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

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

**(Stock Code: 1963)**

**(Stock Code of Preference Shares: 4616)**

**ANNOUNCEMENT OF INTERIM RESULTS FOR  
THE SIX MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.\* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the unaudited consolidated interim results (the “**Interim Results**”) of the Bank and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 (the “**Reporting Period**”). The contents of this results announcement have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the International Financial Reporting Standards (the “**IFRSs**”). The Board and its audit committee have reviewed and confirmed the Interim Results.

**1. CORPORATE INFORMATION**

**1.1 Corporate Basic Information**

Legal Name and Abbreviation in Chinese:	重慶銀行股份有限公司 (Abbreviation: 重慶銀行)
Legal Name in English:	Bank of Chongqing Co., Ltd.
Legal Representative:	LIN Jun
Authorized Representatives:	LIN Jun WONG Wah Sing
Listing Exchange of H Shares:	The Stock Exchange of Hong Kong Limited
Stock Name and Stock Code:	Stock Name: BCQ Stock Code: 1963
Listing Exchange of Offshore Preference Shares:	The Stock Exchange of Hong Kong Limited
Stock Name and Stock Code:	Stock Name: BCQ 17USDPREF Stock Code: 4616

## 1.2 Contact Persons and Contact Details

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Company Secretary:	HO Wing Tsz Wendy
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Registered Address:	No. 6 Yongpingmen Street, Jiangbei District, Chongqing, the People's Republic of China (the "PRC") Postal Code: 400024
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

## 2. FINANCIAL HIGHLIGHTS

The financial information set out in this Interim Results Announcement has been prepared according to the International Financial Reporting Standards on the basis of consolidation. Unless otherwise stated, such information is the data of the Group denominated in RMB.

With respect to the financial statements of the Group prepared under the IFRSs, the net profit attributable to shareholders of the Bank for the Reporting Period ended 30 June 2020 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period have no difference from the corresponding data in the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards).

## 2.1 Financial Data

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	<b>Change in percentage (%)</b>
<b>OPERATING RESULTS</b>			
Interest income	<b>12,040,377</b>	10,533,980	14.3
Interest expense	<b>(6,866,929)</b>	(6,484,723)	5.9
Net interest income	<b>5,173,448</b>	4,049,257	27.8
Net fee and commission income	<b>684,911</b>	607,325	12.8
Net trading gains, net gains on investment securities and other operating income	<b>652,953</b>	816,950	(20.1)
Operating income	<b>6,511,312</b>	5,473,532	19.0
Operating expenses	<b>(1,242,510)</b>	(1,171,262)	6.1
Assets impairment losses	<b>(1,990,161)</b>	(1,153,489)	72.5
Operating profit	<b>3,278,641</b>	3,148,781	4.1
Share of profit of associates	<b>29,839</b>	44,902	(33.5)
Profit before income tax	<b>3,308,480</b>	3,193,683	3.6
Income tax	<b>(688,312)</b>	(704,761)	(2.3)
Net profit	<b>2,620,168</b>	2,488,922	5.3
Net profit attributable to shareholders of the Bank	<b>2,545,620</b>	2,421,889	5.1
<b>Calculated on a per share basis (RMB)</b>			
Basic earnings per share	<b>0.81</b>	0.77	0.04
	<b>As at 30 June 2020</b>	As at 31 December 2019	<b>Change in percentage (%)</b>
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>			
<b>Major indicators of assets/liabilities</b>			
Total assets	<b>532,221,715</b>	501,231,864	6.2
Of which: loans and advances to customers, net	<b>255,231,236</b>	238,626,834	7.0
Total liabilities	<b>491,752,714</b>	462,618,195	6.3
Of which: customer deposits	<b>302,850,600</b>	281,048,911	7.8
Share capital	<b>3,127,055</b>	3,127,055	–
Equity attributable to shareholders of the Bank	<b>38,758,143</b>	36,949,429	4.9
Total equity	<b>40,469,001</b>	38,613,669	4.8

## 2.2 Financial Indicators

<i>(All amounts expressed in percentage unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	<b>Change</b>
<b>Profitability indicators (%)</b>			
Average annualized return on assets <sup>(1)</sup>	<b>1.02</b>	1.10	(0.08)
Average annualized return on equity attributable to shareholders of the Bank <sup>(2)</sup>	<b>15.54</b>	16.66	(1.12)
Net interest spread <sup>(3)</sup>	<b>2.13</b>	1.92	0.21
Net interest margin <sup>(4)</sup>	<b>2.24</b>	1.99	0.25
Net fee and commission income to operating income	<b>10.52</b>	11.10	(0.58)
Cost-to-income ratio <sup>(5)</sup>	<b>17.93</b>	20.08	(2.15)
	<b>As at 30 June 2020</b>	As at 31 December 2019	<b>Change</b>
<i>(All amounts expressed in percentage unless otherwise stated)</i>			
<b>Asset quality indicators (%)</b>			
Non-performing loan ratio <sup>(6)</sup>	<b>1.24</b>	1.27	(0.03)
Impairment allowances to non-performing loans <sup>(7)</sup>	<b>302.17</b>	279.83	22.34
Impairment allowances to total loans <sup>(7)</sup>	<b>3.76</b>	3.56	0.20
<b>Indicators of capital adequacy ratio (%)</b>			
Core Tier I capital adequacy ratio <sup>(8)</sup>	<b>8.52</b>	8.51	0.01
Tier I capital adequacy ratio <sup>(8)</sup>	<b>9.76</b>	9.82	(0.06)
Capital adequacy ratio <sup>(8)</sup>	<b>12.84</b>	13.00	(0.16)
Total equity to total assets	<b>7.60</b>	7.70	(0.10)
<b>Other indicators (%)</b>			
Liquidity ratio <sup>(9)</sup>	<b>81.92</b>	78.35	3.57
Percentage of loans to the single largest customer <sup>(10)</sup>	<b>2.31</b>	2.52	(0.21)
Percentage of loans to the top ten customers <sup>(11)</sup>	<b>19.29</b>	19.30	(0.01)

*Notes:*

- (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (2) Net profit attributable to shareholders of the Bank as a percentage of the average balance of equity, net of preference shares, attributable to shareholders of the Bank at the beginning and at the end of the period.
- (3) Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities.
- (4) Net interest margin represents the ratio of net interest income to the average balance of interest-earning assets.
- (5) Calculated by dividing operating expense (less tax and surcharges) by operating income.
- (6) Calculated by dividing balance of non-performing loans by total principal of loans and advances to customers.
- (7) According to the Notice on the Regulatory Requirements on Adjusting Allowances for Loan Impairment Losses of Commercial Banks (CBRC Issue [2018] No.7), the Bank implemented the regulatory standard of differentiated dynamic adjustment of “allowance coverage ratio” and “loan allowance ratio”.
- (8) Core Tier I capital adequacy ratio, Tier I capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by China Banking and Insurance Regulatory Commission (the “**CBIRC**”) (effective from 1 January 2013).
- (9) Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is greater than or equal to 25%.
- (10) Calculated by dividing total loans to the single largest customer by net capital. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is less than or equal to 10%.
- (11) Calculated by dividing total loans to the top ten customers by net capital.

### 3. MANAGEMENT DISCUSSIONS AND ANALYSIS

#### 3.1 Financial Review

In the first half of 2020, in the face of the impact of the outbreak of novel coronavirus pneumonia and the complicated uncertainties, the Group persisted in high-quality development guided by new development philosophies, actively identified changes, scientifically responded to changes, and proactively sought for changes. It accelerated the pace of transformation and upgrade in serving the real economy and supporting the overall situation of “stability on six fronts” and “security in six areas”. It maintained a healthy, steady and sustainable development trend.

**The business size grows steadily.** As of 30 June 2020, the Group’s total assets amounted to RMB532,222 million, representing an increase of RMB30,990 million or 6.2% over the end of the previous year; the net loans and advances to customers amounted to RMB255,231 million, representing an increase of RMB16,604 million or 7.0% over the end of the previous year; the total liabilities amounted to RMB491,753 million, representing an increase of RMB29,135 million or 6.3% over the end of the previous year; the total customer deposits amounted to RMB302,851 million, representing an increase of RMB21,802 million or 7.8%, over the end of the previous year.

**The operating benefit is more resilient.** Under the orientation of finance serving the real economy, while actively giving up a share of profits to the real economy, the Group actively promotes growth stabilization, structure adjustment, risk prevention and foundation consolidation in a planned manner, so as to develop differentiated competitive advantages, consolidate the high-quality development trend, thus keeping the operating benefit within a reasonable and steady growth range. The net profit of the Group amounted to RMB2,620 million, representing a year-on-year increase of 5.3%.

**The asset quality improves significantly.** During the Reporting Period, the Group comprehensively improved its risk management capacity and actively and effectively responded to the risk of asset quality decline under the influence of the outbreak, by reforming the credit review mechanism and comprehensively carrying out risk monitoring and other measures. As of 30 June 2020, the non-performing loan ratio of the Group was 1.24%, representing a decrease of 0.03 percentage point over the end of the previous year; the allowance coverage ratio was 302.17%, representing an increase of 22.34 percentage points over the end of the previous year.

**The operating efficiency increases continuously.** In the first half of 2020, the operating expenses of the Group amounted to RMB1,243 million, representing an increase of RMB71 million or 6.1% (which is 12.9 percentage points lower than the growth rate of the operating income) as compared to the same period in the previous year. During the Reporting Period, the cost-to-income ratio was 17.93%, representing a decrease of 2.15 percentage points as compared to the same period in the previous year.

**Capital management is continuously optimized.** As of 30 June 2020, the capital adequacy ratio, the tier I capital adequacy ratio and the core tier I capital adequacy ratio of the Group were respectively 12.84%, 9.76% and 8.52%, respectively exceeding the regulatory standards of 2.34, 1.26 and 1.02 percentage points.

## 3.2 Analysis of the Financial Statement

### 3.2.1 Analysis of the Income Statement

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Interest income	<b>12,040,377</b>	10,533,980	1,506,397	14.3
Interest expense	<b>(6,866,929)</b>	(6,484,723)	(382,206)	5.9
<b>Net interest income</b>	<b>5,173,448</b>	4,049,257	1,124,191	27.8
Net fee and commission income	<b>684,911</b>	607,325	77,586	12.8
Net trading gains	<b>45,989</b>	104,134	(58,145)	(55.8)
Net gains on investment securities	<b>593,054</b>	665,811	(72,757)	(10.9)
Other operating income	<b>13,910</b>	47,005	(33,095)	(70.4)
Operating income	<b>6,511,312</b>	5,473,532	1,037,780	19.0
Operating expenses	<b>(1,242,510)</b>	(1,171,262)	(71,248)	6.1
Assets impairment losses	<b>(1,990,161)</b>	(1,153,489)	(836,672)	72.5
Share of profit of associates	<b>29,839</b>	44,902	(15,063)	(33.5)
Profit before income tax	<b>3,308,480</b>	3,193,683	114,797	3.6
Income tax	<b>(688,312)</b>	(704,761)	16,449	(2.3)
<b>Net profit</b>	<b>2,620,168</b>	2,488,922	131,246	5.3

In the first half of 2020, the operating income of the Group amounted to RMB6,511 million, representing an increase of RMB1,038 million or 19.0% as compared to the same period in the previous year. The operating income was improved steadily. Among such operating income: the net interest income and net commission income increased by 27.8% and 12.8% respectively, as compared to the same period in the previous year; the net trading gains, net gains on investment securities and other operating income decreased by 55.8%, 10.9% and 70.4% respectively, as compared to the same period in the previous year.

The operating expenses of the Group amounted to RMB1,243 million, representing an increase of RMB71 million or 6.1% as compared to the same period in the previous year; the assets impairment losses amounted to RMB1,990 million, representing an increase of RMB837 million or 72.5% as compared to the same period in the previous year.

Due to the above factors, the Group's profit before income tax amounted to RMB3,308 million, representing an increase of RMB115 million or 3.6% as compared to the same period in the previous year. After deducting the income tax, the Group's net profit amounted to RMB2,620 million, representing an increase of RMB131 million or 5.3% as compared to the same period in the previous year.

(I) *Net interest income*

In the first half of 2020, the net interest income of the Group amounted to RMB5,173 million, representing an increase of RMB1,124 million or 27.8% as compared to the same period of the previous year. The increase in the net interest income is mainly due to the rise in the credit assets granted, the optimization of the securities investment structure and the decline in the interbank debt interest rate. During the Reporting Period, the Group actively answered the call of the state by increasing the credits granted for the real economy, while reducing costs for and giving up a share of profits to the real economy. Meanwhile, it flexibly established the structure and size of securities investment and inter-bank liabilities to make its profitability more resilient, according to its assets and liabilities and changes in the external market environment.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Interest income	<b>12,040,377</b>	10,533,980	1,506,397	14.3
Interest expense	<b>(6,866,929)</b>	(6,484,723)	(382,206)	5.9
Net interest income	<b>5,173,448</b>	4,049,257	1,124,191	27.8

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or interest expense and average yield on assets or average cost ratio of liabilities during the periods indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)
<b>ASSETS</b>						
Loans and advances to customers	255,369,399	7,532,456	5.93	220,114,323	6,572,646	6.02
Investment securities	135,002,960	3,837,577	5.72	116,002,337	3,127,490	5.44
Cash and balances with central bank	31,900,399	226,719	1.43	31,384,684	227,750	1.46
Due from and placements with banks and other financial institutions	42,080,041	443,625	2.12	43,425,892	606,094	2.81
<b>Total interest-earning assets</b>	<b>464,352,799</b>	<b>12,040,377</b>	<b>5.21</b>	<b>410,927,236</b>	<b>10,533,980</b>	<b>5.17</b>
<b>LIABILITIES</b>						
Customer deposits	289,315,064	4,326,322	3.01	262,917,712	3,779,032	2.90
Due to and placements from banks and other financial institutions and lease liabilities	57,137,083	912,918	3.21	42,133,283	879,280	4.21
Debt securities issued	102,498,626	1,627,689	3.19	96,926,961	1,826,411	3.80
<b>Total interest-bearing liabilities</b>	<b>448,950,773</b>	<b>6,866,929</b>	<b>3.08</b>	<b>401,977,956</b>	<b>6,484,723</b>	<b>3.25</b>
<b>Net interest income</b>		<b>5,173,448</b>			<b>4,049,257</b>	
<b>Net interest spread<sup>(1)</sup></b>			<b>2.13</b>			<b>1.92</b>
<b>Net interest margin<sup>(2)</sup></b>			<b>2.24</b>			<b>1.99</b>

Notes: (1) the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities.

(2) the ratio of net interest income to the average balance of interest-earning assets.

In the first half of 2020, the net interest spread of the Group was 2.13%, representing an increase of 21 basis points as compared to the same period in the previous year, primarily due to the decrease of 17 basis points in the average annualized cost ratio of interest-bearing liabilities as compared to the same period in the previous year, and the increase of 4 basis points in the average annualized yield ratio of interest-earning assets as compared to the same period in the previous year.

