



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)



2015 ANNUAL 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)

Legal Name in English

Bank of Chongqing Co., Ltd.

Legal Representative

GAN Weimin

Authorized Representatives

GAN Weimin

ZHOU Wenfeng

Acting Secretary to the Board

ZHOU Wenfeng

Joint Company Secretaries

ZHOU Wenfeng

HO Wing Tsz Wendy

Registered Address

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

Postal code: 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

Listing Exchange of 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

September 2, 1996

Administration for Industry and
Commerce of Chongqing, the PRC

Unified Social Credit Code of Business License

91500000202869177Y

Financial License Registration Number

B0206H250000001

Auditors

PricewaterhouseCoopers

22/F, Prince's Building, Central, Hong Kong

PricewaterhouseCoopers Zhong Tian LLP

11/F, PricewaterhouseCoopers Center,
2 Corporate Avenue, 202 Hu Bin Road,
Huangpu District, Shanghai, the PRC

Legal Advisor as to PRC Laws

Chongqing Jingsheng Law Firm

Legal Advisor as to Hong Kong Laws

Sullivan & Cromwell

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 to the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the International Financial Reporting Standards (the “IFRSs”), there is no difference for the net profit attributable to shareholders of the Bank for the year ended December 31, 2015 (the “Reporting Period”).

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,					
	2015	2014	Year-on-year change between 2015 and 2014 Change (%)	2013	2012	2011
OPERATING RESULTS						
Interest income	15,507,610	13,236,153	17.2	10,467,150	8,308,816	6,107,357
Interest expenses	(8,505,537)	(7,004,455)	21.4	(5,288,532)	(4,159,185)	(2,785,858)
Net interest income	7,002,073	6,231,698	12.4	5,178,618	4,149,631	3,321,499
Net fee and commission income	1,512,053	908,846	66.4	644,581	368,046	289,812
Other operating income, net trading income/(losses) and net gains/(losses) on investment securities	78,455	342,566	(77.1)	51,301	139,619	(40,253)
Operating income	8,592,581	7,483,110	14.8	5,874,500	4,657,296	3,571,058
Operating expenses	(3,190,171)	(2,805,275)	13.7	(2,282,772)	(1,900,021)	(1,449,449)
Impairment losses	(1,135,300)	(889,566)	27.6	(535,718)	(241,054)	(184,869)
Operating profit	4,267,110	3,788,269	12.6	3,056,010	2,516,221	1,936,740
Share of profit/(losses) of an associate	2,809	2,035	38.0	1,435	1,162	(227)
Profit before income tax	4,269,919	3,790,304	12.7	3,057,445	2,517,383	1,936,513
Income tax expenses	(1,099,858)	(963,161)	14.2	(728,179)	(592,578)	(448,358)
Net profit	3,170,061	2,827,143	12.1	2,329,266	1,924,805	1,488,155
Net profit attributable to shareholders of the Bank	3,170,061	2,827,143	12.1	2,329,266	1,924,805	1,488,155
Calculated on a per share basis (RMB)			Change			
Net assets per share attributable to shareholders of the Bank	6.81	5.88	0.93	4.98	4.09	3.19
Basic earnings per share	1.17	1.05	0.12	1.10	0.95	0.74
Dividend per share	0.264	0.272	(0.008)	0.224	0.07	0.05
Major indicators of assets/liabilities			Change (%)			
Total assets	319,807,987	274,531,145	16.5	206,787,015	156,163,478	127,339,915
Of which: loans and advances to customers, net	121,816,452	104,114,756	17.0	88,637,824	75,256,873	62,824,926
Total liabilities	298,514,992	258,628,122	15.4	193,307,744	147,905,128	120,886,751
Of which: customer deposits	199,298,705	167,932,436	18.7	148,801,045	114,043,185	89,306,554
Share capital	3,127,055	2,705,228	15.6	2,705,228	2,020,619	2,020,619
Equity attributable to shareholders of the Bank	21,292,995	15,903,023	33.9	13,479,271	8,258,350	6,453,164
Total equity	21,292,995	15,903,023	33.9	13,479,271	8,258,350	6,453,164

Financial Highlights

2.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the year ended December 31,					
	2015	2014	Year-on-year change between 2015 and 2014	2013	2012	2011
Profitability indicators (%)			Change			
Average return on assets ⁽¹⁾	1.07	1.17	(0.10)	1.28	1.36	1.26
Average return on equity ⁽²⁾	17.0	19.2	(2.2)	21.4	26.2	25.9
Net interest spread ⁽³⁾	2.29	2.56	(0.27)	2.61	2.66	2.77
Net interest margin ⁽⁴⁾	2.52	2.81	(0.29)	2.81	2.85	2.92
Net fee and commission income to operating income	17.60	12.15	5.45	10.97	7.90	8.10
Cost-to-income ratio ⁽⁵⁾	30.69	31.02	(0.33)	32.37	34.07	34.22
Asset quality indicators (%)			Change			
Non-performing loan ratio ⁽⁶⁾	0.97	0.69	0.28	0.39	0.33	0.35
Provision for impairment to non-performing loans ⁽⁷⁾	243.98	318.87	(74.89)	526.36	537.70	526.74
Provision for impairment to total loans ⁽⁸⁾	2.37	2.19	0.18	2.06	1.80	1.87
Indicators of capital adequacy ratio (%)			Change			
Core capital adequacy ratio ⁽⁹⁾	10.49	9.63	0.86	10.82	8.18	9.26
Capital adequacy ratio ⁽⁹⁾	11.63	11.00	0.63	13.26	11.11	11.96
Total equity to total assets	6.66	5.79	0.87	6.52	5.29	5.07
Other indicators (%)			Change			
Loan-to-deposit ratio ⁽¹⁰⁾	62.60	63.39	(0.79)	60.82	67.20	71.69
Liquidity ratio ⁽¹¹⁾	55.32	52.53	2.79	56.98	42.20	44.20
Percentage of loans to the single largest customer ⁽¹²⁾	4.00	4.62	(0.62)	5.09	4.63	6.17
Percentage of loans to the top ten customers ⁽¹³⁾	30.79	25.21	5.58	22.84	30.09	40.47

Notes:

- (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 expenses (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 for 2015, 2014 and 2013 were calculated in accordance with the latest guidance promulgated by the CBRC (effective from January 1, 2013), while core capital adequacy ratio and capital adequacy ratio for 2012 were adjusted retroactively in accordance with the latest guidance effective from January 1, 2013. No retroactive adjustments were made to core capital adequacy ratio and capital adequacy ratio for 2011, and they were original ratios for the respective periods.*
- (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.*

Chairman's Statement

Dear Shareholders,

Faced with the complex and volatile internal and external circumstances, the Bank, leveraging on the unified efforts of all of its shareholders and employees, witnessed one and another important moments in the course of development and achieved one and another new breakthrough in 2015 by meeting challenges, overcoming difficulties, taking great responsibilities, and accelerating the development. The achievements in the year of 2015 marked a perfect ending for the 2010-2015 strategic planning and an ideal start for the magnificent development journey in the next five years. Standing on the starting point for the new development journey, we are more confident than ever, more fortitudinous and decisive than ever, and closer to our dreams than ever.

In 2015, the Board conscientiously implemented the arrangements set by the Shareholders' meetings, consciously subjected itself to the supervision of the board of Supervisors, and discharged its duties in accordance with the Articles of Association and all applicable laws. We continuously improved our decision-making capability and the quality and effectiveness of our decisions by sparing no effort in supporting the lawful operation of the management, and giving full play to the functions of all the special committees under the Board. Over the past year, we speeded up our transitional development and enhanced our professionalism, comprehensive management and Internet banking; we deepened the optimizing adjustments of our business structure and achieved a balanced and synergetic development among business sectors including medium and large enterprise services, small and micro business services, retail services and interbank services; we continuously strengthened our development momentum and our successful placement of H Shares on the Hong

Kong Stock Exchange marked a new breakthrough as we became the first PRC city commercial bank listed on the Hong Kong Stock Exchange which accomplished equity refinancing; we carried out our share option scheme through a deferred payment of performance-based remunerations, and linked our fortune and shared our profit with our employees; we have been proactively preventing various risks and striving to build solid protection for our sound operation by accelerating the reform of risk allocation in accordance with business lines; we deeply involved ourselves in national and regional strategies for economic development and actively performed our social responsibilities, demonstrating our new public image as an open and sharing listed company.

As at the end of 2015, the Bank's total assets increased by 16.5% year-on-year to RMB319,807.99 million; balance of deposits increased by 18.7% year-on-year to RMB199,298.71 million; net loans increased by 17.0% year-on-year to RMB121,816.45 million; and net profit increased by 12.1% year on year to RMB3,170.06 million. The Bank's allowance to non-performing loans was 243.98%. All the regulatory indicators and requirements have been met and complied with. As a result, the Bank accomplished all the targets and tasks set at the beginning of the year, and achieved a steady growth in corporate value as well as the value preservation and appreciation of shareholders' equity. The Bank was jointly honored by the Hong Kong Stock Exchange and China Financial Market, a magazine, as the "Best PRC Listed Company (中資最佳上市公司)" in 2015, selected by Hang Seng Indexes as "a constituent member of the Hang Seng Corporate Sustainability Benchmark Index", and was recognized by the CBRC as one of the 12 leading city commercial banks in the PRC. The Bank ranked the 349th on the list of the top 1,000 global banks in 2015 published by The Banker, a British magazine, up by 21 spots from the ranking in 2014.

In 2016, the Bank will fully integrate the concept of being “innovative, harmonious, green, open and sharing” into its development, and continually improve the quality and efficiency of its development. The Bank will take an active part in and fully support the supply-side structural reform and increase its effective supplies through enhancing its service and product innovation capability. The Bank will also accelerate the reform on the business governance regime of the Bank, and further scientize and refine its management. Moreover, the Bank will reinforce the foundation for risk prevention and control as well as the safeguard for the quality of assets, and further cultivate and practice the corporate culture of five core tenets “having a dream, a spirit, a caring heart, principles and undertakings”, in an effort to deliver more exceptional performance in return for the support from our Shareholders, customers and the society.

On the occasion of the publication of the Bank's 2015 annual report, I would like to express my sincere gratitude, on behalf of the Board, to knowledgeable people from all sectors who cared about and concerned themselves with the development of the Bank, and especially to investors for their kind appreciation. Bank of Chongqing is a community with common interests and a common destiny built on all Shareholders' profound insights and exceptional wisdom. We will never fail to our Shareholders' trust and expectation. We will work together and go all out, explore and forge ahead to make a good start for our next five-year development, heading for a brighter future where we will have a scientific, healthy and sustainable development.

GAN Weimin

Chairman

Bank of Chongqing Co., Ltd.

March 18, 2016

Chairman's Statement



GAN Weimin
Chairman

President's Statement

Dear Shareholders,

The year of 2015 was a year with an extremely complex environment. The Bank and its peer banks were all exposed to severe challenges of profit decline, customer diversion and continuous exposure to risks, and the tasks of transitional development and risk management were arduous. All of these imposed new and higher requirements on our operation and management. Our management, under the leadership of the shareholders' meetings and the Board, worked together with all our staff to fully implement our strategy of "professionalism, comprehensive management and Internet banking". By adhering to reforms and Innovation, accelerating developmental transformation, actively serving the real economy and properly coping with all risks and challenges, the Bank achieved a fast and steady development.

The year of 2015 was also a year with remarkable results. The Bank's management actively implemented the decisions of the Shareholders' meetings and the Board and strictly complied with regulatory requirements. The results were encouraging: we maintained a stable and improved development momentum, an ever-improving structure, a steadily upgraded management system, a generally controllable risk exposure and a significantly enhanced brand influence. The Bank was well recognized and praised by the society for the reasons that major business indicators recorded over double-digit increase and ranked very high in the industry; our structure was further improved with significant increases in the proportion of saving deposits and commission income; the micro and small enterprise services met the "three minimums" regulatory requirements and was commended by the CBRC; and the risk management indicators such as non-performing loan ratio and capital adequacy ratio were all superior to the regulatory requirements. The Bank became the first mainland city commercial bank listed on the Hong Kong Stock Exchange which successfully completed the placement of new H Shares on the Hong Kong Stock Exchange. We were recognized by the CBRC as one of the 12 leading city commercial banks in the PRC and

our small and micro enterprise banking department was named by the CBRC as the "Excellent Financial Service Team of Chinese Banking Financial Institutions for Small and Micro Enterprises". We also ranked the 349th on the list of the top 1,000 global banks published by The Banker, a British magazine, up by 21 spots from the ranking in 2014. Moreover, the Bank was selected by Hang Seng Indexes as "a constituent member of the Hang Seng Corporate Sustainability Benchmark Index", becoming the only local financial institution so selected. None of these achievements would have been possible without the great support from our Shareholders, our customers, the community and the hard work of our employees. On behalf of the Bank's management, I would like to express my heartfelt gratitude to all for their care and support to the Bank's growth!

In 2016, under the firm leadership of the Shareholders' meetings and the Board, with the strong support of the board of Supervisors, our management, and under the guidance of our new five-year plan, the management of the Bank will work together with all our staff and will actively fulfill the "innovative, harmonious, green, open and sharing" development concept in compliance with all relevant regulatory requirements. We will closely follow the supply-side reform, and will actively fit our operation to major national strategies such as "One Belt, One Road", Yangtze River Economic Zone, urbanization construction and the cooperative projects between the Chinese and Singaporean governments in Chongqing, and fully implement the "professionalism, comprehensive management and Internet banking" strategy with innovative operation and management. The Bank will endeavor to make a good start for its new five-year plan through building on its strength, enhancing its vitality, accelerating the cultivation of new momentums and improving the quality and efficiency of its operation and management, and steadily build itself into a comprehensive financial group to the investors' admiration, customers' satisfaction, community's praise and employees' pride.

RAN Hailing
Executive Director and President
Bank of Chongqing Co., Ltd.
March 18, 2016

President's Statement



RAN Hailing
*Executive Director
and President*

Recognitions and Awards

- The Bank was recognized by the CBRC as one of the 12 leading city commercial banks in the PRC;
- The Bank was honored by China Enterprise Confederation and China Research Institute of Enterprise Culture as the “National Enterprise Culture Demonstration Base”;
- The Bank was honored as the “Best Corporate Governance Bank (最佳公司治理銀行)” at the ninth session of the Chinese Banker Summit Forum and the press conference of the Evaluation Report of the Competitiveness among PRC Commercial Banks in 2015;
- The Bank was honored as the “Best Listed PRC Company in 2015 (2015年度中資最佳上市公司)” by the Hong Kong Stock Exchange and the China Financial Market, a magazine;
- The Bank was selected by Hang Seng Indexes as “a constituent member of the Hang Seng Corporate Sustainability Benchmark Index”, becoming the only local corporate financial institution so selected;
- The Bank ranked the 349th on the list of the top 1,000 global banks published by The Banker, a British magazine, up by 21 spots from the ranking in 2014;
- The business department of the Bank’s Head Office was awarded the “National Youth Civilization in 2013-2014 (2013-2014年度全國青年文明號)” by Central Committee of the Communist Youth League;
- The small and micro enterprise banking department of the Bank was named by the CBRC as the “Excellent Financial Service Team of Chinese Banking Financial Institutions for Small and Micro Enterprises”;
- Chongqing University Sub-branch, Beibei Sub-branch, Dazu Sub-branch, Jiefangbei Sub-branch, Jianxin North Road Sub-branch, Longtousi Sub-branch, Fenglinxiushui Sub-branch of Liangjiang Branch, Shangqingsi Sub-branch of Yuzhong Management Department, Chengdu Branch Business Department, Chongzhou Sub-branch of Chengdu Branch, Wuhou Sub-branch of Chengdu Branch, Zunyi Sub-branch of Guiyang Branch and Economic & Technological Development Zone Sub-branch of Xi’an Branch of the Bank won the honor of being a “Star Class Business Outlet” with civilized and standardized services in the Chinese banking industry.

Management Discussions and Analysis

6.1 Environment and Outlook

In 2015, the overall global economy experienced a subdued recovery with slow growth in industrial production, continuous downturn in trading, increased volatility in the financial market and substantial decrease in bulk commodity price, all of which resulted in the continuous slowdown in the economic growth. According to the International Monetary Fund, the global economic growth rate was 3.1% in 2015, representing a decrease of 0.3 percentage point as compared with the previous year. The distinction in economic growth among major economies became more prominent. The United States experienced a bright recovery, which became one of the major drivers of the global economic growth. In Japan, the economy improved slightly, with sustainability pending for further observation. In the Eurozone, signs of economic recovery were seen, however, numerous unfavorable factors including deflationary risks, the Greek debt crisis and the influx of refugees lingered. On the other hand, emerging economies experienced obviously weakened growth momentum and increased fragility due to the decreased demand from external markets and U.S. Federal Reserve's decision to raise interest rate.

In 2015, China's economy ran smoothly overall under the "New Normal" with accelerated transformation and optimization in its structure as well as increased development vitality. The government implemented prudent fiscal and monetary policies coupled with proactive economic structural adjustments. A series of policies and measures in connection with growth stabilization, as well as development strategies and major industrial initiatives including the "One Belt, One Road" strategy, "Internet +" action plan, "Entrepreneurship and Innovation by the General Public" and "supply-side structural reform" were rolled out, creating new impetus for economic growth. China's

GDP was RMB67.67 trillion in this year, up by 6.9% year on year. The price level was maintained within a reasonable range, with consumer price index rising by 1.4% year on year. China's monetary, credit and financial markets operated smoothly as a whole: M2 increased by 13.3% to RMB139.23 trillion; the balance of M1 increased to RMB40.10 trillion with a year-on-year growth of 15.2%; the balance of M0 amounted to RMB6.32 trillion with a year-on-year growth of 4.9%. As at December 31, 2015, the RMB loan balance was RMB93.95 trillion with a year-on-year growth of 14.3%, among which the incremental RMB loans were RMB11.72 trillion, representing a year-on-year growth of RMB1.81 trillion; and the RMB deposit balance was RMB135.70 trillion with a year-on-year growth of 12.4%, among which the incremental RMB deposits were RMB14.97 trillion, representing a year-on-year increase of RMB1.94 trillion. In the year, total imports and exports amounted to US\$3.96 trillion, representing a year-on-year decrease of 8.0%, among which total exports amounted to US\$2.28 trillion with a year-on-year decrease of 2.8% and total imports amounted to US\$1.68 trillion with a year-on-year decrease of 14.1%.

In 2015, by proactively responding to the continuous adjustments in the global economy and heavy downside pressure on the domestic macro-economy, Chongqing enabled the city's economy to grow at a healthy and stable rate and achieved moderate growth in key economic indicators. Its local GDP reached RMB1,571.97 billion, representing a year-on-year growth of 11.0%, which was 4.1 percentage points higher than the national average, leading the nation's other provinces, municipalities and autonomous regions. In particular, the primary, secondly and tertiary industries grew year-on-year by 4.7%, 11.3% and 11.5% respectively. The city's per capita disposable income

for urban residents was RMB27,239, representing a year-on-year increase of 8.3%. The city's total retail sales of consumer goods reached RMB642.40 billion, representing an increase of 12.5% year on year. As at December 31, 2015, the RMB loan balance from financial institutions within the city was RMB2,239.39 billion with a year-on-year growth of 11.9%; the RMB deposit balance was RMB2,809.44 billion with a year-on-year growth of 12.9%. In the year, total imports and exports of the city amounted to US\$74.48 billion, representing a year-on-year decrease of 22.0%, among which total exports amounted to US\$55.19 billion with a year-on-year decrease of 13.0% and total imports amounted to US\$19.29 billion with a year-on-year decrease of 39.8%.

In 2016, as the domestic and international economic and financial situations remain complicated, China's economic growth will face greater challenges from the adverse impact of continued economic downturn and the increasing structural contradictions in the transition of the new and old growth drivers, making the task of growth stabilization and structural adjustment tougher. The Chinese government will implement proactive fiscal policies, such as reducing taxes, periodically increasing fiscal deficit and properly raising fiscal expenditure, to promote the transformation and upgrading of traditional industries and the rapid development of emerging industries, so as to ensure that China will experience smooth and stable transition and maintain sustainable and sound development under the "New Normal".

With respect to China's financial reform and innovation, the accelerated liberalization of interest rate, continuous improvement in financial regulation and rapid pace of exchange rate reform will lead to intensified competition

in the financial market. The central bank will continue to implement prudent and flexible monetary policies to properly manage the market and flexibly employ various monetary policy tools to maintain appropriate liquidity in order to achieve reasonable growth of credit and financing in the society. In addition, adjustment and optimization of industry regulatory policies and the gradual opening up of financial service qualification licenses will effectively enhance the autonomy and flexibility of the banking sector, creating a new source of growth.

As China's largest municipality, the most developed urban center in Western China, the largest port city on the upper reaches of the Yangtze River and the operating center for Zhongxin interconnection construction, Chongqing is located in the intersection of the area covered by "One Belt, One Road" strategy and Yangtze River Economic Zone and will embrace new opportunities of development under China's "New Normal". In 2015, the regional GDP of Chongqing recorded a growth of 11.0%, leading the nation's other provinces, municipalities and autonomous regions. In 2016, with the progress of China's major development strategies and plans as well as the implementation of policies and measures for stable growth and structural adjustments, Chongqing is expected to maintain a favourable momentum of rapid development in its economic growth.

In 2016, the Bank will continue to implement the restructuring and upgrading of various businesses. The Bank will further enhance its operational and management capabilities, deepen its reform of internal governance, improve products and services, and strive for innovative development in consumer credit, asset management, and other service areas. At the same time,

Management Discussions and Analysis

the Bank will also actively establish and optimize an efficient Internet financial platform, and provide the Bank's customers with more comprehensive financial products and services.

The Bank will adhere to its strategic transformation target of "professionalism, comprehensive management and Internet banking" and strive to promote the optimization and upgrading of operation and customer structure, constantly improving its ability of sustainable development. The Bank has a competitive advantage in small and micro business, corporate business, personal business, inter-bank financing and other services, and will improve its specialty management and service standards and actively expand its business scope, diversify business types and create a new source of growth to the extent permitted by national policies and regulations. By adopting an analytical approach to the regional and macro-economic financial situation, the forecast ability and initiative of operations management will be enhanced. By continuing to develop a comprehensive risk management system, and striving to realize healthy, rapid and sustainable development objectives, the Bank aims at generating more returns for its shareholders and investors.

6.2 Development Strategy

In light of the new Thirteenth Five-Year Plan, the Bank will further adapt itself to the new normal of economy and the transformation trend of financial institutions. With the support of "One Belt, One Road" strategy and under the operation philosophy of "scientific, harmonious and sustainable development", the Bank will intensively explore regional features, transform traditional businesses, and initiate innovative businesses to achieve "benchmarking" profit, "first-class" management and "characteristic" businesses. Meanwhile, the Bank will also make constant efforts to realize the vision of becoming a "Leader in Western China; Benchmark of Listed Banks".

On business development strategy, the Bank will embark on the strategy of "mixed operations with banking as a core business and supported by mergers and acquisitions" during the period of the Thirteenth Five-Year Plan, to enhance its operational capacity on a comprehensive basis. Firstly, the Bank will promote the transformation under the customer-oriented model, improve its professional services, and accelerate the development of the existing primary businesses with retailing, small and micro, and asset management businesses as strategic sources of growth; secondly, the Bank, by taking into consideration new trends of the financial industry and favorable policies, will select new businesses with development potential, proactively develop mixed operation, foster new businesses and launch new pilot projects; thirdly, the Bank will promptly fill in the gaps in its business layout and address the weaknesses in its current operation to bolster the rapid growth in its overall asset and profit scale through mergers and acquisitions.

On innovative development strategy, the Bank will strive to deploy Internet financial services. By proactively cooperating with enterprises of related fields, the Bank strives to improve its professional services. Based on big data, the Bank will focus on its capabilities of analysing and processing as well as external cooperation, so its Internet financial services will be able to penetrate into both traditional business lines (including retail and small and micro banking) and emerging businesses (including consumer finance). By integrating various Internet financial services through direct banking and multiple cooperative platforms, the Bank is gradually diversifying its Internet financial business. During the period of the Thirteenth Five-Year Plan, the Bank will promote its positioning on technology capability and give impetus to its business development, model innovation and internal governance with technology.

6.3 Financial Review

In 2015, faced with complex and challenging economic and financial circumstances, the Bank proactively responded to major challenges in the changing micro and macro market environment, including the restructuring of the domestic economy, economic growth slowdown, intensified competition and higher non-performing loan ratio in banking industry. The Bank also proactively took various measures and committed itself to addressing the challenges arising from the accelerated marketization of interest rates, the implementation of the fiscal and taxation reform, the continuous improvement in financial regulation and the impact of online financial services on traditional banking industry. The Bank accelerated its transformation of development through integrating its operations and management to achieve strategic objectives. The Bank recorded a net profit of RMB3,170.06 million in 2015, representing a year-on-year increase of RMB342.92 million or 12.1%.

As of December 31, 2015, the total assets of the Bank amounted to RMB319,807.99 million, representing a year-on-year increase of 16.5% or RMB45,276.84 million. The Bank adhered to principles of prudent and sustainable credit management and risk control and rationally maintained a reasonable level of aggregate credit and lending pace based on changes in the regional and macroeconomic environment. As a result, net loans and advances to customers grew by 17.0%, or RMB17,701.70 million, to RMB121,816.45 million as compared to the end of the previous year, while the non-performing loan ratio was 0.97%, which remains to be below 1.00%. While striving for stable growth in service networks and business volume, the Bank remained customer-oriented by actively exploring online

banking, direct banking and other online financial products and services and continuously accelerating its business transformation and upgrading to keep abreast of customers' increasing demand for diversification of asset allocation and professional management of deposits under the "New Normal" economy. The Bank adopted an innovative approach to deposit management and optimized its pricing practices of funding to meet the requirements for the liberalization of interest rates. As of December 31, 2015, customer deposits increased by RMB31,366.27 million to RMB199,298.71 million, representing a year-on-year increase of 18.7%, and provided a stable source of funds for the healthy development of the Bank's credit, inter-bank and other intermediary businesses. Besides the increase in income from the main operations, the Bank strictly controlled its expenses and realized a continuous decline in its cost-to-income ratio which recorded a year-on-year decrease of 0.33 percentage point to 30.69% in 2015, representing a persistent rise in operating efficiency of the Bank.

In 2015, the Bank successfully completed the placing of new H shares, all the proceeds from which were used to replenish the capital. As of December 31, 2015, the Bank's capital adequacy ratio and core capital adequacy ratio were 11.63% and 10.49% respectively, representing an increase of 0.63 and 0.86 percentage point over the end of the previous year, fully fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

Management Discussions and Analysis

I. Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Interest income	15,507,610	13,236,153	2,271,457	17.2
Interest expense	(8,505,537)	(7,004,455)	(1,501,082)	21.4
Net interest income	7,002,073	6,231,698	770,375	12.4
Net fee and commission income	1,512,053	908,846	603,207	66.4
Net trading gain	23,769	160,189	(136,420)	(85.2)
Net gains/(losses) on investment securities	(10,243)	150,637	(160,880)	N/A
Other operating income	64,929	31,740	33,189	104.6
Operating income	8,592,581	7,483,110	1,109,471	14.8
Operating expenses	(3,190,171)	(2,805,275)	(384,896)	13.7
Impairment loss	(1,135,300)	(889,566)	(245,734)	27.6
Share of profit of an associate	2,809	2,035	774	38.0
Profit before income tax	4,269,919	3,790,304	479,615	12.7
Income tax expense	(1,099,858)	(963,161)	(136,697)	14.2
Net profit	3,170,061	2,827,143	342,918	12.1

In 2015, the scale of our interest-earning assets grew steadily with net interest income achieving a year-on-year increase of RMB770.38 million or 12.4%; and our net fee and commission income recorded a rapid year-on-year growth of RMB603.21 million or 66.4%. Meanwhile, operating expenses recorded a year-on-year increase of RMB384.90 million or 13.7%; and impairment loss provided for non-performing loans pressure recorded a year-on-year increase of RMB245.73 million or 27.6%. As a result, our profit before income tax was RMB4,269.92 million in 2015, representing a year-on-year increase of RMB479.62 million or 12.7%; and net profit was RMB3,170.06 million, representing a year-on-year increase of RMB342.92 million or 12.1%.

1. Net interest income

In 2015, our net interest income amounted to RMB7,002.07 million, representing a year-on-year increase of RMB770.38 million or 12.4%. Net interest income accounted for 81.49% of total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Interest income	15,507,610	13,236,153	2,271,457	17.2
Interest expense	(8,505,537)	(7,004,455)	(1,501,082)	21.4
Net interest income	7,002,073	6,231,698	770,375	12.4

Management Discussions 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 return of assets or average cost of liabilities for the years indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	115,689,037	7,545,665	6.52	99,669,642	7,173,596	7.20
Investment securities	83,080,518	5,561,218	6.69	53,093,497	3,481,119	6.56
Balances with central bank	32,120,986	494,110	1.54	31,733,898	484,995	1.53
Due from other banks and financial institutions	44,327,053	1,712,037	3.86	32,418,038	1,754,712	5.41
Financial assets at fair value through profit or loss	2,518,191	194,580	7.73	4,610,739	341,731	7.41
Total interest-earning assets	277,735,785	15,507,610	5.58	221,525,814	13,236,153	5.97
LIABILITIES						
Customer deposits	181,781,243	5,003,513	2.75	158,277,356	4,405,190	2.78
Due to other banks and financial institutions	68,062,327	3,139,322	4.61	43,010,762	2,380,842	5.54
Debt securities issued	8,066,795	362,702	4.50	4,049,315	218,423	5.39
Total interest-bearing liabilities	257,910,365	8,505,537	3.29	205,337,433	7,004,455	3.41
Net interest income		7,002,073			6,231,698	
Net interest spread⁽¹⁾			2.29			2.56
Net interest margin⁽²⁾			2.52			2.81

Notes:

(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 between net interest income and average balance of interest-earning assets.

Management Discussions and Analysis

In 2015, the average yield on interest-earning assets of the Bank decreased by 39 basis points to 5.58% as compared to the previous year.

In 2015, the average cost ratio of customer deposits and the amounts due to other banks and financial institutions and bonds issued all decreased, resulting in the overall average cost ratio of interest-bearing liabilities decreasing by 12 basis points to 3.29% as compared to the previous year.

As a result of the overall impact of the above-mentioned factors, net interest spread of the Bank decreased by 27 basis points to 2.29% as compared to the previous year, while net interest margin decreased by 29 basis points to 2.52% as compared to the previous year.

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 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	Change in interest income and expense
ASSETS			
Loans and advances to customers	1,044,844	(672,775)	372,069
Investment securities	2,007,262	72,837	2,080,099
Balances with central bank	5,954	3,161	9,115
Due from other banks and financial institutions	459,960	(502,635)	(42,675)
Financial assets at fair value through profit or loss	(161,691)	14,540	(147,151)
Change in interest income	3,356,329	(1,084,872)	2,271,457
LIABILITIES			
Customer deposits	646,942	(48,619)	598,323
Due to other banks and financial institutions	1,155,484	(397,004)	758,480
Debt securities issued	180,635	(36,356)	144,279
Change in interest expense	1,983,061	(481,979)	1,501,082

2. Interest income

In 2015, the Bank's interest income amounted to RMB15,507.61 million, representing a year-on-year increase of RMB2,271.46 million or 17.2%.

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)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Loans and advances to customers	115,689,037	7,545,665	6.52	99,669,642	7,173,596	7.20
Investment securities	83,080,518	5,561,218	6.69	53,093,497	3,481,119	6.56
Balances with central bank	32,120,986	494,110	1.54	31,733,898	484,995	1.53
Due from other banks and financial institutions	44,327,053	1,712,037	3.86	32,418,038	1,754,712	5.41
Financial assets at fair value through profit or loss	2,518,191	194,580	7.73	4,610,739	341,731	7.41
Total interest-earning assets	277,735,785	15,507,610	5.58	221,525,814	13,236,153	5.97

2.1 Interest income from loans and advances to customers

In 2015, the interest income from loans and advances to customers amounted to RMB7,545.67 million, representing a year-on-year increase of RMB372.07 million or 5.2%, primarily due to the increase in average balance on loans and advances to customers by 16.1% and the decrease in average yield by 68 basis points as compared to that of the previous year.

2.2 Interest income from investment securities

In 2015, the Bank's interest income from investment securities amounted to RMB5,561.22 million, representing a significant year-on-year increase of RMB2,080.10 million or 59.8%, primarily due to the significant increase of 56.5% in average balance and of 13 basis points in average yield on investment securities as compared to those of the previous year.

Management Discussions and Analysis

2.3 Interest income from balances with central bank

In 2015, the Bank's interest income from balances with central bank amounted to RMB494.11 million, representing a year-on-year increase of RMB9.12 million or 1.9%, primarily due to the slight year-on-year increase of 1.2% in average balance and of 1 basis point in average yield of balances with central bank.

2.4 Interest income from amounts due from other banks and financial institutions

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Due from other banks and financial institutions for deposits and loans	6,800,796	223,691	3.29	3,099,455	85,804	2.77
Financial assets held under resale agreements	37,526,257	1,488,346	3.97	29,318,583	1,668,908	5.69
Total amounts due from other banks and financial institutions	44,327,053	1,712,037	3.86	32,418,038	1,754,712	5.41

In 2015, interest income from the Bank's amounts due from other banks and financial institutions amounted to RMB223.69 million, representing a year-on-year increase of RMB137.89 million or 160.7%, primarily due to the significant increase of 119.4% in average balance and the increase in average yield by 52 basis points on amounts due from other banks and financial institutions as compared to that of the previous year.

In 2015, the interest income from the Bank's financial assets held under resale agreements amounted to RMB1,488.35 million, representing a year-on-year decrease of RMB180.56 million or 10.8%, primarily attributable to the year-on-year increase in average balance on financial assets held under resale agreements by 28.0%, and the significant decrease in average yield by 172 basis points as compared to that of the previous year.

