 2,733 customer complaints. Among them, in terms of business lines, the complaints mainly consisted of credit cards (967 cases, accounting for 35.38%), loans (627 cases, accounting for 22.94%), and debit cards (334 cases, accounting for 12.22%) and other businesses. In terms of reasons for complaints, it was mainly due to customers’ lack of knowledge of rules, pricing and charges, and the customers in the hope that the Bank would further improve the efficiency of its business operations. In terms of geographical location, there were 2,522 complaints in Chongqing, accounting for 92.28%; 74 complaints in Sichuan, accounting for 2.71%; 55 complaints in Guizhou, accounting for 2.01%; and 82 complaints in Shaanxi, accounting for 3.00%.

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 2023

The Bank plans to withdraw the statutory surplus reserve of RMB470 million according to 10% of the audited net profit of RMB4.699 billion in 2023, and withdraw the general reserve of RMB680 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 RMB0.408 (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)	0.408
Number of shares issued for each share upon the conversion (share)	–
Cash dividend (RMB) (inclusive of tax)	1,417,621,344.55
Net profit attributable to the holders of the Company's ordinary shares in consolidated statements for the year of distribution	4,718,287,973.78
% of the net profit attributable to the holders of the Company's ordinary shares in consolidated statements	30.05

Note: Based on the total number of 3,474,562,119 ordinary shares at the end of 2023, the total cash dividend (inclusive of tax) amounted to RMB1,417,621,344.55. 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 2023, 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 2023 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.
- (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.

Significant Events

- (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 2022 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 63rd meeting of the sixth session of the Board of the Bank, and submitted for consideration and approved at the 2022 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 2023 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 2022 and the Profit Distribution Plan for 2023, 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: <ol style="list-style-type: none"> “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. 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. 	5 February 2021	36 months subject to extension as appropriate	Yes

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<p>4. 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 Real Estate Group Co., Ltd., 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), 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 Investment Holding 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 Real Estate Group Co., Ltd., 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 Investment Holding 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> <ol style="list-style-type: none"> 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. 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. 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. 	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
			<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>			

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>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 offering 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> <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>	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	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.			

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.</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> <ol style="list-style-type: none"> 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. 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. 			

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. 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>			
Undertaking in relation to the initial public offering	Others	Chongqing Yufu Capital Operation Group Co., Ltd., the largest shareholder of the Bank	<p>With regard to the 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:</p> <p>"I. 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.</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
			<p>II. If the closing price of A Shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing for 20 consecutive trading days, and the share price stabilization plan is not announced by the Board of Bank of Chongqing as scheduled, or approved by competent authorities or departments, the obligation of the company to increase its shareholding in Bank of Chongqing is triggered, and the company will take the following measures:</p> <ol style="list-style-type: none"> 1. The company will, within 15 trading days following the date of triggering, submit to Bank of Chongqing, the plan of increasing its shareholding in Bank of Chongqing, which will be announced by Bank of Chongqing. The notice of acquisition of additional shares shall indicate the number of additional shares to be acquired, the price, period, target for and other information on the acquisition. 2. Within 6 months following the date of triggering the obligation to stabilize the share price, the company will increase its shareholding in the Bank, for a total consideration not less than 15% of the cash dividend of Bank of Chongqing in the latest year to which it is entitled upon the announcement of the plan of increasing its shareholding in Bank of Chongqing. 			

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

Significant Events

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
Undertaking in relation to the initial public offering	Others	Directors and senior management of the Bank	<p>With regard to the share price stabilization within three years following the initial public offering and listing of A Shares of the Bank, directors (excluding independent directors, and directors who do not receive remuneration from the Bank) and senior management of the Bank undertake as follows:</p> <p>"1. Condition for taking the share price stabilization measures</p> <p>I will actively take the following measure to stabilize the share price of Bank of Chongqing according to the specific share price stabilization plan in the Plan for Stabilization of A Share Price if the closing price of A Shares of Bank of Chongqing is less than the latest audited net assets per share of Bank of Chongqing (the net assets per share will be adjusted accordingly if there is any change in the net assets or the total number of shares of the Bank after the latest audit reference date due to profit distribution, conversion of capital reserve into share capital, follow-on offering, placement of shares and other matters, similarly hereinafter) for 20 consecutive trading days within three years following the initial public offering and listing of A Shares of Bank of Chongqing, other than due to force majeure factors.</p>	5 February 2021	36 months	Yes

Background of the Undertaking	Type of the Undertaking	Party Making the Undertaking	Description of the Undertaking	Effective Date of the Undertaking	Term of the Undertaking	Is It Performed Strictly in a Timely Manner
			<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 Occupation 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 occupied 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 2022 Annual General Meeting held on 21 June 2023, the Bank considered and approved the Proposal on the Estimated Annual Cap for Regular Related Party Transactions for 2023. Information on the Bank's regular 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 2023	As of 31 December 2023
Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd. and its associates	Credit	25.49	3.11
Among which, Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd.	Credit	11.43	1.13
Chongqing Yu Feng Imp. & Exp. Co., Ltd.	Credit	4.56	0.00
Chongqing Yumaotong Supply Chain Management Co., Ltd.	Credit	3.50	1.98
Chongqing Shangshe Company (Group) Co., Ltd. and its associates	Credit	8.19	8.19
Among which, Chongqing Commercial Investment Group Co., Ltd.	Credit	4.19	4.19
Chongqing Department Store Co., Ltd.	Credit	4.00	4.00

Significant Events

Related Party	Type of Related Party Transaction	Proposed Annual Caps for Related Party Transactions in 2023	As of 31 December 2023
Chongqing Real Estate Group Co., Ltd. and its associates	Credit	35.00	4.19
Among which, Chongqing Real Estate Group Co., Ltd.	Credit	26.80	2.50
Chongqing Dazhai Property Management Co., Ltd.	Credit	3.20	1.69
Chongqing Green Energy Development Co., Ltd.	Credit	4.00	0.00
Chongqing Yufu Holding Group Co., Ltd. and its associates	Credit	46.50	14.76
Among which, Chongqing Yufu Holding Group Co., Ltd.	Credit	11.75	5.00
Chongqing Yufu Capital Operation Group Co., Ltd.	Credit	8.00	1.10
Chongqing Yin Hai Financing Leasing Co., Ltd.	Credit	2.90	0.80
Chongqing Travel Investment Group Company Limited	Credit	5.00	0.00
China Silian Instrument Group Co., Ltd.	Credit	2.27	2.56
Chongqing Silian Technical Import & Export Co., Ltd.	Credit	2.20	2.20
Southwest Securities Company, Ltd.	Credit	2.00	0.00
Chongqing Chuanyi Microcircuit Co., Ltd.	Non-credit	2.00	0.00
Chongqing Yuzi Guangdian Industrial Investment Co., Ltd.	Credit	0.10	0.10
Chongqing Yuzi Guangdian Industrial Investment Co., Ltd.	Credit	4.50	3.00
Chongqing Water Conservancy Investment (Group) Co., Ltd. and its associates	Credit	15.00	10.00
Among which, Chongqing Water Conservancy Investment (Group) Co., Ltd.	Credit	13.95	10.00
Chongqing Jiaotong Financing Guarantee Co., Ltd.	Non-credit	2.20	0.91
Chongqing Sanxia Financing Guarantee Group Corporation	Credit	5.00	2.00
	Non-credit	50.00	28.46
Chongqing Export-Import Financing Guarantee Co., Ltd.	Non-credit	20.00	3.29

Significant Events

Related Party	Type of Related Party Transaction	Proposed Annual	
		Caps for Related Party Transactions in 2023	As of 31 December 2023
Chongqing Xingnong Financing Guarantee Group Co., Ltd.	Credit	25.00	0.00
	Non-credit	45.00	39.32
China Resources YuKang Asset Management Co., Ltd.	Credit	15.00	0.00
	Non-credit	6.00	0.44
Changan Auto Finance Co., Ltd.	Credit	45.00	3.00
Chongqing Three Gorges Bank Co., Ltd.	Credit	15.00	2.35
	Non-credit	22.00	10.50
Chongqing Rural Commercial Bank Co., Ltd.	Credit	80.00	0.23
	Non-credit	15.00	15.00
China Merchants Bank Co., Ltd.	Credit	110.00	33.72
	Non-credit	10.00	3.00
Natural persons	Credit	5.48	0.31

Pursuant to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions published by the NFRA, Chongqing Xinyu Financial Leasing Co., Ltd. is a related party of the Bank. As of the end of the Reporting Period, the credit balance of the related party was RMB0.9 billion. The above related party transactions either do not constitute connected transactions or are fully exempted connected transactions under the Hong Kong Listing Rules.

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 financial companies under its control.

11.4.6 Other Material Related Party Transactions

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

11.5 Engagement of Intermediaries

11.5.1 Engagement of Accounting Firms

On 30 March 2023, the 63rd 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 2023, 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 2023 respectively. On 21 June 2023, the 2022 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 2023 financial statements of the Bank, while Ernst & Young is the international accounting firm that audits the 2023 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 2023.

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young had provided audit services for the Bank for three consecutive years from 2021 to 2023.

In 2023, 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 RMB0.267 million.

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 the NFRA, there are no other major guarantee matters that need to be disclosed by the Bank. During the Reporting Period, the Bank did not violate stipulated decision-making procedures in issuing outward guarantees.

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

According to relevant regulations of CSRC and the Shanghai Stock Exchange, the independent non-executive Directors of the Bank carefully verified the outward guarantees of the Bank in 2023 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 NFRA and in the ordinary course of business of the Bank. As of 31 December 2023, the balance of guarantees issued by Bank of Chongqing was RMB1,408 million.

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

Significant Events

11.7 Material Litigation and Arbitration

In the course of daily operation, the Bank involved several legal proceedings, most of which were initiated to recover non-performing loans. The disputes between the Bank, Chongqing Apu Properties (Group) Co., Ltd. and Chongqing New City Construction Co., Ltd. in relation to bond transactions have been resolved and are in the process of compulsory execution. Please refer to the Announcement on Litigation Matters published by the Bank on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and the Bank's official website for information in relation to the case between the Bank and China International Capital Corporation Limited, Baker Tilly China Certified Public Accountants (Special General Partnership), Golden Credit Rating International Co., Ltd., Lei Xiaoyang, Jian Fuqing, Zhang Jianfeng, Chen Min, Cheng Wei and Wang Linqiang relating to the liability dispute for securities misrepresentations in connection with the aforesaid case.

The Bank has 13 outstanding legal claims (including the Bank as a third party) of RMB328 million as of 31 December 2023. 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

During the Reporting Period, the Bank was not subject to any investigation by law for suspected crimes. The Bank and all Directors, Supervisors and senior management of the Bank were not subject to any criminal punishment, any investigation or administrative punishment by the CSRC, or any material administrative punishment by other competent authorities. All Directors, Supervisors and senior management of the Bank were not subject to any coercive measures by law for suspected crimes, any detention by discipline inspection and supervision authorities, or any coercive measures by other competent authorities, which may affect their performance of duties. The Directors, Supervisors and senior management of the Bank had not been subject to any punishment by securities regulatory authorities in recent three years. During the Reporting Period, the Chongqing CSRC took an administrative supervision measure of issuing a warning letter to the Bank for the violation of the relevant regulations by the fund sales business of the Bank on the management of investor suitability and the marketing and publicity of fund. As of the date of the warning letter, the Bank has rectified those issues stated in the decision letter. Save as the above circumstances, the Bank and all Directors, Supervisors and senior management of the Bank were not subject to any administrative supervision measures by the CSRC, or any disciplinary punishments by stock exchanges during the Reporting Period.

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 2023 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 of the CSRC 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 3,474,562,119 Ordinary Shares, comprising 1,895,541,307 A Shares and 1,579,020,812 H Shares.

	31 December 2022		Increase/decrease (+, -)					31 December 2023	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions	1,204,126,450	34.66	-	-	-	-	-	1,204,126,450	34.66
1. Shareholding of the State	-	-	-	-	-	-	-	-	-
2. Shareholding of state-owned legal persons	781,033,909	22.48	-	-	-	-	-	781,033,909	22.48
3. Other Domestic Shares	423,092,541	12.18	-	-	-	-	-	423,092,541	12.18
Of which: Shareholding of domestic non-state-owned legal persons	397,316,745	11.44	-	-	-	-	-	397,316,745	11.44
Shareholding of domestic natural persons	25,775,796	0.74	-	-	-	-	-	25,775,796	0.74
4. Foreign shares	-	-	-	-	-	-	-	-	-
Of which: Shareholding of offshore legal persons	-	-	-	-	-	-	-	-	-
Shareholding of offshore natural persons	-	-	-	-	-	-	-	-	-
II. Outstanding shares not subject to selling restrictions	2,270,413,394	65.34	-	-	-	22,275	22,275	2,270,435,669	65.34
1. RMB ordinary shares	691,392,582	19.90	-	-	-	22,275	22,275	691,414,857	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	-	-	-	-	-	-	-	-	-
III. Total number of ordinary shares	3,474,539,844	100.00	-	-	-	22,275	22,275	3,474,562,119	100.00

Note: As at the end of the Report Period, pledged shares of the Bank amounted to 133,658,231 shares, representing 3.85% of the Bank's total share capital; frozen shares amounted to 261,037 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. During the Reporting Period, the total number of shares arising from conversion was 22,275, and the total share capital of the Bank increased from 3,474,539,844 shares to 3,474,562,119 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.

The outstanding shares subject to selling restrictions with a lock-up period of 12 months from the listing date of the Bank’s shares expired on Saturday, 5 February 2022 and were released for circulation on Monday, 7 February 2022. During the Reporting Period, the outstanding shares subject to selling restrictions with a lock-up for a period of 36 months from the listing date of the Bank’s shares were not released, as the release date was beyond the Reporting Period. 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 52,658 ordinary shareholder accounts, of which, 51,580 are A Shareholder accounts and 1,078 are H Shareholder accounts.

As at the end of the previous month prior to the disclosure date of this report (i.e. 29 February 2024), the Bank had a total of 53,310 ordinary shareholders, of which, 52,230 are A Shareholder accounts and 1,071 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, tagged or frozen	
								Status	Number (shares)
1	HKSCC Nominees Limited	Offshore legal person	1,172,536,952	33.75	H Shares	-176,980	-	-	-
2	Chongqing Yufu Capital Operation Group Co., Ltd.	State-owned legal person	492,319,817	14.17	A Shares + H Shares	3,768,814	407,929,748	-	-
3	Dah Sing Bank, Limited	Offshore legal person	458,574,853	13.20	H Shares	-	-	-	-
4	Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned legal person	295,334,302	8.50	A Shares	121,966,536	139,838,675	-	-
5	Lifan Technology (Group) Co., Ltd.	Private legal person	294,818,932	8.49	A Shares + H Shares	-	129,564,932	Pledged	129,564,932
6	SAIC Motor Corporation Limited	State-owned legal person	240,463,650	6.92	H Shares	-	-	-	-
7	Funde Sino Life Insurance Co., Ltd.	Private legal person	217,570,150	6.26	H Shares	-	-	-	-
8	Chongqing Real Estate Group Co., Ltd.	State-owned legal person	174,850,488	5.03	A Shares	400	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.	Private legal person	94,506,878	2.72	A Shares	-	94,506,878	-	-

Change in Share Capital and Shareholders

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

S.N.	Name of shareholder	Number of Outstanding Shares Held not subject to Selling Restrictions (shares)	Class and Number of Shares	
			Class	Number (shares)
1	HKSCC Nominees Limited	1,172,536,952	H Shares	1,172,536,952
2	Chongqing Water Conservancy Investment Group Co., Ltd.	155,495,627	A Shares	155,495,627
3	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
4	Chongqing Real Estate Group Co., Ltd.	35,011,813	A Shares	35,011,813
5	Hong Kong Securities Clearing Company Limited	21,199,365	A Shares	21,199,365
6	Chongqing Chuanyi Automation Co., Ltd.	16,129,476	A Shares	16,129,476
7	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
8	Chongqing Water & Environment Holdings Group Ltd.	10,068,631	A Shares	10,068,631
9	Chongqing Yufu Capital Operation Group Co., Ltd.	9,824,069	A Shares	9,824,069
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: Nil

Information on voting rights delegated to and by, and abstinence from voting by the above shareholders: Nil

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.; according to the "Indicative Announcement Regarding Changes In Shareholders' Shareholding" issued by the Bank on 31 August 2023, Chongqing SASAC has transferred 80% of the equity interest held by it in Chongqing Water & Environment Holdings Group Ltd. to Chongqing Yufu Holding Group Co., Ltd. for nil consideration. Upon completion of the transfer, the Bank's shareholder Chongqing Water & Environment Holdings Group Ltd. will become a related party of the shareholder Chongqing Yufu Capital Operation Group Co., Ltd. As of the date of this report, this free transfer is subject to registration procedures for transfer. 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 417,753,817 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. (重慶川儀微電子有限公司), 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 523,493,364 shares of the Bank, representing 15.07% of the Bank's total shares. According to the "Indicative Announcement Regarding Changes In Shareholders' Shareholding" issued by the Bank on 31 August 2023, Chongqing SASAC has transferred 80% of the equity interest held by it in Chongqing Water & Environment Holdings Group Ltd. to Chongqing Yufu Holding Group Co., Ltd. for nil consideration. Upon completion of the transfer, the Bank's shareholder Chongqing Water & Environment Holdings Group Ltd. will become a related party of the shareholder Chongqing Yufu Capital Operation Group Co., Ltd. Chongqing Yufu Capital Operation Group Co., Ltd. and its related party will collectively hold 533,561,995 Shares of the Bank, representing 15.36% of the Bank's total share capital. As of the date of this report, this transfer is subject to registration procedures for transfer.*
- (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 174,850,488 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 177,110,089 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.*
- (8) *The Bank is not aware of any involvement of HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited in the refinancing business. Save as mentioned above, none of the other top ten shareholders of the Bank participated in the refinancing business by lending the Bank's 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	August 2024	0	42 months from the date of the Bank's listing
2	Chongqing Road & Bridge Co., Ltd.	171,339,698	August 2024	0	42 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 who 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 417,753,817 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 523,493,364 shares of the Bank, representing 15.07% of the Bank's total shares.