In the first half of 2020, the average balance of interest-earning assets amounted to RMB464,353 million, representing an increase of RMB53,426 million or 13.0% as compared to the same period in the previous year. The net interest margin of the Group was 2.24%, representing an increase of 25 basis points, as compared to the same period in the previous year, as the net interest income grew more rapidly than the average balance of interest-earning assets.

The following table sets forth the Group's changes in interest income and interest expense due to changes in the Group's volume and interest rate during the Reporting Period:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>Due to changes in volume</b>	<b>Due to changes in interest rate</b>	<b>Change in interest income and expense</b>
<b>ASSETS</b>			
Loans and advances to customers	1,058,320	(98,510)	959,810
Investment securities	548,571	161,516	710,087
Cash and balances with central bank	3,651	(4,682)	(1,031)
Due from and placements from banks and other financial institutions	<u>(13,468)</u>	<u>(149,001)</u>	<u>(162,469)</u>
<b>Change in interest income</b>	<b><u>1,597,074</u></b>	<b><u>(90,677)</u></b>	<b><u>1,506,397</u></b>
<b>LIABILITIES</b>			
Customer deposits	403,475	143,815	547,290
Due to and placements from banks and other financial institutions and lease liabilities	243,153	(209,515)	33,638
Debt securities issued	<u>95,290</u>	<u>(294,012)</u>	<u>(198,722)</u>
<b>Change in interest expense</b>	<b><u>741,918</u></b>	<b><u>(359,712)</u></b>	<b><u>382,206</u></b>

## *(II) Interest income*

In the first half of 2020, the interest income of the Group amounted to RMB12,040 million, representing an increase of RMB1,506 million or 14.3% as compared to the same period in the previous year. Among such interest income: the interest income from loans and advances to customers and the interest income from investment securities increased as compared to the same period in the previous year, while the interest income from cash and balances with central bank and the interest income from amounts due from and placements from banks and other financial institutions decreased as compared to the same period in the previous year.

### *(1) Interest income from loans and advances to customers*

In the first half of 2020, the Group's interest income from loans and advances to customers amounted to RMB7,532 million, representing an increase of RMB960 million or 14.6% as compared to the same period in the previous year, primarily due to the increase in average balance on loans and advances to customers by 16.0% as compared to the same period in the previous year.

### *(2) Interest income from investment securities*

In the first half of 2020, the Group's interest income from investment securities amounted to RMB3,838 million, representing an increase of RMB710 million or 22.7% as compared to the same period in the previous year, primarily due to the increase of 16.4% in average balance and an increase of 28 basis points in average annualized yield ratio on investment securities as compared to the same period in the previous year.

### *(3) Interest income from cash and balances with central bank*

In the first half of 2020, the Group's interest income from cash and balances with central bank amounted to RMB227 million, representing a decrease of RMB1 million or 0.5% as compared to the same period in the previous year, primarily due to a decrease of 3 basis points in average annualized yield ratio on cash and balances with central banks as compared to the same period in the previous year.

(4) Interest income from amounts due from and placements to banks and other financial institutions

The following table sets forth the average balance, interest income and average annualized yield ratio for each component of the Group's amounts due from and placements with banks and other financial institutions during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest income	Average annualized yield ratio (%)	Average balance	Interest income	Average annualized yield ratio (%)
Due from and placements with banks and other financial institutions	9,836,880	92,345	1.89	15,961,469	225,762	2.85
Financial assets held under resale agreements	<u>32,243,161</u>	<u>351,280</u>	2.19	<u>27,464,423</u>	<u>380,332</u>	2.79
<b>Total</b>	<b><u>42,080,041</u></b>	<b><u>443,625</u></b>	<b>2.12</b>	<b><u>43,425,892</u></b>	<b><u>606,094</u></b>	<b>2.81</b>

In the first half of 2020, the interest income from the Group's amounts due from and placements with banks and other financial institutions amounted to RMB92 million, representing a year-on-year decrease of RMB133 million or 59.1%, primarily due to the year-on-year decrease of 38.4% in average balance and a decrease of 96 basis points in average annualized yield ratio on amounts due from and placements with banks and other financial institutions as compared to those of the previous year.

In the first half of 2020, the interest income from the Group's financial assets held under resale agreements amounted to RMB351 million, representing a year-on-year decrease of RMB29 million or 7.6%, primarily attributable to the increase of 17.4% in average balance offset by the decrease of 60 basis points in average annualized yield ratio on financial assets held under resale agreements as compared to those of the previous year.

As a result of the foregoing factors, the Group's interest income from amounts due from and placements to banks and other financial institutions in the first half of 2020 were RMB444 million, representing a year-on-year decrease of RMB162 million or 26.8% as compared to those of the previous year.

### (III) Interest expense

In the first half of 2020, the Group's interest expense amounted to RMB6,867 million, representing a year-on-year increase of RMB382 million or 5.9%. Among such interest expense: the interest expense on customer deposits, interest expense on amount due to and placements from banks and other financial institutions and lease liabilities increased as compared to the same period in the previous year, while the interest expense on issuance of debt securities decreased as compared to the same period in the previous year.

#### (1) Interest expense on customer deposits

The following table sets forth the average balance, interest expense and average annualized cost ratio for each component of the Group's customer deposits during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
<b>Corporate deposits</b>						
Demand	64,517,914	303,920	0.95	59,039,143	276,463	0.94
Time	<u>99,427,283</u>	<u>1,953,680</u>	3.95	<u>96,163,680</u>	<u>1,712,131</u>	3.59
<b>Subtotal</b>	<u>163,945,197</u>	<u>2,257,600</u>	2.77	<u>155,202,823</u>	<u>1,988,594</u>	2.58
<b>Individual deposits</b>						
Demand	13,654,286	26,605	0.39	11,932,211	23,213	0.39
Time	<u>95,407,815</u>	<u>1,947,708</u>	4.11	<u>78,857,541</u>	<u>1,571,862</u>	4.02
<b>Subtotal</b>	<u>109,062,101</u>	<u>1,974,313</u>	3.64	<u>90,789,752</u>	<u>1,595,075</u>	3.54
<b>Other deposits</b>	<u>16,307,766</u>	<u>94,409</u>	1.16	<u>16,925,137</u>	<u>195,363</u>	2.33
<b>Total</b>	<u><u>289,315,064</u></u>	<u><u>4,326,322</u></u>	3.01	<u><u>262,917,712</u></u>	<u><u>3,779,032</u></u>	2.90

In the first half of 2020, the Group's interest expense on customer deposits was RMB4,326 million, representing a year-on-year increase of RMB547 million or 14.5%, primarily due to a year-on-year increase in the average balance of customer deposits by 10.0%, and an increase in average annualized cost ratio of customer deposits by 11 basis points as compared to that of the previous year.

(2) Interest expense on amount due to and placements from banks and other financial institutions and lease liabilities

The following table sets forth the average balance, interest expense and average annualized cost ratio for each component of the Group's amount due to and placements from banks and other financial institutions and lease liabilities during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Deposits and loans from other banks	39,788,155	696,432	3.52	34,370,795	767,546	4.50
Borrowings from central bank	13,204,010	180,490	2.75	4,468,970	67,249	3.03
Financial assets sold under repurchase agreements	4,034,732	34,094	1.70	3,174,015	42,371	2.69
Lease liabilities	110,186	1,902	3.47	119,503	2,114	3.57
<b>Total</b>	<b>57,137,083</b>	<b>912,918</b>	<b>3.21</b>	<b>42,133,283</b>	<b>879,280</b>	<b>4.21</b>

In the first half of 2020, the Group's interest expense on amount due to and placements from banks and other financial institutions and lease liabilities was RMB913 million, representing a year-on-year increase of RMB34 million or 3.8%, primarily due to a year-on-year increase of 35.6% in average balance of amount due to and placements from banks and other financial institutions, offset by a decrease in average annualized cost ratio by 100 basis points as compared to that of the previous year.

(3) Interest expense on issuance of debt securities

The following table sets forth the average balance, interest expense and average annualized cost ratio of each component of debt securities issued by the Group during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated debts	7,500,000	180,151	4.83	7,500,000	175,733	4.73
Inter-bank certificates of deposit	85,998,626	1,261,360	2.95	80,426,961	1,458,802	3.66
Financial debts	<u>9,000,000</u>	<u>186,178</u>	4.16	<u>9,000,000</u>	<u>191,876</u>	4.30
<b>Total</b>	<b><u>102,498,626</u></b>	<b><u>1,627,689</u></b>	<b>3.19</b>	<b><u>96,926,961</u></b>	<b><u>1,826,411</u></b>	<b>3.80</b>

In the first half of 2020, the Group's interest expense on issuance of debts securities amounted to RMB1,628 million, representing a year-on-year decrease of RMB199 million or 10.9%, primarily due to a year-on-year increase of 5.7% in average balance of issuance of debts securities, offset by a decrease in average annualized cost ratio by 61 basis points as compared to that of the previous year.

(IV) Non-interest income

(1) Net fee and commission income

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
<b>Fee and commission income</b>	<b>726,957</b>	660,866	66,091	10.0
Financial advisory and consulting services	<b>6,575</b>	20,887	(14,312)	(68.5)
Wealth management agency services	<b>406,940</b>	296,506	110,434	37.2
Custodian services	<b>53,553</b>	80,816	(27,263)	(33.7)
Bank card services	<b>175,484</b>	168,247	7,237	4.3
Guarantees and Credit commitments	<b>50,437</b>	57,551	(7,114)	(12.4)
Settlement and agency services	<b>33,968</b>	36,859	(2,891)	(7.8)
<b>Fee and commission expense</b>	<b>(42,046)</b>	(53,541)	11,495	(21.5)
<b>Net fee and commission income</b>	<b><u>684,911</u></b>	<u>607,325</u>	<u>77,586</u>	12.8

In the first half of 2020, the Group's net fee and commission income amounted to RMB685 million, representing an increase of RMB78 million or 12.8% as compared to the same period in the previous year.

Commission income from financial advisory and consulting services amounted to RMB7 million, representing a year-on-year decrease of RMB14 million or 68.5%, primarily due to the decrease in the market demand for the business.

Commission income from wealth management agency services amounted to RMB407 million, representing a year-on-year increase of RMB110 million or 37.2%, primarily due to the decrease in the issue prices of wealth management products as compared with the corresponding period of last year due to the market environment.

Commission income from custodian services amounted to RMB54 million, representing a year-on-year decrease of RMB27 million or 33.7%, primarily due to the decrease in the demand for the business.

Commission income from bank card services amounted to RMB175 million, representing a year-on-year increase of RMB7 million or 4.3%, primarily due to the steady increase in the number of bank cards issued and the transaction amount.

Commission income from guarantees and credit commitments amounted to RMB50 million, representing a year-on-year decrease of RMB7 million or 12.4%, primarily due to the decline in demand for the business influenced by market.

Commission income from settlement and agency services amounted to RMB34 million, representing a year-on-year decrease of RMB3 million or 7.8%, primarily due to the reduction or exemption by the Bank of certain payment and settlement commissions in response to the national call to reduce the burden of enterprises, as well as the decrease in the agency business size as compared with the corresponding period of last year.

(2) Net trading gains

The net trading gains mainly consist of gains/(losses) on foreign exchange, and gains and losses on trading, interest income and fair value gains/(losses) arising from financial assets held for trading. Among them, gains/(losses) on foreign exchange include gains or losses from the trading of spot contracts and translation of foreign currency monetary assets and liabilities into RMB.

In the first half of 2020, the Group's foreign exchange gains amounted to RMB89 million. Net trading gains from bond and fund investment was RMB40 million, net trading loss from equity investment was RMB81 million, and net trading loss from derivative financial instruments was RMB2 million. As a result of the above factors, in the first half of 2020, the Group's net trading gains amounted to RMB46 million.

The following table sets forth the composition of the Group's net trading gains during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Foreign exchange gains	<b>88,878</b>	21,072	67,806	321.8
Bond and fund investment	<b>40,442</b>	98,907	(58,465)	(59.1)
Equity investments	<b>(81,375)</b>	(15,823)	(65,552)	414.3
Derivative financial instruments	<b>(1,956)</b>	(22)	(1,934)	8,790.9
<b>Total</b>	<b><u>45,989</u></b>	<u>104,134</u>	<u>(58,145)</u>	(55.8)

(3) Net gains on investment securities

The net gains on investment securities mainly include investment gains of financial assets at fair value through profit or loss and net gains arising from de-recognition of financial assets at fair value through other comprehensive income. In the first half of 2020, the net gains on investment securities of the Group amounted to RMB593 million, all of which were the net gains arising from investment of financial assets at FVPL.

The following table sets forth the composition of the Group's net gains on investment securities during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Investment gains of financial assets at fair value through profit or loss	<b><u>593,054</u></b>	<u>665,811</u>	<u>(72,757)</u>	(10.9)
<b>Total</b>	<b><u>593,054</u></b>	<u>665,811</u>	<u>(72,757)</u>	(10.9)

(V) *Operating expenses*

In the first half of 2020, the Group's operating expenses were RMB1,243 million, representing a year-on-year increase of RMB71 million or 6.1%. Staff costs, tax and surcharges, depreciation and amortisation increased, while general and administrative expenses decreased.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Staff costs	<b>755,289</b>	707,515	47,774	6.8
Tax and surcharges	<b>74,865</b>	72,306	2,559	3.5
Depreciation and amortization	<b>149,003</b>	135,229	13,774	10.2
General and administrative expense	<b>214,043</b>	218,371	(4,328)	(2.0)
Others	<b>49,310</b>	37,841	11,469	30.3
<b>Operating expenses</b>	<b><u>1,242,510</u></b>	<b><u>1,171,262</u></b>	<b><u>71,248</u></b>	6.1

(1) *Staff costs*

Staff costs constitute the largest component of the Group's operating expenses, accounting for 60.79% and 60.41% of its operating expenses for the first half of 2020 and 2019 respectively.

The following table sets forth the composition of the Group's staff costs during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Salaries and bonuses	<b>567,662</b>	498,282	69,380	13.9
Pension expenses	<b>63,941</b>	81,912	(17,971)	(21.9)
Housing benefits and subsidies	<b>48,015</b>	41,725	6,290	15.1
Labour union and staff education expenses	<b>11,800</b>	11,133	667	6.0
Other social security and benefit expenses	<b>63,871</b>	74,463	(10,592)	(14.2)
<b>Staff costs</b>	<b><u>755,289</u></b>	<b><u>707,515</u></b>	<b><u>47,774</u></b>	6.8

In the first half of 2020, the Group's staff costs amounted to RMB755 million, representing a year-on-year increase of RMB48 million or 6.8%, primarily because the average remuneration and benefit per staff increased by 3.3% as compared to the same period in the previous year and the total number of staff increased by 2.8% as compared to the same period in the previous year.

(2) Tax and surcharges

Tax and surcharges mainly relate to revenue generated from our financial products and services with respect to interest income from loans and advances to customers, transfer of securities and other financial businesses. In the first half of 2020, the Group's tax and surcharges were RMB75 million, representing a year-on-year increase of RMB3 million or 3.5%.