As a result of the foregoing factors, the Bank's total interest income due from other banks and financial institutions in 2015 decreased by RMB42.68 million or 2.4% to RMB1,712.04 million as compared to that of the previous year.

2.5 Financial assets at fair value through profit or loss

In 2015, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB194.58 million, representing a year-on-year decrease of RMB147.15 million or 43.1%, primarily due to the increase in average yield on financial assets at fair value through profit or loss by 32 basis points and the significant decrease in average balance by 45.4% as compared to that of the previous year.

3. Interest expense

In 2015, the Bank's total interest expense amounted to RMB8,505.54 million, representing a year-on-year increase of RMB1,501.08 million or 21.4%.

3.1 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)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	51,605,262	470,616	0.91	46,069,519	434,223	0.94
Time	71,118,303	2,925,820	4.11	60,702,755	2,625,671	4.33
Subtotal	122,723,565	3,396,436	2.77	106,772,274	3,059,894	2.87
Retail deposits						
Demand	8,368,605	36,924	0.44	8,311,856	33,328	0.40
Time	27,550,934	1,050,616	3.81	17,902,720	577,528	3.23
Subtotal	35,919,539	1,087,540	3.03	26,214,576	610,856	2.33
Other deposits	23,138,139	519,537	2.25	25,290,506	734,440	2.90
Total customer deposits	181,781,243	5,003,513	2.75	158,277,356	4,405,190	2.78

In 2015, the Bank's interest expense on customer deposits was RMB5,003.51 million, representing a year-on-year increase of RMB598.32 million or 13.6%, primarily due to an increase in the average balance of customer deposits by 14.8% year on year, as well as a slight decrease in average cost ratio of customer deposits by 3 basis points as compared to that of the previous year.

Management Discussions and Analysis

3.2 Interest expense on amount due to other banks and financial institutions

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to other banks	43,899,128	2,255,780	5.14	28,141,151	1,596,263	5.67
Borrowings from central bank	3,343,796	98,581	2.95	2,190,645	56,996	2.60
Financial assets sold under repurchase agreements	20,819,403	784,961	3.77	12,678,966	727,583	5.74
Total borrowings from financial institutions	68,062,327	3,139,322	4.61	43,010,762	2,380,842	5.54

In 2015, the Bank's total interest expense on borrowings from financial institutions was RMB3,139.32 million, representing a year-on-year increase of RMB758.48 million or 31.9%, primarily due to the increase in average balance of the amount payable to other banks and financial institutions by 58.2% year on year, as well as the decrease in average cost ratio by 93 basis points as compared to that of the previous year.

3.3 Interest expense on issuance of bonds

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated bonds	794,758	54,918	6.91	1,049,315	72,257	6.89
Financial bonds for small and micro enterprises	2,991,033	146,266	4.89	3,000,000	146,166	4.87
Inter-bank certificates of deposit	4,281,004	161,518	3.77	–	–	–
Subtotal	8,066,795	362,702	4.50	4,049,315	218,423	5.39

In 2015, the Bank's interest expense on issuance of bonds amounted to RMB362.70 million, representing a year-on-year increase of RMB144.28 million or 66.1%, primarily due to the following reasons:

- (1) on April 3, 2014, the Bank exercised its redemption right to redeem the subordinated bonds of RMB1,000.00 million issued within China's inter-bank bond market in April 2009, which resulted in a decrease of RMB17.00 million in interest expense for subordinated bonds as compared to that of the previous year;
- (2) in April 2013, the Bank issued the five-year financial bonds for small and micro enterprises of RMB3,000 million within China's inter-bank bond market;
- (3) in 2015, the Bank issued a total of 21 inter-bank certificates of deposit. As at December 31, 2015, 14 inter-bank certificates of deposit issued were outstanding with a total nominal value of RMB15,000.00 million.

4. Net interest spread and net interest margin

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

In 2015, the Bank's net interest spread was 2.29%, representing a year-on-year decrease of 27 basis points. The decrease in net interest spread was primarily due to the decrease in average yield of interest-earning assets exceeding the decrease in average cost ratio of interest-bearing liabilities.

In 2015, the Bank's net interest margin was 2.52%, representing a decrease by 29 basis points as compared to that of the previous year, primarily due to the increase of RMB770.38 million or 12.4% in net interest income year on year; the year-on-year increase of RMB56,209.97 million or 25.4% in average balance on interest-earning assets; and the increase in net interest income less than the increase in average balance on interest-earning assets.

5. Non-interest income

5.1 Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Fee and commission income	1,589,399	974,857	614,542	63.0
Commission from financial advisory and consulting services	249,944	329,436	(79,492)	(24.1)
Commission from wealth management agency service	436,537	230,612	205,925	89.3
Commission from custodian service	613,009	214,271	398,738	186.1
Annual fees and commission from bank card services	171,072	111,007	60,065	54.1
Commission from guarantee and commitment services	54,251	45,313	8,938	19.7
Commission from settlement and agency services	64,586	44,218	20,368	46.1
Fee and commission expense	(77,346)	(66,011)	(11,335)	17.2
Net fee and commission income	1,512,053	908,846	603,207	66.4

Management Discussions and Analysis

In 2015, the Bank's net fee and commission income amounted to RMB1,512.05 million, representing a significant increase of RMB603.21 million or 66.4% as compared to the previous year and accounting for 17.60% of operating income, up by 5.45 percentage points as compared to that in the previous year, primarily due to the Bank's proactive adjustment of income structure, adoption of measures to expand the sources of non-interest income and increase in income from intermediary banking services, with a significant year-on-year increase of RMB398.74 million or 186.1% in commission from custodian service, a significant year-on-year increase of RMB205.93 million or 89.3% in commission from wealth management agency service, a rapid year-on-year increase of RMB60.07 million or 54.1% in annual fees and commission from bank card services, a rapid year-on-year increase of RMB20.37 million or 46.1% in commission from settlement and agency services.

Commission income from financial advisory and consulting services amounted to RMB249.94 million, representing a year-on-year decrease of RMB79.49 million or 24.1%, mainly due to the declined clients' needs for advisory and consulting services under the background of macroeconomic downturn which resulted in a drop in number of clients engaging the Bank's advisory and consulting services.

Commission income from wealth management agency service amounted to RMB436.54 million, representing a year-on-year increase of RMB205.93 million or 89.3%, primarily due to the rapid growth and scale expansion in wealth management services.

Commission income from custodian service amounted to RMB613.01 million, representing a year-on-year increase of RMB398.74 million or 186.1%, primarily due to the rapid growth in custodian services.

Annual fees and commission income from bank card services amounted to RMB171.07 million, representing a year-on-year increase of RMB60.07 million or 54.1%, primarily due to the favorable development in credit card installment business, which grew rapidly on a year-on-year basis.

Commission income from guarantee and commitment services amounted to RMB54.25 million, representing a year-on-year increase of RMB8.94 million or 19.7%, primarily because focusing on the domestic letter of credit and its trade financing business, the Bank achieved a good result by actively expanding its business channels, especially in respect of forfaiting under domestic letter.

Commission income from settlement and agency services amounted to RMB64.59 million, representing a year-on-year increase of RMB20.37 million or 46.1%, primarily because: (1) the Bank constantly provided various individualized payment services and products by using newly-developing information technologies such as Internet and mobile communication, which resulted in a rapid growth trend in payment system business; (2) the Bank constantly promoted sales for traditional fund business, actively carried out innovation in products and marketing models, designed customized special accounts fund products for high net worth individuals and maintained the stable development of "Direct Sell Bank Julibao" business.

5.2 Net trading gain/(loss)

The net trading gain/(loss) mainly consists of exchange gain/(loss) and net gain/(loss) from interest rate products. Exchange gain/(loss) includes gains and losses generated from foreign exchange spot transactions and gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi. In 2015, the Bank's exchange gain amounted to RMB23.90 million, representing a year-on-year increase of 0.3%, mainly due to the increase in market value of the major currencies such as US dollars and Hong Kong dollars held by the Bank. Net gain/(loss) from interest rate products held for trading mainly includes gains or losses generated from the changes in fair value of the trading securities. In 2015, the Bank's net loss from interest rate products amounted to RMB0.13 million, mainly due to losses arising from the fluctuation in interest rates due to adjustment of bond-securities investment portfolio. As a result of the above factors, in 2015, the Bank's net trading gain amounted to RMB23.77 million, representing a year-on-year decrease of 85.2%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Exchange gain/(loss)	23,901	23,825	76	0.3
Net gain/(loss) from interest rate products	(132)	136,364	(136,496)	N/A
Total	23,769	160,189	(136,420)	(85.2)

5.3 Net gains/(losses) on investment securities

In 2015, the Bank's net losses on investment securities amounted to RMB10.24 million, representing a significant year-on-year decrease compared to the net gains of RMB150.64 million for the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Net gains arising from de-recognition of held-for-trading financial assets	(11,591)	67,294	(78,885)	N/A
Net gains arising from de-recognition of available-for-sale financial assets	1,348	83,343	(81,995)	(98.4)
Total	(10,243)	150,637	(160,880)	N/A

Management Discussions and Analysis

6. Operating expenses

In 2015, the Bank's operating expenses was RMB3,190.17 million, representing a year-on-year increase of RMB384.90 million or 13.7%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Staff costs	1,626,120	1,324,089	302,031	22.8
Business taxes and surcharges	553,110	483,663	69,447	14.4
Depreciation and amortisation	153,333	136,803	16,530	12.1
General and administrative expense	731,577	734,708	(3,131)	(0.4)
Others	126,031	126,012	19	0.0
Total operating expenses	3,190,171	2,805,275	384,896	13.7

6.1 Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 50.97% and 47.20% of its total operating expenses for 2015 and 2014 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Salaries and bonuses	1,223,219	956,556	266,663	27.9
Pension costs	140,690	127,313	13,377	10.5
Housing benefits and subsidies	77,524	61,780	15,744	25.5
Union and employee education fees	32,128	27,336	4,792	17.5
Other social security and welfare expenses	152,559	151,104	1,455	1.0
Total staff costs	1,626,120	1,324,089	302,031	22.8

In 2015, the Bank's total staff costs amounted to RMB1,626.12 million, representing a year-on-year increase of RMB302.03 million or 22.8%, primarily due to (1) the average increase of salaries and bonuses by 14.9% as compared to that in the previous year, and (2) the increase in headcount driven by the expansion of business scale and the increase in number of branches. As at December 31, 2015, the Bank had 3,780 full-time employees, representing an increase of 199 employees or 5.6% as compared to the previous year.

6.2 Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In 2015, business taxes and surcharges were RMB553.11 million, representing a year-on-year increase of RMB69.45 million or 14.4%.

6.3 Depreciation and amortization

The depreciation and amortisation for 2015 increased by RMB16.53 million or 12.1% to RMB153.33 million from the previous year as the growth of our property and equipment remained stable during the Reporting Period.

6.4 General and administrative expense

In 2015, the general and administrative expense decreased by RMB3.13 million or 0.4% to RMB731.58 million.

7. Impairment losses

In 2015, the provisions for impairment losses recorded RMB1,135.30 million, representing a year-on-year increase of RMB245.73 million or 27.6% as compared to RMB889.57 million in 2014. The increase in provisions for impairment was primarily due to the increased volume of loans.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Loans to customers	1,013,419	732,023	281,396	38.4
– Collectively assessed	420,012	321,838	98,174	30.5
– Individually assessed	593,407	410,185	183,222	44.7
Loans and receivables	117,114	154,172	(37,058)	(24.0)
Others	4,767	3,371	1,396	41.4
Impairment losses on assets	1,135,300	889,566	245,734	27.6

8. Investment in associates

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014
Balance at the beginning of the period	26,405	24,370
Share of profit after tax	2,809	2,035
Balance at the end of the period	29,214	26,405

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. In 2015, the Bank shared the profit after tax of RMB2.81 million, representing an increase of RMB0.77 million or 38.0% as compared to the previous year.

Management Discussions and Analysis

9. Income tax expense

The income tax rate applicable to the Bank was 25%. The effective tax rates of the Bank in 2015 and 2014 were 25.76% and 25.41% respectively.

The following table sets forth the profit before income tax and income tax expense for the years ended December 31, 2015 and 2014, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Profit before income tax	4,269,919	3,790,304	479,615	12.7
Tax calculated at applicable statutory tax rate of 25%	1,067,480	947,576	119,904	12.7
Add/(less) the tax effect of the following items:				
Non-taxable income	(57,049)	(49,332)	(7,717)	15.6
Non-deductible expenses	91,014	66,082	24,932	37.7
Differences from settlements for prior years	(1,587)	(1,165)	(422)	36.2
Income tax expense	1,099,858	963,161	136,697	14.2

II. Analysis of the Statement of Financial Position

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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	124,769,386	39.0	106,448,851	38.8
Provision for impairment losses on loans and advances to customers	(2,952,934)	(0.9)	(2,334,095)	(0.9)
Net loans and advances to customers	121,816,452	38.1	104,114,756	37.9
Investment securities ⁽¹⁾	105,795,905	33.1	70,979,720	25.9
Investments in associates	29,214	0.0	26,405	0.0
Cash and balances with central bank	38,201,369	12.0	35,699,093	13.0
Due from other banks and financial institutions	45,856,556	14.3	54,409,453	19.8
Financial assets at fair value through profit or loss	2,312,586	0.7	4,798,210	1.7
Fixed assets	2,627,007	0.8	2,396,654	0.9
Deferred income tax assets	505,920	0.2	317,765	0.1
Other assets	2,662,978	0.8	1,789,089	0.7
Total assets	319,807,987	100.0	274,531,145	100.0

Note:

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

As at December 31, 2015, the Bank's total assets amounted to RMB319,807.99 million, representing an increase of RMB45,276.84 million or 16.5% as compared to the end of the previous year. An analysis of the breakdown of the Bank's total assets as at December 31, 2015 is as follows:

Total loans and advances to customers increased by RMB18,320.54 million to RMB124,769.39 million or 17.2% 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 for loans to small and medium-sized enterprises and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development and the industrial structure of Chongqing.

Investment securities increased by RMB34,816.19 million to RMB105,795.91 million or 49.1% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of quality corporate bonds, acquisition of wealth management products with high yields from other financial institutions and increased holdings of book-entry treasury bonds and policy bank financial bonds with steady yields.

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Cash and balances with central bank increased by RMB2,502.28 million to RMB38,201.37 million or 7.0% 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 RMB8,552.90 million to RMB45,856.56 million or 15.7% as compared to the end of the previous year, primarily due to (1) the substantial decrease of RMB13,016.52 million or 26.6% in financial assets held under resale agreements, and (2) the increase of net amounts due from other banks and financial assets by RMB4,463.62 million or 81.7%.

1.1 Loans and advances to customers

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans to corporate entities				
– Corporate loans	84,276,669	67.6	69,031,229	64.9
– Discounted bills	4,120,780	3.3	4,866,911	4.6
Retail loans				
– Mortgage loans	18,012,580	14.4	17,339,942	16.3
– Personal consumer loans	3,848,972	3.1	3,876,509	3.6
– Credit card overdraft	2,924,258	2.3	2,253,277	2.1
– Personal business loans	11,586,127	9.3	9,080,283	8.5
– Others	–	–	700	0.0
Total loans and advances to customers	124,769,386	100.0	106,448,851	100.0

As at December 31, 2015, the Bank's total loans and advances to customers amounted to RMB124,769.39 million, representing an increase of RMB18,320.54 million or 17.2% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB84,276.67 million, representing an increase of RMB15,245.44 million or 22.1% as compared to that at the end of the previous year, and accounting for 67.6% of total loans and advances to customers, up by 2.7 percentage points from the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure in response to the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the real estate industry, lease and business service industry, public administration and social organization, water conservancy, environment and public facility management industry, wholesale and retail industry amounted to RMB4,720.23 million, RMB3,716.05 million, RMB1,949.93 million, RMB1,636.10 million and RMB1,086.39 million respectively.

Discounted bills amounted to RMB4,120.78 million, representing a decrease of RMB746.13 million or 15.3% as compared to the end of the previous year, primarily due to weak market demand.

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Retail loans amounted to RMB36,371.94 million, representing an increase of RMB3,821.23 million or 11.7% as compared to the end of the previous year, and accounting for 29.1% of total loans and advances to customers, down by 1.4 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB672.64 million or 3.9% as compared to the end of the previous year; personal consumer loans decreased by RMB27.54 million or 0.7% as compared to the end of the previous year. Credit card overdraft increased by RMB670.98 million or 29.8% as compared to the end of the previous year; and the personal business loans increased by RMB2,505.84 million or 27.6% as compared to the end of the previous year. During the Reporting Period, the Bank took active measures to manage credit risk, actively adjusted the credit structure, favored credit needs of premium personal customers and made more efforts to expand personal business loans and credit card business in view of complex market changes.

Distribution of loans by type of collateral

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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	70,150,924	56.2	54,197,524	50.9
Pledged loans	12,562,758	10.1	13,515,506	12.7
Guaranteed loans	35,291,775	28.3	34,350,040	32.3
Unsecured loans	6,763,929	5.4	4,385,781	4.1
Total loans and advances to customers	124,769,386	100.0	106,448,851	100.0

Movements on provision for impairment on loans and advances to customers

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 December 31, 2015		As at December 31, 2014	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at the beginning of the year	2,072,780	261,315	1,750,942	115,550
Impairment for loans and advances charged to profit or loss	847,547	668,672	394,100	514,349
Reversal of impairment for loans and advances	(427,535)	(75,265)	(72,262)	(104,164)
Net impairment for loans and advances charged to profit or loss	420,012	593,407	321,838	410,185
Unwinding discount on allowances	–	(59,493)	–	(28,975)
Loans written off during the year	–	(345,552)	–	(236,990)
Recoveries of doubtful debts written off in prior years	–	10,465	–	1,545
Balance at the end of the year	2,492,792	460,142	2,072,780	261,315

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In 2015, in strict accordance with the relevant requirements of accounting standards and the regulatory authorities, the Bank took into account of external economic dynamics and macro control policies and strived to increase provision for impairment on loans and advances. As at December 31, 2015, the balance of provisions for impairment losses on loans and advances to customers was RMB2,952.93 million, representing an increase of RMB618.84 million or 26.5% as compared to the end of the previous year; and the provision for impairment to non-performing loans ratio decreased by 74.89 percentage points to 243.98% from that as of the end of the previous year.

1.2 Investment securities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate bonds	2,312,586	2.1	4,798,210	6.3
Subtotal	2,312,586	2.1	4,798,210	6.3
Investment securities – loans and receivables				
– Trust companies	50,188,787	46.4	36,086,622	47.6
– Securities companies	13,411,717	12.4	14,737,000	19.5
– Commercial banks	8,615,127	8.0	2,718,927	3.6
– Assets management companies	104,969	0.1	–	–
– Government	958,900	0.9	–	–
Impairment	(271,286)	(0.3)	(154,172)	(0.2)
Subtotal	73,008,214	67.5	53,388,377	70.5
Investment securities – available-for-sale				
– Non-commercial banks	3,079,089	2.8	3,028,110	4.0
– Enterprises	15,140,594	14.0	5,544,606	7.3
– Commercial banks	70,611	0.1	709,851	0.9
– Trust companies	188,243	0.2	720,000	1.0
– Equity investment at fair value	492,416	0.5	291,122	0.4
– Others	14	0.0	14	0.0
Subtotal	18,970,967	17.6	10,293,703	13.6
Investment securities – held-to-maturity				
– Government	10,515,099	9.7	5,051,655	6.7
– Non-commercial banks	2,835,625	2.6	1,779,985	2.3
– Commercial banks	420,000	0.4	420,000	0.5
– Enterprises	46,000	0.1	46,000	0.1
Subtotal	13,816,724	12.8	7,297,640	9.6
Total	108,108,491	100.0	75,777,930	100.0

As at December 31, 2015, the Bank's total financial assets at fair value through profit or loss and other investment securities amounted to RMB108,108.49 million, representing an increase of RMB32,330.56 million or 42.7% as compared to the end of the previous year. Financial assets at fair value through profit or loss was RMB2,312.59 million, representing a decrease of RMB2,485.62 million or 51.8% as compared to the end of the previous year, primarily due to the adjustment of the structure of trading debt securities by the Bank to adapt to the market. Available-for-sale financial assets was RMB18,970.97 million, representing an increase of RMB8,677.26 million or 84.3% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of quality corporate bonds to increase the Bank's return on investment. Investment securities-receivables was RMB73,008.21 million, representing an increase of RMB19,619.84 million or 36.7% as compared to the end of the previous year, primarily due to the acquisition of wealth management products with high yields from other financial institutions and increased holdings of trust investments with relatively low risks. Investment securities held-to-maturity increased by RMB6,519.08 million or 89.3% as compared to the end of the previous year to RMB13,816.72 million, primarily due to the increase in the Bank's holdings of book-entry treasury bonds and policy bank financial bonds with low risks and stable income.

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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	73,235,555	24.5	81,635,724	31.6
Customer deposits	199,298,705	66.8	167,932,436	64.9
Other liabilities	7,218,001	2.4	5,056,289	1.9
Taxes payable	271,989	0.1	218,597	0.1
Bonds issued	18,490,742	6.2	3,785,076	1.5
Total liabilities	298,514,992	100.0	258,628,122	100.0

As at December 31, 2015, total liabilities amounted to RMB298,514.99 million, representing an increase of RMB39,886.87 million or 15.4% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB31,366.27 million or 18.7% as compared to the end of the previous year; amounts due to other banks and financial institutions decreased by RMB8,400.17 million or 10.3% as compared to the end of the previous year; bonds issued significantly increased by RMB14,705.67 million or 388.5% as compared to the end of the previous year primarily because the Bank issued a total of 21 inter-bank certificates of deposit in 2015 and 14 inter-bank certificates of deposit issued were outstanding as at December 31, 2015 with a nominal value of RMB15,000.00 million in aggregate.

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2.1 Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	57,102,294	28.7	48,920,176	29.1
Corporate time deposits	77,426,011	38.8	64,523,802	38.4
Individual demand deposits	8,979,971	4.5	9,015,331	5.4
Individual time deposits	31,197,219	15.7	18,974,821	11.3
Other deposits	24,593,210	12.3	26,498,306	15.8
Total customer deposits	199,298,705	100.0	167,932,436	100.0
Of which: Pledged deposits held as collateral	16,619,121	8.3	24,585,657	14.6

As at December 31, 2015, customer deposits amounted to RMB199,298.71 million, representing an increase of RMB31,366.27 million or 18.7% as compared to the end of the previous year. Corporate deposits balance were RMB134,528.31 million, representing an increase of RMB21,084.33 million or 18.6% as compared to the end of the previous year; individual deposits balance were RMB40,177.19 million, representing an increase of RMB12,187.04 million or 43.5% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB66,082.27 million, representing an increase of RMB8,146.76 million or 14.1% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB108,623.23 million, representing an increase by RMB25,124.61 million or 30.1% as compared to the end of the previous year.

2.2 Bonds issued

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated bonds				
Fixed rate subordinated debt – 2022	795,902	4.3	795,468	21.0
Financial bonds				
Fixed rate financial bonds – 2018	2,992,474	16.2	2,989,608	79.0
Inter-bank certificates of deposit	14,702,366	79.5	–	–
Total	18,490,742	100.0	3,785,076	100.0

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 the RMB800.00 million 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 have been included as supplementary capital in accordance with relevant requirements of the CBRC.

Pursuant to a resolution of the extraordinary general meeting passed on November 25, 2011 and the "Approval for Bank of Chongqing to Issue Financial Bonds" (《關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 21, 2012, the Bank issued financial bonds for small and micro enterprises of RMB3,000.00 million in the domestic inter-bank bond market of China in April 2013. On April 25, 2013, the Bank issued 5-year financial bonds for small and micro enterprises with a principal amount of RMB3,000.00 million in the domestic inter-bank bond market of China. 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 of December 31, 2015, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

The Bank issued a total of 21 inter-bank certificates of deposit in 2015. As at December 31, 2015, 14 inter-bank certificates of deposit issued were outstanding with a nominal value of RMB15,000.00 million in aggregate.

2.3 Due to other banks and financial institutions

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to central bank	3,586,768	4.9	2,918,096	3.6
Deposits from banks	28,777,759	39.3	32,311,570	39.6
Deposits from other financial institutions	12,682,929	17.3	8,385,199	10.3
Placements from banks and other financial institutions	3,000,000	4.1	3,500,000	4.3
Notes sold under repurchase agreements	25,188,099	34.4	32,939,059	40.3
Securities sold under repurchase agreements	–	–	1,581,800	1.9
Total	73,235,555	100.0	81,635,724	100.0

As of December 31, 2015, the Bank's balance due to other banks and financial institutions amounted to RMB73,235.56 million, representing a decrease of RMB8,400.17 million or 10.3% as compared to the end of the previous year. The Bank's balance due to central bank increased by RMB668.67 million or 22.9% as compared to the end of the previous year; its deposits from banks decreased by RMB3,533.81 million or 10.9% as compared to the end of the previous year; deposits from other financial institutions increased by RMB4,297.73 million or 51.3% as compared to the end of the previous year; the Bank's placements from banks and other financial institutions decreased by RMB500.00 million or 14.3%; notes sold under repurchase agreements decreased by RMB7,750.96 million or 23.5%; and securities sold under repurchase agreements decreased to nil at the end of 2015 from RMB1,581.80 million at the end of 2014.

Management Discussions and Analysis

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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	14.7	2,705,228	17.0
Capital reserve	4,680,638	22.0	2,444,623	15.4
Other reserves	5,337,299	25.0	3,798,252	23.9
Retained earnings	8,148,003	38.3	6,954,920	43.7
Total equity	21,292,995	100.0	15,903,023	100.0

As at December 31, 2015, the Bank had paid-in capital of RMB3,127.06 million, capital reserve of RMB4,680.64 million, other reserves of RMB5,337.30 million, and retained earnings were RMB8,148.00 million. Among other reserves, (1) surplus reserve increased by RMB317.01 million as compared to the end of the previous year, primarily due to the provisions made for statutory surplus reserve; and (2) general reserve increased by RMB924.15 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets as at the end of the previous year.

III. Loan Quality Analysis

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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	118,258,244	94.78	103,463,491	97.20
Special mention	5,300,814	4.25	2,253,380	2.12
Substandard	726,416	0.58	535,969	0.50
Doubtful	444,294	0.36	137,392	0.13
Loss	39,618	0.03	58,619	0.05
Total loans and advances to customers	124,769,386	100.00	106,448,851	100.00
Amount of non-performing loans	1,210,328	0.97	731,980	0.69

In 2015, facing the complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a throughout risk review of credit assets, actively prevented and mitigated risks, strengthened early risk warning, tracking and after-lending monitoring management, hence the quality of the Bank's credit assets remained stable. As at December 31, 2015, the balance of non-performing loans was RMB1,210.33 million, representing an increase of RMB478.35 million as compared to the end of the previous year; non-performing loan ratio was 0.97%, representing an increase of 0.28 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 4.25% of total loans, representing an increase of 2.13 percentage points as compared to that of the end of the previous year.

Management Discussions and Analysis

2. Concentration of loans

2.1 Concentration by industry and non-performing loan

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015				As at December 31, 2014			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Manufacturing	16,488,594	13.2	243,215	1.48	16,318,878	15.3	149,531	0.92
Wholesale and retail	16,105,150	12.9	369,116	2.29	15,018,762	14.1	269,930	1.80
Construction	8,109,478	6.5	72,721	0.90	7,346,188	6.9	55,230	0.75
Real estate	15,082,562	12.1	-	-	10,362,332	9.7	-	-
Leasing and commercial services	6,999,400	5.6	11,283	0.16	3,283,354	3.1	-	-
Water conservation, environment and public facility administration	6,596,889	5.3	-	-	4,960,790	4.7	-	-
Transportation, warehousing and postal service	2,013,142	1.6	-	-	1,945,510	1.8	22,666	1.17
Mining	2,666,412	2.1	139,000	5.21	2,399,014	2.3	100,000	4.17
Electricity, gas and water production and supply	2,021,638	1.6	5,000	0.25	1,733,604	1.6	-	-
Agriculture, forestry, animal husbandry and fishery	1,424,851	1.1	29,563	2.07	1,167,468	1.1	4,988	0.43
Household services and other services	729,088	0.6	1,000	0.14	621,921	0.6	-	-
Education	643,890	0.5	-	-	502,960	0.5	1,400	0.28
Financing	362,129	0.3	-	-	403,863	0.4	-	-
Science, technology and geological survey	311,783	0.3	7,500	2.41	376,190	0.3	-	-
Information transmission, computer services and software industries	321,001	0.3	-	-	272,192	0.3	-	-
Accommodation and catering	383,344	0.3	-	-	390,153	0.4	294	0.08
Culture, education and entertainment	369,788	0.3	-	-	357,130	0.3	-	-
Public administration and social organization	3,147,630	2.5	-	-	1,197,700	1.1	-	-
Health, social security and welfare	499,900	0.4	4,840	0.97	373,220	0.3	-	-
Discounted bills	4,120,780	3.3	-	-	4,866,911	4.6	-	-
Retail loans	36,371,937	29.2	327,090	0.90	32,550,711	30.6	127,941	0.39
Total	124,769,386	100.0	1,210,328	0.97	106,448,851	100.0	731,980	0.69

Note: Non-performing loans 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.

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In 2015, in response to the macro conditions of slower economic growth, the Bank continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas.

Certain cyclical industries were further affected by international and domestic economic fluctuations in 2015 and recorded a relatively fast growth in their non-performing loan ratio. Major industries experienced the following changes:

The amount of non-performing loans in the science, technology and geological survey industry increased by RMB7.50 million as compared to the end of the previous year, and the non-performing loan ratio increased by 2.41 percentage points, mainly due to: (1) a loan granted to a biology company, which is overdue as a result of the company's extended cash collection cycle and the consequent failure in repaying the loan in time; and (2) a loan granted to a chicken farm, which is overdue as the farm's capital chain ruptured due to difficulties in collecting its account receivables;

The amount of non-performing loans in the agriculture, forestry, animal husbandry and fishery industry increased by RMB24.58 million as compared to the end of the previous year, and the non-performing loan ratio increased by 1.64 percentage points, mainly due to a loan granted to a livestock breeding company, which is overdue because the company suffered from its declined sales in the wake of expansion and difficulties in collecting account receivables;

The amount of non-performing loans in the mining industry increased by RMB39.00 million as compared to the end of the previous year, and the non-performing loan ratio increased by 1.04 percentage points, mainly due to an overdue loan from a coal mining company, for which currently a lawsuit is being brought;

The amount of non-performing loans in the health, social security and welfare industry increased by RMB4.84 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.97 percentage point, mainly because the operation of a private hospital was affected by its shareholders involving in a civil dispute, thus was unable to repay the loan in time, for which currently a lawsuit is being brought;

The amount of non-performing loans in the manufacturing industry increased by RMB93.68 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.56 percentage point, mainly because industries with overcapacity, such as iron and steel industry, were greatly impacted by the market, thus leading to the increase in non-performing loan ratio in such industries;

The amount of non-performing loans in the wholesale and retail industry increased by RMB99.19 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.49 percentage point, with the new non-performing loans concentrating on the steel and coal trading industry. Affected by the overall slowdown of the national economy in 2015, steel and coal prices continued to fall, and excess inventory and difficulty in collecting account receivables increased the pressure on the capital chain, thereby resulting in the growth of the non-performing loan ratio;

The non-performing retail loans increased by RMB199.15 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.51 percentage point, mainly due to suspension or closing down of some small and micro enterprises and the consequent failure in repayment of personal business loans and commercial mortgage loans by small and micro business owners.

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Moreover, as a result of our prudent credit entry criteria for customers and sound risk management, the Bank continued to maintain a zero non-performing loan ratio in real estate loans while the size of loans to the real estate industry grew rapidly. The non-performing loan ratio in the transportation, warehousing and postal industries dropped to zero from 1.17% at the end of the previous year and the non-performing loan ratio in the education industry also dropped to zero from 0.28% at the end of the previous year through our active management and collection of such non-performing loans.

2.2 Concentration of borrowers

In 2015, the Bank's total loans to its largest single borrower accounted for 4.00% of its net capital while total loans to its top ten customers accounted for 30.79% of its net capital, which were in compliance with regulatory requirements. As at December 31, 2015, none of the Bank's loans to top ten borrowers were non-performing loans.

(1) Indicators of concentration

Major regulatory indicators	Regulatory standard	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013
Loan concentration ratio for the largest single customer (%)	<=10	4.00	4.62	5.09
Loan concentration ratio for the top ten customers (%)	<=50	30.79	25.21	22.84

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

(2) Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)	Industry	As at December 31, 2015	
		Amount	Percentage of total (%)
Customer A	Public administration, social security and social organization	940,000	0.75
Customer B	Real estate	845,000	0.68
Customer C	Manufacturing	834,000	0.67
Customer D	Leasing and commercial services	790,000	0.63
Customer E	Real estate	732,500	0.59
Customer F	Real estate	700,000	0.56
Customer G	Real estate	679,300	0.54
Customer H	Real estate	655,000	0.52
Customer I	Real estate	560,000	0.45
Customer J	Electricity, thermal power, gas and water production and supply	500,000	0.40

2.3 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 December 31, 2015			As at December 31, 2014		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	84,276,669	883,238	1.05	69,031,229	604,039	0.88
Short-term loans	47,125,070	778,238	1.65	45,885,258	502,639	1.10
Medium- and long-term loans	37,151,599	105,000	0.28	23,145,971	101,400	0.44
Retail loans	36,371,937	327,090	0.90	32,550,711	127,941	0.39
Residential mortgage and personal commercial property loans ⁽¹⁾	17,880,109	63,893	0.36	16,994,619	30,800	0.18
Personal business and re-employment loans	11,586,127	205,062	1.77	9,080,283	74,589	0.82
Others ⁽²⁾	6,905,701	58,135	0.84	6,475,809	22,552	0.35
Discounted bills	4,120,780	–	–	4,866,911	–	–
Total	124,769,386	1,210,328	0.97	106,448,851	731,980	0.69

Notes:

- (1) Personal commercial property loans only include mortgage loans and exclude the part of other consumer loans which is used to purchase commercial properties.
- (2) Other loans include Yangtze Card revolving credit lines, Yangtze Quick and Easy Loan (長江快易貸), personal consumer automobile mortgage loans (indirect type), personal consumer automobile mortgage loans (direct type), other personal loans for general consumption needs and Xing Fu Dai (幸福貸).

