



**重庆银行**  
**BANK OF CHONGQING**

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

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



***2014 INTERIM REPORT***

\* *Bank of Chongqing Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

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# CORPORATE INFORMATION

## Legal Name and Abbreviation in Chinese

重慶銀行股份有限公司 (Abbreviation: 重慶銀行)

## Name in English

Bank of Chongqing Co., Ltd.

## Legal Representative

GAN Weimin

## Authorized Representatives

NI Yuemin

ZHOU Wenfeng

## Secretary to the Board

LI Zaining

## Joint Company Secretaries

ZHOU Wenfeng

HO Wing Tsz Wendy

## Registered Address

No. 153 Zourong Road, Yuzhong District,  
Chongqing, the PRC 400010

## Principal Place of Business in Hong Kong

Level 54, Hopewell Centre, 183 Queen's Road East,  
Hong Kong

## Corporate Website

<http://www.cqcbank.com>

## E-mail

[ir@bankofchongqing.com](mailto:ir@bankofchongqing.com)

## Listing Exchange for H Shares

The Stock Exchange of Hong Kong Limited

## Stock Name and Stock Code

Stock Name: BCQ

Stock Code: 1963

## Date and Registration Authority of Initial Incorporation

2 September 1996

Administration for Industry and  
Commerce of Chongqing, the PRC

## Corporate Business License Registration No.

500000000008213

## Organizational Code

20286917-7

## Financial License Registration No.

B0206H250000001

## Taxation Registration Certificate No.

Guo Yu Shui Zi (國渝稅字) No. 500103202869177

Di Shui Yu Zi (地稅渝字) No. 500103202869177

### Auditors

*PricewaterhouseCoopers*

22nd Floor, Prince's Building, Central, Hong Kong

*PricewaterhouseCoopers Zhong Tian LLP*

6/F, DBS Bank Tower, 1318 Lu Jia Zui Ring Road,  
Pudong New Area, Shanghai

### Legal Advisor as to PRC Laws

Chongqing Jingsheng Law Firm

### Legal Advisor as to Hong Kong Laws

Sullivan & Cromwell

### Compliance Advisor

Anglo Chinese Corporate Finance, Limited

### H Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

### Domestic Share Registrar

China Securities Depository and Clearing Co., Ltd.

No. 17 Taipingqiao Avenue, Xicheng District,  
Beijing, the PRC

# FINANCIAL HIGHLIGHTS

In respect of the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs (International Financial Reporting Standards), there is no difference between the net profit attributable to equity holders of the Bank for the six months ended June 30, 2014 and net profit attributable to shareholders of the Bank during the Reporting Period.

## Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change (%)
<b>OPERATING RESULTS</b>			
Interest income	<b>6,218,832</b>	4,929,693	26.2
Interest expense	<b>(3,235,147)</b>	(2,455,539)	31.7
Net interest income	<b>2,983,685</b>	2,474,154	20.6
Net fee and commission income	<b>454,761</b>	366,821	24.0
Other operating income, net trading income and net gains on investment securities	<b>169,453</b>	109,516	54.7
Operating income	<b>3,607,899</b>	2,950,491	22.3
Operating expenses	<b>(1,174,184)</b>	(993,939)	18.1
Provision for impairment of loans and advances to customers	<b>(238,068)</b>	(102,118)	133.1
Operating profit	<b>2,195,647</b>	1,854,434	18.4
Share of profits of an associate	<b>690</b>	791	(12.8)
Profit before income tax	<b>2,196,337</b>	1,855,225	18.4
Income tax expense	<b>(529,777)</b>	(444,593)	19.2
Net profit	<b>1,666,560</b>	1,410,632	18.1
Net profit attributable to shareholders of the Bank	<b>1,666,560</b>	1,410,632	18.1
<b>Calculated on a per share basis (RMB)</b>			
Basic earnings per share	<b>0.62</b>	0.70	<b>Change</b> (0.08)

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2014	December 31, 2013	Change (%)
<b>Major indicators of assets/liabilities</b>			
Total assets	<b>226,176,136</b>	206,787,015	9.4
Of which: loans and advances to customers, net	<b>97,434,757</b>	88,637,824	9.9
Total liabilities	<b>211,558,028</b>	193,307,744	9.4
Of which: customer deposits	<b>168,002,212</b>	148,801,045	12.9
Share capital	<b>2,705,228</b>	2,705,228	0.0
Equity attributable to shareholders of the Bank	<b>14,618,108</b>	13,479,271	8.4
Total equity	<b>14,618,108</b>	13,479,271	8.4

## Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Changes
<b>Profitability indicators (%)</b>			
Annualized return on assets <sup>(1)</sup>	1.55	1.64	(0.09)
Annualized return on equity <sup>(2)</sup>	23.92	31.70	(7.78)
Net interest spread <sup>(3)</sup>	2.61	2.63	(0.02)
Net interest margin <sup>(4)</sup>	2.86	2.81	0.05
Net fee and commission income to operating income	12.60	12.43	0.17
Cost-to-income ratio <sup>(5)</sup>	26.18	27.43	(1.25)

(All amounts expressed in percentage unless otherwise stated)	June 30, 2014	December 31, 2013	Changes
<b>Asset quality indicators (%)</b>			
Non-performing loan ratio <sup>(6)</sup>	0.54	0.39	0.15
Provision for impairment to non-performing loans <sup>(7)</sup>	390.38	526.36	(135.98)
Provision for impairment to total loans <sup>(8)</sup>	2.10	2.06	0.04
<b>Indicators of capital adequacy ratio (%)</b>			
Core capital adequacy ratio <sup>(9)</sup>	10.53	10.82	(0.29)
Capital adequacy ratio <sup>(9)</sup>	12.09	13.26	(1.17)
Total equity to total assets	6.46	6.52	(0.06)
<b>Other indicators (%)</b>			
Loan-to-deposit ratio <sup>(10)</sup>	59.24	60.82	(1.58)
Liquidity ratio <sup>(11)</sup>	59.91	56.98	2.93
Percentage of loans to the single largest customer <sup>(12)</sup>	5.09	5.09	0.00
Percentage of loans to the top ten customers <sup>(13)</sup>	24.29	22.84	1.45

Note:

- (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (2) Represents net profit attributable to shareholders of the Bank as a percentage of the average balance of total equity at the beginning and at the end of the period.
- (3) Calculated by average return of interest-earning assets minus average interest rate of interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing operating expense (less business tax and surcharges) by operating income.
- (6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
- (7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
- (8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
- (9) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by the CBRC (effective from January 1, 2013).
- (10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 3.1 Environment and Outlook

The first half of 2014 witnessed a continued global recovery, albeit with some mixed paces across the economies. The United States demonstrated an improving momentum in recovery as one of the major drivers to the global growth. In Japan, its better-than-expected growth became a positive contributor to the global economic growth. Eurozone still moved slowly in the recovery course, as loomed by its debt crisis along with the lingering economic and social issues. In emerging economies, the growth paces tended to stabilize but showed a slowdown in general in the aftermath of volatilities.

In the first half of 2014, China's economic growth slowed down slightly but remained stable in general due to the government's prudent fiscal and monetary policies coupled with the proactive economic structural adjustments. A string of policies and measures were rolled out for growth stabilization, including "targeted cuts in reserve requirement ratio" and "micro stimulus" specially designed to mitigate financing difficulty and the high financing costs for agriculture-related and small and micro businesses. With these targeted stimulus packages and the reforms to take effect gradually, China's economic growth is expected to remain within a reasonable range. In the first half of 2014, China's GDP was RMB26.90 trillion, up by 7.4% year-on-year. Prices stayed within a reasonable range, with consumer price index rising by 2.3% year-on-year. China's money, credit and financial markets operated smoothly as a whole: M2 increased by 14.7% to RMB120.96 trillion; and the balance of M1 increased to RMB34.15 trillion with a year-on-year growth of 8.9%. As at June 30, 2014, the RMB loan balance was RMB77.63 trillion, among which the additional RMB loans were RMB5.74 trillion, representing a growth of RMB659 billion year-on-year; and the RMB deposit balance was RMB113.61 trillion, among which the additional RMB deposits were RMB9.23 trillion, representing a growth of RMB135.4 billion year-on-year.

In the first half of 2014, Chongqing maintained sound and efficient progress under the government's guideline of "seeking progress amidst stability" and the strategy of aggressively developing the five functional districts. Its local GDP reached RMB644.05 billion, representing a year-on-year growth of 10.9%, which was 3.5 percentage points higher than the national average and topped the list of 31 provinces, autonomous regions and municipalities. In particular, the primary, secondly and tertiary industries grew by 3.8%, 12.8% and 8.3% respectively. The city's per capita disposable income for urban residents was RMB13,248, representing a year-on-year increase of 9.6%. The city's total retail sales of consumer goods reached RMB247.77 billion, representing an increase of 13.1% year-on-year. Total imports to and exports from the city increased by 41.8% year-on-year to RMB267.49 billion, including total exports of RMB166.83 billion with a growth of 27.1%, and total imports of RMB100.66 billion with a growth of 75.4%.

China's economic growth is expected to remain stable in the second half of 2014 and the rate of growth is expected to be slightly higher than that of the first half of 2014. China's government and regulators are expected to continue to implement targeted quantitative easing monetary policies and prudent fiscal policies to ensure a smooth economic restructuring and stable transition, so as to ensure long term, healthy and sustainable economic development. Located in western China, Chongqing is the largest municipality directly under the PRC central government. It is well positioned to enjoy market and regional advantages, while benefiting from the government policies on industrial restructuring and industrial transformation. As a result, the economic growth of Chongqing is expected to remain higher than the national average level.



# Management Discussion and Analysis

On the front of financial reforms, the procedures and implementation measures regarding marketization of deposit rates and the establishment of the deposit insurance system are approaching finalization, and market competition has intensified. The establishment of private banks was approved by regulators. The Chinese government has introduced a series of measures on economic reform to reduce government intervention in the market, and such measures encourage the liberalization of price and resource allocation, thereby providing the banking sector with new opportunities.

Looking forward into the second half of 2014, Bank of Chongqing will further enhance its operation and management standards, advance its internal governance system reform and improve its product structure and service channels while continuing to push forward its business transformation. The Bank will also strive for a breakthrough in business development in areas such as consumer credit and asset management, and actively explore and build an efficient Internet banking platform to provide customers with more comprehensive financial products and financial services.

The Bank will strengthen customized operation and service standards in cutting-edge business areas, including its small and micro enterprise banking business, corporate banking business, personal banking business and inter-bank financing business, so as to strengthen the Bank's market share in the Chongqing region. The Bank will adopt a more forward-looking and proactive approach in its operation and management by conducting more in-depth analyses to gain a better understanding of the regional and macro-economic financial circumstances. The overall risk management system will be reinforced to achieve healthy, rapid and sustainable development of the Bank, thereby maximizing the returns to its shareholders and investors.

## 3.2 Development Strategy

In the coming three to five years, the Bank will take ongoing efforts towards the maximization of shareholder value under the operation philosophy of "scientific, harmonious and sustainable development". To this end, the Bank will continue to support regional economic development and serve individuals and small, medium and micro enterprises based on refined and specialized management, and will seek to build up core competitiveness so as to become a leading integrated listed bank in western China.

In respect of our strategic positioning, the Bank will target a "specialist bank for customers" that provides tailored and distinctive products, services and integrated solutions to help customers realize value addition, in an effort to build itself into a "financial service specialist for target customers".

On business development strategy, the Bank will advance its "three rounds of transformation and upgrading". First, the Bank will accelerate transformation and upgrading of the traditional business lines including retail, small and micro and corporate banking, and further promote specialized and refined operation to ensure sound progress and improvement in profitability. Second, the Bank will vigorously push forward the transformation from traditional to emerging businesses through embarking on the broader asset management strategy and applying for financial service licenses, with an aim at a diversified income mix and an optimal profit matrix. Third, the Bank will press ahead with the transformation from traditional offline to online business to explore new opportunities for development.

On channel development strategy, the Bank will focus on the establishment and integration of channels. While optimizing offline channels to consolidate the existing market, the Bank will ride on the opportunities from Internet financial services to build up the "direct banking" platform. To this end, the Bank will continue to roll out technology-based, innovation-oriented and experience-centric financial offerings, leveraging upon its unique product strengths to expand the customer acquisition channels.

## Management Discussion and Analysis

On regional development strategy, the Bank will continue to broaden its vision in the backdrop of local development strategies and national major strategic deployments. From the perspective of consolidating and expanding the local market, the Bank will align its outlet network and business structure with Chongqing's positioning and blueprint for the five functional districts to financially underpin the locality's strategy on coordinated economic development. From the perspective of rooting in western China to extend its footprint across China, the Bank will seize the opportunities from the country's aspiration on "two roads and one belt" along the Yangtze River and Chongqing's ambition for all-dimensional opening-up to expand its reach and capability for development on an ongoing basis.

To ensure an efficient and steady progress in implementing its strategic plan, the Bank will deepen its reforms in various areas including organizational structure, market-oriented allocation of resources, performance assessment and personnel management, management mechanism and corporate culture. The aim is to improve business management and innovation capabilities in product development, risk management, capital management, information technology, talent strategy and brand building.

### 3.3 Financial Review

In the first half of 2014, faced with the slow-down in domestic economic growth and the challenging economic and financial environment where non-performing loans in the banking industry were on the rise, the Bank adopted proactive measures in response to the challenges, including the accelerated marketization of deposit interest rates and the furtherance of financial regulation reform, dedicated to accelerate transformation and development by integrating its management and operations, paving the way to achieve the strategic development goals of the Bank. As at June 30, 2014, the Bank recorded a net profit of RMB1,666.56 million, an increase of 18.1% compared to that in the same period last year, which ranked high among PRC listed banks. The Bank's performance not only delivered sound returns to its shareholders and investors, but also laid down a solid foundation for its sustainable development.

As at June 30, 2014, the Bank recorded a stable and sound growth in total assets, representing an increase of 9.4% from those at the end of 2013, reaching RMB226,176.14 million. The Bank adhered to prudent and sustainable principles for credit management and risk control, and rationally maintained a reasonable level of aggregate credit amount and lending pace, based on regional and macroeconomic environment. As a result, net loans and advances to customers grew by 9.9% compared to those at the end of 2013 to RMB97,434.76 million, while the non-performing loan ratio remained low at 0.54%, which was relatively low compared to its listed peers. While striving for stable growth in service network and business volume, the Bank remained customer-oriented by accelerating its business transformation and upgrading to keep abreast of customers' increasing demand for financial assets diversification, and professional management of deposits. The Bank adopted an innovative approach in deposit management and optimized its pricing practice to meet the requirements for the marketization of deposit interest rates. For the first half of 2014, the amount of customer deposits increased by RMB19,201.16 million to RMB168,002.21 million, representing an increase of 12.9% from those at the end of 2013, and providing a stable source of funding for the rapid growth of the Bank's credit, inter-bank and other intermediate businesses. While the income from its principal business kept stable increase, the Bank strictly controlled costs and expenses, resulting in a deduction of 1.25 percentage points in the cost-to-income ratio to 26.18%, compared to that in the same period last year.

As at June 30, 2014, the Bank's capital adequacy ratio and core capital adequacy ratio were 12.09% and 10.53%, respectively, which not only provided an adequate reserve for the furtherance of the Bank's asset size and business transformation, but also fulfilled the latest regulatory requirements on capital adequacy ratio applicable to the PRC banking industry.

## Management Discussion and Analysis

### 3.3.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Change in percentage (%)
Interest income	6,218,832	4,929,693	1,289,139	26.2
Interest expense	(3,235,147)	(2,455,539)	(779,608)	31.7
<b>Net interest income</b>	<b>2,983,685</b>	2,474,151	509,534	20.6
Net fee and commission income	454,761	366,821	87,940	24.0
Net trading gain	99,223	13,127	86,096	655.9
Net gains on investment securities	56,483	50,953	5,530	10.9
Other operating income	13,747	45,436	(31,689)	(69.7)
Operating income	3,607,899	2,950,491	657,408	22.3
Operating expenses	(1,174,184)	(993,939)	(180,245)	18.1
Provision for impairment of loans and advances to customers	(238,068)	(102,118)	(135,950)	133.1
Share of profits of an associate	690	791	(101)	(12.8)
Profit before income tax	2,196,337	1,855,225	341,112	18.4
Income tax expense	(529,777)	(444,593)	(85,184)	19.2
<b>Net profit</b>	<b>1,666,560</b>	1,410,632	255,928	18.1

For the first half of 2014, our profit before income tax was RMB2,196.34 million, representing a year-on-year increase of 18.4%; net profit was RMB1,666.56 million, representing a year-on-year increase of 18.1%. Both profit before income tax and net profit recorded a fairly high level of year-on-year growth, mainly attributable to the stable growth in interest-earning assets. Net interest income achieved a year-on-year increase of RMB509.53 million or 20.6%.

#### 3.3.1.1 Net interest income

For the first half of 2014, net interest income amounted to RMB2,983.69 million, representing a year-on-year increase of RMB509.53 million or 20.6%. Net interest income accounted for 82.70% of the total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Change in percentage (%)
Interest income	6,218,832	4,929,693	1,289,139	26.2
Interest expense	(3,235,147)	(2,455,539)	(779,608)	31.7
<b>Net interest income</b>	<b>2,983,685</b>	2,474,151	509,534	20.6

## Management Discussion and Analysis

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 (for assets) or average cost ratio (for liabilities) during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	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	95,355,351	3,424,474	7.24	82,293,299	2,878,629	7.05
Investment securities	51,030,094	1,580,691	6.25	38,232,360	1,109,888	5.85
Balances with central banks	31,584,846	238,501	1.52	26,203,800	198,570	1.53
Due from other banks and financial institutions	27,362,879	801,529	5.91	27,335,930	634,861	4.68
Financial assets at fair value through profit or loss	4,797,210	173,637	7.30	3,396,963	107,745	6.40
<b>Total interest-earning assets</b>	<b>210,130,380</b>	<b>6,218,832</b>	<b>5.97</b>	177,462,352	4,929,693	5.60
<b>LIABILITIES</b>						
Customer deposits	153,683,763	2,128,447	2.79	129,576,330	1,523,932	2.37
Due to other banks and financial institutions	36,132,637	989,591	5.52	34,529,305	851,155	4.97
Debts issued	4,281,313	117,109	5.52	2,812,647	80,452	5.77
<b>Total interest-bearing liabilities</b>	<b>194,097,713</b>	<b>3,235,147</b>	<b>3.36</b>	166,918,282	2,455,539	2.97
<b>Net interest income</b>		<b>2,983,685</b>			2,474,154	
<b>Net interest spread<sup>(1)</sup></b>			<b>2.61</b>			2.63
<b>Net interest margin<sup>(2)</sup></b>			<b>2.86</b>			2.81

Note:

(1) Net interest spread is the difference between average return of interest-earning assets and average cost of interest-bearing liabilities.

(2) Net interest margin is the ratio of net interest income and average balance of interest-earning assets.

For the first half of 2014, the average annualized yield on interest-earning assets of the Bank increased by 37 basis points to 5.97% as compared to that of the same period in the previous year.

For the first half of 2014, the average annualized cost ratio of customer deposits increased over that of the same period in the previous year, and the overall average annualized cost ratio of interest-bearing liabilities increased by 39 basis points to 3.36% as compared to that of the same period in the previous year.

As a result of the overall impact of the above-mentioned factors, the net interest margin increased by 5 basis points to 2.86% as compared to that of the same period in the previous year, and the net interest spread of the Bank decreased by 2 basis points to 2.61% as compared to that of the same period in the previous year.

## Management Discussion and Analysis

The following table sets forth the Bank's changes in interest income and interest expense due to changes in volume and interest rates. Changes in volume were calculated based on movements in average balance, while changes in interest rates were calculated based on movements in the average annualized yield/cost ratio.

(All amounts expressed in thousands of RMB unless otherwise stated)	Due to changes in volume	Due to changes in interest rate	Changes in interest income and expense
<b>ASSETS</b>			
Loans and advances to customers	391,072	154,773	545,845
Investment securities	320,801	150,002	470,803
Balances with central banks	41,346	(1,415)	39,931
Due from other banks and financial institutions	(167,839)	334,507	166,668
Financial assets at fair value through profit or loss	35,221	30,671	65,892
<b>Change in interest income</b>	<b>639,146</b>	<b>649,993</b>	<b>1,289,139</b>
<b>LIABILITIES</b>			
Customer deposits	58,752	545,763	604,515
Due to other banks and financial institutions	(52,179)	190,615	138,436
Debts issued	43,748	(7,091)	36,657
<b>Change in interest expense</b>	<b>121,012</b>	<b>658,596</b>	<b>779,608</b>

### 3.3.1.2 Interest income

For the first half of 2014, the Bank's interest income amounted to RMB6,218.83 million, representing a year-on-year increase of RMB1,289.14 million or 26.2%.

The average balance, interest income and average yield for each component of the Bank's interest income are set forth as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
Loans and advances to customers	95,355,351	3,424,474	7.24	82,293,299	2,878,629	7.05
Investment securities	51,030,094	1,580,691	6.25	38,232,360	1,109,888	5.85
Balances with central banks	31,584,846	238,501	1.52	26,203,800	198,570	1.53
Due from other banks and financial institutions	27,362,879	801,529	5.91	27,335,930	634,861	4.68
Financial assets at fair value through profit or loss	4,797,210	173,637	7.30	3,396,963	107,745	6.40

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

For the first half of 2014, interest income from loans and advances to customers amounted to RMB3,424.47 million, representing a year-on-year increase of RMB545.85 million or 19.0%, primarily due to the significant increase in average balance of loans and advances to customers as compared to that of the previous year and the increase in average yield.

## Management Discussion and Analysis

### (2) Interest income from investment securities

For the first half of 2014, the Bank's interest income from investment securities amounted to RMB1,580.69 million, representing a year-on-year increase of RMB470.80 million or 42.4%, primarily due to the significant increase in average balance and average yield on investment securities as compared to those of the same period in the previous year.

### (3) Interest income from balances with central banks

For the first half of 2014, the Bank's interest income from balances with central banks amounted to RMB238.50 million, representing a year-on-year increase of RMB39.93 million or 20.1%, primarily due to the year-on-year increase of 20.5% in average balance of balances with central banks as a result of the growth in customer deposits.

### (4) Interest income from amounts receivable from other banks and financial institutions

The average balance, interest income and average yield for each component of the Bank's amounts receivable from other banks and financial institutions are set forth as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
Due from other banks and financial institutions	3,070,848	44,615	2.93	2,966,881	32,305	2.20
Financial assets held under resale agreements	24,292,031	756,914	6.28	24,369,049	602,556	4.99
<b>Total amounts receivable from other banks and financial institutions</b>	<b>27,362,879</b>	<b>801,529</b>	<b>5.91</b>	27,335,930	634,861	4.68

For the first half of 2014, interest income from the Bank's amount due from other banks and financial institutions amounted to RMB44.62 million, representing an increase of RMB12.31 million or 38.1% as compared to that of the same period in the previous year, primarily due to the notable increase in both the average yield on amount due from other banks and that from financial institutions as compared to those of the same period in the previous year.

For the first half of 2014, interest income from the Bank's financial assets held under resale agreements amounted to RMB756.91 million, representing a year-on-year increase of RMB154.36 million or 25.6%, primarily due to the increase in average annualized yield of 130 basis points year-on-year, offsetting the impact of the year-on-year decrease in average balance of 0.3%.

Overall, for the first half of 2014, the Bank's total interest receivable from other banks and financial institutions amounted to RMB801.53 million, representing an increase of RMB166.67 million as compared to that of the previous year, or a year-on-year increase of 26.3%.

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

For the first half of 2014, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB173.64 million, representing a year-on-year increase of RMB65.89 million or 61.2%, primarily due to the significant increase in average balance and average yield of financial assets at fair value through profit or loss as compared to the same period of the previous year.

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### 3.3.1.3 Interest expense

For the first half of 2014, the Bank's total interest expense was RMB3,235.15 million, representing a year-on-year increase of RMB779.61 million or 31.7%.

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

The average balance, interest expense and average cost ratio for each component of the Bank's customer deposits are set forth as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
<b>Corporate deposits</b>						
Demand	45,653,111	220,503	0.97	43,135,828	209,037	0.98
Time	59,009,469	1,276,534	4.36	49,612,697	870,994	3.54
<b>Subtotal</b>	<b>104,662,580</b>	<b>1,497,037</b>	<b>2.88</b>	92,748,525	1,080,031	2.35
<b>Retail deposits</b>						
Demand	8,348,727	16,194	0.39	8,102,084	15,728	0.39
Time	16,703,561	267,089	3.22	11,898,242	192,325	3.26
<b>Subtotal</b>	<b>25,052,288</b>	<b>283,283</b>	<b>2.28</b>	20,000,326	208,053	2.10
<b>Other deposits</b>	<b>23,968,895</b>	<b>348,127</b>	<b>2.93</b>	16,827,479	235,848	2.83
<b>Total customer deposits</b>	<b>153,683,763</b>	<b>2,128,447</b>	<b>2.79</b>	129,576,330	1,523,932	2.37

For the first half of 2014, the Bank's interest expense on customer deposits was RMB2,128.45 million, representing a year-on-year increase of RMB604.52 million or 39.7%, primarily due to an increase in average cost ratio by 42 basis points and a year-on-year increase of 18.6% in average balance of customer deposits.