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.

Change in Share Capital and Shareholders

Chongqing Water Conservancy Investment Group Co., Ltd.

Chongqing SASAC is the controlling shareholder of Chongqing Water Conservancy Investment Group Co., Ltd.. Chongqing Water Conservancy Investment Group Co., Ltd was established on 18 November 2003 with a registered capital of RMB2.165 billion. Its legal representative is Zhu Lianghua, and its registered address is located at No. 2 Caifu Avenue, Yubei District, Chongqing. Its business scope includes general items: being responsible for the operation and management of state-owned water resources assets within the scope authorized by the municipal government, being responsible for project investment and operation of large and medium-sized water source projects, water supply and drainage projects, and pollution control projects at the municipal level, being responsible for the unified development and operation of water resources in the western water supply project planning zone, being responsible for the development, investment, and operation of river restoration and soil and water conservation projects, implementing the development and investment of small and medium-sized hydropower station projects and sales of water conservancy and hydropower equipment and materials (excluding those subject to special management provisions of national laws and regulations). (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 of the end of the Reporting Period, Chongqing Water Conservancy Investment Group Co., Ltd. held 295,334,302 A Shares of the Bank, representing 8.50% 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) Co., Ltd. (上海汽車工業(集團)有限公司) 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 technologies that are restricted or prohibited from import and export by the 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 NFRA; reinsurance of the above-mentioned insurance activities; concurrent insurance agency business (licensed operations); and use of funds approved by the NFRA.

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 174,850,488 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 177,110,089 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 and Urban Construction Co., Ltd. (重慶兩江新區產城建設有限公司) 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 NFRA, 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	439,518,655	23.19	12.65
	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	417,753,817	22.04	12.02
	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	174,850,488	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	295,334,302	15.58	8.50
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 43.01% 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 417,753,817 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.*

Change in Share Capital and Shareholders

- (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 174,850,488 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 A shares, 300,020 A shares 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.*

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

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 Issuance and Listing of Ordinary Shares

During the Reporting Period, there was no ordinary shares issued by the Bank.

13.2 Debt Securities Issued

13.2.1 Debt Securities Issued During the Reporting Period

Pursuant to a resolution at the general meeting passed on 27 April 2023 and the Affirmative Decision on Administrative License from the People's Bank of China (Yin Xu Zhun Yu Jue Zi [2023] No. 80) on 7 September 2023, the Bank publicly issued RMB4.5 billion special financial debt for small and micro business loans for 2023 (Tranche 1) within the domestic inter-bank bond market of China; such debt has a maturity of 3 years, with a fixed coupon rate of 2.75% per annum before maturity, payable annually. The proceeds from this issue will be used for loans to small and micro enterprises.

As approved by the Approval from China Banking and Insurance Regulatory Commission Chongqing Bureau 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 [2023] No. 80), the Bank issued RMB2.5 billion undated capital bonds in the national interbank bond market in October 2023. The coupon rate is 4.50% 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 NFRA.

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 Chongqing CBIRC 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. The aforesaid debt was due for redemption on 4 November 2023.

13.2.2 Bonds as of the End of Reporting Period

For details of bonds of the Group as of the end of Reporting Period, please refer to the section headed "Notes to the Financial Report – Debt securities payable".

13.3 Convertible Corporate Bonds

13.3.1 Issuance of Convertible Corporate Bonds

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 publicly issued 130 million A Share Convertible Corporate Bonds at a par value of RMB100 each in 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 closed at RMB104.910 each on the same day. 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.

Securities Issuance and Listing

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; 3.50% for the sixth year.	130 million	14 April 2022	From 30 September 2022 to 22 March 2028

13.3.2 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	73,640
Guarantors of convertible bonds	None

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 (Industrial and Commercial Bank of China)	2,051,355,000	15.78
Specific accounts for bonds repurchase and pledge under the registration and settlement system (CITIC Securities Co., Ltd.)	1,371,970,000	10.55
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Bank of China)	916,692,000	7.05
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Merchants Bank Co., Ltd.)	666,029,000	5.12
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Minsheng Banking Corp., Ltd.)	650,045,000	5.00
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Sealand Securities Co., Ltd.)	515,000,000	3.96
Special accounts for bonds repurchase and pledge under the registration and settlement system (China Construction Bank)	454,819,000	3.50
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China CITIC Bank)	298,039,000	2.29
CITIC Securities Co., Ltd.	234,591,000	1.80
Specific accounts for bonds repurchase and pledge under the registration and settlement system (CSC Financial Co., Ltd.)	230,173,000	1.77

13.3.3 Changes in Convertible Bonds

Unit: RMB

Name of convertible bonds	Increase/decrease				After the change
	Before the change	Converted	Redeemed	Sold back	
BCQ Convertible Bonds	12,999,622,000	241,000	–	–	12,999,381,000

13.3.4 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 RMB619,000 were converted to Ordinary A-Share of the Bank accumulatively.

Name of convertible corporate bonds	BCQ Convertible Bonds
Amount of converted bonds during the Reporting Period (RMB)	241,000
Number of shares converted during the Reporting Period (shares)	22,275
Cumulative number of shares converted (shares)	56,780
Percentage of the cumulative number of shares converted to the total number of shares in issue prior to the conversion (%)	0.0016
Amount of unconverted bonds (RMB)	12,999,381,000
Percentage of the number of unconverted convertible bonds to the total amount of issued convertible bonds (%)	99.9952

13.3.5 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.

Securities Issuance and Listing

The following table sets out the previous adjustments of conversion price of BCQ Convertible Bonds.

Name of convertible corporate bonds				BCQ Convertible Bonds
Date of the adjustment of conversion price	Adjusted conversion price	Disclosure time	Disclosure media	Description of the adjustment of conversion price
28 July 2022	10.89	20 July 2022	China Securities Journal Shanghai Securities News Securities Times Securities Daily	Adjustment due to profit distribution in 2021
20 July 2023	10.50	13 July 2023	China Securities Journal Shanghai Securities News Securities Times Securities Daily	Adjustment due to profit distribution in 2022
Latest conversion price as of the end of the Reporting Period				10.50

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

According to the Measures for the Administration for the Registration 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 carry out a follow-up rating on the A Share Convertible Corporate Bonds issued by the Bank in March 2022. On 19 May 2023, Lianhe Credit Rating has issued the 2023 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.

13.4 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.

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 2023.

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 customers related to the Bank to whom the Bank would not provide credit support on terms more favorable to other customers.

In 2023, 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.

Report of the Board of Directors

Environmental Protection Policy and Implementation

The Bank kept close attention and focus 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 2023 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2023. 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 2023 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 RMB0.395 per share (tax inclusive) for the year ended 31 December 2022 ("2022 Final Dividend"), amounting to a total dividend of RMB1.372 billion (tax inclusive) based on the profit and number of shares issued for the year ended 31 December 2022, was distributed by the Bank to all Shareholders of the Bank upon approval at the 2022 general meeting held on 21 June 2023. The 2022 Final Dividend was distributed to holders of A Shares and H Shares on 20 July 2023.

The Board of the Bank proposed to distribute a final dividend (the "2023 Final Dividend") per share of RMB0.408 (tax inclusive) for the year ended 31 December 2023, amounting to a total dividend of RMB1,417,621,344.55 (tax inclusive). The dividend distribution plan will be submitted to the 2023 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.

Change in the Reserves

Details of the changes in the reserves of the Bank for the year ended 31 December 2023 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 2023 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 2023 amounted to RMB4.18 million.

Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended 31 December 2023 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 2023 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 had not purchased, sold or redeemed any listed securities of the Bank during the year ended 31 December 2023.

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.

Report of the Board of Directors

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 Hong Kong Listing Rules. 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 Hong Kong Listing Rules.

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

As at 31 December 2023, 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 C3 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	Former Secretary to the Party Committee Former Chairman Former Executive Director	A Share	Long position	Beneficial owner	25,700	0.00074
LIU Jianhua	Member of the Party Committee Executive Director Vice President	A Share	Long position	Beneficial owner	191,875	0.00552
WONG Wah Sing	Executive Director Chief Risk Officer Chief Anti-money Laundering Officer	A Share	Long position	Beneficial owner	24,600	0.00071
WONG Hon Hing	Vice Chairman Non-executive Director	A Share	Long position	Beneficial owner	7,100	0.00020
HUANG Changsheng	Deputy Secretary of the Party Committee Employee Supervisor Chairman of the Labor Union	A Share A Share	Long position Long position	Beneficial owner Interest of spouse	123,451 60,647	0.00355 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 2023.

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.

Connected Transactions

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

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

Report of the Board of Directors

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 Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange.

By order of the Board
Bank of Chongqing Co., Ltd.
YANG Xiuming
Chairman

Report of the Board of Supervisors

In 2023, following 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 fulfilled its supervisory responsibilities seriously, effectively played the supervisory role, 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 Board of Supervisors strictly implemented the collective decision making mechanism for “Three Major and One Large” matters. Supervisors who are also members of the Party Committee conscientiously 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, 13 meetings were held by the Board of Supervisors and the Supervision and Nomination Committee, at which an aggregate of 47 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 shareholders’ meeting twice, and were present at a total of 80 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 16 supervisory opinions involving internal control, non-performing asset management, consumer right protection, liquidity management, outlet planning 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 3 comprehensive inspections on projects across the Bank, including the centralized supervision and inspection of the Bank for 2022 and a special inspection of the Bank’s engineering construction management of outlet construction projects and off-balance-sheet business of the Bank. Through the inspections, 9 management loopholes and risk hazards were revealed, covering data governance, procurement management and loan management, outlet construction and off-balance-sheet business.

Report of the Board of Supervisors

(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 2022 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 7 Supervisors based on quantitative and qualitative indicators through the combination of self-evaluation, peer evaluation, the evaluation from the Board of Directors and the evaluation from the Board of Supervisors in 2022. 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 the Bank's Directors, Supervisors, and 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 3 problems revealed in the 2022 centralized supervision and inspection, verified the rectification measures one by one, issued evaluation opinions, and all the problems found during the inspection 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 2023, the Board of Supervisors continued to strengthen its own construction, organized the Supervisors to participate in trainings on training for directors, supervisors, and senior management of listed companies in the Chongqing area, the specialized training on the rules for reducing holdings of major shareholders, directors, supervisors, and senior management of listed companies, as well as training on the reform of the independent director system and anti-money laundering and new capital regulations of listed companies and other aspects. Through trainings and learnings, the overall performance capability of the Board of Supervisors was further improved.

II. Independent Opinions on Relevant Matters

(I) 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 actively promoted the implementation of important instructions of Xi Jinping and major decisions and deployments of CPC Central Committee in the Bank of Chongqing, consciously and proactively implemented 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 2023, the Board of Directors firmly implemented major decisions and arrangements, 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, inclusive finance and technology finance, strongly supported the rural comprehensive revitalization, and further improved the quality and efficiency in serving the real economy; insisted on reform and innovation, completed 25 major reforms, coordinated the promotion of special tasks such as reform efficiency and energy enhancement, benchmarking against world-class enterprise value creation, and improving the quality of domestic listed companies; Deepened digital reform, promoted digital innovation, and coordinated the implementation of 45 key digital projects. The Board of Directors placed emphasis on corporate governance construction, integrated party leadership into all aspects of corporate governance, led the Bank of Chongqing to continuously improve risk management and internal control mechanisms. In accordance with regulatory requirements, the Board of Directors regularly listened to important work reports, 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, consolidation management, internal control and compliance management, case risk prevention and control, employee behavior management, expected credit loss approach management, data governance, security 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.

Report of the Board of Supervisors

During the Reporting Period, the senior management fully implemented the central and local economic and financial policies, 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, actively responded to the complex internal and external situation, deeply promoted reform and development and strategic transformation, continuously innovated business varieties and service models, and continuously improved the level of internal control and risk management, successfully completed the annual business plan, and achieve positive results in business management. In 2023, the senior management resolutely implemented major decisions and arrangements, and actively participated in the construction of the Chengdu-Chongqing Economic Circle and focused on serving the new land-sea channel in western China, Successfully issued perpetual bonds worthing RMB2.5 billion, enhancing capital strength; strengthened product promotion, continuously innovated, optimized, and upgraded credit products in large and medium-sized, inclusive, and personal business lines, providing strong leverage for asset investment; increased support for credit investment in key areas, achieving a 8% increase in manufacturing loans, a 31% increase in green loans, a 16% increase in agricultural loans, a 15% increase in inclusive “two increases” loans, and a 14% increase in loans for technology-based enterprises; further promoted reform and innovation, coordinately implemented 25 major reforms in the year, and 45 digital key projects, established the digital strategy committee, and further enhanced data management capabilities; strengthened risk management, formulated credit policies for 32 segmented industries, promoted reform of evaluation mechanisms, built an integrated risk control mechanism, and conducted in-depth risk investigation of various types; Implemented classified policies and increased efforts to resolve and collect non-performing assets; continuously improved the internal control and compliance management mechanism, building a solid dam for case risk prevention and control, deepening employee behavior management, and consolidating the foundation for safe and stable development, and strictly implemented the requirements of the regulatory authorities on risk management, capital management, consolidation management, expected credit loss approach management, anti-money laundering and consumer rights protection. 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.

(II) 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.

(III) Financial Report

The 2023 financial report of the Bank gave a true and fair view of the financial position and operating results of the Bank.

(IV) 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.

(V) 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.

(VI) 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.

(VII) Social Responsibility

During the Reporting Period, the Bank earnestly undertook social responsibilities. The Board of Supervisors had no dissenting opinions to the 2023 Social Responsibility (Environment, Society, Governance) Report of Bank of Chongqing Co., Ltd..

Financial Report

16.1	Independent Auditor’s Report	217
16.2	Financial Statements and Notes Thereto	224
16.3	Unaudited Supplementary Financial Information	361

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 2023, 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 material accounting policy information.

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 2023, 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 data-bbox="164 441 777 472">Expected credit losses for loans and advances to customers and financial investments at amortised cost</p> <p data-bbox="164 519 746 620">The Group uses a number of judgements and assumptions in the measurement of expected credit losses, for example:</p> <ul data-bbox="164 670 746 1517" style="list-style-type: none"><li data-bbox="164 670 746 922">• 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;<li data-bbox="164 965 746 1108">• Models and parameters – Complex models, numerous inputs and parameters are used to measure expected credit losses, involving plenty of management judgements and assumptions;<li data-bbox="164 1151 746 1293">• Forward-looking information – Macroeconomic forecasts are developed, and impacts on expected credit losses are considered for probability weighted multiple economic scenarios;<li data-bbox="164 1336 746 1517">• 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 data-bbox="802 519 1433 698">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 data-bbox="802 741 1433 1030">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 data-bbox="802 1080 1433 1259">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 data-bbox="802 1302 1433 1593" style="list-style-type: none"><li data-bbox="802 1302 1433 1593">1. Expected credit loss model:<ul data-bbox="802 1375 1433 1593" style="list-style-type: none"><li data-bbox="802 1375 1433 1593">• 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, risk grouping and whether there had been significant increase in credit risk; and

Key audit matter

How our audit addressed the key audit matter

Expected credit losses for loans and advances to customers and financial investments at amortised cost (continued)

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 2023, gross loans and financial investments at amortised cost amounted to RMB553,794 million, representing 72.88% of total assets, and impairment allowance for loans and financial investments at amortised cost amounted to RMB13,594 million), we consider expected credit losses for loans and financial investments at amortised cost a key audit matter.

Relevant disclosures are included in Note 3.1.4, Note 4(d), Note 21 and Note 22 to the consolidated financial statements.

- 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.
2. Design and operating effectiveness of key controls:
- 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.

We evaluated the appropriateness of disclosures of credit risk exposures and expected credit losses.