(3) Depreciation and amortization

Depreciation and amortization in the first half of 2020 increased by RMB14 million or 10.2% to RMB149 million over the same period in the previous year as the growth of property and equipment of the Group was stable.

(4) General and administrative expense

The Group has always paid attention to the control of administrative expenses, resulting in a continuous decrease in relevant expenses. In the first half of 2020, the general and administrative expenses decreased by RMB4 million or 2.0% year on year to RMB214 million.

(VI) *Assets impairment losses*

In the first half of 2020, the assets impairment losses of the Group were RMB1,990 million, representing a year-on-year increase of RMB837 million or 72.5%, primarily due to the Group's proactive increase in the provision of asset impairment losses in order to effectively cope with risks from decline in asset quality under the impact of the COVID-19 outbreak.

The following table sets forth the composition of the Group's assets impairment losses during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Loans and advances to customers carried at amortised cost	<b>2,145,807</b>	768,664	1,377,143	179.2
Loans and advances to customers at fair value through other comprehensive income	<b>(495)</b>	68,088	(68,583)	(100.7)
Investment securities-Financial investments carried at amortised cost	<b>(90,887)</b>	180,906	(271,793)	(150.2)
Investment securities-Financial investments at fair value through other comprehensive income	<b>1,350</b>	(2,188)	3,538	(161.7)
Loan commitments and financial guarantee contracts	<b>(161,524)</b>	98,566	(260,090)	(263.9)
Due from and placements to banks and other financial institutions	<b>93,024</b>	25,024	68,000	271.7
Others	<b>2,886</b>	14,429	(11,543)	(80.0)
<b>Assets impairment losses</b>	<b><u>1,990,161</u></b>	<b><u>1,153,489</u></b>	<b><u>836,672</u></b>	<b><u>72.5</u></b>

(VII) *Income tax*

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in the first half of 2020 and 2019 were 20.80% and 22.07%, respectively.

The following table sets forth the Group's profit before income tax and income tax during the periods indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019	Change in amount	Change in percentage (%)
Profit before income tax	<b>3,308,480</b>	3,193,683	114,797	3.6
Tax calculated at a tax rate of 25%	<b>827,120</b>	798,421	28,699	3.6
Tax effect arising from non-taxable income	<b>(93,578)</b>	(98,979)	5,401	(5.5)
Tax effect of expenses that are not deductible for tax purposes	<b>46,968</b>	26,713	20,255	75.8
Income tax adjustment for prior years	<b>(92,198)</b>	(21,394)	(70,804)	331.0
<b>Income tax expense</b>	<b><u>688,312</u></b>	<u>704,761</u>	<u>(16,449)</u>	<u>(2.3)</u>

### 3.2.2 Analysis of the Statement of Financial Position

#### (I) Assets

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	265,088,921	49.8	247,348,738	49.3
Of which: Total principal of loans and advances to customers	263,420,234	49.5	245,831,593	49.0
Interests receivable on loans and advances to customers	1,668,687	0.3	1,517,145	0.3
Total impairment allowances for the expected credit	(9,857,685)	(1.8)	(8,721,904)	(1.7)
Net loans and advances to customers	255,231,236	48.0	238,626,834	47.6
Investment securities <sup>(1)</sup>	145,081,830	27.2	132,501,429	26.4
Investments in associates	1,831,412	0.3	1,801,573	0.4
Cash and balances with central bank	33,433,777	6.3	32,033,098	6.4
Due from and placements to banks and other financial institutions	58,992,343	11.1	61,276,742	12.2
Financial assets at fair value through profit or loss	29,126,312	5.5	26,977,016	5.4
Fixed assets	3,094,001	0.6	3,070,011	0.6
Deferred income tax assets	2,905,104	0.5	2,479,531	0.5
Other assets	2,525,700	0.5	2,465,630	0.5
<b>Total assets</b>	<b>532,221,715</b>	<b>100.0</b>	<b>501,231,864</b>	<b>100.0</b>

*Note:* (1) Investment securities consist of financial investments at fair value through other comprehensive income and financial investments measured at amortised cost.

As of 30 June 2020, the Group's total assets amounted to RMB532,222 million, representing an increase of RMB30,990 million or 6.2% over the end of the previous year, among which:

Total loans and advances to customers increased by RMB17,740 million or 7.2% to RMB265,089 million over the end of the previous year. This was primarily because the Group complied with the policy and stuck to its aspiration to proactively serve privately owned enterprises and the real economy, increased the credit supply for major projects related to emerging industries of strategic importance, green credit, rural revitalization, poverty alleviation, the "Belt and Road" Initiative and Chengdu-Chongqing Economic Rim.

The balance of investment securities amounted to RMB145,082 million, representing an increase of RMB12,580 million or 9.5% over the end of the previous year, mainly due to the Group's initiative to adjust the asset structure based on its intensified judgment on the market and the dynamic changes in the bond market and the interest rate market.

Cash and balances with central bank increased by RMB1,401 million or 4.4% to RMB33,434 million over the end of the previous year, primarily due to the increase in surplus deposit reserves as compared to the end of the previous year.

Due from and placements to banks and other financial institutions decreased by RMB2,284 million or 3.7% to RMB58,992 million as compared to the end of the previous year, primarily due to the Group's initiative to adjust the asset structure based on changes in the market environment.

(1) Loans and advances to customers

The following table sets forth the composition of the Group's loans and advances to corporate entities, and Loans and advances to individuals for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Loans and advances to corporate entities</b>				
– measured at amortised cost				
– Corporate loans	154,927,766	58.4	140,780,210	56.9
<b>Loans and advances to corporate entities</b>				
– at fair value through other comprehensive income				
– Discounted bills	<u>16,201,939</u>	<u>6.1</u>	<u>14,271,520</u>	<u>5.8</u>
<b>Subtotal</b>	<u>171,129,705</u>	<u>64.5</u>	<u>155,051,730</u>	<u>62.7</u>
<b>Loans and advances to individuals – measured at amortised cost</b>				
– Mortgage loans	30,636,060	11.6	26,757,377	10.8
– Individual consumption loans	35,708,048	13.5	41,172,219	16.7
– Credit card advances	7,686,480	2.9	6,657,610	2.7
– Personal business loans	<u>18,259,941</u>	<u>6.9</u>	<u>16,192,657</u>	<u>6.5</u>
<b>Subtotal</b>	<u>92,290,529</u>	<u>34.9</u>	<u>90,779,863</u>	<u>36.7</u>
<b>Interests receivable on loans and advances to customers</b>	<u>1,668,687</u>	<u>0.6</u>	<u>1,517,145</u>	<u>0.6</u>
<b>Total loans and advances to Customers</b>	<u>265,088,921</u>	<u>100.0</u>	<u>247,348,738</u>	<u>100.0</u>

As of 30 June 2020, the Group's total loans and advances to customers amounted to RMB265,089 million, representing an increase of RMB17,740 million or 7.2% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB154,928 million, representing an increase of RMB14,148 million or 10.0% as compared to the end of the previous year, and accounting for 58.4% of total loans and advances to customers, increased by 1.5 percentage points from the end of the previous year. During the Reporting Period, the Group actively adjusted the credit structure on the basis that the structure responds to the state's industrial policy and greater efforts were made to grant loans in key industries according to regional economic development orientation. Additional loans to the leasing and commercial services, manufacturing, construction, electricity, heat, gas and water production and supply increased by RMB6,412 million, RMB2,260 million, RMB2,007 million and RMB1,484 million, respectively.

Loans and advances to individuals amounted to RMB92,291 million, representing an increase of RMB1,511 million or 1.7% as compared to the end of the previous year, and accounting for 34.9% of total loans and advances to customers, decreased by 1.8 percentage points from the end of the previous year. Specifically, mortgage loans increased by RMB3,879 million or 14.5% as compared to the end of the previous year; individual consumption loans decreased by RMB5,464 million or 13.3% as compared to the end of the previous year; credit card advances increased by RMB1,029 million or 15.5% as compared to the end of the previous year; and personal business loans increased by RMB2,067 million or 12.8% as compared to the end of the previous year.

### **Distribution of loans and advances to customers by type of collateral**

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralised loans	82,601,102	31.2	76,819,536	31.1
Pledged loans	24,748,845	9.3	22,796,136	9.2
Guaranteed loans	118,688,909	44.8	114,310,120	46.2
Unsecured loans	37,381,378	14.1	31,905,801	12.9
Interest receivable on loans and advances to customers	1,668,687	0.6	1,517,145	0.6
<b>Total loans and advances to customers</b>	<b>265,088,921</b>	<b>100.0</b>	<b>247,348,738</b>	<b>100.0</b>

## Impairment allowances for loans

The following table sets forth the Group's impairment allowances for loans for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
<b>Loans and advances to corporate entities</b>				
31 December 2019	1,662,368	3,707,187	1,681,872	7,051,427
New financial assets originated or purchased	639,572	-	-	639,572
Remeasurement	(460,905)	802,601	878,828	1,220,524
Repayment	(251,090)	(179,603)	(190,812)	(621,505)
Write-off	-	-	(680,692)	(680,692)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(85,523)	85,523	-	-
<i>Transfer from Stage 1 to Stage 3</i>	(7,254)	-	7,254	-
<i>Transfer from Stage 2 to Stage 1</i>	336,414	(336,414)	-	-
<i>Transfer from Stage 2 to Stage 3</i>	-	(1,170,574)	1,170,574	-
<i>Transfer from Stage 3 to Stage 2</i>	-	44,358	(44,358)	-
<i>Transfer from Stage 3 to Stage 1</i>	-	-	-	-
Recoveries of loans and advances written-off in previous years	-	-	92,303	92,303
Unwind impact of discount	-	-	(123,716)	(123,716)
<b>30 June 2020</b>	<b><u>1,833,582</u></b>	<b><u>2,953,078</u></b>	<b><u>2,791,253</u></b>	<b><u>7,577,913</u></b>
<b>Loans and advances to individuals</b>				
31 December 2019	752,811	357,178	560,488	1,670,477
New financial assets originated or purchased	390,236	-	-	390,236
Remeasurement	380,107	357,793	324,215	1,062,115
Repayment	(301,393)	(148,966)	(94,776)	(545,135)
Write-off	-	-	(270,874)	(270,874)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(28,942)	28,942	-	-
<i>Transfer from Stage 1 to Stage 3</i>	(10,206)	-	10,206	-
<i>Transfer from Stage 2 to Stage 1</i>	11,368	(11,368)	-	-
<i>Transfer from Stage 2 to Stage 3</i>	-	(121,194)	121,194	-
<i>Transfer from Stage 3 to Stage 2</i>	-	3,133	(3,133)	-
<i>Transfer from Stage 3 to Stage 1</i>	2,406	-	(2,406)	-
Recoveries of loans and advances written-off in previous years	-	-	34,735	34,735
Unwind impact of discount	-	-	(61,782)	(61,782)
<b>30 June 2020</b>	<b><u>1,196,387</u></b>	<b><u>465,518</u></b>	<b><u>617,867</u></b>	<b><u>2,279,772</u></b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
<b>Loans and advances to corporate entities</b>				
31 December 2018	2,093,609	1,901,480	1,356,750	5,351,839
New financial assets originated or purchased	884,973	–	–	884,973
Remeasurement	(226,939)	2,298,039	930,151	3,001,251
Repayment	(781,996)	(367,474)	(280,151)	(1,429,621)
Write-off	–	–	(825,608)	(825,608)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(360,978)	360,978	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(20,307)	–	20,307	–
<i>Transfer from Stage 2 to Stage 1</i>	74,006	(74,006)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(411,830)	411,830	–
Recoveries of loans and advances written-off in previous years	–	–	146,317	146,317
Unwind impact of discount	–	–	(77,724)	(77,724)
<b>31 December 2019</b>	<b><u>1,662,368</u></b>	<b><u>3,707,187</u></b>	<b><u>1,681,872</u></b>	<b><u>7,051,427</u></b>
<b>Loans and advances to individuals</b>				
31 December 2018	310,372	303,429	541,917	1,155,718
New financial assets originated or purchased	543,862	–	–	543,862
Remeasurement	47,578	295,034	432,885	775,497
Repayment	(118,084)	(170,613)	(181,485)	(470,182)
Write-off	–	–	(422,846)	(422,846)
Transfers:				
<i>Transfer from Stage 1 to Stage 2</i>	(15,358)	15,358	–	–
<i>Transfer from Stage 1 to Stage 3</i>	(34,637)	–	34,637	–
<i>Transfer from Stage 2 to Stage 1</i>	14,930	(14,930)	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	(74,269)	74,269	–
<i>Transfer from Stage 3 to Stage 2</i>	–	3,169	(3,169)	–
<i>Transfer from Stage 3 to Stage 1</i>	4,148	–	(4,148)	–
Recoveries of loans and advances written-off in previous years	–	–	101,592	101,592
Unwind impact of discount	–	–	(13,164)	(13,164)
<b>31 December 2019</b>	<b><u>752,811</u></b>	<b><u>357,178</u></b>	<b><u>560,488</u></b>	<b><u>1,670,477</u></b>

In strict accordance with the relevant accounting and regulatory requirements, the Group took into account the external economic dynamics and macro monitoring policies and provided the impairment allowances for loans and advances to customers. As of 30 June 2020, the balance of impairment allowances for loans and advances to customers was RMB9,858 million, representing an increase of RMB1,136 million or 13.0% as compared to the end of the previous year; and the impairment allowances to non-performing loans ratio increased by 22.34 percentage points to 302.17% from that of the end of the previous year.

(2) Investment securities

The following table sets forth the composition of the Group's investment securities for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Investment securities – financial investments at FVOCI</b>				
<b>Debt securities – measured at fair value</b>				
– Listed outside Hong Kong	5,757,587	4.0	6,189,898	4.7
– Listed on Hong Kong	5,171,346	3.5	3,948,840	3.0
– Unlisted	27,532,137	19.0	24,804,608	18.7
Of which: Corporations bonds	25,324,189	17.5	22,611,823	17.1
Policy banks bonds	1,094,523	0.8	1,082,057	0.8
Commercial banks bonds	915,271	0.6	915,810	0.7
Governments bonds	198,154	0.1	194,918	0.1
<b>Interest receivable on financial investments at FVOCI</b>	983,038	0.7	873,718	0.6
<b>Equity securities – measured at fair value</b>				
– Unlisted	277,000	0.2	277,000	0.2
Of which: equity investment	277,000	0.2	277,000	0.2
<b>Others</b>	14	0.0	14	0.0
<b>Subtotal</b>	<b>39,721,122</b>	<b>27.4</b>	<b>36,094,078</b>	<b>27.2</b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Investment securities – financial investments measured at amortised cost</b>				
<b>Debt securities – measured at amortised cost</b>				
– Listed outside Hong Kong	11,633,577	8.0	11,790,198	8.9
– Unlisted	92,641,795	63.8	84,069,275	63.4
Of which: Trust investments	13,075,458	9.0	15,909,408	12.0
Directional asset management plans	44,878,000	30.9	40,819,000	30.8
Bonds	24,964,337	17.2	18,716,867	14.1
Debt financing scheme	9,724,000	6.7	8,624,000	6.5
<b>Interest receivable on debt securities measured at amortised cost</b>	2,396,753	1.7	1,950,182	1.5
Less: expected credit loss allowances	(1,311,417)	(0.9)	(1,402,304)	(1.0)
<b>Subtotal</b>	<b>105,360,708</b>	<b>72.6</b>	<b>96,407,351</b>	<b>72.8</b>
<b>Total</b>	<b>145,081,830</b>	<b>100.0</b>	<b>132,501,429</b>	<b>100.0</b>

As of 30 June 2020, the Group's balance of investment securities amounted to RMB145,082 million, representing an increase of RMB12,580 million or 9.5% over the end of the previous year. The balance of financial investments measured at FVOCI was RMB39,721 million, accounting for 27.4% of the balance of investment securities, representing an increase of RMB3,627 million or 10.0% over the end of the previous year; the balance of financial investments measured at amortized cost amounted to RMB105,361 million, accounting for 72.6% of the balance of investment securities, representing an increase of RMB8,953 million or 9.3% over the end of the previous year.