#### (2) Interest expense on amount payable to other banks and financial institutions

The average balance, interest expense and average cost ratio for each component of the Bank's amount payable to other banks and financial institutions are set forth as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Due to other banks	26,294,528	723,860	5.55	16,438,473	452,480	5.55
Borrowings from central banks	1,858,198	21,589	2.34	1,555,542	20,164	2.61
Sale of financial assets under repurchase agreements	7,979,911	244,142	6.17	16,535,290	378,511	4.62
<b>Total borrowings from financial institutions</b>	<b>36,132,637</b>	<b>989,591</b>	<b>5.52</b>	34,529,305	851,155	4.97

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For the first half of 2014, the Bank's total interest expense on the amount due to other banks and financial institutions was RMB989.59 million, representing a year-on-year increase of RMB138.44 million or 16.3%, primarily due to the increase in average balance of the amount due to other banks and borrowings from central banks as compared to the previous year.

### (3) Interest expense on issuance of bonds

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014			For the six months ended 30 June 2013		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated bonds	1,293,885	44,625	6.95	1,790,106	54,044	6.09
Financial bonds for small and micro enterprises	2,987,428	72,484	4.89	1,022,541	26,408	5.21
<b>Subtotal</b>	<b>4,281,313</b>	<b>117,109</b>	<b>5.52</b>	<b>2,812,647</b>	<b>80,452</b>	<b>5.77</b>

For the first half of 2014, interest expense on issued bonds amounted to RMB117.11 million, representing a year-on-year increase of RMB36.66 million or 45.6%, primarily due to the Bank's issuance of RMB3,000.00 million 5-year financial bonds for small and micro enterprises within China's inter-bank bond market on April 25, 2013, resulting in an increase of RMB46.08 million in interest expense on such bonds in the first half of 2014 as compared to the same period of 2013.

#### 3.3.1.4 Net interest spread and net interest margin

Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost ratio of interest-bearing liabilities. Net interest margin represents the ratio of net interest income to the average balance of interest-earning assets.

For the first half of 2014, the Bank's net interest spread was 2.61%, representing a year-on-year decrease of 2 basis points. The slight decrease in net interest spread was primarily due to the increase in average cost of interest-bearing liabilities exceeding the increase in average yield of interest-earning assets.

For the first half of 2014, the Bank's net interest margin was 2.86%, representing a year-on-year increase of 5 basis points, primarily due to the year-on-year increase of RMB509.53 million or 20.6% in the Bank's net interest income to RMB2,983.69 million. Increase in average balance of interest-earning assets was 18.4%; the increase in net interest income was higher than the increase in average balance of interest-earning assets.



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### 3.3.1.5 Non-interest income

#### (1) Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Change in percentage (%)
<b>Fee and commission income</b>				
Commission income from financial advisory and consulting services	<b>211,678</b>	141,944	69,734	49.1
Commission income from wealth management agency service	<b>81,980</b>	116,343	(34,363)	(29.5)
Commission income from custodian service	<b>102,432</b>	46,362	56,070	120.9
Annual fees and commission income from bank card services	<b>43,303</b>	47,632	(4,329)	(9.1)
Commission income from guarantee and commitment services	<b>23,510</b>	19,306	4,204	21.8
Commission income from settlement and agency services	<b>19,228</b>	18,251	977	5.4
<b>Fee and commission expense</b>	<b>(27,370)</b>	(23,017)	(4,353)	18.9
<b>Net fee and commission income</b>	<b>454,761</b>	366,821	87,940	24.0

For the first half of 2014, net fee and commission income amounted to RMB454.76 million, representing a year-on-year increase of RMB87.94 million or 24.0% and accounting for 12.6% of operating income, up by 0.17 percentage point as compared to the same period of the previous year, primarily due to the Bank's adoption of measures to expand the sources of non-interest income and increase the income from intermediary banking services, such as the year-on-year increase of RMB69.73 million or 49.1% in commission income from financial advisory and consulting services, the year-on-year increase of RMB56.07 million or 120.9% in commission income from custodian service, and the year-on-year increase of RMB4.20 million or 21.8% in commission income from guarantee and commitment services.

Commission income from financial advisory and consulting services amounted to RMB211.68 million, representing a year-on-year increase of RMB69.73 million or 49.1%, primarily due to the substantial growth in the comprehensive financial services provided by the Bank.

Commission income from wealth management agency service amounted to RMB81.98 million, representing a year-on-year decrease of RMB34.36 million or 29.5%, primarily due to the decrease in wealth management agency service in the first half of the year pursuant to regulatory requirements.

Commission income from custodian service amounted to RMB102.43 million, representing a year-on-year increase of RMB56.07 million or 120.9%, primarily due to the substantial growth in the Bank's custodian service for bond funds.

Annual fees and commission income from bank card services amounted to RMB43.30 million, representing a year-on-year decrease of RMB4.33 million or 9.1%, primarily due to regulatory requirement on lower rates and the competitiveness of the market, causing the year-on-year decrease in income against the increase in the number of issued bank cards and credit cards and the growth in amount of settled transactions.

Commission income from guarantee and commitment services amounted to RMB23.51 million, representing a year-on-year increase of RMB4.20 million or 21.8%, primarily due to the substantial growth of guarantee and commitment services.

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Commission income from settlement and agency services amounted to RMB19.23 million, representing a year-on-year increase of RMB0.98 million or 5.4%, primarily due to the increase of transaction volume on top of the fundamentally stable rate of commission for settlement and agency services.

### (2) Net trading gain

Net trading gain mainly includes gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi, and gains or losses generated from the changes in fair value of the trading securities. In the first half of 2014, the Bank's net trading gain was RMB99.22 million, representing a significant year-on-year increase of 655.9%, primarily due to: (1) the foreign exchange gain arising from the fluctuation in exchange rate of Renminbi to Hong Kong dollars during the foreign currency settlement of proceeds in the first half of 2014 from initial public offering of H Shares in 2013; and (2) the gain arising from the fluctuation in exchange rate when adjusting bond-based securities portfolio.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Foreign exchange gain/(loss)	24,455	(1,201)	25,656	N/A
Net gain on interest rate instruments	74,768	14,328	60,440	421.8
<b>Total</b>	<b>99,223</b>	13,127	86,096	655.9

### (3) Net gains on investment securities

In the first half of 2014, the Bank's net gains on investment securities amounted to RMB56.48 million, representing an increase of RMB5.53 million or 10.9% as compared to the same period of 2013.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Net gains arising from de-recognition of held-for-trading financial assets	2,455	51,003	(48,548)	(95.2)
Net gains arising from de-recognition of available-for-sale financial assets	54,028	(50)	54,078	N/A
<b>Total</b>	<b>56,483</b>	50,953	5,530	10.9

#### 3.3.1.6 Operating expenses

In the first half of 2014, the Bank's operating expenses were RMB1,174.18 million, representing a year-on-year increase of RMB180.25 million or 18.1%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Staff costs	569,775	457,389	112,386	24.6
Business taxes and surcharge	229,514	184,682	44,832	24.3
Depreciation and amortization	63,505	55,776	7,729	13.9
General and administrative expenses	256,713	253,626	3,087	1.2
Others	54,677	42,466	12,211	28.8
<b>Total operating expenses</b>	<b>1,174,184</b>	993,939	180,245	18.1

## Management Discussion and Analysis

### (1) Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 48.5% and 46.0% of its total operating expenses for the first half of 2014 and 2013 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Salaries and bonuses	401,706	316,368	85,338	27.0
Pension costs	61,168	47,465	13,703	28.9
Housing benefits and subsidies	28,175	22,992	5,183	22.5
Union and employee education fees	10,364	7,836	2,528	32.3
Other social security and welfare expenses	68,362	62,728	5,634	9.0
<b>Total staff costs</b>	<b>569,775</b>	457,389	112,386	24.6

In the first half of 2014, the Bank's total staff costs amounted to RMB569.78 million, representing a year-on-year increase of RMB112.39 million or 24.6%, primarily due to: (1) the year-on-year increase of 9.7% in the average level of staff salaries and benefits; and (2) the increase in headcounts driven by the expansion of business scale and the increase in the number of branches. As at June 30, 2014, the Bank had 3,467 full-time employees, representing an increase of 14.9% as compared to the same period of 2013.

### (2) Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our provision of financial products and services with respect to lending (interest income), transfer of securities and other financial services. In the first half of 2014, business taxes and surcharges were RMB229.51 million, representing a year-on-year increase of RMB44.83 million or 24.3%.

### (3) Depreciation and amortization

Depreciation and amortization for the first half of 2014 increased by RMB7.73 million or 13.9% to RMB63.51 million over the previous year as the growth of our property and equipment remained stable during the Reporting Period.

### (4) General and administrative expenses

General and administrative expenses increased to RMB256.71 million in the first half of 2014, representing a slight year-on-year increase of 1.2%.

#### 3.3.1.7 Provisions for impairment of loans and advances to customers

Provisions for impairment losses were RMB238.07 million for the first half of 2014, representing a year-on-year increase of RMB135.95 million or 133.1% as compared to RMB102.12 million in 2013. The increase in provisions for impairment losses was primarily due to the increased volume of loans and the higher percentages of impairment losses for certain industries.

## Management Discussion and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Provisions for impairment of loans and advances to customers	<b>238,068</b>	102,118	135,950	133.1

### 3.3.1.8 Investment in an associate

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Balance at beginning of the period	<b>24,370</b>	22,935
Share of profit after tax	<b>690</b>	791
<b>Balance at the end of the period</b>	<b>25,060</b>	23,726

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110.00 million. For the first half of 2014, profit after tax was RMB0.69 million, representing a year-on-year decrease of 12.8%.

### 3.3.1.9 Income tax expense

The applicable income tax rate of the Bank was 25%. The effective tax rates of the Bank in the first half of 2014 and 2013 were 24.12% and 23.96% respectively.

The following table sets forth the profit before income tax and income tax expense for the first half of 2014 and 2013.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change in amount	Rate of change (%)
Profit before income tax	<b>2,196,337</b>	1,855,225	341,112	18.4
Tax calculated at applicable statutory tax rate of 25%	<b>549,084</b>	463,806	85,278	18.4
Add/(less) the tax effect of the following items:				
Non-taxable income	<b>(22,201)</b>	(23,454)	1,253	(5.3)
Non-deductible expenses	<b>4,059</b>	4,241	(182)	(4.3)
Difference from settlements for prior years	<b>(1,165)</b>	–	(1,165)	N/A
<b>Income tax expense</b>	<b>529,777</b>	444,593	85,184	19.2

## Management Discussion and Analysis

### 3.3.2 Analysis of the Statement of Financial Position

#### 3.3.2.1 Assets

The following table sets forth the composition of the Bank's total assets for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	<b>99,523,757</b>	<b>44.0</b>	90,504,316	43.8
Provision for impairment losses on loans and advances to customers	<b>(2,089,000)</b>	<b>(0.9)</b>	(1,866,492)	(0.9)
Net loans and advances to customers	<b>97,434,757</b>	<b>43.1</b>	88,637,824	42.9
Investment securities <sup>(1)</sup>	<b>50,730,344</b>	<b>22.4</b>	47,430,761	22.9
Investment in associates	<b>25,060</b>	<b>0.0</b>	24,370	0.0
Cash and balances with central banks	<b>38,221,211</b>	<b>16.9</b>	32,822,748	16.0
Due from other banks and financial institutions	<b>29,834,015</b>	<b>13.2</b>	32,143,462	15.5
Financial assets at fair value through profit or loss	<b>5,996,769</b>	<b>2.6</b>	2,009,537	1.0
Fixed assets	<b>2,157,241</b>	<b>1.0</b>	2,068,972	1.0
Deferred income tax assets	<b>301,473</b>	<b>0.1</b>	305,651	0.1
Other assets	<b>1,475,266</b>	<b>0.7</b>	1,343,690	0.6
<b>Total assets</b>	<b>226,176,136</b>	<b>100.0</b>	206,787,015	100.0

Note:

(1) Investment securities consist of available-for-sale financial assets, held-to-maturity investments and debt securities classified as receivables.

As at June 30, 2014, the Bank's total assets amounted RMB226,176.14 million, representing an increase of RMB19,389.12 million or 9.4% as compared to the end of the previous year, among which:

Total loans and advances to customers increased by RMB9,019.44 million or 10.0% as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support to loans to SMEs and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development of Chongqing.

Investment securities increased by RMB3,299.58 million or 7.0% as compared to the end of the previous year, primarily due to the expansion of directional asset management plans and securities investment.

Cash and balances with central banks increased by RMB5,398.46 million or 16.4% as compared to the end of the previous year, primarily due to the increase in statutory deposit reserves as a result of the increased customer deposits.

Total amount due from other banks and financial institutions decreased by RMB2,309.45 million or 7.2% as compared to the end of the previous year, primarily due to the decrease in the amount due from other banks and financial institutions.

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### (1) Loans and advances to customers (contractual amount)

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans and advances to corporate entities				
– Corporate loans	<b>64,991,469</b>	<b>65.3</b>	60,083,587	66.4
– Discounted bills	<b>6,091,555</b>	<b>6.1</b>	5,245,372	5.8
Retail loans				
– Mortgage loans	<b>16,470,196</b>	<b>16.6</b>	15,790,408	17.4
– Personal consumer loans	<b>3,219,671</b>	<b>3.2</b>	2,233,591	2.5
– Credit card overdrafts	<b>1,338,300</b>	<b>1.4</b>	1,007,641	1.1
– Personal business loans	<b>7,410,268</b>	<b>7.4</b>	6,127,637	6.8
– Others	<b>2,298</b>	<b>0.0</b>	16,080	0.0
<b>Total loans and advances to customers</b>	<b>99,523,757</b>	<b>100.0</b>	90,504,316	100.0

As at June 30, 2014, the Bank's total loans and advances to customers amounted to RMB99,523.76 million, representing an increase of RMB9,019.44 million or 10.0% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB64,991.47 million, representing an increase of RMB4,907.88 million or 8.2% as compared to the end of the previous year and accounting for 65.3% of total loans and advances to customers, down by 1.1 percentage points as compared to the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure in support of the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the wholesale and retail industry, the construction industry, the culture, education and entertainment industry, the accommodation and catering industry amounted to RMB2,904.98 million, RMB742.62 million, RMB157.18 million and RMB147.36 million respectively.

Discounted bills amounted to RMB6,091.56 million, representing an increase of RMB846.18 million or 16.1% as compared to the end of the previous year, primarily due to the stronger market demand.

Retail loans amounted to RMB28,440.73 million, representing an increase of RMB3,265.38 million or 13.0% as compared to the end of the previous year and accounting for 28.6% of total loans and advances to customers, up by 0.8 percentage point from the beginning of the year. Specifically, mortgage loans, mainly to finance residential home purchases, increased by RMB679.79 million or 4.3% as compared to the end of the previous year; personal consumer loans increased by RMB986.08 million or 44.1% as compared to the end of the previous year; personal loans for business purposes increased by RMB1,282.63 million or 20.9% as compared to the end of the previous year; credit card overdraft increased by RMB330.66 million or 32.8% as compared to the end of the previous year. The increase was because that the Bank took active measures to avoid credit risks, and primarily met the needs of premium personal customers in the face of complex market changes.

## Management Discussion and Analysis

### Distribution of loans by type of collateral (contractual amount)

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	47,269,817	47.5	41,959,416	46.4
Pledged loans	13,592,771	13.7	11,263,885	12.4
Guaranteed loans	34,155,882	34.3	32,529,589	35.9
Unsecured loans	4,505,287	4.5	4,751,426	5.3
<b>Total loans and advances to customers</b>	<b>99,523,757</b>	<b>100.0</b>	90,504,316	100.0

### Movements on provision for impairment on loans and advances to customers (contractual amount)

The following table sets forth the Bank's provision for impairment on loans and advances to customers for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
<b>Balance at beginning of the period</b>	<b>1,750,942</b>	<b>115,550</b>	1,233,628	143,660
Impairment for loans and advances charged to profit or loss	183,897	115,735	609,529	95,156
Reversal of impairment for loans and advances	(22,095)	(39,469)	(92,215)	(76,838)
Net impairment for loans and advances charged to profit or loss	161,802	76,266	517,314	18,318
Unwinding discount on allowances during the period	-	(7,064)	-	(9,570)
Loans written off during the year	-	(9,456)	-	(41,082)
Recoveries of doubtful debts written off in previous years	-	960	-	4,224
<b>Balance at end of the period</b>	<b>1,912,744</b>	<b>176,256</b>	1,750,942	115,550

In the first half of 2014, the Bank was in strict compliance with the relevant requirements of accounting standards, so as to provide sufficient allowances for impaired loans and advances whilst fully considering external economic dynamics and macro monitoring policies. As at June 30, 2014, the balance of provisions for impairment losses on loans and advances to customers was RMB2,089.00 million, representing an increase of RMB222.51 million as compared to the end of the previous year; and the allowances to non-performing loans decreased by 135.98 percentage points to 390.38% as compared to the beginning of the year.

## Management Discussion and Analysis

### (2) Securities investment

The following table sets forth the composition of the Bank's financial assets at fair value through profit or loss and investment securities for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Financial assets at fair value through profit or loss</b>				
– Corporate bonds	5,996,769	10.6	2,009,537	4.1
<b>Subtotal</b>	<b>5,996,769</b>	<b>10.6</b>	2,009,537	4.1
<b>Investment securities – Loans and receivables</b>				
– Trust investments	24,021,085	42.3	27,909,790	56.5
– Wealth management products purchased from financial institutions	1,384,731	2.4	1,683,233	3.4
– Directed asset management plans	13,819,169	24.4	5,407,537	10.9
<b>Subtotal</b>	<b>39,224,985</b>	<b>69.1</b>	35,000,560	70.8
<b>Investment securities – Available-for-sale</b>				
– Government bonds	–	–	–	–
– Non-commercial bank bonds	3,161,696	5.6	2,901,170	5.8
– Corporate bonds	640,119	1.1	1,872,925	3.8
– Equity investment at fair value	182,850	0.3	182,850	0.4
– Others	14	0.0	14	0.0
<b>Subtotal</b>	<b>3,984,679</b>	<b>7.0</b>	4,956,959	10.0
<b>Investment securities – Held-to-maturity</b>				
– Government bonds	5,213,612	9.2	4,930,028	10.0
– Non-commercial bank bonds	1,811,068	3.2	1,947,214	3.9
– Commercial bank bonds	450,000	0.8	550,000	1.1
– Corporate bonds	46,000	0.1	46,000	0.1
<b>Subtotal</b>	<b>7,520,680</b>	<b>13.3</b>	7,473,242	15.1
<b>Total</b>	<b>56,727,113</b>	<b>100.0</b>	49,440,298	100.0

As at June 30, 2014, the total amount of securities investment was RMB56,727.11 million, representing an increase of RMB7,286.82 million or 14.7% as compared to the end of the previous year. Financial assets held for trading at fair value through profit or loss increased by RMB3,987.23 million as compared to the end of the previous year, primarily due to the increased holding of corporate bonds with higher yields based on the accurate estimation of the trend of interest rates by the Bank. Available-for-sale financial assets decreased by RMB972.28 million as compared to the end of the previous year, primarily due to the decreased holding of corporate bonds with lower interest rates. Investment securities-loans and receivables increased by RMB4,224.43 million as compared to the end of the previous year, primarily due to the increased holding of directional asset management plans with controllable risks and higher yields, the decreased holding of trust investment with higher risks and the purchase of wealth management products from financial institutions.



## Management Discussion and Analysis

### 3.3.2.2 Liabilities

The following table sets forth the composition of the Bank's total liabilities for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	34,418,103	16.3	33,749,572	17.5
Customer deposits	168,002,212	79.4	148,801,045	77.0
Other liabilities	5,041,340	2.4	5,804,219	3.0
Taxes payable	305,267	0.1	175,138	0.1
Deferred tax liabilities	7,631	0.0	–	0.0
Debts issued	3,783,475	1.8	4,777,770	2.4
<b>Total liabilities</b>	<b>211,558,028</b>	<b>100.0</b>	193,307,744	100.0

As at June 30, 2014, total liabilities amounted to RMB211,558.03 million, representing an increase of RMB18,250.28 million or 9.4% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB19,201.17 million or 12.9% as compared to the end of the previous year; amount due to other banks and financial institutions increased by RMB668.53 million or 2.0% as compared to the end of the previous year; debts issued decreased by RMB994.30 million or 20.8% due to redemption of subordinates debts of RMB1,000 million by the Bank in April, 2014.

#### (1) Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	49,165,528	29.3	46,694,854	31.4
Corporate time deposits	61,765,755	36.8	56,788,904	38.2
Individual demand deposits	10,154,341	6.0	10,202,369	6.8
Individual time deposits	19,473,382	11.6	14,714,891	9.9
Other deposits	27,443,206	16.3	20,400,027	13.7
<b>Total customer deposits</b>	<b>168,002,212</b>	<b>100.0</b>	148,801,045	100.0
Of which: Pledged deposits held as collateral	27,051,605	16.1	20,286,637	13.6

As at June 30, 2014, customer deposits amounted to RMB168,002.21 million, representing an increase of RMB19,201.17 million or 12.9% as compared to the end of the previous year. Corporate deposits increased by RMB7,447.53 million or 7.20% as compared to the end of the previous year; individual deposits increased by RMB4,710.46 million or 18.9% as compared to the end of the previous year. Corporate and individual demand deposits amounted to RMB59,319.87 million, representing an increase of RMB2,422.65 million or 4.3% as compared to the end of the previous year, while corporate and individual time deposits amounted to RMB81,239.14 million, representing an increase of RMB9,735.34 million or 13.6% as compared to the end of the previous year.

## Management Discussion and Analysis

### (2) Debts issued

(All amounts are expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Subordinated debts</b>				
Fixed rate subordinated debt-2019	-		995,856	20.8
Fixed rate subordinated debt-2022	<b>795,260</b>	<b>21.0</b>	795,071	16.7
<b>Financial debt</b>				
Fixed rate financial debt-2018	<b>2,988,215</b>	<b>79.0</b>	2,986,843	62.5
<b>Total</b>	<b>3,783,475</b>	<b>100.0</b>	4,777,770	100.0

Pursuant to a resolution of the extraordinary general meeting passed on November 11, 2008 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds” (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued RMB1 billion in subordinated bonds within the domestic inter-bank bond market of China in April 2009. Such subordinated bonds have a maturity of 10 years, with a coupon rate of 5.31% per annum for the first five years, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on April 3, 2014. If the Bank does not exercise this option, the annual coupon rate for the second 5-year period shall be the original coupon rate plus 3.0% per annum, and shall remain fixed through to the maturity date. On April 3, 2014, the Bank exercised the option to redeem all of the bonds at par value.

Pursuant to a resolution of the extraordinary general meeting passed on August 12, 2011 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds” (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2011] No. 511) by the CBRC on November 18, 2011, the Bank issued RMB800 million in subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% 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 March 21, 2017.

The subordinated bonds are subordinated to all other claims on the assets of the Bank except for the Bank’s share capital. In the calculation of the Bank’s capital adequacy ratio, the subordinated bonds qualify for inclusion as supplementary capital.

Pursuant to the “CBRC Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds” (《中國銀監會關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 20, 2012 and the “Administrative Approval from the People’s Bank of China” (《中國人民銀行准予行政許可決定書》) (Yin Shi Chang Xu Zhun Yu [2013] No. 15) by the PBOC, the Bank, for the first time, issued small and micro enterprises financial bonds for supporting development of small and micro enterprises with the principal of RMB3,000.00 million. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

As at June 30, 2014, there were no defaults of principal and interest or other breaches with respect to these bonds since the issue of these debt securities.

## Management Discussion and Analysis

### (3) Due to other banks and financial institutions

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans from the PBOC	1,710,301	5.0	2,458,216	7.3
Deposits from other banks	19,646,208	57.1	21,690,766	64.3
Deposits from other financial institutions	3,620,142	10.5	1,077,500	3.2
Loans from other banks and financial institutions	632,630	1.8	1,054,675	3.1
Notes sold under repurchase agreements	8,808,822	25.6	7,468,415	22.1
<b>Total</b>	<b>34,418,103</b>	<b>100.0</b>	33,749,572	100.0

As at June 30, 2014, the amount due to other banks and financial institutions reached RMB34,418.10 million, representing an increase of RMB668.53 million or 2.0% as compared to the end of the previous year. Loans from the PBOC decreased by RMB747.92 million or 30.4% as compared to the end of the previous year; deposits from other banks decreased by RMB2,044.56 million or 9.4% as compared to the end of the previous year; deposits from other financial institutions increased by RMB2,542.64 million or 236.0% as compared to the end of the previous year; loans from other banks and financial institutions decreased by RMB422.05 million or 40.0% as compared to the end of the previous year; notes sold under repurchase agreements increased by RMB1,340.41 million or 17.9% as compared to the end of the previous year.

### 3.3.2.3 Shareholders' equity

The following table sets forth the composition of the Bank's shareholders' equity for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	2,705,228	18.5	2,705,228	20.1
Capital reserve	2,444,623	16.7	2,444,623	18.1
Other reserves	3,391,206	23.2	2,653,606	19.7
Retained earnings	6,077,051	41.6	5,675,814	42.1
<b>Total equity</b>	<b>14,618,108</b>	<b>100.0</b>	13,479,271	100.0

As at June 30, 2014, the Bank had paid-in capital of RMB2,705.23 million, capital reserve of RMB2,444.62 million, other reserves of RMB3,391.21 million and retained earnings of RMB6,077.05 million. Among other reserves, general reserve increased by RMB659.35 million as compared to the end of the previous year, as the general reserve was required to be not less than an additional reserve of 1.5% of balance or risk assets at the end of the previous year.