Key audit matter

How our audit addressed the key audit matter

Consolidation assessment and disclosures of structured entities

The Group holds interests in various structured entities, including wealth management products, funds, trust plans, asset management plans, and asset-backed securities, in conducting businesses such as financial investments, asset management, and credit asset transfers. The Group needs to comprehensively consider the power it possesses, its exposure to variable returns, and the link between the power and the returns to determine whether it has control over such structured entities, and therefore whether it should include them in the scope of consolidation.

The assessment of the Group's control over structured entities involves significant judgements on factors such as the purpose and design of structured entities, its ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fee, benefits received or losses incurred from providing credit enhance or liquidity support. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgements and estimates.

In view of the materiality and the complexity of management judgements, we consider consolidation assessment and disclosures of structured entities a key audit matter.

Relevant disclosures are included in Note 4(b) and Note 37 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key internal controls related to the Group's assessment of whether it controls a structured entity.

We assessed the Group's analysis and conclusions on whether it 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.

We evaluated the appropriateness of disclosures of unconsolidated structured entities.

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Bank are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report

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.

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

27 March 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2023	2022
Interest income		28,285,529	27,533,983
Interest expense		(17,838,526)	(16,725,725)
Net interest income	6	10,447,003	10,808,258
Fee and commission income		630,299	915,301
Fee and commission expense		(218,861)	(153,960)
Net fee and commission income	7	411,438	761,341
Net trading gains	8	440,556	292,033
Net gains on investment securities	9	1,312,381	1,120,556
Other operating income	10	234,137	161,448
Operating income		12,845,515	13,143,636
Operating expenses	11	(3,889,859)	(3,627,332)
Credit impairment losses	12	(3,242,972)	(3,559,161)
Other impairment losses		2,606	1,567
Operating profit		5,715,290	5,958,710
Share of profits of associates	23	372,352	330,227
Profit before income tax		6,087,642	6,288,937
Income tax	15	(858,687)	(1,172,412)
Net profit for the year		5,228,955	5,116,525
Net profit attributable to:			
Shareholders of the Bank		4,929,787	4,867,857
Non-controlling interests		299,168	248,668
		5,228,955	5,116,525

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

	Note	For the year ended 31 December	
		2023	2022
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gains/(losses) on debt investments			
at fair value through other comprehensive income		2,337,710	(1,993,461)
Less: Relevant income tax effect		(584,428)	498,366
Subtotal		1,753,282	(1,495,095)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net losses on equity investments designated			
at fair value through other comprehensive income		(26,002)	(4,414)
Less: Relevant income tax effect		6,501	1,104
Remeasurement gains/(losses) on retirement benefit plans		1,600	(1,524)
Less: Related income tax effect		(400)	381
Subtotal		(18,301)	(4,453)
Total other comprehensive income, net of tax	40	1,734,981	(1,499,548)
Total comprehensive income for the year		6,963,936	3,616,977
Total comprehensive income attributable to:			
Shareholders of the Bank		6,664,768	3,368,309
Non-controlling interests		299,168	248,668
		6,963,936	3,616,977
Earnings per share attributable to the shareholders			
of the Bank (expressed in RMB per share)	16		
Basic		1.36	1.31
Diluted		1.09	1.11

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

Consolidated Statement of Financial Position

As at 31 December 2023

(In RMB thousands, unless otherwise stated)

	Note	As at 31 December	
		2023	2022
ASSETS			
Cash and balances with central bank	17	40,026,407	41,025,999
Due from and placements with banks and other financial institutions	18	46,286,128	43,386,030
Financial assets at fair value through profit or loss ("FVPL")	19	27,090,566	28,736,048
Derivative financial instruments	20	89,981	4,831
Loans and advances to customers	21	380,795,540	342,446,291
Investment securities	22		
– Fair value through other comprehensive income ("FVOCI")		94,175,349	74,942,136
– Amortised cost		159,469,808	142,147,610
Investments in associates	23	2,818,162	2,500,712
Property, plant and equipment	24	2,963,711	3,059,481
Deferred tax assets	30	4,426,083	4,734,162
Other assets	25	1,742,135	1,729,263
Total assets		759,883,870	684,712,563
LIABILITIES			
Due to and placements from banks and other financial institutions	26	126,599,915	112,003,399
Financial liabilities at fair value through profit or loss	20	54,608	11,626
Customer deposits	27	414,812,696	382,594,480
Current tax liabilities		148,268	104,964
Debt securities issued	28	153,373,831	133,877,105
Other liabilities	29	5,595,125	4,625,512
Total liabilities		700,584,443	633,217,086
EQUITY			
Share capital	32	3,474,562	3,474,540
Other equity instruments	33	8,071,264	5,571,090
– of which: Perpetual bonds		6,999,594	4,499,400
Capital surplus	34	7,734,979	7,734,772
Other reserves	35	13,874,724	11,181,305
Retained earnings		23,762,205	21,374,805
Equity attributable to shareholders of the Bank		56,917,734	49,336,512
Non-controlling interests		2,381,693	2,158,965
Total equity		59,299,427	51,495,477
Total liabilities and equity		759,883,870	684,712,563

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

YANG XIUMING
CHAIRMAN

GAO SONG
PRESIDENT

YANG SHIYIN
VICE PRESIDENT

YANG KUN
HEAD OF FINANCE
DEPARTMENT

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders 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	Non-controlling interests	Total
		Perpetual bonds	Others								
	(Note 32)	(Note 33)		(Note 34)	(Note 35)	(Note 35)	(Note 35)	(Note 35)			
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
Net profit for the year	-	-	-	-	-	-	-	-	4,929,787	299,168	5,228,955
Other comprehensive income (Note 40)	-	-	-	-	-	-	1,733,781	1,200	-	-	1,734,981
Total comprehensive income	-	-	-	-	-	-	1,733,781	1,200	4,929,787	299,168	6,963,936
Conversion of convertible bonds	22	-	(20)	207	-	-	-	-	-	-	209
Capital contribution by other equity instruments holders	-	2,500,194	-	-	-	-	-	-	-	-	2,500,194
Dividends to ordinary shareholders (Note 36)	-	-	-	-	-	-	-	-	(1,372,449)	(76,440)	(1,448,889)
Dividends to other equity instrument holders (Note 36)	-	-	-	-	-	-	-	-	(211,500)	-	(211,500)
Transfer to other reserves	-	-	-	-	469,928	488,510	-	-	(958,438)	-	-
Balance at 31 December 2023	3,474,562	6,999,594	1,071,670	7,734,979	4,848,740	7,879,269	1,150,662	(3,947)	23,762,205	2,381,693	59,299,427

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(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	Others								
		(Note 33)	(Note 33)									
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 Cash Flows

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2023	2022
Cash flows from operating activities:		
Profit before income tax	6,087,642	6,288,937
Adjustments:		
Depreciation and amortisation	442,756	405,677
Impairment losses on loans	3,075,910	3,519,442
Provision for impairment losses on other assets	164,456	38,152
Net gains on disposal of long-term assets	(22,072)	(4,980)
(Gains)/Losses on changes in fair value	(115,941)	555,893
Net gains arising from financial investments	(1,683,768)	(1,497,988)
Share of profits of associates	(372,352)	(330,227)
Interest income arising from investment securities	(9,315,337)	(9,228,536)
Interest expense arising from financing activities	3,922,806	3,634,431
Changes in operating assets:		
Net increase in restricted deposit balances with central bank	(90,393)	(1,027,965)
Net increase in due from and placements to banks and other financial institutions	(7,322,105)	(641,618)
Net decrease in financial assets held under resale agreements	5,399,611	1,778,322
Net increase in loans and advances to customers	(41,362,501)	(39,501,177)
Net increase in other operating assets	(762,943)	(5,259,675)
Changes in operating liabilities:		
Net increase/(decrease) in borrowings from central bank	22,917,913	(11,055,119)
Net increase in due to and placements from banks and other financial institutions	4,604,329	3,407,890
Net (decrease)/increase in financial assets sold under repurchase agreements	(12,976,775)	12,511,354
Net increase in customer deposits	29,148,712	41,917,038
Net increase in other operating liabilities	3,795,035	1,505,640
Income tax paid	(1,085,631)	(1,703,834)
Net cash from operating activities	4,449,352	5,311,657

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2023	2022
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	56,370	9,475
Purchase of property, plant and equipment, intangible assets and other long-term assets	(415,467)	(338,021)
Return on investments	70,288,946	67,513,686
Purchase of investment securities	(101,041,967)	(90,771,009)
Proceeds from sale and redemption of investments	10,135,016	10,693,011
Net cash from investing activities	(20,977,102)	(12,892,858)
Cash flows from financing activities:		
Cash received from issuance of other equity instruments	2,500,194	4,499,400
Proceeds from issuance of debt securities	159,886,647	160,242,638
Cash paid to redeem other equity instruments issued	–	(5,219,586)
Cash paid to redeem debt securities issued	(143,820,000)	(147,220,000)
Cash paid for lease liabilities	(64,967)	(58,262)
Interest paid on debt securities	(699,144)	(555,241)
Dividends paid to shareholders	(1,483,094)	(1,744,348)
Net cash from financing activities	16,319,636	9,944,601
Impact from exchange rate changes on cash and cash equivalents	24,064	94,516
Net decrease in cash and cash equivalents	(184,050)	2,457,916
Cash and cash equivalents at the beginning of the year	19,486,479	17,028,563
Cash and cash equivalents at the end of the year (Note 41)	19,302,429	19,486,479

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(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 30 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd.” (重慶市商業銀行股份有限公司) with the approval of Yu Yin Fu [1998] No.48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.” (重慶銀行股份有限公司) with the approval of Yin Jian Fu [2007] No.325 by the China Banking Regulatory Commission (“CBRC”). On 6 November 2013, the Bank was listed on the Stock Exchange of Hong Kong Limited. 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 2023, the Bank operated its business through 183 business outlets covering all the 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 27 March 2024.

2 MATERIAL ACCOUNTING POLICIES

The material 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 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(a) Amended standards issued and applied

From 1 January 2023, the Group adopted the following standards, amendments and interpretations.

Amendments to IFRS 1, IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction

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 2022.

(b) Amended standards issued but not yet effective

		Effective for annual period beginning on or after
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
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 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

(b) Amended standards issued but not yet effective (Continued)

The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

The IASB issued amendments to IAS 7 to clarify that arrangements that only provide credit enhancement to the enterprise (e.g., financial guarantees, including letters of credit used as security) or instruments used by the enterprise to settle debts directly with the supplier (e.g. credit cards) do not qualify as supplier finance arrangements. At the same time, IAS 7 and IFRS 7 clarify specific disclosure requirements for supplier finance arrangements.

Amendments to IAS specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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 above amendments are expected to have no material impact on the financial statements of the Group.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Bank and the subsidiaries (including structured entities) controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Recognition and derecognition of financial instruments (Continued)

- (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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Financial instruments (Continued)

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.

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

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL 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 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL 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

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.13 Intangible assets (Continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.14 Investment property

Investment properties, including 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Impairment of non-financial assets (Continued)

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs to sell and the present value of the expected future cash flows. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

(a) Testing CGU with goodwill for impairment

For the purposes of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired.

(b) Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to the profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset.

(c) Reversing an impairment loss

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversed.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Leases

Lease refers to a contract in which the lessor transfers the right of use of the assets to the lessee for a certain period of time to obtain the consideration.

The Group as lessee

The Group recognises the right-of-use asset on the start date of the lease term and recognises the lease liability at the present value of the remaining lease payments. The lease payments include fixed payments and payments to be made in the case that it is reasonably determined that the purchase option will be exercised or the lease option will be terminated. The Group 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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Operating lease

When the Group leases out its own buildings, equipment and motor vehicles, the rental income arising from operating leases is recognised on the straight-line basis over the lease term. 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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

2.20 Current and deferred income taxes

The tax expense for the year comprises current and deferred income tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. As at the consolidated financial statements date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related deferred income tax asset is realised or the deferred income tax liability is settled pursuant to tax laws.

The temporary differences primarily arise from impairment allowance for loans and advances, impairment allowance for financial assets at amortised cost, and unrealised gains/losses of financial assets at FVOCI.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred income tax liabilities are the amounts of income tax payable in respect of taxable temporary differences, which are measured at the amount expected to be paid to the tax authorities in the future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Share capital

Share capital of equity comprises ordinary shares issued.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.22 Employee benefits

Salaries and bonuses, housing benefits and costs for social security benefits are accrued in the financial period in which the services are rendered by employees of the Group. The Group also participates in various defined contribution retirement plans principally organised by municipal and provincial governments.

In addition, the Group pays supplementary retirement benefits to employees, who retired before 30 June 2011. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Group is committed to pay to the employees after their retirement using actuarial techniques. Such benefits are discounted to determine their present values. The discount rate is the yield on equivalent government bonds at the reporting date, the maturity dates of which approximate to the terms of the Group's obligations. Actuarial gains and losses, and changes in actuarial assumptions are charged or credited to the other comprehensive income as they occur. Current service cost and net interest on the net defined benefit liability (asset) is recognised in profit and loss.

After 1 January 2010, employees can also voluntarily participate in a defined contribution plan established by the Group ("the Annuity Plan") according to state corporate annuity plan besides the pension plan of the social security. The Group contributes to the Annuity Plan based on certain percentages of the employees' gross salaries in the previous year. The Group's contributions to annuity plans are charged to profit or loss in the financial period to which they relate.

2.23 Foreign currency translation

(a) *Functional and recording currency*

The Group's recording currency is Renminbi ("RMB"), the legal currency of the PRC. Items included in the consolidated financial statements of each of the Group are measured using the currency that best reflects the economic environment of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in RMB which is the functional and recording currency of the Group.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign currency gains or losses in monetary assets measured at FVOCI are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities measured at FVOCI, are included in other comprehensive income.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

2 MATERIAL 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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.

As the highest decision-making body for risk management, the Board of Directors bears the ultimate responsibility for risk management, approving risk management strategies, significant risk management policies and procedures, supervising senior management in overall risk management, reviewing overall risk management reports, and evaluating overall risks. The Board of Directors authorizes its Risk Management Committee to fulfill some of its obligations regarding overall risk management. Senior management is responsible for the implementation of risk management, specifically including overall risk management and internal control, and development and implementation of policies and procedures to identify, measure, monitor and control risks. In addition, the internal audit department is responsible for independent review of the risk management and control environment.

The Group's main financial risks comprise credit risk, market risk (including currency risk and interest rate risk), liquidity risk and operational risk.

3.1 Credit risk

The Group's credit risk is the risk of default by debtors or counterparties or their downgrade in credit rating or reduction in performance capability. Credit risk arises mainly from loans (including trade financing), bill acceptance and discounting, overdrafts, bond investments, special purpose vehicle investments, letters of credit, factoring, guarantees, loan commitments and other transactions where the Group substantially bears the credit risk.

The Group monitors credit risk on a regular basis to identify changes in borrowers' credit risk status in a timely manner, pays close attention to the changes and takes appropriate measures for effective management, and also transfers or reduces credit risk through qualified collaterals and pledges, net settlement, guarantees and credit derivatives.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk management

(a) Credit business

The Group measures and monitors the quality of the Group's loans in accordance with external rules and regulations such as the Measures for the Risk-based Classification of Financial Assets by Commercial Banks formulated by the CBIRC and the People's Bank of China. Loans are classified based on the borrower's repayment capability, repayment record, willingness to repay, loan guarantee, legal liability for loan repayment and bank credit management. The Measures for the Risk-based Classification of Financial Assets by Commercial Banks require financial institutions to divide credit assets into five categories, namely pass, special-mentioned, substandard, doubtful and loss, and assets of the last three categories are non-performing assets. For retail loans, the number of days past due is also an important indicator for loan classification.

Each category of credit assets is primarily defined as follows under the Measures for the Risk-based Classification of Financial Assets by Commercial Banks:

Pass:	the debtor is able to perform the contract, and there is no objective evidence showing that it is unable to repay the principal, interest or earnings in full and on time.
Special-mentioned:	although there are some factors which are likely to have adverse impact on the performance of the contract, the debtor is currently able to repay the principal, interest or earnings.
Substandard:	the debtor is unable to repay the principal, interest or earnings in full, or the financial asset has suffered from credit impairment.
Doubtful:	the debtor is unable to repay the principal, interest or earnings in full, and the financial asset has suffered from significant credit impairment.
Loss:	after all possible measures are taken, only a very small part of financial assets is recovered, or all of the financial assets are lost.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk management (Continued)

(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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies (Continued)

(b) Treasury business

Financial inter-bank division centralises control over treasury business with hierarchical authorisation from department heads to the President for different business types such as subscription, distribution, buying, selling and repurchase of bonds.

The Group invests in bonds with hierarchical authorisation under the guidelines of asset and liability management committee. The Group sets stop-loss point accordingly for different maturity period and evaluates risk and loss of trading bonds. The Group places limits for interbank borrowing and lending. The Group manages the credit risk exposures of interbank borrowing and lending strictly within the limit of regulation and credit authorisation.