As at December 31, 2015, non-performing loan ratio of corporate loans increased by 0.17 percentage point to 1.05% as compared to the end of the previous year, and non-performing loan ratio of retail loans increased by 0.51 percentage point to 0.90% as compared to the end of the previous year.

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2.4 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 December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	1,911,506	54.56	835,969	56.49
Past due 90 days to 1 year	1,079,629	30.82	406,747	27.49
Past due over 1 year and within 3 years	413,682	11.81	237,008	16.02
Past due over 3 years	98,486	2.81	3	0.00
Total overdue loans and advances to customers	3,503,303	100.00	1,479,727	100.00

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

As at December 31, 2015, the total overdue loans amounted to RMB3,503.30 million, representing an increase of RMB2,023.58 million as compared to the end of the previous year. Overdue loans accounted for 2.81% of total loans, representing an increase of 1.42 percentage points as compared to the end of the previous year.

IV. Segment Information

1. Summary of geographical segment

(Expressed in percentage)	As at December 31,							
	2015		2014		2013		2012	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Deposits	81.19	18.81	77.49	22.51	77.81	22.19	79.85	20.15
Loans	75.82	24.18	74.00	26.00	73.83	26.17	73.85	26.15
Assets	83.37	16.63	81.40	18.60	77.72	22.28	80.13	19.87
Loan to deposit ratio	56.99	78.43	59.21	71.60	57.71	71.74	62.14	87.24
Non-performing loan ratio	0.65	2.02	0.31	1.80	0.26	0.75	0.24	0.59
Provision for impairment to non-performing loans	347.34	136.75	704.36	128.30	787.84	268.30	748.91	294.96

(Expressed in percentage)	Year ended December 31,							
	2015		2014		2013		2012	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Return on average total assets	1.27	0.05	1.24	0.94	1.47	0.58	1.62	0.11
Net fee and commission income to operating income	19.34	14.14	13.25	7.65	10.88	11.48	7.05	13.74
Cost-to-income ratio	29.58	40.47	30.60	31.85	30.51	42.15	31.13	54.51

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

2. Summary of business segment

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Net interest income from external customers	2,242,000	300,151	4,459,922	–	7,002,073
Inter-segment net interest income/(expense)	2,029,518	527,638	(2,557,156)	–	–
Net interest income	4,271,518	827,789	1,902,766	–	7,002,073
Net fee and commission income	346,874	176,931	988,248	–	1,512,053

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2014				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Net interest income from external customers	2,089,251	679,154	3,463,293	–	6,231,698
Inter-segment net interest income/(expense)	2,130,299	493,782	(2,624,081)	–	–
Net interest income	4,219,550	1,172,936	839,212	–	6,231,698
Net fee and commission income	742,196	166,650	–	–	908,846

V. 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 December 31, 2015, the balance of unused credit card limits was RMB2,116.88 million, representing an increase by RMB1,038.81 million or 96.4% as compared to the end of the previous year; the balance of guarantees, acceptances and letters of credit was RMB33,582.86 million, representing a decrease by RMB6,899.40 million or 17.0% as compared to the end of the previous year; the balance of operating lease commitments was RMB195.18 million, representing an increase by RMB39.47 million or 25.3% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB380.26 million, representing a decrease by RMB174.04 million or 31.4% as compared to the end of the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	2,116,877	–	–	2,116,877
Guarantees, acceptances and letters of credit	32,982,580	600,279	–	33,582,859
Operating lease commitments	60,066	110,211	24,901	195,178
Capital expenditure commitments	345,898	34,365	–	380,263
Total	35,505,421	744,855	24,901	36,275,177

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(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2014			Total
	Within 1 year	1 to 5 years	Over 5 years	
Unused credit card limits	1,078,065	–	–	1,078,065
Guarantees, acceptances and letters of credit	40,102,035	380,227	–	40,482,262
Operating lease commitments	51,549	85,366	18,796	155,711
Capital expenditure commitments	507,265	47,036	–	554,301
Total	41,738,914	512,629	18,796	42,270,339

6.4 Business Overview

6.4.1 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)	December 31, 2015	December 31, 2014	Rate of change (%)
Net interest income from external customers	2,242,000	2,089,251	7.3
Inter-segment net interest income	2,029,518	2,130,299	(4.7)
Net interest income	4,271,518	4,219,550	1.2
Net fee and commission income	346,874	742,196	(53.3)
Other operating income	655	5,366	(87.8)
Impairment losses	(920,274)	(459,757)	100.2
Operating expenses	(1,713,171)	(1,806,118)	(5.1)
– Depreciation and amortization	(82,342)	(88,078)	(6.5)
– Others	(1,630,829)	(1,718,040)	(5.1)
Profit before income tax	1,985,602	2,701,237	(26.5)
Capital expenditure	148,122	189,321	(21.8)
Segment assets	119,491,853	110,186,011	8.4
Segment liabilities	(165,895,183)	(143,750,589)	15.4

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 December 31, 2015, the balance of our corporate deposits (excluding security deposits) amounted to RMB134.53 billion, accounting for 67.5% of the balance of total deposits and representing a growth of RMB21.08 billion or 18.6% as compared with the end of previous year. The balance of our corporate deposits (including security deposits) amounted to RMB151.15 billion, accounting for 75.8% of the balance of total deposits and representing a growth of RMB13.12 billion or 9.5% as compared with the end of previous year.

According to Chongqing Administration of the PBOC, as at the end of December 2015, the balance of our RMB corporate deposits (including security deposits) in Chongqing amounted to RMB113.63 billion, which ranked the 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 8.27%, representing an increase of 0.19 percentage point as compared with the end of previous year. Our RMB corporate deposits in Chongqing increased by RMB10.14 billion as compared with the end of previous year, which ranked the fifth in the city.

(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 December 31, 2015, the balance of our corporate loans (excluding discount of bills) amounted to RMB84.28 billion, representing a growth of RMB15.25 billion or 22.1% as compared to the end of 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. The Bank launched flexible deposits products characterized with the flexibility of demand deposits and high yield of time deposits, and was the first corporate financial institution in Chongqing to issue certificates of large-amount deposit to corporate customers. The Bank also enhanced the connection among various platforms, promoted the development of online business and launched "Wen Jiao Hui (文交惠)" products for the members of Chongqing Culture Assets and Equity Exchange Center (重慶文化產權交易中心). In addition, the Bank proactively implemented measures in response to the interest rate liberalization and improved its ability in providing integrated service solutions. Specially, the Bank strengthened the synergy between domestic and foreign currency businesses and products to provide enterprises with one-stop financial service. The Bank also proactively commenced the light asset operation, expanded its business scale by utilizing its assets rationally and offered letters of guarantee for cross-border tenders to support domestic enterprises "going global".

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6.4.2 Small and Micro Enterprise Banking Business

(I) Overview of Small and Micro Enterprise Banking Business as at December 31, 2015

According to governmental statistics, the balance of our small and micro enterprise loans as at December 31, 2015 amounted to RMB47.58 billion, representing an increase of RMB8.51 billion or 21.8% as compared with the end of the previous year, which was 4.6 percentage points higher than the increase in our total loans. The small and micro enterprise loans accounted for 38.13% of our total loans and the number of loan customers was 20,050, increased by 2,576 as compared with the end of the previous year. The approval rate for small and micro enterprises loans was 86.11%, representing an increase of 4 percentage points as compared with the end of the previous year. According to new regulatory requirements, the Bank maintained the “three minimums” regulatory requirements.

While developing the scale of the small and micro enterprise banking business, the Bank has been focusing on the adjustment of customer structure. As at December 31, 2015, the small and micro enterprise loans with an individual lending amount of RMB5 million or below recorded a balance of RMB22.55 billion, representing an increase of RMB2.66 billion or 13.4% as compared with the end of the previous year; and the number of clients reached 18,776, and the balance of loans per client was RMB1 million.

(II) Micro Enterprise Financing Business

As at December 31, 2015, the balance of our micro-loan extended based on the technology from International Project Consult GmbH reached RMB2.46 billion, representing an increase of RMB178 million or 7.8% as compared with the end of previous year; the number of clients reached 7,143, representing an increase of 608 or 9.3% as compared with the end of the previous year; and the weighted average annual interest rate was 12.90% which was substantially higher than the average interest rate of the Bank. In light of the diversified nature of the customer base and high profitability of micro-loans, we will continue to allocate credit resources, financial resources and human resources to such business to accelerate the expansion of the micro-loans market and to make micro-loans as a featured product of the Bank.

(III) Initiatives to Develop Small and Micro Enterprise Customers

(1) Business Promotion

In order to adapt to the new economic norm and upholding the idea of supporting development of small and micro grass-root enterprises, the Bank has leveraged its individual business startup loan of “Qi Dong Li (啟動力)” and guaranteed loan of “Chuang Xiang Dai (創想貸)” to respond to the “mass entrepreneurship and innovation”, and continued to enlarge the customer base with smaller amount for a single loan. Targeting customers clustered in county economic zones, the regional branches of the Bank focused on small and micro customers engaging in processing of agricultural products, retail and wholesale and catering, which were less affected by economic fluctuations. Meanwhile, the Bank continued to carry out the “bulk, standard, process-based and intensive” business model, evaluated customers’ risk exposures and customized group-based service solutions for its customers. The Bank also encouraged its sub-branches to operate with refined segments and characteristics to facilitate the sustainable and healthy development of the small and micro enterprise banking business. Under the regulatory guidance and taking into account of its risk preference and credit culture, the Bank explored venture loan and big data credit products.

(2) Business Management Enhancement

In order to meet the specific financial needs of small and micro enterprises, the Bank launched an integrated form, which covers the whole process of loan investigation, review and approval and adopts standardized pre-credit investigation for small and micro enterprises, so as to persistently improve working efficiency. The Bank developed a financial product named “Nian Shen Dai (年審貸)” to meet the market needs, with an aim to enhance customer loyalty and increase profitability. Meanwhile, the Bank enriched its professional services for small and micro enterprises and encouraged its branches and sub-branches to set up small and micro enterprise banking department to expand the client management teams for small and micro businesses. The Bank also continued to organize the professional training for account managers, formulated development plan for account managers for small and micro businesses and improved the assessment system of “Promotion or Demotion (能升能降)” for these account managers.

(3) Business Risk Management

In response to the new condition and status of slowdown of the macro economy growth, shortfall of the effective demand of real economy and continuous exposures of credit asset risk, the Bank continued to improve its risk management system for small and micro enterprise banking business, and reduced its credit risk mainly in the following four aspects: 1) in order to optimize our system, improve internal control and prevent operational risks, the Bank promulgated the Post-loan Administrative Measures for Small and Micro Enterprises (Trial) and the Implementation Rules for Guarantee for Small and Micro Loans during the year. The Bank also amended the Tentative Administrative Measures for the Renewal of Special Loans to Small and Micro Enterprises according to its business operations, and provided instruments for marketing and risk mitigation for branches and sub-branches, thereby facilitating the balanced development between operations and risk control; 2) the Bank improved its risk control and management, enhanced the regular report on questionable credits, supervised branches in proactively solving questionable credits granted to small and micro enterprises, strengthened the frequency and coverage of site inspection for small and micro enterprises, implemented accountability system on auditing, and increased the awareness of branches and sub-branches on internal risk control and management; 3) the Bank focused on adjustments of its guarantee structure, and enhanced the business risk prevention and control. It also facilitated the transformation to pledge guarantee in small and micro business, and lowered the credit leverage; and 4) the Bank adjusted its allocation structure, optimized cooperative strategies, restricted the credit grant for steel, coal and construction industry, and increased the credit grant for agricultural, retail, service and education industry with greater rigid demand.

(4) Business Channel Building

The Bank enhanced its cooperation with business chambers or associations or trade markets, and fully utilized its advantage position on information and intermediary as the president, core enterprise and market administrator within the banking industry. It also implemented cross information verification on borrowers, thereby enhancing the efficiency on credit approval and providing support for bulk business. In addition, the Bank strengthened its communications with government authorities, and acquired government’s supportive policies for small and micro enterprises in respect of business, industry and tax. Through cooperation with the industry guiding fund and risk compensation fund founded by the government, the Bank expanded the channels access small and micro enterprise customers and the compensation channels for credit risks. 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. Lastly, the Bank established strategic cooperation with Internet enterprises, and explored integration of online and offline business for bank credit business.

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6.4.3 Retail Banking Business

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

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014	Rate of change (%)
Net interest income from external customers	300,151	679,154	(55.8)
Inter-segment net interest income	527,638	493,782	6.9
Net interest income	827,789	1,172,936	(29.4)
Net fee and commission income	176,931	166,650	6.2
Other operating income	7,505	3,378	122.2
Impairment losses	(93,145)	(272,266)	(65.8)
Operating expenses	(898,535)	(613,970)	46.3
– Depreciation and amortization	(43,187)	(29,941)	44.2
– Others	(855,348)	(584,029)	46.5
Profit before income tax	20,545	456,728	(95.5)
Capital expenditure	55,097	56,333	(2.2)
Segment assets	44,447,139	32,786,014	35.6
Segment liabilities	(42,314,118)	(28,811,408)	46.9

(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, and fully utilizing its regional brand advantages to conduct service-oriented marketing mainly towards mid- to high-end target customer groups. The Bank improved specific “Xing Fu Cun (幸福存)” deposit products solely with the aim of providing financial services to benefit the general public. Meanwhile, the Bank launched “Meng Xiang Cun (夢想存)” deposit products and issued large-amount deposit certificates to individual customers to upgrade our deposit products. Personal deposits increased by RMB12.19 billion or 43.5% as compared with the end of the previous year to RMB40.18 billion, continuing to maintain a relatively high growth rate. The local market share steadily increased.

(II) Personal Loans

It excluded personal business loans and credit card overdrafts.

Our personal consumer loans continued to grow steadily. Personal consumer loans increased by RMB646 million to RMB21.86 billion as compared with the end of the previous year, of which personal residential mortgage loans increased by RMB783 million to RMB17.43 billion as compared with the end of previous year. The Bank had been innovating its personal loan products, and launched a series of loan products such as “Jie Li Dai (接利貸)”, “Xin Jin Dai (薪金貸)” and “Xing Fu Dai (幸福貸)”.

Aiming to proactively support the call for “Entrepreneurship and Innovation by the General Public”, the Bank upgraded its entrepreneurship guarantee loan to “Chuang Xiang Dai (創想貸)” and made various efforts to support mass entrepreneurship. “Chuang Xiang Dai (創想貸)” delivered considerable profitability and boosted employment of residents. As a result, mutual successes were achieved in our economic profit and social responsibility commitment.

(III) Bank Cards

It excluded credit cards.

New card issuance and transaction volume of our bank card business recorded continuous growths. As at December 31, 2015, we had issued a total of 2,773,020 debit cards and the transaction volume during the year amounted to RMB9.80 billion. The Bank has been committed to broadening the functions, diversifying the channels and enhancing the security of bank card consumption, settlement and other bank card applications. The Bank issued the financial IC cards for registered season tickets of China Super League, which were the first financial IC card applied in national football match tickets. This serves as a demonstration and facilitates the application of financial IC cards.

6.4.4 Treasury Operations

The following table sets forth the accounting information and changes of the treasury operations segment:

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014	Rate of change (%)
Net interest income from external customers	4,459,922	3,463,293	28.8
Inter-segment net interest expense	(2,557,156)	(2,624,081)	(2.6)
Net interest income	1,902,766	839,212	126.7
Net fee and commission income	988,248	–	–
Net trading gains	23,769	160,189	(85.2)
Net gains/(losses) on investment securities	(10,243)	150,637	(106.8)
Share of profits of an associate	2,809	2,035	38.0
Other operating income	14,809	12,589	17.6
Impairment losses	(117,114)	(154,172)	(24.0)
Operating expense	(566,389)	(364,950)	55.2
– Depreciation and amortization	(27,223)	(17,797)	53.0
– Others	(539,166)	(347,153)	55.3
Profit before income tax	2,238,655	645,540	246.8
Capital expenditure	192,582	225,489	(14.6)
Segment assets	155,358,361	131,236,323	18.4
Segment liabilities	(90,304,091)	(86,066,886)	4.9

In 2015, 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 2015.

Thanks to the efforts through the one-year-period, our treasury operations made sound and healthy progress, posting a profit before income tax of RMB2.24 billion for the year ended 2015, and increased by RMB1.59 billion as compared to the previous year, mainly due to the increase in treasury operation volume.

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(I) Breakdown of Securities Investment by Holding Purpose

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015		December 31, 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity	13,816,724	12.84	7,297,640	9.67
Loans and receivables	73,008,214	67.84	53,388,377	70.72
Held for trading	2,312,586	2.15	4,798,210	6.36
Available for sale	18,478,537	17.17	10,002,567	13.25
Total	107,616,061	100.00	75,486,794	100.00

As at December 31, 2015, the Bank's held-to-maturity bonds increased by RMB6.52 billion from the end of the previous year, with the proportion increasing by 3.17 percentage points; loans and debt securities classified as receivables increased by RMB19.62 billion from the end of the previous year, with the proportion decreasing by 2.88 percentage points; held-for-trading bonds decreased by RMB2.49 billion from the end of the previous year, with the proportion decreasing by 4.21 percentage points; and available-for-sale bonds increased by RMB8.48 billion from the end of the previous year, with the proportion increasing by 3.92 percentage points.

(II) Breakdown of Securities Investment by Credit Rating

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015		December 31, 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	1,699,466	1.58	1,077,859	1.43
AA- to AA+	12,128,583	11.27	8,736,221	11.57
Unrated	93,788,012	87.15	65,672,714	87.00
Total	107,616,061	100.00	75,486,794	100.00

The Bank strengthened the analysis of interest rate movements in the interbank market in 2015. According to market interest rate movements, the Bank mainly increased the holdings of highly liquid book-entry government bonds and non-commercial bank bonds as well as debenture bonds with credit rating of AA or above. As at December 31, 2015, the Bank's unrated securities investment increased by RMB28.12 billion from the end of the previous year, with the proportion increasing by 0.15 percentage point. 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)	December 31, 2015		December 31, 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3 months	16,956,151	15.76	10,700,533	14.18
3 to 12 months	30,555,294	28.39	15,273,970	20.23
1 to 5 years	47,001,022	43.67	42,259,144	55.98
Over 5 years	13,103,594	12.18	7,253,147	9.61
Total	107,616,061	100.00	75,486,794	100.00

As at December 31, 2015, the Bank's securities investment with remaining maturity within 12 months increased by RMB21.54 billion from the end of the previous year, with the proportion increasing by 9.74 percentage points.

(IV) Holdings of Financial Bonds

Financial bonds are marketable securities issued by policy banks and other financial institutions with a debt service term as agreed upon. As at December 31, 2015, the balance of our financial bonds was RMB6.20 billion in nominal value, 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 in RMB	Annual interest rate (%)	Maturity date
2015 Policy Bank Financial Bond	1,060,000	4.09	April 27, 2035
2012 Policy Bank Financial Bond	490,000	4.11	April 23, 2017
2015 Policy Bank Financial Bond	420,000	3.54	April 16, 2022
2007 Policy Bank Financial Bond	420,000	3.40	March 22, 2017
2015 Policy Bank Financial Bond	400,000	3.51	July 16, 2025
2015 Policy Bank Financial Bond	400,000	3.30	July 9, 2022
2015 Policy Bank Financial Bond	400,000	2.92	September 24, 2018
2006 Policy Bank Financial Bond	380,000	3.79	June 28, 2021
2015 Policy Bank Financial Bond	300,000	3.51	July 16, 2025
2015 Policy Bank Financial Bond	300,000	3.30	July 9, 2022

6.4.5 Distribution Channels

(I) Physical Outlets

As at December 31, 2015, we operated our business and marketed our retail banking products and services through 130 sub-units, including the business department of our Head Office, our small enterprise loan center, four primary branches, and 814 self-service terminals, and through our extensive distribution channels, such as telephone banking, mobile banking, online banking and direct banking, which cover all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province.

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(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 December 31, 2015, we had 88 offsite self-service banking centers, 112 onsite self-service banking centers and 814 self-service terminals, including 338 ATMs, 295 self-service deposit and withdrawal machines and 181 multi-media self-service terminals that offer withdrawal, account inquiry, bill payment, deposit, passcode changing and/or fund transfer services. In 2015, we processed approximately 8.37 million self-service banking transactions, with a total transaction volume of RMB15.44 billion.

(III) Electronic Banking

(1) Online Banking

Corporate Online Banking

As at December 31, 2015, we had 11,825 corporate online banking customers in aggregate, representing an increase of 21.5% as compared with the end of the previous year. The total transaction volume increased by 19.4% as compared with the end of the previous year to RMB253.54 billion, with the number of transactions which occurred in 2015 amounting to 1,512,500.

Personal Online Banking

As at December 31, 2015, we had 277,524 personal online banking customers in aggregate, representing an increase of 34.0% as compared with the end of the previous year. The total transaction volume increased by 22.6% as compared with the end of the previous year to RMB60.24 billion, with the number of transactions which occurred in 2015 amounting to 842,000.

(2) Mobile Banking

As at December 31, 2015, we had 220,327 mobile banking customers in aggregate, representing an increase of 53.4% as compared with the end of the previous year. The total transaction volume amounted to RMB35.13 billion, representing an increase of 97.0% as compared with the end of the previous year. The number of transactions amounted to 7,877,900 (comprising 1,884,500 transactions with account movement and 5,993,400 inquiry transactions), representing a year-on-year increase of 63.1%.

(3) Direct Banking

In an effort to proactively arrange in the development of Internet finance and establish Internet-based direct sales channel to bypass geographic restrictions, the Bank successfully took the first-mover advantage to launch its direct banking business on July 24, 2014 and gathered a certain scale of online direct banking customer groups in a short time. Direct banking has become an important online brand and business access of the Bank, which enabled the Bank to realize cross-regional business expansion initially. As at December 31, 2015, the direct banking business recorded a total of 104,231 contracted electronic account customers, originating from 32 provinces, municipalities and autonomous regions in China. In respect of the scales of financial assets, the holding volume of Ju Li Bao (聚利寶) was RMB642.00 million, the holding volume of Le Hui Cun (樂惠存) was RMB7.04 million and the balance of the electronic current accounts amounted to RMB23.45 million.

Information Technology

In 2015, the Bank promoted the information technology construction in an orderly manner and reached the annual objective successfully, laying a good foundation for the development of the Bank.

We continued to strengthen internal control on information technology to enhance risk prevention and control capability based on information technology. Firstly, we continued our works on establishment of IT internal control system, and completed the establishment and modification of 12 IT systems. Secondly, we proactively conducted classified information technology security protection. During the year, we deployed 6 new information systems with classified security level, modified the security level of 2 information systems, filed 4 information systems with security level of Class II or above with the public security authorities and conducted classified security protection assessments on 8 of our information systems. Thirdly, we staged IT risk screening campaign to identify and eliminate risks in such special areas as the server room facilities, network, servers and storage devices in both our head office and branch outlets, with proper corrective measures. Fourthly, we proactively performed anti-virus and desktop security control tasks to enhance our security level. Fifthly, we deployed the NSFOCUS DDOS equipment to block the denial-of-service attacks from the Internet, so as to ensure the proper operation of our e-banking system. Sixthly, we installed source-code white box testing tools to run security scanning on our existing system codes and the newly-developed system codes.

With the stable operation of our information systems, we strengthened our efforts on the establishment and improvement of production environment and actively carried out the construction of key projects. Firstly, the company-wide network upgrade was completed and flat network management realized, which significantly increased network response speed to meet the new requirements on network management from our business development. Secondly, we completed the establishment of disaster backup system for 21 important information systems such as payment system, IC card system, intermediate businesses platform, ATM, credit, finance information etc. Thirdly, we strengthened the management of our operation and maintenance, and maintained a stable operation by adopting measures such as events tracking, changes control and risks assessment. Fourthly, we further applied digital management of our operation and maintenance and completed the rectification work on maintenance and support systems for optimizing supervision and centralizing back-up filing, which effectively improved the standard and ability of maintenance technology. Fifthly, we continued to promote the virtualization and integration of our servers and hardware resources, which reduced server purchase cost, our operation and maintenance cost and the space for server room sharply.

We strengthened our efforts on system establishment and improved our technical innovation capacity. Firstly, we completed the interest rate liberalization process of our core systems, enabling quick interest rate calculation, pricing and adjustment. Secondly, we optimized the Xing Fu Cun (幸福存) business to complete our product structure, so as to enlarge the target customer base and enhance market competitiveness of such products. Thirdly, we optimized our Meng Xiang Cun (夢想存) business, which, in combination with our Xing Fu Cun (幸福存) product, has expanded our retailing product portfolio. Fourthly, we completed the development of Xin Jin Dai (薪金貸) business, which provided technical support for our efforts on expanding the non-mortgage consumer loan businesses. Fifthly, we completed the integration of the third party applications of our financial IC cards, enabling its application in parking cards, campus cards and season tickets of China Super League, and enhancing its popularity in the industries. Sixthly, we completed the integration of our uniform payment platform with the intra-city payment system and that of the city commercial banks, achieving further integration of our payment channels and their concentrated operation and management. Seventhly, we introduced face identification technology in direct banking, which significantly accelerated the innovation of Internet financial services. Eighthly, we completed the research and development of intelligent banking system and put it into operation, which enabled us to equip our branch outlets with such intelligent devices as queuing machines, automatic ticketing machines, automatic receipt terminals and marketing tablet computers for lobby managers as needed. Ninthly, we completed the phase I construction for our new management and accounting system, thereby realizing the transformation of information management for our management and accounting works.

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6.4.6 Particulars of Principal Associate

On May 5, 2011, the Bank invested RMB22 million for the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of its registered capital of RMB110 million. Set out below are the profits of the associate attributable to the Bank as at December 31, 2015 and December 31, 2014:

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014
Balance at the beginning of the period	26,405	24,370
Share of profit after tax of the associate	2,809	2,035
Balance at the end of the period	29,214	26,405

6.5 Employees and Human Resources Management

6.5.1 Details of the employees

(1) Composition of employees

As at December 31, 2015, there were 3,780 employees on-duty, of which 605 or 16.00% were management personnel while 113 or 2.99% were marketing personnel, both worked at the Head Office, and 2,333 or 61.72% worked at branch outlets in Chongqing while 729 or 19.29% worked at branches in other cities.

(2) Range of their ages

The average age of the employees of the Bank was 33. 406 or 10.74% of them were up to 25 years old while 1,330 or 35.19% aged between 26 to 30 years old. 803 or 21.24% of them aged between 31 to 35 years old while 397 or 10.50% of them aged between 36 to 40 years old. 547 or 14.47% of them aged between 41 to 45 years old while 197 or 5.21% of them aged between 46 to 50 years old and 100 or 2.65% of them aged above 50 years old.

(3) Educational background

343 or 9.08% of the employees of the Bank possessed a post-graduate qualification or above, and 5 of which were doctors. 2,631 or 69.60% of them were educated to undergraduate degree level while 806 or 21.32% of them received junior college degrees or below.

(4) Composition of gender

The Bank had 1,658 male employees and 2,122 female employees, with the proportion of 43.86% and 56.14% respectively.

6.5.2 Overall management of human resources

In 2015, based on its five core tenets, the Bank aimed to intensify its reforms and continuously consolidated its foundation for managing human resources. The Bank adjusted and optimized its organization structure and its incentives and restraints mechanism. It also enhanced its operation efficiency, its employment and deployment of employees, and its human resources structure. The Bank developed innovative talent cultivation programs to improve the standard of the employees, the working atmosphere and their service quality and management standard. By focusing on constructing a modern human resources management mechanism, the Bank successfully fulfilled its objectives of promoting its management through reforms and enhancement through management.

6.5.3 Remuneration policy of the employees

Based on the remuneration reform, the Bank has established its wide-range remuneration system based on market rates during the year. It determined the remuneration and performance allocations of the employees based on their value of posts, individual ability, categories of posts and performance results. The Bank also varied the remuneration reasonably based on their respective duties and contributions of different posts, so as to ensure the competitiveness of our remuneration and retain the existing talents in the Bank. Meanwhile, with a view to further improve the incentive and restraint mechanism, the Bank has formulated a policy to defer payment of performance-based remunerations to the management and backbone employees, and has made an innovation to allow some employees to use such remunerations to buy our shares on a voluntary basis for the organic unification of the medium-and long-term incentives and restraints.

6.5.4 Training and development of the employees

The training and development of the employees focused on cultivating talents for all levels of the Bank, frontier research and knowledge accumulation. Through the branding of training programs by positions, the Bank preliminarily established a multiple dimension and level-and-category based employee training system. The Bank actively built its internal trainer team, which played an important role in knowledge accumulation and culture inheritance of the Bank. The Bank continuously provided innovative training mechanisms, measures and methods to keep promoting the overall standard of all the employees by establishing employee qualification appraisal system, building the E-learning and M-learning training platforms, establishing training credit system which is linked with their appraisal, introducing mixed and diversified training techniques and creating premium training programs for key trainees.

6.6 Risk Management

6.6.1 Credit risk

Credit risk refers to the risk of losses resulting from the defaults, rating downgrade, or decline in repayment ability of a borrower or counterparty. Our credit risks mainly come from our loan portfolios, investment portfolios and guarantees and commitments, as well as other payment commitments.

In 2015, facing the critical stage of economic structure adjustment and transformation and upgrade, the Bank actively responded to the new features of the banking industry under the “New Normal” economy, focused on the three major objectives of “strengthening the management and control for credit risk, promoting the construction and development of risk instruments, and optimizing the construction of a comprehensive risk management system”, and continuously improved the risk management and control mechanism to guard ourselves from the risks.

Strengthening the management and control for credit risk. Firstly, the Bank issued the Guidelines of Bank of Chongqing on the Further Enhancement of Credit Risk Management and Internal Control, which set out specific measures for key work aspects, including management structure, process optimization, instrument construction, risk mitigation, performance examination and risk culture, to achieve the overall objectives of firmly restraining the worsening of loan quality and cultivating healthy credit business concept and management culture. Secondly, the Bank furthered the implementation of the risk control for the credit granting business before, during and after loan granting, managed to “understand your customers and the businesses of your customers”, identified potential risks in a timely manner and took corresponding risk prevention and control measures to protect the security of the credit funds. Thirdly, the Bank continued to enhance the risk management and control for key industries and products such as steel and steel trading, coal and coal trading, real estate and financing products for the supply chain, adjusted the structure of the credit assets and the allocation schemes for credit resources, and gradually tightened the credit granting to the above industries.

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Promoting the construction and development of risk instruments. Based on the project platform set up in accordance with the compliance requirements of New Basel Capital Accord, the Bank made continuous efforts to improve the non-retail internal rating-based statistic model, focused on promoting the systematic implementation of threshold for a single loan within the Bank and approved the application of risk management plans in the annual authorization system, symbolizing the application of credit risk in the core areas by the Bank for the first time. After the completion of the development of retail internal rating model, the Bank devoted itself into the design and development of risk assignment system for retail exposures and the building of supporting internal rating system, which together formed the basic framework of the Bank's retail internal rating system.

Optimizing the development of a comprehensive risk management system. Firstly, the Bank constantly improved its business management measures, refined its business operating procedures and reinforced risk control measures in order to lower the risks caused by system deficiency. Secondly, the Bank continued to improve the credit risk resolution and non-performing assets recovery system to promote the implementation of standardized credit risk resolution and upgrade the efficiency of resolution. Thirdly, the Bank implemented the "Risk Manager Dispatching Initiative" on a trial basis and strengthened the independence and professionalization of risk management teams in our branches by separating the functions of front, middle and back office for credit granting business and strengthened internal control over credit granting business, so as to manage operating risk.

6.6.2 Operational risk

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

In 2015, the Bank highlighted the compliance with and the implementation of operational risk standards and continued to improve operational risk management system in terms of regulation, management tool and organizational structure. Centered on procedure streamlining and assessment, and evolving from rules to procedures, the Bank categorized over 800 major rules into 55 procedures and carried out regular assessments over the internal rules, job post arrangements, information system and internal control measures involved in such procedures. We constantly improved the operational procedures to support research and development of new businesses and products, and constantly improved risk control capacity and operational efficiency as procedure optimization was part of our daily operation and management. The Bank established the pre-alarm and dynamic monitoring mechanisms, and constantly improved key risks indicators of operational risk to timely carry out cause-effect analysis and risk profile assessment to prevent operational risk effectively. The Bank regulated its inspection and rectification works by developing inspection standards and deficiency database, and collecting and summarizing deficiencies identified during internal and external inspections across the Bank to strengthen deficiency management and implementation of rectification measures. Meanwhile, the Bank, acting in line with the inspection requirements of "two enhancements and two containments", strengthened its accountability management, including proper sum-up and internal presentation of accountability cases, so as to give full play of their alarming effect. The Bank promoted business continuity management with the focus on trouble-shooting and responsive drills against business continuity risks to ensure the continuous business operation across the Bank.

6.6.3 Market risk

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

6.6.3.1 Interest rate risk of trading accounts

The financial instruments exposing the Bank to trading account interest rate risk are mainly bonds. As regards to 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 market risk management was implemented by using methods including hierarchical authorization, risk exposure limit system and periodic valuation.