(3) Investment in associates

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at 30 June 2020</b>	As at 31 December 2019
Balance at the beginning of the period	<b>1,801,573</b>	1,638,323
Additional investment in associates	–	–
Share of profit of associates	<b>29,839</b>	163,250
Cash dividends declared	–	–
<b>Balance at the end of the period</b>	<b><u>1,831,412</u></b>	<b><u>1,801,573</u></b>

As at 5 May 2011, the Group invested RMB22 million to establish Xingyi Wanfeng Village Bank Co., Ltd. (“**Xingyi Wanfeng**”) and held 20.00% of equity interest of RMB110 million registered capital.

As at 15 June 2015, the Group established Mashang Consumer Finance Co., Ltd. (“**Mashang Consumer Finance**”). As of 30 June 2020, the registered capital of Mashang Consumer Finance is RMB4,000 million and 15.53% of equity interest is held by the Group. The investment cost of the Group amounted to RMB655 million.

Pursuant to the resolution passed at the board meeting of Chongqing Three Gorges Bank Co., Ltd. (“**Three Gorges Bank**”) on 21 April 2017, the Group appointed a director to board of Three Gorges Bank on the same day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of Three Gorges Bank is RMB4,847 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379 million.

(4) Financial assets at fair value through profit or loss

The following table sets forth the Group's financial assets at fair value through profit or loss for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Financial assets at fair value through profit or loss</b>				
Debt securities – measured at fair value				
– Listed outside Hong Kong	27,329	0.1	74,439	0.3
– Unlisted	17,035,281	58.5	16,865,582	62.5
Of which: Trust investments	5,169,412	17.7	5,219,379	19.4
Directional asset management plans	10,375,969	35.6	10,360,368	38.4
Commercial banks bonds	882,670	3.1	683,689	2.5
Governments bonds	607,230	2.1	602,146	2.2
Equity securities -measured at fair value				
– Listed outside Hong Kong	336,804	1.2	418,179	1.5
– Unlisted	11,722,891	40.2	9,618,383	35.7
Of which: Wealth management products purchased from financial institutions	7,505,948	25.8	9,618,383	35.7
Fund investments	4,110,559	14.1	–	–
Equity investment	106,384	0.3	–	–
Derivative financial instruments	4,007	0.0	433	0.0
<b>Total</b>	<b>29,126,312</b>	<b>100.0</b>	<b>26,977,016</b>	<b>100.0</b>

As of 30 June 2020, the Group's financial assets at fair value through profit or loss amounted to RMB29,126 million, representing an increase of RMB2,149 million or 8.0% as compared to the end of the previous year.

## (II) Liabilities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to and placements from banks and other financial institutions	75,167,618	15.3	70,149,225	15.2
Financial liabilities at fair value through profit or loss	7,761	0.0	3,602	0.0
Customer deposits	302,850,600	61.6	281,048,911	60.7
Debt securities issued	107,744,773	21.9	105,386,006	22.8
Current tax liabilities	604,165	0.1	503,815	0.1
Other liabilities	5,377,797	1.1	5,526,636	1.2
<b>Total liabilities</b>	<b>491,752,714</b>	<b>100.0</b>	<b>462,618,195</b>	<b>100.0</b>

As of 30 June 2020, the total liabilities of the Group amounted to RMB491,753 million, representing an increase of RMB29,135 million or 6.3% as compared to the end of the previous year. Customer deposits were the Group's largest source of capital, which increased by RMB21,802 million or 7.8% to RMB302,851 million as compared to the end of the previous year; amounts due to and placements from banks and other financial institutions increased by RMB5,018 million or 7.2% to RMB75,168 million as compared to the end of the previous year; debt securities issued increased by RMB2,359 million or 2.2% to RMB107,745 million as compared to the end of the previous year.

(1) Customer deposits

The following table sets forth the distribution of the Group's customer deposits for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	68,429,453	22.6	69,294,876	24.7
Corporate time deposits	104,986,430	34.7	88,913,327	31.6
Individual demand deposits	13,325,839	4.4	12,799,558	4.6
Individual time deposits	98,935,764	32.7	88,013,730	31.3
Other deposits	14,060,686	4.6	19,480,960	6.9
Interest payable on customer deposits	3,112,428	1.0	2,546,460	0.9
<b>Total customer deposits</b>	<b>302,850,600</b>	<b>100.0</b>	<b>281,048,911</b>	<b>100.0</b>
of which: Deposits held as collateral	7,531,945	2.5	12,140,299	4.3

In the first half of 2020, the Group actively innovated products and services, continuously enriched the deposit product system and optimized the deposit structure, thus achieving stable growth in total customer deposits. As at 30 June 2020, corporate deposits balance of the Group was RMB173,416 million, representing an increase of RMB15,208 million or 9.6% as compared to the end of the previous year; individual deposits balance was RMB112,262 million, representing an increase of RMB11,448 million or 11.4% as compared to the end of the previous year; corporate and individual demand deposits balance amounted to RMB81,755 million, representing a decrease of RMB339 million or 0.4% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB203,922 million, representing an increase of RMB26,995 million or 15.3% as compared to the end of the previous year.

(2) Debt securities issued

The following table sets forth the issuance of debt securities by the Group for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Subordinated debts</b>				
Fixed rate Tier II capital debt – 2026	1,497,618	1.4	1,497,618	1.4
Fixed rate Tier II capital debt – 2027	5,997,043	5.6	5,996,830	5.7
<b>Financial debts</b>				
Fixed rate financial debt – 2021	2,998,703	2.8	2,997,174	2.8
Fix-rate green financial bond – 2021	5,998,247	5.6	5,997,434	5.7
Inter-bank certificates of deposit	90,986,772	84.4	88,508,834	84.0
Interest payable on debt securities issued	266,390	0.2	388,116	0.4
<b>Total</b>	<b>107,744,773</b>	<b>100.0</b>	<b>105,386,006</b>	<b>100.0</b>

Pursuant to a resolution of the general meeting passed on 16 May 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (《關於重慶銀行股份有限公司發行二級資本債券的批覆》) (Yu Yin Jian Fu [2015] No. 107) by the China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局) (“**CBRC Chongqing Bureau**”) on 21 September 2015, the Bank issued the RMB1,500 million Tier II Capital bonds within the domestic inter-bank bond market of China on 19 February 2016. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

Pursuant to a resolution of the general meeting passed on 17 June 2016 and the Approval for Bank of Chongqing to Issue Tier II Capital Bonds (《關於重慶銀行發行二級資本債券的批覆》) (Yu Yin Jian Fu [2016] No. 162) by the CBRC Chongqing Bureau on 30 November 2016, the Bank issued the RMB6,000 million Tier II Capital bonds within the domestic inter-bank bond market of China on 20 March 2017. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 21 March 2022.

The above-mentioned bonds have the write-down feature of a Tier II capital instrument, which allows the Bank to write down the entire principal of the above-mentioned bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would cease to be payable. The above-mentioned Tier II capital bonds are qualified as Tier II Capital Instruments in accordance with the CBIRC requirements.

Pursuant to a resolution of the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing to Issue Financial Bonds (《關於重慶銀行發行金融債券的批覆》) (Yu Yin Jian Fu [2017] No. 156) by the CBRC Chongqing Bureau on 3 November 2017, the Bank issued RMB3,000 million innovation-and-entrepreneurship themed bonds within the domestic inter-bank bond market of China on 8 June 2018. Such bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised are used for loans to innovation-and-entrepreneurship themed enterprises.

Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Green Financial Bonds (Yu Yin Jian Fu [2017] No. 157) by the CBRC Chongqing Bureau on 2 November 2017, the Bank issued the first tranches of Green Financial Bond with a principal amount of RMB3,000 million within the domestic inter-bank bond market of China on 5 November 2018, with a coupon rate of 4.05% per annum before maturity, and issued the second tranches of Green Financial Bond with a principal amount of RMB3,000 million within the domestic inter-bank bond market of China on 21 November 2018, with a coupon rate of 3.88% per annum before maturity. All the bonds have a maturity of 3 years with a fixed coupon rate, payable annually. The proceeds raised thereof will be used for the green projects specified in the Green Bond Support Project Directory prepared by the Green Finance Committee of the China Society for Finance and Banking.

For the six months ended 30 June 2020, the Group issued a total of 95 inter-bank certificates of deposit at discounts with maturities from one month to one year. As of 30 June 2020, 123 issued inter-bank certificates of deposit were outstanding with a total par value of RMB91,930 million.

For the six months ended 30 June 2020, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

(3) Due to and placements from banks and other financial institutions

The following table sets forth the composition of the Group's due to and placements from banks and other financial institutions for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Borrowings from central bank	9,351,993	12.4	12,280,000	17.5
Deposits from banks	23,469,842	31.2	24,460,654	34.9
Deposits from other financial institutions	2,299,198	3.1	2,641,989	3.8
Placements from other banks and financial institutions	20,134,313	26.8	16,773,592	23.9
Notes sold under repurchase agreements	5,039,912	6.7	4,005,102	5.7
Securities sold under repurchase agreements	14,542,440	19.4	9,420,500	13.4
Interest payable on other banks and financial institutions	329,920	0.4	567,388	0.8
<b>Total</b>	<b>75,167,618</b>	<b>100.0</b>	<b>70,149,225</b>	<b>100.0</b>

As of 30 June 2020, the Group's balance due to and placements from banks and other financial institutions amounted to RMB75,168 million, representing an increase of RMB5,018 million or 7.2%. Among which: the Group's balance of placements from other banks and financial institutions increased by RMB3,361 million or 20.0% to RMB20,134 million as compared to the end of the previous year; the balance of notes sold under repurchase agreements was RMB5,040 million, representing an increase of RMB1,035 million or 25.8% as compared to the end of the previous year; the balance of securities sold under repurchase agreements increased by RMB5,122 million or 54.4% to RMB14,542 million as compared to the end of the previous year; the balance of borrowings from central bank decreased by RMB2,928 million or 23.8% to RMB9,352 million as compared to the end of the previous year; the balance of deposits from banks decreased by RMB991 million or 4.1% to RMB23,470 million as compared to the end of the previous year; and the balance of deposits from other financial institutions decreased by RMB343 million or 13.0% to RMB2,299 million as compared to the end of the previous year.

### (III) Shareholders' equity

The following table sets forth the composition of the Group's shareholders' equity for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	7.7	3,127,055	8.1
Preference shares	4,909,307	12.1	4,909,307	12.7
Capital surplus	4,680,638	11.6	4,680,638	12.1
Other reserves	10,015,174	24.8	9,298,770	24.0
Retained earnings	16,025,969	39.6	14,933,659	38.7
Total equity attributable to shareholders of the Bank	38,758,143	95.8	36,949,429	95.7
Non-controlling interests	1,710,858	4.2	1,664,240	4.3
<b>Total equity</b>	<b>40,469,001</b>	<b>100.0</b>	<b>38,613,669</b>	<b>100.0</b>

As of 30 June 2020, equity attributable to shareholders of the Bank amounted to RMB38,758 million, representing an increase of RMB1,809 million or 4.9% as compared to the end of the previous year, among which: share capital was RMB3,127 million, preference shares was RMB4,909 million, capital surplus was RMB4,681 million, other reserves was RMB10,015 million, and retained earnings was RMB16,026 million. Among other reserves, general reserve increased by RMB715 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets as at the end of the previous year.

### 3.2.3 Loan quality analysis

#### (I) Breakdown of loans by the five-category classification

The following table sets forth the distribution of the Group's principals of loans and advances by the five-category loan classification, under which non-performing loans are classified into substandard, doubtful and loss categories for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	252,015,835	95.67	235,044,428	95.61
Special mention	8,129,358	3.09	7,656,338	3.12
Substandard	944,820	0.36	980,046	0.40
Doubtful	1,575,650	0.60	1,547,069	0.63
Loss	754,571	0.28	603,712	0.24
<b>Total principals of loans and advances to customers</b>	<b>263,420,234</b>	<b>100.00</b>	<b>245,831,593</b>	<b>100.00</b>
Amount of non-performing loans	3,275,041	1.24	3,130,827	1.27

In the first half of 2020, faced with the challenges posed by macro-economic dynamics, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, conducted a throughout risk review of credit assets, stepped up efforts in risk management, strengthened early risk warning, tracking and post-lending monitoring management. As a result of these efforts, the quality of the Group's credit assets was relatively good compared to other banks. As of 30 June 2020, the balance of non-performing loans was RMB3,275 million, representing an increase of RMB144 million as compared to the end of the previous year; non-performing loan ratio was 1.24%, representing a decrease of 0.03 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 3.09% of total loans, representing a decrease of 0.03 percentage point as compared to that of the end of the previous year.