For bonds, the Group manages the credit risk exposures by setting limits to the external credit ratings of its investments, par value of single debt security purchase, selling price. RMB bond investments require a rating of AA- or above. Among foreign currency bond investments, financial institution bonds refer to those issued by a financial institution with an external credit rating of BBB or above (by Standard & Poor's, Moody's or equivalent agencies)

The bond traders regularly review and monitor the changes of market interest and report the market value of bonds to the financial market department and the asset and liability management department, and conduct risk prevention measures based on guidance. If there is any violation of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for bond investments will ask for holding extraordinary asset and liability management meeting to conclude an emergency plan. The debt traders will react according to the plan.

The Group invests in trust plans and asset management plans which are mainly guaranteed by third party banks or guarantee companies, or secured by collateral. The Group sets credit risk limit to the counter party banks and third party companies to mitigate the risk associated therewith.

3.1.3 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").

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.3 Credit risk assessment (Continued)

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(a) Significant increase in credit risk (SICR)

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

Quantitative criteria:

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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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)

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". Credit card risks are grouped into "collateralized M0, collateralized M1, collateralized M2, collateralized M3, non-collateralized M0, non-collateralized M1, non-collateralized M2, non-collateralized M3, M4"

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

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

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined set out below:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For the definition of default, refer to Note 3.1.4(b).
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by availability of collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

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

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

The 12M and Lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product types. For secured products, this is primarily based on collateral types.

Forward-looking economic information is also included in determining the 12M and Lifetime PDs, EADs, and LGDs. These assumptions vary by product types. Refer to Note 3.1.4(d) for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral value change, are monitored and reviewed regularly.

Except for forward-looking information, there have been no significant changes in estimation techniques or significant assumptions made in 2023 (2022: 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 2023, 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 2023, 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	1.56	2.20	1.00
Industrial Value Added: accumulated year on year	4.50	5.00	4.00
PMI	50.44	51.76	49.12

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

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.

The Group conducts sensitivity analysis on the key economic indicators used in forward-looking measurement. As at 31 December 2023, when the predicted value of the core economic indicators in the main scenarios increase or decrease by 10%, the Group expected the respective decrease or increase in ECL will not exceed 10%.

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 2023, the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20% (31 December 2022: the weights assigned to various economic scenarios were: “central” 70%, “upside” 10%, and “downside” 20%).

The multi-scenario weight is based on the principle of the benchmark scenario and supplemented by other scenarios. According to the sensitivity analysis, when the weight of the “upside” scenario increases by 10% and the weight of the “central” scenario decreases by 10%, or the weight of the downside scenario increases by 10% and the weight of the “central” scenario decreases by 10%, the Group expected the respective decrease or increase in ECLs will not exceed 5%.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Expected credit loss measurement (Continued)

(d) Forward-looking information incorporated in the ECL models (Continued)

As at 31 December 2023, the ECL calculated for the above three scenarios and the weighted average ECL of the Group are as follows:

	As at 31 December 2023		
	Loans and advances to corporate entities	Retail loans	Investment securities
Weighted average	9,529,714	2,609,712	2,314,232
Central	9,458,391	2,594,545	2,299,166
Upside	9,198,774	2,424,137	2,154,183
Downside	9,944,815	2,755,586	2,446,989

	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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure

(a) Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 31 December	
	2023 Carrying amount	2022 Carrying amount
On-balance-sheet items		
BBalances with central bank (Stage 1)	39,168,480	40,450,089
Due from and placements with banks and other financial institutions	46,286,128	43,386,030
Stage 1	46,117,219	43,295,375
Stage 3	45,471	49,750
Accrued interest	123,438	40,905
Loans and advances to customers – Amortised cost	335,943,144	295,160,981
Stage 1	318,764,391	278,111,655
Stage 2	11,262,841	11,092,971
Stage 3	3,181,343	3,934,114
Accrued interest	2,734,569	2,022,241
– FVOCI (Stage 1)	44,852,396	47,285,310
Investment securities – Amortised cost	159,469,808	142,147,610
Stage 1	154,782,091	138,113,695
Stage 2	1,831,553	1,127,316
Stage 3	161,989	413,501
Accrued interest	2,694,175	2,493,098
Investment securities – FVOCI	94,089,774	74,830,559
Stage 1	91,671,214	72,803,139
Stage 2	151,440	63,055
Stage 3	277,239	237,498
Accrued interest	1,989,881	1,726,867
Other receivables	178,244	285,925
Stage 1	167,253	227,492
Stage 2	1,511	950
Stage 3	9,480	57,483
On-balance-sheet total	719,987,974	643,546,504
Off-balance-sheet total	64,127,088	80,543,267
Total	784,115,062	724,089,771

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The 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 2023				
Credit rating				
Low risk	212,677,814	402,550	–	213,080,364
Medium risk	109,243,053	11,206,899	–	120,449,952
High risk	–	2,809,024	9,008,661	11,817,685
Gross principal balance	321,920,867	14,418,473	9,008,661	345,348,001
Impairment allowance	(3,156,476)	(3,155,632)	(5,827,318)	(12,139,426)
Total	318,764,391	11,262,841	3,181,343	333,208,575
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The following tables illustrates the maximum credit risk exposure of financial investment – amortised cost classified by credit grade:

	ECL Stage			Total
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2023				
Credit rating				
Low risk	146,746,709	–	–	146,746,709
Medium risk	8,310,402	2,084,000	148,746	10,543,148
High risk	–	–	874,866	874,866
Gross principal balance	155,057,111	2,084,000	1,023,612	158,164,723
Impairment allowance	(275,020)	(252,447)	(861,623)	(1,389,090)
Total	154,782,091	1,831,553	161,989	156,775,633
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

The following tables illustrates the maximum credit risk exposure of financial investment 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 2023				
Credit rating				
Low risk	91,671,214	151,440	–	91,822,654
High risk	–	–	277,239	277,239
Gross principal balance	91,671,214	151,440	277,239	92,099,893
Impairment allowance	(255,102)	(6,430)	(663,610)	(925,142)
Total	91,416,112	145,010	(386,371)	91,174,751
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

(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	
	2023	2022
Bond investments	9,595,213	8,160,726
Trust investments	3,884,172	5,808,282
Asset management plans	8,231,181	9,225,065
Fund investments	4,303,474	5,053,831
Total	26,014,040	28,247,904

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(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%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised dependent on the nature of the loan.

For loans guaranteed by a third-party guarantor, the Group will assess the guarantor's credit rating, financial condition, credit history and ability to meet obligations.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Bonds, treasury and other eligible bills are generally unsecured, with the exception of certain asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Group is obligated to return are disclosed in Note 39.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Credit risk exposure (Continued)

(c) Collateral and other credit enhancements (Continued)

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and the related collateral held in order to mitigate potential losses are shown below:

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
As at 31 December 2023				
Credit-impaired assets (Stage 3)				
Loans and advances to customers				
– Corporate loans	7,097,810	(4,736,800)	2,361,010	5,330,534
– Retail loans	1,910,851	(1,090,518)	820,333	1,013,514
Investment securities measured at amortised cost	1,023,612	(861,623)	161,989	398,119
Gross amount of credit-impaired assets	10,032,273	(6,688,941)	3,343,332	6,742,167
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

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;

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Loss allowance (Continued)

- 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 2023 was RMB1,340,256 thousand (2022: RMB3,980,255 thousand).

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 2023 was RMB329,168 thousand (31 December 2022: RMB383,132 thousand).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.8 Loans and advances to customers (Continued)

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

	As at 31 December 2023		
	Gross amount	%	Non-performing loan ratio
Chongqing City	302,355,279	76.95	1.46%
Shaanxi Province	33,173,314	8.44	0.47%
Guizhou Province	24,529,823	6.24	1.78%
Sichuan Province	30,141,981	7.67	0.72%
Accrued interest	2,734,569	0.70	N/A
Total	392,934,966	100.00	1.34%

	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%

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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			
	2023		2022	
	Amount	%	Amount	%
Corporate loans – Amortised cost				
Leasing and commercial services	78,195,749	26.49	57,721,684	22.52
Water conservation, environment and public facility administration	63,081,708	21.37	53,146,884	20.76
Manufacturing	27,598,449	9.35	25,473,397	9.95
Construction	25,893,709	8.77	21,365,844	8.35
Wholesale and retail	21,555,067	7.30	17,233,465	6.73
Real estate	9,569,930	3.24	10,153,702	3.97
Electricity, heat, gas and water production and supply	4,217,532	1.43	4,712,001	1.84
Transportation, storage and postal service	4,181,646	1.42	3,706,916	1.45
Agriculture, forestry, animal husbandry and fishery	3,724,983	1.26	3,546,438	1.39
Health and social welfare	1,772,915	0.60	1,963,090	0.77
Culture, sports and entertainment	2,492,654	0.84	1,752,786	0.68
Accommodation and catering	1,550,386	0.53	1,527,688	0.60
Scientific research and technology services	1,299,292	0.44	1,410,848	0.55
Mining	1,359,909	0.46	1,403,559	0.55
Information transmission, software and information technology services	1,932,494	0.65	1,347,528	0.53
Education	532,019	0.18	914,423	0.36
Financing	860,399	0.29	878,899	0.34
Household services, repairing and other services	566,006	0.19	478,806	0.19
Public administration, social security and social organizations	13,226	0.00	–	–
Corporate loans – FVOCI				
Discounted bills	44,852,396	15.19	47,285,310	18.47
Total corporate loans	295,250,469	100.00	256,023,268	100.00
Retail loans – Amortised cost				
Mortgage loans	40,321,906	42.47	41,571,228	43.98
Personal business loans	22,528,071	23.73	22,372,601	23.67
Credit card advances	22,325,095	23.51	20,093,997	21.26
Personal consumption loans	9,774,856	10.29	10,490,127	11.09
Total retail loans	94,949,928	100.00	94,527,953	100.00
Accrued interest	2,734,569		2,022,241	
Gross amount of loans and advances to customers	392,934,966		352,573,462	

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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	
	2023	2022
Guaranteed loans	165,080,731	137,004,792
Collateralised loans	91,788,054	91,538,599
Unsecured loans	72,123,514	60,260,719
Pledged loans	61,208,098	61,747,111
Accrued interest	2,734,569	2,022,241
Total	392,934,966	352,573,462

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:

	Financial assets at FVPL	Investment securities at FVOCI	Investment securities at amortised cost	Total
As at 31 December 2023				
AAA	7,101,945	25,068,179	23,996,845	56,166,969
AA- to AA+	1,832,487	55,952,053	1,496,409	59,280,949
A+ and below	48,726	–	–	48,726
Unrated(a)	17,030,882	11,079,647	131,282,379	159,392,908
Accrued interest	–	1,989,881	2,694,175	4,684,056
Total	26,014,040	94,089,760	159,469,808	279,573,608
As at 31 December 2022				
AAA	4,540,285	12,196,656	19,991,717	36,728,658
AA- to AA+	1,190,558	59,078,915	–	60,269,473
A+ and below	–	1,590,609	–	1,590,609
Unrated(a)	22,517,061	237,498	119,662,795	142,417,354
Accrued interest	–	1,726,867	2,493,098	4,219,965
Total	28,247,904	74,830,545	142,147,610	245,226,059

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.9 Investment securities (Continued)

- (a) These mainly represent debt securities at FVPL, debt securities at FVOCI and debt securities at amortised cost issued by PRC Ministry of Finance, the central bank 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 2023, the impairment allowance for debt securities at FVOCI amounted to RMB925,142 thousand and the impairment allowance for debt securities at amortised cost amounted to RMB1,389,090 thousand (31 December 2022: RMB862,629 thousand and RMB786,448 thousand).

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

	As at 31 December	
	2023	2022
Financial assets at FVPL		
– Credit assets	12,115,353	15,033,347
Financial assets at amortised cost		
– Credit assets	5,748,318	6,585,178
– Bond assets	21,638,856	24,534,030
	27,387,174	31,119,208

As at 31 December 2023, the gross principal balance of the Group's Stage 3 investments in trust plans and asset management plans at amortised cost was RMB1,023,612 thousand, whose underlying assets were all credit assets, of which the accrued ECL allowance amounted to RMB861,623 thousand (31 December 2022: RMB803,679 thousand and RMB390,178 thousand).

3.2 Market risk

3.2.1 Overview

The Group is exposed to market risk from fluctuations in fair value or future cash flows of financial instruments resulting from changes in market prices (interest rates, exchange rates, stock prices and prices of goods). Market risk arises from exposures to interest rates, currencies and equity products that are subject to fluctuations in the overall market or individual market and fluctuations in interest rates, credit spreads and market prices of equity assets. The Group classifies its market risk into trading and non-trading market risk.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.1 Overview (Continued)

In accordance with the requirements of the National Financial Regulatory Administration, the Group divides its transaction book and bank book. The transaction book includes financial instruments, foreign exchange and commodity positions held for the purpose of transactions or hedging the risks of other items in the transaction book and other instruments recognized by regulatory authorities, while the bank book includes all on- and off-balance sheet financial instruments of the Group that are not included in the transaction 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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

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.

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 2023							
Assets							
Cash and balances with central bank	39,154,037	-	-	-	-	872,370	40,026,407
Due from and placements with banks and other financial institutions	38,479,013	4,014,692	3,623,514	-	-	168,909	46,286,128
Derivative financial assets	-	-	-	-	-	89,981	89,981
Financial assets at FVPL	9,990,970	4,909,975	2,584,836	5,554,064	2,689,720	1,361,001	27,090,566
Loans and advances to customers	65,144,322	40,722,060	94,490,819	159,076,250	14,606,591	6,755,498	380,795,540
Investment securities							
– FVOCI	911,390	1,373,269	6,753,061	69,832,144	12,952,790	2,352,695	94,175,349
– Amortised cost	-	961,595	27,469,883	106,726,898	21,261,551	3,049,881	159,469,808
Other financial assets	-	-	-	-	-	728,615	728,615
Total financial assets	153,679,732	51,981,591	134,922,113	341,189,356	51,510,652	15,378,950	748,662,394
Liabilities							
Due to and placements from banks and other financial institutions	(22,670,387)	(13,897,890)	(88,782,164)	(600,000)	-	(649,474)	(126,599,915)
Financial debt at fair value through profit or loss	-	-	-	-	-	(54,608)	(54,608)
Customer deposits	(108,017,105)	(37,528,953)	(80,477,748)	(180,197,965)	(30,234)	(8,560,691)	(414,812,696)
Debt securities issued	(8,053,512)	(25,488,865)	(97,245,018)	(17,214,565)	(4,999,513)	(372,358)	(153,373,831)
Other financial liabilities	-	-	-	-	-	(3,368,241)	(3,368,241)
Total financial liabilities	(138,741,004)	(76,915,708)	(266,504,930)	(198,012,530)	(5,029,747)	(13,005,372)	(698,209,291)
Total interest rate risk gap	14,938,728	(24,934,117)	(131,582,817)	143,176,826	46,480,905	2,373,578	50,453,103

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 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
Derivative financial assets	-	-	-	-	-	4,831	4,831
Financial assets at FVPL	9,399,619	7,192,081	2,370,693	5,319,220	3,779,749	674,686	28,736,048
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

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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

Interest rate sensitivity test (Continued)

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	
	2023	2022
+ 100 basis points parallel move in all yield curves	(558,057)	(367,150)
- 100 basis points parallel move in all yield curves	558,057	367,150

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	
	2023	2022
+ 100 basis points parallel move in all yield curves	(2,635,325)	(1,345,789)
- 100 basis points parallel move in all yield curves	2,793,471	1,401,640

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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:

	RMB	US Dollar	HK Dollar	Others	Total
31 December 2023					
Assets					
Cash and balances with central bank	39,957,678	68,524	81	124	40,026,407
Due from and placements with banks and other financial institutions	44,259,766	614,658	3,175	1,408,529	46,286,128
Derivative financial assets	89,981	–	–	–	89,981
Financial assets at FVPL	27,090,566	–	–	–	27,090,566
Loans and advances to customers	380,756,844	38,696	–	–	380,795,540
Investment securities					
– FVOCI	86,892,052	7,141,281	–	142,016	94,175,349
– Amortised cost	159,469,808	–	–	–	159,469,808
Other financial assets	728,615	–	–	–	728,615
Total financial assets	739,245,310	7,863,159	3,256	1,550,669	748,662,394
Liabilities					
Due to and placements from banks and other financial institutions	(122,745,273)	(3,854,642)	–	–	(126,599,915)
Financial liabilities at FVPL	(54,608)	–	–	–	(54,608)
Customer deposits	(412,313,163)	(2,498,572)	(33)	(928)	(414,812,696)
Debt securities issued	(153,373,831)	–	–	–	(153,373,831)
Other financial liabilities	(3,368,187)	(26)	(27)	(1)	(3,368,241)
Total financial liabilities	(691,855,062)	(6,353,240)	(60)	(929)	(698,209,291)
Net position	47,390,248	1,509,919	3,196	1,549,740	50,453,103
Financial guarantees and credit related commitments	64,019,495	191,000	–	8,946	64,219,441

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Foreign exchange risk (Continued)

	RMB	US Dollar	HK Dollar	Others	Total
31 December 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
Derivative financial assets	4,831	–	–	–	4,831
Financial assets at FVPL	28,736,048	–	–	–	28,736,048
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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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	
	2023	2022
1% upward change of foreign exchange rates	30,253	7,884
1% downward change of foreign exchange rates	(30,253)	(7,884)

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(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 2023, 7% (31 December 2022: 7.5%) of the Bank's total RMB-denominated and 4% (31 December 2022: 6%) 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(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

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 2023									
Liabilities									
Due to and placements from banks and other financial institutions	(198,017)	(22,542,265)	(14,065,707)	(90,435,781)	(620,976)	-	-	-	(127,862,746)
Customer deposits	(87,352,736)	(21,079,580)	(38,505,200)	(83,262,895)	(201,082,784)	(39,453)	-	-	(431,322,648)
Debt securities issued	-	(8,130,000)	(25,899,898)	(98,793,000)	(19,376,363)	(5,746,000)	-	-	(157,945,261)
Other financial liabilities	(605,110)	(121,218)	(51,234)	(242,627)	(2,177,547)	(158,009)	(12,496)	-	(3,368,241)
Total financial liabilities	(88,155,863)	(51,873,063)	(78,522,039)	(272,734,303)	(223,257,670)	(5,943,462)	(12,496)	-	(720,498,896)
Assets									
Cash and balances with central bank	857,927	10,860,537	-	-	-	-	28,307,943	-	40,026,407
Due from and placements with banks and other financial institutions	6,697,139	31,841,070	4,094,818	3,712,130	-	-	-	51,176	46,396,333
Non-derivative financial assets at FVPL	-	6,879,313	1,045,226	3,125,297	14,537,687	5,048,810	1,076,526	-	31,712,859
Loans and advances to customers	-	18,702,230	43,146,256	96,438,871	194,167,775	92,355,534	-	5,659,017	450,469,683
Investment securities									
- FVOCI	-	1,483,014	2,681,242	10,978,620	78,405,784	14,164,468	85,575	277,239	108,075,942
- Amortised cost	-	486,030	2,490,578	33,097,034	116,804,047	26,791,615	-	368,279	180,037,583
Other financial assets	2,887	25,975	38,073	63,415	245,119	-	103,936	249,210	728,615
Total financial assets	7,557,953	70,278,169	53,496,193	147,415,367	404,160,412	138,360,427	29,573,980	6,604,921	857,447,422
Net liquidity gap	(80,597,910)	18,405,106	(25,025,846)	(125,318,936)	180,902,742	132,416,965	29,561,484	6,604,921	136,948,526

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(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 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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Cash flows of derivative financial instruments

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 2023				
Net outflows	1,722	3,392	–	5,114
	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2022				
Net outflow	2,375	3,895	–	6,270

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.