In 2015, the Bank paid close attention to movements in financial markets and continued to improve the market risk management and the risk exposure limit system. The Value at Risk (VaR) method was put in place to identify, monitor and control market risks.

6.6.3.2 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.

6.6.4 Liquidity risk

Liquidity risk refers to the risk of failing to obtain sufficient funds at a reasonable cost in a timely manner to pay maturing debts, fulfill other payment obligations or meet other funding needs undertaken in normal business.

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

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

The Bank continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade our liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Bank also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through system construction and active application of scientific and technological means.

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

In addition, the Bank continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk control capability. The results of the quarterly stress tests in 2015 indicated that the liquidity risks remained within an acceptable range even under stressful conditions. Meanwhile, the Bank established contingency plan for liquidity risk, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of 2015, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

The Bank uses liquidity gap analysis to assess liquidity risk. As at the end of 2015, the liquidity gap of the Bank calculated from our undiscounted contractual cash flows categorized by contractual maturities was as follows:

Undiscounted contractual cash flows categorized by contractual maturities

(All amounts expressed in thousands of RMB unless otherwise stated)	Within		1 to 3	3 to 12	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
	On demand	1 month	months	months					
December 31, 2015									
Net Liquidity gap	(65,332,161)	8,425,035	(7,076,621)	(18,139,998)	46,748,249	48,274,503	30,277,998	2,883,877	46,060,882

(All amounts expressed in thousands of RMB unless otherwise stated)	Within		1 to 3	3 to 12	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
	On demand	1 month	months	months					
December 31, 2014									
Net Liquidity gap	(56,910,723)	8,100,572	(4,402,242)	(212,423)	20,747,938	49,294,762	31,353,689	1,325,341	49,296,914

In 2015, the Bank's cumulative gap for all maturities was RMB46,060.88 million, a decrease of RMB3,236.03 million over the previous year-end. Although there was a shortfall in on-demand repayment of RMB65,332.16 million, the Bank's deposit base is extensive and solid. Current deposit settlement rates were higher and funding sources were stable, so the impact of the shortfall on the Bank's real liquidity was not significant.

Liquidity coverage ratio of the Bank

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014
Qualified high-quality liquid assets	42,132,802	30,051,064
Net cash outflow in the next 30 days	41,906,971	31,902,646
Liquidity coverage ratio (%)	100.54	94.20

The latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBRC requires that commercial banks' liquidity coverage ratios must reach 100% by the end of 2018. During the transition period, the liquidity coverage ratios shall reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017 respectively.

The Bank measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks issued by the CBRC which came into effect as of October 1, 2015. As at December 31, 2015, the Bank's liquidity coverage ratio was 100.54%, representing an increase of 6.34 percentage points as compared to the end of the previous year, which was in compliance with the regulatory requirements of the CBRC.

6.6.5 Market risk management

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

The Bank manages its interest rate risk and exchange rate risk in accordance with the requirements of the "Guidelines of Market Risk Management of Commercial Banks" (《商業銀行市場風險管理指引》), the "Guidelines of Internal Control of Commercial Banks" (《商業銀行內部控制指引》) and the "Guidelines for Stress Testing of Commercial Banks" (《商業銀行壓力測試指引》) promulgated by the CBRC and with reference to the New Basel Capital Accord. The Bank has also formulated a system for market risk management to govern authorization, credit extension and limit of risks through regulation, monitoring and reporting measures.

6.6.5.1 Analysis of interest rate risk

Interest rate risk refers to the risk of losses suffering by the commercial banks arising from the uncertain fluctuation of market interest rate, namely, the possibility of losses suffered by commercial bank resulting from the divergence between effective yield and the expected yield or the real cost and the expected cost of commercial banks because of the changes in interest rate, which resulting the effective yield is lower than the expected yield or the real cost is higher than the expected cost. The main interest rate risk the Bank faced is re-pricing risk, which arises from the mismatch between the Bank's assets or liabilities at the re-pricing date and that at the maturity date.

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 2015, China accelerated its interest rate liberalization, with interest rate deregulated and certificates of deposit launched by the People's Bank of China. Various financial innovations emerged and led to intensified market competition and strengthened market supervision. Facing the interest rate liberalization and intensified competition in the financial market, the Bank constantly improved the management of interest pricing, adjusted the pricing of capital in due time and effectively guided the lending rates and re-pricing frequency, controlled the interest costs and enhanced the perspective in interest rate risk management by the implementation of the pricing policy of interest rate and proper use of the FTP pricing system, to ensure that our revenue and market value were maintained at a relatively stable level.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
December 31, 2015							
Assets							
Cash and balances with central bank	37,587,207	-	-	-	-	614,162	38,201,369
Due from other banks and financial institutions	26,414,111	12,291,487	6,824,663	326,295	-	-	45,856,556
Financial assets at fair value through profit or loss	229,901	50,070	118,368	1,145,624	768,623	-	2,312,586
Loans and advances to customers	57,135,847	11,490,085	37,199,912	15,129,020	861,588	-	121,816,452
Securities investment							
– Loans and receivables	4,816,563	7,137,716	26,412,164	33,812,501	829,270	-	73,008,214
– Available-for-sale	1,476,120	3,050,782	3,473,817	7,243,881	3,233,951	492,416	18,970,967
– Held-to-maturity	75,000	119,999	550,945	4,799,016	8,271,764	-	13,816,724
Investment in associates	-	-	-	-	-	29,214	29,214
Other financial assets	-	-	-	-	-	2,025,860	2,025,860
Total assets	127,734,749	34,140,139	74,579,869	62,456,337	13,965,196	3,161,652	316,037,942
Liabilities							
Due to other banks and financial institutions	26,485,049	16,852,628	29,303,271	500,000	94,607	-	73,235,555
Customer deposits	80,049,717	17,292,181	67,048,222	34,903,451	5,134	-	199,298,705
Debt securities issued	-	5,145,828	9,556,538	2,992,474	795,902	-	18,490,742
Other financial liabilities	-	-	-	-	-	5,927,271	5,927,271
Total liabilities	106,534,766	39,290,637	105,908,031	38,395,925	895,643	5,927,271	296,952,273
Total interest rate sensitivity gap	21,199,983	(5,150,498)	(31,328,162)	24,060,412	13,069,553	(2,765,619)	19,085,669

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(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
December 31, 2014							
Assets							
Cash and balances with central bank	35,059,587	–	–	–	–	639,506	35,699,093
Due from other banks and financial institutions	30,183,206	14,566,481	9,209,706	450,060	–	–	54,409,453
Financial assets at fair value through profit or loss	–	29,969	24,646	2,265,196	2,478,399	–	4,798,210
Loans and advances to customers	67,839,475	9,156,771	22,015,899	3,136,390	1,966,221	–	104,114,756
Securities investment							
– Loans and receivables	780,799	4,043,881	13,076,622	35,487,075	–	–	53,388,377
– Available-for-sale	519,252	604,480	3,031,302	3,195,743	2,651,804	291,122	10,293,703
– Held-to-maturity	–	–	380,003	2,316,280	4,601,357	–	7,297,640
Investment in associates	–	–	–	–	–	26,405	26,405
Other financial assets	–	–	–	–	–	1,442,841	1,442,841
Total assets	134,382,319	28,401,582	47,738,178	46,850,744	11,697,781	2,399,874	271,470,478
Liabilities							
Due to other banks and financial institutions	33,115,383	19,725,009	26,379,353	2,300,000	115,979	–	81,635,724
Customer deposits	70,834,890	16,251,782	39,226,135	41,596,966	22,663	–	167,932,436
Debt securities issued	–	–	–	3,785,076	–	–	3,785,076
Other financial liabilities	–	–	–	–	–	4,495,548	4,495,548
Total liabilities	103,950,273	35,976,791	65,605,488	47,682,042	138,642	4,495,548	257,848,784
Total interest rate sensitivity gap	30,432,046	(7,575,209)	(17,867,310)	(831,298)	11,559,139	(2,095,674)	13,621,694

At the end of 2015, the Bank's accumulated gap amounted to RMB19,085.67 million, representing an increase of RMB5,463.98 million as compared to the end of the previous year.

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

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6.6.5.2 Interest rate sensitivity analysis

(All amounts expressed in thousands of RMB unless otherwise stated)	Estimated changes of net interest income	
	December 31, 2015	December 31, 2014
+ 100 basis points parallel move in all yield curves	42,712	161,435
- 100 basis points parallel move in all yield curves	(42,712)	(161,435)

(All amounts expressed in thousands of RMB unless otherwise stated)	Change of other comprehensive income	
	December 31, 2015	December 31, 2014
+ 100 basis points parallel move in all yield curves	(370,886)	(281,050)
- 100 basis points parallel move in all yield curves	332,421	289,543

6.6.5.3 Exchange rate sensitivity analysis

The following table shows the effect on pre-tax profits when the Renminbi to foreign currency exchange rate moves by 1%.

(All amounts expressed in thousands of RMB unless otherwise stated)	Estimated pre-tax profit/(loss) change	
	December 31, 2015	December 31, 2014
+1% upward change of foreign exchange rate	26,846	3,660
-1% downward change of foreign exchange rate	(26,846)	(3,660)

6.6.6 Policy Risk

The Bank kept a close eye on the national economic situation, implemented public financial reform policies and complied with the regulatory requirements and terms of PBOC, CBRC and the Hong Kong Stock Exchange to effectively manage the market interest and exchange rate. The Bank actively studied the financial policies which have been already formulated and are under implementation, and made appropriate analysis on the future policy trends, thus ensured the steady and ordered implementation of policies, and avoided policy risk.

6.7 Capital Management

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

In order to facilitate the Bank's sustainable development, transformation of growth modes, development of its capital operations that are in line with the principle of capital preservation, and to further enhance capital preservation awareness among operating institutions, the Bank has recently paid attention to the capital consumption and earnings of various institutions in performance appraisal, and further improved its risk adjustment methods to refine the performance appraisal, and provided guidance to branches and management to focus on capital preservation operations and high capital yield operations. At the same time, the capital budget management has been implemented, with proper capital distribution introduced and a sound balancing mechanism between capital occupancy and risk assets was established to ensure continuous compliance for capital adequacy.

6.7.1 Capital adequacy ratio

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

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)	December 31, 2015	December 31, 2014
Core capital:		
Share capital	3,127,055	2,705,228
Counted part of capital surplus	5,069,141	2,535,235
Surplus reserve and general risk reserves	4,948,796	3,707,640
Counted part of retained earnings	8,148,003	6,954,920
Core Tier 1 Capital deductibles items:		
Full deduction items	(91,429)	(84,564)
Threshold deduction items	-	-
Core Tier 1 Capital, net	21,201,566	15,818,459
Other Tier 1 Capital, net	-	-
Tier 2 Capital, net	2,302,606	2,244,252
Net capital	23,504,172	18,062,711
On-balance sheet risk-weighted assets	175,521,618	134,034,150
Off-balance sheet risk-weighted assets	10,258,298	13,996,784
Risk-weighted assets for exposure to counterparty credit risk	-	-
Total credit risk-weighted assets	185,779,916	148,030,934
Total market risk-weighted assets	2,737,443	5,048,619
Total operational risk-weighted assets	13,594,516	11,158,260
Total risk-weighted assets before applying capital base	202,111,875	164,237,813
Total risk-weighted assets after applying capital base	202,111,875	164,237,813
Core Tier 1 Capital adequacy ratio (Expressed in percentage)	10.49	9.63
Tier 1 Capital adequacy ratio (Expressed in percentage)	10.49	9.63
Capital adequacy ratio (Expressed in percentage)	11.63	11.00

Management Discussions and Analysis

As at the end of the Reporting Period, the Bank's capital adequacy ratio was 11.63%, representing a 0.63 percentage point increase as compared to the end of the previous year, and Core Tier 1 Capital adequacy ratio was 10.49%, an increase of 0.86 percentage point as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly due to: (1) 1.32 percentage points increase in capital adequacy ratio as a result of the successful issue of 421,827,300 new H shares by the Bank in December 2015 with an aggregate amount of HK\$3,226,978,845.00 raised; (2) a decline in capital adequacy ratio to certain extent as a result of sound development of various operations and growth of total weighted risk assets on and off balance sheet. For details, please refer to the section headed "Issue of H Shares under Specific Mandate" of "Significant Events" in this annual report.

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

6.7.2 Leverage ratio

As at the end of the Reporting Period, the Bank's leverage ratio was 5.99%, above the regulatory requirement of the CBRC.

(All amounts expressed in thousands of RMB unless otherwise stated)	December 31, 2015	December 31, 2014
Leverage ratio (%)	5.99	5.00
Tier 1 Capital	21,292,995	15,903,023
Deductions from Tier 1 Capital	91,429	84,564
Tier 1 Capital, net	21,201,566	15,818,459
On-balance sheet assets after adjustment	319,776,188	274,531,145
Off-balance sheet assets after adjustment	34,390,698	41,560,327
On- and off-balance sheet assets after adjustment	354,166,886	316,091,472

The leverage ratio is calculated in accordance with relevant regulatory requirements. Tier 1 Capital, net is consistent with that used in the calculation of capital adequacy ratio by the Bank.

On-balance sheet assets after adjustment include derivatives calculated by using the current risk exposure approach and other on-balance sheet assets. Off-balance sheet assets after adjustment include unconditionally cancelable commitments with a conversion factor of 10% and other off-balance sheet items.

On- and off-balance sheet assets after adjustment equal to on-balance sheet assets after adjustment plus off-balance sheet assets after adjustment.

Significant Events

Related Party Transactions

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

Material Litigation and Arbitration

During the Reporting Period, the Bank was not involved in any litigation or arbitration that has a material adverse impact on its operating activities. As at December 31, 2015, the pending litigations to which the Bank was a defendant involved RMB28.99 million which would have no material impact on the Bank's financial position or operating results.

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.

Material Contracts and their Performance

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

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.

Issue of H Shares under Specific Mandate

For the purpose of satisfying the Bank's demand for capital for the sustainable and steady development of its various business lines and adapting to increasingly stringent regulatory requirements, on June 24, 2015, the Bank entered into subscription agreements with Shanghai Automobile Industry (Group) Company or a subsidiary procured by it to subscribe for the new H Shares ("SAIC Subscribers"), Shanghai Shimao Co., Ltd. and Shanghai Shimao Investment Management Consultancy (Hong Kong) Company Limited (上海世貿股份投資管理顧問(香港)有限公司) ("Shimao Subscribers"), Funde Sino Life Insurance Co., Ltd. ("Sino Life"), National Holdings Group Company Limited (國民控股集團有限公司) ("National Holdings") and Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) ("Zhongrong International", together with SAIC Subscribers, Shimao Subscribers, Sino Life and National Holdings, collectively the "Placees") under a specific mandate, pursuant to which the Bank has conditionally agreed to allot and issue and the Placees have conditionally agreed to subscribe for an aggregate of 810,000,000 new H Shares at a subscription price of HK\$7.65 per new H Share (the "Placing"). The resolution in relation to the Placing and the specific mandate was approved at the first extraordinary general meeting of 2015, domestic shareholders' class meeting and H shareholders' class meeting of the Bank held on August 11, 2015. Subsequently, as the proposed subscription by Shimao Subscribers has not been approved by the relevant regulatory authorities, each of National Holdings and Zhongrong International did not have sufficient available funds to complete the proposed subscription by the completion date of the Placing, and the proposed Placing to Shimao Subscribers, National Holdings and Zhongrong International did not take place. On December 23, 2015, an aggregate of 421,827,300 new H Shares were allotted by the Bank to SAIC Subscribers and Sino Life for a gross proceeds of HK\$3,226,978,845.00, equivalent to RMB2,694,430,526.00, the details of which are set out in the announcements of the Bank dated June 24, 2015, August 11, 2015, December 11, 2015 and December 23, 2015 and the circular dated July 23, 2015. The closing price of the H Shares on December 23, 2015 is HK\$7.26. The net proceeds of the Placing is RMB2,657,842,507.00, which will be fully used by the Bank to replenish its capital.

Significant Events

Performance of Undertakings by the Bank or its Shareholders Holding over 5% of the Shares

Sino Life has executed a lock-up undertaking with the Bank, pursuant to which Sino Life undertakes not to transfer any new H Share in any form within twelve months from the aforesaid completion date (i.e. December 23, 2015) of issue of H Shares under the specific mandate.

After prudent verification, the Board confirmed that the above undertakings had been strictly fulfilled by Sino Life and there was no breach of the same.

Save for the information disclosed above, there was no undertaking by the Bank or its Shareholders holding over 5% of the total Shares in issue of the Bank.

Subsequent Events

On December 23, 2015, Ms. PENG Yanxi and Mr. HUANG Ning were appointed as vice presidents of the Bank by the Board respectively. The above appointments of Ms. PENG Yanxi and Mr. HUANG Ning shall be effective since March 11, 2016 when approved by CBRC Chongqing Bureau.

The Board of the Bank received the resignation letter tendered by Mr. QIN Wei, the non-executive Director of the Bank, resigning from his positions as a non-executive Director of the Bank and a member of the Strategic Committee of the Board due to work re-designation. The resignation was approved by the Board of the Bank on March 18, 2016, with effect from the same day.

The board of supervisors of the Bank received a written resignation from Mr. ZHOU Yongkang, resigning from his position as an external Supervisor of the Bank due to job alteration. According to the Articles of Association of the Bank, Mr. ZHOU Yongkang's resignation will not come into effect until a new Supervisor is elected at the Bank's general meeting to fill the vacancy. On March 21, 2016, the board of supervisors of the Bank submitted a resolution on the proposed appointment of Mr. CHEN Zhong as an external Supervisor. The appointment of Mr. CHEN Zhong above will take effect from the date on which the Bank approved the resolution at a general meeting.

Publication of Annual Report

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

Change in Share Capital and Shareholders

	As at December 31, 2014		Changes during the Reporting Period			As at December 31, 2015	
	Number	Percentage	Issue of new shares	Others	Sub-total	Number	Percentage
1. Shareholding of Domestic Shares legal persons	1,491,146,246	55.12%	-	-	-	1,491,146,246	47.69%
Of which: Shareholding of state-owned legal persons ⁽¹⁾	1,023,415,941	37.83%	-	-	-	1,023,415,941	32.73%
Shareholding of private legal persons	467,730,305	17.29%	-	-	-	467,730,305	14.96%
2. Shareholding of Domestic Shares natural persons	56,887,747	2.10%	-	-	-	56,887,747	1.82%
Of which: Shareholding of employee natural persons	34,779,409	1.29%	-	-	-	34,779,409	1.11%
Shareholding of natural persons other than employees	22,108,338	0.82%	-	-	-	22,108,338	0.71%
3. H Shares	1,157,193,512	42.78%	421,827,300	-	421,827,300	1,579,020,812	50.50%
Total	2,705,227,505	100.00%	421,827,300	-	421,827,300	3,127,054,805	100.00%

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.

Particulars of Shareholdings

At the end of the Reporting Period, the Bank had a total of 3,127,054,805 Shares, comprising 1,548,033,993 Domestic Shares and 1,579,020,812 H Shares, including the newly-added H Share capital of 421,827,300 H Shares.

Change in Share Capital and Shareholders

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	13.02%	0
Chongqing Road & Bridge Co., Ltd.	Private	171,339,698	5.48%	0
Chongqing Land Group	State-owned	139,838,675	4.47%	0
Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned	139,838,675	4.47%	0
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.14%	0
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.02%	0
Chongqing South Group Limited	Private	68,602,362	2.19%	68,600,000
Chongqing Transport and Travel Investment Group Limited	State-owned	37,456,522	1.20%	0
Chongqing Expressway Co., Ltd.	State-owned	29,942,325	0.96%	0
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.77%	0
Total		1,242,291,564	39.73%	68,600,000

Interests and Short Positions of Substantial Shareholders and Other Persons

As at December 31, 2015, the interests of substantial shareholders (as defined under the SFO), other than Directors and Supervisors of the Bank, in H Shares and the 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 ⁽¹⁾	Beneficial owner	458,574,853 (long position)	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
HSBC International Trustee Limited ⁽⁵⁾	Interest of a trustee	458,574,853 (long position)	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853 (long position)	29.04	14.66

Change in Share Capital and Shareholders

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 (%)
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	210,913,650 (long position)	13.36	6.74
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	210,913,650 (long position)	13.36	6.74
Lifan International (Holdings) Limited (力帆國際(控股)有限公司) ⁽³⁾	Beneficial owner	166,685,500 (long position)	10.56	5.33
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. (重慶力帆實業(集團)進出口 有限公司) ⁽³⁾	Interest of a controlled corporation	166,685,500 (long position)	10.56	5.33
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	166,685,500 (long position)	10.56	5.33
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	166,685,500 (long position)	10.56	5.33
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	166,685,500 (long position)	10.56	5.33
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	166,685,500 (long position)	10.56	5.33
CHEN Qiaofeng ⁽³⁾	Interest of spouse	166,685,500 (long position)	10.56	5.33
Funde Sino Life Insurance Co., Ltd. ⁽⁴⁾	Beneficial owner	150,000,000 (long position)	9.50	4.80
	Interest of a controlled corporation	67,570,150 (long position)	4.28	2.16
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	5.37	2.71
Fund Resources Investment Holding Group Company Limited ⁽⁴⁾	Beneficial owner	67,570,150 (long position)	4.28	2.16

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 74.57% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 40.97% 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. 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) *SAIC Motor HK Investment Limited held 210,913,650 H Shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the Shares of the Bank held by SAIC Motor HK Investment Limited.*
- (3) *As confirmed by Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at December 31, 2015, Lifan International (Holdings) Limited held 166,685,500 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 49.40% 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 interests of Chongqing Huiyang Holdings Co., Ltd. and Ms. CHEN Qiaofeng is the spouse of Mr. YIN Mingshan. 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., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.*
- (4) *Funde Sino Life Insurance Co., Ltd. held 150,000,000 H Shares of the Bank and Fund Resources Investment Holding Group Company Limited held 67,570,150 H Shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the Shares of the Bank held by Fund Resources Investment Holding Group Company Limited.*
- (5) *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 indirectly. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).*

Shareholders Holding over 5% of the Total Share Capital

At the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., Funde Sino Life Insurance Co., Ltd., SAIC Motor HK Investment Limited and Chongqing Road & Bridge Co., Ltd. held 461,260,187 Shares, 458,574,853 Shares, 296,250,432 Shares, 217,570,150 Shares, 210,913,650 Shares and 171,339,698 Shares of the Bank respectively, representing 14.75%, 14.66%, 9.47%, 6.96%, 6.74% and 5.48% of the Bank's total share capital respectively, and are substantial shareholders (as defined under the SFO) of the Bank. 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.

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).

Directors, Supervisors and Senior Management

Basic Information of Directors, Supervisors and Senior Management as at the Latest Practicable Date:

Name	Position	Gender	Age
GAN Weimin	Chairman and Executive Director	Male	48
RAN Hailing	Executive Director and President	Male	52
ZHAN Wanghua	Executive Director and Chief Risk Officer	Male	50
WONG Hon Hing	Vice Chairman and Non-executive Director	Male	63
DENG Yong	Non-executive Director	Male	56
LV Wei	Non-executive Director	Female	44
YANG Jun	Non-executive Director	Male	55
LI He	Independent Non-executive Director	Male	62
TO Koon Man Henry	Independent Non-executive Director	Male	63
KONG Xiangbin	Independent Non-executive Director	Male	46
WANG Pengguo	Independent Non-executive Director	Male	44
JIN Jingyu	Independent Non-executive Director	Male	50
YANG Xiaotao	Employee Supervisor and Chairperson of the Board of Supervisor	Male	52
HUANG Changsheng	Employee Supervisor	Male	52
LIN Min	Employee Supervisor	Male	45
ZHOU Xiaohong	Employee Supervisor	Male	49
CHEN Yan	Shareholder Supervisor	Male	52
WU Bing	Shareholder Supervisor	Male	52
ZHOU Yongkang	External Supervisor	Male	67
CHEN Zhengsheng	External Supervisor	Male	65
YIN Xianglong	External Supervisor	Male	53
LIU Jianhua	Vice President	Male	50
YANG Shiyin	Vice President	Female	50
ZHOU Guohua	Vice President	Male	50
PENG Yanxi	Vice President	Female	40
HUANG Ning	Vice President	Male	41
ZHOU Wenfeng	Joint Company Secretary, Acting Secretary to the Board	Male	47

Directors, Supervisors and Senior Management

Changes in Directors, Supervisors and Senior Management

1. On March 24, 2015, the Bank held an employee representatives' meeting and Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. LIN Min and Mr. ZHOU Xiaohong were elected as the employee Supervisors for the fifth session of the board of Supervisors of the Bank. Ms. WAN Jiayu ceased to act as an employee Supervisor of the Bank due to the change of session of the board of Supervisors. The term of office for the employee Supervisors of the fifth session of the board of Supervisors of the Bank shall commence from March 24, 2015 and end upon expiry of the term of office of the fifth session of the board of Supervisors. Mr. YANG Xiaotao was elected as the chairperson of the board of Supervisors at the meeting of the board of Supervisors held on the same date with effect from March 24, 2015.
2. On April 7, 2015, Ms. NI Yuemin resigned from the position of an executive Director of the Bank due to work re-designation. On April 24, 2015, the Board approved Ms. NI Yuemin's resignation from the positions of an executive Director, a member of the Strategic Committee of the Board, a member of the Information Technology Guidance Committee of the Board, vice president, chief financial officer and authorized representative and appointed Mr. GAN Weimin, Chairman and executive Director of the Bank as an authorized representative in place of Ms. NI Yuemin, with effect from April 24, 2015.
3. On August 11, 2015, the resolution regarding the election of Mr. HE Sheng as a non-executive Director of the Bank was approved at the first extraordinary general meeting of 2015. The above appointment of Mr. HE Sheng shall be effective from the date when his qualification of directorship was approved by CBRC Chongqing Bureau.
4. On June 15, 2015, the board of Supervisors of the Bank received a written resignation from Mr. TANG Jun, who has tendered his resignation from the office of shareholder Supervisor of the Bank due to work re-designation. On June 24, 2015, the Bank received a resolution submitted by the board of Supervisors of the Bank regarding the proposed appointment of Mr. WU Bing as a shareholder Supervisor. Such resolution was approved at the first extraordinary general meeting of 2015 held on August 11, 2015, and the above appointment of Mr. WU Bing took effect from August 11, 2015.
5. Mr. WANG Min, the vice president of the Bank, due to work re-designation, resigned from his position as vice president of the Bank on July 23, 2015. His resignation was approved by the Board on August 21, 2015.
6. On December 23, 2015, Ms. PENG Yanxi and Mr. HUANG Ning were appointed as vice president of the Bank by the Board respectively. The above appointments of Ms. PENG Yanxi and Mr. HUANG Ning shall be effective from March 11, 2016 when approved by CBRC Chongqing Bureau.
7. Mr. QIN Wei, the non-executive Director of the Bank, due to work re-designation, has tendered his resignation to the Board and resigned from the position as a non-executive Director and a member of the Strategic Committee of the Board and the resignation was approved by the Board of the Bank on March 18, 2016 and became effective on the same date.
8. The board of Supervisors of the Bank received a written resignation from Mr. ZHOU Yongkang, who has tendered his resignation from the external Supervisor of the Bank due to work re-designation. According to the Articles of Association, Mr. ZHOU Yongkang's resignation will not come into effect until a new Supervisor is elected at the Bank's general meeting to fill the vacancy. On March 21, 2016, the board of Supervisors of the Bank submitted a resolution regarding the proposed appointment of Mr. CHEN Zhong as an external Supervisor of the Bank. Such appointment of Mr. CHEN Zhong shall take effect from the date when the resolution of his appointment is approved by the general meeting of the Bank.

Biographies of Directors, Supervisors and Senior Management

1. Biographies of Directors

Executive Directors

Mr. GAN Weimin (甘為民), aged 48, has been an executive Director since June 26, 2007 and chairman of the Bank since December 28, 2012. Mr. GAN is also an authorized representative, the chairman of the Strategic Committee and a member of the Risk Management Committee of the Bank.

Mr. GAN joined the Bank in December 2006 as president until December 28, 2012. Before joining the Bank, Mr. GAN worked as president and the Party secretary of Chongqing branch of China Minsheng Banking Corp., Ltd. from February 2001 to December 2006. Prior to that, he served as general manager of the corporate business department and president of the Jiefangbei sub-branch of the Chongqing branch of CITIC Industrial Bank Co., Ltd (中信實業銀行有限公司) (now known as China CITIC Bank Corporation Limited (中信銀行股份有限公司)) from August 1998 to February 2001, manager of the finance department of Sichuan Jialing Co., Ltd. (四川省嘉陵公司) and Jialing Finance Co., Ltd. (嘉陵財務公司) from July 1994 to August 1998, and secretary of the youth league branch of China Sichuan International Economy and Technology Cooperation Co., Ltd. (中國四川國際經濟技術合作公司) from July 1989 to July 1994.

Mr. GAN obtained a bachelor's degree in engineering, majoring in industry management engineering, from the Management Engineering Department of Xi'an Jiaotong University in July 1989 and a master's degree in business administration from Southwestern University of Finance and Economics in June 2005. He is an economist.

Mr. RAN Hailing (冉海陵), aged 52, has been an executive Director since February 18, 2011 and president of the Bank since April 9, 2013. Mr. RAN is also a member of the Strategic Committee, Information Technology Guidance Committee and Risk Management Committee of the Bank.

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

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

As of the Latest Practicable Date, Mr. RAN Hailing held 45,374 Domestic Shares of the Bank, representing 0.001% of the issued share capital of the Bank.

Directors, Supervisors and Senior Management

Mr. ZHAN Wanghua (詹旺華), aged 50, was nominated by Dah Sing Bank, one of our substantial Shareholders, to join the Bank as an executive Director on February 1, 2013 and has been the chief risk officer since February 1, 2013. Mr. ZHAN is also a member of the Information Technology Guidance Committee and Risk Management Committee of the Bank. Prior to joining the Bank, Mr. ZHAN worked as the director of the risk management department and the secretary of the risk control committee of Dah Sing Bank (China) Co., Ltd. (大新銀行(中國)有限公司).

He previously served as president of Huafu sub-branch of Shenzhen Branch of China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司) between January 2008 and August 2010. Between July 1995 and January 2008, Mr. ZHAN served successively as loan administration manager, loan review manager and assistant to general manager of the risk management department, and a full-time member of the loan review committee of Shenzhen Branch of China Guangfa Bank Co., Ltd.

Mr. ZHAN obtained a master's degree in economics from Xiamen University in July 1995 and obtained his doctorate graduation certificate in world economics from Xiamen University in June 2008.

Non-executive Directors

Mr. WONG Hon Hing (黃漢興), aged 63, nominated by Dah Sing Bank, one of our substantial Shareholders, has been a non-executive Director and vice chairman of the Bank since July 25, 2007. Mr. WONG is also the chairman of the Information Technology Guidance Committee and a member of the Strategic Committee of the Bank.

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

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

Mr. WONG obtained a higher diploma in business studies from the Hong Kong Polytechnic College (now known as Hong Kong Polytechnic University) in October 1977. Mr. WONG is an associate of The Institute of Bankers (U.K.) and a founding member of The Hong Kong Institute of Bankers and The International Retail Banking Council of the U.K. He has over 35 years of banking experience.

Mr. QIN Wei (覃偉), aged 54, nominated by Yufu, one of our substantial Shareholders, has been a non-executive Director of the Bank since February 18, 2011. Mr. QIN is also a member of the Strategic Committee of the Bank.

Directors, Supervisors and Senior Management

Mr. QIN has been a party committee member and vice general manager of Yufu since March 2008. Mr. QIN had successively held various positions since he commenced his career in August 1983, including a section member of the first enterprise finance section of Chongqing Municipal Finance Bureau, deputy head of Jiulongpo district factory settlement team and Jiangbei district factory settlement team, a senior staff member of the general office, deputy director of the general office, vice division chief of the industry and traffic division and division chief of the enterprise division I, and the enterprise division.

Mr. QIN obtained a bachelor's degree in economics, majoring in finance, from Sichuan Finance and Economics College (四川財經學院) in July 1983, and an executive master of business administration degree, from Chongqing University in June 2008. Mr. QIN is a senior accountant.

Mr. QIN resigned from the positions of an executive Director of the Bank and a member of the Strategic Committee of the Board due to work re-designation, which was approved by the Board of the Bank on March 18, 2016.

Mr. DENG Yong (鄧勇), aged 56, nominated by Yufu, one of our substantial Shareholders, has been a non-executive Director of the Bank since February 1, 2013. Mr. DENG is also a member of the Audit Committee of the Bank.

Mr. DENG has been the chief financial officer of Yufu since April 2012. Mr. Deng commenced his career in December 1982. He served successively as a director, the assistant to president and the general manager of the planning and finance department of Southwest Securities Company Limited from August 2008 to April 2012, the assistant to general manager and the manager of finance department of Yufu from March 2004 to August 2008, the deputy general manager of the Linjiang Road and Jiulongpo business office (臨江路·九龍坡營業部) of China Galaxy Securities Co., Ltd. from September 2000 to March 2004 and the deputy general manager of Chongqing Securities Division of China Cinda Trust and Investment Corporation (中國信達信託投資公司重慶證券營業部) from June 1997 to September 2000.

Mr. DENG has been a non-executive director of Chongqing Machinery & Electric Co., Ltd. (listed on the Hong Kong Stock Exchange, stock code: 2722) since June 2013 and a director of Chongqing Chuanyi Automation Co., Ltd. since April 2013.

Mr. DENG obtained a graduation certificate from the Applied Mathematics Department of Yuzhou University (now known as Chongqing Technology and Business University) in July 1982 and obtained a postgraduate certificate from the Applied Mathematics Department of Chongqing University in 1988.

Ms. LV Wei (呂維), aged 44, nominated by Chongqing Road & Bridge, has been a non-executive Director of the Bank since June 3, 2009. Ms. LV is also a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee of the Bank.