(II) Concentration of loans

(1) Concentration by industry and non-performing loan

The following table sets forth the loans and non-performing loans by industry for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020				As at 31 December 2019			
	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
<b>Loans to corporate entities – measured at amortised cost</b>								
Manufacturing	21,913,751	8.4	535,416	2.44	19,654,168	8.0	571,731	2.91
Wholesale and retail	13,288,277	5.1	1,133,504	8.53	13,425,889	5.5	904,838	6.74
Construction	17,925,930	6.9	124,122	0.69	15,919,277	6.5	151,586	0.95
Real estate	14,841,449	5.6	254,075	1.71	13,712,652	5.6	246,091	1.79
Leasing and commercial services	28,108,156	10.7	15,685	0.06	21,696,220	8.8	66,029	0.30
Water conservation, environment and public facility administration	35,319,881	13.4	-	-	35,925,100	14.6	248	0.00
Transportation, warehousing and postal service	4,046,536	1.5	26,204	0.65	3,762,158	1.5	16,898	0.45
Mining	1,876,934	0.7	72,071	3.84	1,931,622	0.8	73,086	3.78
Electricity, heat, gas and water production and supply	6,578,819	2.5	2,700	0.04	5,094,776	2.1	143,855	2.82
Agriculture, forestry, animal husbandry and fishery	2,483,796	0.9	40,971	1.65	2,397,875	1.0	44,515	1.86
Household services, maintenance and other services	283,745	0.1	2,531	0.89	324,810	0.1	2,250	0.69
Education	779,415	0.3	844	0.11	749,455	0.3	844	0.11
Financing	883,590	0.3	-	-	765,156	0.3	-	-
Scientific research and technology services	1,626,006	0.6	5,229	0.32	1,317,998	0.5	4,735	0.36
Information transmission, software and information technology services	897,188	0.3	1,800	0.20	700,468	0.3	-	-
Accommodation and catering	1,328,655	0.5	12,481	0.94	1,170,175	0.5	13,224	1.13
Culture, sports and entertainment	781,760	0.3	3,999	0.51	447,429	0.2	4,499	1.01
Public administration, social security and social organization	-	-	-	-	-	-	-	-
Health and social welfare	1,963,878	0.7	1,908	0.10	1,784,982	0.7	2,368	0.13
<b>Loans to corporate entities – measured at fair value through other comprehensive income</b>								
Discounted bills	16,201,939	6.2	-	-	14,271,520	5.8	-	-
<b>Loans and advances to individuals – measured at amortised cost</b>								
Loans and advances to individuals	92,290,529	35.0	1,041,501	1.13	90,779,863	36.9	884,030	0.97
<b>Total</b>	<b>263,420,234</b>	<b>100.0</b>	<b>3,275,041</b>	<b>1.24</b>	<b>245,831,593</b>	<b>100.0</b>	<b>3,130,827</b>	<b>1.27</b>

*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.

During the Reporting Period, the Group strengthened the disposal of non-performing assets, continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas. Non-performing loan ratio at the the Reporting Period decreased by 0.03 percentage point as compared to the end of the previous year. Major industries experienced the following changes:

The balance of non-performing loans in the electricity, heat, gas and water production and supply industry decreased by RMB141 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 2.78 percentage points;

The balance of non-performing loans in the leasing and commercial services industry decreased by RMB50 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.24 percentage point;

The balance of non-performing loans in the manufacturing industry decreased by RMB36 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.47 percentage point;

The balance of non-performing loans in the construction industry decreased by RMB27 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.26 percentage point;

The balance of non-performing loans in the agriculture, forestry, animal husbandry and fishery decreased by RMB4 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.21 percentage point.

## (2) Concentration of borrowers

As of 30 June 2020, the Group's total loans to its largest single borrower accounted for 2.31% of its net capital while total loans to its top ten customers accounted for 19.29% of its net capital, which were in compliance with regulatory requirements. As of 30 June 2020, all of the Bank's loans to top ten single borrowers were loans in the pass category.

① Indicators of concentration

<b>Major regulatory indicators</b>	<b>Regulatory standard</b>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
Loan concentration ratio for the largest single customer (%)	<=10	<b>2.31</b>	2.52
Loan concentration ratio for the top ten customers (%)	–	<b>19.29</b>	19.30

*Note:* The data above are calculated in accordance with the formula promulgated by the CBIRC.

② Loans to top ten single borrowers

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

	<b>Industry</b>	<b>As at 30 June 2020</b>	
		<b>Amount</b>	<b>Percentage (%)</b>
Customer A	Water conservation, environment and public facility administration	<b>1,197,505</b>	0.45
Customer B	Manufacturing	<b>1,156,000</b>	0.44
Customer C	Manufacturing	<b>1,113,540</b>	0.42
Customer D	Electricity, heat, gas and water production and supply	<b>1,000,000</b>	0.38
Customer E	Water conservation, environment and public facility administration	<b>985,000</b>	0.37
Customer F	Construction	<b>940,000</b>	0.36
Customer G	Real estate	<b>936,676</b>	0.36
Customer H	Leasing and commercial services	<b>915,000</b>	0.35
Customer I	Leasing and commercial services	<b>878,000</b>	0.33
Customer J	Water conservation, environment and public facility administration	<b>870,000</b>	0.33

(3) Distribution of loans and non-performing loans by product type

The following table sets forth the Group's loans and non-performing loans by product type for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020			As at 31 December 2019		
	Loan amount	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Non-performing loans amount	Non-performing loan ratio (%)
<b>Loans and advances</b>						
<b>to corporate entities – measured at amortised cost</b>						
Corporate loans	154,927,766	2,233,540	1.44	140,780,210	2,246,797	1.60
Short-term loans	29,478,868	1,426,942	4.84	25,802,480	1,409,832	5.46
Medium- and long-term loans	125,448,898	806,598	0.64	114,977,730	836,965	0.73
<b>Loans to corporate entities – at fair value through other comprehensive income</b>						
Discounted bills	16,201,939	-	-	14,271,520	-	-
<b>Loans and advances to individuals – measured at amortised cost</b>						
Residential mortgage and personal commercial property loans <sup>(1)</sup>	30,635,209	98,334	0.32	26,756,056	90,493	0.34
Personal business and re-employment loans	18,259,940	490,096	2.68	16,192,657	418,518	2.58
Others <sup>(2)</sup>	43,395,380	453,071	1.04	47,831,150	375,019	0.78
<b>Total</b>	<b>263,420,234</b>	<b>3,275,041</b>	<b>1.24</b>	<b>245,831,593</b>	<b>3,130,827</b>	<b>1.27</b>

*Notes:*

- (1) Personal commercial property loans only include mortgage loans.
- (2) Other loans include Fenqile Co-Branded Loans (分期樂聯合貸款), personal consumer automobile mortgage loans (indirect type), personal consumer automobile mortgage loans (direct type), other personal loans for general consumption needs, Jie e Dai (捷e貸), Kuai E Dai (快E貸), Kuai I Dai (快I貸), Shun Di Dai (順抵貸), Wei Li Dai (微粒貸), new Kuai E Dai (新快E貸), Xin e Dai (薪e貸), Xin e Dai Online Renewal (薪e貸線上續貸), Xin Jin Dai (薪金貸), Xing Fu Dai (幸福貸), Xing Fu Dai (new) (幸福貸(新)), Yangtze Card revolving credit loans (長江卡循環貸款) and Yangtze Quick and Easy Loan (長江快易貸).

As of 30 June 2020, the balance of non-performing loans to corporate entities was RMB2,234 million, representing a decrease of RMB13 million as compared to the end of the previous year. Non-performing loan ratio of loans to corporate entities decreased by 0.16 percentage point to 1.44% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB1,042 million, representing an increase of RMB158 million as compared to the end of the previous year. Non-performing loan ratio of retail loans increased by 0.16 percentage point to 1.13% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at 30 June 2020</b>		As at 31 December 2019	
	<b>Amount</b>	<b>Percentage (%)</b>	Amount	Percentage (%)
Past due within 90 days	<b>4,887,487</b>	<b>61.47</b>	4,053,545	60.03
Past due 90 days to 1 year	<b>1,424,686</b>	<b>17.92</b>	1,204,187	17.83
Past due over 1 year and within 3 years	<b>1,453,768</b>	<b>18.28</b>	1,370,514	20.30
Past due over 3 years	<b>185,509</b>	<b>2.33</b>	124,030	1.84
<b>Total overdue loans and advances to customers</b>	<b><u>7,951,450</u></b>	<b><u>100.00</u></b>	<b><u>6,752,276</u></b>	<b><u>100.00</u></b>

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

As of 30 June 2020, the total overdue loans amounted to RMB7,951 million, representing an increase of RMB1,199 million as compared to the end of the previous year. Total overdue loans accounted for 3.02% of total principal of loans and advances to customers, representing an increase of 0.27 percentage point as compared to the end of the previous year.

### **3.2.4 Analysis of Capital Adequacy Ratios**

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

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

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

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

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

	As at 30 June 2020		As at 31 December 2019	
	The Group	The Bank	The Group	The Bank
<b>Net capital:</b>				
Core Tier I Capital, net	<b>34,370,909</b>	<b>31,798,766</b>	32,521,479	30,040,201
Tier I Capital, net	<b>39,379,998</b>	<b>36,706,658</b>	37,526,419	34,947,956
Net capital	<b>51,789,429</b>	<b>48,641,746</b>	49,674,469	46,672,770
<b>Capital adequacy ratio:</b>				
Core Tier I Capital adequacy ratio (Expressed in percentage)	<b>8.52</b>	<b>8.36</b>	8.51	8.28
Tier I Capital adequacy ratio (Expressed in percentage)	<b>9.76</b>	<b>9.65</b>	9.82	9.64
Capital adequacy ratio (Expressed in percentage)	<b>12.84</b>	<b>12.78</b>	13.00	12.87

The following table sets forth the Group's capital structure for the dates indicated:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
<b>Core capital:</b>		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	5,408,317	5,406,868
Surplus reserve and general risk reserves	9,258,532	8,543,207
Counted part of retained earnings	16,025,969	14,933,659
Eligible portion of minority interests	748,367	717,249
<b>Core Tier I Capital deductibles items:</b>		
Full deductibles items	(197,331)	(206,559)
Threshold deduction items	-	-
<b>Core Tier I Capital, net</b>	<b>34,370,909</b>	<b>32,521,479</b>
<b>Other Tier I Capital, net</b>	<b>5,009,089</b>	<b>5,004,940</b>
<b>Tier II Capital, net</b>	<b>12,409,431</b>	<b>12,148,050</b>
<b>Net capital</b>	<b>51,789,429</b>	<b>49,674,469</b>
On-balance sheet risk-weighted assets	372,883,548	350,151,257
Off-balance sheet risk-weighted assets	8,615,618	10,847,749
Risk-weighted assets for exposure to counterparty credit risk	-	439
<b>Total credit risk-weighted assets</b>	<b>381,499,166</b>	<b>360,999,445</b>
<b>Total market risk-weighted assets</b>	<b>1,343,339</b>	<b>588,309</b>
<b>Total operational risk-weighted assets</b>	<b>20,551,480</b>	<b>20,551,480</b>
Total risk-weighted assets before applying capital base	403,393,985	382,139,234
Total risk-weighted assets after applying capital base	403,393,985	382,139,234
<b>Core Tier I Capital adequacy ratio (Expressed in percentage)</b>	<b>8.52</b>	<b>8.51</b>
<b>Tier I Capital adequacy ratio (Expressed in percentage)</b>	<b>9.76</b>	<b>9.82</b>
<b>Capital adequacy ratio (Expressed in percentage)</b>	<b>12.84</b>	<b>13.00</b>

As of 30 June 2020, the Group's capital adequacy ratio was 12.84%, representing a decrease of 0.16 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 9.76%, representing a decrease of 0.06 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 8.52%, representing an increase of 0.01 percentage point as compared to the end of the previous year. The change in capital adequacy ratio was mainly due to: (1) the accumulation of endogenous capital has increased. In the first half of 2020, the total capital increased by RMB2,115 million, of which the core tier I capital increased by RMB1,849 million or 5.7%; (2) a decline in capital adequacy ratio to certain extent as a result of sound development of various operations and growth of various risk-weighted assets.

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

### 3.2.5 Segment information

#### (I) Summary of geographical segment

<i>(Expressed in percentage)</i>	<b>As at 30 June 2020</b>		As at 31 December 2019	
	<b>Chongqing</b>	<b>Other areas<sup>(1)</sup></b>	Chongqing	Other areas <sup>(1)</sup>
Deposits	<b>85.75</b>	<b>14.25</b>	86.73	13.27
Loans	<b>78.69</b>	<b>21.31</b>	79.21	20.79
Assets	<b>89.12</b>	<b>10.88</b>	90.20	9.80
Loan-to-deposit ratio	<b>70.86</b>	<b>115.48</b>	72.08	123.72
Non-performing loan ratio	<b>1.12</b>	<b>2.43</b>	0.99	3.07
Impairment allowances to non-performing loans	<b>325.54</b>	<b>194.67</b>	336.43	190.37
<i>(Expressed in percentage)</i>	<b>For the six months ended 30 June 2020</b>		For the six months ended 30 June 2019	
	<b>Chongqing</b>	<b>Other areas<sup>(1)</sup></b>	Chongqing	Other areas <sup>(1)</sup>
Annualized return on average total assets	<b>0.79</b>	<b>2.59</b>	0.83	3.15
Net fee and commission income to operating income	<b>7.91</b>	<b>6.13</b>	8.45	4.61
Cost-to-income ratio	<b>16.97</b>	<b>26.59</b>	20.36	19.22

*Note:*

- (1) Other areas refer to the Bank's operations outside Chongqing, which include the Sichuan Province, Guizhou Province and Shaanxi Province.

(II) Summary of business segment

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2020				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	2,741,422	413,701	2,018,325	-	5,173,448
Inter-segment net interest income/(expense)	779,718	970,643	(1,750,361)	-	-
<b>Net interest income</b>	<b>3,521,140</b>	<b>1,384,344</b>	<b>267,964</b>	<b>-</b>	<b>5,173,448</b>
<b>Net fee and commission income</b>	<b>55,615</b>	<b>168,803</b>	<b>460,493</b>	<b>-</b>	<b>684,911</b>
Net trading gains/(losses)	88,878	-	(42,889)	-	45,989
Net gains on investment securities	-	-	593,054	-	593,054

  

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended 30 June 2019				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	2,342,249	351,219	1,355,789	-	4,049,257
Inter-segment net interest income/(expense)	775,270	864,491	(1,639,761)	-	-
<b>Net interest income/(expense)</b>	<b>3,117,519</b>	<b>1,215,710</b>	<b>(283,972)</b>	<b>-</b>	<b>4,049,257</b>
<b>Net fee and commission income</b>	<b>77,246</b>	<b>152,757</b>	<b>377,322</b>	<b>-</b>	<b>607,325</b>
Net trading gains	21,072	-	83,062	-	104,134
Net gains on investment securities	-	-	665,811	-	665,811

### 3.2.6 Analysis of off-balance sheet items

Off-balance-sheet items of the Group mainly include bank acceptance bill, issuance of letters of credit, issuance of letters of guarantee, unused credit card limits, irrevocable loan commitments and capital expenditure commitments. As of 30 June 2020, the balance of bank acceptance bill was RMB36,096 million, representing an increase of RMB6,875 million or 23.5% as compared to the end of the previous year; the balance of issuance of letters of credit was RMB5,797 million, representing a decrease of RMB3,290 million or 36.2% as compared to the end of the previous year; the balance of issuance of letters of guarantee was RMB3,969 million, representing a decrease of RMB2,800 million or 41.4% as compared to the end of the previous year; the balance of unused credit card limits was RMB4,471 million, representing an increase of RMB206 million or 4.8% as compared to the end of the previous year; the balance of irrevocable loan commitments was RMB18 million, representing a decrease of RMB7 million or 27.2% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB269 million, representing an increase of RMB62 million or 30.0% as compared to the end of the previous year.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 30 June 2020			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bill	36,095,763	–	–	36,095,763
Issuance of letters of credit	5,796,607	–	–	5,796,607
Issuance of letters of guarantee	732,595	3,236,192	400	3,969,187
Unused credit card limits	4,471,238	–	–	4,471,238
Irrevocable loan commitments	18,197	–	–	18,197
Capital expenditure commitments	190,039	78,548	–	268,587
<b>Total</b>	<b>47,304,439</b>	<b>3,314,740</b>	<b>400</b>	<b>50,619,579</b>

  

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at 31 December 2019			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance bill	29,221,132	–	–	29,221,132
Issuance of letters of credit	9,086,819	–	–	9,086,819
Issuance of letters of guarantee	4,117,566	2,651,013	730	6,769,309
Unused credit card limits	4,265,204	–	–	4,265,204
Irrevocable loan commitments	20,667	4,340	–	25,007
Capital expenditure commitments	118,139	88,442	–	206,581
<b>Total</b>	<b>46,829,527</b>	<b>2,743,795</b>	<b>730</b>	<b>49,574,052</b>

### 3.3 Risk Management

#### *3.3.1 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. Our credit risks mainly come from our loan portfolios, investment portfolios and guarantees and commitments, as well as other payment commitments. During the Reporting Period, the Group closely followed the macroeconomic and financial trend to make overall planning, achieve key breakthroughs and adopt multiple measures simultaneously, with an aim to comprehensively improve its credit risk management capabilities.