	Up to 3 months	3 months to 1 year	1 to 5 years	Total
As at 31 December 2023				
Foreign exchange swap				
Cash inflow	1,794,557	461,429	–	2,255,986
Cash outflow	(1,762,743)	(441,874)	–	(2,204,617)
Foreign exchange forward				
Cash inflow	699,255	–	–	699,255
Cash outflow	(698,996)	–	–	(698,996)
	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)

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(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 2023									
Assets									
Cash and balances with central bank	857,927	10,860,537	-	-	-	-	28,307,943	-	40,026,407
Due from and placements with banks and other financial institutions	6,697,139	31,804,237	4,074,539	3,659,037	-	-	-	51,176	46,286,128
Derivative financial assets	-	-	-	-	-	-	89,981	-	89,981
Financial assets at FVPL	-	6,797,087	900,380	2,493,577	12,814,815	3,008,181	1,076,526	-	27,090,566
Loans and advances to customers	-	17,596,931	40,374,662	85,952,185	170,551,166	61,938,928	-	4,381,668	380,795,540
Investment securities									
- FVOCI	-	1,209,283	1,962,811	7,855,507	69,832,144	12,952,790	85,575	277,239	94,175,349
- Amortised cost	-	230,645	1,668,615	29,213,820	106,726,898	21,261,551	-	368,279	159,469,808
Other financial assets	2,887	25,975	38,073	63,415	245,119	-	103,936	249,210	728,615
Total financial assets	7,557,953	68,524,695	49,019,080	129,237,541	360,170,142	99,161,450	29,663,961	5,327,572	748,662,394
Liabilities									
Due to and placements from banks and other financial institutions	(198,017)	(22,518,953)	(14,033,025)	(89,249,920)	(600,000)	-	-	-	(126,599,915)
Financial liabilities at FVPL	-	-	-	-	-	-	(54,608)	-	(54,608)
Customer deposits	(87,352,736)	(21,054,337)	(38,308,137)	(82,079,793)	(185,985,006)	(32,687)	-	-	(414,812,696)
Debt securities issued	-	(8,118,716)	(25,728,304)	(97,312,733)	(17,214,565)	(4,999,513)	-	-	(153,373,831)
Other financial liabilities	(605,110)	(121,218)	(51,234)	(242,627)	(2,177,547)	(158,009)	(12,496)	-	(3,368,241)
Total financial liabilities	(88,155,863)	(51,813,224)	(78,120,700)	(268,885,073)	(205,977,118)	(5,190,209)	(67,104)	-	(698,209,291)
Net liquidity gap	(80,597,910)	16,711,471	(29,101,620)	(139,647,532)	154,193,024	93,971,241	29,596,857	5,327,572	50,453,103

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.6 Off-balance-sheet items

The table below lists the off-balance-sheet items of the Group according to their remaining term to maturity, and also includes the future minimum lease payments under non-cancellable operating leases where the Group are the lessees. The financial commitments are listed by the earliest maturity date in notional principal.

	Up to 1 year	1 to 5 years	Over 5 years	Total
As at 31 December 2023				
Bank acceptance bills	48,207,232	–	–	48,207,232
Letters of credit	7,473,000	–	–	7,473,000
Letters of guarantee	1,099,880	307,700	200	1,407,780
Confirmation	1,068,790	–	–	1,068,790
Other financial guarantees and credit related commitments	6,062,639	–	–	6,062,639
Capital expenditure commitments	82,135	49,979	–	132,114
Total	63,993,676	357,679	200	64,351,555
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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

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

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 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Amortised cost	159,469,808	–	128,781,772	33,098,993	161,880,765
Financial liabilities					
Debt securities issued	153,373,831	13,298,107	140,796,578	–	154,094,685

	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

Investment securities

The fair value of financial investments at amortised cost is based on market prices or broker/dealer price quotations. When the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

Debt securities issued

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

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(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 2023	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– Discounted bills	–	44,852,396	–	44,852,396
Financial assets at FVPL				
– Debt securities	–	8,610,354	–	8,610,354
– Fund investments	4,303,474	–	–	4,303,474
– Inter-bank certificate of deposit	–	984,859	–	984,859
– Trust investments	–	–	3,884,172	3,884,172
– Asset management plans	–	–	8,231,181	8,231,181
– Equity investments at fair value	621,922	–	454,604	1,076,526
– Derivative financial instruments	–	89,981	–	89,981
	4,925,396	9,685,194	12,569,957	27,180,547
Financial investments at FVOCI				
– Debt securities	–	94,089,774	–	94,089,774
– Equity investments	–	–	85,575	85,575
	–	94,089,774	85,575	94,175,349
Total	4,925,396	148,627,364	12,655,532	166,208,292

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

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

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 2023 and 2022.

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.

Specific valuation techniques used to value financial instruments include:

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Changes in Level 3 financial assets are analysed below:

	Financial assets at FVPL	Investment securities at FVOCI
Balance at 31 December 2022	15,088,399	111,577
Total gains or losses		
– Current profits and losses	(11,780)	–
– Other comprehensive income	–	(26,002)
Purchases	401,784	–
Sales and settlement	(2,908,446)	–
Balance at 31 December 2023	12,569,957	85,575
Total unrealised gains for the year included in profit and loss for financial assets held as at 31 December 2023	12,415	–
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)	–

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 2023, 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management

The Group's objectives when managing capital, which is a broader concept than 'equity' on the consolidated statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of regulatory capital are monitored quarterly by the Group's management with employing techniques based on the guidelines developed by the Basel Committee, as implemented by the 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 2023

(In RMB thousands, unless otherwise stated)

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	
	2023	2022
Core capital:		
Share capital	3,474,562	3,474,540
Counted part of capital surplus	8,881,694	7,146,506
Eligible portion of other equity instruments	1,071,670	1,071,690
Surplus reserve and general reserve	12,728,009	11,769,571
Counted part of retained earnings	23,762,205	21,374,805
Capital contribution by non-controlling interests	1,540,079	1,366,915
Core tier I Capital deductibles items:		
Full deduction items	(454,749)	(360,048)
Threshold deduction items	–	(149,764)
Core tier I Capital, net	51,003,470	45,694,215
Other tier I Capital, net	7,204,938	4,681,655
Tier II Capital, net	11,500,585	10,656,633
Net capital	69,708,993	61,032,503
On-balance sheet risk-weighted assets	490,167,180	445,969,518
Off-balance sheet risk-weighted assets	3,049,656	7,812,787
Risk-weighted assets for exposure to counterparty credit risk	64,834	18,801
Total credit risk-weighted assets	493,281,670	453,801,106
Total market risk-weighted assets	2,551,278	311,761
Total operational risk-weighted assets	25,745,069	25,643,119
Total risk-weighted assets before applying capital base	521,578,017	479,755,986
Total risk-weighted assets after applying capital base	521,578,017	479,755,986
Core tier I Capital adequacy ratio	9.78%	9.52%
Tier I Capital adequacy ratio	11.16%	10.50%
Capital adequacy ratio	13.37%	12.72%

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 2023, the Group's entrusted loans amounted to RMB5,477,165 thousand (31 December 2022: RMB5,418,026 thousand).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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.

(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).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

(d) Measurement of the expected credit loss (Continued)

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.

5 SUBSIDIARIES

As at 31 December 2023, 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.	40,639,942	35,817,962	1,377,588	615,085
Xingyi Wanfeng Village Bank Co., Ltd.	860,012	736,436	36,129	88
	41,499,954	36,554,398	1,413,717	615,173

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

5 SUBSIDIARIES (Continued)

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

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

6 NET INTEREST INCOME

	2023	2022
Interest income		
Balances with central bank	478,922	474,234
Due from and placements with banks and other financial institutions	806,174	856,641
Loans and advances to customers	17,685,096	16,974,572
Investment securities	9,315,337	9,228,536
Subtotal	28,285,529	27,533,983
Interest expense		
Due to and placements from banks and other financial institutions	(2,915,657)	(2,701,541)
Customer deposits	(11,000,038)	(10,389,753)
Debt securities issued	(3,918,038)	(3,629,716)
Other liabilities	(4,793)	(4,715)
Subtotal	(17,838,526)	(16,725,725)
Net interest income	10,447,003	10,808,258

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

7 NET FEE AND COMMISSION INCOME

	2023	2022
Fee and commission income		
Wealth management agency service	348,337	616,341
Guarantees and credit commitments	59,802	71,546
Settlement and agency services	95,696	116,631
Bank card services and annual fee	98,087	82,683
Custodian service	28,377	28,100
Subtotal	630,299	915,301
Fee and commission expense		
Settlement and agency services	(73,920)	(66,659)
Bank card services	(113,130)	(56,325)
Others	(31,811)	(30,976)
Subtotal	(218,861)	(153,960)
Net fee and commission income	411,438	761,341

8 NET TRADING GAINS

	2023	2022
Foreign exchange losses	9,809	455,036
Bond and fund investments	548,830	73,077
Equity investments	(111,947)	(228,822)
Derivatives	(6,136)	(7,258)
Total	440,556	292,033

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

9 NET GAINS ON INVESTMENT SECURITIES

	2023	2022
Net gains arising from financial assets at FVPL and net gains on disposal of investment securities at FVOCI	942,528	877,626
Net gains on derecognition of investment securities at amortised cost	369,853	242,930
Total	1,312,381	1,120,556

10 OTHER OPERATING INCOME

	2023	2022
Government grants ^(a)	158,661	101,939
Rental income ^(b)	34,759	44,462
Dividend income	11,040	–
Gains on disposal of long-term assets	22,938	6,158
Other miscellaneous income ^(c)	6,739	8,889
Total	234,137	161,448

(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

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

11 OPERATING EXPENSES

	2023	2022
Staff costs (Note 13)	2,124,527	2,090,644
General and administrative expenses	915,154	819,335
Tax and surcharges	185,411	173,282
Depreciation of property, plant and equipment (Note 24)	216,304	222,026
Amortisation of intangible assets (Note 25(b))	135,955	109,090
Depreciation of right-of-use assets (Note 25(c))	66,493	58,132
Depreciation of investment properties (Note 25(f))	293	275
Amortisation of long-term prepaid expenses	23,711	16,154
Rental expenses	4,982	1,165
Professional fees	125,637	105,428
Auditors' remuneration		
– Audit services	5,280	5,632
Donations	4,180	3,480
Others	81,932	22,689
Total	3,889,859	3,627,332

12 CREDIT IMPAIRMENT LOSSES

	2023	2022
Loans and advances to customers carried at amortised cost	3,093,926	3,507,579
Loans and advances to customers at FVOCI	(18,016)	11,863
Investment securities – Amortised cost	602,642	(252,078)
Investment securities – FVOCI	62,513	109,712
Loan commitments and financial guarantee contracts	(150,006)	80,628
Due from and placements with banks and other financial institutions	10,732	(909)
Other credit impairment losses	(358,819)	102,366
Total	3,242,972	3,559,161

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

13 STAFF COSTS

	2023	2022
Salaries and bonuses	1,514,864	1,507,589
Pension expenses (Note 31)	231,219	217,795
Housing benefits and subsidies	140,779	132,752
Labour union and staff education funds	36,667	37,048
Other social security and benefit costs	200,998	195,460
Total	2,124,527	2,090,644

Five highest paid individuals

The five individuals with highest emoluments exclude directors and supervisors for the year ended 31 December 2023 (2022: one), whose emoluments were included in Note 14 below. The aggregate emolument of the remaining five (2022: four) highest paid individuals who were neither directors nor supervisors of the Bank is as follows.

	2023
Paid remuneration	10,401
Contribution to pension schemes	661
Total	11,062

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

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

	Number of individuals	
	2023	2022
RMB1,500,001 – RMB2,000,000	1	1
RMB2,000,001 – RMB2,500,000	3	3
RMB2,500,001 – RMB3,000,000	1	–
Total	5	4

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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 2023 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						
Gao Song	17.28	5.59	2.00	–	24.87	The payday in our bank was from August 2023 to December 2023
Liu Jianhua	33.18	13.53	3.84	–	50.55	
WONG Wah Sing	33.18	0.39	–	–	33.57	
Non-executive directors						
WONG Hon Hing	–	–	–	17.20	17.20	
Wu Heng	–	–	–	–	–	According to the requirement of SAIC Group Co., Ltd., the nominating shareholder, no emolument will be paid
Wang Fengyan	–	–	–	9.11	9.11	
You Lili	–	–	–	9.90	9.90	
Liu Xing	–	–	–	22.00	22.00	
Wang Rong	–	–	–	21.85	21.85	
Yuan Xiaobin	–	–	–	18.55	18.55	
Zhou Qiang	–	–	–	–	–	Non-executive Director since December 2023
Feng Dunxiao	–	–	–	23.20	23.20	
Zhu Yanjian	–	–	–	0.93	0.93	Non-executive Director since December 2023

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

Expressed in ten thousands of RMB

Name	Paid remuneration	Contribution to pension schemes	Other monetary income	Part-time fee	Total emoluments before tax	Notes
Supervisors						
Huang Changsheng	33.18	13.53	3.84	–	50.55	
Yin Jun	–	–	–	–	–	
Wu Ping	–	–	–	–	–	
Chen Zhong	–	–	–	8.90	8.90	
Peng Daihui	–	–	–	11.60	11.60	
Hou Guoyue	–	–	–	9.80	9.80	
Qi Jun	–	–	–	7.30	7.30	
Resigning director						
Lin Jun	41.48	13.72	–	–	55.20	Chairman and executive director resigned in January 2024
Ran Hailing	24.20	8.17	–	–	32.37	Executive director and president resigned in August 2023
Yang Yusong	–	–	–	8.83	8.83	Executive director resigned in October 2023
Zhong Xian	–	–	–	1.38	1.38	Non-executive director resigned in February 2023
Zou Hong	–	–	–	11.18	11.18	Independent non-executive director resigned in September 2023
Total	182.50	54.93	9.68	181.73	428.84	

The total remuneration packages (including discretionary bonus) for directors and supervisors for the year ended 31 December 2023 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 2023.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

Details of the directors' and supervisors' emoluments for the year ended 31 December 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	
Feng Dunxiao	–	–	–	21.40	21.40	
Zhong Xian	–	–	–	12.00	12.00	

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

14 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

Expressed in ten thousands of RMB

Name	Paid remuneration	Contribution to pension schemes	Other monetary income	Part-time fee	Total emoluments before tax	Notes
Supervisors						
Yang Xiaotao	6.75	2.35	0.80	–	9.90	Supervisor resigned on 12 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	

(b) Directors' and supervisors' retirement benefits

For the year ended 31 December 2023, no retirement benefits were paid to the directors or supervisors by the defined benefit pension plan operated by the Group (2022: Nil).