## Management Discussion and Analysis

### 3.3.3 Loan quality analysis

#### 3.3.3.1 Breakdown of loans by the five-category classification

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	97,962,249	98.43	89,545,465	98.94
Special mention	1,026,390	1.03	604,249	0.67
Substandard	388,086	0.39	233,872	0.26
Doubtful	99,949	0.10	95,104	0.10
Loss	47,083	0.05	25,626	0.03
<b>Total loans and advances to customers</b>	<b>99,523,757</b>	<b>100.00</b>	90,504,316	100.00
Amount of non-performing loans	535,118	0.54	354,602	0.39

In the first half of 2014, facing complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a whole risk surveillance of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as monitoring loan management, which resulted in continuous improvement in the quality of the Bank's credit assets. As at June 30, 2014, balance of non-performing loans was RMB535.12 million, representing an increase of RMB180.52 million as compared to the previous year; non-performing loan ratio was 0.54%, representing an increase of 0.15 percentage point as compared to the end of the previous year. The special mention loans accounted for 1.03% of total loans, representing an increase of 0.36 percentage point as compared to the previous year.

## Management Discussion and Analysis

### 3.3.3.2 Concentration of loans

#### (1) Concentration by industry and non-performing loans

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014				As at December 31, 2013			
	Amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Manufacturing	16,117,481	16.2	130,136	0.81	15,550,827	17.2	121,636	0.78
Wholesale and retail	13,502,310	13.6	148,749	1.10	10,597,333	11.7	80,323	0.76
Construction	7,635,670	7.7	49,230	0.64	6,893,052	7.6	0	0.00
Real estate	8,741,788	8.8	30,000	0.34	6,572,898	7.2	30,000	0.46
Leasing and commercial services	3,527,332	3.5	1,854	0.05	4,599,200	5.1	1,854	0.04
Water conservation, environmental public facility administration	3,807,455	3.8	0	0.00	4,155,130	4.6	0	0.00
Transportation, warehousing and postal service	2,589,412	2.6	22,666	0.88	2,738,775	3.0	0	0.00
Mining	2,671,130	2.7	0	0.00	2,630,498	2.9	0	0.00
Electricity, gas and water production and supply	1,568,841	1.6	0	0.00	1,412,688	1.6	0	0.00
Agriculture, forestry, animal husbandry and fishery	1,248,638	1.2	0	0.00	1,143,960	1.3	0	0.00
Household services and other services	572,640	0.6	0	0.00	853,643	0.9	0	0.00
Education	658,137	0.7	1,400	0.21	826,451	0.9	0	0.00
Financing	567,064	0.6	2,064	0.36	515,993	0.6	2,993	0.58
Science, technology and geological survey	369,490	0.4	0	0.00	477,196	0.5	0	0.00
Information transmission, computer services and software industries	340,986	0.3	0	0.00	382,263	0.4	8,597	2.25
Accommodation and catering	414,394	0.4	304	0.07	267,039	0.3	9	0.00
Culture, education, entertainment	404,880	0.4	0	0.00	247,700	0.3	0	0.00
Public administration and social organization	150,000	0.1	0	0.00	150,000	0.2	0	0.00
Health, social security and welfare	103,821	0.1	0	0.00	68,941	0.1	0	0.00
Discounted bills	6,091,555	6.1	0	0.00	5,245,372	5.8	0	0.00
Individual loans	28,440,733	28.6	148,715	0.52	25,175,357	27.8	109,190	0.43
<b>Total</b>	<b>99,523,757</b>	<b>100.0</b>	<b>535,118</b>	<b>0.54</b>	<b>90,504,316</b>	<b>100.0</b>	<b>354,602</b>	<b>0.39</b>

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

## Management Discussion and Analysis

In the first half of 2014, in response to tumultuous and ever-changing external economic conditions, the Bank continued to optimize its industry-specific lending and exit criteria for customers and further refined the management of industry quotas.

The amount of non-performing loans in the construction sector increased by RMB49.23 million as compared to the end of the previous year, representing an increase of 0.64 percentage point in non-performing loan ratio, primarily due to the advances made for certain bank accepted bills issued to a corporate client.

The amount of non-performing loans in the transportation, warehouse and postal service sector increased by RMB22.67 million as compared to the end of the previous year, representing an increase of 0.88 percentage point in non-performing loan ratio, primarily due to overdue of debts repayment from a corporate client which encountered difficulty in working capital turnover.

The amount of non-performing loans in the wholesale and retail sector increased by RMB68.43 million as compared to the end of the previous year, representing an increase of 0.34 percentage point in non-performing loan ratio, with the newly added non-performing loans mainly arose from the steel trading and coal trading businesses. The industry profit earned by manufacturers and distributors were definitely compromised by the ongoing downtrend of steel prices and coal prices under the influence of recent macro-economic volatility, while the over-reliance on supply chain financing by certain clients within the industry elevated the risk exposure. Tension, or even breakage, of the funding chain is more likely to occur in the context of overall downtrend of the prospected profit within the industry, led to a higher non-performing loan ratio.

The non-performing loan ratio in the real estate sector continued to decline and was 0.12 percentage point lower than the previous year.

### (2) Concentration of borrowers

In the first half of 2014, the Bank's total loans to its single largest borrower accounted for 5.09% of its net capital while total loans to its top ten customers accounted for 24.29% of its net capital, which were in accordance with regulatory requirements. As at June 30, 2014, none of the Bank's loans to top ten borrowers were non-performing loans.

#### a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As at June 30, 2014	As at December 31, 2013
Loan concentration ratio for the single largest customer (%)	<=10	5.09	5.09
Loan concentration ratio for the top ten customers (%)	<=50	24.29	22.84

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

## Management Discussion and Analysis

### b. Loans to top ten borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)	Industry	As at June 30, 2014	
		Amount	Percentage of total loans (%)
Customer A	Manufacturing	850,000	0.85
Customer B	Wholesale and retail	480,000	0.48
Customer C	Transportation, warehousing and postal service	400,000	0.40
Customer D	Real estate	350,000	0.35
Customer E	Real estate	350,000	0.35
Customer F	Water conservation, environment and public facility administration	340,000	0.34
Customer G	Transportation, warehousing and postal service	340,000	0.34
Customer H	Water conservation, environment and public facility administration	320,000	0.32
Customer I	Real estate	320,000	0.32
Customer J	Leasing and commercial services	305,000	0.31

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

The following table sets forth the loans and non-performing loans by product type for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014			As at December 31, 2013		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans</b>	<b>64,991,469</b>	<b>386,403</b>	<b>0.59</b>	60,083,587	245,412	0.41
Short-term loans	44,808,616	382,879	0.85	40,891,142	242,360	0.59
Medium- and long-term loans	20,182,853	3,524	0.02	19,192,445	3,052	0.02
<b>Retail loans</b>	<b>28,440,733</b>	<b>148,715</b>	<b>0.52</b>	25,175,357	109,190	0.43
Residential mortgage and personal commercial property loans <sup>(1)</sup>	16,012,278	26,264	0.16	15,278,964	15,221	0.41
Personal business and re-employment loans	7,410,268	104,001	1.40	6,127,637	81,780	1.33
Others <sup>(2)</sup>	5,018,187	18,450	0.37	3,768,756	12,189	0.32
<b>Discounted bills</b>	<b>6,091,555</b>	<b>0</b>	<b>0.00</b>	5,245,372	0	0.00
<b>Total</b>	<b>99,523,757</b>	<b>535,118</b>	<b>0.54</b>	90,504,316	354,602	0.39

Notes:

- (1) Personal commercial property loans only include mortgage loans and exclude the part of other consumer loans which are used to purchase commercial properties.
- (2) Other loans include Yangtze Card revolving credit lines, Yangtze Quick and Easy Loan (長江快易貸), margin loans for overseas studies, personal consumer automobile mortgage loans (intermediate type), personal consumer automobile mortgage loans (direct type), personal commercial automobile mortgage loans, special loans for non-agricultural migration (農轉非專項貸款) and other personal loans for general consumption needs.

As at June 30, 2014, non-performing loan ratio of corporate loans increased by 0.18 percentage point to 0.59% as compared to the end of the previous year, and non-performing loan ratio of retail loans increased by 0.09 percentage point to 0.52% as compared to the end of the previous year.

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### (4) Overdue loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Past due within 3 months	155,222	24.87	150,730	33.87
Past due for 3 months to 1 year	246,123	39.43	127,489	28.65
Past due for over 1 year and within 3 years	185,844	29.78	120,714	27.12
Past due for more than 3 years	36,947	5.92	46,089	10.36
<b>Total overdue loans and advances to customers</b>	<b>624,136</b>	<b>100.00</b>	445,022	100.00

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

As at June 30, 2014, the total overdue loans amounted to RMB624.14 million, representing an increase of RMB179.11 million as compared to the end of the previous year. Overdue loans accounted for 0.63% of total loans, representing an increase of 0.14 percentage point as compared to the same period of 2013.

### 3.3.4 Segment information

#### 3.3.4.1 Summary of geographical segment

(Expressed in percentage)	June 30, 2014		December 31, 2013	
	Chongqing	Other areas <sup>(1)</sup>	Chongqing	Other areas <sup>(1)</sup>
Deposits	76.52	23.48	77.81	22.19
Loans	73.91	26.09	73.83	26.17
Assets	77.46	22.54	77.72	22.28
Loan-to-deposit ratio	56.02	64.45	57.71	71.74
Non-performing loan ratio	0.37	1.04	0.26	0.75
Allowance to non-performing loans ratio	570.22	204.99	787.84	268.30

(Expressed in percentage)	For the six months ended 30 June 2014		For the six months ended 30 June 2013	
	Chongqing	Other areas <sup>(1)</sup>	Chongqing	Other areas <sup>(1)</sup>
Annualized return on average total assets	1.54	1.60	1.90	0.87
Net fee and commission income to operating income	13.11	10.60	11.86	15.86
Cost-to-income ratio	31.14	38.15	31.02	49.77

Note: (1) Other areas refer to the Bank's operations outside Chongqing, which include the Chengdu Branch, Guiyang Branch and Xi'an Branch.



## Management Discussion and Analysis

### 3.3.4.2 Summary of Business Segment

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Net interest income from external customers	972,280	323,747	1,687,658	-	2,983,685
Inter-segment net interest income/(expense)	988,898	224,409	(1,213,307)	-	-
<b>Net interest income</b>	<b>1,961,178</b>	<b>548,156</b>	<b>474,351</b>	<b>-</b>	<b>2,983,685</b>
<b>Net fee and commission income</b>	<b>363,705</b>	<b>91,056</b>	<b>-</b>	<b>-</b>	<b>454,761</b>

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2013				
	Corporate banking	Personal banking	Treasury operation	Others	Total
Net interest income from external customers	978,253	230,262	1,265,639	-	2,474,154
Inter-segment net interest income/(expense)	695,852	149,011	(844,863)	-	-
<b>Net interest income</b>	<b>1,674,105</b>	<b>379,273</b>	<b>420,776</b>	<b>-</b>	<b>2,474,154</b>
<b>Net fee and commission income</b>	<b>215,425</b>	<b>151,396</b>	<b>-</b>	<b>-</b>	<b>366,821</b>

### 3.3.5 Analysis of off-balance-sheet items

Off-balance-sheet items of the Bank mainly include contingent liabilities and commitments, such as the credit commitments, capital expenditure commitments and operating lease commitments. Credit commitments, the major component of off-balance-sheet items, comprise bank acceptances, credit card commitments, issuance of letters of credit and issuance of letters of guarantee, among which credit card commitments, bank acceptances, and issuance of letters of credit are the major components. As at June 30, 2014, the balances of credit card commitments and bank acceptances and issuance of letters of credit were RMB1,357.82 million and RMB47,325.32 million, respectively, 69.2% and 27.2% higher than those at the end of the previous year respectively. The balance of capital expenditure commitments grew at a rapid pace by 209.8%.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014	As at December 31, 2013	Change in amount	Rate of change (%)
Unused credit card limits	1,357,822	802,728	555,094	69.2
Guarantees, acceptances and letters of credit	47,325,319	37,197,782	10,127,537	27.2
Operating lease commitments	174,538	150,031	24,507	16.3
Capital expenditure commitments	987,193	318,701	668,492	209.8
<b>Total</b>	<b>49,844,872</b>	<b>38,469,242</b>	<b>11,375,630</b>	<b>29.6</b>

# Management Discussion and Analysis

## 3.4. Business Overview

### 3.4.1 Corporate Banking Business

The following table sets forth the accounting information and changes of the corporate banking segment:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Rate of change (%)
Net interest income from external customers	972,280	978,253	(0.6)
Inter-segment net interest income/(expense)	988,898	695,852	42.1
<b>Net interest income</b>	<b>1,961,178</b>	1,674,105	17.1
<b>Net fee and commission income</b>	<b>363,705</b>	215,425	68.8
Other operating income	829	–	N/A
Impairment losses on loans and advances to customers	(173,794)	(48,999)	254.7
Operating expense	(753,507)	(703,505)	7.1
– Depreciation and amortization	(45,756)	(42,737)	7.1
– Others	(707,751)	(660,768)	7.1
<b>Profit before income tax</b>	<b>1,398,411</b>	1,137,026	23.0
<b>Capital expenditure</b>	<b>72,969</b>	211,252	(65.5)
<b>Segment assets</b>	<b>110,171,734</b>	93,447,011	17.9
<b>Segment liabilities</b>	<b>142,784,378</b>	120,126,633	18.9

Note: The above corporate banking segment includes Small and Micro Enterprise Banking Business.

#### (I) Corporate Deposits

Corporate deposits maintained a rapid and steady growth. We proactively developed the corporate deposit market by enhancing our marketing efforts. As at June 30, 2014, the balance of our corporate deposits (excluding security deposits) amounted to RMB110.93 billion, accounting for 66.03% of the balance of total deposits and representing a growth of RMB7.45 billion or 7.2% as compared with the end of last year. The balance of our corporate deposits (including security deposits) amounted to RMB137.98 billion, accounting for 82.13% of the balance of total deposits and representing a growth of RMB14.21 billion or 11.5% as compared with the end of last year.

According to Chongqing Administration of the PBOC, as at June 30, 2014, the balance of our RMB corporate deposits (including security deposits) in Chongqing amounted to RMB102.15 billion, which ranked fourth in the city (only next to the Chongqing branch of Industrial and Commercial Bank of China, the Chongqing branch of China Construction Bank and Chongqing Rural Commercial Bank Co., Ltd.). Our RMB corporate deposits in Chongqing accounted for a market share of 8.0%, remaining unchanged from the market share as at the beginning of the year. Our RMB corporate deposits in Chongqing increased by RMB8.52 billion as compared with the end of last year, which ranked fourth in the city (only next to Chongqing Rural Commercial Bank Co., Ltd., the Chongqing branch of Ping An Bank and the Chongqing branch of China Everbright Bank).

## Management Discussion and Analysis

### **(II) Corporate Loans**

Our corporate lending activities were prudent and moderate. We carried out corporate lending activities in a prudent, steady and moderate manner in line with the economic conditions and industry trend of the region where our customers operate and with reference to national macro control policies. As at June 30, 2014, the balance of our corporate loans (excluding discount of bills) amounted to RMB64.99 billion, representing a growth of RMB4.91 billion or 8.2% as compared to the end of the previous year.

### **(III) Corporate Banking Products**

Our corporate banking product portfolio was further improved. To meet customers' needs, we proactively tailored our financial products to their specific industry characteristics, settlement practices and capital retention patterns with reference to regional economic and industry conditions. In the first half of 2014, the Bank committed its efforts in improving its competency in providing integrated service solutions. Specifically, the Bank strengthened the synergy between local and foreign currency businesses and products to provide enterprises with one-stop financial service solutions, including new offerings such as financing guarantees, "Fast L/C Negotiation" trade finance and commercial property loans.

## **3.4.2 Small and Micro Enterprise Banking Business**

### **(I) Overview of Small and Micro Enterprise Banking Business**

According to governmental statistics, the balance of our small and micro enterprise loans as of June 30, 2014 amounted to RMB34.99 billion, representing an increase of RMB4.91 billion or 16.3% from the beginning of the year or an increase of RMB0.05 billion as compared to the corresponding period of the previous year, which is 5.7 percentage points higher than the increase in our total loans, maintaining the "two minimums" regulatory requirements, which denote that the growth in the number of loans to small and micro enterprises shall not be lower than the average growth in the number of all loans, and the amount of increase must not be less than that of the corresponding period of the previous year. As a result of the notable performance in small and micro enterprises business, the Bank received policy support from regulatory departments in terms of targeted cuts in reserve requirement ratio.

While developing the scale of the small and micro enterprise banking business, the Bank has been focusing on the expansion of the small and micro enterprise client base. As at June 30, 2014, we had extended loans to 16,641 small and micro enterprise clients, accounting for more than 90% of the total number of clients receiving our corporate loans. For the sub-segment with individual lending amount of RMB5.00 million or below, the small and micro enterprise loans recorded a balance of RMB17.27 billion, representing an increase of RMB2.96 billion or 20.6% as compared with the end of last year; and the number of clients reached 15,692, the balance of loans per client was RMB1.10 million.

### **(II) Micro Enterprise Financing Business**

As at June 30, 2014, the balance of our micro-loans extended based on the technology from International Project Consult GmbH reached RMB1.81 billion, representing an increase of RMB0.35 billion or 23.9% as compared with the end of last year; the number of clients reached 5,928, representing an increase of 473 or 8.7% as compared with the end of last year; and the weighted average lending rate was 13.8% per annum which was substantially higher than the average lending rate of the Bank. In light of the diversified nature of the client base and high profitability of micro-loan, we will continue to put in credit resources, financial resources and human resources to accelerate the expansion of the micro-loan market and to make micro-loan as a featured product of the Bank.

## Management Discussion and Analysis

### **(III) Initiatives to Develop Small and Micro Enterprise Customers**

- (1) In respect of business promotion, the Bank carried out its business model as a bulk, standard, process-based and intensive “credit factory” targeting customers clustered in professional circles, industrial parks, trade markets, business chambers or associations, suppliers and distributors of core businesses. Meanwhile, the Bank continued to develop wholesale and retail and individual proprietorship customers, and customized group-based financial service solutions for them in accordance with the law of large numbers. In the first half of 2014, the Bank promoted its proven bulk business models including “Rent-secured Loan” and “Honest Loan” for merchants, and developed bulk businesses in Wushan Goddess Market, Saishang Mall and the Chongqing 10,000-tonne frozen food market.
- (2) In respect of business management enhancement, the Bank formulated an upgrading scheme for its small and micro enterprise banking business in the first half of 2014. Such upgrading efforts were focused on internal management, talents, business processes, development model, product system, customer relationship management, risk control and IT construction. Under the upgrading scheme, our small and micro enterprise banking department established a complete division-level management framework covering business planning, marketing, business assessment and business risk management, and its workflow-based management model is taking shape.
- (3) In respect of business risk management, the Bank continued to improve the risk management system for small and micro enterprise banking business, and reduced its credit risk mainly with the following four methods: 1) improving risk control organizational structure, including establishing a credit management center in the small and micro enterprise banking department to strengthen the relevant risk management and control; 2) establishing a monitoring and management platform to ensure real-time operation monitoring over the authorized business units; 3) adopting a management model for bulk business based on ante-risk assessment, joint promotion and centralized marketing to integrate risk control into business development; and 4) carrying out risk reviews on large-value small and micro credit products, guarantee companies and the steel trading industry in line with macroeconomic changes, and establishing quotas and checklists for certain industries to exercise strict risk control.
- (4) In respect of business channel building, the Bank pressed forward its cooperation with business chambers or associations and trade markets to facilitate its management pattern featuring “5 stringent controls” and “6 special mentions” on private guarantee companies. Moreover, while promoting its mobile payment platform for small and micro enterprises, the Bank established multiple loan application channels for customers mainly through community banking centers, telephone banking and outlets.

## Management Discussion and Analysis

### 3.4.3 Retail Banking Business

The following table sets forth the accounting information and changes of the retail banking segment:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Rate of change (%)
Net interest income from external customers	323,747	230,262	40.6
Inter-segment net interest income/(expense)	224,409	149,011	50.6
<b>Net interest income</b>	<b>548,156</b>	379,273	44.5
<b>Net fee and commission income</b>	<b>91,056</b>	151,396	(39.9)
Other operating income	332	–	N/A
Impairment losses on loans and advances	(64,274)	(53,119)	21.0
Operating expense	(265,140)	(165,069)	60.6
– Depreciation and amortization	(16,198)	(10,213)	58.6
– Others	(248,942)	(154,856)	60.8
<b>Profit before income tax</b>	<b>310,130</b>	312,481	(0.8)
<b>Capital expenditure</b>	<b>18,979</b>	54,018	(64.9)
<b>Segment assets</b>	<b>28,655,471</b>	23,894,772	19.9
<b>Segment liabilities</b>	<b>30,162,901</b>	23,681,241	27.4

#### (I) Personal Deposits

Benefiting from the continued robust economic growth in Chongqing area, the Bank adhered to integrating its brand value in services with key account sales, fully utilizing its regional brand advantages to conduct service-oriented marketing mainly towards mid- to high-end target customer groups. As at June 30, 2014, the balance of personal deposits amounted to RMB29.63 billion, representing an increase of RMB4.71 billion or 18.9% as compared with the end of last year or an increase of RMB6.30 billion or 27.0% as compared to the corresponding period of the previous year.

#### (II) Personal Loans

Our personal loans grew steadily with residential mortgage loans and personal business loans growing rapidly. The Bank continuously optimized its loan structure, introduced innovative personal loan products, refined customer mix and product mix, and gave priority to personal business loans with higher profit margins. Personal loans (including mortgage loans, personal consumer loans, credit card overdrafts and personal business loans) increased by RMB3.27 billion or 13.0% to RMB28.44 billion as compared with the end of last year, of which personal residential mortgage loans increased by RMB0.68 billion or 4.3% to RMB16.47 billion, and personal business loans increased by RMB1.28 billion or 20.9% to RMB7.41 billion from the end of last year.

Our policy loans witnessed steady growth. In particular, the collateral-backed re-employment micro-loans as an advantageous business line in our policy loan portfolio with risks partially shared by the government delivered sound profitability and had a positive impact on employment of urban and rural residents in Chongqing. As a result, mutual successes were achieved in our economic profit and social responsibility commitment.

## Management Discussion and Analysis

### (III) Bank Cards

New card issuance and transaction volume of our bank card business recorded continuous growths. As at June 30, 2014, we have issued a total of 2,412,267 debit cards and the total transaction volume for the first half of the year amounted to RMB5.15 billion, representing a year-on-year growth of 38.8%. The Bank is committed to broadening the functions, diversifying the channels and enhancing safety performance in respect of bank card consumption, settlement and other bank card applications.

### 3.4.4 Treasury Operations

The following table sets forth the accounting information and changes of the retail banking segment:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Rate of change (%)
Net interest income from external customers	<b>1,687,658</b>	1,265,639	33.3%
Inter-segment net interest income/(expense)	<b>(1,213,307)</b>	(844,863)	43.6%
<b>Net interest income</b>	<b>474,351</b>	420,776	12.7%
<b>Net fee and commission income</b>	<b>–</b>	–	N/A
Net trading income	<b>99,223</b>	13,127	655.9%
Net gains on investment securities	<b>56,483</b>	50,953	10.9%
Investment gains in associates	<b>690</b>	791	(12.8%)
Other operating income	<b>10,000</b>	7,791	28.4%
Impairment losses on loans and advances	<b>–</b>	–	N/A
Operating expense	<b>(148,814)</b>	(119,960)	24.1%
– Depreciation and amortization	<b>(1,466)</b>	(2,773)	(47.1)%
– Others	<b>(147,348)</b>	(117,187)	25.7%
<b>Profit before income tax</b>	<b>491,933</b>	373,478	31.7%
<b>Capital Expenditure</b>	<b>57,650</b>	160,290	(64.0)%
<b>Segment assets</b>	<b>87,042,266</b>	70,904,124	22.8%
<b>Segment liabilities</b>	<b>38,603,692</b>	35,079,269	10.0%

In the first half of 2014, addressing the increasingly stringent regulatory environment and complex economic situation, the Bank continued to strengthen risk management of its treasury operations under the principle of compliance in business operations. While ensuring adequate liquidity, the Bank steadily pushed forward its treasury operations with an investment focus on trust beneficiary rights, bonds and wealth management products in 2014.

Thanks to the efforts through the half-year-period, our treasury operations made sound and healthy progress, posting a profit before tax of RMB491.93 million for the period ended June 30, 2014, and increasing by RMB118.46 million as compared to the corresponding period of the previous year, mainly due to the increase in treasury operation volume in the first half of 2014.

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### (I) Breakdown of Securities Investment by Holding Purpose

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity	7,520,680	13.30%	7,473,242	15.17%
Loans and receivables	39,224,985	69.37%	35,000,560	71.06%
Held for trading	5,996,769	10.61%	2,009,537	4.08%
Available for sale	3,801,815	6.72%	4,774,095	9.69%
<b>Total</b>	<b>56,544,249</b>	<b>100.00%</b>	49,257,434	100.00%

As at June 30, 2014, the Bank's held-to-maturity bonds increased by RMB0.05 billion from the end of last year, with the proportion decreasing by 1.87 percentage points; loans and debt securities classified as receivables increased by RMB4.22 billion from the end of last year, with the proportion decreasing by 1.69 percentage points; held-for-trading bonds increased by RMB3.99 billion from the end of last year, with the proportion increasing by 6.53 percentage points; and available-for-sale bonds decreased by RMB0.97 billion from the end of last year, with the proportion decreasing by 2.97 percentage points.