Firstly, we refined our guidelines on credit policy. In order to guide credit and loans in a scientific manner through differentiated credit policies, our large and medium enterprise credit business was based on the general principles of “risk control, stable growth, optimizing structure, and consolidating foundation”, while the small and micro enterprise credit business focused on the credit strategy of “small and decentralized business, customer expansion, small individual lending, and risk diversification”.

Secondly, we carried out reforms on credit review mechanism. Based on guidelines of “separating loan lending and review”, we implemented unified and centralized management of credit review for all business lines of the Head Office, and integrated the organizational structure of branch review, processes of credit business and rules of review and discussion, so as to realize insurance via system and mechanism, coordination under organizational structure, collective review and optimization of review staffing.

Thirdly, we conducted a comprehensive risk monitoring. We carried out constant and comprehensive monitoring from multiple dimensions covering business lines, regions, industries, products and institutions, thus promptly formulating risk control strategies. Focusing on classified management of key businesses, we adjusted marketing plans and formulated risk control plans based on actual conditions to strengthen classified guidance.

Fourthly, we strengthened the management of non-performing assets. With specialized, dedicated and professional overall management of non-performing assets by designated personnel, we strengthened guidance on the loan collection and disposal for all branches, and established a coordination mechanism with external functions. We disposed of non-performing assets in accordance with laws and regulations to improve the quality and efficiency of collection of non-performing assets.

Fifthly, we continued to enhance our risk control technologies. We developed the “Wind Chime” intelligent review system, which is used to conduct in-depth monitoring on corporate relationship and cluster risks. We established a risk early warning system to monitor various risks from credit customers and their key related parties. Through application of mobile integrated terminal in the credit business, we can record the real operation process with technological means such as online verification, face recognition and electronic signatures.

### **3.3.2 Management on operational risk**

Operational risk refers to the risks of losses that may be incurred due to inadequate or problematic internal procedures, staffing and information technology systems, as well as external events.

During the Reporting Period, the Group continued to enhance its management of operation risks following the trend of key areas and operation risks.

Firstly, we continued to optimize our regulations on and operation procedures of all businesses, and monitor key risk indicators in a dynamic manner, further improving the data collection mechanism on operational risk loss; established a normalized risk inspection mechanism relying on the problem base, which will collect identified problems during inspections in standardized ways and follow up systematically the rectification of various problems.

Secondly, we strengthened employee management, including implementing the rotation mechanism and conducting live-streaming trainings, and strengthened investigation of abnormal employee behaviors to ensure strict accountability for violations.

Thirdly, we continued to optimize the monitoring models and warning rules of the security, management and operation platform and the situational awareness system, so as to conduct comprehensive inspection on information security.

Fourthly, we promoted the construction of business continuity system through clarifying our demand for constructing disaster backup system, improving emergency plans, and organizing special emergency drills in order to ensure the stable operation of the Bank.

### **3.3.3 Market risk management**

Market risk refers to the risk of losses that may be incurred in its on/off-balance sheet business as a result of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices).

#### *(I) Interest rate risk*

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 assets or liabilities at the re-pricing date or that at the maturity date.

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

In the first half of 2020, especially since the outbreak of COVID-19, the Central Bank has adopted a series of policies to support epidemic prevention and anti-epidemic measures and the resumption of work and production. Therefore, the market liquidity remained reasonable and sufficient, and the interest rates of money market showed a fall-rise trend. 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 controllability 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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>30 June 2020</b>							
Total financial assets	116,862,156	39,643,304	141,144,984	181,515,338	28,817,525	15,845,344	523,828,651
Total financial liabilities	(128,923,519)	(49,520,092)	(168,960,409)	(124,570,193)	(10,187,767)	(7,390,241)	(489,552,221)
Total interest rate sensitivity gap	<u>(12,061,363)</u>	<u>(9,876,788)</u>	<u>(27,815,425)</u>	<u>56,945,145</u>	<u>18,629,758</u>	<u>8,455,103</u>	<u>34,276,430</u>
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>31 December 2019</b>							
Total financial assets	161,209,903	30,366,227	103,727,422	162,661,005	21,507,708	13,770,535	493,242,800
Total financial liabilities	(121,091,796)	(43,974,543)	(161,456,621)	(114,286,848)	(12,384,380)	(7,170,322)	(460,364,510)
Total interest rate sensitivity gap	<u>40,118,107</u>	<u>(13,608,316)</u>	<u>(57,729,199)</u>	<u>48,374,157</u>	<u>9,123,328</u>	<u>6,600,213</u>	<u>32,878,290</u>

As of 30 June 2020, the Group's accumulated gap for all maturities amounted to RMB34,276 million, representing an increase of RMB1,398 million or 4.3% as compared to the end of the previous year.

## (II) Exchange rate risk

Exchange rate risk refers to the risk arising out of mismatches in the currency denominations of assets and liabilities. Through exposure limit management and the management of currency composition of assets and liabilities, the Group seeks to ensure that the adverse impact of exchange rate fluctuations falls within an acceptable range.

### ***3.3.4 Liquidity risk management***

The liquidity risk management of the Group aims to fully identify, effectively measure, constantly monitor and properly control the overall liquidity risk of the Group and the liquidity risks within its products, business lines, business links, and branches, keep the liquidity risk affordable, make sure the Group has sufficient fund for assets growth and repayment of debts due under both normal and stressful operational circumstances, and coordinate and standardize security, liquidity and profitability of our operation and development by establishing and constantly optimizing liquidity risk management strategies, policies and procedures, clearly defining the responsibilities of related departments and establishing a liquidity risk management system.

The Board of the Bank reviews and approves policies, strategies and procedures related to overall management of liquidity risk in line with its risk preference. The senior management or its Assets and Liabilities Management Committee takes charge of implementing the liquidity risk preference, strategies, policies and procedures for liquidity risk management. The Assets and Liabilities Management Department takes charge of the day-to-day management of liquidity risk. Other departments and offices, each having distinct responsibilities, work closely with each other to develop a well-organized and fully functional organization structure of the liquidity risk management system.

The Group continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade the Group's 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 reserves, financing management, dynamic estimation of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Group also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through information system construction and active application of scientific and technological means.

The Group has liquidity risk measurement and monitoring mechanisms in place to conduct periodic audits over the Bank's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the entire Bank's assets and liabilities are managed in accordance with factors such as liquidity exposure, liquidity reserves, money market balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk.

In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk management and control capability. The results of the quarterly stress tests in the first half of 2020 indicated that the liquidity risks remained within a controllable range even under stressful conditions. Meanwhile, the Group established contingency plan for liquidity risk and standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of the Reporting Period, all of the major indicators reflecting the Group's liquidity position met the regulatory requirements.

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of the Reporting Period, 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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
<b>30 June 2020</b>									
Net liquidity gap	(79,756,263)	20,539,609	(24,887,980)	(69,920,665)	88,935,435	66,875,325	25,877,532	6,613,437	34,276,430

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
<b>31 December 2019</b>									
Net liquidity gap	(78,335,240)	28,628,540	(22,257,512)	(68,436,091)	85,264,904	58,415,888	24,428,000	5,169,801	32,878,290

As at the end of the Reporting Period, the Group's cumulative gap for all maturities was RMB34,276 million. Although there was a shortfall in on-demand repayment of RMB79,756 million, which will mature on the date immediately after payment and includes demand deposits, 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.

(1) Liquidity coverage ratio

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at 30 June 2020</b>	As at 31 December 2019
Qualified high-quality liquid assets	<b>38,592,569</b>	39,136,754
Net cash outflow in the next 30 days	<b>19,469,109</b>	18,257,191
<b>Liquidity coverage ratio (%)</b>	<b>198.22</b>	214.36

The latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC requires that commercial banks' liquidity coverage ratios must reach 100% by the end of 2018.

The Group measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which was issued on 23 May 2018. As of 30 June 2020, the Group's liquidity coverage ratio was 198.22%, which was in compliance with the regulatory requirements of the CBIRC.

(2) Net stable funding ratio

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

As of 30 June 2020, available and stable funds and required stable funds of the Group amounted to RMB308,164 million and RMB298,655 million, which meet the regulatory requirement with the net stable funding ratio standing at 103.18%.

### 3.3 Environment and Outlook

In the first half of 2020, due to the unprecedented impact on the global economy by the sudden COVID-19 outbreak as well as increasing economic and trade frictions between some countries, external uncertainties continued to rise. Under the increasingly severe and complicated external situation, China further showed its advantages and resilience in economy. Under the strong leadership of the Central Committee of the CPC, and in light of concerted efforts across the whole China, China has achieved remarkable success in the unified epidemic prevention and control and its economic and social development. In the first half of 2020, China's gross domestic product (GDP) declined slightly by 1.6% year-on-year, of which the GDP of the second quarter increased by 3.2% year-on-year, representing a rebound of 10 percentage points over the first quarter, which was significantly better than expected. In the medium and long term, the fundamentals for sound and stable economic growth, long-term economic stability and high-quality development remain unchanged.

In terms of macroeconomic policy, the Meeting of the Political Bureau of the CPC Central Committee stressed that the fiscal policy should be more proactive and effective, and the monetary policy should be more flexible, appropriate and targeted, and will maintain reasonable growth in money supply and social financing to promote a significant reduction in comprehensive financing costs. The proactive fiscal policy and prudent monetary policy will provide a sound external environment for the development of the banking industry. Meantime, various measures to promote the reduction of comprehensive financing costs will also impose new requirements for the development of the banking industry.

In terms of regional economy, as China's largest municipality, the most developed metropolitan area in Western China and the largest central port city in the upper reaches of the Yangtze River, Chongqing enjoyed great location advantages. At the beginning of the year, the Central Committee for Financial and Economic Affairs made a major decision to promote the construction of an economic circle covering the western cities of Chengdu and Chongqing, opening a new chapter for the cooperative development of Chengdu and Chongqing. At the same time, the long-term development of Chongqing will benefit from the successive approval of a number of major projects, including the new landsea corridor in Western China, the pilot zone for innovation and development of the digital economy and the Chongqing-Kunming high-speed railway. Benefiting from the implementation of various regional policies, financial institutions in the region will also obtain new development opportunities.

The Group will take such opportunities to fully align its regional development strategies, especially to support the construction of an economic circle covering the western cities of Chengdu and Chongqing, and deeply participate in cooperation between Chengdu and Chongqing. We will continue to improve our financial services and business coverage, and make every effort to implement the national strategy to capture opportunities from our own high-quality development.

## 4. OTHER INFORMATION

### 4.1 Corporate Governance Code

During the Reporting Period, the Bank is dedicated to improving the transparency of its corporate governance to protect the interest of shareholders and enhance corporate value and commitment.

In order to maintain a high standard of corporate governance, the Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Listing Rules, and has established a dedicated, professional and accountable Board, board of supervisors, and experienced senior management. The members of the Board and board of supervisors ("**Board of Supervisors**") of the Bank, except for employee supervisors, are all elected by shareholders at the shareholders' general meeting.

Unless otherwise disclosed in the section headed “4.3 Changes in Directors, Supervisors and Senior Management”, during the Reporting Period, the Bank had fully complied with the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules, and, where appropriate, adopted the recommended best practices therein. The Bank also strictly abided by the applicable laws, regulations and Listing Rules in respect of the management of inside information.

The Bank is committed to maintaining high standard in corporate governance, and will continue to enhance its corporate governance to ensure compliance with the Corporate Governance Code and meet expectations of the shareholders and potential investors.

## **4.2 Directors, Supervisors and Senior Management of the Bank**

As at the end of the Reporting Period, the compositions of the Board, Board of Supervisors and senior management of the Bank are as follows:

The Board of the Bank comprised a total of fifteen directors, including four executive directors, namely Ms. LIN Jun (Chairman), Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; six non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong, Mr. YANG Yusong, Mr. TANG Xiaodong, Mr. WU Heng and Ms. LIU Ying; and five independent non-executive directors, namely Dr. LIU Xing, Mr. WANG Rong, Dr. ZOU Hong, Dr. FUNG Don Hau and Mr. YUAN Xiaobin.

The Board of Supervisors of the Bank comprised a total of nine supervisors, including four employee supervisors, namely Mr. YANG Xiaotao (chairman of the Board of Supervisors), Mr. HUANG Changsheng, Mr. YIN Jun and Mr. WU Ping; two shareholder supervisors, namely Mr. ZENG Xiangming and Mr. QI Jun; and three external supervisors, namely Mr. CHEN Zhong, Mr. PENG Daihui and Mr. HOU Guoyue.

The senior management of the Bank comprised a total of eight members, namely Mr. RAN Hailing (President), Mr. SUI Jun, Mr. LIU Jianhua, Ms. YANG Shiyin, Mr. ZHOU Guohua, Ms. PENG Yanxi, Mr. HUANG Ning and Mr. WONG Wah Sing.

## **4.3 Changes in Directors, Supervisors and Senior Management**

On 6 March 2020, the Bank received the Approval of the Qualification of LIU Ying, LIU Xing and WANG Rong (Yu Yin Bao Jian Fu [2020] No. 23) from the Chongqing Bureau of China Banking and Insurance Regulatory Commission of the People’s Republic of China (the “**Chongqing CBIRC**”), approving the qualification of Ms. LIU Ying for serving as a non-executive director of the Bank, and Dr. LIU Xing and Mr. WANG Rong for serving as independent non-executive directors of the Bank. The term of office of Ms. LIU Ying as a non-executive director of the Bank, and each of Dr. LIU Xing and Mr. WANG Rong as an independent non-executive director of the Bank became effective from the date of such approval (being 3 March 2020), and shall end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Dr. LIU Xing and Mr. WANG Rong from 3 March 2020, each of Mr. LI He and Mr. WANG Pengguo ceased to perform his duties as an independent non-executive director of the Bank.