(c) Directors' and supervisors' termination benefits

For the year ended 31 December 2023, no termination benefits were paid to the directors or supervisors by the Group (2022: Nil).

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

For the year ended 31 December 2023, no consideration was provided to third parties for making available directors' and supervisor' services by the Group (2022: Nil).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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 2023, 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	Outstand-ing at the beginning of the year	Outstand-ing at the end of the year	Maximum outstand-ing during the year	Amounts due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
Liu Jianhua	Executive director	604	563	604	-	-	18 years, average capital plus interest	3.565%	mortgaged by real estate

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	Outstand-ing at the beginning of the year	Outstand-ing at the end of the year	Maximum outstand-ing 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

(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 2023 or at any time during the year (2022: Nil).

15 INCOME TAX EXPENSE

	2023	2022
Current income tax	1,128,535	1,560,761
Deferred income tax (Note 30)	(269,848)	(388,349)
Total	858,687	1,172,412

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

15 INCOME TAX EXPENSE (Continued)

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:

	2023	2022
Profit before income tax	6,087,642	6,288,937
Income tax calculated at statutory tax rate of 25%	1,521,911	1,572,234
The effect of a preferential tax rate of subsidiaries ^(a)	(72,668)	(60,330)
Tax effect arising from non-taxable income ^(b)	(852,400)	(610,804)
Tax effect of expenses that are not deductible for tax purposes ^(c)	258,724	267,746
Income tax adjustment for prior years	3,120	3,566
Income tax expense	858,687	1,172,412

- (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.

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.

	2023	2022
Net profit attributable to shareholders of the Bank	4,929,787	4,867,857
Less: Net profit attributable to other equity holders of the Bank	(211,500)	(301,810)
Net profit attributable to ordinary shareholders of the Bank	4,718,287	4,566,047
Weighted average number of ordinary shares issued (in thousands)	3,474,552	3,474,512
Basic earnings per share (in RMB)	1.36	1.31

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

16 BASIC AND DILUTED EARNINGS PER SHARE (Continued)

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.

	2023	2022
Net profit attributable to ordinary shareholders of the Bank	4,718,287	4,566,047
Add: Interest expense on convertible bonds, net of tax	431,720	290,249
Net profit used to determine diluted earnings per share	5,150,007	4,856,296
Weighted average number of ordinary shares issued (in thousands)	3,474,552	3,474,512
Add: Weighted average number of ordinary shares with the assumption of the conversion of all dilutive shares (in thousands)	1,238,036	895,291
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	4,712,588	4,369,803
Diluted earnings per share (in RMB)	1.09	1.11

17 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2023	2022
Cash	857,927	575,910
Mandatory reserve deposits with central bank	28,077,005	28,205,191
Surplus reserve deposits with central bank	10,846,094	12,217,964
Fiscal deposits	230,938	12,359
Subtotal	40,011,964	41,011,424
Accrued interest	14,443	14,575
Total	40,026,407	41,025,999

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 31 December 2023, the mandatory reserve rate of the Bank for deposits denominated in RMB was 7% (31 December 2022: 7.5%), and the mandatory reserve rate of the Bank for deposits denominated in foreign currencies was 4% (31 December 2022: 6%). 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

18 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2023	2022
Bills purchased under resale agreements	7,026,684	9,141,935
Securities purchased under resale agreements	23,412,590	26,696,950
Due from banks and other financial institutions	6,733,923	4,092,102
Placements with banks and other financial institutions	9,155,236	3,569,149
Subtotal	46,328,433	43,500,136
Accrued interest	123,438	40,905
Less: ECL allowance	(165,743)	(155,011)
Total	46,286,128	43,386,030

As at 31 December 2023, 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 (RMB199,000 thousand at 31 December 2022), of which the accrued ECL allowance amounted to RMB153,529 thousand (RMB151,400 thousand at 31 December 2022). The rest was all in Stage 1.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023	2022
Financial assets at FVPL		
– Listed outside Hong Kong	621,922	433,092
– Unlisted	26,468,644	28,302,956
Subtotal	27,090,566	28,736,048

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December	
	2023	2022
Unlisted financial assets at FVPL		
– Corporate bonds	–	518,700
– Trust investments ^(a)	3,884,172	5,808,282
– Asset management plans ^(b)	8,231,181	9,225,065
– Fund investments	4,303,474	5,053,831
– Inter-bank certificates of deposit	984,859	–
– Commercial bank bonds	4,402,124	4,783,525
– Government bonds	560,431	2,565,750
– Policy bank bonds	3,647,799	292,751
– Equity Investment	454,604	55,052
Total	26,468,644	28,302,956

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 2023, there were no financial assets at FVPL of the Group pledged to third parties under repurchase agreements (31 December 2022: Nil).

(a) Trust investment

	As at 31 December	
	2023	2022
Trust investments purchased from trust companies		
– Guaranteed by third-party companies	3,300,827	5,100,915
– Unsecured	583,345	707,367
Total	3,884,172	5,808,282

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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

(b) Asset management plans

	As at 31 December	
	2023	2022
Asset management plans purchased from securities companies		
– Guaranteed by third-party companies	8,231,181	9,225,065

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

	As at 31 December	
	2023	2022
Financial assets at FVPL		
– Trust companies	3,884,172	5,808,282
– Securities companies	8,231,181	9,225,065
– Commercial banks	5,386,983	4,783,525
– Fund companies	4,303,474	5,053,831
– Corporations	–	518,700
– Governments	560,431	2,565,750
– Policy banks	3,647,799	292,751
– Equity investment	1,076,526	488,144
Total	27,090,566	28,736,048

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

20 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2023	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swap	51,075,442	5,231	(5,064)
Foreign exchange swap	2,204,617	68,482	(33,608)
Foreign exchange forward	698,996	16,268	(15,936)
Total	53,979,055	89,981	(54,608)

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 2023 and 31 December 2022, the financial liabilities at FVPL were generated from derivative financial instruments.

21 LOANS AND ADVANCES TO CUSTOMERS

	As at 31 December	
	2023	2022
Loans and advances to customers		
– Amortised cost	345,348,001	303,265,911
– FVOCI	44,852,396	47,285,310
Total	390,200,397	350,551,221
Accrued interest	2,734,569	2,022,241
Less: ECL allowance	(12,139,426)	(10,127,171)
Carrying amount of loans and advances to customers	380,795,540	342,446,291

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Loans and advances to customers analysis

	As at 31 December	
	2023	2022
Loans and advances to corporate entities – Amortised cost		
– Corporate loans and advances	250,398,073	208,737,958
Loans and advances to corporate entities – FVOCI		
– Discounted bills	44,852,396	47,285,310
Subtotal	295,250,469	256,023,268
Loans and advances to individuals – Amortised cost		
– Mortgage loans	40,321,906	41,571,228
– Individual business loans	22,528,071	22,372,601
– Individual consumption loans	9,774,856	10,490,127
– Credit card advances	22,325,095	20,093,997
Subtotal	94,949,928	94,527,953
Total	390,200,397	350,551,221
Accrued interest	2,734,569	2,022,241
Gross amount of loans and advances to customers	392,934,966	352,573,462
Less: ECL allowance	(12,139,426)	(10,127,171)
Carrying amount of loans and advances to customers	380,795,540	342,446,291

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(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 2023				
	Overdue within 90 days (inclusive)	Overdue for 90 days to 1 year (inclusive)	Overdue for 1 to 3 years (inclusive)	Overdue for more than 3 years	Total
Collateralised loans	1,443,638	1,545,171	784,463	30,824	3,804,096
Guaranteed loans	707,888	351,299	612,557	1,987	1,673,731
Unsecured loans	1,082,022	541,009	258,533	20,504	1,902,068
Pledged loans	9,600	160,680	73,075	–	243,355
Total	3,243,148	2,598,159	1,728,628	53,315	7,623,250

	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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 2022	2,601,246	1,428,382	3,554,327	7,583,955
New financial assets originated or purchased	1,292,286	–	–	1,292,286
Remeasurement	(560,625)	1,296,922	2,065,743	2,802,040
Repayments	(795,077)	(237,386)	(556,199)	(1,588,662)
Write-offs and disposals	–	–	(919,659)	(919,659)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(105,289)	105,289	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(22,932)	–	22,932	–
<i>Transfer from Stage 2 to Stage 1</i>	131,632	(131,632)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(265,407)	265,407	–
<i>Transfer from Stage 3 to Stage 1</i>	4,988	–	(4,988)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	50,517	(50,517)	–
Recoveries of loans and advances written off in previous years	–	–	382,608	382,608
Unwind impact of discount	–	–	(22,854)	(22,854)
As at 31 December 2023	2,546,229	2,246,685	4,736,800	9,529,714

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>	(108,494)	108,494	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(12,525)	–	12,525	–
<i>Transfer from Stage 2 to Stage 1</i>	86,779	(86,779)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,491,197)	1,491,197	–
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

(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 2022	1,152,135	640,348	750,733	2,543,216
New financial assets originated or purchased	301,469	–	–	301,469
Remeasurement	(209,176)	658,903	791,677	1,241,404
Repayments	(576,189)	(254,946)	(123,476)	(954,611)
Write-offs and disposals	–	–	(663,157)	(663,157)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(50,403)	50,403	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(51,306)	–	51,306	–
<i>Transfer from Stage 2 to Stage 1</i>	36,192	(36,192)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(165,379)	165,379	–
<i>Transfer from Stage 3 to Stage 1</i>	7,525	–	(7,525)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	15,810	(15,810)	–
Recoveries of loans and advances written off in previous years	–	–	163,310	163,310
Unwind impact of discount	–	–	(21,919)	(21,919)
As at 31 December 2023	610,247	908,947	1,090,518	2,609,712

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements on impairment allowance for loans and advances to customers (Continued)

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

Discounted bills	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2022	83,777	–	–	83,777
New financial assets originated or purchased	65,761	–	–	65,761
Repayments	(83,777)	–	–	(83,777)
As at 31 December 2023	65,761	–	–	65,761
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers

(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 2022	191,239,581	10,551,720	6,946,657	208,737,958
New financial assets originated or purchased	116,127,146	–	–	116,127,146
Proceeds received	(69,568,970)	(2,287,298)	(872,712)	(72,728,980)
Financial assets derecognised other than write-offs	–	–	(1,010,756)	(1,010,756)
Write-offs	–	–	(727,295)	(727,295)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(5,910,989)	5,910,989	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(1,144,657)	–	1,144,657	–
<i>Transfer from Stage 2 to Stage 1</i>	929,503	(929,503)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(1,768,243)	1,768,243	–
<i>Transfer from Stage 3 to Stage 1</i>	6,650	–	(6,650)	–
<i>Transfer from Stage 3 to Stage 2</i>	–	144,334	(144,334)	–
As at 31 December 2023	231,678,264	11,621,999	7,097,810	250,398,073

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers (Continued)

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

Retail loans	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2022	90,625,455	2,609,981	1,292,517	94,527,953
New financial assets originated or purchased	37,303,376	–	–	37,303,376
Proceeds received	(34,962,124)	(1,001,667)	(254,453)	(36,218,244)
Financial assets derecognised other than write-offs	–	–	–	–
Write-offs	–	–	(663,157)	(663,157)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	<i>(1,936,517)</i>	<i>1,936,517</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(1,057,648)</i>	–	<i>1,057,648</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>254,729</i>	<i>(254,729)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(528,075)</i>	<i>528,075</i>	–
<i>Transfer from Stage 3 to Stage 1</i>	<i>15,332</i>	–	<i>(15,332)</i>	–
<i>Transfer from Stage 3 to Stage 2</i>	–	<i>34,447</i>	<i>(34,447)</i>	–
As at 31 December 2023	90,242,603	2,796,474	1,910,851	94,949,928

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>	<i>(2,130,089)</i>	<i>2,130,089</i>	–	–
<i>Transfer from Stage 1 to Stage 3</i>	<i>(875,041)</i>	–	<i>875,041</i>	–
<i>Transfer from Stage 2 to Stage 1</i>	<i>193,850</i>	<i>(193,850)</i>	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	<i>(386,701)</i>	<i>386,701</i>	–
<i>Transfer from Stage 3 to Stage 1</i>	<i>4,782</i>	–	<i>(4,782)</i>	–
<i>Transfer from Stage 3 to Stage 2</i>	–	<i>21,415</i>	<i>(21,415)</i>	–
As at 31 December 2022	90,625,455	2,609,981	1,292,517	94,527,953

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Movements on gross amount (excluding accrued interest) of loans and advances to customers (Continued)

(2) *Movements on gross amount (excluding accrued interest) of 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 2022	47,285,310	–	–	47,285,310
New financial assets originated or purchased	44,840,811	–	–	44,840,811
Proceeds received	(47,285,310)	–	–	(47,285,310)
Fair value measurement	11,585	–	–	11,585
As at 31 December 2023	44,852,396	–	–	44,852,396
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

22 INVESTMENT SECURITIES

	As at 31 December	
	2023	2022
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	60,147,991	30,219,042
– Listed in Hong Kong	5,563,904	7,352,802
– Unlisted	26,387,984	35,531,834
Subtotal	92,099,879	73,103,678
Accrued interest	1,989,881	1,726,867
Equity securities – measured at fair value		
– Unlisted	85,575	111,577
Others	14	14
Total	94,175,349	74,942,136

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

22 INVESTMENT SECURITIES (Continued)

Unlisted financial investments measured at FVOCI are set out below:

	As at 31 December	
	2023	2022
Debt securities – measured at fair value (unlisted)		
– Corporate bonds	22,025,344	30,858,395
– Policy bank bonds	254,486	909,929
– Commercial bank bonds	4,108,154	2,344,082
– Government bonds	–	1,419,428
Subtotal	26,387,984	35,531,834
Equity securities – measured at fair value (unlisted)		
– Equity investments	85,575	111,577
Total	26,473,559	35,643,411

	As at 31 December	
	2023	2022
Investment securities – Amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	123,352,269	6,000,252
– Unlisted	34,812,454	134,440,708
Subtotal	158,164,723	140,440,960
Accrued interest	2,694,175	2,493,098
Less: ECL allowance	(1,389,090)	(786,448)
Total	159,469,808	142,147,610

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

22 INVESTMENT SECURITIES (Continued)

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

	As at 31 December	
	2023	2022
Debt securities – measured at amortised cost (unlisted)		
– Bonds	2,745,280	94,657,500
– Trust investments ^(a)	4,696,712	5,483,279
– Asset management plans ^(b)	22,690,462	25,635,929
– Debt financing plans	4,680,000	8,664,000
Total	34,812,454	134,440,708

(a) Trust investments

	As at 31 December	
	2023	2022
Trust investments purchased from trust companies		
– collateralised by properties	3,150,531	3,742,098
– guaranteed by third-party companies	1,360,800	1,555,800
– unsecured	185,381	185,381
Total	4,696,712	5,483,279

(b) Asset management plans

	As at 31 December	
	2023	2022
Asset management plans purchased from securities companies		
– guaranteed by third-party companies	463,906	487,900
– collateralised by properties	487,700	463,999
Subtotal	951,606	951,899
Asset management plans purchased from asset management companies		
– unsecured	18,525,606	20,965,180
– guaranteed by third-party companies	3,213,250	3,718,850
Subtotal	21,738,856	24,684,030
Total	22,690,462	25,635,929

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 2022	343,915	54,714	464,000	862,629
New financial assets originated or purchased	73,847	–	–	73,847
Remeasurement	(81,436)	4,033	144,896	67,493
Repayments	(78,827)	–	–	(78,827)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(2,397)	2,397	–	–
<i>Transfer from Stage 2 to Stage 1</i>	–	(54,714)	54,714	–
As at 31 December 2023	255,102	6,430	663,610	925,142

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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 2022	375,586	20,684	390,178	786,448
New financial assets originated or purchased	90,565	–	–	90,565
Remeasurement	(65,856)	204,824	480,548	619,516
Repayments	(92,302)	(148)	(14,989)	(107,439)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(35,694)	35,694	–	–
<i>Transfer from Stage 2 to Stage 1</i>	2,721	(2,721)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(5,886)	5,886	–
As at 31 December 2023	275,020	252,447	861,623	1,389,090

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

22 INVESTMENT SECURITIES (Continued)

Movements on gross amount (excluding accrued interest) of investment securities are set out below:

As at 31 December 2023, investment securities – FVOCI of RMB700,000 thousand of the Group were in stage 3, and the ECL allowance on the above-mentioned securities amounted to RMB663,610 thousand; FVOCI of RMB146,600 thousand of the Group were in stage 2, and the ECL allowance on the above-mentioned securities amounted to RMB6,430 thousand. The rest were in stage 1. 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.