### (II) Breakdown of Securities Investment by Credit Rating

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	246,086	0.44%	455,043	0.92%
AA- to AA+	4,904,947	8.67%	3,791,364	7.70%
A- to A	470,436	0.83%	–	–
Unrated	50,922,780	90.06%	45,011,027	91.38%
<b>Total</b>	<b>56,544,249</b>	<b>100.00%</b>	49,257,434	100.00%

The Bank strengthened the analysis of interest rate movements in the interbank market in 2014. According to market interest rate movements, the Bank gradually increased the holdings of highly liquid book-entry government bonds and non-commercial bank bonds as well as high-coupon corporate bonds with credit rating of AA or above. As at June 30, 2014, the Bank's unrated securities investment increased by RMB5.91 billion from the end of last year, with the proportion decreasing by 1.32 percentage points. The unrated securities investment mainly comprised loans, debt securities classified as receivables and government bonds.

### (III) Breakdown of Securities Investment by Remaining Maturity

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014		As at December 31, 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3 months	1,907,099	3.37%	7,507,460	15.24%
3 to 12 months	14,960,134	26.46%	9,514,220	19.32%
1 to 5 years	31,311,405	55.38%	25,329,847	51.42%
Over 5 years	8,365,611	14.79%	6,905,907	14.02%
<b>Total</b>	<b>56,544,249</b>	<b>100.00%</b>	49,257,434	100.00%

As at June 30, 2014, the Bank's securities investment with remaining maturity within 12 months decreased by RMB0.15 billion from the end of last year, with the proportion decreasing by 4.73 percentage points.

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### **(IV) Holdings of Financial Bonds**

Financial bonds are marketable securities issued by policy bank and other financial institutions with a debt service term as agreed upon. As at June 30, 2014, the balance of our financial bonds was RMB5.42 billion, mainly comprising financial bonds issued by policy banks. Set out below are the top 10 financial bonds in terms of nominal value held by the Bank as at the dates indicated.

Name of bond	Value	Interest rate	Maturity Date
2012 Policy Bank Financial Bond	1,000,000	3.39%	July 9, 2015
2012 Policy Bank Financial Bond	500,000	3.93%	April 23, 2015
2012 Policy Bank Financial Bond	500,000	3.87%	June 28, 2019
2012 Policy Bank Financial Bond	500,000	5.69%	June 29, 2019
2012 Policy Bank Financial Bond	500,000	4.11%	April 23, 2017
2013 Policy Bank Financial Bond	460,000	5.04%	October 24, 2023
2006 Policy Bank Financial Bond	380,000	3.79%	June 28, 2021
2008 Policy Bank Financial Bond	230,000	3.68%	October 23, 2018
2005 Policy Bank Financial Bond	200,000	4.10%	August 30, 2025
2008 Commercial Bank Hybrid Capital Bonds	200,000	5.70%	May 26, 2024

### **3.4.5 Distribution Channels**

#### **(I) Physical Outlets**

As at June 30, 2014, we operated our business through the business department of our head office, our small enterprise loan center, and 114 branches and sub-branches covering all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province. We marketed our retail banking products and services through our extensive distribution channels, including the business department of our head office, small enterprise loan center, 114 branches and sub-branches and 700 self-service terminals, as well as telephone banking, mobile banking, online banking and direct banking.

#### **(II) Self-Service Banking Centers**

Our offsite self-service banking centers and self-service terminals provide safe and convenient services to our customers, and also enhance our input-output ratio. As at June 30, 2014, we had 60 offsite self-service banking centers, 85 onsite service banking centers and 700 self-service terminals, including 316 ATMs, 216 self-service deposit and withdrawal machines and 168 multi-media self-service terminals that offer withdrawal, account inquiry, bill payment, deposit, passcode changing and/or fund transfer services. As of June 30, 2014, we processed approximately 3.71 million self-service banking transactions, with total transaction volume of RMB5.90 billion.

#### **(III) Electronic Banking**

In 2014, the Bank maintained growth momentum in the construction and operation of electronic banking channels, leading to continuously improving product distribution and customer service capabilities of our electronic banking business. With significant improvements in business indicators, the electronic banking business demonstrated stronger value creation. In the first half of 2014, we focused on the improvements in marketing and user experience of electronic banking and launched services such as electronic seal, business card, and large-amount transfer. Online movie ticket booking through online banking will be launched to provide our clients with more convenient value-added services.



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## **(1) Online Banking**

### **Corporate Online Banking**

The Bank dedicatedly designed and optimized certain online banking functions pursuant to customers' needs, and our corporate online banking provides automated services including corporate call deposits, fuzzy input method for entry of receiving banks, batch payment and deduction, group-wide capital pooling and direct linkage to corporate customers. As at June 30, 2014, we had 8,189 corporate online banking customers in aggregate, representing an increase of 18.0% as compared with the end of last year or an increase of 17.0% as compared to the corresponding period of the previous year. The total transaction volume increased by 23.3% as compared to the corresponding period of the previous year to RMB103.71 billion, and the number of transactions increased by 22.1% to 510,900 as compared to the corresponding period of the previous year. Through continued optimizations and upgrades to our online banking system, we seek to satisfy multi-dimensional and diversified financial service needs and enhance the experience of customers.

### **Personal Online Banking**

In 2014, the Bank continued to improve the service support capabilities and user friendliness of the personal online banking services by optimizing the procedures for agreement signing at counters and sale of wealth management products and introducing new functions such as text messaging alerts on transaction failures. As at June 30, 2014, we had 165,600 personal online banking customers in aggregate, representing an increase of 23.7% as compared with the end of last year or an increase of 34.2% as compared to the corresponding period of the previous year. The total number of transactions amounted to 358,700, representing an increase of 68.4% as compared to the corresponding period of the previous year, and the total transaction volume amounted to RMB21.36 billion, representing an increase of 82.8% as compared to the corresponding period of the previous year (including sales of wealth management products amounting to RMB8.01 billion). The online banking business focuses on providing multi-dimensional and diversified financial services that meet our customers' needs, and improves customer experience and satisfaction by continuous optimization and upgrading.

## **(2) Mobile Banking**

In 2014, our mobile banking system introduced optimized services such as large-amount transfer, two-dimensional code collection and payment, interactive account opening through channels and management of account with other banks, and simplified certain cumbersome operational procedures related to mobile banking and hence substantially enhanced customer experience. Meanwhile, our mobile banking system continued to diversify its offerings by proactively preparing for the establishment of mobile payment gateway and launching value-added services such as movie ticket booking in cooperation with Gewara.com to maximize the offering of life-based services and enhance customer adherence. As at June 30, 2014, we had 99,700 mobile banking customers in aggregate, representing an increase of 53.7% as compared with the end of last year or an increase of 76.6% as compared to the corresponding period of the previous year. The total transaction volume for the first half of 2014 amounted to RMB5.51 billion, representing an increase of 515.2% as compared to the corresponding period of the previous year, and the number of transactions amounted to 364,900, representing an increase of 296.0% as compared to the corresponding period of the previous year.

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### (3) Direct Banking

Aiming to proactively address the profound impact of Internet finance on traditional banking business, establish Internet-based direct sales channel to bypass geographic restrictions and swiftly expand into new customers and non-local customers, the Bank launched its direct banking business nationwide on July 24 and released the first batch of products including “Ju Li Bao”, “Le Hui Cun” and “DIY Loan”. The direct banking business witnessed rapid growth in both the customer base and the product scale within one month, marking the Bank’s steady progress in the exploration of Internet finance. As at August 18, 2014, the direct banking business recorded a total of 52,000 contracted electronic account customers, originating from 31 provinces, municipalities and autonomous regions in China, and the balance of financial assets amounted to nearly RMB350 million with over 57% customers holding cards from other banks.

### Information Technology

We proactively promoted the construction of information systems to effectively support business development. Firstly, we completed the direct banking system and successfully launched the first phase of three Internet direct banking products, laying a solid foundation for our penetration in the Internet financial services market. Secondly, we completed the second generation payment system, which was successfully connected to the PBOC’s system together with a smooth migration from the first to the second generation payment business. Thirdly, the 2nd and 3rd phase renovations of our integrated counter front-end system were completed, and contributed to better processing efficiency and services at our counters. Fourthly, we revamped the core system for incorporating Xingyi Wanfeng Village Bank into our bank to boost its business development. Fifthly, the completion of operational risk management system allowed the Bank to exercise efficient management on operational risk and improve its overall business risk prevention and control. Sixthly, the mobile office system was completed and further enhanced our internal efficiency. Seventhly, the smooth progresses of key projects including intelligent outlets, banking processes and WeChat banking laid a cornerstone for potential improvements in our network and channel service capacity.

We strengthened the safety maintenance of production system and implementation of key projects to ensure sound business operation. Firstly, we expanded the scope and depth of information system emergency drills, and further supplemented and optimized the emergency response plan to ensure rapid recovery in case of information system failure. Secondly, the company-wide network upgrade was pushed forward as scheduled and flat network management was gradually realized. It significantly increased network response speed to meet the new requirements on network management from our business development. Thirdly, we promoted the intra-city disaster recovery rectification project to enhance the availability of the computer room. The rectification plan has been worked out and will be implemented in the second half of the year. Fourthly, we took great efforts in promoting the server hardware resources consolidation and virtualization project. We have replaced the existing 80 servers by 22 new ones in the development and testing environment, thus significantly reducing space requirements, electricity and maintenance costs. In the second half of 2014, we expect to gradually implement server consolidation and virtualization in the production environment.

We continued to strengthen internal control to enhance risk prevention and control capability based on information technology. Firstly, through overall risk review of key information systems, we effectively identified the existing system risks and made rectification to the high-risk issues. Secondly, we organized training sessions on regulatory guidelines. Experts from KPMG were engaged to give lectures and communicate with our information technology staff regarding the Guidelines on Information Technology Risk Management of Commercial Banks and the Regulatory Guidelines on Business Continuity of Commercial Banking, in order to enhance the staff’s risk precaution awareness and experience. Thirdly, systematic learning programs on code of conduct were organized for the staff. All staff was required to study on regulatory rules including the Guidelines on Operational Risk Management of Commercial Banks and the Code on Professional Ethics for Employees of Banking and Financial Institutions, and specific workshops on information technology management rules were organized to enhance the staff’s compliance awareness.

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## 3.4.6 Particulars of Principal Subsidiaries and Associates

On May 5, 2011, the Bank invested RMB22.00 million for the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of its registered capital of RMB110.00 million. Set out below are the profits attributable to the Bank as at June 30, 2014 and June 30, 2013:

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2014	As at June 30, 2013
Balance at the beginning of the period	24,370	22,935
Share of profit after tax	690	791
<b>Balance at the end of the period</b>	<b>25,060</b>	23,726

## 3.5. Risk Management

### 3.5.1 Credit risk management

Credit risk is the risk of losses resulting from the default, rating downgrade, or decline in repayment ability of a borrower or counterparty. The Bank is exposed to credit risk primarily through our loan portfolio, investment portfolio, guarantees and commitments, and other payment commitments.

The Bank managed its credit risk from various aspects including organizational structure, system construction, market access, risk exposure limits, measurement tools, dynamic authorization, credit review and approval, post-disbursement management and collection of non-performing loans.

In the first half of 2014, the Bank formulated policy guidelines on annual credit facilities, and issued differentiated and specific policies in respect of four aspects including industrial, customer, product and regional policies in accordance with the prevailing macroeconomic environment and business development, further enhancing credit operation and value creation through proactive selection of customers and risk arrangement. The Bank continued to mitigate the pressure from local government financing platform by strictly controlling the government platform loan amount and setting up monitoring system to optimize government platform loan repayment. As a result, government platform loan balance continues to decrease. The Bank continued to improve risk control on mortgage loan by strengthening credit-list management and intensifying its risk monitoring efforts. The Bank also strictly controlled loan for related parties to prevent exposure from false mortgage. In addition, the Bank took active measures to resolve potential default risks and further strengthened the unified credit management for financial institutions, standardized innovative business management for cooperation with financial institutions and reinforced control over the credit ratings and cash flows of its partners.

### 3.5.2 Operational risk management

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

In the first half of 2014, in line with the New Basel Capital Accord and under the guidelines on building a comprehensive risk management system, the Bank continued to improve its operational risk management system and upgraded its operational risk management standard. It proactively promoted the utilization of operational risk management tools, and enhanced the effectiveness of self-assessment, indicator monitoring and collection of loss data through the construction of an operational risk management information system. The Bank continuously improved its banking process model, optimized its governance structure, streamlined its business processes, identified and solved problems in the process to enhance the efficiency of process execution and reduce process risks. Staff management was further refined to improve staff quality through

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continued training and learning while intensifying staff risk screening, optimizing procedures for handling employee misconducts and emphasizing accountability and penalization. The Bank also reinforced monitoring of IT-related risks, optimized risk monitoring indicators, extended the range of risk information collection, strengthened its risk information analysis efforts and activated warning of potential risks in a timely manner.

### 3.5.3 Market risk management

Market risk refers to the possibility of losses that may be incurred against the Bank of its on/off-balance-sheet business as a result of unfavorable changes in market prices (interest rates, exchange rates, stock prices and commodity prices), which mainly includes interest rate risk of trading accounts and exchange rate risk.

#### 3.5.3.1 Analysis of interest rate risk

The interest rate risk refers to the risk arising from changes in the fair value of financial assets and financial liabilities or future cash flows as a result of the fluctuation of market interest rates. The interest rate risk of cash flow refers to the risk arising from fluctuation of the future cash flows of the financial instruments caused by changes in market interest rates. The interest rate risk of fair value is the risk arising from fluctuation of the value of a certain financial instrument caused by the changes in market interest rates. The Bank's interest rate is exposed to fair value risks and cash flow interest rate risks which are mainly caused by changes in the principal market interest rates.

The Bank is exposed to interest rate risk of trading accounts through its holding of financial instruments, mainly comprising bonds. As regards the management of interest rate risk of trading accounts, the Bank established a market risk management framework in which the front, middle and back offices were separated, and implemented by using methods including hierarchical authorization, risk exposure limit system and periodic valuation.

In the first half of 2014, the Bank closely monitored the changes in the financial markets and continued to optimize its market risk management system and risk exposure limit system. The Value at Risk (VaR) method was gradually put in place to identify, monitor and control market risks.

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

In 2014, China's economic situation was complicated by comparatively higher downside risk and uncertainty. In the context of the prevailing policy to accelerate the interest rate marketization process and the promotion of transfer of certificates of deposits among peers by the central bank, continuously emerging financial innovations led to intensity in market supervision and market competition. In the face of the accelerating interest rate marketization process and intensified competition in the financial market, the Bank ensured a continued increase in earnings and market value through such means as proper use of the FTP pricing system, optimization of its interest rate pricing management, timely adjustments to fund pricing, effective control over lending rates and interest costs as well as improvement in its forward-looking capability in interest rate risk management.

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The structure of the Bank's interest rate sensitivity gap on the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>June 30, 2014</b>							
<b>Assets</b>							
Cash and balances with central banks	37,547,132	-	-	-	-	674,079	38,221,211
Due from other banks and financial institutions	16,736,976	6,989,201	3,622,778	2,485,060	-	-	29,834,015
Financial assets at fair value through profit or loss	190,066	50,032	621,344	2,384,986	2,750,341	-	5,996,769
Loans and advances to customers	44,356,597	7,436,422	41,713,965	2,805,303	1,122,470	-	97,434,757
Investment securities							
– Loans and receivables	992,000	565,000	13,404,285	24,263,700	-	-	39,224,985
– Available-for-sale	-	27,752	824,625	2,849,438	100,014	182,850	3,984,679
– Held-to-maturity	-	110,000	380,000	2,327,600	4,703,080	-	7,520,680
Investments in an associate	-	-	-	-	-	25,060	25,060
Other financial assets	-	-	-	-	-	1,141,192	1,141,192
<b>Total assets</b>	<b>99,822,771</b>	<b>15,178,407</b>	<b>60,566,997</b>	<b>37,116,087</b>	<b>8,675,905</b>	<b>2,023,181</b>	<b>223,383,348</b>
<b>Liabilities</b>							
Due to other banks and financial institutions	10,210,142	6,692,661	12,255,387	5,120,000	139,913	-	34,418,103
Customer deposits	70,841,247	14,998,936	39,694,955	42,121,863	345,211	-	168,002,212
Debt issued	-	-	-	3,783,475	-	-	3,783,475
Other financial liabilities	-	-	-	-	-	4,688,166	4,688,166
<b>Total liabilities</b>	<b>81,051,389</b>	<b>21,691,597</b>	<b>51,950,342</b>	<b>51,025,338</b>	<b>485,124</b>	<b>4,688,166</b>	<b>210,891,956</b>
<b>Total interest sensitivity gap</b>	<b>18,771,382</b>	<b>(6,513,190)</b>	<b>8,616,655</b>	<b>(13,909,251)</b>	<b>8,190,781</b>	<b>(2,664,985)</b>	<b>12,491,392</b>

## Management Discussion and Analysis

(All amounts expressed in thousands of RMB unless otherwise stated)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>December 31, 2013</b>							
<b>Assets</b>							
Cash and balances with central banks	32,148,172	-	-	-	-	674,576	32,822,748
Due from other banks and financial institutions	19,045,264	7,049,088	4,009,110	2,040,000	-	-	32,143,462
Financial assets at fair value through profit or loss	-	-	63,517	1,049,852	896,168	-	2,009,537
Loans and advances to customers	59,339,944	7,742,789	18,736,977	2,406,330	411,784	-	88,637,824
Investment securities							
– Loans and receivables	240,537	4,731,390	9,079,233	20,949,400	-	-	35,000,560
– Available-for-sale	-	-	26,976	2,031,390	2,715,743	182,850	4,956,959
– Held-to-maturity	30,000	495,995	554,987	2,229,057	4,163,203	-	7,473,242
Investment in an associate	-	-	-	-	-	24,370	24,370
Other financial assets	-	-	-	-	-	991,253	991,253
<b>Total assets</b>	<b>110,803,917</b>	<b>20,019,262</b>	<b>32,470,800</b>	<b>30,706,029</b>	<b>8,186,898</b>	<b>1,873,049</b>	<b>204,059,955</b>
<b>Liabilities</b>							
Due to other banks and financial institutions	28,892,753	4,154,671	552,477	-	149,671	-	33,749,572
Customer deposits	67,497,677	15,143,947	29,204,308	36,949,902	5,211	-	148,801,045
Debts issued	-	-	995,856	3,781,914	-	-	4,777,770
Other financial liabilities	-	-	-	-	-	5,020,147	5,020,147
<b>Total liabilities</b>	<b>96,390,430</b>	<b>19,298,618</b>	<b>30,752,641</b>	<b>40,731,816</b>	<b>154,882</b>	<b>5,020,147</b>	<b>192,348,534</b>
Total interest sensitivity gap	14,413,487	720,644	1,718,159	(10,025,787)	8,032,016	(3,147,098)	11,711,421

As at June 30, 2014, the Bank's accumulated interest rate risk gap amounted to RMB12.49 billion, representing an increase of RMB0.78 billion compared to the end of the previous year.

### 3.5.3.2 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 Bank seeks to ensure that the adverse impact of exchange rate fluctuations falls within an acceptable range.

### 3.5.4 Liquidity risk management

Liquidity risk refers to the risk of failing to obtain financing or liquidate a position at reasonable costs in a timely manner to fund asset acquisitions or to meet debt obligations on maturity. The Bank's objective in liquidity risk management is to ensure that it is able to fund all operations and meet all payment obligations in accordance with its development strategy. To this end, the Bank gradually and effectively identifies, measures, monitors and controls its liquidity risk over its major operations to strike a balance between risk and income.

The Board formulated policies, strategies, procedures, limits and contingency plans in line with the overall management of liquidity risks in accordance with the risk preference. The Assets and Liabilities Management Committee under the senior management carries out day-to-day management of liquidity risks. The Assets

## Management Discussion and Analysis

and Liabilities Management Department, the Treasury Department and other operational departments and offices, each bearing their distinct responsibilities, work closely with each other to develop a well-organized, fully functional liquidity risk management system.

The Bank proactively utilized technological measures to continuously improve its information technology system utilization expertise in respect of liquidity management, which enable the Bank to conduct real-time monitoring of liquidity indicators and liquidity risk exposure so as to develop an automated measuring device and regular monitoring system for liquidity exposure. The Bank organized its assets and liabilities business according to the liquidity exposure status while actively adjusting the maturity timeframe of assets and liabilities through internal fund transfer pricing. The Bank also continuously upgrades its liquidity management methods, such as the establishment of a weekly asset liability management coordination system, the acceleration and furtherance of system construction and timely policy adjustments, so as to reinforce the liquidity management.

In addition, the Bank continuously carried out liquidity risk stress tests (at least once a quarter), and introduced the liquidity risk sensitivity stress test. Through such stress tests, the Bank can constantly improve its liquidity risk control capability and substantially enhance its liquidity risk management expertise. The results of the quarterly stress tests in 2014 indicated that the liquidity risks remained under control although they tended to raise under stress. In the future, the Bank will continue to optimize its testing plans and enhance liquidity risk monitoring and early warning.

In the first half of 2014, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

The Bank assessed the liquidity risk status through liquidity gap analysis. The table below analyses the Bank's assets and liabilities into relevant maturity groupings based on the remaining period at June 30, 2014 to the contractual maturity date.

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
<b>June 30, 2014</b>									
Net Liquidity Gap	(57,844,202)	17,312,985	(5,029,213)	9,204,595	(2,530,931)	22,063,470	31,075,396	366,008	14,618,108

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
<b>December 31, 2013</b>									
Net Liquidity Gap	(55,854,045)	12,231,152	(5,111,312)	16,592,044	(5,157,054)	22,336,472	28,141,503	300,511	13,479,271

As at the end of June 2014, the accumulated liquidity gap of the Bank was RMB14.62 billion, representing an increase of RMB1.14 billion as compared to the end of the previous year. Despite the negative gap for repayment on demand of RMB57.84 billion, the Bank possessed a stable funding source with its strong and expansive deposit customer base and the relatively high proportion of core demand deposits. Such negative gap has no material impact on the actual liquidity of the Bank.

### 3.6. Capital Management

The Bank calculates the capital adequacy ratio based on the Administrative Measures for the Capital of Commercial Banks (Trial Implementation) issued by the CBRC and other regulatory requirements. In particular, the Bank measures the credit risk-weighted assets by the weighting method, market risk-weighted assets by the standard method, and operational risk-weighted assets by the basic indicator method. During the Reporting Period, the Bank was in compliance with the CBRC's minimum capital requirement, capital reserve requirement and countercyclical capital requirement on arrangements in the transition period.

## Management Discussion and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2014	December 31, 2013
<b>Core capital:</b>		
Share capital	2,705,228	2,705,228
Counted part of capital surplus	2,410,902	2,316,711
Surplus reserve and general risk reserves	3,424,926	2,526,470
Counted part of retained earnings	6,077,051	5,916,348
<b>Core Tier 1 Capital deductibles items:</b>		
Full deductibles items	(82,810)	(81,476)
Threshold deduction items	–	–
<b>Total Core Tier 1 Capital, net</b>	<b>14,535,297</b>	13,383,281
<b>Other Tier 1 Capital, net</b>	–	–
<b>Tier 2 Capital, net</b>	<b>2,155,755</b>	3,011,817
<b>Net capital</b>	<b>16,691,052</b>	16,395,098
On-balance sheet risk-weighted assets	107,420,189	98,875,498
Off-balance sheet risk-weighted assets	15,355,981	13,861,718
Risk-weighted assets for exposure to counterparty credit risk	–	–
<b>Total credit risk-weighted assets</b>	<b>122,776,170</b>	112,737,216
<b>Total market risk-weighted assets</b>	<b>6,503,898</b>	2,219,454
<b>Total operational risk-weighted assets</b>	<b>8,723,418</b>	8,723,417
Total risk-weighted assets before applying capital base	138,003,486	123,680,087
Total risk-weighted assets after applying capital base	138,003,486	123,680,087
<b>Core Tier 1 Capital adequacy ratio</b>	<b>10.53%</b>	10.82%
<b>Tier 1 Capital adequacy ratio</b>	<b>10.53%</b>	10.82%
<b>Capital adequacy ratio</b>	<b>12.09%</b>	13.26%

Note: Core Tier 1 Capital adequacy ratio and capital adequacy ratio for the first half of 2014 were calculated in accordance with the latest guidance published by the CBRC (effective from January 1, 2013).

As at the end of the Reporting Period, the Bank's capital adequacy ratio and Core Tier 1 capital adequacy ratio were 12.09% and 10.53%, respectively, 1.17 percentage points and 0.29 percentage point lower than those at the beginning of the year respectively. The change of capital adequacy ratio in the Reporting Period was mainly due to: (i) the decrease in Tier 2 Capital as the Bank redeemed the 2009 subordinated debt amounting to RMB1 billion in April, 2014; (ii) the decrease in Core Tier 1 Capital as the Bank made provision for the annual dividend of 2013; and (iii) the normal business development, together with the increase in on- and off- balance sheet risk-weighted assets, resulting in the decrease of its capital adequacy ratio.

In accordance with the "Regulatory Requirement on the Information Disclosure Regarding the Capital Composition of the Commercial Banks" (《關於商業銀行資本構成信息披露的監管要求》), the information concerning the capital composition, detailed explanation on relevant items and the main characteristics of the capital instrument of the Bank will be further disclosed in the "Investor Relation-Capital Regulation" (「投資者關係—監管資本」) column on the website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)).



# CHANGE IN SHARE CAPITAL AND SHAREHOLDERS

At the end of the Reporting Period, the Bank had a total of 2,705,227,505 Shares, comprising 1,157,193,512 H Shares and 1,548,033,993 Domestic Shares. The share capital of the Bank remains unchanged.