On 2 April 2020, the Bank received the Approval of the Qualification of ZOU Hong (Yu Yin Bao Jian Fu [2020] No. 32) and the Approval of the Qualification of FUNG Don Hau (Yu Yin Bao Jian Fu 2020 No. 31) from the Chongqing CBIRC, approving the qualification of Dr. ZOU Hong and Dr. FUNG Don Hau for serving as independent non-executive directors of the Bank. The term of office of each of Dr. ZOU Hong and Dr. FUNG Don Hau as an independent non-executive director of the Bank commenced from the date of such approval (being 30 March 2020), and will end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Dr. ZOU Hong and Dr. FUNG Don Hau from 30 March 2020, Mr. KONG Xiangbin ceased to perform his duties as an independent non-executive director of the Bank.

On 11 May 2020, the Bank received the Approval of the Qualification of YUAN Xiaobin (Yu Yin Bao Jian Fu [2020] No.63) from the Chongqing CBIRC, approving the qualification of Mr. YUAN Xiaobin for serving as an independent non-executive director of the Bank. The term of office of Mr. YUAN Xiaobin as an independent non-executive director of the Bank commenced from the date of such approval (being 9 May 2020), and will end upon the expiry of the Sixth Session of the Board. With the effectiveness of the directorship of Mr. YUAN Xiaobin from 9 May 2020, Dr. JIN Jingyu ceased to perform his duties as an independent non-executive director of the Bank.

During the Reporting Period, the Bank was not fully in compliance with Rule 3.10A of the Listing Rules, which stipulates that the number of the independent non-executive directors shall represent at least one-third of the board of directors. With the directorship of Dr. ZOU Hong and Dr. FUNG Don Hau becoming effective on 30 March 2020, the number of independent non-executive directors of the Bank accounts for one-third of the Board. Therefore, the Bank complies with Rule 3.10A of the Listing Rules since 30 March 2020. Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

#### **4.4 Securities Transactions by Directors and Supervisors**

In respect of securities transactions by directors, supervisors and senior management, the Bank has adopted the Administrative Measures on the Holding and Change of Holding of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd. (the “**Administrative Measures**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors of the Bank, all directors and supervisors of the Bank have confirmed that they have complied with such code of conduct and the Administrative Measures during the six months ended 30 June 2020.

#### **4.5 Profits and Dividends**

The Bank's revenue for the six months ended 30 June 2020 and the Bank's financial position as at the same date are set out in the section headed "5. Interim Condensed Consolidated Financial Statements" of this announcement.

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

The Group will not distribute any interim dividend for 2020 or convert any capital reserve into share capital.

#### **4.6 Purchase, Sale and Redemption of Listed Securities of the Bank**

During the Reporting Period, neither the Bank nor its subsidiary had purchased, sold or redeemed any listed securities of the Bank.

#### **4.7 Major Asset Purchases, Sales and Mergers**

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

#### **4.8 Review of the Interim Financial Statements**

The interim financial statements for 2020 prepared by the Bank in accordance with the IFRSs have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagement.

The Board and the audit committee of the Bank have reviewed and approved the interim results of the Bank.

## 5. INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest income	12,040,377	10,533,980
Interest expense	(6,866,929)	(6,484,723)
<b>Net interest income</b>	<b>5,173,448</b>	4,049,257
Fee and commission income	726,957	660,866
Fee and commission expense	(42,046)	(53,541)
<b>Net fee and commission income</b>	<b>684,911</b>	607,325
Net trading gains	45,989	104,134
Net gains on investment securities	593,054	665,811
Other operating income	13,910	47,005
<b>Operating income</b>	<b>6,511,312</b>	5,473,532
Operating expenses	(1,242,510)	(1,171,262)
Asset impairment losses	(1,990,161)	(1,153,489)
<b>Operating profit</b>	<b>3,278,641</b>	3,148,781
Share of profit of associates	29,839	44,902
<b>Profit before income tax</b>	<b>3,308,480</b>	3,193,683
Income tax	(688,312)	(704,761)
<b>Net profit for the period</b>	<b>2,620,168</b>	2,488,922

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net gains on debt investments at fair value through other comprehensive income	<b>3,818</b>	524,367
Less: Relevant income tax effect	<b>(954)</b>	(131,092)
<b>Subtotal</b>	<b><u>2,864</u></b>	<u>393,275</u>
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement of retirement (losses)/benefits	<b>(2,380)</b>	474
Less: Relevant income tax effect	<b>595</b>	(119)
<b>Subtotal</b>	<b><u>(1,785)</u></b>	<u>355</u>
<b>Total other comprehensive income, net of tax</b>	<b><u>1,079</u></b>	<u>393,630</u>
<b>Total comprehensive income for the period</b>	<b><u>2,621,247</u></b>	<u>2,882,552</u>
<b>Net profit attributable to:</b>		
Shareholders of the Bank	<b>2,545,620</b>	2,421,889
Non-controlling interests	<b>74,548</b>	67,033
	<b><u>2,620,168</u></b>	<u>2,488,922</u>
<b>Net comprehensive income attributable to:</b>		
Shareholders of the Bank	<b>2,546,699</b>	2,815,519
Non-controlling interests	<b>74,548</b>	67,033
	<b><u>2,621,247</u></b>	<u>2,882,552</u>
<b>Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)</b>		
Basic and diluted	<b><u>0.81</u></b>	<u>0.77</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
<b>ASSETS</b>		
Cash and balances with central bank	33,433,777	32,033,098
Due from and placements with banks and other financial institutions	58,992,343	61,276,742
Financial assets at fair value through profit or loss (“FVPL”)	29,126,312	26,977,016
Loans and advances to customers	255,231,236	238,626,834
Investment securities		
– Fair value through other comprehensive income (“FVOCI”)	39,721,122	36,094,078
– Amortised cost	105,360,708	96,407,351
Investment in associates	1,831,412	1,801,573
Property, plant and equipment	3,094,001	3,070,011
Deferred tax assets	2,905,104	2,479,531
Other assets	2,525,700	2,465,630
	<b>532,221,715</b>	<b>501,231,864</b>
	<b>532,221,715</b>	<b>501,231,864</b>
<b>LIABILITIES</b>		
Due to and placements from banks and other financial institutions	75,167,618	70,149,225
Financial liabilities at fair value through profit or loss	7,761	3,602
Customer deposits	302,850,600	281,048,911
Current tax liabilities	604,165	503,815
Debt securities issued	107,744,773	105,386,006
Other liabilities	5,377,797	5,526,636
	<b>491,752,714</b>	<b>462,618,195</b>
	<b>491,752,714</b>	<b>462,618,195</b>
<b>EQUITY</b>		
Share capital	3,127,055	3,127,055
Preference shares	4,909,307	4,909,307
Capital surplus	4,680,638	4,680,638
Other reserves	10,015,174	9,298,770
Retained earnings	16,025,969	14,933,659
	<b>38,758,143</b>	<b>36,949,429</b>
<b>Equity attributable to shareholders of the Bank</b>	<b>38,758,143</b>	<b>36,949,429</b>
Non-controlling interests	1,710,858	1,664,240
	<b>40,469,001</b>	<b>38,613,669</b>
<b>Total equity</b>	<b>40,469,001</b>	<b>38,613,669</b>
	<b>532,221,715</b>	<b>501,231,864</b>
<b>Total liabilities and equity</b>	<b>532,221,715</b>	<b>501,231,864</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Equity attributable to shareholders of the Bank							Non-controlling interests	Total	
	Share capital	Preference shares	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for FVOCI	Remeasurement of retirement benefits			Retained earnings
<b>Balance at 31 December 2019</b>	3,127,055	4,909,307	4,680,638	3,026,522	5,516,685	760,808	(5,245)	14,933,659	1,664,240	38,613,669
Net profit for the period	-	-	-	-	-	-	-	2,545,620	74,548	2,620,168
Other comprehensive income	-	-	-	-	-	2,864	(1,785)	-	-	1,079
<b>Total comprehensive income</b>	-	-	-	-	-	2,864	(1,785)	2,545,620	74,548	2,621,247
Dividends	-	-	-	-	-	-	-	(737,985)	(27,930)	(765,915)
Transfer to other reserves	-	-	-	-	715,325	-	-	(715,325)	-	-
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>3,127,055</b>	<b>4,909,307</b>	<b>4,680,638</b>	<b>3,026,522</b>	<b>6,232,010</b>	<b>763,672</b>	<b>(7,030)</b>	<b>16,025,969</b>	<b>1,710,858</b>	<b>40,469,001</b>
<b>Balance at 31 December 2018</b>	3,127,055	4,909,307	4,680,638	2,616,566	5,400,150	276,973	(4,497)	12,044,820	1,560,561	34,611,573
Net profit for the period	-	-	-	-	-	-	-	2,421,889	67,033	2,488,922
Other comprehensive income	-	-	-	-	-	393,275	355	-	-	393,630
<b>Total comprehensive income</b>	-	-	-	-	-	393,275	355	2,421,889	67,033	2,882,552
Dividends	-	-	-	-	-	-	-	(481,566)	(10,290)	(491,856)
Transfer to other reserves	-	-	-	-	76,790	-	-	(76,790)	-	-
<b>Balance at 30 June 2019 (Unaudited)</b>	<b>3,127,055</b>	<b>4,909,307</b>	<b>4,680,638</b>	<b>2,616,566</b>	<b>5,476,940</b>	<b>670,248</b>	<b>(4,142)</b>	<b>13,908,353</b>	<b>1,617,304</b>	<b>37,002,269</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before income tax	<b>3,308,480</b>	3,193,683
Adjustments:		
Depreciation and amortisation	<b>149,003</b>	135,229
Impairment losses on loans	<b>2,145,312</b>	836,752
(Reversal of)/provision for impairment losses on other assets	<b>(155,151)</b>	316,737
Net gains on disposal of property, plant and equipment and foreclosed assets	<b>(3,759)</b>	(15,779)
Losses/(gains) on changes in fair value	<b>219,666</b>	(83,062)
Net gains arising from financial investments	<b>(763,028)</b>	(627,747)
Share of profit of associates	<b>(29,839)</b>	(44,902)
Interest income arising from investment securities	<b>(3,837,577)</b>	(3,127,490)
Interest expense arising from financing activities	<b>1,629,591</b>	1,828,525
	<hr/>	<hr/>
Net increase in operating assets:		
Net (increase)/decrease in restricted deposit balances with central bank	<b>(857,476)</b>	848,609
Net decrease in due from and placements with banks and other financial institutions	<b>3,480,810</b>	1,670,028
Net (increase)/decrease in financial assets held under resale agreements	<b>(581,729)</b>	10,126,156
Net increase in loans and advances to customers	<b>(19,207,931)</b>	(16,573,283)
Net increase in other operating assets	<b>(804,954)</b>	(546,274)
Net increase in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	<b>(3,091,138)</b>	6,576,714
Net increase/(decrease) in due to and placements from banks and other financial institutions	<b>1,950,866</b>	(13,246,984)
Net increase/(decrease) in financial assets sold under repurchase agreements	<b>6,158,665</b>	(1,891,280)
Net increase in customer deposits	<b>21,801,689</b>	15,733,232
Net increase in other operating liabilities	<b>229,246</b>	274,098
Income tax paid	<b>(1,014,489)</b>	(1,046,022)
	<hr/>	<hr/>
<b>Net cash inflows from operating activities</b>	<b>10,726,257</b>	4,336,940

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(CONTINUED)**

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from investing activities:</b>		
Dividends received	–	1,200
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	<b>11,595</b>	36,045
Purchase of property, plant and equipment, intangible assets and other long-term assets	<b>(127,224)</b>	(148,419)
Proceeds from sale and redemption of investments	<b>31,507,309</b>	32,750,615
Purchase of investment securities	<b>(40,872,118)</b>	(35,704,910)
<b>Net cash outflows from investing activities</b>	<b>(9,480,438)</b>	(3,065,469)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt securities and inter-bank certificates of deposit	<b>60,776,578</b>	45,760,394
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	<b>(59,560,000)</b>	(45,910,000)
Cash paid for lease liabilities	<b>(16,035)</b>	(24,200)
Interest paid in relation to financing activities	<b>(485,500)</b>	(490,890)
Dividends paid to shareholders	<b>(750,667)</b>	(32,866)
<b>Net cash outflows from financing activities</b>	<b>(35,624)</b>	(697,562)
<b>Impact from exchange rate changes on cash and cash equivalents</b>	<b>40,713</b>	(8,422)
<b>Net increase in cash and cash equivalents</b>	<b>1,250,908</b>	565,487
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,958,679</b>	14,267,072
<b>Cash and cash equivalents at the end of the period (Note 38)</b>	<b>11,209,587</b>	14,832,559

## 6. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

### 6.1 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

#### (a) *Basis of presentation*

The condensed consolidated interim financial information of the Group has been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

The Group adopted the going concern basis in preparing its condensed consolidated interim financial statements.

#### (b) *Significant accounting policies*

Except as described below, the Group's accounting policies applied in preparing this condensed consolidated interim financial information are consistent with those policies applied in preparing the financial statements for the year ended 31 December 2019.

#### **Standards and amendments effective since 1 January 2020 adopted by the Group**

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Revised Conceptual Framework for Financial Reporting	Conceptual Framework for Financial Reporting
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	COVID-19-related Rent Concessions

The adoption of the new IFRSs and amendments to IFRSs above did not have a material impact on the Group's operating results, financial position or other comprehensive income.

**Standards and amendments that are issued but not yet effective and have not been adopted by the Group**

		<b>Effective for annual period beginning on or after</b>
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
Amendments to IFRS 3	Reference to the <i>Conceptual Framework</i>	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022

The adoption of the above new standards and amendments issued but not yet effective is not expected to have a material effect on the Group's operating results, financial position or other comprehensive income.

**(c) Major accounting estimates and judgements adopted in the implementation of accounting policies**

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019. Please refer to the financial statements for the year ended 31 December 2019 for details.

## 6.2 SUBSIDIARY

As at 30 June 2020, details of the Bank's subsidiary are set out below:

Name of entity	Date of incorporation	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%	51%	Financial leasing
			<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit</b>
Chongqing Xinyu Financial Leasing Co., Ltd.			<u>21,998,317</u>	<u>18,506,771</u>	<u>418,554</u>	<u>152,139</u>

The subsidiary is a company limited by share.