Investment securities – Amortised cost	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2022	138,489,281	1,148,000	803,679	140,440,960
New financial assets originated or purchased	59,399,143	–	–	59,399,143
Proceeds received	(41,584,213)	(57,100)	(34,067)	(41,675,380)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,437,100)	1,437,100	–	–
<i>Transfer from Stage 2 to Stage 1</i>	190,000	(190,000)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(254,000)	254,000	–
As at 31 December 2023	155,057,111	2,084,000	1,023,612	158,164,723

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

22 INVESTMENT SECURITIES (Continued)

Investment securities are analysed by issuer as follows:

	As at 31 December	
	2023	2022
Investment securities – FVOCI		
– Corporations	67,276,743	68,018,324
– Policy banks	254,486	909,929
– Commercial banks	4,437,917	2,655,840
– Governments	20,130,733	1,419,428
– Other financial institutions	–	100,157
– Equity investments at fair value	85,575	111,577
– Others	14	14
Subtotal	92,185,468	73,215,269
Accrued interest	1,989,881	1,726,867
Total	94,175,349	74,942,136
Investment securities – Amortised cost		
– Governments	123,963,549	97,456,376
– Asset management companies	21,738,856	24,684,030
– Corporations	6,184,000	8,664,000
– Trust companies	4,696,712	5,483,279
– Policy banks	30,000	2,481,376
– Securities companies	951,606	951,899
– Commercial banks	600,000	720,000
Subtotal	158,164,723	140,440,960
Accrued interest	2,694,175	2,493,098
Less: ECL allowance	(1,389,090)	(786,448)
Total	159,469,808	142,147,610

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

23 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2023	2022
Balance at the beginning of the year	2,500,712	2,228,158
Share of profits of associates	372,352	330,227
Declared cash dividends	(54,902)	(57,673)
Balance at the end of the year	2,818,162	2,500,712

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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 2022	3,357,145	12,210	636,462	167,183	178,901	268,380	4,620,281
Additions	7,080	–	122,794	15,764	–	259	145,897
Transfers from construction in progress	5,828	–	–	637	–	(6,465)	–
Disposals	(28,002)	(2,324)	(44,418)	(8,788)	(60,000)	–	(143,532)
As at 31 December 2023	3,342,051	9,886	714,838	174,796	118,901	262,174	4,622,646
Accumulated depreciation							
As at 31 December 2022	(926,555)	(9,863)	(437,638)	(115,293)	(69,951)	–	(1,559,300)
Charge for the year (Note 11)	(110,198)	(536)	(68,900)	(15,687)	(20,983)	–	(216,304)
Disposals	20,741	2,254	43,079	8,445	43,650	–	118,169
As at 31 December 2023	(1,016,012)	(8,145)	(463,459)	(122,535)	(47,284)	–	(1,657,435)
Impairment allowance							
As at 31 December 2023	(1,500)	–	–	–	–	–	(1,500)
Net book value							
As at 31 December 2023	2,324,539	1,741	251,379	52,261	71,617	262,174	2,963,711
As at 31 December 2022	2,429,090	2,347	198,824	51,890	108,950	268,380	3,059,481

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

24 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Assets under operating leases	Construction in progress	Total
Cost							
As at 31 December 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

As at 31 December 2023, the cost of motor vehicles and machinery equipment leased out by the Group under operating lease arrangements was RMB118,901 thousand (31 December 2022: RMB178,901 thousand). The depreciation charged for the year amounted to RMB20,983 thousand (for the year ended 31 December 2022: RMB28,259 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 2023, the net value of the buildings whose registration procedures had not been completed was RMB62,769 thousand (31 December 2022: RMB66,228 thousand). The registration process has little impact on the Group's right to own the property, plant and equipment.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

25 OTHER ASSETS

	As at 31 December	
	2023	2022
Other receivables ^(a)	195,145	344,848
Less: Impairment allowance ^(a)	(16,901)	(58,923)
Intangible assets ^(b)	454,749	360,048
Right-of-use assets ^(c)	289,770	278,831
Interest receivable	249,212	303,844
Continuing involvement in transferred assets	229,551	229,528
Fee and commission receivables	142,429	114,299
Foreclosed assets ^(d)	96,223	70,161
Leasehold improvements	87,603	72,418
Prepaid rental expenses ^(e)	2,625	5,059
Investment properties ^(f)	2,869	4,286
Others	8,860	4,864
Total	1,742,135	1,729,263

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 2022	4,877	146	53,900	58,923
New financial assets originated or purchased	126	–	–	126
Remeasurement	(715)	364	33,866	33,515
Write-offs	–	–	(73,797)	(73,797)
Repayments	(860)	(75)	(931)	(1,866)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(14)	14	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(82)	–	82	–
<i>Transfer from Stage 2 to Stage 1</i>	0	(0)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(126)	126	–
As at 31 December 2023	3,332	323	13,246	16,901

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

25 OTHER ASSETS (Continued)

(a) Other receivables

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 2022	232,369	1,096	111,383	344,848
New financial assets originated or purchased	78,147	–	–	78,147
Proceeds received	(127,007)	(430)	(1,598)	(129,035)
Write-offs	–	–	(9,878)	(9,878)
Remeasurement	–	–	(88,937)	(88,937)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(1,887)	1,887	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(11,040)	–	11,040	–
<i>Transfer from Stage 2 to Stage 1</i>	3	(3)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(716)	716	–
As at 31 December 2023	170,585	1,834	22,726	195,145

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

25 OTHER ASSETS (Continued)

(b) Intangible assets

	2023	2022
Cost		
Balance at the beginning of the year	849,262	685,536
Additions	230,656	164,059
Disposals	–	(333)
Balance at the end of the year	1,079,918	849,262
Accumulated amortisation		
Balance at the beginning of the year	(489,214)	(380,457)
Amortisation for the year (Note 11)	(135,955)	(109,090)
Disposals	–	333
Balance at the end of the year	(625,169)	(489,214)
Net book value		
Balance at the end of the year	454,749	360,048
Balance at the beginning of the year	360,048	305,079

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

25 OTHER ASSETS (Continued)

(c) Right-of-use assets

	Buildings	Electronic equipment	Land use rights	Total
Cost				
As at 31 December 2022	251,038	–	186,905	437,943
Additions	77,544	–	18	77,562
Deductions	(42,624)	–	–	(42,624)
As at 31 December 2023	285,958	–	186,923	472,881
Accumulated depreciation				
As at 31 December 2022	(96,599)	–	(62,513)	(159,112)
Depreciation (Note 11)	(61,820)	–	(4,673)	(66,493)
Deductions	42,494	–	–	42,494
As at 31 December 2023	(115,925)	–	(67,186)	(183,111)
Net book value				
As at 31 December 2023	170,033	–	119,737	289,770
As at 31 December 2022	154,439	–	124,392	278,831

	Buildings	Electronic 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 (Note 11)	(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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

25 OTHER ASSETS (Continued)

(d) Foreclosed assets

	As at 31 December	
	2023	2022
Business properties	87,846	66,793
Residential properties	8,377	3,368
Total	96,223	70,161

The Group intends to dispose of foreclosed assets through various methods including auction, competitive bidding and transfer. For the year ended 31 December 2023, the Group disposed of the foreclosed assets with an original value of RMB7,768 thousand (for the year ended 31 December 2022: the Group did not dispose of the foreclosed assets).

(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

	2023	2022
Cost		
Balance at the beginning of the year	9,800	7,474
Transfer from property, plant and equipment	–	2,326
Disposals	(1,525)	–
Balance at the end of the year	8,275	9,800
Accumulated depreciation		
Balance at the beginning of the year	(5,514)	(3,905)
Transfers from property, plant and equipment	–	(1,334)
Depreciation for the year (Note 11)	(293)	(275)
Disposals	401	–
Balance at the end of the year	(5,406)	(5,514)
Net book value		
Balance at the end of the year	2,869	4,286
Balance at the beginning of the year	4,286	3,569

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2023	2022
Loans from central bank	62,149,595	39,231,682
Placements from banks and other financial institutions	39,452,630	34,127,796
Deposits from banks	6,953,034	8,284,348
Deposits from other financial institutions	688,403	77,594
Bills sold under repurchase agreements	7,006,779	10,678,554
Securities sold under repurchase agreements	9,700,000	19,005,000
Subtotal	125,950,441	111,404,974
Accrued interest	649,474	598,425
Total	126,599,915	112,003,399

27 CUSTOMER DEPOSITS

	As at 31 December	
	2023	2022
Corporate demand deposits	64,096,964	60,481,461
Corporate time deposits	129,718,412	132,906,633
Individual demand deposits	20,686,248	19,752,513
Individual time deposits	180,278,653	147,470,703
Other deposits	11,471,728	16,491,983
Subtotal	406,252,005	377,103,293
Accrued interest	8,560,691	5,491,187
Total	414,812,696	382,594,480

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

28 DEBT SECURITIES ISSUED

	As at 31 December	
	2023	2022
Subordinated debts		
Fixed rate tier II capital debt – 2032 ^(a)	4,999,513	4,999,454
Financial debts		
Fixed rate small and micro business debt – 2023 ^(b)	–	2,000,000
Fixed rate small and micro business debt – 2026 ^(c)	4,499,812	–
Fixed rate small and micro business debt – 2024 ^(d)	1,999,990	1,999,857
Fixed rate green financial debt – 2024 ^(e)	1,999,985	1,999,916
Fixed rate financial debt – 2024 ^(f)	1,499,850	1,499,544
Convertible Bonds ^(g)	12,714,753	12,264,745
Inter-bank certificates of deposit ^(h)	125,287,570	108,786,366
Subtotal	153,001,473	133,549,882
Accrued interest	372,358	327,223
Total	153,373,831	133,877,105

- (a) 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 the China Banking and Insurance Regulatory Commission (“CBIRC”) Chongqing Bureau 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.

The bonds 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 bonds, and any accumulated interest payables will not be paid as well. According to the related regulations issued by the CBIRC, the tier II capital bonds meet the standards of the qualified tier II capital instrument.

- (b) Pursuant to a resolution at the general meeting passed on 30 April 2019 and the *Approval for Bank of Chongqing Co., Ltd. to Issue Special Financial Bonds for Small and Micro Business Loans* (Yu Yin Bao Jian Fu [2020] No. 205) by the CBIRC Chongqing Bureau on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans, in the domestic inter-bank bond market of China on 2 November 2020; such bonds have a maturity of 3 years, with a fixed coupon rate of 3.73% per annum before maturity, payable annually. The proceeds from this issue were used for loans to small and micro enterprises. Due for redemption on November 4, 2023.
- (c) Pursuant to a resolution at the general meeting passed on 27 April 2023 and the approval of PBOC (Yin Xu Zhun Yu Jue Zi [2023] No. 80) on 7 September 2023, the Bank issued RMB4.5 billion special financial bonds for small and micro business loans, in the domestic inter-bank bond market of China on 12 September 2023, such bonds have a maturity of 3 years, with a fixed coupon rate of 2.75% per annum before maturity, payable annually. The proceeds from this issue were used for loans to small and micro enterprises.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

28 DEBT SECURITIES ISSUED (Continued)

- (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 Bonds for Small and Micro Business Loans* (Yu Yin Bao Jian Fu [2020] No. 205) by the CBIRC Chongqing Bureau on 17 September 2020, the Bank issued RMB2 billion special financial bonds for small and micro business loans in the domestic inter-bank bond market of China on 22 January 2021. Such bonds have a maturity of 3 years, with a fixed coupon rate of 3.50% per annum before maturity, payable annually. The proceeds from this issue were used for loans to small and micro enterprises.
- (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 Bonds* (Yu Yin Bao Jian Fu [2020] No. 202) by the CBIRC Chongqing Bureau on 15 September 2020, the Bank issued first phase of green financial bonds of RMB2 billion in the domestic inter-bank bond market of China on 16 March 2021. Such bonds have a maturity of 3 years, with a fixed coupon rate of 3.57% per annum before maturity, payable annually. The proceeds from this issue were used to support the green industry projects specified in the *Green Bond Support Project Catalogue* compiled by the Green Finance Specialised Committee of the China Financial Association.
- (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 Bonds* (Yu Yin Bao 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 bonds 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.
- (g) 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

28 DEBT SECURITIES ISSUED (Continued)

(g) (Continued)

The liabilities and equity components of the convertible bonds issued are as follows:

	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
Accumulated amortization at the beginning of the year	353,209	–	353,209
Accumulated conversion amount at the beginning of the year	(357)	(31)	(388)
Balance at the beginning of the year	12,264,745	1,071,690	13,336,435
Amortisation	450,250	–	450,250
Conversion	(242)	(20)	(262)
Balance at the end of the year	12,714,753	1,071,670	13,786,423

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 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 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 2023, convertible bonds of RMB619 thousand had been converted into 56,780 ordinary shares (31 December 2022: convertible bonds of RMB378 thousand had been converted into 34,505 ordinary shares).

For the year ended 31 December 2023, the Bank paid interest of RMB25,999 thousand on the convertible bonds (for the year ended 31 December 2022: did not pay any interest).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

28 DEBT SECURITIES ISSUED (Continued)

- (h) For the year ended 31 December 2023, the Bank issued 137 inter-bank certificates of deposit at discounts with maturities from one month to one year and annual interest rates between 2.17% and 2.84% (2022: 156 inter-bank certificates of deposit with maturities from one month to one year and annual interest rates between 1.39% and 2.85%). As at 31 December 2023, 110 items of them were not yet due with a total par value of RMB126.76 billion (31 December 2022: 119 items were not due with a total par value of RMB109.98 billion).

For the year ended 31 December 2023, there were no defaults of principal and interest or other breaches with respect to these debts since their issuance (2022: Nil).

29 OTHER LIABILITIES

	As at 31 December	
	2023	2022
Lease deposits	2,435,153	1,991,820
Other payables	655,961	78,332
Notes payable	452,639	124,396
Employee benefits payable	828,181	817,656
Deferred income	249,720	458,622
Value-added tax and other taxes payable	312,430	281,081
Continuing involvement in transferred liabilities	229,551	229,528
Provisions	207,296	287,059
Clearing funds for wealth management products	30,099	125,773
Lease liabilities	152,084	135,077
Dividends payable	22,280	68,753
Others	19,731	27,415
Total	5,595,125	4,625,512

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

30 DEFERRED INCOME TAXES

Movements in the deferred income tax are listed as follows:

	As at 31 December	
	2023	2022
Balance at the beginning of the year	4,734,162	3,846,343
Charge to profit or loss (Note 15)	269,848	388,349
Changes in fair value of financial assets at FVOCI	(566,802)	529,862
Changes in ECL allowance of financial assets at FVOCI	(11,125)	(30,392)
Balance at the end of the year	4,426,083	4,734,162

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

	As at 31 December	
	2023	2022
Deferred tax assets		
Asset impairment allowances	4,303,913	4,103,405
Changes in fair value of financial assets at FVPL	37,110	55,184
Changes in fair value of financial assets at FVOCI	–	431,033
Others ^(a)	410,076	341,834
Subtotal	4,751,099	4,931,456
Deferred tax liabilities		
Changes in fair value of financial assets at FVOCI	(135,769)	–
Share of the profit from associates under the equity method	(144,067)	(144,067)
Others	(45,180)	(53,227)
Subtotal	(325,016)	(197,294)
Net deferred tax assets	4,426,083	4,734,162

- (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:

	2023	2022
Asset impairment allowances	211,633	217,124
Changes in fair value of financial assets at FVPL	(18,074)	137,134
Others	76,289	34,091
Total	269,848	388,349

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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 2023, there are no forfeited contributions under the Group's retirement benefit plans which can be used to deduct contributions payable for future years.

	2023	2022
Expenses incurred for retirement benefit plans	162,928	152,654
Expenses incurred for supplementary retirement benefits	393	161
Expenses incurred for corporate annuity plan	67,898	64,980
Total (Note 13)	231,219	217,795

	As at 31 December	
	2023	2022
Consolidated statement of financial position obligations for:		
– Retirement benefits	15,115	17,832

	2023	2022
Consolidated statement of comprehensive income charge for:		
– Retirement benefits	393	161

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

31 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The amounts recognised in the consolidated statements of financial position are determined as follows:

	As at 31 December	
	2023	2022
Present value of unfunded obligations	15,115	17,832
Unrecognised past service cost	–	–
Net amount of liabilities in the consolidated statement of financial position	15,115	17,832

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

	2023	2022
Balance at the beginning of the year	17,832	17,671
Retirement benefits paid	(1,510)	(1,524)
Interest cost	393	161
Net actuarial losses/(gains)	(1,600)	1,524
Balance at the end of the year	15,115	17,832

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

	2023	2022
Current service cost	–	–
Interest cost	393	161
Past service cost	–	–
Retirement benefit expense – total	393	161

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

	2023	2022
Remeasurement of retirement benefit plans (Note 40)	1,200	(1,143)

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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	
	2023	2022
Male	22.08	22.08
Female	29.58	29.58

32 SHARE CAPITAL

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

	31 December 2022	Additions	Deductions	31 December 2023
Quantity in shares (in thousands)	3,474,540	22	–	3,474,562
Carrying amount	3,474,540	22	–	3,474,562

	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	
	2023	2022
Perpetual bonds (note 33(a))	6,999,594	4,499,400
Equity of convertible bonds (note 28(g))	1,071,670	1,071,690
Total	8,071,264	5,571,090

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

33 OTHER EQUITY INSTRUMENTS (Continued)

Movements of perpetual bonds and preference shares are as follows:

	31 December 2022	Additions	Deductions	31 December 2023
Perpetual bonds				
Par value	4,500,000	2,500,000	–	7,000,000
Carrying amount	4,499,400	2,500,194	–	6,999,594
	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)	–

(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 in the domestic inter-bank bond market of China RMB4.5 billion perpetual bonds on 16 December 2022, and RMB2.5 billion perpetual bonds on 18 October 2023. The annual coupon rates of the Bonds are 4.70% and 4.50% respectively for the first five years, and are reset every 5 years.