	December 31, 2013		Changes during the Reporting Period			June 30, 2014	
	Number	Percentage	Issue of new shares	Others	Sub-total	Number	Percentage
1. Shareholding of Domestic Shares legal persons	1,491,146,246	55.12%	-	-	-	<b>1,491,146,246</b>	<b>55.12%</b>
Of which: 1 Shareholding of state-owned legal persons <sup>(1)</sup>	1,023,415,941	37.83%	-	-	-	<b>1,023,415,941</b>	<b>37.83%</b>
2 Shareholding of private legal persons	467,730,305	17.29%	-	-	-	<b>467,730,305</b>	<b>17.29%</b>
2. Shareholding of Domestic Shares natural persons	56,887,747	2.10%	-	-	-	<b>56,887,747</b>	<b>2.10%</b>
Of which: 1 Shareholding of employee natural persons	34,779,409	1.29%	-	-	-	<b>34,779,409</b>	<b>1.29%</b>
2 Shareholding of natural persons other than employees	22,108,338	0.82%	-	-	-	<b>22,108,338</b>	<b>0.82%</b>
3. H Shares	1,157,193,512	42.78%	-	-	-	<b>1,157,193,512</b>	<b>42.78%</b>
<b>Total</b>	<b>2,705,227,505</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,705,227,505</b>	<b>100.00%</b>

Note: (1) Domestic Shares of the Bank owned by 72 state-owned legal person shareholders, including Chongqing Yufu Assets Management Group Co., Ltd., Chongqing Land Group and Chongqing Water Conservancy Investment Group Co., Ltd.

## 4.1 Particulars of Shareholdings of the Top Ten Shareholders of Domestic Shares of the Bank

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage	Number of shares pledged
Chongqing Yufu Assets Management Group Co., Ltd.	State-owned	407,010,187	15.05%	0
Chongqing Road & Bridge Co., Ltd.	Private	171,339,698	6.33%	0
Chongqing Land Group	State-owned	139,838,675	5.17%	0
Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned	139,838,675	5.17%	0
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.79%	0
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.49%	0
Chongqing South Group Limited	Private	68,602,362	2.54%	68,520,500
Chongqing Transport and Travel Investment Group Limited	State-owned	37,456,522	1.38%	0
Chongqing Expressway Co., Ltd. (重慶高速公路股份有限公司)	State-owned	29,942,325	1.11%	0
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.89%	0
<b>Total</b>		<b>1,242,291,564</b>	<b>45.92%</b>	<b>68,520,500</b>

## Change in Share Capital and Shareholders

### 4.2 Interests and Short Positions of Substantial Shareholders and Other Persons

As at June 30, 2014, the interests of substantial shareholders (as defined under the SFO), other than Directors and Supervisors of the Bank, in the H Shares and underlying Shares of the Bank as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of H Shares held	Percentage of the total number of H Shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited <sup>(1)</sup>	Beneficial owner	458,574,853 (long position)	39.63	16.95
Dah Sing Banking Group Limited <sup>(1)</sup>	Interest of a controlled corporation	458,574,853 (long position)	39.63	16.95
Dah Sing Financial Holdings Limited <sup>(1)</sup>	Interest of a controlled corporation	458,574,853 (long position)	39.63	16.95
HSBC International Trustee Limited <sup>(3)</sup>	Interest of a trustee	458,574,853 (long position)	39.63	16.95
David Shou-Yeh WONG <sup>(1)</sup>	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853 (long position)	39.63	16.95
Christine Yen WONG <sup>(1)</sup>	Interest of spouse	458,574,853 (long position)	39.63	16.95
Lifan International (Holdings) Limited (力帆國際(控股)有限公司) <sup>(2)</sup>	Beneficial owner	139,000,000 (long position)	12.01	5.14
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. (重慶力帆實業(集團)進出口有限公司) <sup>(2)</sup>	Interest of a controlled corporation	139,000,000 (long position)	12.01	5.14
Lifan Industry (Group) Co., Ltd. <sup>(2)</sup>	Interest of a controlled corporation	139,000,000 (long position)	12.01	5.14
Chongqing Lifan Holdings Co., Ltd. <sup>(2)</sup>	Interest of a controlled corporation	139,000,000 (long position)	12.01	5.14
Chongqing Huiyang Holdings Co., Ltd. <sup>(2)</sup>	Interest of a controlled corporation	139,000,000 (long position)	12.01	5.14
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	7.33	3.14

## Change in Share Capital and Shareholders

Notes:

- (1) *Dah Sing Bank, Limited held 458,574,853 H Shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.59% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 40.75% of the issued share capital of Dah Sing Financial Holdings Limited and Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. Therefore, for the purpose of the SFO, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Mr. David Shou-Yeh WONG and Ms. Christine Yen WONG are deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited.*
- (2) *As confirmed by Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd. and Chongqing Huiyang Holdings Co., Ltd., as at June 30, 2014, Lifan International (Holdings) Limited held 139,000,000 H Shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd. which is wholly owned by Lifan Industry (Group) Co., Ltd. Lifan Industry (Group) Co., Ltd. is owned as to 65% by Chongqing Lifan Holdings Co., Ltd., which is in turn owned as to 75% by Chongqing Huiyang Holdings Co., Ltd. Mr. YIN Mingshan is the beneficial owner of approximately 51% of the issued share capital of Chongqing Huiyang Holdings Co., Ltd. Therefore, for the purpose of the SFO, Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd. and Chongqing Huiyang Holdings Co., Ltd. and Mr. YIN Mingshan are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.*
- (3) *HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of Mr. David Shou-Yeh Wong and his family members, held 37.66% interests in Dah Sing Financial Holdings Limited. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).*

### 4.3 Shareholders Holding 5% or More of the Total Share Capital

As at the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., Chongqing Road & Bridge Co., Ltd., Chongqing Land Group and Chongqing Water Conservancy Investment Group Co., Ltd. held 462,010,187 Shares, 458,574,853 Shares, 268,564,932 Shares, 171,339,698 Shares, 139,838,675 Shares and 139,838,675 Shares of the Bank respectively, representing 17.08%, 16.95%, 9.93%, 6.33%,

5.17% and 5.17% of the Bank's total share capital respectively, and are substantial shareholders of the Bank for the purpose of the SFO. Except for the aforesaid shareholders, there were no other legal person shareholders holding 5% or more of total share capital of the Bank, nor were there any other employees or natural persons other than employees holding 5% or more of Shares of the Bank.

As at the end of the Reporting Period, save for the information disclosed, there were no other substantial shareholders holding 10% or more of the Shares (as defined under the Listing Rules).

### 4.4 Issuance, Purchase, Sale and Redemption of the Listed Securities of the Bank

Pursuant to a resolution of the extraordinary general meeting approved on November 11, 2008 and the "Approval to Bank of Chongqing for Issuing Subordinated Debts" (《關於重慶銀行發行次級債券的批覆》) (Yinjianfu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued RMB1 billion subordinated debts in China's domestic interbank bond market in April 2009. Such subordinated debts had a maturity of 10 years, with a coupon rate of 5.31% per annum for the first five years, payable annually. The Bank had the option to exercise the redemption right to redeem all of the bonds at par value on April 3, 2014. If the bank did not exercise this option, the annual coupon rate for the second 5-year period shall be the original coupon rate plus 3.0% per annum, and shall remain fixed through to the maturity date. The Bank redeemed all of the bonds on April 3, 2014.

Save as disclosed above, the Bank had not purchased, sold or redeemed any listed securities of the Bank during the Reporting Period.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## 5.1 Directors, Supervisors and Senior Management of the Bank

The compositions of the Board, Board of Supervisors and senior management of the Bank are as follows:

The Board comprised a total of 15 directors, including four executive directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President), Ms. NI Yuemin (Vice President) and Mr. ZHAN Wanghua (Chief Risk Officer); six non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. XIANG Li, Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The Board of Supervisors comprised a total of 8 supervisors, including three employee supervisors, namely Mr. Huang Changsheng, Ms. Wan Jiayu and Mr. Lin Min; two shareholder supervisors, namely Mr. CHEN Yan and Mr. TANG Jun; three external supervisors, namely Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong.

The senior management of the Bank comprised a total of eight members, namely Mr. RAN Hailing, Mr. WANG Min, Ms. NI Yuemin, Mr. LIU Jianhua, Ms. YANG Shiyin, Mr. Zhou Guohua, Mr. ZHAN Wanghua and Mr. LI Zaining.

As at June 30, 2014, the interests of the Directors, chief executives, Supervisors and their respective associates in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 to the Listing Rules were set out as follows:

Name	Nature of interest	Number of domestic shares held (share)	Percentage of total capital of the Bank (%)
Wan Jiayu	Beneficial owner	123,285	0.00%
Ran Hailing	Beneficial owner	45,374	0.00%
Huang Changsheng	Beneficial owner	123,451	0.00%
	Interest of spouse	60,647	0.00%
Lin Min	Beneficial owner	104,002	0.00%
Zhou Yongkang	Interest of spouse	28,019	0.00%

Save as disclosed above, none of the Directors, chief executives, Supervisors or their respective connected persons or associates held any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations as at June 30, 2014.

## Directors, Supervisors and Senior Management

### 5.2 Changes in Directors, Supervisors and Senior Management

Mr. YANG Jun was elected as a non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Mr. KONG Xiangbin was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Mr. WANG Pengguo was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Dr. JIN Jingyu was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Dr. ZHANG Weiguo, Mr. HAN Deyun and Dr. SUN Fangcheng retired as independent non-executive directors of the Bank with effect from April 28, 2014.

Ms. MA Qianzhen tendered her resignation, as the chairperson of the Board of Supervisors and an employee supervisor of the Bank on May 27, 2014 and May 29, 2014, respectively, upon reaching the age of retirement.

The Board of Supervisors of the Bank resolved that Mr. Huang Changsheng, currently an employee supervisor, was temporarily designated to take charge of the work of the Board of Supervisors with effect from May 27, 2014 until the new chairperson of the Board of Supervisors of the Bank was duly elected.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### 5.3 Securities Transactions by Directors and Supervisors

The Bank has adopted the “Administrative Measures on Holding of Shares and Change of Shareholdings by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd.” regarding securities transactions by directors, supervisors, senior management and relevant employees on terms not less exacting than the required standard 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 the directors and supervisors, all the directors and supervisors of the Bank confirmed that they have complied with the above codes during the six months ended June 30, 2014.

# SIGNIFICANT EVENTS

## 6.1 Corporate Governance Code

The Bank is dedicated to improving its transparency and accountability of corporate governance, ensuring high standard of corporate governance practices to protect the interests of shareholders and to enhance corporate value and commitment.

During the Reporting Period, the Bank strictly complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, and adopted the recommended best practices as specified therein, where appropriate. The Bank also strictly abided by the applicable laws and regulations and the Listing Rules in respect of management of inside information.

## 6.2 Earnings and Dividend

The Bank's revenue for the six months ended June 30, 2014 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this report.

A final dividend of RMB0.224 per share for the year 2013 (2012: RMB0.07 per share), amounting to a total dividend of RMB605,970,961.21 based on the profit and number of shares issued for the year ended December 31, 2013, was distributed by the Bank upon consideration and approval at the annual general meeting on May 16, 2014. The final dividend for year 2013 was distributed to holders of H Shares and domestic shares on July 16, 2014.

The Bank will not distribute any interim dividend for the first six months of 2014 or convert any capital reserve into share capital.

## 6.3 Related Party Transactions

No material related party transaction that has adverse impact on the Bank's business results and financial position occurred during the Reporting Period.

## 6.4 Material Litigation and Arbitration

During the Reporting Period, the Bank was not involved in any litigation or arbitration that would materially affect its business operations. As at June 30, 2014, the Bank has been involved in some legal proceedings arising from its normal business operation as the defendant. The Bank is of the opinion that such legal proceedings and arbitration would have no material impact on the Bank's financial position or business results.

## 6.5 Punishment on the Bank and its Directors, Supervisors and Senior Management

During the Reporting Period, none of the Bank, the Directors, the Supervisors or the senior management of the Bank was a subject of any investigation, administrative penalty or public criticism by China Securities Regulatory Commission or any public censure by any securities exchange, or any punishment by any other regulatory authorities which would have a material impact on the Bank's operations.

## 6.6 Performance of Undertakings by Shareholders Holding 5% or More of Share Capital of the Bank

As at the end of the Reporting Period, there was no undertaking by the Bank or its Shareholders holding 5% or more of total share capital of the Bank.

### **6.7 Material Contracts and their Performance**

During the Reporting Period, the Bank was not involved in any material contract or performance thereof.

### **6.8 Acquisition and Disposal of Assets and Business Merger**

During the Reporting Period, the Bank was not engaged in any material acquisition or disposal of assets or business merger.

### **6.9 Review of the Interim Report**

The interim financial statements for 2014 prepared by the Bank in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

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

### **6.10 Publication of Interim Report**

This interim report is prepared in both English and Chinese versions, in the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

# REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

## **TO THE BOARD OF DIRECTORS OF BANK OF CHONGQING CO., LTD.**

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

## **Introduction**

We have reviewed the condensed interim financial information set out on pages 55 to 101, which comprises the condensed statement of financial position of Bank of Chongqing Co., Ltd (the "Bank") as at 30 June 2014 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **Scope of Review**

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

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

## **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 19 August 2014



# UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	Six months ended 30 June	
		2014	2013
Interest income		6,218,832	4,929,693
Interest expense		(3,235,147)	(2,455,539)
<b>Net interest income</b>	3	<b>2,983,685</b>	2,474,154
Fee and commission income		482,131	389,838
Fee and commission expense		(27,370)	(23,017)
<b>Net fee and commission income</b>	4	<b>454,761</b>	366,821
Net trading income	5	99,223	13,127
Net gains on investment securities	16	56,483	50,953
Other operating income	6	13,747	45,436
<b>Operating income</b>		<b>3,607,899</b>	2,950,491
Operating expenses	7	(1,174,184)	(993,939)
Impairment losses on loans and advances to customers	9	(238,068)	(102,118)
<b>Operating profit</b>		<b>2,195,647</b>	1,854,434
Share of profits of an associate	17	690	791
<b>Profit before income tax</b>		<b>2,196,337</b>	1,855,225
Income tax expense	10	(529,777)	(444,593)
<b>Net profit</b>		<b>1,666,560</b>	1,410,632
<b>Net profit for the period attributable to shareholders of the Bank</b>		<b>1,666,560</b>	1,410,632
<b>Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)</b>			
– basic and diluted	11	0.62	0.70

**Gan Weimin**  
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Executive Director

**Ran Hailing**  
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Vice President and  
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**Li Yingjun**  
General Manager of  
Financial Department

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

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

	Note	Six months ended 30 June	
		2014	2013
<b>Net profit for the period attributable to shareholders of the Bank</b>		<b>1,666,560</b>	1,410,632
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Available-for-sale ('AFS') securities			
Changes in fair value recorded in equity		<b>105,120</b>	2,360
Less: Related income tax impact		<b>(26,280)</b>	(590)
<b>Subtotal</b>		<b>78,840</b>	1,770
<i>Items that will not be reclassified to profit or loss</i>			
Loss on remeasurement of retirement benefits		<b>(790)</b>	(29)
Less: Related income tax impact		<b>198</b>	7
<b>Subtotal</b>		<b>(592)</b>	(22)
<b>Total other comprehensive income, net of tax</b>	32	<b>78,248</b>	1,748
<b>Total comprehensive income for the period attributable to shareholders of the Bank</b>		<b>1,744,808</b>	1,412,380
<b>Dividends</b>			
Dividend declared during the period	28	<b>605,971</b>	141,443

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# UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

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

	Note	30 June 2014	31 December 2013
<b>ASSETS</b>			
Cash and balances with central banks	12	38,221,211	32,822,748
Due from other banks and financial institutions	13	29,834,015	32,143,462
Financial assets at fair value through profit or loss	14	5,996,769	2,009,537
Loans and advances to customers	15	97,434,757	88,637,824
Investment securities	16		
– Loans and receivables		39,224,985	35,000,560
– Available-for-sale ('AFS')		3,984,679	4,956,959
– Held-to-maturity ('HTM')		7,520,680	7,473,242
Investment in an associate	17	25,060	24,370
Property, plant and equipment	18	2,157,241	2,068,972
Deferred income tax assets	23	301,473	305,651
Other assets	19	1,475,266	1,343,690
<b>Total assets</b>		<b>226,176,136</b>	<b>206,787,015</b>
<b>LIABILITIES</b>			
Due to other banks and financial institutions	20	34,418,103	33,749,572
Customer deposits	21	168,002,212	148,801,045
Other liabilities	22	5,041,340	5,804,219
Current tax liabilities		305,267	175,138
Deferred income tax liabilities	23	7,631	–
Debt issued	25	3,783,475	4,777,770
<b>Total liabilities</b>		<b>211,558,028</b>	<b>193,307,744</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Bank's shareholders</b>			
Share capital	26	2,705,228	2,705,228
Capital surplus	26	2,444,623	2,444,623
Other reserves	27	3,391,206	2,653,606
Retained earnings		6,077,051	5,675,814
<b>Total equity</b>		<b>14,618,108</b>	<b>13,479,271</b>
<b>Total liabilities and equity</b>		<b>226,176,136</b>	<b>206,787,015</b>

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# UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

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

	Other reserves						Retained earnings	Total
	Share capital (Note 26)	Capital surplus (Note 26)	Surplus reserve (Note 27)	General reserve (Note 27)	Revaluation reserve for AFS securities (Note 27)	Surplus on remeasurement of retirement benefits (Note 27)		
<b>Balance at 1 January 2014</b>	2,705,228	2,444,623	922,494	1,843,080	(113,543)	1,575	5,675,814	13,479,271
Net profit for the period	-	-	-	-	-	-	1,666,560	1,666,560
Changes taken to other comprehensive income	-	-	-	-	78,840	(592)	-	78,248
<b>Total comprehensive income</b>	-	-	-	-	78,840	(592)	1,666,560	1,744,808
Dividends (Note 28)	-	-	-	-	-	-	(605,971)	(605,971)
Transfer to other reserves	-	-	-	659,352	-	-	(659,352)	-
<b>Balance at 30 June 2014</b>	2,705,228	2,444,623	922,494	2,502,432	(34,703)	983	6,077,051	14,618,108
<b>Balance at 1 January 2013</b>	2,020,619	800	689,567	1,010,330	(17,981)	1,347	4,553,668	8,258,350
Net profit for the period	-	-	-	-	-	-	1,410,632	1,410,632
Changes taken to other comprehensive income	-	-	-	-	1,770	(22)	-	1,748
<b>Total comprehensive income</b>	-	-	-	-	1,770	(22)	1,410,632	1,412,380
Dividends (Note 28)	-	-	-	-	-	-	(141,443)	(141,443)
Transfer to other reserves	-	-	-	832,750	-	-	(832,750)	-
<b>Balance at 30 June 2013</b>	2,020,619	800	689,567	1,843,080	(16,211)	1,325	4,990,107	9,529,287

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# UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

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

	Six months ended 30 June	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit before income tax	2,196,337	1,855,225
<b>Adjustments:</b>		
Depreciation and amortization	63,505	55,776
Impairment losses on loans and advances to customers	238,068	102,118
Impairment losses/(gains) on other assets	291	(199)
Net gains on disposal of property, plant and equipment	(966)	(26,565)
Net gains on de-recognition of investment securities	(56,483)	(50,953)
Share of results of an associate	(690)	(791)
Interest income arising from investment securities	(1,754,328)	(1,217,633)
Interest expense arising from bonds issued	117,109	80,452
<b>Net increase in operating assets:</b>		
Net increase in restricted deposit balances with central banks	(2,601,378)	(3,675,529)
Net increase in due from and placements with banks and other financial institutions	(1,664,091)	(5,732,373)
Net increase in loans and advances to customers	(9,028,897)	(8,308,820)
Net (increase)/decrease in other operating assets	(83,480)	304,477
<b>Net increase in operating liabilities:</b>		
Net (decrease)/increase in borrowings from central banks	(747,915)	847,466
Net increase in due to and placements from banks and other financial institutions	1,416,446	1,496,534
Net increase in customer deposits	19,201,167	25,570,794
Net increase in other operating liabilities	265,784	773,494
Income tax paid	(414,119)	(376,301)
<b>Net cash inflows from operating activities</b>	<b>7,146,360</b>	<b>11,697,172</b>
<b>Cash flows from investing activities:</b>		
Dividends received	10,000	7,791
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	3,687	38,973
Purchase of property and equipment, intangible assets and other long-term assets	(149,801)	(425,973)
Proceeds from disposal/maturity of investment securities	48,393,472	3,385,993
Purchase of investment securities	(55,470,196)	(14,430,045)
<b>Net cash outflows from investing activities</b>	<b>(7,212,838)</b>	<b>(11,423,261)</b>

## UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)

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

	Six months ended 30 June	
	2014	2013
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of a bond	–	2,985,000
Cash paid to redeem the issued bonds	<b>(1,000,000)</b>	–
Interest paid in relation to issued bonds	<b>(70,654)</b>	(108,490)
Dividend paid to shareholders of the Bank	<b>(27,822)</b>	(119,314)
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(1,098,476)</b>	2,757,196
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(11,498)</b>	(15,179)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,176,452)</b>	3,015,928
<b>Cash and cash equivalents at beginning of the period</b>	<b>14,220,581</b>	6,325,046
<b>Cash and cash equivalents at end of the period (Note 33)</b>	<b>13,044,129</b>	9,340,974

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# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

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

## 1 GENERAL

Bank of Chongqing Co., Ltd. (“the Bank”) was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established on 27 September 1996 by consolidating 37 urban credit cooperatives and one urban credit union in Chongqing with the approval of Yinfu [1996] No.140 by the People’s Bank of China (“PBOC”). On 30 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd” (重慶市商業銀行股份有限公司) with the approval of Yuyinfu [1998] No.48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.” (重慶銀行股份有限公司) with the approval of Yinjianfu [2007] No.325 by the China Banking Regulatory Commission (“CBRC”). On 6 November 2013, the Bank listed on the Stock Exchange of Hong Kong Limited.

Headquartered in Chongqing, the Bank operates in Chongqing, Sichuan Province, Guizhou Province and Shaanxi Province in the People’s Republic of China (the “PRC”).

As at 30 June 2014, the Bank operated the business through a business department, a small enterprise loan center and 114 branches and sub-branches covering all 38 districts and counties of Chongqing as well as three provinces in western China, namely Sichuan Province, Shaanxi Province and Guizhou Province.

The principal activities of the Bank are the provision of corporate and retail banking products and services, and the treasury operations in China.

These financial statements have been approved by the Board of Directors on 19 August 2014.

## 2 BASIS OF PRESENTATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### (a) Basis of presentation and critical accounting policies

The unaudited condensed interim financial information of the Bank has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” and disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

The financial information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 2 BASIS OF PRESENTATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (a) Basis of presentation and critical accounting policies (Continued)

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2(b).

Except as described below, the accounting policies and methods of computation used in the condensed financial information for the six months ended 30 June 2014 are the same as those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2013.

The Bank has adopted the following new or revised IFRSs effective for the current year. There is no early adoption of any new IFRSs not yet effective for the six months ended 30 June 2014.

IAS 32, Financial instruments: Presentation

Amendment to IFRS 10, IFRS 12 and IAS 27, Investment entities

IAS 32 Amendment provides additional application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

IFRS 10, IFRS 12 and IAS 27 Amendments apply to a particular class of business that qualifies as investment entities. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.

The application of these new and revised IFRSs does not have significant impact on the Bank's operating results, comprehensive income and financial position.

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Bank as at the relevant periods are as follows:

	<b>Effective for annual periods beginning on or after</b>
IFRS 9, Financial instruments – classification of financial assets and financial liabilities	January 1, 2015

IFRS 9 and IFRS 9 Amendments replaced those parts of IAS 39 relating to the classification, measurement and de-recognition of financial assets and financial liabilities with key changes mainly related to the classification and measurement of financial assets and certain types of financial liabilities. Together with the amendments to IFRS 9, IFRS 7 – Financial Instruments: Disclosures is also amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The Bank is in the process of assessing the impact of IFRS 9 on the financial statements.



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 2 BASIS OF PRESENTATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (b) Critical accounting estimates and judgments in applying accounting policies

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### 1) *Impairment allowances on loans and advances*

The Bank reviews its loan portfolios to assess impairment on a quarterly basis, unless known circumstances indicate that impairment may have occurred as of an interim date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or national or local economic conditions that correlate with defaults on assets in the Bank. The impairment loss for a loan and advance that is individually assessed for impairment is the difference between estimated discounted future cash flows and carrying amount. When loans and advances are collectively assessed for impairment, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

##### 2) *Fair value of financial instruments*

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include discounted cash flows analysis and models. To the extent practical, only observable data is used in models, however areas such as credit risk (both the Bank's and counterparties'), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

##### 3) *Income taxes*

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank has made estimates for items of uncertainty and application of new tax legislation taking into account existing tax legislation and past practice. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax, deferred income tax, and business tax in the period during which such a determination is made (Note 23).

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 2 BASIS OF PRESENTATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (b) Critical accounting estimates and judgments in applying accounting policies (Continued)

##### 4) *Investment securities – Held-to-maturity*

The Bank classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to hold these investments to maturity other than for specific circumstances defined in IAS 39 such as, selling an insignificant amount close to maturity, it will be required to reclassify the entire portfolio of assets as available-for-sale. The investments would therefore be measured at fair value, not at amortized cost.