Directors, Supervisors and Senior Management

Ms. LV has been a vice president of Chongqing International Trust Co., Ltd. (formerly known as Chongqing International Trust & Investment Co., Ltd.) since September 2012, and the secretary to the board of directors and the head of the legal affairs department of Chongqing International Trust Co., Ltd. since March 2007. Ms. LV successively worked as the business manager and the deputy head of the legal affairs department of Chongqing International Trust & Investment Co., Ltd. from February 2005 to March 2007. She was an assistant judge of the criminal tribunal, the research office and the third civil tribunal of the Higher People's Court of Chongqing between October 1998 and February 2005. Ms. LV also worked as a clerk of the second economic tribunal and the trial supervision tribunal of the First Intermediate Court of Chongqing from June 1997 to October 1998 and a clerk of the second economic tribunal of the then Chongqing Intermediate People's Court of Sichuan Province from July 1995 to June 1997.

Ms. LV has been a director of Chongqing Road & Bridge (listed on Shanghai Stock Exchange, stock code: 600106) since August 2007.

Ms. LV obtained a bachelor's degree in laws, majoring in economic laws, from Southwest University of Political Science and Law in July 1995 and a master's degree in laws, majoring in civil and commercial laws, from Southwest University of Political Science and Law in 2005. Ms. LV obtained the Legal Profession Certificate (法律職業資格證書) in February 2008 and the Practicing Corporate Counsel Certificate (企業法律顧問執業資格證書) in 2007.

Mr. YANG Jun (楊駿), aged 55, nominated by Lifan Industrial (Group) Co., Ltd., one of our substantial Shareholders, has been a non-executive Director of the Bank since April 28, 2014. Mr. YANG is also a member of the Remuneration and Appraisal Committee, Nomination Committee and Strategic Committee of the Bank.

Mr. YANG is currently vice president of Lifan Industrial (Group) Co., Ltd. Mr. Yang was deputy general manager of Chongqing Lifan Holdings Co., Ltd. (重慶力帆控股有限公司) from May 2011 to June 2013, general manager of Chongqing Lifan Passenger Vehicle Co., Ltd. (重慶力帆乘用車有限公司) from May 2008 to May 2011, general manager of Chongqing Lifan Automobile Co., Ltd. (重慶力帆汽車有限公司) from May 2004 to May 2008 and general manager of Chongqing Lifan Motorcycle Manufacturing Co., Ltd. (重慶力帆摩托車製造有限公司) from February 1997 to May 2004. Prior to that, Mr. YANG served successively as secretary of general manager, director of the General Affairs Office and assistant to general manager of China Rural Development Investment and Trust Corporation, Hainan Branch (中國農村發展信託投資公司海南公司) from February 1993 to February 1997. He was director of the general office of Foreign Investment Service Center of the Economic Cooperation Bureau of Hainan (海南省經濟合作廳外商投資服務中心) from March 1991 to February 1993. He was an engineering technician of the Transportation Division of the State-owned Wangjiang Machinery Manufacturing Plant (望江機器製造總廠) from August 1989 to March 1991.

Mr. YANG graduated from the School of Mechanical Engineering of Chongqing University majoring in automotive design in June 2004. Mr. YANG is an engineer.

Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. LI He (李和), aged 62, was appointed as an independent non-executive Director of the Bank on September 4, 2013. Mr. LI is also the chairman of the Risk Management Committee and a member of the Connected Transactions Control Committee and Audit Committee of the Bank.

Mr. LI served successively as vice president, president and supervisor of Huishang Bank from December 2005 to June 2013. Prior to that, Mr. LI worked as the party committee secretary and president of Wuhan Branch of China Minsheng Banking Corp., Ltd., and the general manager of retail banking department and enterprise planning department at head office of China Minsheng Banking Corp., Ltd. from September 1997 to December 2005, the party committee secretary and the president of Wuhan Branch of China Investment Bank from November 1995 to September 1997, and the director of the general office of Hubei Bureau of the State Administration of Foreign Exchange from December 1993 to November 1995. He also worked as a clerk and section chief of planning department of Hubei Branch of the People's Bank of China, the vice president of Shiyuan Branch of the People's Bank of China and the deputy director and director of planning department of Hubei Branch of the People's Bank of China from July 1982 to December 1993.

Mr. LI obtained a graduation certificate from Huazhong College of Technology (now known as Huazhong University of Science and Technology) in July 1982, and a master's degree from Zhongnan University of Economics and Law in June 1996. Mr. LI is a senior economist.

Mr. TO Koon Man Henry (杜冠文), aged 63, was appointed as an independent non-executive Director of the Bank on September 4, 2013. Mr. TO is also a member of the Audit Committee, Connected Transactions Control Committee and Risk Management Committee of the Bank.

Mr. TO served as the chief financial officer of Shanghai Commercial Bank Ltd. (上海商業銀行有限公司) from 1988 to November 2012. Prior to that, Mr. TO served as a senior manager in Hong Kong office of PricewaterhouseCoopers from 1980 to 1988, and a senior accountant of the auditing department in Toronto office of Deloitte & Touche from 1976 to 1980.

Mr. TO obtained a bachelor's degree in arts from University of Toronto in 1975, and qualified as a Chartered Accountant and a Certified Management Accountant of Canada in 1979 and 1980, respectively. Mr. TO is currently a senior advisor of banking in Hong Kong office of KPMG, a Hong Kong certified public accountant, a Certificated Tax Advisor and a fellow member of Hong Kong Institute of Directors. He used to be a member of Financial Services Group Committee of the Hong Kong Institute of Certified Public Accountants (香港會計師公會金融服務利益集團委員會) and a member of the Expert Panel on Listing of the Hong Kong Institute of Certified Public Accountants (香港會計師公會上市專家評審委員會委員).

Mr. KONG Xiangbin (孔祥彬), aged 46, has been an independent non-executive Director of the Bank since April 28, 2014. Mr. KONG is also the chairman of the Connected Transactions Control Committee and a member of the Remuneration and Appraisal Committee and Nomination Committee of the Bank.

Directors, Supervisors and Senior Management

Mr. KONG is director of Chongqing Zhongshi Law Office (重慶中世律師事務所). Mr. KONG has been director of Chongqing Zhongshi Law Office since January 2003. He also serves concurrently as a member of the Chongqing Committee of Chinese People's Political Consultative Conference, a member of the Chongqing Arbitration Committee and an executive director of Chongqing Law Society. Mr. KONG served as deputy director of Chongqing Lida Law Firm (重慶麗達律師事務所) from July 1998 to January 2003, and head of sales department of the Yumei branch of Chongqing General Trading Group (重慶商社集團渝美分公司) from July 1992 to July 1998. Mr. KONG has served as a legal advisor for Chongqing Steel Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 601005; listed on the Hong Kong Stock Exchange, stock code: 1053) since January 2006, for Radio & TV Advertising Branch of Chongqing Radio & TV Media Group Co., Ltd. since May 2008, for Chongqing Municipality Agricultural Guarantee Co., Ltd. since May 2008, for Financial Office and Corporate Listing Office of Nan'an District, Chongqing since May 2009, for Chongqing Yonghui Supermarket Co., Ltd. since June 2009, and for Qianyuan Micro-Credit Loan Co., Ltd., Jiangbei District, Chongqing since May 2012.

Mr. KONG obtained a bachelor of laws degree from the Southwest University of Political Science and Law (西南政法大學) in July 1992. He was accredited as the "Top 100 Excellent Lawyers of Honest Practice in Chongqing" (重慶市誠信執業百優律師) by the Judiciary of Chongqing and Chongqing Law Society in January 2003. He was awarded the "Chongqing Youth May Fourth Medal of the 12th Session" (第十二屆重慶青年五四獎章) by the Chongqing Committee of the Chinese Communist Party and the Chongqing People's Government in May 2008, and was accredited as the "Top 10 Best Lawyers in Chongqing of the 4th Session" (重慶市第四屆十佳律師) by the Judiciary of Chongqing and Chongqing Law Society in July 2011.

Mr. WANG Pengguo (王彭果), aged 44, has been an independent non-executive Director of the Bank since April 28, 2014. Mr. WANG is also the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee, Nomination Committee and Connected Transactions Control Committee of the Bank.

Mr. WANG has been the chief accountant and chairman of Chongqing Zhongding Certified Public Accountants Co., Ltd. (重慶中鼎會計師事務所有限責任公司) since March 2001, chairman of Chongqing Zhongding Certified Tax Agents Co., Ltd. (重慶中鼎稅務師事務所有限責任公司) since December 2005, chairman of Chongqing Zhongding Asset Appraisal and Real Estate Valuation Co., Ltd. (重慶中鼎資產評估土地房地產估價有限責任公司) since March 2007, as well as an independent director and a member of the audit committee of CPI Yuanda Environmental-Protection (Group) Co., Ltd. since May 2015.

Mr. WANG served as deputy chief accountant of Chongqing Zhongding Accountants Co., Ltd. (重慶中鼎會計師事務所有限責任公司) from August 1999 to February 2001, deputy chief accountant of Chongqing Zhongding Accountants Co., Ltd. (重慶中鼎會計師事務所有限責任公司) from December 1996 to July 1999, as well as the financial director and deputy head of the finance department of Chongqing Machine Tools Industry Company (重慶機床工具工業公司) from December 1992 to November 1996.

Directors, Supervisors and Senior Management

Mr. WANG obtained a professional diploma in financial management from the Chongqing Radio and TV University (重慶廣播電視大學) in July 1991, a bachelor of accountancy degree from the Chongqing University (重慶大學) in July 2003, and an executive MBA degree from Chongqing University in July 2007. Mr. WANG is a senior accountant and one of the first batch of senior certified public accountants in the PRC; Mr. WANG is also a certified tax advisor, a certified asset appraiser, a second-hand motor vehicle valuer, a land valuer and a certified real estate valuer in the PRC. Mr. WANG is an executive director of the China Appraisal Society (中國資產評估協會), an executive director of Chongqing Institute of Certified Public Accountants (重慶註冊會計師協會), an executive director of Chongqing Certified Tax Agents Association (重慶註冊稅務師協會) and an executive director of Chongqing Land Resources and Housing Appraisal and Brokers Association (重慶國土資源房屋評估和經紀協會).

Dr. JIN Jingyu (靳景玉), aged 50, has been an independent non-executive Director of the Bank since April 28, 2014. Dr. JIN is also the chairman of the Remuneration and Appraisal Committee and Nomination Committee and a member of the Information Technology Guidance Committee and Connected Transactions Control Committee of the Bank. Dr. JIN is chairman of the Academic Council, a professor in finance and tutor of doctorate and master degree postgraduate students of the School of Finance of Chongqing Technology and Business University (重慶工商大學).

Dr. JIN has served in the Chongqing Technology and Business University (重慶工商大學) (formerly known as Chongqing College of Commerce (重慶商學院) in 2003 and before) since May 1997, where he has served successively as associate professor, professor and deputy director of the Department of Finance and Investment. Dr. JIN also served concurrently as the chairman of Chongqing Tandy

Pharmaceutical Industry Co., Ltd. (重慶天地藥業有限公司) from June 2005 to February 2010, and served concurrently as a director and secretary to the board of directors of Chongqing Wanli Storage Battery Co., Ltd. (重慶萬里蓄電池股份有限公司) (now known as Chongqing Wanli New Energy Co., Ltd. (重慶萬里新能源股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600847)), from January 2006 to March 2010, served as a director and secretary to the board of directors of Southwest Synthetic Pharmaceutical Co., Ltd. (西南合成製藥股份公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000788), from July 2002 to June 2003, and a business director of the Financing Service Company (融資服務公司) and general manager of the 1st business division of Dapeng Securities Company Limited (大鵬證券有限責任公司) from September 1997 to September 2002. Dr. JIN is currently an independent non-executive director of Chongqing Machinery & Electric Co., Ltd. (重慶機電股份有限公司), a company listed on the Hong Kong Stock Exchange (Stock Code: 2722) and an independent director of Chongqing Financial Products Exchange Co., Ltd. (重慶金融產品交易所有限責任公司).

Dr. JIN graduated with a bachelor's degree from the department of mathematics of Henan University (河南大學) in 1991, studied in the University of Science and Technology of China (中國科學技術大學) majoring in management science and received a master's degree in engineering in 1995, and studied in Southwest Jiaotong University (西南交通大學) majoring in management science and engineering and received a doctor's degree in management in 2007. Dr. JIN is a director of the corporate operations research branch of the Operations Research Society of China (中國運籌協會), a director of the China Investment Professional Construction Committee (中國投資專業建設委員會) and a part-time researcher of the Upper Yangtze River Economic Research Center (長江上游經濟研究中心).

Directors, Supervisors and Senior Management

2. Biographies of Supervisors

Employee Supervisors

Mr. YANG Xiaotao (楊小濤), aged 52, has been an employee Supervisor since March 2015 and is currently the chairperson of the board of Supervisors of the Bank.

Mr. YANG Xiaotao joined the Bank in March 2015. He is currently a party committee member of the Bank. Mr. YANG Xiaotao worked at Wulong sub-branch of Agricultural Bank of China since November 1979 and held a number of positions including officer and director at Huolu Office and Xiangkou Office, chief of industrial and commercial credit section, vice president, president and party committee secretary of the sub-branch. He served as vice president, party committee member and union chairman at Chongqing Fuling Branch of Agricultural Bank of China from August 1998 to July 2003. He was in charge of the overall operations of Chongqing Changshou District Rural Credit Cooperative from July 2003 to April 2004, and served as chairman and party committee secretary of Chongqing Changshou District Rural Credit Cooperative from April 2004 to November 2006. He was deputy director and party committee member of Chongqing Rural Credit Cooperative from November 2006 to June 2008, and vice president and party committee member of Chongqing Rural Commercial Bank Co., Ltd. from June 2008 to February 2015. Mr. YANG did not hold any directorship in any other listed companies in the last three years.

Mr. YANG Xiaotao obtained an executive master degree in business administration from Xiamen University in June 2013. Mr. YANG is a senior economist.

Mr. HUANG Changsheng (黃常勝), aged 52, was appointed as our employee Supervisor in April 2013.

Mr. HUANG joined the Bank in October 1995. Mr. HUANG is currently deputy secretary of the party committee, secretary of the Discipline Committee and chairman of the labor union of the Bank. Mr. HUANG previously served as director of the banking department, director of the credit department and director of the general office of Xiaolongkan sub-branch of the Bank, assistant to manager of Guanyinqiao sub-branch of the Bank, assistant to director, deputy director and director of the general office of the Bank, secretary to the Board and deputy director of the Board's office (in charge), general manager of the human resources department of the Bank, head of the preparation group of Guiyang Branch, and secretary of the party committee and president of Guiyang Branch of the Bank.

Prior to joining the Bank, Mr. HUANG worked as director of the credit department of Shapingba Urban Credit Cooperative in Chongqing from February 1994 to October 1995. Mr. HUANG did not hold any directorship in any other listed companies in the last three years.

Mr. HUANG obtained an executive master in business administration degree from Chongqing University in December 2012. Mr. HUANG is an economist and a senior political engineer.

Mr. LIN Min (林敏), aged 45, was appointed as our employee Supervisor in April 2013. Mr. LIN joined the Bank in December 1999. Mr. LIN is currently general manager of the human resources department of the Bank. Mr. LIN previously served as assistant to manager of Linjiangmen sub-branch, deputy manager of Fuling sub-branch, deputy general manager of the marketing department (in charge), manager of Nanping sub-branch, manager of Banan sub-branch, a member of the preparation group of Xi'an Branch and party committee secretary and manager of Xi'an Branch of the Bank.

Directors, Supervisors and Senior Management

Prior to joining the Bank, Mr. LIN served successively as a clerk, deputy director and director of the general office, and assistant to manager of the office of Yuzhong District of Chongqing International Trust & Investment Co., Ltd. from January 1993 to December 1999, and worked at Chongqing Municipality Tap Water Co., Ltd. from December 1991 to December 1992. Mr. LIN did not hold any directorship in any other listed companies in the last three years.

Mr. LIN obtained an executive master in business administration degree from Chongqing University in December 2009. Mr. LIN is an accountant and a senior economist.

Mr. ZHOU Xiaohong (周曉紅), aged 49, has been an employee Supervisor since March 2015. Mr. ZHOU joined the Bank in April 1995. He is currently the general manager and party committee secretary of the management department of Yuzhong District of the Bank. Mr. ZHOU previously served as administrator of credit department of the Bank, the assistant to president, deputy president (in charge) and president of Jianxindong Road sub-branch of the Bank and president of Jianxinbei Road sub-branch of the Bank.

Prior to joining the Bank, Mr. ZHOU worked in the finance department of The First Affiliated Hospital of Chongqing Medical University from July 1985 to March 1993 and served in the economic coordination office of Chongqing government from April 1993 to April 1995. Mr. ZHOU did not hold any directorship in any other listed companies in the last three years.

Mr. ZHOU obtained an executive master degree in business administration from Chongqing University in December 2012. Mr. ZHOU is a senior economist.

Shareholder Supervisors

Mr. CHEN Yan (陳焰), aged 52, was appointed as a Supervisor of the Bank in March 2014. Mr. CHEN was a shareholder Supervisor.

Mr. CHEN served successively as managers of the investment and financing department and the investment and development department of Chongqing Jiangbeizui Corporation (重慶市江北嘴公司) and director and general manager of Jiangbeizui Equity Investment Fund Management Co., Ltd. (江北嘴股權投資基金管理有限公司), and concurrently as director and deputy general manager of Chongqing Jiangbeizui Xingen Stock Co., Ltd. (重慶江北嘴鑫根股份有限公司) since 2009.

Mr. CHEN currently serves as an executive director and general manager of Chongqing Real Estate Equity Investment Fund Management Co., Ltd. Mr. CHEN served successively as an expert member of the asset appraisal and review committee, and manager of the appraisal and legal department, the debt management department, the operation management department and the investment business department of the Chongqing Representative Office of China Huarong Asset Management Corporation (中國華融資產管理公司) from 2001 to 2009. Prior to that, Mr. CHEN served as deputy general manager of Chongqing Huitong Land and Assets Appraisal Co., Ltd. (重慶匯通土地資產評估有限公司) from 1998 to 2001, director of the general office of Chongqing Zhongye Property Development Co., Ltd. under the MCC Group (中冶集團重慶中冶房地產開發有限公司) from 1997 to 1998, deputy director of the general office of Chongqing Xiexin Property Development Co., Ltd. (重慶協信房地產開發有限公司) from 1996 to 1997, deputy factory manager of Chengdu Feixiang Surveying Instrument Plant (成都飛翔測繪儀器廠) from 1992 to 1996, and a teacher at Chongqing Zishui Middle School (重慶市字水中學) from 1984 to 1992. Mr. CHEN did not hold any directorship in any other listed companies in the last three years.

Directors, Supervisors and Senior Management

Mr. CHEN graduated from an on-the-job postgraduate course in civil and commercial law at Southwest University of Politics Science and Law in October 2003. He graduated from Sichuan Normal University, majoring in mathematics, with a bachelor of science degree in July 1984. Mr. CHEN is a land valuer, real estate economist and corporate legal advisor.

Mr. WU Bing (吳冰), aged 52, was appointed as a Supervisor of the Bank in August 2015. Mr. WU was a shareholder Supervisor.

Mr. WU has been the chairman of the board of supervisors of Chongqing Guangtai Industrial Investment Development Co., Ltd. (重慶廣泰產業投資發展有限公司) since October 2014. Prior to that, Mr. WU served as director of the Policy Development Research Office of the Chongqing New North Zone (重慶北部新區政策發展) from February 2010 to October 2014; director of Chongqing New North Zone No. 1 Investment Bureau (重慶北部新區招商一局) from April 2008 to February 2009; president of Economic and Trade Bureau of Chongqing Economic and Technological Development Zone (重慶經開區經貿局) from October 2003 to April 2008; head of Office, head of Policy Research Office and president of Legal Affairs Bureau of Chongqing Economic and Technological Development Zone from December 2000 to October 2003; and deputy director (in charge) of Policy Research Office and Social Development Office of the Chongqing People's Government from July 1997 to June 2000.

Mr. WU graduated from Yuzhou University (now renamed as Chongqing Technology and Business University) with a bachelor's degree of arts in January 1987, and graduated from Chongqing University with an executive MBA in June 2005.

External Supervisors

Mr. ZHOU Yongkang (周永康), aged 67, was appointed as a Supervisor of the Bank in December 2010. Mr. ZHOU is an external Supervisor.

Mr. ZHOU has over 42 years of experience in the banking industry. He held various positions, including deputy director, at People's Bank of China Chongqing Lianglukou local branch (中國人民銀行重慶市兩路口分理處) from 1971 to 1983, and served successively as the deputy director and director of the Central City District (currently Yuzhong District) Agency of the Chongqing branch of Industrial and Commercial Bank of China from 1983 to 1988 and director of the accounting department, vice president and counsel of the Chongqing branch of Industrial and Commercial Bank of China from 1988 to 2008. Mr. ZHOU retired in 2008. Mr. ZHOU did not hold any directorship in any other listed companies in the last three years.

Mr. ZHOU graduated from the undergraduate course in the Correspondence School of Chongqing Party School of the Chinese Communist Party, majoring in finance, in December 1997. Mr. ZHOU is a senior economist.

Mr. CHEN Zhengsheng (陳正生), aged 65, was appointed as a Supervisor of the Bank in May 2013. Mr. CHEN is an external Supervisor.

Mr. CHEN has over 39 years of experience in the banking industry. Mr. CHEN held a number of positions in the Chongqing Branch of Industrial and Commercial Bank of China between May 1984 and April 2011, including director of Jiefangbei Local Branch, deputy director of the

Directors, Supervisors and Senior Management

office of Central City District (currently Yuzhong District), director of fund planning office, and vice president and counsel of Chongqing Branch. He was deputy head of the credit group and deputy director of the former Chongqing Qixinggang Local Branch of the People's Bank of China between April 1972 and May 1984. Mr. CHEN retired in April 2011. Mr. CHEN has been an independent non-executive director of Chongqing Rural Commercial Bank Co., Ltd. (listed on the Hong Kong Stock Exchange, stock code: 3618) from December 2011 to December 2014, an independent director of Chongqing Yukai Company Limited (重慶渝開發股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 000514) from August 2012 to December 2015, and an independent director of Loncin Motor Company Limited (隆鑫通用動力股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 603766) from November 2012 to August 2015.

Mr. CHEN obtained a postgraduate certificate in political economics (including regional economics) from Chongqing Party School of the Chinese Communist Party in June 1998. Mr. CHEN is a senior economist.

Mr. YIN Xianglong (殷翔龍), aged 53, was appointed as a Supervisor of the Bank in March 2014. Mr. YIN is an external Supervisor.

Mr. YIN has been the deputy head of Kanghua Certified Public Accountants (康華會計師事務所) since November 2010. Mr. YIN served as deputy head of the Chongqing branch of RSM China Certified Public Accountants (中瑞岳華會計師事務所) from January 2010 to October 2010. Prior to this, Mr. YIN served as head of Fengdu branch and head of compliance, chief quality supervisor, deputy chief accountant at the head office of Chongqing Jinhui Certified Public Accountants (重慶金匯會計師事

務所) from January 2001 to December 2009; chief accountant at Chongqing Fengrui Certified Public Accountants (重慶豐瑞會計師事務所) from November 1998 to December 2000, head of Fengdu branch of Fuling Certified Public Accountants (涪陵會計師事務所) from December 1990 to October 1998. Mr. YIN worked at Fengdu County Finance Bureau from August 1986 to November 1990, from August 1983 to August 1984 and from December 1978 to August 1981, respectively. Mr. YIN did not hold any directorship in any other listed companies in the last three years.

Mr. YIN obtained a bachelor's degree in economics from the department of accountancy of Southwestern University of Finance and Economics (西南財經大學) in June 1994. Mr. YIN is a qualified senior accountant, as well as a certified public accountant, certified asset appraiser, certified real estate valuer, certified land valuer, certified cost engineer and certified tax agent in China.

3. Biographies of Senior Management

For the biography of **Mr. RAN Hailing (冉海陵)**, please refer to the section headed "Biographies of Directors" in this annual report.

Mr. LIU Jianhua (劉建華), aged 50, was appointed as vice president of the Bank in October 2014. Mr. LIU joined the Bank in December 1996. He had served as deputy manager and manager of Shangqingsi sub-branch, manager of Renhe Street sub-branch, employee Supervisor of the second, third and fourth session of the board of Supervisors, general manager of the corporate banking department and chief executive officer of the retail banking business of the Bank. He is currently responsible for management and development of small and micro enterprise banking business, settlement operations business and safety protection of the Bank.

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Prior to joining the Bank, Mr. LIU served as deputy director of Chongqing Chujin Urban Credit Cooperative (重慶儲金城市信用社) from June 1993 to December 1996, and served as a clerk at the Transmission Department of Chongqing Post Office (重慶市郵政局轉運處) from December 1984 to June 1993. Mr. LIU did not hold any directorship in any other listed companies in the last three years.

Mr. LIU obtained an executive master of business administration degree from Chongqing University in December 2011, and obtained a graduation certificate from the postgraduate course in law of Chongqing Party School of the Chinese Communist Party in June 2001. Mr. LIU is a senior economist. In 2009, he was awarded the title of “Model Worker” in the third session of evaluation by Chongqing Municipality People’s Government.

Ms. YANG Shiyin (楊世銀), aged 50, was appointed as vice president of the Bank in October 2014. Ms. YANG joined the Bank in September 2001. She had served as chief and manager of Yangjiaping sub-branch, chief and manager of Jiefangbei sub-branch of the Bank and chief executive officer of the corporate banking business of the Bank. She is currently responsible for the management and development of the financial and review businesses of the Bank.

Prior to joining the Bank, Ms. YANG served as deputy section chief of currency exchange section, chief cashier and director of banking department of Jiulongpo sub-branch of Bank of China in Chongqing from May 1989 to August 2001, and accountant of Chongqing Jiulongpo Department Store and Wholesale Company (重慶市九龍坡地區百貨批發公司) from August 1987 to May 1989. Ms. YANG did not hold any directorship in any other listed companies in the last three years.

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

Mr. ZHOU Guohua (周國華), aged 50, was appointed as vice president of the Bank in October 2014. Mr. ZHOU joined the Bank in September 2003. He had served as chief and assistant to the director of the office of the board of Supervisors, deputy manager of Yubei sub-branch (in charge), and manager of Chongqing Hi-tech Industrial Development Zone branch, chief and manager of Great Hall sub-branch and chief operations officer of the Bank. He is currently responsible for the management and development of the corporate, trade finance, real estate finance, and information technology businesses of the Bank.

Prior to joining the Bank, Mr. ZHOU served as section member and deputy section chief of finance management section (金管科) of Changshou sub-branch of the People’s Bank of China from January 1998 to September 2003, and director of banking department of Changshou sub-branch of Agricultural Bank of China from December 1996 to December 1997. Mr. ZHOU did not hold any directorship in any other listed companies in the last three years.

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

Directors, Supervisors and Senior Management

Ms. PENG Yanxi (彭彥曦), aged 40, has been the vice president of the Bank since March 11, 2016. Ms. PENG is currently responsible for the management and development of the treasury management and wealth management businesses of the Bank.

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

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

Mr. HUANG Ning (黃寧), aged 41, has been vice president of the Bank since March 11, 2016. Mr. HUANG is currently responsible for the management of the personal business, the credit card business, and the institution development.

Mr. HUANG Ning joined the Bank in December 2007 and had successively held various positions, including director of the general office, manager of the Great Hall sub-branch, general manager of the organisation department of the CPC party committee and human resources department. He has been a party committee member of the Bank since October 2014. Prior to joining the Bank, Mr. HUANG served successively as an accountant, account manager of the business department, account manager and assistant to the director of the credit management department, and deputy director of the general office of the Daxigou Sub-branch of Chongqing Commercial Bank Co., Ltd. from July 1997 to December 2007.

Mr. HUANG obtained an executive master of business administration degree from Chongqing University in December 2014.

For the biography of **Mr. ZHAN Wanghua (詹旺華)**, please refer to the section headed "Biographies of Directors" in this annual report.

Mr. ZHOU Wenfeng (周文鋒), aged 47, was appointed as a joint company secretary of the Bank on July 16, 2013, and as an acting secretary to the Board of the Bank on December 30, 2014.

Mr. ZHOU joined the Bank in November 2003. Mr. ZHOU has served as director of the listing office of the Bank since April 2007. Prior to that, from February to April 2007, Mr. ZHOU worked as deputy director of the capital raising & listing office of the Bank; he served as deputy director of office of the Board of the Bank from December 2004 to February 2007; he served as vice general manager of market development department of the Bank from March 2004 to December 2004, and assistant to manager of Fuling sub-branch of the Bank from November 2003 to March 2004.

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Before joining the Bank, Mr. ZHOU had served as secretary and head of the third section of the Fuling Committee Office of the Party, director member of Fuling Bureau of Finance, vice general manager of Tongji Industrial Co., Ltd, and general manager of Yinke Economic and Technology Credit Guarantee Co., Ltd. from March 1992 to November 2003.

Mr. ZHOU obtained his bachelor's degree in philosophy from Xiamen University in July 1989.

Emolument of Directors, Supervisors and Senior Management of the Bank

For details of emolument of Directors, Supervisors and the five highest paid individuals of the Bank, please see note 12 and note 10 to the financial statements respectively. There is no arrangement in which Directors have waived or agreed to waive any emoluments.

The table below sets forth the remuneration of the senior management of the Bank by band:

Band (RMB)	Number of Senior Management	
	2015	2014
0-500,000	1	–
500,001-1,000,000	2	1
1,000,001-1,500,000	5	7
Total	8	8

Note: Ms. NI Yuemin and Mr. WANG Min rendered their resignation on April 7, 2015 and July 23, 2015 respectively, thus Ms. NI Yuemin and Mr. WANG Min ceased to receive any remuneration from the Bank since April 2015 and August 2015 respectively.

Corporate Governance Report

The Bank strives to improve the transparency and accountability of corporate governance and ensure high standards of corporate governance to safeguard shareholders' interests and enhance its enterprise value and commitment.

During the Reporting Period, the Bank strictly complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules, and adopted the recommended best practices as specified therein where appropriate. The Bank also strictly complied with the provisions of relevant laws and regulations and the Listing Rules governing management of insider information, amended the Articles of Association, adjusted the composition of the Board and its special committees, adjusted the composition of the board of Supervisors, and conducted performance appraisals on the Board, senior management and their members. The Bank further upgraded its standards of information disclosure and standardized its work on management of investor relations to enhance the transparency and corporate governance standards of the Bank.

None of the Directors is aware of any information which would reasonably indicate that the Bank was not in compliance with the code provisions set out in the Code during the Reporting Period.

The Bank will continue to review and enhance its corporate governance in order to ensure compliance with provisions set out in the Code and meet the rising expectations of the Shareholders and investors.

General Meeting Information of General Meetings

During the year of 2015, the Bank held two general meetings and one class meeting, details of which are set out below:

At the 2014 annual general meeting of the Bank held on June 12, 2015, 10 proposals were considered and approved on the matters mainly including the payment method of variable remuneration for non-executive Directors and independent non-executive Directors of the Bank, the payment method of variable remuneration for external Supervisors and shareholder Supervisors of the Bank, the report of the Board of Directors for 2014, the report of the board of Supervisors for 2014, the 2014 final account report, the 2014 profit distribution plan, the 2015 financial budget plan, the 2014 annual report, the re-appointment of external auditors of the Bank for 2015, the authorization to the Board of the Bank to determine their remuneration and the adoption of the Administrative Measures on Outward Equity Investments of Bank of Chongqing Co., Ltd. (For Trial Implementation).

The 2015 first extraordinary general meeting and first class meeting of the Bank were held on August 11, 2015. At the first extraordinary general meeting, 6 proposals were considered and approved on the matters including the plan to issue new H Shares of the Bank, the amendments to the Articles of Association and the Procedural Rules for the Board of Directors of the Bank, the amendments to the Procedural Rules for the Board of Supervisors of the Bank, the report on the use of proceeds from previous funds raising activity of the Bank, the election of Mr. HE Sheng as a non-executive Director of the Bank and the election of Mr. WU Bing as a Shareholder Supervisor of the Bank. The first class meeting was divided into H Shareholders' class meeting and domestic Shareholders' class meeting, which considered and approved the proposal regarding the plan to issue new H Shares of the Bank respectively.

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

Corporate Governance Report

The Board and Special Committees Implementation of Resolutions of General Meetings by the Board

During the Reporting Period, the Board of the Bank strictly implemented the resolutions passed at general meetings and the matters entrusted by general meetings, and earnestly implemented the proposals considered and approved at general meetings regarding the 2014 profit distribution plan, the 2015 financial budget, the reappointment of external auditors for the year of 2015, the issue of new H Shares, the amendments to the Articles of Association, the amendments to the procedural rules of the Board, and the amendments to the procedural rules for the board of Supervisors.

Composition of the Board

As at the end of the Reporting Period, the Board of the Bank comprised a total of 13 Directors, including three executive Directors, namely, Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President), and Mr. ZHAN Wanghua (Chief Risk Officer); five non-executive Directors, namely, Mr. WONG Hon Hing (Vice Chairman), Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei, 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 the Bank received the resignation letter tendered by Mr. QIN Wei, the non-executive Director of the Bank, and approved his resignation at the meeting held on March 18, 2016, with effect from March 18, 2016.

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

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

The Board is also responsible for performing corporate governance functions. During the Reporting Period, the Board performed the corporate governance functions as set out in code provision D.3.1 of the Code.