### 6.3 NET INTEREST INCOME

	For the six months ended 30 June	
	2020	2019
<b>Interest income</b>		
Balances with central bank	226,719	227,750
Due from and placements with banks and other financial institutions	443,625	606,094
Loans and advances to customers	7,532,456	6,572,646
Investment securities	3,837,577	3,127,490
	<u>12,040,377</u>	<u>10,533,980</u>
<b>Interest expense</b>		
Due to and placements from banks and other financial institutions	(911,016)	(877,166)
Customer deposits	(4,326,322)	(3,779,032)
Debt securities issued	(1,627,689)	(1,826,411)
Other liabilities	(1,902)	(2,114)
	<u>(6,866,929)</u>	<u>(6,484,723)</u>
<b>Net interest income</b>	<u>5,173,448</u>	<u>4,049,257</u>

#### 6.4 NET FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2020	2019
<b>Fee and commission income</b>		
Wealth management agency services	406,940	296,506
Bank card services	175,484	168,247
Custodian services	53,553	80,816
Guarantees and credit commitments	50,437	57,551
Settlement and agency services	33,968	36,859
Financial advisory and consulting services	6,575	20,887
	<u>726,957</u>	<u>660,866</u>
<b>Fee and commission expense</b>		
Settlement and agency services	(33,334)	(31,892)
Bank card services	(6,136)	(15,055)
Others	(2,576)	(6,594)
	<u>(42,046)</u>	<u>(53,541)</u>
<b>Net fee and commission income</b>	<u><u>684,911</u></u>	<u><u>607,325</u></u>

#### 6.5 NET TRADING GAINS

	For the six months ended 30 June	
	2020	2019
Foreign exchange gains	88,878	21,072
Bond and fund investments	40,442	98,907
Equity investments	(81,375)	(15,823)
Derivatives	(1,956)	(22)
	<u>45,989</u>	<u>104,134</u>

Net trading gains mainly include net gains/(losses) on foreign exchange, and gains and losses arising from buying and selling of, interest income on and changes in the fair value of financial assets held for trading.

Net gains/(losses) on foreign exchange mainly include gains or losses from the trading of spot contracts and translation of foreign currency monetary assets and liabilities into RMB.

The gains on foreign exchange arising from foreign currency monetary assets and liabilities were RMB85,223 thousand for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB12,600 thousand of gains on foreign exchange).

## 6.6 NET GAINS ON INVESTMENT SECURITIES

	For the six months ended 30 June	
	2020	2019
Net gains arising from financial assets at FVPL	<b>593,054</b>	665,811

## 6.7 OTHER OPERATING INCOME

	For the six months ended 30 June	
	2020	2019
Government grants <sup>(a)</sup>	784	25,481
Gains on sale of property, plant and equipment	3,885	9,952
Gains on sale of held-for-sale assets	–	5,866
Rental income <sup>(b)</sup>	6,307	1,310
Dividend income from unlisted FVOCI investments	–	1,200
Compensation on breach of contract	593	961
Income from dormant accounts	7	1
Other miscellaneous income <sup>(c)</sup>	2,334	2,234
	<b>13,910</b>	47,005

- (a) The government grants mainly include tax return incentive, enterprise development support bonus, bonus of incremental agricultural loans, and other government grants.
- (b) The rental income of the Group is generated from leasing its self-owned buildings, motor vehicles 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.

## 6.8 OPERATING EXPENSES

	For the six months ended 30 June	
	2020	2019
Staff costs	755,289	707,515
General and administrative expenses	214,043	218,371
Depreciation of property, plant and equipment	84,055	87,939
Tax and surcharges	74,865	72,306
Operating lease expenses	4,695	2,886
Professional fees	30,190	27,548
Amortisation of intangible assets	34,859	20,522
Amortisation of long-term prepaid expenses	4,647	4,987
Depreciation of right-of-use assets/ Amortisation of land use rights	25,406	21,723
Donations	12,800	7,280
Depreciation of investment properties	36	58
Others	1,625	127
	<b>1,242,510</b>	<b>1,171,262</b>
	<b>1,242,510</b>	<b>1,171,262</b>

## 6.9 ASSET IMPAIRMENT LOSSES

	For the six months ended 30 June	
	2020	2019
Loans and advances to customers carried at amortised cost	2,145,807	768,664
Loans and advances to customers at FVOCI	(495)	68,088
Investment securities – amortised cost	(90,887)	180,906
Investment securities – FVOCI	1,350	(2,188)
Loan commitments and financial guarantee contracts	(161,524)	98,566
Due from and placements with banks and other financial institutions	93,024	25,024
Others	2,886	14,429
	<b>1,990,161</b>	<b>1,153,489</b>
	<b>1,990,161</b>	<b>1,153,489</b>

## 6.10 INCOME TAX EXPENSE

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
Current income tax	<b>1,114,839</b>	979,492
Deferred income tax	<b>(426,527)</b>	(274,731)
	<b><u>688,312</u></b>	<u>704,761</u>

Current income tax is calculated at the statutory rate of 25% based on taxable income of estimated assessable profit of the Group for the respective year/period as stipulated in PRC tax laws.

The difference between the actual income tax charge in the profit and loss and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2019: 25%) to profit before income tax can be reconciled as follows:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
Profit before income tax	<b>3,308,480</b>	3,193,683
Tax calculated at a tax rate of 25%	<b>827,120</b>	798,421
Tax effect arising from non-taxable income <sup>(a)</sup>	<b>(93,578)</b>	(98,979)
Tax effect of expenses that are not deductible for tax purposes <sup>(b)</sup>	<b>46,968</b>	26,713
Income tax adjustment for prior years	<b>(92,198)</b>	(21,394)
Income tax expense	<b><u>688,312</u></b>	<u>704,761</u>

(a) 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 the PRC tax laws.

(b) The Group's expenses that are not tax deductible for tax purposes mainly represent asset impairment losses that do not meet the pre-tax deduction conditions, as well as the part of certain expenditures, such as entertainment expenses, etc., which exceed the tax deduction limits pursuant to PRC Laws.

## 6.11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
Net profit attributable to shareholders of the Bank	<b>2,545,620</b>	2,421,889
Less: Net profit attributable to other equity holders of the Bank	<u>—</u>	<u>—</u>
Net profit attributable to ordinary shareholders of the Bank	<b>2,545,620</b>	2,421,889
Weighted average number of ordinary shares issued ( <i>in thousands</i> )	<u><b>3,127,055</b></u>	<u>3,127,055</u>
Basic and diluted earnings per share ( <i>expressed in RMB yuan</i> )	<u><b>0.81</b></u>	<u>0.77</u>

The Bank issued non-cumulative preference shares on 20 December 2017. When calculating the basic earnings per share of the ordinary shares, the preference share dividends declared for the current period shall be deducted from the net profit attributable to the ordinary shareholders. For the six months ended 30 June 2020, no preference share dividends were declared by the Bank. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur before 30 June 2020 and therefore the conversion feature of preference shares had no effect on the calculation of basic and diluted earnings per share as at 30 June 2020.

## 6.12 DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Nominal amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
<b>30 June 2020</b>			
Swap contracts	<u><b>23,499,934</b></u>	<u><b>4,007</b></u>	<u><b>(7,761)</b></u>
		<b>Fair value</b>	
	<b>Nominal amount</b>	<b>Assets</b>	<b>Liabilities</b>
31 December 2019			
Swap contracts	<u><b>3,189,653</b></u>	<u><b>433</b></u>	<u><b>(3,602)</b></u>

As at 30 June 2020 and 31 December 2019, all financial liabilities at FVPL were generated from derivative financial instruments.

## 6.13 INVESTMENT SECURITIES

	<b>30 June 2020</b>	31 December 2019
<b>Investment securities – FVOCI</b>		
Debt securities – measured at fair value		
– Listed outside Hong Kong	<b>5,757,587</b>	6,189,898
– Listed in Hong Kong	<b>5,171,346</b>	3,948,840
– Unlisted	<b>27,532,137</b>	24,804,608
	<hr/>	<hr/>
<b>Total</b>	<b>38,461,070</b>	34,943,346
	<hr/>	<hr/>
Interest receivable on investment securities at FVOCI	<b>983,038</b>	873,718
	<hr/>	<hr/>
	<b>39,444,108</b>	35,817,064
	<hr/>	<hr/>
<b>Equity securities – measured at fair value</b>		
– Unlisted	<b>277,000</b>	277,000
	<hr/>	<hr/>
Others	<b>14</b>	14
	<hr/>	<hr/>
	<b>39,721,122</b>	36,094,078
	<hr/> <hr/>	<hr/> <hr/>

Unlisted investment securities measured at FVOCI are set out below:

	<b>30 June 2020</b>	31 December 2019
Debt securities – measured at fair value (unlisted)		
– Corporations	<b>25,324,189</b>	22,611,823
– Policy banks	<b>1,094,523</b>	1,082,057
– Commercial banks	<b>915,271</b>	915,810
– Governments	<b>198,154</b>	194,918
	<u><b>27,532,137</b></u>	<u>24,804,608</u>
<b>Equity securities- measured at fair value (unlisted)</b>		
– Equity investments	<u><b>277,000</b></u>	<u>277,000</u>
	<u><b>27,809,137</b></u>	<u>25,081,608</u>
	<b>30 June 2020</b>	31 December 2019
<b>Investment securities – amortised cost</b>		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	<b>11,633,577</b>	11,790,198
– Unlisted	<b>92,641,795</b>	84,069,275
	<u><b>104,275,372</b></u>	<u>95,859,473</u>
<b>Total</b>		
Interest receivable on debt securities at amortised cost	<b>2,396,753</b>	1,950,182
Less: ECL allowance	<u><b>(1,311,417)</b></u>	<u>(1,402,304)</u>
	<u><b>105,360,708</b></u>	<u>96,407,351</u>

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

	<b>30 June 2020</b>	31 December 2019
Debt securities – measured at amortised cost (unlisted)		
– Trust investments <sup>(a)</sup>	<b>13,075,458</b>	15,909,408
– Directional asset management plans <sup>(b)</sup>	<b>44,878,000</b>	40,819,000
– Bonds	<b>24,964,337</b>	18,716,867
– Debt financing plans	<b>9,724,000</b>	8,624,000
	<b><u>92,641,795</u></b>	<b><u>84,069,275</u></b>

securities are analysed by issuer as follows:

	<b>30 June 2020</b>	31 December 2019
<b>Investment securities – FVOCI</b>		
– Corporations	<b>36,231,860</b>	32,729,590
– Policy banks	<b>1,094,523</b>	1,082,057
– Commercial banks	<b>936,533</b>	936,781
– Governments	<b>198,154</b>	194,918
– Others	<b>14</b>	14
– Equity investments at fair value	<b>277,000</b>	277,000
<b>Total</b>	<b><u>38,738,084</u></b>	<b><u>35,220,360</u></b>
Interest receivable on investment securities at FVOCI	<b>983,038</b>	873,718
	<b><u>39,721,122</u></b>	<b><u>36,094,078</u></b>
<b>Investment securities – amortised cost</b>		
– Trust companies	<b>13,075,458</b>	15,909,408
– Governments	<b>34,864,724</b>	28,776,237
– Securities companies	<b>3,083,000</b>	6,281,000
– Assets management companies	<b>41,795,000</b>	34,538,000
– Corporations	<b>9,754,000</b>	8,654,000
– Policy banks	<b>1,583,190</b>	1,580,828
– Commercial banks	<b>120,000</b>	120,000
<b>Total</b>	<b><u>104,275,372</u></b>	<b><u>95,859,473</u></b>
Interest receivable on investment securities at amortised cost	<b>2,396,753</b>	1,950,182
Less: ECL allowance	<b><u>(1,311,417)</u></b>	<b><u>(1,402,304)</u></b>
	<b><u>105,360,708</u></b>	<b><u>96,407,351</u></b>

## 6.14 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

### *Financial guarantees and other 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 customers:

	<b>30 June 2020</b>	31 December 2019
Acceptances	<b>36,095,763</b>	29,221,132
Letters of credit	<b>5,796,607</b>	9,086,819
Guarantees	<b>3,969,187</b>	6,769,309
Other commitments with an original maturity of		
– Within 1 year	<b>4,489,435</b>	4,285,871
– Over 1 year	–	4,340
	<b><u>50,350,992</u></b>	<b><u>49,367,471</u></b>

### *Capital expenditure commitments*

	<b>30 June 2020</b>	31 December 2019
Contracted but not provided for		
– Capital expenditure commitments for buildings	<b>154,525</b>	107,159
– Acquisition of IT system	<b>114,062</b>	99,422
	<b><u>268,587</u></b>	<b><u>206,581</u></b>

### ***Investment commitment***

As at 30 June 2020, the Group had no external investment commitments (31 December 2019: nil).

### ***Legal proceedings***

Legal proceedings are initiated by third parties against the Group as defendant. As at 30 June 2020, the Group had 69 outstanding legal claims amounting to RMB313,356 thousand (31 December 2019: the Group had 39 outstanding legal claims amounting to RMB276,359 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

## **6.15 SEGMENT ANALYSIS**

The Group's operating segments are business units 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 business mainly performs inter-bank lending and borrowing, bond investments, re-purchasing and foreign currency transactions.



	For the six months ended 30 June 2019				Total
	Corporate Banking	Retail Banking	Treasury	Unallocated	
Net Interest income from external customers	2,342,249	351,219	1,355,789	–	4,049,257
Inter-segment net interest income/(expense)	<u>775,270</u>	<u>864,491</u>	<u>(1,639,761)</u>	<u>–</u>	<u>–</u>
<b>Net interest income/(expense)</b>	3,117,519	1,215,710	(283,972)	–	4,049,257
<b>Net fee and commission income</b>	77,246	152,757	377,322	–	607,325
Net trading gains	21,072	–	83,062	–	104,134
Net gains on investment securities	–	–	665,811	–	665,811
Share of profit of associates	–	–	44,902	–	44,902
Other operating income	–	–	1,200	45,805	47,005
Asset impairment losses	(902,329)	13,428	(250,161)	(14,427)	(1,153,489)
Operating expenses	(594,235)	(414,005)	(150,460)	(12,562)	(1,171,262)
– Depreciation and amortisation	(68,607)	(47,799)	(17,371)	(1,452)	(135,229)
– Others	<u>(525,628)</u>	<u>(366,206)</u>	<u>(133,089)</u>	<u>(11,110)</u>	<u>(1,036,033)</u>
<b>Profit before income tax</b>	<u><u>1,719,273</u></u>	<u><u>967,890</u></u>	<u><u>487,704</u></u>	<u><u>18,816</u></u>	<u><u>3,193,683</u></u>
			30 June 2019		
<b>Capital expenditure</b>	<u><u>57,183</u></u>	<u><u>23,543</u></u>	<u><u>67,030</u></u>	<u><u>663</u></u>	<u><u>148,419</u></u>
<b>Segment assets</b>	<u><u>177,941,720</u></u>	<u><u>73,262,285</u></u>	<u><u>208,585,351</u></u>	<u><u>2,063,444</u></u>	<u><u>461,852,800</u></u>
<b>Segment liabilities</b>	<u><u>(185,208,798)</u></u>	<u><u>(95,101,243)</u></u>	<u><u>(144,538,703)</u></u>	<u><u>(1,787)</u></u>	<u><u>(424,850,531)</u></u>

## 7. RELEASE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement was published on the HKExnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)). The 2020 interim report prepared in accordance with the IFRSs will be released on the HKExnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)), and will be dispatched to the holders of H Shares in due course.

This results announcement was prepared in both Chinese and English versions, where there is a discrepancy between the Chinese and English versions, the Chinese version shall prevail.

For and on behalf of the Board  
**Bank of Chongqing Co., Ltd.\***  
**WONG Wah Sing**  
*Executive Director*

Chongqing, the PRC, 28 August 2020

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

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