##### 5) *Impairment of available-for-sale financial assets and held-to-maturity securities*

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires management judgment. In making this judgment, the Bank evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and business outlook for the investee, including factors such as industry and sector performance, credit ratings, delinquency rates and counterparty risk.

The Bank recognizes an impairment loss for an available-for-sale debt instrument and held to maturity debt securities when there is objective evidence that the debt instrument is impaired. Objective evidence of an impairment for a debt instrument exists when one or more events have occurred after the initial recognition of the debt instrument, that reduce the estimated future cash flows to be received on the debt instrument.

##### 6) *Definition of Structured Entity Control*

When the Bank acts as asset manager in structured entities, the Bank needs to identify its own role as the agent or the trustee. During the evaluation, the Bank considers many factors, such as: the scope of asset manager's decision-making power, rights held by other parties, commission levels as management service provider, and any other arrangements (such as direct investment) which could affect commission level. Currently, the Bank acts as the agent in all structured entities.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 3 NET INTEREST INCOME

	Six months ended 30 June	
	2014	2013
<b>Interest income</b>		
Balances with central banks	238,501	198,570
Due from other banks and financial institutions	801,529	634,861
Loans and advances to customers	3,424,474	2,878,629
Investment securities	1,580,691	1,109,888
Financial assets at fair value through profit or loss	173,637	107,745
	<b>6,218,832</b>	4,929,693
<b>Interest expense</b>		
Due to other banks and financial institutions	(989,591)	(851,155)
Customer deposits	(2,128,447)	(1,523,932)
Debts issued	(117,109)	(80,452)
	<b>(3,235,147)</b>	(2,455,539)
<b>Net interest income</b>	<b>2,983,685</b>	2,474,154

	Six months ended 30 June	
	2014	2013
Interest income accrued on loans and advances to customers individually impaired	7,064	3,437

### 4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2014	2013
<b>Fee and commission income</b>		
Commission income from financial advisory and consulting services	211,678	141,944
Commission income from wealth management agency service	81,980	116,343
Commission income from settlement and agency services	19,228	18,251
Commission income from bank card services	43,303	47,632
Commission income from credit commitments	23,510	19,306
Commission income from custodian services	102,432	46,362
	<b>482,131</b>	389,838
<b>Fee and commission expense</b>		
Commission expense from settlement and agency services	(18,325)	(14,895)
Commission expense from bank card services	(7,109)	(6,603)
Other commission expenses	(1,936)	(1,519)
	<b>(27,370)</b>	(23,017)
<b>Net fee and commission income</b>	<b>454,761</b>	366,821

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 5 NET TRADING INCOME

	Six months ended 30 June	
	2014	2013
Net gains/(losses) on:		
– foreign exchange	<b>24,455</b>	(1,201)
– interest rate instruments	<b>74,768</b>	14,328
	<b>99,223</b>	13,127

Net gains/(losses) on foreign exchange mainly include gains and losses from the retranslation of foreign currency monetary assets and liabilities into Renminbi and gains and losses from purchase of foreign currency spot.

The retranslation of foreign currency monetary assets and liabilities amounted to gains of RMB12,994 thousand for the six months ended 30 June 2014 (for the six months ended 30 June 2013: losses of RMB2,306 thousand).

Net gains/(losses) on interest rate instruments mainly include gains or losses generating from the fair value adjustment of the trading securities, which represent the financial assets at fair value through profit or loss.

### 6 OTHER OPERATING INCOME

	Six months ended 30 June	
	2014	2013
Profit on sale of land use rights and buildings and investment properties	<b>1,161</b>	3,857
Profit on sale of foreclosed assets and other assets	<b>290</b>	22,755
Dividend income from unlisted available-for-sale investments	<b>10,000</b>	7,791
Government grants	–	50
Rental income from investment properties	<b>588</b>	456
Income from dormant account	–	1,014
Other miscellaneous income	<b>1,708</b>	9,513
	<b>13,747</b>	45,436

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 7 OPERATING EXPENSES

	Note	Six months ended 30 June	
		2014	2013
Staff costs (including directors' and supervisors' emoluments)	8	569,775	457,389
General and administrative expenses		256,713	253,626
Business tax and surcharges		229,514	184,682
Depreciation of property, plant and equipment	18	42,377	38,398
Amortization of intangible assets	19(c)	8,749	5,474
Amortization of land use rights	19(b)	2,432	2,449
Depreciation of investment properties	19(d)	107	218
Amortization of long-term prepaid expenses		9,840	9,237
Rental expenses		43,204	29,509
Professional fees		5,935	8,739
Donations		2,170	4,208
Provision on foreclosed assets		34	4,248
Impairment loss/(reversal) on other receivables		257	(4,447)
Others		3,077	209
		<b>1,174,184</b>	993,939

### 8 STAFF COSTS (INCLUDING DIRECTORS' AND SUPERVISORS' EMOLUMENTS)

	Note	Six months ended 30 June	
		2014	2013
Salaries and bonuses		401,706	316,368
Pension costs	24	61,168	47,465
Housing benefits and subsidies		28,175	22,992
Labor union and staff education expenses		10,364	7,836
Other social security and benefit costs		68,362	62,728
		<b>569,775</b>	457,389

### 9 IMPAIRMENT ALLOWANCES ON LOANS AND ADVANCES TO CUSTOMERS

	Note	Six months ended 30 June	
		2014	2013
Loans and advances to customers	15(b)		
– Collectively assessed		161,802	81,929
– Individually assessed		76,266	20,189
		<b>238,068</b>	102,118

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 10 INCOME TAX EXPENSE

	Note	Six months ended 30 June	
		2014	2013
Current income tax		<b>544,248</b>	440,932
Deferred income tax	23	<b>(14,471)</b>	3,661
		<b>529,777</b>	444,593

Current income tax is calculated at 25% for the relevant period on the estimated assessable profit of the Bank.

The difference between the actual income tax charge in the statement of comprehensive income and the amounts which would result from applying the enacted tax rate 25% (For the six months ended 30 June 2013: 25%) to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2014	2013
Profit before income tax	<b>2,196,337</b>	1,855,225
Tax calculated at a tax rate of 25%	<b>549,084</b>	463,806
Tax effect arising from income not subject to tax <sup>(a)</sup>	<b>(22,201)</b>	(23,454)
Tax effect of expenses that are not deductible for tax purposes <sup>(b)</sup>	<b>4,059</b>	4,241
Tax filing differences for previous years	<b>(1,165)</b>	–
Income tax expense	<b>529,777</b>	444,593

(a) The income not subject to tax mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulation.

(b) The expenses that are not tax deductible mainly represent certain expenditure, such as entertainment expenses, etc., which exceed the tax deduction limits pursuant to PRC Law on corporate income tax.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 11 BASIC AND DILUTED EARNINGS PER SHARE

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

	Six months ended 30 June	
	2014	2013
Net profit attributable to shareholders of the Bank (in RMB thousands)	1,666,560	1,410,632
Weighted average number of ordinary shares in issue (thousands)	2,705,228	2,020,619
Basic earnings per share (expressed in RMB yuan)	0.62	0.70

#### (b) Diluted earnings per share

For the six months ended 30 June 2014, there were no potential diluted ordinary shares, therefore the diluted earnings per share were the same as the basic earnings per share (for the six months ended 30 June 2013: nil).

### 12 CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2014	31 December 2013
Cash	674,079	674,576
Mandatory reserve deposits	28,292,728	25,705,124
Surplus reserve deposits with central banks	9,225,715	6,428,134
Fiscal deposits	28,689	14,914
	<b>38,221,211</b>	<b>32,822,748</b>

The Bank is required to place mandatory deposits with central banks. The deposits are calculated based on the amount of deposits placed with the Bank by its customers.

	30 June 2014	31 December 2013
Mandatory reserve rate for deposits denominated in RMB	17.5%	18%
Mandatory reserve rate for deposits denominated in foreign currencies	5%	5%

Mandatory reserve deposits with central banks are not available for use by the Bank in its day to day operations.

Surplus reserve deposits are maintained with the PBOC mainly for liquidity purpose.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 13 DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2014	31 December 2013
Deposits with other banks and financial institutions	2,656,002	6,390,676
Notes purchased under resale agreements	20,194,504	18,396,401
Securities purchased under resale agreements	3,675,000	3,000,000
Other financial assets purchased under resale agreements	2,690,060	2,445,000
Placements with other banks	618,449	1,911,385
	<b>29,834,015</b>	32,143,462

### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014	31 December 2013
Corporate debt securities		
– Listed outside Hong Kong	2,583,225	815,733
– Unlisted – corporate bonds	3,413,544	1,193,804
	<b>5,996,769</b>	2,009,537

All the Bank's unlisted debt securities are traded in the inter-bank bond market in Mainland China.

For the six months ended 30 June 2014, no trading securities of the Bank, which represent the financial assets at fair value through profit or loss are pledged to third parties under any repurchase agreements (For the year ended 31 December 2013: nil).



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS

#### (a) Loans and advances to customers

	30 June 2014	31 December 2013
Loans and advances to corporate entities		
– Corporate loans	64,991,469	60,083,587
– Discounted bills	6,091,555	5,245,372
Subtotal	71,083,024	65,328,959
Loans and advances to individuals		
– Mortgages loans	16,470,196	15,790,408
– Individual consumption loans	3,219,671	2,233,591
– Credit card advances	1,338,300	1,007,641
– Individual business loans	7,410,268	6,127,637
– Others	2,298	16,080
Subtotal	28,440,733	25,175,357
Total	99,523,757	90,504,316
Less: allowance for impairment losses		
– Collectively assessed	(1,912,744)	(1,750,942)
– Individual assessed	(176,256)	(115,550)
Total	(2,089,000)	(1,866,492)
Loans and advances to customers	97,434,757	88,637,824

#### (b) Movements on allowance for losses on loans and advances to customers:

	30 June 2014		31 December 2013	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
<b>Balance at beginning of the period/year</b>	<b>1,750,942</b>	<b>115,550</b>	1,233,628	143,660
Impairment allowances for loans and advances charged to profit or loss	183,897	115,735	609,529	95,156
Reversal of impairment allowances for loans and advances	(22,095)	(39,469)	(92,215)	(76,838)
Net impairment allowances for loans and advances charged to profit or loss (Note 9)	161,802	76,266	517,314	18,318
Unwinding discount on allowances	–	(7,064)	–	(9,570)
Loans and advances written off during the period/year as uncollectible	–	(9,456)	–	(41,082)
Recoveries of loans and advances written off in prior periods/years	–	960	–	4,224
<b>Balance at end of the period/year</b>	<b>1,912,744</b>	<b>176,256</b>	1,750,942	115,550

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### (b) Movements on allowance for losses on loans and advances to customers: (continued)

	30 June 2014		31 December 2013	
	Corporate	Individual	Corporate	Individual
<b>Balance at beginning of the period/year</b>	<b>1,311,877</b>	<b>554,615</b>	1,142,803	234,485
Impairment allowances for loans and advances charged to profit or loss	<b>215,608</b>	<b>84,024</b>	347,851	356,834
Reversal of impairment allowances for loans and advances	<b>(41,814)</b>	<b>(19,750)</b>	(143,913)	(25,140)
Net impairment allowances for loans and advances charged to profit or loss	<b>173,794</b>	<b>64,274</b>	203,938	331,694
Unwinding of discount on allowances	<b>(5,663)</b>	<b>(1,401)</b>	(7,856)	(1,714)
Loans and advances written off during the period/year as uncollectible	<b>(8,597)</b>	<b>(859)</b>	(31,020)	(10,062)
Recoveries of loans and advances written off in prior periods/years	<b>357</b>	<b>603</b>	4,012	212
<b>Balance at end of the period/year</b>	<b>1,471,768</b>	<b>617,232</b>	1,311,877	554,615

#### (c) Individually identified loans with impairment allowance

	30 June 2014		31 December 2013	
	Impaired loan	Specific Provision	Impaired loan	Specific Provision
Corporate	<b>386,403</b>	<b>123,222</b>	245,412	67,048
Individual	<b>148,715</b>	<b>53,034</b>	109,190	48,502
	<b>535,118</b>	<b>176,256</b>	354,602	115,550

	30 June 2014	31 December 2013
Individually impaired loans to gross loans and advances to customers (percentage)	<b>0.54%</b>	0.39%

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### (d) Industry analysis

Concentration risks analysis for loans and advances to customers (gross) by economic sectors:

	30 June 2014		31 December 2013	
	Amount	%	Amount	%
<b>Corporate loans</b>				
Manufacturing	16,117,481	22.67	15,550,827	23.80
Wholesale and retail trade	13,502,310	19.00	10,597,333	16.22
Real estate	8,741,788	12.30	6,572,898	10.06
Construction	7,635,670	10.74	6,893,052	10.55
Administration of water conservancy, environment and public facilities	3,807,455	5.36	4,155,130	6.36
Renting and business activities	3,527,332	4.95	4,599,200	7.04
Mining	2,671,130	3.76	2,630,498	4.03
Transportation, storage and postal service	2,589,412	3.64	2,738,775	4.19
Electricity, gas and water production and supply	1,568,841	2.21	1,412,688	2.16
Agriculture, forestry, animal husbandry and fishery	1,248,638	1.76	1,143,960	1.75
Education	658,137	0.93	826,451	1.26
Financing	567,064	0.80	515,993	0.79
Household Services and other Services	572,640	0.80	853,643	1.31
Accommodation and catering	414,394	0.58	267,039	0.41
Culture, sports and entertainment	404,880	0.57	247,700	0.38
Scientific research, technology services and geological prospecting	369,490	0.52	477,196	0.73
IT and telecommunication services	340,986	0.48	382,263	0.59
Public administration and social organizations	150,000	0.21	150,000	0.23
Health, social security and social welfare	103,821	0.15	68,941	0.11
Discounted bills	6,091,555	8.57	5,245,372	8.03
Total corporate loans	71,083,024	100.00	65,328,959	100.00
<b>Individual loans</b>				
Mortgage loans	16,470,196	57.91	15,790,408	62.72
Individual business loans	7,410,268	26.06	6,127,637	24.34
Individual consumption loans	3,219,671	11.32	2,233,591	8.87
Credit card advances	1,338,300	4.70	1,007,641	4.00
Others	2,298	0.01	16,080	0.07
Total individual loans	28,440,733	100.00	25,175,357	100.00
Gross amount of loans and advances before allowance for impairment	99,523,757		90,504,316	

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

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### (e) Type of collateral analysis

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

	30 June 2014	31 December 2013
Collateralized loans	47,269,817	41,959,416
Pledged loans	13,592,771	11,263,885
Guaranteed loans	34,155,882	32,529,589
Unsecured loans	4,505,287	4,751,426
<b>Total</b>	<b>99,523,757</b>	<b>90,504,316</b>

#### (f) Loans and advances are summarized as follows:

	30 June 2014		31 December 2013	
	Loans and advances to customers	Discounted bills and trading bills	Loans and advances to customers	Discounted bills and trading bills
Neither past due nor impaired <sup>(i)</sup>	92,428,566	6,426,427	84,731,487	5,275,837
Past due but not impaired <sup>(ii)</sup>	133,646	–	142,390	–
Individually impaired <sup>(iii)</sup>	535,118	–	354,602	–
<b>Gross</b>	<b>93,097,330</b>	<b>6,426,427</b>	85,228,479	5,275,837
Less: Collective impairment allowances	(1,840,767)	(71,977)	(1,691,853)	(59,089)
Individual impairment allowances	(176,256)	–	(115,550)	–
<b>Total allowance</b>	<b>(2,017,023)</b>	<b>(71,977)</b>	(1,807,403)	(59,089)
<b>Net</b>	<b>91,080,307</b>	<b>6,354,450</b>	83,421,076	5,216,748

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### (f) Loans and advances are summarized as follows: (continued)

(i) Gross loans and advances neither past due nor impaired

The Bank monitors the credit risk of corporate loans and advances neither past due nor impaired by applying its grading system to customers.

30 June 2014	Internal rating		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	63,374,226	791,535	64,165,761
– Discounted bills	6,091,555	–	6,091,555
– Trade finance	334,872	–	334,872
Subtotal	69,800,653	791,535	70,592,188
Individual	28,097,621	165,184	28,262,805
Total	97,898,274	956,719	98,854,993

31 December 2013	Internal rating		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	59,160,309	518,175	59,678,484
– Discounted bills	5,245,372	–	5,245,372
– Trade finance	30,465	–	30,465
Subtotal	64,436,146	518,175	64,954,321
Individual	24,936,295	116,708	25,053,003
Total	89,372,441	634,883	90,007,324

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 15 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### (f) Loans and advances are summarized as follows: (continued)

##### (ii) Loans and advances past due but not impaired

	30 June 2014				
	Past due up to 30 days	Past due 30 – 60 days	Past due 60 – 90 days	Past due over 90 days	Total
Corporate entities	45,493	4,952	3,988	50,000	104,433
Individual	19,720	5,636	3,354	503	29,213
<b>Total</b>	<b>65,213</b>	<b>10,588</b>	<b>7,342</b>	<b>50,503</b>	<b>133,646</b>

	31 December 2013				
	Past due up to 30 days	Past due 30 – 60 days	Past due 60 – 90 days	Past due over 90 days	Total
Corporate entities	–	29,996	99,230	–	129,226
Individual	4,369	3,747	5,048	–	13,164
<b>Total</b>	<b>4,369</b>	<b>33,743</b>	<b>104,278</b>	<b>–</b>	<b>142,390</b>

##### (iii) Loans and advances that are individually impaired

As at 30 June 2014, individually impaired loans and advances to customers before taking into consideration the collateral held amounted to RMB535,118 thousand (31 December 2013: RMB354,602 thousand).

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

	30 June 2014	31 December 2013
Corporate entities	386,403	245,412
Individual	148,715	109,190
<b>Individually impaired loans and advance to customers</b>	<b>535,118</b>	<b>354,602</b>
Fair value of collaterals		
Corporate entities	607,449	244,692
Individual	119,869	75,123
<b>Individually impaired loans and advances to customers</b>	<b>727,318</b>	<b>319,815</b>

No individually-impaired amount due from other banks and financial institutions was held by the Bank as at 30 June 2014 (31 December 2013: nil).

The fair value of collaterals is estimated based on the latest available external valuations, the realization experience of the current collaterals and the market conditions.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 16 INVESTMENT SECURITIES

	30 June 2014	31 December 2013
<b>Investment securities – loans and receivables</b>		
Debt securities – at amortized cost		
– Unlisted		
– Trust schemes <sup>(1)</sup>	24,021,085	27,909,790
– Wealth management product purchased from financial institutions	1,384,731	1,683,233
– Directed asset management plans <sup>(2)</sup>	13,819,169	5,407,537
<b>Loans and receivables – Total</b>	<b>39,224,985</b>	<b>35,000,560</b>
<b>Investment securities – available-for-sale</b>		
Debt securities – at fair value		
– Listed outside Hong Kong	100,000	1,143,432
– Unlisted	3,701,815	3,630,663
<b>Debt securities</b>	<b>3,801,815</b>	<b>4,774,095</b>
<b>Equity securities – at fair value</b>		
– Unlisted	182,850	182,850
<b>Equity securities</b>	<b>182,850</b>	<b>182,850</b>
Others	14	14
<b>Available-for-sale – Total</b>	<b>3,984,679</b>	<b>4,956,959</b>
<b>Investment securities – held-to-maturity</b>		
Debt securities-at amortized cost		
– Listed outside Hong Kong	4,869,488	4,584,645
– Unlisted	2,651,192	2,888,597
<b>Held-to-maturity – Total</b>	<b>7,520,680</b>	<b>7,473,242</b>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 16 INVESTMENT SECURITIES (CONTINUED)

Investment securities are analysed by issuer as follows:

	30 June 2014	31 December 2013
<b>Investment Securities – loans and receivables</b>		
– Trust schemes <sup>(1)</sup>	24,021,085	27,909,790
– Wealth management products purchased from financial institutions	1,384,731	1,683,233
– Directed asset management plans <sup>(2)</sup>	13,819,169	5,407,537
	<b>39,224,985</b>	<b>35,000,560</b>
<b>Investment Securities – available-for-sale</b>		
– Non-commercial bank bonds	3,161,696	2,901,170
– Corporate bonds	640,119	1,872,925
– Equity investment at fair value	182,850	182,850
– Others	14	14
	<b>3,984,679</b>	<b>4,956,959</b>
<b>Investment Securities – held-to-maturity</b>		
– Government bonds	5,213,612	4,930,028
– Policy bank bonds	1,811,068	1,947,214
– Commercial bank bonds	450,000	550,000
– Corporate bonds	46,000	46,000
	<b>7,520,680</b>	<b>7,473,242</b>

(1) The trust schemes mainly include the trust schemes purchased from trust companies and other banks and the wealth management products invested in trust schemes. The trust schemes purchased from trust companies were RMB15,571,600 thousand in principal as at 30 June 2014 (31 December 2013: RMB18,397,900 thousand), and the trust schemes purchased from other banks were RMB8,425,000 thousand in principal as at 30 June 2014 (31 December 2013: RMB8,591,500 thousand) and no wealth management products invested in trust scheme as at 30 June 2014 (31 December 2013: RMB900,000 thousand). The underlying assets of the trust schemes are trust loans for the corporate borrowers. All trust schemes are guaranteed by third-party banks, guarantee companies, corporates or collaterals. The guarantee contracts cover the principal and interest related to the trust scheme.

(2) The directed asset management plans include the asset management plan purchased from securities companies and asset management companies. The directed asset management plan purchased from securities companies were RMB13,817,000 thousand in principal as at 30 June 2014 (31 December 2013: RMB5,287,000 thousand), no directed asset management plan purchased from asset management company (31 December 2013: RMB120,000 thousand). The underlying assets of the directed asset management are bonds, due from other banks, bond repurchase agreements, trust schemes, etc. All directed asset management plans are guaranteed by third-party banks, guarantee companies, corporates or collaterals. The guarantee contracts cover the principal and interest related to the directed asset management plans.

Net gains/(losses) on investment securities include:

	Six months ended 30 June	
	2014	2013
Net gains arising from de-recognition of held-for-trading financial assets	2,455	51,003
Net gains/(losses) arising from de-recognition of available-for-sale financial assets	54,028	(50)
	<b>56,483</b>	<b>50,953</b>



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 17 INVESTMENT IN AN ASSOCIATE

	<b>30 June 2014</b>	31 December 2013
Beginning of the period/year	<b>24,370</b>	22,935
Share of results	<b>690</b>	1,435
End of the period/year	<b>25,060</b>	24,370

In 5 May 2011, the Bank invested RMB22,000 thousand in establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110,000 thousand.

The investment in the associate of the Bank is the corporation's unlisted ordinary shares. Assets, liabilities, revenue and profit/(loss) of the associate are as follows:

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Interest held
<b>As of/for the six months ended 30 June 2014</b>						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	571,014	447,049	16,146	3,451	20%
<b>As of/for the year ended 31 December 2013</b>						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	540,028	419,354	24,564	7,178	20%

\* The English name of the associate represents the best effort by management of the Bank in translating the Chinese name as the associate does not have an official English name.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 18 PROPERTY PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
<b>Cost</b>						
At 1 January 2014	1,333,045	18,720	270,437	90,182	834,768	2,547,152
Additions	11,140	–	9,298	2,891	107,703	131,032
Construction in progress transfer in/(out)	149,684	–	76	1,042	(150,802)	–
Investment properties transfer in	3,710	–	–	–	–	3,710
Disposals	(5,992)	(255)	(6,358)	(3,079)	(7)	(15,691)
<b>At 30 June 2014</b>	<b>1,491,587</b>	<b>18,465</b>	<b>273,453</b>	<b>91,036</b>	<b>791,662</b>	<b>2,666,203</b>
<b>Accumulated depreciation</b>						
At 1 January 2014	(235,219)	(13,679)	(176,436)	(52,846)	–	(478,180)
Charge for the period	(22,134)	(896)	(13,725)	(5,622)	–	(42,377)
Transfer in	(633)	–	–	–	–	(633)
Disposals	3,299	248	5,701	2,980	–	12,228
<b>At 30 June 2014</b>	<b>(254,687)</b>	<b>(14,327)</b>	<b>(184,460)</b>	<b>(55,488)</b>	<b>–</b>	<b>(508,962)</b>
<b>Net book value</b>						
<b>At 30 June 2014</b>	<b>1,236,900</b>	<b>4,138</b>	<b>88,993</b>	<b>35,548</b>	<b>791,662</b>	<b>2,157,241</b>
<b>Cost</b>						
At 1 January 2013	1,091,980	18,501	232,892	79,903	454,839	1,878,115
Additions	12,157	326	39,559	10,126	617,943	680,111
Construction in progress transfer in/(out)	233,386	552	3,330	746	(238,014)	–
Investment properties transfer in	2,175	–	–	–	–	2,175
Disposals	(6,653)	(659)	(5,344)	(593)	–	(13,249)
At 31 December 2013	1,333,045	18,720	270,437	90,182	834,768	2,547,152
<b>Accumulated depreciation</b>						
At 1 January 2013	(198,165)	(12,185)	(154,405)	(42,833)	–	(407,588)
Charge for the year	(39,194)	(2,133)	(27,205)	(10,588)	–	(79,120)
Transfer in	(949)	–	–	–	–	(949)
Disposals	3,089	639	5,174	575	–	9,477
At 31 December 2013	(235,219)	(13,679)	(176,436)	(52,846)	–	(478,180)
<b>Net book value</b>						
At 31 December 2013	1,097,826	5,041	94,001	37,336	834,768	2,068,972

As at 30 June 2014, certain buildings with carrying value of RMB90,665 thousand for which registration for the property ownership certificates had not been completed (31 December 2013: RMB84,601 thousand). However, such registration process has little effect on the rights of the Bank to these assets.