Changes in Directors

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

Operation of the Board

The Board of the Bank convenes meetings on a regular basis, and regular board meetings shall be convened at least once for every quarter. Board meetings may be convened by way of on-site meetings or written resolutions. Agenda for a regular meeting of the Board is prepared after consulting Directors and the Board paper and relevant materials for such meeting are usually circulated to all Directors and Supervisors 14 days prior to the date of such meeting. All Directors maintain communication with the secretary to the Board and the secretary to the Bank to ensure compliance with the procedures of Board and all applicable rules and regulations. Detailed minutes of Board meetings are maintained and are available for all Directors for their review, comments and signature after the conclusion of such meeting. The secretary to the Board will send the finalized minutes of Board meetings to all Directors as soon as possible. The minutes of Board meetings are kept by the secretary to the Board and are available for inspection by Directors at any time. A communication and reporting mechanism has been established among the Board, Directors and senior management of the Bank. The President reports regularly to and is overseen by the Board.

Relevant members of senior management are invited to participate in Board meetings from time to time to provide explanations and answers to inquiries. Directors can express their opinions freely at Board meetings, and major decisions are made after detailed discussions. A Director shall abstain from discussion and voting at a Board meeting on any proposal in which he is materially interested, and shall not be counted in the quorum for such proposal.

The Board has set up an office as its working body, which is responsible for preparation of general meetings, Board meetings and meetings of the special committees under the Board and other routine matters; the Board has set up Investor Relations and Securities Affairs Department, which is responsible for information disclosure and the management of investor relations; the Board has set up Corporate Culture and Public Relations Department, which is responsible for reputation risk management and corporate culture construction; the Board has set up the department of internal audit, which is responsible for the internal audit of the Board.

Duties and Powers of the Board

Duties and powers of the Board mainly include, but not limited to, the following:

- (1) convening general meetings and reporting its performance to general meetings;
- (2) implementing the resolutions adopted at general meetings;
- (3) deciding on business plans, investment proposals and development strategy of the Bank;
- (4) formulating the annual financial budget and final accounts of the Bank;
- (5) formulating profit distribution plan and loss recovery plan of the Bank;
- (6) making proposals regarding increase or reduction of the Bank's registered capital, issue of bonds or other securities and listing plans;
- (7) formulating proposals on major acquisitions, share repurchases, mergers, separation, dissolution or change in corporate form of the Bank;
- (8) deciding on external investments, acquisition and disposal of assets, pledges of assets, trust asset management and major connected transactions of the Bank within the authorities authorized by the general meeting;
- (9) considering and approving any guarantee to be provided by the Bank when the total amount of external financing guarantees of the Bank has exceeded 10% (excluded) but not more than 30% (included) of the latest audited total assets of the Bank;
- (10) deciding on establishment, dissolution and merger of the Bank's internal management departments and branches;
- (11) appointing or removing the president and the secretary to the Board; to appoint or remove vice presidents, the chief financial officer, the chief executive officer and other senior management personnel based on the recommendations of the president, and to decide on matters relating to their emoluments and their rewards and punishments;
- (12) overseeing the senior management's performance of their duties to ensure that senior management has effectively performed its management duties;
- (13) establishing the Bank's basic management system, and conducting regular evaluations to improve corporate governance of the Bank;
- (14) determining the Bank's policies on risk management and internal control;
- (15) managing proposals for any amendments to the Articles of Association of the Bank;

Corporate Governance Report

- (16) handling information disclosure matters and assuming ultimate responsibility for completeness and accuracy of the accounting and financial reporting system of the Bank;
- (17) proposing appointment or change of auditors of the Bank at general meetings;
- (18) receiving the work report of the president and assessing his performance;
- (19) reviewing the Bank's development strategy on a regular basis and supervising its implementation, managing the Bank's capital base, and assuming ultimate responsibility for the capital adequacy ratio management; and
- (20) exercising other duties and powers prescribed by the laws, administrative regulations, department rules or the Articles of Association of the Bank or conferred by the general meetings.

Unless otherwise required by the laws, regulations, regulatory authorities and the Articles of Association, the resolutions of the above matters of the Board shall be approved by more than half of all Directors, but for the cases of paragraphs (5), (6), (7), (11) and (16) above, the resolutions shall be approved by more than two-thirds of all Directors.

Appointment of Directors

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

Board Meetings

Pursuant to the Code, regular meetings of the Board shall be convened at least once for every quarter. Such regular meetings do not include obtaining Board consent through written resolutions.

During the Reporting Period, the Board convened 10 meetings in total (including 4 written resolutions and 6 on-site meetings), at which 91 proposals were considered and approved on the matters mainly including amendments to relevant corporate governance documents, financial reports, profit distribution and nomination of Director candidates. Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2015 (Directors who were involved in connected transactions and required to abstain from voting at the relevant meetings are deemed as present) are set out below:

Members of the Board	Attendance in person/by proxy/required (times)								
	The Board	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Strategic Committee	Risk Management Committee	Connected Transactions Control Committee	Information Technology Guidance Committee	General Meeting
Executive Directors									
GAN Weimin	10/0/10				7/0/7	8/0/8			2/0/2
RAN Hailing	9/1/10				6/0/7	6/0/8		4/0/4	1/0/2
NI Yuemin (resigned on April 24, 2015)	2/1/3				2/0/2			1/0/1	0/0/0
ZHAN Wanghua	10/0/10					8/0/8		4/0/4	1/0/2
Non-executive Directors									
WONG Hon Hing	10/0/10				7/0/7			4/0/4	2/0/2
QIN Wei (resigned on March 18, 2016)	5/5/10				4/0/7				1/0/2
DENG Yong	7/3/10	6/0/8							0/0/2
LV Wei	9/1/10	8/0/8	4/0/4	3/0/3					1/0/2
YANG Jun	9/1/10		4/0/4	3/0/3	7/0/7				1/0/2
Independent non-executive Directors									
LI He	9/1/10	8/0/8				8/0/8	3/0/3		2/0/2
TO Koon Man Henry	10/0/10	8/0/8				8/0/8	3/0/3		2/0/2
KONG Xiangbin	9/1/10		4/0/4	3/0/3			3/0/3		2/0/2
WANG Pengguo	10/0/10	7/0/8	3/0/4	3/0/3			2/0/3		1/0/2
JIN Jingyu	10/0/10		4/0/4	3/0/3			3/0/3	4/0/4	2/0/2

Notes: 1. For details of changes in Directors, please refer to the paragraph above headed "Changes in Directors".

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

Corporate Governance Report

Independent Non-executive Directors

During the Reporting Period, the composition of the Board at all times met the requirements under the Listing Rules regarding the appointment of at least three independent non-executive Directors representing at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The independent non-executive Directors of the Bank do not have any business or financial interests, nor hold any management positions, in the Bank. All the current independent non-executive Directors are elected and appointed for a term of three years, and shall handle the matters related to their service upon expiry of terms as advised by the relevant regulatory authorities. Independent Directors shall not serve at one commercial bank for over six years in aggregate.

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

Director's Responsibilities for the Preparation of Financial Statements

The Directors have acknowledged their responsibility for preparing the financial statements of the Bank for the year ended December 31, 2015.

The Directors are responsible for overseeing the preparation of financial statements for each accounting period to make sure that such financial statements give a true and fair view of the financial conditions, operating results and cash flows of the Bank. In preparing the financial statements for the year ended December 31, 2015, the Directors have adopted and consistently applied applicable accounting policies, and exercised prudent and reasonable judgment.

Continuous Professional Development Program for Directors

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

Training for the Directors shall be carried out on an ongoing basis. The Bank encourages all Directors to participate in continuous professional development, to develop and update their knowledge and skills. During the Reporting Period, all 14 Directors of the Bank (including executive Directors Mr. GAN Weimin, Mr. RAN Hailing, Ms. NI Yuemin(resigned on April 24, 2015) and Mr. ZHAN Wanghua; non-executive Directors Mr. YANG Jun, Mr. DENG Yong and Ms. LV Wei, Mr. WONG Hon Hing and Mr. QIN Wei (resigned on March 18, 2016); and independent non-executive Directors Mr. WANG Pengguo, Dr. JIN Jingyu, Mr. LI He, Mr. TO Koon Man Henry and Mr. KONG Xiangbin) participated in training sessions provided by legal advisers engaged by the Bank on strategic planning and corporate governance. The Bank provided the Directors with updates on the Listing Rules and other applicable regulatory requirements from time to time, to ensure that the Directors will make their contribution to the Board with informed and relevant information, abide by the Code and enhance their awareness of sound corporate governance practices.

In addition, certain Directors attended the seminars and training courses provided by professional institutions. For the year ended December 31, 2015, the trainings attended by the Directors covered the following topics:

1. Organizing Directors to attend trainings on corporate governance and strategic management in Hong Kong (attendee: JIN Jingyu)
2. Organizing study visits to Bank of Beijing to study on direct banking, small and micro business, consumer finance and etc. (attendees: WONG Hon Hing, TO Koon Man Henry and KONG Xiangbin)
3. Organizing trainings on strategic planning (attendees: WONG Hon Hing, JIN Jingyu and TO Koon Man Henry)
4. Organizing researches at Guiyang Branch (attendees: WONG Hon Hing, YANG Jun, LI He, JIN Jingyu, WANG Pengguo, KONG Xiangbin and TO Koon Man Henry)

Corporate Governance Functions of the Board

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

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

Special Committees under the Board

The Board of the Bank has set up seven special committees: Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, Strategic Committee, Information Technology Guidance Committee, Connected Transactions Control Committee and Risk Management Committee. The special committees under the Board have operated in accordance with their respective terms of reference defined by the Board.

(1) Audit Committee

As at December 31, 2015, the Bank's Audit Committee consisted of five Directors, including Mr. WANG Pengguo (independent non-executive Director) as chairman, and Mr. DENG Yong (non-executive Director), Ms. LV Wei (non-executive Director), Mr. LI He (independent non-executive Director) and Mr. TO Koon Man Henry (independent non-executive Director) as members. The establishment of the Audit Committee complies with Rules 3.10(2) and 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee include:

1. to conduct audit analysis and monitoring assessment on significant matters of the Bank including implementation of strategic planning, corporate governance, risk management, internal control, business development and information technology and the overall risks that may arise;
2. to provide guidance to special audits on risk management, connected transactions management, compliance management, financial management, treasury management, remuneration management, information technology management and other aspects;

Corporate Governance Report

3. with respect to external auditors:
 - (1) to make recommendations to the Board on appointment and removal of the external auditors (including any questions on resignation or dismissal of such auditors), and give opinions on the qualification, expenses and terms of engagement for such auditors;
 - (2) to review and monitor whether the external auditors are independent and objective and the audit procedures are effective in accordance with appropriate criteria, and discuss with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
 - (3) to develop and implement policies on the engagement of an external auditor to provide non-audit services;
 - (4) to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and the management's response; and
 - (5) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
4. to monitor accounting policies, financial position and financial reporting procedures, examine financial information and its disclosure including the integrity of financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports of the Bank, and to review significant financial reporting judgments contained therein. In this regard, in reviewing the relevant statements and reports before submission to the Board, the committee shall focus particularly on:
 - (1) any changes in the accounting policies and practices;
 - (2) areas involving major judgment calls;
 - (3) significant adjustments resulting from audit;
 - (4) the going concern assumptions and any qualified opinions;
 - (5) compliance with accounting standards; and
 - (6) compliance with the Listing Rules and other legal or regulatory requirements in relation to financial reporting;

With regard to the aforesaid duties, the Audit Committee must liaise with the Board and senior management, and must meet, at least twice a year, with the auditors. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting functions, compliance officer or auditors;

5. to be in charge of the Bank's annual audits, and supervise the senior management to remedy the problems identified in audit and implement the auditing recommendations;
6. to act as the key representative body for overseeing the Bank's relation with the external auditor; and to serve as a bridge between the internal audit department and external auditors, and ensure coordination between the internal and external auditors; to decide on establishment of internal audit department, staffing, appointment and dismissal of the person in charge, audit project budget and remuneration of internal auditors, and ensure that the internal audit department is adequately resourced in the Bank;
7. to approve the internal audit regulations such as internal audit rules, mid- to long-term audit plans and annual work plans, and monitor their implementation;
8. to regularly examine the Bank's internal audit work and assess working procedures and results of the internal audit department, and report to the Board;
9. with respect to internal control matters:
 - (1) to review and monitor financial control, internal control and risk management systems of the Bank, review relevant rules and regulations and their implementation, and examine and evaluate the compliance and effectiveness of major business activities of the Bank;
 - (2) to discuss with the management on the internal control system, and conduct continuous inspection and supervision to ensure that the management has discharged its duty to establish an effective internal control system, including the adequacy of resources, qualifications and experience of staff of the Bank in respect of its accounting and financial reporting function, and their training programs and budget;
 - (3) to ensure that appropriate arrangements are made to enable employees to raise concerns in strict confidence on potential misconduct in respect of financial reporting, internal control or other aspects, and enable the Bank to conduct a fair and independent investigation and take proper measures; and
 - (4) to consider any findings of major investigations of internal control matters and the management's response on its own initiative or as delegated by the Board;
10. to keep abreast of internal audit trends, research and analysis, guide and promote the internal audit department to update and improve audit techniques, methods and tools; and
11. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

Corporate Governance Report

During the Reporting Period, the Audit Committee held a total of 8 meetings, at which 17 matters were considered including amendments to the working rules of the Audit Committee, the 2014 financial statements and notes thereto, the 2014 internal audit evaluation report, the 2014 final accounts, the 2014 profit distribution plan, the 2015 financial budget, and the reappointment of external auditors for the year of 2015. Meanwhile, the Audit Committee held one meeting with the auditors in accordance with the newly amended code provisions of the Code.

(II) *Remuneration and Appraisal Committee*

As at December 31, 2015, the Bank's Remuneration and Appraisal Committee consisted of five Directors, including Dr. JIN Jingyu (independent non-executive Director) as chairman, and Ms. LV Wei (non-executive Director), Mr. YANG Jun (non-executive Director), Mr. KONG Xiangbin (independent non-executive Director) and Mr. WANG Pengguo (independent non-executive Director) as members, with a majority of the members being independent non-executive Directors.

The primary duties of the Remuneration and Appraisal Committee include:

1. to propose the remuneration management measures or plans for Directors and senior management to the Board according to their scope of duties, importance, complexity of work, scarcity on market and the remuneration level for comparable positions in the same industry in accordance with relevant policies and regulations, which should mainly include, but not limited to: the basis, basic criteria, appraisal procedures and key indicators for basic salary and performance-based salary, specific steps of implementation and incentives;
2. to review and approve the management's remuneration proposals with reference to the corporate policies and objectives established by the Board;
3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management members;
4. to make recommendations to the Board on the remuneration of non-executive Directors;
5. to consider salaries paid by comparable companies, time commitment and responsibilities, and propose the employment conditions elsewhere in the Bank to be determined by the Board;
6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. to review duty performance of the Directors and senior management and make annual performance assessment on them;
9. to make recommendations to the Board on the Bank's policies and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration, and to supervise the execution of and amendments to the Bank's remuneration system;

10. to ensure that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration; and
11. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held 3 meetings in total, at which 4 proposals were considered on the matters including amendments to the working rules of the Remuneration and Appraisal Committee and cashing the remuneration of executives of the headquarter.

(III) Nomination Committee

As at December 31, 2015, the Bank's Nomination Committee consisted of five Directors, including Dr. JIN Jingyu (independent non-executive Director) as chairman, and Ms. LV Wei (non-executive Director), Mr. YANG Jun (non-executive Director), Mr. KONG Xiangbin (independent non-executive Director) and Mr. WANG Pengguo (independent non-executive Director) as members, with a majority of the members being independent non-executive Directors.

The primary duties of the Nomination Committee include:

1. to review the structure, size and composition (including skills, knowledge and experience) of the Board and the management annually with reference to the Bank's business management, asset scale and share capital structure, and make recommendations regarding any proposed changes in the Board in line with the Bank's corporate strategy;

2. to consider and formulate criteria and procedures for selection of Directors and senior management members, and submit specific proposals to the Board;
3. to search for qualified candidates for Director and senior management posts;
4. to conduct first review of the candidates for Director and senior management posts and make recommendations to the Board on their appointments;
5. to assess the independence of independent non-executive Directors;
6. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the President; and
7. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Nomination Committee held 4 meetings in total, at which 7 proposals were considered on the matters including amendments to the working rules of the Nomination Committee and examination on qualifications of Directors.

Corporate Governance Report

The diversity policy of the Board is summarized as follows:

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

As at the date hereof, the Board comprises 13 Directors, including one female and two persons who are ordinarily residents in Hong Kong. The Board is diverse in terms of gender, nationality, professional background and skills of its members.

(IV) Strategic Committee

As at December 31, 2015, the Bank's Strategic Committee consisted of five Directors, including Mr. GAN Weimin (Chairman and executive Director) as chairman, and Mr. RAN Hailing (executive Director and President), Mr. WONG Hon Hing (non-executive Director), Mr. QIN Wei (non-executive Director) and Mr. YANG Jun (non-executive Director) as members.

The primary duties of the Strategic Committee include:

1. to conduct real-time analysis on macro economy and financial situation both at home and abroad, interpret the systems and policies at home and abroad which have significant influence on the Bank's strategic direction and business decisions, conduct real-time analysis on the Bank's core competitiveness and conduct prospective study on the new trend in the development of banking, in order to provide decision-making reference and basis for the strategic management of the Board, and to formulate business objectives and long-term development strategy of the Bank;
2. to study and formulate the mid- to long-term development strategy of the Bank, including but not limited to:
 - (1) to study and formulate the mid- to long term strategic objectives of the Bank;
 - (2) to study the business model of the Bank's operation and development and formulate the Bank's development direction and business structure;
 - (3) to study and approve the plan of establishment and dissolution and merger of the Bank's internal organizational structure;
 - (4) to approve the optimization plans of establishment, elimination, dissolution and merger and relocation of branches and independent accounting sub-branches within Chongqing under the annual institution development plan approved by the Board; and

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

During the Reporting Period, the Strategic Committee held 7 meetings in total to report and consider 29 matters including the inception proposal of the strategic plan for 2016-2020, the capital plan of Bank for 2015-2017 and the adjustment proposal for the business indicators for the year of 2015.

(V) Risk Management Committee

As at December 31, 2015, the Bank's Risk Management Committee consisted of five Directors, including Mr. LI He (independent non-executive Director) as chairman, and Mr. GAN Weimin (Chairman and executive Director), Mr. RAN Hailing (executive Director and President), Mr. ZHAN Wanghua (executive Director and Chief Risk Officer) and Mr. TO Koon Man Henry (independent non-executive Director) as members.

The primary duties of the Risk Management Committee include:

1. business strategies and plans:
 - (1) to consider the Bank's risk strategy, preferences, and tolerance, and make recommendations and suggestions to the Board;
 - (2) to consider or make recommendations on the risk management function division of the Board and senior management, and report to the Board for approval;
 - (3) to consider the Bank's risk limit management framework and the limit, and report to the Board for approval;
 - (4) to consider the Bank's overall policy of risk management, and report to the Board for approval;
 - (5) to consider the Bank's overall policy of compliance management, and report to the Board for approval;

Corporate Governance Report

- (6) to consider the Bank's overall policy of security work and anti-money laundering work, and report to the Board for approval;
 - (7) to consider and approve the risk organization structure and its function;
 - (8) to consider and approve the Bank's risk management standard, important risk measurement methods and tools; and
 - (9) to consider and approve the risk class policy, including credit risk, operational risk and market risk;
2. operation and implementation:
- (1) to consider the power of the president delegated by the Board and risk-taking activities that go beyond the scope of authority of the management, and report to the Board for approval;
 - (2) to receive the report of the Bank's management on the implementation of risk policy regularly on a quarterly basis, put forward suggestions and measures for improvement and report the result to the Board;
 - (3) to monitor all kinds of risks the Bank faces, consider and approve risk monitoring report, compliance risk report, asset and liability management analysis report, and report to the Board;
 - (4) to put forward the overall requirements of security work, consider and approve the security work report and report to the Board; and
- (5) to put forward the overall requirements of anti-money laundering work, consider and approve the anti-money laundering work report and report to the Board; and
3. monitoring and evaluation:
- (1) to evaluate whether the Bank establishes a complete system of risk management organization, personnel, procedures, systems and internal control;
 - (2) to oversee the implementation of the management on the Bank's risk management principles, standards and policies;
 - (3) to receive the report of Risk Management and Internal Control Committee on considering and approving matters, monitor and evaluate the effectiveness of the risk management operation of the management level;
 - (4) to examine and evaluate the effectiveness of the Bank's security work;
 - (5) to examine and evaluate the effectiveness of the Bank's anti-money laundering work.

During the Reporting Period, the Risk Management Committee held 8 meetings in total to report and consider 39 matters including the 2014 risk monitoring report and the risk management strategies for 2015 of the Bank, and the amendments to the procedural rules of the Risk Management Committee.

(VI) Connected Transactions Control Committee

As at December 31, 2015, the Bank's Connected Transactions Control Committee consisted of five Directors, including Mr. KONG Xiangbin (independent non-executive Director) as chairman, and Mr. LI He (independent non-executive Director), Mr. TO Koon Man Henry (independent non-executive Director), Mr. WANG Pengguo (independent non-executive Director), and Dr. JIN Jingyu (independent non-executive Director) as members, with all members being independent non-executive Directors.

The primary duties of the Connected Transactions Control Committee include:

1. to draft the management system of connected transactions, monitor and examine the implementation of the connected transactions system of the Bank's Directors, senior management and connected persons;
2. to control the amount of connected Transactions and regulate connected transactions to ensure the transactions comply with regulations;
3. to accept the filing of general connected transactions;
4. to conduct first review of the connected transaction proposals needed to be submitted to the Board for consideration and approval, put forward professional review opinions before submitting to the Board for approval;
5. to collect, sort and confirm the list and information of the Bank's connected parties; and

6. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's shares are listed and as delegated by the Board.

During the Reporting Period, the Connected Transactions Control Committee held 3 meetings in total, at which 12 proposals involving connected transactions were considered on the matters including changes in the list of connected persons as well as the proposal of the RMB600 million credit facility to group accounts of Chongqing Foreign Trade and Economic Cooperation (Group) Co., Ltd. and the proposal of the RMB150 million credit facility to Chongqing Yin Hai Leasing Co., Ltd.

(VII) Information Technology Guidance Committee

As at December 31, 2015, the Bank's Information Technology Guidance Committee consisted of four Directors, including Mr. WONG Hon Hing (non-executive Director) as chairman, and Mr. RAN Hailing (executive Director and President), Mr. ZHAN Wanghua (executive Director and Chief Risk Officer) and Dr. JIN Jingyu (independent non-executive Director) as members.

The primary duties of the Information Technology Guidance Committee include:

1. to examine and approve the Bank's information technology strategies, organization structure of information technology governance and major information technology projects which go beyond the authority of the senior management and budgets, to ensure their consistency with the overall business strategy and major policies;

2. to regularly assess the overall performance of information technology work as well as the implementation progress of information technology strategic planning and major projects on an annual basis, and continue to promote the implementation of information technology strategies;
3. to coordinate the Risk Management Committee to master the major information technology risk and determine the acceptable risk level; guide and supervise the senior management and relevant management departments to carry out activities for identification, measurement, monitoring and control of information technology risk;
4. to coordinate the Audit Committee and internal audit departments to carry out information technology risk audits, and supervise the rectification;
5. to guide the work of the Information Technology Management Committee, and conduct a first review of its annual report on information technology risk before submitting to the Board;
6. to hire external information technology experts as required, invite or tell the Bank's senior management and functional department staff to attend meetings, receive the reports of relevant department on information technology situation, put forward improvement measures or suggestions and monitor their implementation; and
7. to exercise other duties prescribed in the laws, administrative regulations and rules, required by applicable securities regulatory authorities in the jurisdiction where the Bank's Shares are listed and as delegated by the Board.

During the Reporting Period, the Information Technology Guidance Committee held 4 meetings in total, at which 5 matters were considered including the 2014 information technology risk monitoring report, amendments to the procedural rules of the Information Technology Guidance Committee, and the 2016 plan for the construction of key technology systems.

Board of Supervisors

Composition of the board of Supervisors

As at the end of the Reporting Period, the board of Supervisors comprised nine Supervisors, of which there were two shareholder Supervisors, namely, Mr. CHEN Yan and Mr. WU Bing; three external Supervisors, namely, Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong; and four employee Supervisors, namely, Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. LIN Min and Mr. ZHOU Xiaohong.

Chairperson of the board of Supervisors

On 24 March, 2015, Mr. YANG Xiaotao was elected as Chairman of the board of Supervisors of the Bank by the board of Supervisors, with effect from the same date.

Changes in Supervisors

Please refer to "Directors, Supervisors and Senior Management – Changes in Directors, Supervisors and Senior Management" of this annual report for details of changes in Supervisors of the Bank.

Meetings of the board of Supervisors

In 2015, the board of Supervisors held a total of seven meetings, at which 39 proposals were considered and audited on matters including main tasks of the board of Supervisors, annual report, financial budget and final account, dividend distribution plan, working rules for the board of Supervisors, review report, research report, audit report, report on performance of Directors, audit report on resigned senior management personnel, appraisal report on performance of Supervisors and review of qualification of candidates for Supervisors.

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

Members of the board of Supervisors	Attendance in person/by proxy/required (times)
YANG Xiaotao	5/0/5
HUANG Changsheng	6/1/7
WAN Jiayu	1/1/2
LIN Min	7/0/7
ZHOU Xiaohong	4/1/5
CHEN Yan	7/0/7
TANG Jun	1/5/6
WU Bing	1/0/1
ZHOU Yongkang	6/1/7
CHEN Zhengsheng	5/2/7
YIN Xianglong	7/0/7

Special Committee under the board of Supervisors

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

Supervision and Nomination Committee

As at December 31, 2015, the Bank's Supervision and Nomination Committee consisted of five Supervisors, including Mr. ZHOU Yongkang (external Supervisor) as chairman, and Mr. HUANG Changsheng (employee Supervisor), Mr. CHEN Zhengsheng (external Supervisor), Mr. YIN Xianglong (external Supervisor) and Mr. ZHOU Xiaohong (employee Supervisor) as members.

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The primary duties of the Supervision and Nomination Committee include:

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

During the Reporting Period, the Supervision and Nomination Committee held a total of five meetings, at which audit proposals regarding the resignation and retirement of 2 Directors and 2 senior management members, proposal of specific investigation of credit risk management of the Bank by the board of Supervisors, and proposal of reviewing the qualifications of the candidates of Supervisors were considered.

Senior Management

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

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

- (1) to be in charge of the Bank's day-to-day operations and administration, organize the implementation of the Board's resolutions, and report his work to the Board;
- (2) to organize the implementation of the Bank's annual business plan and investment proposals;
- (3) to draft plans for the establishment of the Bank's internal management structure;
- (4) to draft the Bank's basic management system;
- (5) to formulate concrete regulatory systems for the Bank;
- (6) to nominate candidates and recommend removal to the Board for vice presidents, the chief financial officer, the chief executive officer and other senior management members;
- (7) to appoint or remove other executive officers within internal management departments and branches (other than those required to be appointed or removed by the Board);
- (8) to authorize senior management members and executive officers of the internal functional departments and branches to engage in ordinary operation and management;

- (9) to take urgent measures to assist the Bank in case of a run on the Bank or other major emergencies, and report to the relevant banking regulatory authorities, the Board, and the board of Supervisors immediately; and
- (10) to exercise other duties and powers prescribed in the Articles of Association or delegated by the Board.

Delegation of Power by the Board

The Board and the management led by the President exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. Apart from implementing resolutions of the Board, the management takes charge of the daily operation and management of the Bank. Major capital expenditure projects should be approved by the Board through the annual budget proposal and then be implemented. Any projects that are either not included in the budget proposal, or included in the budget proposal but without detailed expenditures, will be decided by the President with the authorization by the Board. Such other matters delegated by the Board to the management include loans and guarantees, related party transactions, mortgage financing and guarantees, inter-bank financing business, acquisition of fixed assets, disposal of assets, disposal of non-performing assets and mortgage assets, write-off of assets, donations to external bodies, and establishment, merger and relocation of non-independent accounting sub-branches, provided that the amount of such transaction does not exceed a certain limit. For details, please refer to the section headed "Duties and Powers of the Board" in the Corporate Governance Report of this annual report.

Chairman and President

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

Mr. GAN Weimin as the Chairman and legal representative of the Board is responsible for overall strategic planning and presiding over the Board, to ensure that the Board works effectively and timely considers all significant matters. Mr. RAN Hailing as the President is responsible for business development and overall operation and management of the Bank. The President is appointed by and accountable to the Board, and shall perform his duties in accordance with the Articles of Association and authorization of the Board. The roles of the Chairman and the President are separated with a clear division of responsibilities. The management is responsible for day-to-day operation and management.

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 Personnel of Bank of Chongqing Co., Ltd. ("Administrative Measures") regarding securities transactions by Directors, Supervisors and senior managements on terms no less exacting than the required standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and Supervisors, each of the Directors and Supervisors confirmed that they have complied with the Administrative Measures during the Reporting Period.

External Auditors and Auditors' Remuneration

The audit opinion of the external auditors engaged by the Bank and their responsibilities are set out in the Independent Auditor's Report on pages 123 to 124.

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The Bank has engaged PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian (special general partnership) respectively as the international and domestic auditors of the Bank for 2015. The fees as agreed to be paid by the Bank to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian (special general partnership) for the audit of the financial statements for the year ended December 31, 2015 were RMB3.30 million and the remuneration as agreed to be paid by the Bank for services such as agreed-upon procedures in respect of credit asset-backed securitization was RMB386,000.

Internal Control

The Board is responsible for establishing a sound internal control system and its effective implementation. The board of Supervisors supervises the establishment and implementation of internal control by the Board and senior management. The senior management is responsible for day-to-day operation of internal control across the Bank. Meanwhile, the Board has established the Audit Committee, the Risk Management Committee and the Connected Transactions Control Committee to fulfill the respective responsibility for internal control management and evaluate the effectiveness of internal control.

The Board attaches great importance to the construction of its internal control. Pursuant to the Basic Rules on Internal Control of Enterprises jointly promulgated by five ministries and commissions including the Ministry of Finance, the Internal Control Guidelines for Commercial Banks issued by CBRC as the fundamental basis and guideline for implementation of internal controls and codes for business and management activities of the Bank. These guidelines specify the structure of the Bank's internal control system, as well as objectives, policies and principles of internal control. They define the five components of the internal control system, namely internal control environment; risk identification and assessment; internal control measures; monitoring, evaluation and remedies; and principles and requirements for information communication and feedback. They also provide general arrangements for controls with focuses on credit, capital, deposits and bank card business as well as accounting management, financial activities and information system.

The Board, the board of Supervisors and senior management will continue to pay attention to and put emphasis on the effectiveness of internal control, actively carry forward remedies to optimize its framework, processes and IT system, and promote its functional departments and branches to strengthen risk prevention and control in order to improve business efficiency and results.

During the year ended December 31, 2015, the Board conducted an annual review of the effectiveness of the Bank's internal control system. The review covered all significant controls of the Bank, including financial, operational and compliance controls and risk management functions. The Board also believes that the resources, qualifications and experience of staff of the Bank's accounting and financial reporting function as well as their training programs and financial budgets are adequate and appropriate. There was no significant area of concern during the year.

Company Secretary

Ms. HO Wing Tsz Wendy of Tricor Services Limited, an external service provider, has been engaged as a joint company secretary of the Bank, and Mr. ZHOU Wenfeng, joint company secretary, is the chief contact person for the external company secretary. Each of them has complied with the requirements of Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours during the financial year ended December 31, 2015.

Information Disclosure

Effective Communication with Shareholders

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

Amendments to the Articles of Association

On June 24, 2015, given that CBRC has recently issued certain regulations, including but not limited to (i) the Guidelines on Corporate Governance of Commercial Banks (商業銀行公司治理指引); and (ii) the Work Guidelines on the Board of Supervisors of Commercial Banks (商業銀行監事會工作指引) to further regulate the banking industry, the Board proposed to amend the articles of association to mainly reflect the changes in Shareholders' rights and obligations. The said amendments were approved by the 2015 first extraordinary general meeting of the Bank held on August 11, 2015, and were submitted to CBRC Chongqing Bureau for approval.

The amended Articles of Association was approved by CBRC Chongqing Bureau on December 30, 2015 and was published on the websites of the Hong Kong Stock Exchange and the Bank.

Shareholders' Rights

Procedures for Request of Shareholders for Convening an Extraordinary General Meeting

The Bank effectively protects Shareholders' rights in strict compliance with regulatory requirements and its corporate governance system. An extraordinary general meeting shall be convened by the Board within two months upon request in writing by Shareholders holding 10% or more of the Bank's outstanding shares with voting rights to convene an extraordinary general meeting. In addition, upon request in writing to the Board by Shareholders individually or collectively holding 10% or more of the Bank's Shares to convene an extraordinary general meeting or a class meeting, the Board shall furnish a written reply stating its agreement or disagreement to convene an extraordinary general meeting or a class meeting within 10 days upon receipt of such request. In the event that the Board does not agree to convene such extraordinary general meeting or fails to furnish any reply within 30 days upon receipt of such request, the Shareholders making such request may convene a general meeting on their own within four months upon receipt of such request by the Board. The procedure for convening such meeting shall be

consistent with that for convening general meetings by the Board to the greatest extent possible (Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details).

Proposals at General Meetings

The Board of Directors and the board of Supervisors as well as Shareholders individually or collectively holding 3% or more Shares of the Bank shall have the right to put forward proposals at a general meeting of the Bank (Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details).

Shareholders may refer to the "Methods and Procedures for Nominating Candidates for Directors" as set out in Article 84 of the Articles of Association published on the website of the Bank for details of the procedures for nominating Directors.

Investor Relations

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

Investor Relations and Securities Affairs, Bank of Chongqing Co., Ltd.

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

Tel: +86 (23) 6379 2129

Fax: +86 (23) 6379 9024

E-mail: ir@bankofchongqing.com

Principal place of business in Hong Kong of Bank of Chongqing Co., Ltd.:

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

This annual report is available on websites of the Bank (<http://www.cqcbank.com>) and the Hong Kong Stock Exchange (www.hkexnews.hk).