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 National Administration of Financial Regulation (“NAFR”), 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 NAFR, 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

33 OTHER EQUITY INSTRUMENTS (Continued)

(a) Main clauses of perpetual bonds (Continued)

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.

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	
	2023	2022
Share premium	7,727,947	7,727,740
Others	7,032	7,032
Total	7,734,979	7,734,772

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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 2022	4,378,812	7,390,759	77,233	(1,370,157)	709,805	(5,147)	11,181,305
Other comprehensive income	-	-	(19,501)	1,719,910	33,372	1,200	1,734,981
Appropriation reserve	469,928	488,510	-	-	-	-	958,438
Balance at 31 December 2023	4,848,740	7,879,269	57,732	349,753	743,177	(3,947)	13,874,724
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

(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 2023 amounted to RMB4,848,740 thousand (31 December 2022: RMB4,378,812 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

36 DIVIDENDS

	2023	2022
Ordinary shares dividends declared during the year	1,372,449	1,355,057
Dividend per share (in RMB)(Based on prior year shares)	0.395	0.390
Dividends to other equity holders declared during the year	211,500	301,810

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 2023, there were no such structured entities consolidated by the Group (31 December 2022: there were no such structured entities consolidated by the Group).

(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 RMB348,337 thousand for the year ended 31 December 2023 through provision of asset management services (2022: RMB616,341 thousand). The Group expected that the variable return would be insignificant as to the structured entities.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

37 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(1) Unconsolidated structured entities managed by the Group (Continued)

As at 31 December 2023, asset investment from the unsecured wealth management products issued and managed by the Group which were unconsolidated structure entities amounted to RMB55,112,692 thousand (31 December 2022: RMB53,686,705 thousand). The balance of unconsolidated wealth management products issued and managed by the Group amounted to RMB54,643,344 thousand (31 December 2022: RMB53,549,232 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 2023		
Financial assets at FVPL	16,418,827	16,418,827
Investment securities – Amortised cost	26,119,729	26,119,729
Total	42,538,556	42,538,556
<hr/>		
As at 31 December 2022	Carrying amount	Maximum risk exposure
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

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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.

	2023	2022
Interest income	2,073,683	3,178,508
Income from investment	959,950	1,066,324
Fee and commission income	376,715	644,441
Total	3,410,348	4,889,273

For the year ended 31 December 2023, there was no loss related to the above unconsolidated structured entities (2022: Nil).

For the year ended 31 December 2023, the Group had no plan to provide liquidity support to unconsolidated structured entities (2022: 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	
	2023	2022
Bank acceptance bills	48,207,232	63,443,174
Letters of credit	7,473,000	7,461,030
Letters of guarantee	1,407,780	1,941,292
Confirmation	1,068,790	351,490
Other commitments	6,062,639	7,588,640
Total	64,219,441	80,785,626

Capital expenditure commitments

	As at 31 December	
	2023	2022
Contracted but not provided for:		
– Capital expenditure commitments for buildings	16,378	32,321
– Acquisition of IT system	115,736	205,660
Total	132,114	237,981

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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

External investment commitment

As at 31 December 2023, the Group had no external investment commitments (31 December 2022: Nil).

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 31 December 2023, The Group had 13 outstanding legal claims amounting to RMB327,586 thousand (31 December 2022: 22 outstanding legal claims amounting to RMB592,638 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.

39 COLLATERAL

(a) Assets pledged

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

	As at 31 December	
	2023	2022
Bonds	11,228,835	21,480,491
Discounted bills	6,986,562	10,707,237
Total	18,215,397	32,187,728

The carrying amounts of loans and bonds pledged as collateral under borrowings from the PBOC are as follows:

	As at 31 December	
	2023	2022
Loans	–	574,274
Bonds	68,569,442	41,387,744
Total	68,569,442	41,962,018

As at 31 December 2023, the Group's repurchase agreements and borrowings from the PBOC were due within 12 months (31 December 2022: the Group's repurchase agreements and refinance agreements were due within 12 months).

(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 2023, the Group had accepted collateral with fair value of RMB32,249,016 thousand (31 December 2022: RMB36,848,055 thousand). The Group had no re-pledged collateral which shall be returned upon maturity as at 31 December 2023 (31 December 2022: Nil).

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

40 OTHER COMPREHENSIVE INCOME

	Before tax amount	Income tax	Net of tax amount
As at 31 December 2023			
<i>Items that may be reclassified to profit or loss:</i>			
Net losses on valuation of financial assets measured at FVOCI	2,291,927	(572,982)	1,718,945
Net losses on reclassification to profit or loss of financial assets measured at FVOCI	1,286	(321)	965
Credit loss provision of financial assets measured at FVOCI	44,497	(11,125)	33,372
<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	(26,002)	6,501	(19,501)
Remeasurement of retirement benefit plans	1,600	(400)	1,200
Other comprehensive income for the year	2,313,308	(578,327)	1,734,981
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)

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2023	2022
Cash and balances with central bank	11,704,021	12,793,874
Due from banks and other financial institutions	6,697,923	4,092,102
Placements with banks and other financial institutions	900,485	2,600,503
Balance of cash and cash equivalents	19,302,429	19,486,479

(b) Cash outflows relating to leases

For the year ended 31 December 2023, total cash outflows paid by the Group as a lessee amounted to RMB69,949 thousand (2022: RMB59,427 thousand), of which cash payments for the principal portion and interest portion of the lease liabilities as cash flows from financing activities amounted to RMB64,967 thousand (2022: RMB58,262 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 2023, the Group disposed of loans to the third parties with a gross amount of RMB907,788 thousand for RMB213,144 thousand. The Group derecognised these loans accordingly. As at 31 December 2023, the receivables were collected.

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.

(b) Disposal of other receivables

For the year ended 31 December 2023, the Group disposed of other receivables with a gross amount of RMB88,937 thousand to third parties for RMB25,018 thousand (2022: none). The Group derecognised the asset accordingly. As at 31 December 2023, all receivables had been collected.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

42 FINANCIAL ASSETS TRANSFER (Continued)

(c) 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 2023, assets continuously recognised by the Group amounting to RMB229,551 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 2022: RMB229,528 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.

(b) Related party transactions and balances

	2023	2022
Interest income from loans and advances to customers	214,302	250,812
Interest income from investment securities	76,659	76,733
Income from investment securities	1,037	609
Interest income from due from and placements with banks and other financial institutions	–	264
Interest expense for customer deposits	248,464	243,475
Interest expense from due to and placements from banks and other financial institutions	–	157
Fee and commission income	2,634	4,410
Consideration of credit asset transfers	69,163	423,601

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

43 RELATED PARTY TRANSACTIONS (Continued)

(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	
	2023	2022
Due to and placements from banks and other financial institutions	1,086,286	920,263
Due from and placements with banks and other financial institutions	204,200	150,168
	2023	2022
Interest income	11,133	40,653
Interest expense	11,050	7,524
Other operating income	2,081	1,562

(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:

	2023	2022
Paid remuneration	3,512	3,791
Contribution to pension schemes	1,323	1,329
Other monetary income	292	315
Part-time fee	1,817	1,677
Total	6,944	7,112

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 as at 31 December 2023. The disclosed amount of remuneration is the amount paid in current year. The amount of actual remuneration will be announced after approval.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

43 RELATED PARTY TRANSACTIONS (Continued)

(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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	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)

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	
	2023	2022
Within 1 year	26,403	38,028
1 to 2 years	16,370	26,403
2 to 3 years	9,070	16,370
3 to 4 years	–	9,070
	51,843	89,871

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

46 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

(a) Statement of financial position of the Bank

	As at 31 December	
	2023	2022
ASSETS		
Cash and balances with central bank	39,974,931	40,990,348
Due from and placements with banks and other financial institutions	45,906,975	43,051,466
Derivative financial instruments	89,981	4,831
Financial assets at fair value through profit or loss ("FVPL")	26,579,757	28,637,434
Loans and advances to customers	342,109,185	308,150,433
Investment securities		
– Fair value through other comprehensive income ("FVOCI")	94,175,349	74,942,136
– Amortised cost	159,469,808	142,147,610
Investments in subsidiaries	1,627,007	1,627,007
Investments in associates	2,818,162	2,500,712
Property, plant and equipment	2,824,604	2,881,397
Deferred tax assets	4,103,849	4,442,054
Other assets	1,686,588	1,683,538
Total assets	721,366,196	651,058,966
LIABILITIES		
Due to and placements from banks and other financial institutions	96,914,042	85,939,285
Financial liabilities at fair value through profit or loss	54,608	11,626
Customer deposits	414,097,006	381,973,538
Current tax liabilities	80,798	39,937
Debt securities issued	151,843,223	132,346,718
Other liabilities	2,330,034	2,052,096
Total liabilities	665,319,711	602,363,200
EQUITY		
Share capital	3,474,562	3,474,540
Other equity instruments	8,071,264	5,571,090
– of which: Perpetual bonds	6,999,594	4,499,400
Capital surplus	7,728,747	7,728,540
Other reserves	13,589,299	10,939,491
Retained earnings	23,182,613	20,982,105
Total equity	56,046,485	48,695,766
Total liabilities and equity	721,366,196	651,058,966

YANG XIUMING

CHAIRMAN

GAO SONG

PRESIDENT

YANG SHIYIN

VICE PRESIDENT

YANG KUN

HEAD OF FINANCE
DEPARTMENT

Notes to Consolidated Financial Statements

For the year ended 31 December 2023
(In RMB thousands, unless otherwise stated)

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

(b) Statement of Changes in Equity of the Bank

	Share capital	Other equity instruments		Capital surplus	Surplus reserve	General reserve	Revaluation reserve for financial assets at FVOCI	Remeasurement of retirement benefit plans	Retained earnings	Total	
		Perpetual bonds									Others
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	
Net profit for the year	-	-	-	-	-	-	-	-	4,699,284	4,699,284	
Other comprehensive income	-	-	-	-	-	-	1,733,781	1,200	-	1,734,981	
Total comprehensive income	-	-	-	-	-	-	1,733,781	1,200	4,699,284	6,434,265	
Conversion of convertible bonds	22	-	(20)	207	-	-	-	-	-	209	
Capital contribution by other equity instruments holders	-	2,500,194	-	-	-	-	-	-	-	2,500,194	
Dividends to ordinary shareholders	-	-	-	-	-	-	-	-	(1,372,449)	(1,372,449)	
Dividends to other equity instrument holders	-	-	-	-	-	-	-	-	(211,500)	(211,500)	
Transfer to other reserves	-	-	-	-	469,928	444,899	-	-	(914,827)	-	
Balance at 31 December 2023	3,474,562	6,999,594	1,071,670	7,728,747	4,844,752	7,597,832	1,150,662	(3,947)	23,182,613	56,046,485	

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

(In RMB thousands, unless otherwise stated)

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

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

	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

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.

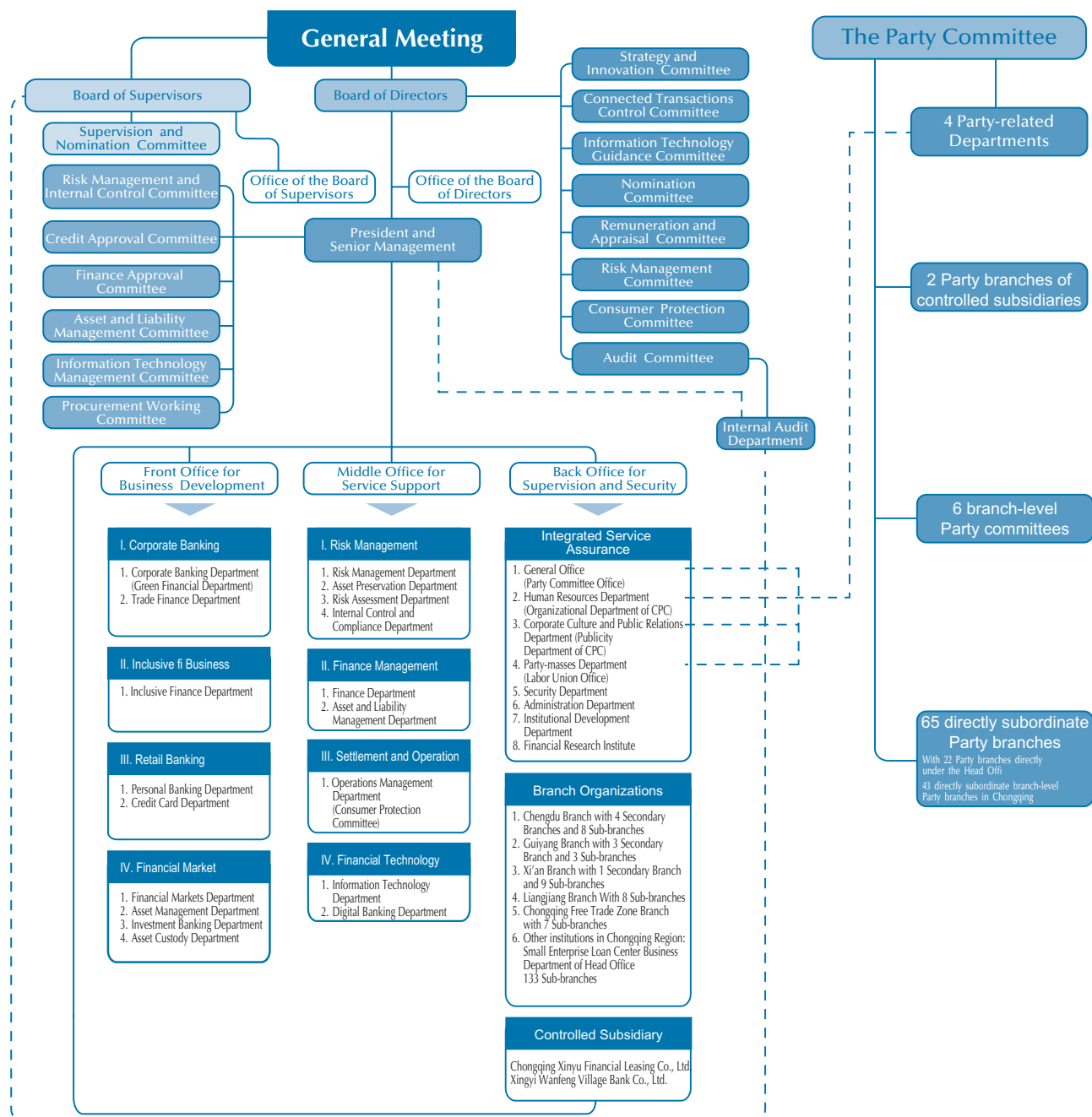
(All amounts expressed in thousands of RMB unless otherwise stated)	As at 31 December	
	2023	2022
Asia Pacific excluding Mainland China	30,840	41,249
– of which attributed to Hong Kong	9,079	13,475
North America	383,508	344,411
Total	414,348	385,660

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 2023				
Spot assets	7,979,402	3,257	1,550,996	9,533,655
Spot liabilities	7,651,617	3,295	1,548,326	9,203,238
Net long/(short) position	327,785	(38)	2,670	330,417

(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

Organizational Chart



List of Branch Outlets Annual

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, of 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.	Free Trade Zone Branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	8	400015
5.	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
6.	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, Guizhou	7	550081
7.	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi'an, Shaanxi	11	710075
8.	Yuzhong Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	8	400015
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	3	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, 459, 461 and 463 Yunqing Road, Beibei District, Chongqing	6	400700
17.	Jiangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	6	400020

List of Branch Outlets Annual

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
18.	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	5	401147
19.	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Sub-district, Yubei District, Chongqing	3	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, Chongqing	3	401520
23.	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	4	404000
24.	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District, Chongqing	2	409000
25.	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 503, 505 & 505 Dingshan, Chongqing Avenue, Jijiang Subdistrict, Jiangjin District, Chongqing	5	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	3	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	3	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	3	402460

List of Branch Outlets Annual

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
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
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, Chongqing	2	401420
34.	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	2	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	3	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, Chongqing	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

List of Branch Outlets Annual

No.	Name of Banking Institution	Address	Number of Institutions	Postal Code
44.	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	3	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, Chongqing	3	409699
47.	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	Complex Building 1-1, No. 329 Guangdong East Road, Gaotang Sub-district, Wushan County, Chongqing	1	404700
48.	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	Commercial Building One, Block 1, Chongyang• Yicheng International Commercial Podium, No.18 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	1	405900
49.	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	1	404600