All buildings of the Bank are located outside Hong Kong.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 18 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

The carrying values of the buildings are analysed based on the remaining lease terms as follows:

	30 June 2014	31 December 2013
Held outside Hong Kong		
on long-term lease (over 50 years)	122	178
on medium-term lease (10-50 years)	1,236,778	1,097,648
	<b>1,236,900</b>	1,097,826

### 19 OTHER ASSETS

	30 June 2014	31 December 2013
Interest receivable (Note(a))	910,188	867,239
Fee and commission receivable	134,083	124,014
Other receivables	98,408	15,931
Less: impairment allowance	(1,487)	(1,216)
Land use rights (Note(b))	170,477	172,909
Leasehold improvement	52,240	51,775
Intangible assets (Note(c))	60,811	59,476
Repossessed assets	15,428	17,779
Prepaid rental expenses	29,927	28,150
Investment properties (Note(d))	5,191	7,633
	<b>1,475,266</b>	1,343,690

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 19 OTHER ASSETS (CONTINUED)

Notes:

(a) Interest receivable:

	30 June 2014	31 December 2013
Due from and placements with banks, other financial institutions, and central banks	17,859	41,449
Debt securities	646,129	599,105
Loans and advances to customers	246,200	226,685
	<b>910,188</b>	867,239

(b) Land use rights

	30 June 2014	31 December 2013
<b>Cost</b>		
Beginning of the period/year	194,165	195,571
Additions	-	-
Disposals	-	(1,406)
End of the period/year	194,165	194,165
<b>Accumulated amortization</b>		
Beginning of the period/year	(21,256)	(16,666)
Additions	(2,432)	(4,897)
Transfer out	-	307
End of the period/year	(23,688)	(21,256)
<b>Net book value</b>		
End of the period/year	170,477	172,909

The net book values of land use rights are analyzed based on the remaining terms of the leases as follows:

	30 June 2014	31 December 2013
Held outside Hong Kong on medium-term lease (10-50 years)	170,477	172,909

(c) Intangible assets

	30 June 2014	31 December 2013
<b>Cost</b>		
Beginning of the period/year	106,157	73,588
Additions	10,084	32,569
End of the period/year	116,241	106,157
<b>Accumulated amortization</b>		
Beginning of the period/year	(46,681)	(33,777)
Additions	(8,749)	(12,904)
End of the period/year	(55,430)	(46,681)
<b>Net book value</b>		
End of the period/year	60,811	59,476

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 19 OTHER ASSETS (CONTINUED)

Notes: (Continued)

(d) Investment properties

	30 June 2014	31 December 2013
<b>Cost</b>		
Beginning of the period/year	11,424	13,599
Additions	–	–
Transfer in from property, plant and equity	2,154	–
Transfer out	(3,710)	(2,175)
Disposals	–	–
End of the period/year	9,868	11,424
<b>Accumulated depreciation</b>		
Beginning of the period/year	(3,791)	(4,311)
Additions	(107)	(429)
Transfer in from property, plant and equity	(1,412)	–
Transfer out	633	949
End of the period/year	(4,677)	(3,791)
<b>Net book value</b>		
End of the period/year	5,191	7,633

The carrying amount of the investment properties is analysed based on the remaining terms of the leases as follows:

	30 June 2014	31 December 2013
Held outside Hong Kong on medium-term lease (10-50 years)	5,191	7,633

### 20 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2014	31 December 2013
Loans from the PBOC	1,710,301	2,458,216
Deposits from other banks	19,646,208	21,690,766
Deposits from other financial institutions	3,620,142	1,077,500
Loans from other banks	632,630	1,054,675
Notes sold under repurchase agreements	8,808,822	7,468,415
	34,418,103	33,749,572

### 21 CUSTOMER DEPOSITS

	30 June 2014	31 December 2013
Corporate demand deposits	49,165,528	46,694,854
Corporate time deposits	61,765,755	56,788,904
Individual demand deposits	10,154,341	10,202,369
Individual time deposits	19,473,382	14,714,891
Other deposits	27,443,206	20,400,027
	168,002,212	148,801,045
Including:		
Pledged deposits held as collateral	27,051,605	20,286,637

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 22 OTHER LIABILITIES

	<b>30 June 2014</b>	31 December 2013
Interest payable <sup>(a)</sup>	<b>2,596,399</b>	1,741,429
Wealth management product	<b>379,585</b>	2,938,325
Staff salary payable	<b>191,588</b>	175,959
Business and other tax payable	<b>161,586</b>	111,468
Dividends payable	<b>591,207</b>	13,058
Deferred income	<b>60,000</b>	60,000
Other payable	<b>253,583</b>	496,646
Settlement fund	<b>675,468</b>	84,525
Promissory notes	<b>86</b>	81,070
Others	<b>131,838</b>	101,739
	<b>5,041,340</b>	5,804,219

(a) Interest payable:

	<b>30 June 2014</b>	31 December 2013
Deposits from banks and other financial institutions	<b>292,991</b>	214,500
Customer deposits	<b>2,262,658</b>	1,346,683
Debts issued	<b>40,750</b>	180,246
Total	<b>2,596,399</b>	1,741,429

### 23 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% for the period ended 30 June 2014 (year ended 31 December 2013: 25%) for transactions in the PRC.

The movement in the deferred income tax account is as follows:

	<b>30 June 2014</b>	31 December 2013
Balance at beginning of the period/year	<b>305,651</b>	170,912
Charge to profit or loss <i>(Note(10))</i>	<b>14,471</b>	102,885
Available-for-sale securities-fair value adjustment	<b>(26,280)</b>	31,854
At end of the period/year	<b>293,842</b>	305,651

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 23 DEFERRED INCOME TAXES (CONTINUED)

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

	30 June 2014	31 December 2013
<b>Deferred income tax assets</b>		
Assets impairment allowances	247,063	218,507
Fair value losses	11,627	48,968
Others	42,783	38,176
	<b>301,473</b>	305,651
<b>Deferred income tax liabilities</b>		
Fair value gains	(7,631)	–
<b>Net deferred income tax assets</b>	<b>293,842</b>	305,651

Deferred income tax in the statement of comprehensive income comprises the following temporary differences:

	Six months ended 30 June	
	2014	2013
Assets impairment allowances	28,556	(1,570)
Fair value gains	(18,692)	(3,583)
Others	4,607	1,492
	<b>14,471</b>	(3,661)

### 24 RETIREMENT BENEFIT OBLIGATIONS

The Bank pays supplementary retirement benefits to employees in Mainland China, who retired before 30 June 2011. The Bank's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Bank is committed to pay to the employees after their retirement using actuarial techniques. Such benefits are discounted to determine their present values. The discount rate is the yield on government bonds at the balance sheet date, the maturity dates of which approximate to the terms of the Bank's obligations. Actuarial gains and losses, changes in actuarial assumptions and amendments to pension plan are charged or credited to the statement of comprehensive income as they occur. The amounts recognised in the statement of financial position represent the present value of unfunded obligations plus any unrecognised actuarial gains and losses minus any unrecognised past service cost.

Employees who retire after 1 January 2010 can voluntarily participate in an annuity plan. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary and recognised in current profit and loss as incurred.

	Six months ended 30 June	
	2014	2013
Expenses incurred for retirement benefit plans	44,718	32,931
Expenses incurred for supplementary retirement benefits	494	411
Expenses incurred for corporate annuity plan	15,956	14,123
Total	<b>61,168</b>	47,465

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 24 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	30 June 2014	31 December 2013
Statement of financial position obligations for:		
– Pension benefits	20,445	19,691
	Six months ended 30 June	
	2014	2013
Statement of comprehensive income charge for:		
– Pension benefits	494	411

The amounts recognized in the statements of financial position are determined as follows:

	30 June 2014	31 December 2013
Present value of unfunded obligations	20,445	19,691
Unrecognized past service cost	–	–
Net liability in the statement of financial position	20,445	19,691

### 25 DEBTS ISSUED

	30 June 2014	31 December 2013
Subordinated debts		
Fixed rate subordinated debt – 2019 <sup>(a)</sup>	–	995,856
Fixed rate subordinated debt – 2022 <sup>(b)</sup>	795,260	795,071
Financial debt		
Fixed rate financial debt – 2018 <sup>(c)</sup>	2,988,215	2,986,843
	<b>3,783,475</b>	<b>4,777,770</b>

(a) Pursuant to a resolution of the extraordinary general meeting approved on 11 November 2008 and the approval of Yinjianfu [2009] No. 42 by the CBRC (the "Approval to Bank of Chongqing for issuing subordinated debts") on 9 February 2009, the Bank issued a RMB1 billion subordinated debt within China domestic interbank bond market in April 2009. The fixed-rate subordinated debts issued on 3 April 2009 have a maturity of 10 years, with a fixed coupon rate of 5.31 per annum for the first five years, payable annually. The Bank redeemed all of the bonds at the face value on 3 April 2014.

(b) Pursuant to a resolution of the extraordinary general meeting approved on 12 August 2011 and the approval of Yinjianfu [2011] No. 511 by the CBRC (the "Approval to Bank of Chongqing for issuing subordinated debts") on 18 November 2011, the Bank issued a RMB800 million subordinated debt within China domestic interbank bond market in March 2012. The fixed-rate subordinated debt issued on 21 March 2012 has a maturity of 10 years, with a fixed coupon rate of 6.8 per annum for ten years, payable annually. The Bank has the option to redeem all of the bonds at the face value on 21 March 2017.

The subordinated debts are subordinated to all other claims on the assets of the Bank except for the Bank's share capital. In the calculation of the Bank's capital adequacy ratio, those debts qualify for inclusion as supplementary capital.

(c) Pursuant to a resolution of the extraordinary general meeting approved on 25 November 2011 and the approval of Yinjianfu [2012] No. 526 by the CBRC (the "Approval to Bank of Chongqing for issuing small and micro enterprises financial bond") on 21 September 2012, the Bank issued a RMB3 billion financial bond within China domestic interbank bond market in April 2013. The fixed rate financial debt has a maturity of 5 years, with a fixed coupon rate of 4.78 per annum for five years, payable annually. The fund is raised for small and micro enterprise loans.

As at 30 June 2014, there are no defaults of principal and interest or other breaches with respect to these debts from the issuance of these debt securities (31 December 2013: nil).



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 26 SHARE CAPITAL AND CAPITAL SURPLUS

All shares of the Bank issued are fully paid common shares. The par value per share is RMB1 Yuan. The Bank's number of shares is as follows:

	<b>30 June 2014</b>	31 December 2013
Number of shares at the beginning of the period/year (in thousands)	<b>2,705,228</b>	2,020,619
Shares issued — H shares offering <sup>(i)</sup>	—	684,609
Number of shares at the beginning of the period/year (in thousands)	<b>2,705,228</b>	2,705,228

(i) The Bank issued 670,000,000 H shares with par value of RMB1 per share at offer price of HKD6 per share on 6 November 2013. On 4 December 2013, the Bank issued additional 14,608,901 H shares with par value of RMB1 per share at offer price of HKD6 per share under the over-allotment options granted during the initial public offering were partially exercised.

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

- (a) share premium arising from the issue of shares at prices in excess of their par value;
- (b) donations received from shareholders; and
- (c) any other items required by the PRC regulations to be so treated.

Capital reserve can be utilized for the issue of bonus shares or for increasing paid-in capital as approved by the shareholders.

As at 30 June 2014 and 31 December 2013, the Bank's capital surplus is shown as follows:

	<b>30 June 2014</b>	31 December 2013
Share premium	<b>2,443,823</b>	2,443,823
Donations received from shareholders	<b>800</b>	800
	<b>2,444,623</b>	2,444,623

### 27 OTHER RESERVES

	Surplus reserve (a)	General reserve (b)	Revaluation reserve for AFS securities	Surplus on remeasure- ment of retirement benefits	Total
<b>Balance at 1 January 2014</b>	<b>922,494</b>	<b>1,843,080</b>	<b>(113,543)</b>	<b>1,575</b>	<b>2,653,606</b>
Other comprehensive income Addition	—	—	<b>78,840</b>	<b>(592)</b>	<b>78,248</b>
	—	<b>659,352</b>	—	—	<b>659,352</b>
<b>Balance at 30 June 2014</b>	<b>922,494</b>	<b>2,502,432</b>	<b>(34,703)</b>	<b>983</b>	<b>3,391,206</b>
Balance at 1 January 2013	689,567	1,010,330	(17,981)	1,347	1,683,263
Other comprehensive income Addition	—	—	(95,562)	228	(95,334)
	232,927	832,750	—	—	1,065,677
Balance at 31 December 2013	922,494	1,843,080	(113,543)	1,575	2,653,606

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 27 OTHER RESERVES (CONTINUED)

(a) *Surplus reserve*

*In accordance with the "Company Law of the People's Republic of China" and the Bank's Articles of Association, 10% of the net distributable profit of the Bank, is required to be transferred to a non-distributable statutory reserve until such time when this reserve reaches 50% of the share capital of the Bank. With approval, statutory reserve can be used for making up losses, or increasing the share capital.*

*The Bank's statutory reserve as at 30 June 2014 amounted to RMB922,493,949 yuan (31 December 2013: RMB922,493,949 yuan).*

(b) *General reserve*

*Pursuant to Circulars No.49 'Notice on issuing administrative measures for provision of bad debt allowance for financial enterprise' and No.90 issued 'Notice on provision of bad debt allowance' by MOF in 2005 (the "MOF Circulars"), effective from 17 May, 2005 and 5 September 2005 respectively, banks and certain other financial institutions in the PRC, are required to maintain adequate allowances for impairment losses against their risk assets. In addition, a general risk reserve should be established through the appropriation of retained earnings. As a guiding principle, the balance of general risk reserve should not be less than 1% of the aggregate amount of all risk assets.*

*Since 1 July 2012, the Bank appropriates general reserves according to the regulation of Circulars 'Appropriation Management Measures of Reserve Funds for Financial Enterprises' Caijin [2012] No. 20 issued by MOF. In principal the general reserve balance should not be below 1.5% of the balance of risk assets. This Circulars also stipulate that if the balance of general risk reserve can hardly reach 1.5% of the aggregate amount of all risk assets, the reserve may be appropriated to 1.5% during a period of several years, however, the appropriation cannot exceed 5 years in principle.*

*A general reserve of RMB659,352 thousand based on 1.5% of the balance of risk assets for the year ended 31 December 2013 has been approved at the annual general meeting of Shareholders on 16 May 2014. For the six months ended 30 June 2014, the Bank appropriated general reserve of RMB659,352 thousand from retained earnings (for the six months ended 30 June 2013: RMB832,750 thousand). As at 30 June 2014, the ending balance of general reserve is RMB2,502,432 thousand.*

### 28 DIVIDENDS

	Six months ended 30 June	
	2014	2013
Dividend declared during the year	605,971	141,443
Dividend per share (in RMB yuan) (Based on prior year shares)	0.224	0.07

Under PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (i) Making up prior year's cumulative losses, if any.
- (ii) Allocations to the non-distributable statutory accumulation reserve of 10% of the net profit of the Bank.

In accordance with the relevant regulations, after the Bank's initial public offering, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the lesser of (i) the retained profits determined in accordance with the PRC Generally Accepted Accounting Principles and (ii) the retained profit determined in accordance with IFRS.

A dividend of RMB0.224 per share in respect of profit for the year ended 31 December 2013 (2012: RMB0.07 per share), amounting to a total dividend of RMB605,971 thousand based on the number of shares issued as at 31 December 2013, has been approved at the annual general meeting of Shareholders.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 29 STRUCTURED ENTITY

#### Unconsolidated Structured Entity

##### (i) *Unconsolidated Structured Entities Managed by the Bank*

The unconsolidated structure entities managed by the Bank were mainly wealth management products issued and managed by the Bank acting as an agent. Based on the analysis and research on the potential targeted clients, the Bank designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Bank gained from investment. The Bank received corresponding wealth management commission fee income as the asset manager. The Bank regarded that the variable return was insignificant as to the structured entities. As at 30 June 2014, the maximum risk exposure of the unconsolidated structured entities was the commission fees of the wealth management product whose amount was insignificant.

As at 30 June 2014, the balance of the unconsolidated wealth management product issued and managed by the Bank was RMB20,287,386 thousand (as at 31 December 2013: RMB13,450,495 thousand).

##### (ii) *Unconsolidated Structured Entities Invested by the Bank*

In order to get gains by using capital, the unconsolidated structured entities invested by the Bank mainly included the wealth management products issued and managed by the third party, capital trust schemes and directed asset management plans. The Bank classified the unconsolidated structured entities as loans and receivables.

The table below lists the book value and maximum loss risk exposure of the asset due to the holdings of gains from unconsolidated structured entities (including interest receivable).

<b>30 June 2014</b>	<b>Book Value</b>	<b>Maximum Risk Exposure</b>
Loans and receivables	39,596,804	39,596,804

For the six months ended 30 June 2014, the interest income and fee and commission income from the above unconsolidated structured entities were:

	<b>Six months ended 30 June 2014</b>
Interest Income	1,306,487
Fee and Commission Income	184,412
	<b>1,490,899</b>

For the six months ended 30 June 2014, there were no loss related to the above unconsolidated structured entities.

As at 30 June 2014, the Bank has not provided any financial or other support plan to unconsolidated structured entities.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

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

#### Financial guarantees and credit related commitments

The following tables indicate the contractual amounts of the Bank's financial guarantees and credit related commitments which the Bank commits to extend to customers:

	30 June 2014	31 December 2013
Guarantees	493,608	182,396
Letters of credit	2,124,105	686,209
Acceptances	44,707,606	36,329,177
Other commitments with an original maturity of – Under 1 year	1,357,822	802,728
	<b>48,683,141</b>	38,000,510

#### Capital expenditure commitments

	30 June 2014	31 December 2013
Contracted but not provided for:		
Capital expenditure commitments for buildings	331,228	245,192
Acquisition of IT system	77,756	62,748
	<b>408,984</b>	307,940
Authorized but not contracted for:		
Capital expenditure commitments for buildings	578,209	10,761

#### Operating lease commitments

Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases in respect of buildings are as follows:

	30 June 2014	31 December 2013
Not later than 1 year	52,163	50,842
Later than 1 year and not later than 5 years	101,559	97,025
Later than 5 years	20,816	2,164
	<b>174,538</b>	150,031

#### Legal proceedings

As at 30 June 2014, the Bank is going through some legal proceedings arising from the normal business operation as the defendant. After consulting with legal counsel, the management of the Bank believes that the final verdict of those legal proceedings is unlikely to have a significant impact on the Bank's financial situation or business operation.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 31 ASSETS PLEDGED

Assets are pledged as collateral under repurchase agreements with other banks and financial institutions and for security deposits relating to local futures, options and stock exchange memberships. The fair value of them is as follows:

	<b>30 June 2014</b>	31 December 2013
Bills	<b>1,443,813</b>	1,887,394

The Bank accepts collateral for the securities purchased under resale agreement. As at 30 June 2014, the Bank did not accept collateral that it is permitted to sell or repledge in the absence of default in connection with its reverse repurchase agreements. These transactions are conducted during ordinary course of business(31 December 2013: nil). The Bank is obliged to return the collateral on the agreed resale day. As at 30 June 2014, the Bank did not sell or re-pledge such collateral received(31 December 2013: nil). The fair value of them is as follows:

	<b>30 June 2014</b>	31 December 2013
Bills	<b>9,023,221</b>	7,697,368

### 32 OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	Before tax amount	Tax expense	Net of tax amount
<b>As at 30 June 2014</b>			
<i>Items that may be reclassified to profit or loss</i>			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	<b>105,120</b>	<b>(26,280)</b>	<b>78,840</b>
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of pension scheme	<b>(790)</b>	<b>198</b>	<b>(592)</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>104,330</b>	<b>(26,082)</b>	<b>78,248</b>
<b>As at 30 June 2013</b>			
<i>Items that may be reclassified to profit or loss</i>			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	2,360	(590)	1,770
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of pension scheme	(29)	7	(22)
<b>Other comprehensive income/(loss) for the period</b>	<b>2,331</b>	<b>(583)</b>	<b>1,748</b>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 33 NOTES TO STATEMENTS OF CASH FLOW

For the purposes of the statements of cash flow, cash and cash equivalents comprise the following balances with original maturities of less than three months used for the purpose of meeting short-term cash commitments:

	<b>30 June 2014</b>	30 June 2013
Cash and balances with central banks	<b>9,899,794</b>	6,870,114
Due from other banks and financial institutions	<b>2,572,057</b>	2,370,680
Placements with banks	<b>572,278</b>	100,180
	<b>13,044,129</b>	9,340,974

### 34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if the Bank has control, joint control or significant influence over a party; or a party has control, joint control or significant influence over the Bank; or a party and the Bank are under the same control, joint control or significant influence of another party. Related parties can be individuals or enterprises. The major related parties of the Bank include: the Bank's associates, the major shareholders who have significant influence over the Bank's operating strategies and financial policies as well as the entities controlled by them, and the Bank's directors, supervisors, senior management and their family members.

The main transactions between the Bank and the related parties are loans and deposits, which are engaged under ordinary business terms.

All transaction balances and ranges of the interest rate with the related parties at the end of Reporting Period are as follows:

	<b>30 June 2014</b>	31 December 2013
Loans and advances to customers	<b>366,339</b>	368,438
Customer deposits	<b>907,445</b>	1,275,605
Due to other banks and financial institutions	<b>51,653</b>	107,000
Investment securities-receivables	-	900,000
Fee and commission receivable	<b>400</b>	400

	<b>30 June 2014</b>	31 December 2013
Loans and advances to customers	<b>5.90%-7.21%</b>	5.76%-7.80%
Customer deposits	<b>0.39%-5.25%</b>	0.39%-5.85%
Due to other banks and financial institutions	<b>0.72%</b>	0.05%-0.07%
Investment securities-receivables	-	9.70%-9.90%

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 34 RELATED PARTY TRANSACTIONS (CONTINUED)

	Six months ended 30 June	
	2014	2013
Interest revenue	<b>13,344</b>	15,096
Interest expense	<b>6,333</b>	6,213
Fee and commission income	<b>6,290</b>	9,720

#### Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including directors and executive officers.

The Bank enters into banking transactions with key management personnel in the normal course of business. During the six months ended 30 June 2014 and the year ended 31 December 2013, there were no material transactions and balances with key management personnel on an individual basis.

### 35 SEGMENT ANALYSIS

The Bank's operating segments are business units provide different financial products and service 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.

The Bank has four operating segments. They are corporate banking, retail banking, treasury and other classes of business.

Corporate banking mainly provides corporate customers with financial products and services including deposits and loans.

Retail banking mainly provides individual customers with financial products and services including deposits and loans.

Treasury mainly performs inter-bank lending and borrowing, securities investment, re-purchasing and foreign currency transactions.

Unallocated classes of business perform the businesses not included in the above three segments or cannot be allocated with appropriate basis.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 35 SEGMENT ANALYSIS (CONTINUED)

	For the six months ended 30 June 2014				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	972,280	323,747	1,687,658	–	2,983,685
Intersegment net interest income/(expense)	988,898	224,409	(1,213,307)	–	–
<b>Net interest income</b>	<b>1,961,178</b>	<b>548,156</b>	<b>474,351</b>	<b>–</b>	<b>2,983,685</b>
<b>Net fee and commission income</b>	<b>363,705</b>	<b>91,056</b>	<b>–</b>	<b>–</b>	<b>454,761</b>
Net trading income	–	–	99,223	–	99,223
Net gains on investment securities	–	–	56,483	–	56,483
Share of profits of an associate	–	–	690	–	690
Other operating income	829	332	10,000	2,586	13,747
Impairment losses on loans and advances to customers	(173,794)	(64,274)	–	–	(238,068)
Operating expense	(753,507)	(265,140)	(148,814)	(6,723)	(1,174,184)
– Depreciation and amortization	(45,756)	(16,198)	(1,466)	(85)	(63,505)
– Others	(707,751)	(248,942)	(147,348)	(6,638)	(1,110,679)
<b>Profit before income tax</b>	<b>1,398,411</b>	<b>310,130</b>	<b>491,933</b>	<b>(4,137)</b>	<b>2,196,337</b>
<b>Capital expenditure</b>	<b>72,969</b>	<b>18,979</b>	<b>57,650</b>	<b>203</b>	<b>149,801</b>
<b>Segment assets</b>	<b>110,171,734</b>	<b>28,655,471</b>	<b>87,042,266</b>	<b>306,665</b>	<b>226,176,136</b>
<b>Segment liabilities</b>	<b>142,784,378</b>	<b>30,162,901</b>	<b>38,603,692</b>	<b>7,057</b>	<b>211,558,028</b>



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 35 SEGMENT ANALYSIS (CONTINUED)

	For the six months ended 30 June 2013				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	978,253	230,262	1,265,639	–	2,474,154
Intersegment net interest income/(expense)	695,852	149,011	(844,863)	–	–
<b>Net interest income</b>	<b>1,674,105</b>	<b>379,273</b>	<b>420,776</b>	<b>–</b>	<b>2,474,154</b>
<b>Net fee and commission income</b>	<b>215,425</b>	<b>151,396</b>	<b>–</b>	<b>–</b>	<b>366,821</b>
Net trading income	–	–	13,127	–	13,127
Net gains on investment securities	–	–	50,953	–	50,953
Share of profits of an associate	–	–	791	–	791
Other operating income	–	–	7,791	37,645	45,436
Impairment losses on loans and advances to customers	(48,999)	(53,119)	–	–	(102,118)
Operating expense	(703,505)	(165,069)	(119,960)	(5,405)	(993,939)
-Depreciation and amortization	(42,737)	(10,213)	(2,773)	(53)	(55,776)
-Others	(660,768)	(154,856)	(117,187)	(5,352)	(938,163)
<b>Profit before income tax</b>	<b>1,137,026</b>	<b>312,481</b>	<b>373,478</b>	<b>32,240</b>	<b>1,855,225</b>
<b>Capital expenditure</b>	<b>211,252</b>	<b>54,018</b>	<b>160,290</b>	<b>413</b>	<b>425,973</b>
<b>Segment assets</b>	<b>93,447,011</b>	<b>23,894,772</b>	<b>70,904,124</b>	<b>182,407</b>	<b>188,428,314</b>
<b>Segment liabilities</b>	<b>120,126,633</b>	<b>23,681,241</b>	<b>35,079,269</b>	<b>11,884</b>	<b>178,899,027</b>

### 36 FIDUCIARY ACTIVITIES

The Bank provides custody and trustee services to third parties, and grants entrusted loans on behalf of third-party lenders. They are as follows:

	30 June 2014	31 December 2013
Assets held in investment custody accounts	<b>6,919,900</b>	4,711,900
Entrust loans	<b>4,363,465</b>	4,071,283

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 37 NON-GUARANTEED WEALTH MANAGEMENT PRODUCTS

The Bank issue and manage non-guaranteed wealth management products to institutional and individual investors. The funds raised from the institutional and individual investors are mainly invested in the open market bonds and trust schemes. The maturity of these non-guaranteed wealth management products ranged from one month to one year.