Corporate Governance Report

Shareholders' Enquiries

Any enquiries related to your shareholding of H Shares, including transfer of Shares, change of address, loss reporting of share certificates and dividend notes, should be sent in writing to the following address:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183
Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

Any enquiries related to your shareholding of Domestic Shares, including transfer of Shares, change of address, loss reporting of share certificates and dividend notes, should be sent in writing to the following address:

Investor Relations and Securities Affairs, Bank of
Chongqing Co., Ltd.
No. 153 Zourong Road, Yuzhong District, Chongqing,
the PRC
Tel: +86 (23) 6379 2129
Fax: +86 (23) 6379 9024

Additional Information

The Bank holds a Financial License (institution number: B0206H250000001) issued by CBRC Chongqing Bureau, and a Corporate Legal Person Business License (unified social credit code: 91500000202869177Y) issued by the Administration for Industry and Commerce of Chongqing. The Bank 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.

Report of the Board of Directors

The Board is pleased to present the report of the Board of Directors together with the audited financial statements of the Bank for the year ended December 31, 2015.

Principal Activities

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

Business Review

Overview

The world economy in 2015 is fairly lackluster. Given that the insufficient total demand of developed economies will coexist with a long-term low growth rate coupled with the continuing downward trend of the overall growth rate in the emerging economies, the recovery of the global economy will remain difficult. During the reporting year, the domestic economy in China was undergoing a downward adjustment, with the growth rate of its three major industries declining and the fixed assets investments keeping on shrinking, while the growth of consumption remained stable, with its contribution to economy growth increasing steadily.

Annual Results and Indication of Highly Likely Future Development in the Bank's Business

The audited total assets of the Bank as at the end of 2015 amounted to RMB319.81 billion, representing a year-on-year growth of 16.5%, and the net profit amounted to RMB3.17 billion, representing a year-on-year growth of 12.1%. Facing the complicated situation of the economic downturn, accelerated financial disintermediation and concentrated risk exposure, the Bank, centering on the substance of "professionalism, comprehensive management and Internet banking", was always filled with confidence in strategic objectives, actively implemented the strategic decisions made at Board meetings and fulfilled various regulatory requirements, persisted on reforms and innovations, accelerated the transformation of development pattern, took an initiative in servicing the real economy, successfully coped with the rigorous challenges and achieved encouraging results characterized as "maintaining a healthy and stable development momentum, an ever-improving structure, a steadily upgraded management system, a generally

controllable risk exposure and a significantly enhanced brand influence". The Bank was ranked by the CBRC as one of the market leaders among 12 city commercial banks nationwide, and became the first PRC city commercial bank listed on the Hong Kong Stock Exchange which successfully completed a placement of shares on the Hong Kong Stock Exchange.

With major indicators such as total assets, loans and deposits and net profit all recording double-digit growth, and risk management indicators including non-performing loan ratio and capital adequacy ratio surpassing regulatory requirements, the Bank successfully fulfilled all the targets of the Board. Judging from the initial disclosure of operating results of peer banks, the Bank ranked high in the industry in terms of overall operating results, which laid a consolidated foundation for this year's transformation and development. As at December 31, 2015, individual deposits balance of the Bank were RMB40.18 billion, representing an increase of 43.5% as compared to the end of the previous year and accounting for 20.2% of the overall deposits of the Bank, for the first time reaching the new stage of 20%. The balance of loans to small and micro enterprises amounted to RMB47.58 billion, representing an increase of 21.8% as compared to the end of the previous year and accounting for 38.1% of the overall loans of the Bank, rising steadily over the past few years. With its small and micro business fulfilled the "three minimums" regulatory requirements in general and won recognition from regulatory authorities for many times, the Bank was granted another fund releasing of approximately RMB6.30 billion, and acquired a low-interest central bank lending fund for supporting small and micro enterprises of RMB2.10 billion. The small and micro enterprise banking department at the headquarters was named the "Excellent Financial Service Team of Chinese Banking Financial Institutions for Small and Micro Enterprises" by the CBRC. Net fee and commission income amounted to RMB1.51 billion, representing an increase of 66.4% as compared to the previous year and accounting for 17.60% of the operating income, up by 5.45 percentage points as compared to that in the previous year.

Report of the Board of Directors

The Bank set up Internet Banking Department, Trade and Finance Department, Real Estate Finance Department, and established inter-bank sub-centers in Beijing and Shanghai, to further streamline the organizational structure for development management. At the same time, the Bank adhered to the innovation-driven strategy, continued to promote product innovation and operation model innovation, to practically improve the quality of development and the core competence. The Bank's first PPP project, Chongqing Win-win Property Fund of RMB280 million, was successfully launched. With the strong support of regulatory authorities, the Bank smoothly issued the certificates of deposits for enterprises and individuals, and lent money under the first central bank lending fund for supporting small and micro enterprises pledged with securitized assets. The Bank launched "Xing Fu Cun (幸福存)" and "Meng Xiang Cun (夢想存)" businesses, conducted bold innovations onto traditional individual retail business products and enhanced the vitality of development. Capitalizing on the bulk-oriented business model featuring "Honest Loan" and "Rent-secured Loan", the small and micro business accelerated its transformation towards specialized and bulk-oriented development. The Bank launched "Qian Da Zhang Gui (錢大掌櫃)" wealth management portal, a nationwide Internet wealth management product sales platform, to enable selling wealth management products "across the country".

During the year, the Bank explored and rolled out the risk management staff stationing system, to improve the refinement level of comprehensive risk management. The Bank enhanced the managing and resolving mechanism for questionable credits, with a focus on strengthening the credit management and resolving credit risks from private guarantee companies, in return, the downturn trend of credit risks was effectively restrained and the non-performing loan ratio was still maintained at a relatively low level as compared with peer banks, within the annual management target of 1%. The Bank actively carried out the "Employee Behavior Management Strengthening Year" campaign and special engagements including risk review over cases of key sectors, strictly implemented security accountability and prevented fund-related cases and material risk events. The Bank carried out special engagements to inspect and rectify safety-related issues, promoting the quality of security work to a higher level. For instance, the Bank was recognized as "excellent" in the Fourth Security Work Assessment Campaign among Banking Financial Institutions, ranking high among financial institutions of the city.

For the details of the probable business development of the Bank in the future, please refer to the sub-sections of "6.1 Environment and Outlook" and "6.2 Development Strategy" in the section of "Management Discussions and Analysis" in this annual report.

Major risks and uncertainties

For the major risks and uncertain factors faced by the Bank, please refer to the sub-section of "6.6 Risk Management" in the section of "Management Discussions and Analysis" in this annual report.

Employment Relations and Retirement Benefit

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

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

Relations with Customers and Major Customers

The Bank has been always perfecting the financial services to the customers for deposits and loans and customers from other banks to win the customers' understanding, trust and support. The Bank insists on the market principle for all clients who apply for loans, especially the related clients, and avoids special credit aid preference.

In selecting of suppliers, the Bank adheres to the principles of openness, fairness and justice and adopts the bidding process. The Bank maintained sound communication and cooperation with all suppliers.

In 2015, the aggregate amount of interest income and other operating income generated from the five largest customers of the Bank represented an amount not exceeding 30% of the total interest income and other operating income of the Bank.

Environmental Protection Policy and Implementation

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

The Bank also adheres to the concept of environmental protection in internal operation, in particular, recycling use of papers by printing both sides, promoting paperless office, purchasing energy-saving equipment, turning off water and power when leaving the offices. Through these measures, water and power consumption amount per capital was continuously reduced as compared to the same period of last year. The Bank is continuously making efforts to reduce energy consumption and carbon emission, and actively carried out works to protect the environment.

Compliance with Laws and Regulations

The Board of Directors of the Bank paid close attention to the policies and practices, under relevant laws and regulations which the Bank is subject to. The Bank has engaged legal advisers for domestic and foreign laws to ensure the transactions and businesses of the Bank are carried out in compliance with the applicable laws. Relevant employees and operation units will be informed by updates on applicable laws and regulations from time to time.

SUBSEQUENT MAJOR EVENTS WITH SIGNIFICANT INFLUENCE ON THE BANK

The Bank conducted a comprehensive review on the financial performance of 2015 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2015. No major event having significant influence on the Bank has occurred after completion of annual financial review.

Report of the Board of Directors

Profits and Dividends

The Bank's revenue for the year ended December 31, 2015 and the Bank's financial position as at the same date are set out in the section headed "Financial Statements" of this annual report.

Pursuant to the resolutions of the 2014 annual general meeting of the Bank held on June 12, 2015, the Bank distributed to all shareholders of the Bank a final dividend for the year 2014 of RMB0.272 per Share (tax inclusive) in an aggregate amount of RMB735,821,881.36 (tax inclusive) based on the annual profit and number of issued shares as of December 31, 2014. The final dividends for the year 2014 were distributed to holders of H Shares and holders of Domestic Shares on July 20, 2015.

The Board of the Bank has proposed a final cash dividend of RMB0.264 per Share (tax inclusive) for the year ended December 31, 2015 in an aggregate amount of RMB825,542,468.52 (tax inclusive) to all shareholders of the Bank. The dividend distribution proposal will be submitted to the 2015 annual general meeting for approval. If the proposal is approved at the 2015 annual general meeting, the dividend will be distributed to holders of Domestic Shares and holders of H Shares whose names appear on the register of

members on June 30, 2016. The proposed dividend will be denominated in RMB. Dividends to holders of Domestic Shares shall be paid in RMB, and dividends to holders of H Shares shall be paid in Hong Kong dollars. The exchange rate of RMB to HK\$ to be adopted shall be the average middle rates of the five working days preceding the date of declaration of such dividends by the Bank at the 2015 annual general meeting (being June 17, 2016, inclusive) as announced by the People's Bank of China. The register of members of the Bank will be closed from Thursday, June 23, 2016 to Thursday, June 30, 2016 (both days inclusive), during which period no transfer of Domestic Share or H Share will be registered. In order to be entitled to the final dividend payment, holders of H Shares of the Bank who have not registered the related transfer documents are required to lodge the transfer documents together with the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, June 22, 2016.

The Board will distribute the 2015 final dividends on Friday, July 22, 2016. If there are any changes to the expected dividend payment date, an announcement will be published.

The cash dividends and ratios of cash dividends to profit for the year of the Bank for the past three years are as follows:

(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	2014	2013	2012
Cash dividend (tax inclusive)	735.82	605.97	141.44
As a percentage of profit for the year	26.03%	26.02%	7.35%

None of the Shareholders entered into any arrangement to waive or agree to waive any dividend.

Annual General Meeting of 2015 and Closure of Register of Members

The Bank's 2015 annual general meeting will be held on Friday, June 17, 2016. In order to determine the holders of H Shares who are eligible to attend and vote at the 2015 annual general meeting, the register of members of the Bank will be closed from Tuesday, May 17, 2016 to Friday, June 17, 2016 (both days inclusive), during which period no transfer of shares will be registered. Holders of H Shares of the Bank who wish to attend and vote at the 2015 annual general meeting must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, May 16, 2016.

Change in the Reserves

Details of the changes in the reserves of the Bank for the year ended December 31, 2015 are set out in the "Statements of Changes in Equity" of this annual report.

Summary of Financial Information

The summary of the operating results and assets and liabilities of the Bank for the five years ended December 31, 2015 is set out in the "Financial Highlights" of this annual report.

Donations

The charitable and other donations made by the Bank for the year ended December 31, 2015 amounted to approximately RMB7.90 million.

Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended December 31, 2015 are set out in the note "Fixed Assets" to the "Financial Statements" of this annual report.

Substantial Shareholders

Details of the Bank's substantial shareholders as at December 31, 2015 are set out in "Change in Share Capital and Shareholders – Interests and Short Positions of Substantial Shareholders and Other Persons" and the relevant parts of the notes to the "Financial Statements" of this annual report.

Purchase, Sale and Redemption of Listed Securities of the Bank

During the year ended December 31, 2015, the Bank had not purchased, sold or redeemed any listed securities of the Bank.

Pre-emptive Rights

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

Issue of H Shares under Specific Mandate

Details of the issue of H shares under specific mandate of the Bank are set out in the section headed "Significant Events" in this annual report.

Use of Proceeds

The Bank applied the proceeds from the initial public offering in accordance with the usage as disclosed in the Prospectus – to strengthen its capital base to support the ongoing growth of its business.

According to the resolution approved at the first extraordinary general meeting of the Bank in 2015, the proceeds from the issue of H Shares under the specific mandate will be fully used by the Bank to replenish its capital after deducting the relevant expenses.

Report of the Board of Directors

Share Capital

During the Reporting Period, the Bank has issued an aggregate of 421,827,300 new H Shares under the specific mandate, and as a result, total H share capital of the Bank was adjusted to 1,579,020,812 Shares and total share capital of the Bank was adjusted to 3,127,054,805 Shares. Details of the change in share capital of the Bank during the Reporting Period are set out in the section headed “Issue of H Shares under Specific Mandate” above and the note “Share Capital” to the “Financial Statements” in this annual report.

Equity-linked Agreement

Other than the share subscription agreements in connection with the Placing of new H Shares as disclosed in the sub-section headed “Issue of H Shares under Specific Mandate” under the section headed “Significant Events”, no other equity-linked agreements were entered into by the Bank during the year or subsisted at the end of the year.

Directors, Supervisors and Senior Management

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

Confirmation of Independence by the Independent Non-executive Directors

The Bank has received from each of its independent non-executive Directors the annual confirmation of his/her independence, and was of the view that all of its independent non-executive Directors are independent pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules.

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

As at December 31, 2015, the interests of the Directors, the Supervisors and the chief executives of the Bank and their 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 Issuers in Appendix 10 to the Listing Rules are as follows:

Domestic Shares

Name	Capacity	Number of shares held	Percentage of the total share capital of the Bank (%)
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%
ZHOU Xiaohong	Beneficial owner	144,585	0.00%

Save as disclosed above, none of the Directors, the Supervisors, or the chief executives of the Bank or their associates held any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations as at December 31, 2015.

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

There are no relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.

Arrangements to Purchase Shares or Debentures

At no time during the year ended December 31, 2015 was the Bank, its holding company or any of its fellow subsidiaries, a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Directors' and Supervisors' Interests in Contracts and Service Contracts

Saved for the continuing connected transactions which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, as at December 31, 2015 and at any time during the year, none of the Directors or Supervisors had any interest, whether directly or indirectly, in any contract (excluding service contracts) of significance in relation to the Bank's business to which the Bank is a party.

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

Permitted Indemnity Provision

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

Management Contract

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

Directors and Supervisors' Interests in Competing Business

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

Corporate governance

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

Connected Transactions

Transactions between the Bank and the Bank's connected persons (as defined under the Listing Rules) and certain third parties specified under the Listing Rules constitute connected transactions of the Bank under Chapter 14A of the Listing Rules.

On May 18, 2015, the Chengdu branch of the Bank entered into a creditor's rights transfer agreement with the Chengdu branch of Three Gorges Guarantee Group, pursuant to which the Bank agreed to sell and transfer the creditor's rights generated in the loans of RMB230,000,000 to Three Gorges Guarantee Group. The consideration payable for the creditor's rights transferred under the creditor's rights transfer agreement was the sum of RMB238,599,495.83 (approximately HK\$302,783,553.50) and the annual fund possession fee. As Three Gorges Guarantee Group is owned as to 50% by Chongqing Yufu, it is an associate of Chongqing Yufu, a substantial Shareholder of the Bank, and thus is a connected person of the Bank. Accordingly, the Transactions constitute connected transactions of the

Report of the Board of Directors

Bank under Chapter 14A of the Listing Rules. As the applicable percentage ratios as prescribed under the Listing Rules in respect of the Transactions are more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules. The Directors of the Bank (including independent non-executive Directors) are of the view that the Transactions have been entered into in the ordinary and usual course of business of the Bank and on normal commercial terms, and the terms of each of the Creditor's Rights Transfer Agreements are fair and reasonable and in the interests of the Bank and the Shareholders as a whole. Relevant details are set out in the announcement of Bank dated May 19, 2015.

Except for the abovementioned connected transactions, other connected transactions of the Bank were entered into in the ordinary and usual course of business and on normal commercial terms or better, therefore they can be fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. The Bank has reviewed all of its connected transactions and confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the IASB. Certain related party transactions set out in Note 39 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules, but none constitutes a discloseable connected transaction as required under the Listing Rules.

Remuneration Policies for Directors, Supervisors and Senior Management

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

The remuneration system for the Directors, Supervisors and senior management of the Bank adheres to the principle of balancing incentives and restraints, focusing on both short-term and long-term incentives and integrating governmental control with market regulation. The structure of the remuneration system consists of basic salary, annual performance bonus, mid-to-long term incentives, allowances and benefits. The Bank makes contribution to various statutory pension plans organized by governments at all levels in the PRC for its Directors, Supervisors and senior management. The Bank has established a share incentive scheme for senior management (Chairman, President, Vice President and Chief Officers of the Bank) in 2014. The scheme for subscription of H Shares of the Bank by the mid-level management and employees with their deferred remuneration and prepaid risk bonus was approved in October 2015. Details of the scheme are set out in the circular dated October 7, 2014 and the announcement dated October 30, 2015 of Bank. Currently, the scheme is being gradually implemented pursuant to relevant procedures. In addition, as no related national policy is issued, the Bank has not implemented any other mid-to-long term incentive scheme for the Directors, Supervisors and senior management.

Public Float

Based on the public information available to the Bank and to the knowledge of the Directors, as at the Latest Practicable Date, the Bank has maintained sufficient public float as required by the Listing Rule and the waiver granted by the Hong Kong Stock Exchange.

Tax Relief (H Shareholders)

Non-resident enterprise shareholders

According to the Enterprise Income Tax Law of the PRC and the related provisions of implementation, both effective on January 1, 2008, the Bank shall withhold the enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose name appear on the register of H shareholders on June 30, 2016.

Non-resident individual shareholders

Pursuant to the Circular (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation of the PRC, the Bank shall withhold the non-resident individual income tax for the non-resident individual H shareholders. Non-resident individual H shareholders are entitled to enjoy relevant preferential tax treatment provided that the countries in which they reside in have entered into double taxation treaties with the PRC and there are relevant provisions of taxation arrangement between Mainland China and Hong Kong (Macau).

For non-resident individual H shareholders who are residents of the countries that have entered into taxation treaties with the PRC and the tax rates stipulated therein are lower than 10%, the Bank will apply on behalf of these individual shareholders to seek entitlement of relevant treatment under the taxation treaties according to the requirements of Notice of the State Administration of Taxation in relation to the Administrative Measures on Enjoying Treatment under Taxation Treaties by Non-Residents (Trial) (Guo Shui Fa [2009] No. 124).

For Hong Kong residents, Macau residents and non-resident individual H shareholders who are residents of the countries or regions that have entered into taxation treaties with the PRC stipulating the tax rate at 10%, the Bank shall withhold the individual income tax at the rate of 10%.

For those non-residential individual H shareholders who are residents of the countries that have entered into taxation treaties with the PRC stipulating tax rates of higher than 10% but lower than 20%, the Bank shall withhold the individual income tax at the effective tax rates stipulated in the relevant taxation treaties.

For those non-residential individual H shareholders who are residents of the countries that have entered into taxation treaties with the PRC stipulating the tax rate at 20%, and who are residents of the countries that have not entered into any taxation treaties, or otherwise, the Bank shall withhold the individual income tax at the rate of 20%.

Auditor

PricewaterhouseCoopers Zhong Tian LLP (special general partnership) and PricewaterhouseCoopers were appointed as the domestic and international auditors for 2015 respectively.

PricewaterhouseCoopers has audited the Bank's financial report for 2015 prepared according to the international financial reporting standards and issued an auditor report with no qualified opinions.

Report of the Board of Supervisors

In 2015, pursuant to laws and regulations and the Articles of the Bank, the board of Supervisors thoroughly conducted supervision on performance of duties, finances, risk and internal control, and played an important role in improving the corporate governance, promoting structure adjustment, facilitating business transformation, enhancing risk management and control as well as maintaining the sustainable and sound development of the Bank in line with the Bank's focus and theme of development.

I. Report on Major Tasks

During the Reporting Period, seven meetings were held by the board of Supervisors, at which 39 resolutions, briefings and reports in aggregate were received and considered, including various Reports on Supervision and Inspection, Appraisal Report on Performance of Directors, Resignation Audit Reports on Members of Senior Management, Reports of the board of Supervisors, Periodic Reports of the Bank, Final Budget Report, Profit Distribution Plan, Change of Session of the Board of Supervisors, Nomination of Candidates for Supervisors, Share Issuance and Capital Increase as well as Corporate Governance System. Five meetings for Supervision and Nomination Committee of the board of Supervisors were held, at which five resolutions were considered, including Plan for Inspection, Plan for Resignation Audit, as well as Review of Qualifications of Candidates for Supervisors. In addition, Supervisors were presented at shareholders' meetings as well as on-site meetings of the Board of Directors and its special committees for two times and 26 times, respectively.

During the Reporting Period, an overall appraisal on performance of duties by Directors and members of senior management in 2014 was conducted through routine supervision and centralized inspection, and individual appraisals of the Chairman of the Board, President and Chief Financial Officer were conducted separately. Resignation performance appraisals and resignation audits of the two resigning Directors and two

members of senior management were conducted respectively.

Conducting annual centralized supervision and expanding the coverage of supervision. In the beginning of 2015, the centralized supervision and inspection of the Bank on 2014 was carried out by the board of Supervisors, revolving around five aspects, including financial activities, risk management, internal control, strategic development issues as well as performance of duties by Directors and members of senior management. Inspection was conducted to recognize achievements and reveal areas with room for improvement in cost management and credit risk management.

Proactively carrying out special supervision and inspection to improve the pertinence of supervision. During the Reporting Period, in light of the regulatory requirement and actual conditions of the Bank, the board of Supervisors successively carried out two special supervisions over performance of duties of the Board and senior management and the implementation of "three examinations" for granting of loans. Through inspections, the board of Supervisors made recommendations on the election of Director and enhancing management on branch organizations in respect of performance of duties of the Board and senior management. In terms of "three examinations" for granting of loans, advices were given on three aspects: enhancement of management on authorization, refinement of "three examinations" system as well as improvement of appraisal and accountability system.

Continuously keeping abreast of the rectification to enhance the efficiency of supervision. In the fourth quarter of 2015, the board of Supervisors conducted a follow-up verification and appraisal on the rectification to problems revealed in the centralized supervision and inspection carried out earlier this year and the special inspections in

2014, the board of Supervisors effectively facilitated the implementation of rectification measures.

Deepening the daily supervision to keep supervision as a routine. On the one hand, the board of Supervisors regularly reviewed operational reports on finance, internal control, risk management, credit control and assets and liabilities management, and timely warned of prominent changes in the business indicators and any relevant signals. On the other hand, the board of Supervisors conducted analysis, investigation and research on the operation from time to time. By briefly analyzing the Bank's net interest margin and net interest spread of 2014 specifically in the first half of the year, an improvement proposal, based on horizontal and vertical comparison and analysis, was developed.

Self-reinforcement to better performance: In 2015, five trainings for Supervisors were organized, involving the affairs of strategic planning for commercial banks, training on performance of duties of the chairperson of the board of Supervisors and Supervisors, analysis of the current capital market and training for operation and management of banks with H Share listed. By enhancing communicating and sharing working experiences with other banks, the board of Supervisors learned and absorbed advanced experiences. In addition, the board of Supervisors successively implemented research to 19 branching organizations, to understand their operation conditions and major difficulties encountered. The board of Supervisors improved its work through constant learning and research to enhance its efficiency of supervision.

II. Independent Opinions on Relevant Matters

1. Performance of Duties by the Board of Directors and Senior Management

During the Reporting Period, the Board of Directors earnestly, diligently and proactively implemented national and local financial policies and resolutions of shareholders' meetings in accordance with the provisions of the Articles of the Bank and Due Diligence Guidelines for Board of Directors in Joint-stock Commercial Banks. They placed emphasis on corporate governance, risk prevention and control and internal control management while consciously accepting advice from the board of Supervisors. They also had an accurate grasp of the macro trends in the nation, making strategic planning and adjustments in a timely manner. This enabled them to make remarkable achievements, including the improvement in the corporate governance, promotion of reform and development, facilitation of strategic transformation, optimization of the organizational structure, enhancement of the management on risk, capital and internal control, and promotion of the corporate cultural construction, laying a solid foundation for the deepening of reform and the fast and stable development of the Bank. The decisions of the Board of Directors were made with sound reason, and complied with the procedures set out in the Articles of the Bank.

Report of the Board of Supervisors

During the Reporting Period, the senior management conscientiously and comprehensively implemented the regulatory requirements imposed by relevant regulatory authorities and the resolutions of the Board of Directors and the board of Supervisors. Under a complex and challenging economic and financial environment, the senior management proactively overcame difficulties, reacted promptly to the changes of environment and put emphasis on innovation. As a result of their precise efforts, the Bank's development realized steady growth and enjoyed good momentum: the structure optimizing continuously, the management upgrading steadily, risks generally controllable, influence of brands improving substantially, all of which have effectively contributed to the sustainable and sound development of the Bank.

2. Operations in Compliance with Laws and Regulations

During the Reporting Period, the Bank had been operating in compliance with relevant laws and regulations. Its decision-making procedures complied with laws, regulations and the Articles of the Bank. The Directors and senior management were faithful, honest and diligent in carrying out their duties. They were not found to have contravened any laws, regulations or the Articles of the Bank or to have committed any act detrimental to the interests of the Bank.

3. Financial Reporting

The 2015 financial report of the Bank gave a true and fair view of the financial position and operating results of the Bank.

4. Acquisition and Disposal of Assets

During the Reporting Period, the board of Supervisors was not aware of any insider transactions or any acts detrimental to the interests of shareholders or leading to loss of assets in the course of acquiring or disposing assets.

5. Related Party Transactions

During the Reporting Period, the board of Supervisors was not aware of any acts detrimental to the interests of the Bank in related party transactions.

6. Internal Control

During the Reporting Period, the Bank continued to strengthen and improve internal control. The board of Supervisors was not aware of any material defect in the Bank's internal control system and its implementation.

7. Social Responsibility

During the Reporting Period, the Bank earnestly undertook social responsibilities. The board of Supervisors had no objection to the 2015 Social Responsibility Report of the Bank.

Internal Control

The Board is the decision-making authority which establishes and implements an adequate and effective internal control system, responsible for ensuring the monitoring and assessment of the senior management on the adequacy and effectiveness of internal control system. The board of Supervisors is responsible for supervising the Board and the senior management and optimizing internal control, assuming the duties to supervise the implementation of internal control by the Board and its Directors and the senior management and its members. Senior management is accountable for formulating internal control policies, monitoring and assessing the adequacy and effectiveness of the internal control system, implementing the decisions of the Board and establishing and improving the internal organizational structure to ensure the fulfillment of duties relating to internal control.

Upholding the basic principles of comprehensiveness, prudence, effectiveness and independence, the Bank has created an internal control system that covers all aspects of business process and operation procedures and all departments and positions pursuant to the Basic Rules on Enterprise Internal Control promulgated by five ministries and commissions including the Ministry of Finance and the Guidelines on Corporate Governance of Commercial Banks issued by the CBRC. The Bank adheres to the five key elements including internal control environment, risk identification and assessment, internal control measures, information exchange and feedback, and monitoring feedback and rectification. The Bank is committed to establishing an internal control system based on its well-balanced and well-coordinated corporate governance structure and unique internal control culture which focuses on sound internal control mechanisms and rigorous control measures, incorporates self-examination of business units, examination and guidance of business lines and the audit, supervision and assessment systems as a means, and relies on computer information systems and smooth information exchange channels.

The Board will carry on with the establishment of the internal control system by improving and perfecting the system to sustain a long-term, consistent, stable operations and development.

Pursuant to the Basic Rules on Enterprise Internal Control, the Board has assessed the internal control system, covering all the major controls including financial control, operation control, compliance control and risk management function. The Board is also of the opinion that the staff in charge of the Bank's accounting and financial reporting functions are equipped with sufficient resources, qualifications and experience, and their training and budget are also sufficient. After assessment, the Board considers that during the period from January 1, 2015 to December 31, 2015, it was not aware of any material defect in the Bank's design or implementation of its internal control or of any material errors in the disclosure of information in the annual report, indicating an effective internal control of the Bank.

Internal Audit

With the purposes of optimizing operation and creating value, the internal audit of the Bank is carried out in a systematic and standardized manner to assess and assist to improve operating activities, internal control, risk management and corporate governance, so as to facilitate the attainment of organizational goals. The internal audit is conducted independently and is accountable to the Audit Committee of the Board and responsible for reporting to both the Audit Committee of the Board and the senior management. The Bank has established a vertical and independent internal audit system with an internal audit department established under the main branch of the Bank and a branch supervision department established under each of its four subordinate branches, responsible for the management and implementation of work related to internal audit.

Internal Control

In 2015, by taking measures such as deepening reforms on effective allocation of audit resources in accordance with business lines, implementing more offsite audit with big data analytics technology, continuing to establish sound audit system and quality control system, the internal audit department of the Bank enhanced its internal audit quality and performance capabilities and achieved a comprehensive inspection of four branches and all the outlets in Chongqing. This audit covered key businesses and key aspects including credit, settlement, capital, bills and information technology, effectively facilitating the further improvement of internal control standards and the risk management capabilities of the Bank.

Independent Auditor's Report

To the shareholders of Bank of Chongqing Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements of Bank of Chongqing Co., Ltd. ('the Bank') set out on pages 125 to 222, which comprise the bank's statements of financial position as at 31 December 2015, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors consider necessary to make the preparation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the relevant financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015, and of the Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

We solely report to you and there is no other purpose in respect of this report. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18th March 2016

Statements of Comprehensive Income

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

	Note	2015	2014
Interest income		15,507,610	13,236,153
Interest expense		(8,505,537)	(7,004,455)
Net interest income	5	7,002,073	6,231,698
Fee and commission income		1,589,399	974,857
Fee and commission expense		(77,346)	(66,011)
Net fee and commission income	6	1,512,053	908,846
Net trading gains	7	23,769	160,189
Net (losses)/gains on investment securities	19	(10,243)	150,637
Other operating income	8	64,929	31,740
Operating income		8,592,581	7,483,110
Operating expenses	9	(3,190,171)	(2,805,275)
Impairment losses	11	(1,135,300)	(889,566)
Operating profit		4,267,110	3,788,269
Share of profit of an associate	20	2,809	2,035
Profit before income tax		4,269,919	3,790,304
Income tax expense	13	(1,099,858)	(963,161)
Net profit		3,170,061	2,827,143
Net profit for the year attributable to shareholders of the Bank		3,170,061	2,827,143
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)			
– basic and diluted	14	1.17	1.05

Statements of Comprehensive Income

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

	Note	2015	2014
Net profit for the year attributable to shareholders of the Bank		3,170,061	2,827,143
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale ('AFS') securities			
changes in fair value recorded in equity		400,480	271,884
Less: Related income tax impact		(100,120)	(67,971)
Subtotal		300,360	203,913
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Surplus on remeasurement of retirement benefits		(3,292)	(1,777)
Less: Related income tax impact		823	444
Subtotal		(2,469)	(1,333)
Total other comprehensive income, net of tax	37	297,891	202,580
Total comprehensive income for the year attributable to shareholders of the Bank		3,467,952	3,029,723
Dividends			
Dividends declared during the year	32	735,822	605,971

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

Gan Weimin
Chairman

Ran Hailing
President

Yang Shiyin
Vice President

Li Cong
Head of Financial
Department

Statements of Financial Position

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

	Note	As at 31 December	
		2015	2014
ASSETS			
Cash and balances with central bank	15	38,201,369	35,699,093
Due from other banks and financial institutions	16	45,856,556	54,409,453
Financial assets at fair value through profit or loss	17	2,312,586	4,798,210
Loans and advances to customers	18	121,816,452	104,114,756
Investment securities	19		
– Loans and receivables		73,008,214	53,388,377
– Available-for-sale ('AFS')		18,970,967	10,293,703
– Held-to-maturity ('HTM')		13,816,724	7,297,640
Investment in an associate	20	29,214	26,405
Property, plant and equipment	21	2,627,007	2,396,654
Deferred income tax assets	26	505,920	317,765
Other assets	22	2,662,978	1,789,089
Total assets		319,807,987	274,531,145
LIABILITIES			
Due to other banks and financial institutions	23	73,235,555	81,635,724
Customer deposits	24	199,298,705	167,932,436
Other liabilities	25	7,218,001	5,056,289
Current tax liabilities		271,989	218,597
Debt securities issued	28	18,490,742	3,785,076
Total liabilities		298,514,992	258,628,122
EQUITY			
Capital and reserves attributable to the Bank's shareholders			
Share capital	29	3,127,055	2,705,228
Capital surplus	30	4,680,638	2,444,623
Other reserves	31	5,337,299	3,798,252
Retained earnings		8,148,003	6,954,920
Total equity		21,292,995	15,903,023
Total liabilities and equity		319,807,987	274,531,145

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

Gan Weimin
Chairman

Ran Hailing
President

Yang Shiyin
Vice President

Li Cong
Head of Financial
Department

Statements of Changes In Equity

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

	Other reserves							Total
	Share capital (Note 29)	Capital surplus (Note 30)	Surplus reserve (Note 31)	General reserve (Note 31)	Revaluation reserve for AFS securities (Note 31)	Surplus on remeasurement of retirement benefits (Note 31)	Retained earnings	
Balance at 1 January 2014	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 year	-	-	-	-	-	-	2,827,143	2,827,143
Changes taken to other comprehensive income	-	-	-	-	203,913	(1,333)	-	202,580
Total comprehensive income	-	-	-	-	203,913	(1,333)	2,827,143	3,029,723
Shares issued	-	-	-	-	-	-	-	-
Dividends (Note 32)	-	-	-	-	-	-	(605,971)	(605,971)
Transfer to other reserves	-	-	282,714	659,352	-	-	(942,066)	-
Balance at 31 December 2014	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023
Balance at 1 January 2015	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023
Net profit for the year	-	-	-	-	-	-	3,170,061	3,170,061
Changes taken to other comprehensive income	-	-	-	-	300,360	(2,469)	-	297,891
Total comprehensive income	-	-	-	-	300,360	(2,469)	3,170,061	3,467,952
Shares issued	421,827	2,236,015	-	-	-	-	-	2,657,842
Dividends (Note 32)	-	-	-	-	-	-	(735,822)	(735,822)
Transfer to other reserves	-	-	317,006	924,150	-	-	(1,241,156)	-
Balance at 31 December 2015	3,127,055	4,680,638	1,522,214	3,426,582	390,730	(2,227)	8,148,003	21,292,995

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

Gan Weimin
Chairman

Ran Hailing
President

Yang Shiyin
Vice President

Li Cong
Head of Financial
Department

Statements of Cash Flows

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

	2015	2014
Cash flows from operating activities:		
Profit before income tax	4,269,919	3,790,304
Adjustments:		
Depreciation and amortisation	153,333	136,803
Impairment losses on loans	1,013,419	732,023
Impairment losses on other assets	121,881	157,543
Net gains on disposal of property, plant and equipment	(325)	(650)
Net losses/(gains) on de-recognition of investment securities	10,243	(150,637)
Share of results of an associate	(2,809)	(2,035)
Interest income arising from investment securities	(5,755,798)	(3,822,850)
Interest expense arising from debt securities issued	362,702	218,423
Net increase in operating assets:		
Net decrease/(increase) in restricted deposit balances with central bank	241,667	(3,334,802)
Net (increase)/decrease in due from and placements to banks and other financial institutions	(844,209)	829,532
Net decrease/(increase) in financial assets held under resale agreements	13,016,520	(25,102,735)
Net increase in loans and advances to customers	(18,320,535)	(16,210,817)
Net increase in other operating assets	(1,284,724)	(13,157)
Net increase in operating liabilities:		
Net increase in borrowings from central bank	668,672	459,880
Net increase in due to and placements from banks and other financial institutions	263,919	20,373,828
Net (decrease)/increase in financial assets sold under repurchase agreements	(9,332,760)	27,052,444
Net increase in customer deposits	31,366,270	19,131,391
Net increase in other operating liabilities	2,103,780	2,359,355
Income tax paid	(1,334,741)	(999,787)
Net cash inflows from operating activities	16,716,424	25,604,056

Statements of Cash Flows

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

	2015	2014
Cash flows from investing activities:		
Dividends received	14,809	10,000
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	24,559	4,918
Purchase of property and equipment, intangible assets and other long-term assets	(396,433)	(471,697)
Proceeds from sale and redemption of investments	181,257,103	101,535,297
Purchase of investment securities	(207,558,874)	(127,465,628)
Net cash outflows from investing activities	(26,658,836)	(26,387,110)
Cash flows from financing activities:		
Proceeds from issuance of shares	2,657,843	–
Proceeds from issuance of inter-bank certificates of deposit	21,040,847	–
Cash paid to redeem the debt securities issued	(6,500,000)	(1,000,000)
Interest paid in relation to debt securities issued	(197,800)	(70,654)
Dividend paid to shareholders of the Bank	(735,822)	(605,157)
Net cash inflows/(outflows) from financing activities	16,265,068	(1,675,811)
Effect of exchange rate changes on cash and cash equivalents	40,701	(6,804)
Net increase/(decrease) in cash and cash equivalents	6,363,357	(2,465,669)
Cash and cash equivalents at the beginning of the year	11,754,912	14,220,581
Cash and cash equivalents at the end of the year (Note 38)	18,118,269	11,754,912

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

Gan Weimin
Chairman

Ran Hailing
President

Yang Shiyin
Vice President

Li Cong
Head of Financial
Department

Notes to the Financial Statements

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

1 GENERAL INFORMATION

The Bank was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established by consolidating 37 urban credit cooperatives and 1 urban credit union in Chongqing with the approval of 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'). In 6 November 2013, the Bank was 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 31 December 2015, the Bank operated its business through 130 sub-branches including a business department, a small enterprise credit center, and 4 primary branches covering all 38 districts and counties of Chongqing as well as three provinces in western China, namely Sichuan province, Shaanxi province and Guizhou province.