The Bank assesses its control on the non-guaranteed wealth management products. The Bank takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interest. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market and the performance of trust schemes. The risk of loss is borne by the investors. The Bank earns the commission income from the products.

As at 30 June 2014, the funds raised from the non-guaranteed wealth management products were RMB20,287,386 thousand (31 December 2013: RMB13,450,495 thousand). The Bank has recognized net commission income from non-guaranteed wealth management products with the amount of RMB75,689 thousand for the six months ended 30 June 2014 (30 June 2013: RMB106,611 thousand), through provision of asset management service.

### 38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value.

	30 June 2014		31 December 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Investment securities				
– loans and receivables	39,224,985	39,583,123	35,000,560	35,916,311
– held to maturity	7,520,680	7,438,065	7,473,242	7,090,564
<b>Financial liabilities</b>				
Debts issued	3,783,475	3,761,797	4,777,770	4,825,443

#### *Investment securities*

The fair value for loans and receivables and held to maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

#### *Debts issued*

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

Other than above, the difference between the carrying value and fair value of those financial assets and liabilities not presented at their fair value on the statement of financial position are insignificant. Fair value is measured using a discounted future cash flow model.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### (b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments traded in interbank market. The sources of input parameters like LIBOR yield curve or counterparty credit risk are China Bond and Bloomberg.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and structured financial instruments.

The Bank uses valuation techniques to determine the fair value of financial instruments when unable to obtain the open market quotation in active markets.

The main parameters used in valuation techniques for financial instruments held by the Bank include bond prices, interest rates, foreign exchange rates, equity and stock prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are all observable and obtainable from open market.

For asset-backed securities and unlisted equity (private equity) held by the Bank, the fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments. Instruments which have been valued using unobservable inputs have been classified by the Bank as level 3. Management determines the fair value of the Bank's level 3 financial instruments using a variety of techniques, including examining correlations of these fair values with macro-economic factors, engaging external valuers, and using valuation models that incorporate unobservable inputs such as loss coverage ratios. The Bank has established internal control procedures to control the Bank's exposure to such financial instruments.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### (b) Fair value hierarchy (continued)

Assets and liabilities measured at fair value:

30 June 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	5,996,769	–	5,996,769
– Equity investment	–	–	–	–
Investment securities-available-for-sale				
– Debt securities	–	3,801,829	–	3,801,829
– Equity investment	–	–	182,850	182,850
<b>Total</b>	–	<b>9,798,598</b>	<b>182,850</b>	<b>9,981,448</b>
31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	2,009,537	–	2,009,537
– Equity investment	–	–	–	–
Investment securities-available-for-sale				
– Debt securities	–	4,774,109	–	4,774,109
– Equity investment	–	–	182,850	182,850
<b>Total</b>	–	<b>6,783,646</b>	<b>182,850</b>	<b>6,966,496</b>

There were no transfers between levels 1 and 2 during the period/year.

There were no financial instruments in level 1 during the period/year.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### (b) Fair value hierarchy (continued)

##### *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

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

Reconciliation of beginning and ending balances for level 3 financial assets and liabilities

	Investment securities-AFS	Total assets
<b>1 January 2014</b>	<b>182,850</b>	<b>182,850</b>
Total gains or losses	–	–
– Other comprehensive income	–	–
Switch off level 3	–	–
<b>30 June 2014</b>	<b>182,850</b>	<b>182,850</b>
Total gains for the period included in statement of comprehensive income for assets/liabilities held at 30 June 2014	<b>10,000</b>	<b>10,000</b>
	Investment securities-AFS	Total assets
<b>1 January 2013</b>	199,052	199,052
Total gains or losses	–	–
– Other comprehensive income	(14,982)	(14,982)
Switch off level 3	(1,220)	(1,220)
<b>31 December 2013</b>	<b>182,850</b>	<b>182,850</b>
Total gains for the year included in statement of comprehensive income for assets/liabilities held at 31 December 2013	8,658	8,658

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### (b) Fair value hierarchy (continued)

Quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 for the year ended 31 December 2013 and for the period ended 30 June 2014 presented as follows:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value at 30 June 2014	Valuation Technique(s)	Unobservable Inputs	Weighted Average
Equity Securities – Banking	160,000	Market comparable companies	PB multiple (a) Discount for lack of marketability (b)	0.84 17.39%
	Fair Value at 31 December 2013	Valuation Technique(s)	Unobservable Inputs	Weighted Average
Equity Securities – Banking	160,000	Market comparable companies	PB multiple (a) Discount for lack of marketability (b)	0.92 16.70%

- (a) Represents amounts used when the reporting entity has determined that market participants would use such multiples when pricing the investments.
- (b) Represents amounts used when the reporting entity has determined that market participants would take into account these premiums and discounts when pricing the investments.
- (c) Unobservable inputs that are not developed by the Bank are not included in the disclosure.
- (d) Equity securities using recent transaction prices without adjustment amounted to RMB22,850 thousand as at 30 June 2014. (RMB22,850 thousand as at 31 December 2013).

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

### 39 FINANCIAL RISK MANAGEMENT

#### Overview

The Bank's activities expose it to a variety of financial risks, primarily including credit risk, market risk(including currency risk, interest risk and other price risk), and liquidity risk. Those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is the highest authority for the Bank's overall risk management. It provides strategy and risk preference for overall risk management and decides the risk tolerance and monitor risk management and internal control system. It assesses overall risk based on monitoring information and risk management reported by the senior management. Senior management is responsible for overseeing the Bank's overall risk management, including the formulation and implementation of risk management policies and procedures, covering credit risk, interest rate risk, liquidity risk and foreign exchange risk. The risk management committee is in charge of the Bank's overall risk management structure, policies and tools, and monitors the risk management. The assets and liabilities management department is primarily in charge of managing the Bank's liquidity risk and banking book interest rate risk.

### 40 SUBSEQUENT EVENTS

Up to the date of this report, the Bank has no material event for disclosure after 30 June 2014.

# UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

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

## 1. Liquidity Ratios

	<b>June 30, 2014</b>	December 31, 2013
RMB current assets to RMB current liabilities	<b>59.83%</b>	54.38%
Foreign currency current assets to foreign currency current liabilities	<b>73.51%</b>	447.11%

The liquidity ratios are calculated in accordance with the relevant provisions of the PBOC and China Banking Regulatory Commission ("CBRC").

## 2. Cross-border Claims

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

Cross-border claims mainly include due from other banks.

Cross-border claims have been disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

<b>June 30, 2014</b>	<b>Banks</b>	<b>Total</b>
Asia Pacific excluding Mainland China	<b>12,528</b>	<b>12,528</b>
– of which attributed to Hong Kong	<b>6,527</b>	<b>6,527</b>
Europe	<b>8,465</b>	<b>8,465</b>
North America	<b>75,057</b>	<b>75,057</b>
Oceania	<b>71</b>	<b>71</b>
<b>Total</b>	<b>96,121</b>	<b>96,121</b>

December 31, 2013	Banks	Total
Asia Pacific excluding Mainland China	156,187	156,187
– of which attributed to Hong Kong	150,346	150,346
Europe	3,386	3,386
North America	95,688	95,688
Oceania	55	55
<b>Total</b>	<b>255,316</b>	<b>255,316</b>



## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

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

### 3. Currency concentrations

June 30, 2014	Equivalent in Renminbi			
	US Dollars	Hong Kong Dollars	Others	Total
Spot assets	635,305	60,493	190,910	886,708
Spot liabilities	(510,443)	(50,146)	(190,813)	(751,402)
Net position	124,862	10,347	97	135,306

December 31, 2013	Equivalent in Renminbi			
	US Dollars	Hong Kong Dollars	Others	Total
Spot assets	475,228	1,606,166	164,393	2,245,787
Spot liabilities	(341,005)	(1,696)	(165,671)	(508,372)
Net position	134,223	1,604,470	(1,278)	1,737,415

### 4. Overdue and Rescheduled Assets

#### (a) Gross amount of overdue loans

	As at June 30, 2014	As at December 31, 2013
Gross advances to customers which have been overdue for:		
– within 3 months	155,222	150,730
– between 3 and 6 months	64,233	60,366
– between 6 and 12 months	181,890	67,123
– over 12 months	222,791	166,803
Total	624,136	445,022

	As at June 30, 2014	As at December 31, 2013
Percentage:		
– within 3 months	24.87%	33.87%
– between 3 and 6 months	10.29%	13.57%
– between 6 and 12 months	29.14%	15.08%
– over 12 months	35.70%	37.48%
Total	100.00%	100.00%

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

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

### 4. Overdue and Rescheduled Assets (Continued)

#### (b) Overdue and rescheduled loans

	As at June 30, 2014	As at December 31, 2013
Total rescheduled loans and advances to customers	–	–

#### (c) Type of collateral of overdue loans

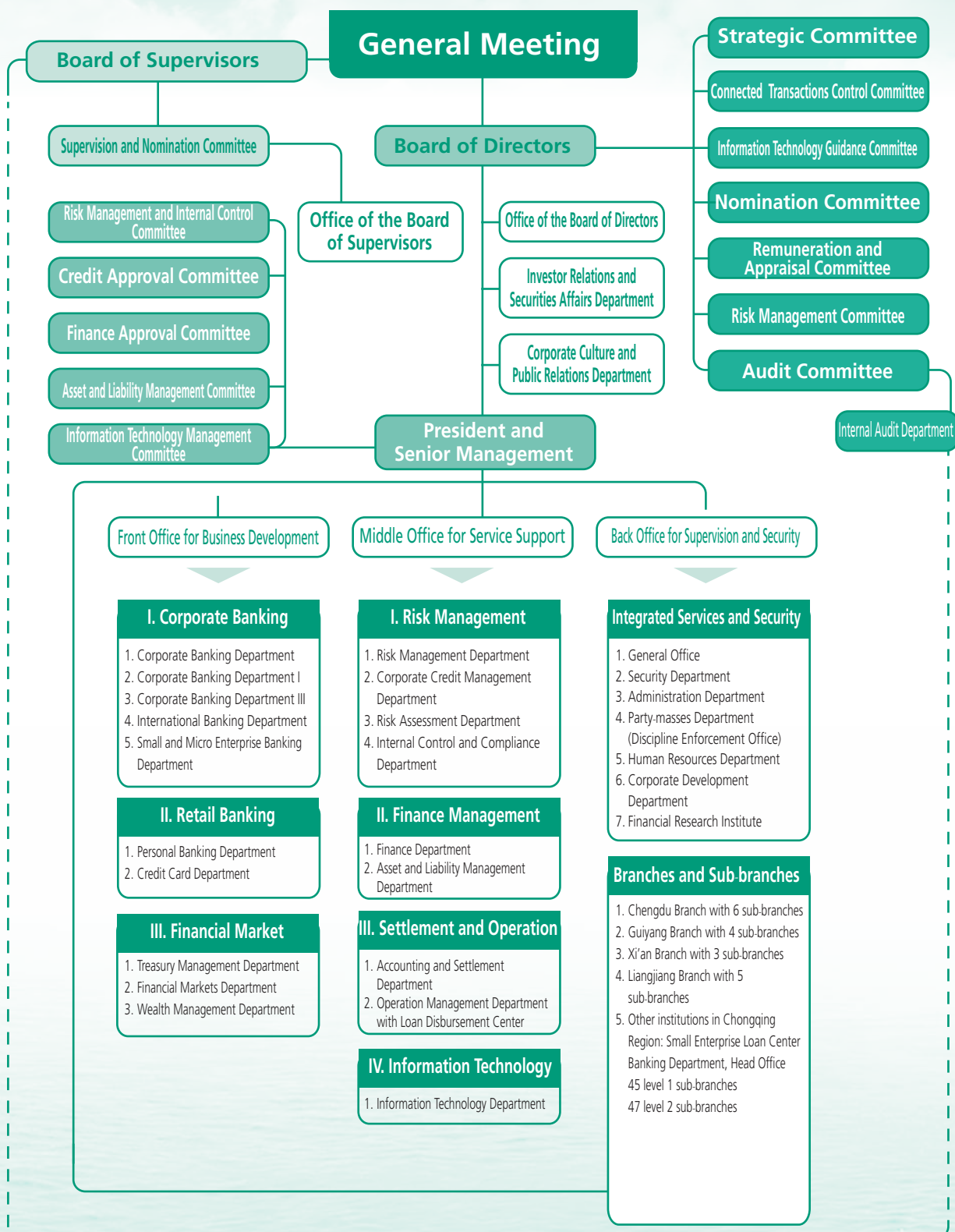
June 30, 2014	Past due 1 – 90 days (including 90 days)	Past due 90 days – 1 year (including 1 year)	Past due 1 – 3 years (including 3 years)	Past due Over 3 years	Total
Unsecured loans	8,891	5,654	6,381	531	21,457
Guaranteed loans	62,771	76,515	42,259	308	181,853
Collateralised loans	81,684	159,525	137,204	36,108	414,521
Pledged loans	1,876	4,429	–	–	6,305
<b>Total</b>	<b>155,222</b>	<b>246,123</b>	<b>185,844</b>	<b>36,947</b>	<b>624,136</b>

December 31, 2013	Past due 1 – 90 days (including 90 days)	Past due 90 days – 1 year (including 1 year)	Past due 1 – 3 years (including 3 years)	Past due Over 3 years	Total
Unsecured loans	5,220	8,824	1,586	720	16,350
Guaranteed loans	40,731	89,290	8,225	8,619	146,865
Collateralised loans	100,350	29,375	110,903	36,750	277,378
Pledged loans	4,429	–	–	–	4,429
<b>Total</b>	<b>150,730</b>	<b>127,489</b>	<b>120,714</b>	<b>46,089</b>	<b>445,022</b>

### 5 Geographical information

The Bank mainly operates its business in the mainland of China, and most of its loans and advances are granted to the clients from the city of Chongqing.

# ORGANIZATIONAL CHART



# LIST OF BRANCH OUTLETS

No.	Name	Address	Postcode
1	Liangjiang Branch of Bank of Chongqing Co., Ltd.	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing	401121
2	Chengdu Branch of Bank of Chongqing Co., Ltd.	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, High-Tech Industrial Development Zone, Chengdu, Sichuan	610059
3	Guiyang Branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Building 2, Shengshi Huating, No. 51 Jiefang Road, Nanming District, Guiyang, Guizhou	550002
4	Xi'an Branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Building 2, Yinhe Xinzubiao Building, No. 25 Tangyan Road, Xi'an, Shaanxi	710075
5	Business Department of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
6	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401147
7	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd. Shop 5	No. 5 Mawangping Zheng Road, Lijiatuo, Banan District, Chongqing	400054
8	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Road, Shapingba District, Chongqing	400030
9	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Avenue, Yubei District, Chongqing	401147
10	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
11	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District, Chongqing	400020
12	Qixinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
13	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Avenue, Dadukou District, Chongqing	400084
14	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
15	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
16	Xiyong Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Building, Xiyong Tian Street, Life Service Zone, Xiyong Electronics Park, Chongqing	401333
17	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015
18	Jianxin North Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	400020
19	High-Tech Development Zone Subbranch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039
20	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
21	Caiyuanba Sub-branch of Bank of Chongqing Co., Ltd.	Building 3 Community 1, Waitan Shopping Mall, No. 175 Nanqu Road, Yuzhong District, Chongqing	400014

## List of Branch Outlets

No.	Name	Address	Postcode
22	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District, Chongqing	400010
23	Jianxin West Road Sub-branch of Bank of Chongqing Co., Ltd.	No 2-1 Jianxin South Road, Jiangbei District, Chongqing	400020
24	Wusi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 30 Wusi Road, Yuzhong District, Chongqing	400010
25	Nanping Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Boulevard, Nan'an District, Chongqing	400060
26	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
27	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Xiaolongkan New Street, Shapingba District, Chongqing	400030
28	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 181 Minsheng Road, Yuzhong District, Chongqing	400010
29	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
30	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	Shop 13, Site 2, Hua Street, Chayuan New District, Nan'an District, Chongqing	401336
31	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan County, Chongqing	402760
32	Wenhuaogong Sub-branch of Bank of Chongqing Co., Ltd.	No. 131 Zhongshan Er Road, Yuzhong District, Chongqing	400014
33	Lianglukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	400015
34	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
35	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
36	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
37	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011
38	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
39	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
40	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District, Chongqing	401147
41	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Avenue, Yubei District, Chongqing	401147
42	Baxian Avenue Sub-branch of Bank of Chongqing Co., Ltd.	No. 80 Yudong Baxian Avenue, Banan District, Chongqing	401320

## List of Branch Outlets

No.	Name	Address	Postcode
43	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
44	Sanxia Plaza Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Podium Building, Lihai Building, No. 99 Xiaoxin Street, Shangpingba District, Chongqing	400030
45	Banan Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District, Chongqing	401320
46	Xinhua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 381-1 Xinhua Road, Yuzhong District, Chongqing	400010
47	Mingzu Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 20 Minzu Road, Yuzhong District, Chongqing	400011
48	Shaanxi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Shaanxi Road, Yuzhong District, Chongqing	400011
49	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
50	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
51	Jiulong Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400050
52	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
53	Dajian Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 9 Jiulongyuan Huoju Avenue, Jiulongpo District, Chongqing	400051
54	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Shuangshan Road, Dadukou District, Chongqing	400084
55	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 41 Yanwei Road, Yanjia Town, Changshou District, Chongqing	401221
56	Daomenkou Sub-branch of Bank of Chongqing Co., Ltd.	No. 67 Shaanxi Road, Yuzhong District, Chongqing	400011
57	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Zhongshan Road, Beibei District, Chongqing	400700
58	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Jiefang East Road, Bachuan Town, Tongliang County, Chongqing	402560
59	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 12 and 14 Hechuan Jiaotong Street, Chongqing	401520
60	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing	401121
61	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	No. 39 Bushi Street, Jiangjin Jijiang Town, Chongqing	402260
62	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District, Chongqing	400715
63	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
64	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Boulevard, Dazu County, Chongqing	402360
65	Tongnan Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 1/F, No. 86-92 Xingtong Avenue, Guilin Community Service Office, Tongnan County, Chongqing	402660

## List of Branch Outlets

No.	Name	Address	Postcode
66	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 11 Wansheng Avenue, Wansheng District, Chongqing	400800
67	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Road, Bishan County, Chongqing	402760
68	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District, Chongqing	400010
69	University City Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 125-127 and 149-152, No. 17 University City West Road, Huxi Town, Shapingba District, Chongqing	401331
70	Chengdu Chongzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 79 South Section 1, Binhe Road, and No. 353-367 Yangci Street, Chongyang Town, Chongzhou, Sichuan	611230
71	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
72	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610041
73	Chengdu Economic Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	(Odd No.) 1-19 Yiju Road, and (Even No.) 620-626 Beiquan Road, Longquanyi District, Chengdu, Sichuan	610100
74	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 171 Jinze Road, and No. 246 Shuhui Road, Qingyang District, Chengdu, Sichuan	610074
75	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
76	Guiyangcheng East Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan Bei Road, Yunyan District, Guiyang, Guizhou	550001
77	Guiyang Mountain View Lake Branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Commercial Building One, Circle Y1 and Y2, Shijicheng, Guanshanhu District, Guiyang, Guizhou	550081
78	Xi'an Economic & Technological Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Fenglu No.1, No. 19 Wenjing Road, Xi'an Economic and Technological Development Zone, Xi'an, Shaanxi	710016
79	Xi'an Qujiang New District Sub-branch of Bank of Chongqing Co., Ltd.	1/F and 2/F, No. 6, Building No.1, Longmai South Zone Tianlunyu Cheng, Second South Ring Road (East Section), Xi'an, Shaanxi	710065
80	Xi'an International Trade & Logistics Park Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Qihang Garden Commercial Street, No. 6 Port Avenue, Xi'an International Trade & Logistics Park, Xi'an, Shaanxi	710026
81	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1555 Xinhua Avenue (West Section), Qianjiang District, Chongqing	409000
82	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4, 6 and 8 Shuncheng Street, Liangshan Town, Liangping County, Chongqing	405200

## List of Branch Outlets

No.	Name	Address	Postcode
83	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 28 Xincheng Road, Wanzhou District, Chongqing	404000
84	Fuling Sub-branch of Bank of Chongqing Co., Ltd.	G/F(street frontage), Stadium, Fuling District, Chongqing	408000
85	Nanmenshan Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Renmin East Road, Fuling District, Chongqing	408000
86	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Heping Road, Nanchuan Nan Cheng Community Service Office, Chongqing	408400
87	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
88	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Fengxiang Road, Zhonghe Town, Xiushan Tujia and Miao Autonomous County, Chongqing	409900
89	Kai County Sub-branch of Bank of Chongqing Co., Ltd.	Shimin Plaza, Kaizhou Avenue (Middle Section), Kai County, Chongqing	405400
90	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue, Sanhe Town, Fengdu County, Chongqing	408200
91	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 100-6 Wanshou Avenue, Nanbin Town, Shizhu Tujia Autonomous County, Chongqing	409100
92	Lidu Sub-branch of Bank of Chongqing Co., Ltd.	No. 88 Julong Avenue, Lidu, Fuling District, Chongqing	408100
93	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 3, 4, and 5, 1/F, Building D, Center Plaza, South Inner Street, Guixi Town, Dianjiang County, Chongqing	408300
94	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Shuangjiang Town, Yunyang County, Chongqing	404500
95	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800
96	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
97	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
98	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage), Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
99	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Guangdong Middle Road, Wushan County, Chongqing	404700
100	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 East Street, Gecheng Community Service Office, Chengkou County, Chongqing	405900
101	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
102	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 296 Jiefang Road, Chengdong Avenue, Qianjiang District, Chongqing	409099



## List of Branch Outlets

No.	Name	Address	Postcode
103	Xiushanwuyue Plaza Sub-branch of Bank of Chongqing Co., Ltd.	Shops No. 15, 16, and 17, 1/F, Building 1, Wuyue Plaza (South Zone), Xiushan County, Chongqing	409900
104	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400020
105	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457, Yunqing Road, Beibei District, Chongqing	400700
106	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Avenue, Yubei District, Chongqing	401120
107	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Boulevard, Shuanglonghu Avenue, Yubei District, Chongqing	401120
108	Qijiang Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-40 and Sub No. 2-225 to 229, Podium Building, Rongrun Kaixuan Mingcheng, No. 47 Jiulong Street, Wenlong Road, Qijiang District, Chongqing	401420
109	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
110	Yongchuan Yuxi Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Sub Road, Yuxi Avenue, Yongchuan District, Chongqing	402160
111	Rongchang Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Street, Rongchang County, Chongqing	402460
112	Rongchang Sub-branch of Bank of Chongqing Co., Ltd.	1-3, 2-3 No. 43-2 Changlong Street, Changzhou Avenue, Rongchang County, Chongqing	402460
113	Dazu Longshui Sub-branch of Bank of Chongqing Co., Ltd.	1-8, 1-7-1, 1-7-2, 1-6-2, Block G, Wujin Lvyou Cheng, Longshui Town, Dazu District, Chongqing	402368
114	Jiangjin Shuangfu Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-1, 1-2, and 1-3 Block 1, Meifang Mansion, Shui'an Huadu, No. 95, 93 and 91 Shuangfu Avenue, Shuangfu Street, Jiangjin District, Chongqing	402620
115	Liupanshui Zhongshan Middle Road Sub-branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Longcheng Plaza, No. 81 Zhongshan Middle Road, Zhongshan District, Liupanshui, Guizhou	553000
116	Zunyi Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1 Building 1, Jinxucheng Shangcheng Community, Nanjing Road, Huichuan District, Zunyi, Guizhou	563000

# DEFINITIONS

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

“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank”	Bank of Chongqing Co., Ltd. (重慶銀行股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Board” or “Board of Directors”	the board of Directors of the Bank
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Director(s)”	director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“H Shares”	overseas-listed foreign shares issued by the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China, and for the purpose of this interim report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Reporting Period”	the six months ended June 30, 2014
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	the shareholders of the Bank
“Shares”	the Domestic Shares and the H Shares
“Supervisor(s)”	the supervisor(s) of the Bank