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

These financial statements have been approved by the Bank's Board of Directors on 18 March 2016.

2 ACCOUNTING POLICIES

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

2.1 Basis of presentation

The financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The financial statements have 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.

The requirements of Part 9 'Accounts and Audit' of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the financial statements. The adoption of these new standards and amendments does not have a significant impact on the operating results, comprehensive income, or financial position of the Bank.

The preparation of financial statements 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 high degree of judgment or of great complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation (Continued)

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Bank is assessing the impact of IFRS 9 on the financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Bank is assessing the impact of IFRS 15.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The Bank is currently assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Associates

Associates are all entities over which the Bank has a significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of the accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Bank assesses at each financial reporting date whether there is objective evidence that investments in associates are impaired. Impairment losses are recognised for the amounts by which the investments in associates' carrying amounts exceed its recoverable amounts. The recoverable amounts are the higher of investments in associates' fair value less costs to sell and value in use.

2.3 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (i) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (ii) those that the entity upon initial recognition designates as available-for-sale; or (iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

c) *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity.

The Bank shall not classify any financial assets as held to maturity if the entity has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than sales or reclassifications due to a significant deterioration in the issuer's credit worthiness.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

d) Available-for-sale financial assets

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss. Gains or losses arising from changes in the fair value of available for sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired. At this time, the cumulative gains or losses previously recognised in equity is recognised in profit or loss. Interest earned whilst holding monetary financial assets, including available for sale financial assets, is reported as interest income using the effective interest rate method.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank determines fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.4 Impairment of financial assets

a) *Assets carried at amortised cost*

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For loans and receivables category, the amount of a loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.4 Impairment of financial assets (Continued)

a) *Assets carried at amortised cost (Continued)*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank) to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a financial asset is uncollectible, it is written off against the related provision. Such financial asset is written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss in the impairment charge for credit losses.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.4 Impairment of financial assets (Continued)

b) Assets classified as available-for-sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When estimating whether or not available-for-sale equity investment is impaired, the Bank considers if the fair value of the investment is seriously and non-temporarily declined. On the balance sheet date, the Bank estimates every available-for-sale investments in equity instruments individually. If the fair value of the equity investment instruments is lower than the initial investment cost over 50% (including 50%) or less than the initial investment cost over one year (including one year), it indicates the impairment of investments; if the fair value of the equity investment instruments is lower than the initial investment cost over 20% (including 20%) but have not yet reached 50%, the Bank will consider other factors such as price volatility in determining whether or not the equity instrument investment is impaired. The Bank calculates the initial investment cost of the available-for-sale equity investments using the weighted average method.

When available-for-sale financial assets are impaired, the accumulated losses caused by the decline of the fair value will be recognised and transferred out as impairment losses other than shareholders' rights. For those incurred impairment loss of available-for-sale investment as debt instruments when after the period there is a rise of the fair value which objectively related to the original impairment loss, the impairment losses recognised before shall be reversed and included in the current profits and losses. For those incurred impairment loss of available-for-sale investment as equity instruments, the fair value rise recognised shall be recorded directly in shareholder's equity.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.5 Financial liabilities

Financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss and other financial liabilities. All financial liabilities are classified at inception and recognised initially at fair value.

All financial liabilities are recognised in the statement of financial position, when and only when, the Bank becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied:

(1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and there is objective evidence that the Bank has a recent actual pattern of short term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. Financial liabilities at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any interest expenses related to the financial liabilities are recognised in profit or loss. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing in the short term. It is carried at fair value and any gains or losses from changes in fair value are recognised in profit or loss.

The Bank did not hold financial liabilities at fair value through profit or loss on book as at 31 December 2015 and 2014.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value net of transaction costs incurred. Other financial liabilities are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the other financial liabilities using the effective interest method.

Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.6 Interest income and expense

Interest income and expense are recognised in profit or loss for interest-bearing instruments on an accruals basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the written down value using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.7 Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income are recognised over that period. For other services, fee and commission income are recognised when the transactions are completed.

2.8 Dividend income

Dividends are recognised when the right to receive payment is established.

2.9 Sale/purchase and repurchase/resale agreements

Securities sold subject to a linked repurchase agreements ('Repos') with banks and other financial institutions are retained in the financial statements as financial assets held for trading or investment securities, as the Bank still retains substantially all risk and rewards of the ownership of the underlying securities. The related liability is recorded as due to other banks and financial institutions.

Securities and bills purchased under agreements to re-sell ('Reverse repos') are not recognised. The receivables are recorded as 'Due from other banks and financial institutions'.

The difference between purchase and sale price is recognised as 'Interest income' or 'Interest expense' in the income statement over the life of the agreements using the effective interest method.

2.10 Property, plant and equipment

The Bank's fixed assets mainly comprise buildings, motor vehicles, electronic equipment, office equipment and construction in progress.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.10 Property, plant and equipment (Continued)

Subsequent costs are included in an asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and present value of expected future cash flows.

Gains or losses on disposals are determined by the difference between proceeds and carrying amount, after deduction of relevant sales taxes and expenses. These are included in the income statement.

Buildings comprise primarily branch office premises and office premises. The estimated useful lives, depreciation rate and estimated residual value rate of buildings, motor vehicles, electronic equipment and office equipment are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	30 years	3.0%	3.2%
Motor vehicles	5 years	3.0%	19.4%
Electronic equipment	5 years	3.0%	19.4%
Office equipment	5 years	3.0%	19.4%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and the depreciation charge commences from then.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating expenses in the statement of comprehensive income.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.11 Foreclosed assets

When the Bank's obligor use foreclosed asset to compensate the principal and interest of loan, foreclosed asset was initially recognised and measured at fair value, then it was subsequently measured at the lower of carrying amount and recoverable amount. Each balance sheet date, the Bank will assess if a foreclosed asset has been impaired individually. If recoverable amount of foreclosed asset is lower than carrying amount, the difference should be charged into current period income statement.

2.12 Land use rights

Land use rights are recognised initially at 'cost', being the consideration paid for the rights to use and occupy the land. Land use rights are amortised using the straight-line method over their authorised useful lives.

Land use rights are not separately presented from building, when they are acquired together with the building at inception and the costs attributable to the land use rights cannot be reasonably measured and separated from that of the building.

2.13 Intangible assets

An intangible asset is measured initially at cost, including direct expenses incurred in connection with the acquisition. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Bank reviews the useful life and amortisation method at the end of each reporting period, and makes adjustments when necessary.

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

2.14 Investment property

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

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.14 Investment property (Continued)

Investment properties are initially measured at cost, including costs that are directly attributable to the properties, at the time of acquisition. The Bank adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, estimated net residual value, depreciation rate (amortisation rate) and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful lives (years)	Estimated residual value rate	Depreciation rate
Buildings	30 years	3.0%	3.2%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

Investment properties are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The carrying amount is the lower of the asset's fair value less costs to sell and value in use.

2.15 Operating Leases

Leases in which a significant portion of the risk and rewards are retained by the lessor are classified as operating lease.

When the Bank is the lessee under an operating lease, rental expenses are charged to 'Operating expenses' in the income statement on a straight-line basis over the period of the lease.

When the Bank is the lessor under operating leases, the assets subject to the operating lease are accounted for as the Bank's assets. Rental income is recognised as 'Other operating income' in the income statement on a straight-line basis over the lease term net of any incentives given to lessees.

2.16 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash, unrestricted balances with central bank and amounts due from banks and other financial institutions.

2.17 Provisions

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income taxes

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

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

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

The principal temporary differences arise from impairment and depreciation of property and equipment, revaluation of certain financial assets and liabilities and provisions for employee benefits.

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

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

2.19 Share capital

Ordinary shares are classified as equity.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

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

In addition, the Bank pays supplementary retirement benefits to employees, 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 other comprehensive income statement as they occur. Current service cost and net interest on the net defined benefit liability (asset) is recognised in profit and loss.

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

2.21 Foreign currency translation

a) *Functional and presentation currency*

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

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of comprehensive income. Foreign currency gains or losses in monetary assets classified as available for sale are recognised in profit or loss.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation can not be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as a provision.

2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Bank as the guarantor (the 'issuer') to make specified payments to reimburse the beneficiary of the guarantee (the 'holder') for a loss the holder incurs when a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in 'other liabilities'. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. Provisions are recognised in the statement of financial position if and when it becomes probable that the holder of the guarantee will call upon the Bank under the guarantee, and the amount of that claim on the Bank is expected to exceed the carrying amount of the deferred income.

2.24 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from the financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee, custodian or agent.

The Bank grants entrusted loans on behalf of third-party lenders. The Bank grants loans to borrowers, as agent, at the direction of the third-party lenders, who fund these loans. The Bank has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates, and repayment schedule. The Bank charges a commission related to its activities in connection with the entrusted loans which are recognised ratably over the period the service is provided. The risk of loss is born by the third-party lenders, thus the principle amounts of the entrust loans are recorded on the off-balance sheet.

Notes to the Financial Statements

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the senior management team represented by the governor as its chief operating decision maker.

An operating segment is a component of the Bank with all of the following conditions are satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete financial statements for the component is available to the Bank. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments are based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales.

2.26 Offset financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 FINANCIAL RISK MANAGEMENT

Overview

The Bank's business activities expose to a variety of financial risks and 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 minimise potential adverse effects on the Bank's financial performance.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

Overview (Continued)

The Board of Directors is the highest authority for the Bank's overall risk management. It exams and approves strategy and measures of risk management and monitors risk management and internal control system. It accesses overall risk based on monitoring information and the risk report of senior management. The senior management committee is responsible for overseeing the Bank's overall risk management, including the preparation and implementation of risk management policies and procedures, and written policies covering specific areas, such as 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.

The Bank is subject to a number of financial risks, primarily including credit risk, market risk (including foreign exchange risk, interest risk and other price risk), and liquidity risk.

3.1 Credit risk

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from loans and advances, debt securities and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as loan commitments, guarantees, acceptances and letters of credit.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

3.1.1 Credit risk measurement

(a) Credit business

The Bank measures and manages the quality of its credit assets in accordance with the CBRC's Guidelines of Risk Classification of Loans and Guidelines of Risk Classification of Micro Enterprises loans (Trial Implementation). The classification of loans is based on the borrowers' repayment ability, payment history, willing of repayment, guarantee of loans, legal responsibility and loan administration. The Guidelines of Risk Classification of Loans require financial institutions to classify their credit assets into five categories, namely pass, special mention, substandard, doubtful and loss, of which the last three categories are non-performing loans. The Bank monitors the overdue status of its loans and advances to retail customers in managing credit risk.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk measurement (Continued)

(a) Credit business (Continued)

The core definitions of credit asset classifications in 'Loan Risk Classifications Guiding Principles' are as follows:

Pass: The borrower can fulfill the contracts, and there is insufficient reason to suspect that the principal and interest of loans cannot be repaid in full on time.

Special mention: The borrower has the ability to make current payments, but there may be some potential issues that could have adverse impact on the future payments.

Substandard: The borrower's repayment ability has been impaired and their normal income cannot repay the loan principal plus interest in full. Even with execution of guarantee, there may be certain level of loss.

Doubtful: The borrower cannot repay the principal plus the interest in full. Even with the execution of guarantee, there will be a significant loss.

Loss: After taking consideration of all possible recovery actions or all necessary legal proceedings, the future outcome of recovery is likely to be little or no recovery.

Risk management department coordinates the classification of loans. The classification of loans is performed monthly and adjusted timely. Risk management department summarizes the reclassification information justified by corporate credit management department, small and micro enterprise banking department and personal banking department monthly and reports to risk management and internal control committee for approval. The classification of loans is monitored through credit management system.

(b) Treasury business

The Bank manages the credit quality of due from, placements with and loans to banks and other financial institutions considering the size, financial position and the external credit rating of banks and financial institutions. The head office monitors and reviews the credit risk of loans to banks and other financial institutions by counterparties periodically. Limits are placed on different counterparties. For debt securities and other treasury business, the Bank manages the credit risk exposures by setting limits to the external credit ratings of its investments.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies

(a) Credit business

The Bank takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Bank's credit risk includes the following: credit policy stipulating, pre-credit investigation, credit rating for corporate and retail customers, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, due-diligence on non-performing loans.

The Bank has established a mechanism of risk warning for credit business, mainly including single customer credit authorisation risk and systematic risk. Unified credit authorisation management is implemented for key customers. Once the maximum exposure of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Bank at any time before it achieved new credit limit.

The Bank takes action to strengthen controls over credit risk in relation to group customer and related party customer. The Bank places limits in relation to key group customers to control credit risk. The committee of related party transactions is set up under the Board to manage controls on related party transaction.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is common practice.

Except for few customers with excellent quality, the Bank requires the borrowers provide collateral for loans. The type of collateral mainly includes mortgage, pledge and guarantee. The Bank employs property appraisal companies with certificates to evaluate the collateral. The detailed collateral type and amount is determined by credit risk of counterparty or customers. Please refer to note 3.1.3.

(b) Treasury business

Financial inter-bank division centralises control over treasury business with hierarchical authorisation from department heads to the president for different business types such as sale, distribution, trade and repurchase of debt securities.

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

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies (Continued)

(b) Treasury business (Continued)

For debt securities and other bills, the Bank manages the credit risk exposures by setting limits to the external credit ratings of its investments, par value of single debt security purchase, buy and sell price. RMB debt securities investments require a rating of A+ or above for long-term securities investments for state owned debtor and a rating of A+ or above for long-term securities investments of non-state-owned debtor, and A+ or above for short-term securities investment for all debtor.

Among foreign currency debt securities investment, government bonds mainly are sovereign bonds issued by Chinese government, USA government and European government (Germany, Britain, and France). A credit rating of BBB or above (by Standard & Poor's, Moody's or equivalent agencies) at the time of purchase is required for foreign currency debt securities investments.

The debt security traders regularly review and monitor the changes of market interest and report the market value of debt securities to Financial Interbank Department and Assets Liability Department. If there is any violation of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for security investment will ask for holding extraordinary asset and liability management meeting to conclude an emergency plan. The debt trader will react according to the plan.

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

3.1.3 Collateral and guarantee

The Bank has a range of policies and practices intended to mitigate credit risk. The most useful practice is to accept collaterals. The Bank implements guidelines on the acceptability of specific classes of collateral. The principal types of collateral for loans and advances to customers are:

- Residential properties;
- Business assets such as premises, inventory and accounts receivable;
- Financial instruments such as stocks.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.3 Collateral and guarantee (Continued)

The value of collaterals at the time of loan origination is determined by risk assessment department and the amount of the loans granted is subject to loan-to-value ratio limits based on collateral types. The principal types of collateral for corporate loans and individual loans are as follows:

Collateral	Maximum loan-to-value ratio
Cash deposits, bank note and bank acceptance	90%
Warehouse receipt and accounts receivable	70%
Construction in progress	50%
Publicly traded stocks	60%
Property	70%
Land use rights	70%
Automobiles	40%

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

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

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

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Bank is obligated to return are disclosed in Note 35.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Impairment and provisioning policies

Impairment allowances recognised for financial reporting purposes are the losses that have been incurred at the balance sheet date based on objective evidence of impairment (see Note 2.4).

The internal rating system assists the management to determine whether objective evidence of impairment exists based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Other observable data indicating that there is a measurable decrease in the estimated future cash flows from such debt securities.

The Bank's policy requires the review of individual financial assets that have objective evidence of impairment at least monthly or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually impaired financial assets. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipt for that individual account.

Collectively assessed impairment allowances are provided for: losses that have been incurred but have not yet been identified, by using the available historical experience, judgment and statistical techniques.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements:

	As at 31 December	
	2015	2014
Assets		
Balances with central bank	37,587,207	35,059,587
Due from other banks and financial institutions	45,856,556	54,409,453
Held for trading – debt securities	2,312,586	4,798,210
Loans and advances to customers		
– Loans to corporate entities	86,354,908	72,303,701
– Loans to individuals	35,461,544	31,811,055
Investment securities – loans and receivables	73,008,214	53,388,377
Investment securities – available-for-sales	18,478,537	10,002,567
Investment securities – held-to-maturity	13,816,724	7,297,640
Other financial assets	2,025,860	1,439,144
	314,902,136	270,509,734
Off-balance sheet exposures		
Financial guarantees, acceptances and letters of credit	33,582,859	40,482,262
Unused credit card limits	2,116,877	1,078,065
	35,699,736	41,560,327

The above table represents a case scenario of higher credit risk exposure to the Bank at 31 December 2015 and 31 December 2014, without taking account of any related collateral or other credit enhancements. For on-balance sheet assets, the exposures above are based on net carrying amounts as reported in the statement of financial position.

As shown above, as at 31 December 2015, the total on-balance sheet exposure derived from loans and advances to customers and investment securities – loans and receivables and were 61.87% (31 December 2014: 58.22%).

The management is confident in its ability to continue to control and maintain minimal exposure to credit risk to the Bank from its loans and advances based on the following at 31 December 2015:

- 94.16% of its loans and advances portfolio was categorised as Pass of the five-category system (2014: 97.20%);
- 79.06% (2014: 79.10%) of the individual loan portfolio was backed by collateral;
- 97.19% (2014: 98.58%) of the loans and advances portfolio was considered to be neither past due nor impaired;
- RMB1,210,328 thousand (2014: RMB731,980 thousand) loans and advances assessed on an individual basis with an impairment proportion of 0.97% (2014: 0.69%) was impaired.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances

Loans and advances are summarised as follows:

	As at 31 December			
	2015		2014	
	Loans and advances to customers	Discounted bills and trade finance	Loans and advances to customers	Discounted bills and trade finance
Neither past due nor impaired	116,361,760	4,899,278	99,410,622	5,523,583
Past due but not impaired	2,298,020	–	782,666	–
Individually impaired	1,210,328	–	731,980	–
Gross	119,870,108	4,899,278	100,925,268	5,523,583
Less: Collective impairment allowances	(2,437,920)	(54,872)	(2,010,915)	(61,865)
Individual impairment allowances	(460,142)	–	(261,315)	–
Total allowance	(2,898,062)	(54,872)	(2,272,230)	(61,865)
Net amount	116,972,046	4,844,406	98,653,038	5,461,718

(a) 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.

As at 31 December 2015	Five-category classification		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	77,412,544	3,127,251	80,539,795
– Discounted bills	4,120,780	–	4,120,780
– Trade finance	778,498	–	778,498
Subtotal	82,311,822	3,127,251	85,439,073
Individual	35,465,554	356,411	35,821,965
Total	117,777,376	3,483,662	121,261,038

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances (continued)

(a) Gross loans and advances neither past due nor impaired (continued)

As at 31 December 2014	Five-category classification		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	65,702,645	1,331,873	67,034,518
– Discounted bills	4,866,911	–	4,866,911
– Trade finance	656,672	–	656,672
Subtotal	71,226,228	1,331,873	72,558,101
Individual	32,178,671	197,433	32,376,104
Total	103,404,899	1,529,306	104,934,205

(b) Loans and advances past due but not impaired

Gross amount of loans and advances by types of customers that were past due but not impaired are as follows:

	As at 31 December 2015				
	Past due up to 30 days	Past due 30 – 60 days	Past due 60 – 90 days	Past due over 90 days	Total
Corporate entities	803,119	533,003	345,942	393,074	2,075,138
Individual	108,999	54,004	53,690	6,189	222,882
Total	912,118	587,007	399,632	399,263	2,298,020

	As at 31 December 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	243,773	377,235	64,992	50,000	736,000
Individual	32,226	13,085	1,353	2	46,666
Total	275,999	390,320	66,345	50,002	782,666

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances (continued)

(c) Loans and advances that impaired individually

As at 31 December 2015, individually impaired loans and advances to customers before taking into consideration the collateral held amounted to RMB1,210,328 thousand (2014: RMB731,980 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:

	As at 31 December	
	2015	2014
Corporate entities	883,238	604,039
Individual	327,090	127,941
Individually impaired loans and advance to customers	1,210,328	731,980
Fair value of collaterals for individually impaired collateralised loans and advance to customers		
Corporate entities	430,053	348,099
Individual	199,021	68,250
Individually impaired loans and advances to customers	629,074	416,349

Note: The fair value of the collaterals listed above does not exceed the credit risk exposure of the corresponding loan and advances.

No individually-impaired amount due from other banks and financial institutions was held by the Bank as at 31 December 2015 and 31 December 2014.

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 Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances (continued)

(d) Restructured loans and advances

Restructuring activities include approved debtor repayment plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue to be made. These policies are under regular review. Restructuring is most commonly applied to term loans, in particular mid-term and long-term loans. The balance of restructured loans and advances as at 31 December 2015 was RMB296,965 thousand (31 December 2014: nil).

(e) Concentration risk analysis for loans and advances to customers (gross) by geographic sectors:

	As at 31 December 2015			As at 31 December 2014		
	Gross amount	%	Impaired loan ratio	Gross amount	%	Impaired loan ratio
Chongqing City	94,550,892	75.78	0.65%	78,752,092	73.98	0.31%
Sichuan Province	13,271,885	10.64	1.35%	12,367,550	11.62	1.48%
Guizhou Province	10,476,432	8.40	3.70%	8,511,383	8.00	3.56%
Shaanxi Province	6,470,177	5.18	0.42%	6,817,826	6.40	0.02%
Total	124,769,386	100.00	0.97%	106,448,851	100.00	0.69%

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances (continued)

(f) Industry analysis

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

	As at 31 December 2015		As at 31 December 2014	
	Amount	%	Amount	%
Corporate loans				
Manufacturing	16,488,594	18.65	16,318,878	22.08
Wholesale and retail trade	16,105,150	18.22	15,018,762	20.32
Real estate	15,082,562	17.06	10,362,332	14.02
Construction	8,109,478	9.18	7,346,188	9.94
Administration of water conservancy, environment and public facilities	6,596,889	7.46	4,960,790	6.71
Renting and business activities	6,999,400	7.92	3,283,354	4.44
Public administration and social organizations	3,147,630	3.56	1,197,700	1.62
Transportation, storage and postal service	2,013,142	2.28	1,945,510	2.63
Mining	2,666,412	3.02	2,399,014	3.25
Electricity, gas and water production and supply	2,021,638	2.29	1,733,604	2.35
Agriculture, forestry, animal husbandry and fishery	1,424,851	1.61	1,167,468	1.58
Household services and other services	729,088	0.82	621,921	0.84
Education	643,890	0.73	502,960	0.68
Financing	362,129	0.41	403,863	0.55
Scientific research, technology services and geological prospecting	311,783	0.35	376,190	0.51
IT and telecommunication service	321,001	0.36	272,192	0.37
Accommodation and catering	383,344	0.43	390,153	0.53
Culture, sports and entertainment	369,788	0.42	357,130	0.48
Health, social security and social welfare	499,900	0.57	373,220	0.51
Discounted bills	4,120,780	4.66	4,866,911	6.59
Total corporate loans	88,397,449	100.00	73,898,140	100.00
Individual loans				
Mortgage loans	18,012,580	49.52	17,339,942	53.27
Individual business loans	11,586,127	31.86	9,080,283	27.90
Individual consumption loans	3,848,972	10.58	3,876,509	11.91
Credit card advances	2,924,258	8.04	2,253,277	6.92
Others	–	–	700	0.00
Total individual loans	36,371,937	100.00	32,550,711	100.00
Gross amount of loans and advances before allowance for impairment	124,769,386		106,448,851	

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 Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.6 Loans and advances (continued)

(g) Type of collateral analysis

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

	As at 31 December	
	2015	2014
Collateralised loans	70,150,924	54,197,524
Pledged loans	12,562,758	13,515,506
Guaranteed loans	35,291,775	34,350,040
Unsecured loans	6,763,929	4,385,781
Total	124,769,386	106,448,851

3.1.7 Investment securities

The table below presents an analysis of investment securities by independent rating agencies designation including China Chengxin International Credit Rating Co., Ltd., Dagong Global Credit Rating Co., Ltd., China Lianhe Credit Rating Co., Ltd., Shanghai Fareast Credit Rating Co., Ltd., Shanghai Brilliance Credit Rating & Investors Service Co., Ltd and Pengyuan Credit Rating Co., Ltd., Colden Credit Rating International Co., Ltd. for RMB securities, Standard & Poor's for foreign currency securities as at 31 December 2015 and 31 December 2014:

As at 31 December 2015	Investment securities-loans and receivables	Investment securities- available-for- sale ('AFS')- debt securities	Investment securities-held- to-maturity (('HTM'))	Held for trading- debt securities	Total
RMB securities					
AAA	13,882	1,449,584	236,000	–	1,699,466
AA- to AA+	–	10,168,445	230,000	1,730,138	12,128,583
Unrated ^(a)	72,994,332	6,860,508	13,350,724	582,448	93,788,012
Total	73,008,214	18,478,537	13,816,724	2,312,586	107,616,061

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.7 Investment securities (Continued)

As at 31 December 2014	Investment securities-loans and receivables	Investment securities- available-for- sale ('AFS')- debt securities	Investment securities-held- to-maturity (‘HTM’)	Held for trading- debt securities	Total
RMB securities					
AAA	71,000	720,000	236,000	50,859	1,077,859
AA- to AA+	12,000	4,400,402	230,000	4,093,819	8,736,221
Unrated ^(a)	53,305,377	4,882,165	6,831,640	653,532	65,672,714
Total	53,388,377	10,002,567	7,297,640	4,798,210	75,486,794

(a) These mainly represent investment and trading securities issued by PRC Ministry of Finance, central bank, policy banks and other oversea financial institutions who are creditworthy issuers in the market, but are not rated by independent rating agencies. Loans and receivables mainly include profit-guaranteed wealth management products with fixed income, and the beneficiary rights of trust schemes and directional asset management plans, whose principle and income are guaranteed or collateralised. As at 31 December 2015, there was no overdue debt securities held and individually impaired debt securities. The impairment provision for loans and receivables was RMB271,286 thousand (31 December 2014: RMB154,172 thousand).

3.1.8 Foreclosed assets

	As at 31 December	
	2015	2014
Business properties	20,468	8,983
Residential properties	1,079	1,080
Total	21,547	10,063

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Bank does not generally occupy foreclosed properties for its business use. Foreclosed assets are classified in the statement of financial position as other assets.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (continued)

3.1.9 Concentration risk analysis for financial assets with credit risk exposure

By geographical area

	As at 31 December 2015			
	Mainland China	Hong Kong	Others	Total
Financial Assets				
Balances with central bank	37,587,207	–	–	37,587,207
Due from other banks and financial institutions	42,913,019	2,768,821	174,716	45,856,556
Financial assets at fair value through profit or loss	2,312,586	–	–	2,312,586
Loans and advances to customers	121,816,452	–	–	121,816,452
Investment securities – loans and receivables	73,008,214	–	–	73,008,214
Investment securities – available- for-sale-debt securities	18,478,537	–	–	18,478,537
Investment securities – held- to-maturity	13,816,724	–	–	13,816,724
Other financial assets	2,025,860	–	–	2,025,860
	311,958,599	2,768,821	174,716	314,902,136
Off-balance sheet exposures				
Financial guarantees, acceptances and letters of credit	33,582,859	–	–	33,582,859
Unused credit card limits	2,116,877	–	–	2,116,877
	35,699,736	–	–	35,699,736

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.9 Concentration risk analysis for financial assets with credit risk exposure (Continued) By geographical area (Continued)

	As at 31 December 2014			Total
	Mainland China	Hong Kong	Others	
Financial Assets				
Balances with central bank	35,059,587	–	–	35,059,587
Due from other banks and financial institutions	53,853,781	206,749	348,923	54,409,453
Financial assets at fair value through profit or loss	4,798,210	–	–	4,798,210
Loans and advances to customers	104,114,756	–	–	104,114,756
Investment securities – loans and receivables	53,388,377	–	–	53,388,377
Investment securities – available- for-sale-debt securities	10,002,567	–	–	10,002,567
Investment securities – held- to-maturity	7,297,640	–	–	7,297,640
Other financial assets	1,439,144	–	–	1,439,144
	269,954,062	206,749	348,923	270,509,734
Off-balance sheet exposures				
Financial guarantees, acceptances and letters of credit	40,482,262	–	–	40,482,262
Unused credit card limits	1,078,065	–	–	1,078,065
	41,560,327	–	–	41,560,327

The counterparties are mainly located in Mainland China.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk

3.2.1 Overview

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

In accordance with the requirements of the CBRC, the Bank categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held either with trading intent or in order to economically hedge other elements of the trading book or the banking book. The banking book consists of the financial instruments purchased with excess funds and other financial instruments that are not captured in trading book.

The market risks arising from trading and non-trading activities are monitored by two teams separately. Regular reports are submitted to the Board of Directors and head of each business unit.

3.2.2 Sensitivity tests

Interest rate sensitivity test

The result of the interest rate sensitivity tests set out in the table below is based on the following assumptions. The projections assume that yield curves move parallel to the change of interest rate; the assets and liabilities portfolio has a static structure of interest rate; all positions are held and renewed after maturity. But the Bank has not considered the following: changes after the balance sheet date; the impact of interest rate fluctuations on the customers' behaviors; the complicated relationship between complex structured products and interest rate fluctuations; the impact of interest rate fluctuations on market prices; the impact of interest rate fluctuations on off-balance sheet products; and impact of risk management.

On the basis of the above gap analysis on the interest rate, the Bank implemented sensitivity test to analyse the sensitivity of bank's net interest income against change in interest rate. The table below illustrates the analysis of potential impact on the Bank's net interest income at 31 December 2015 and 2014 on the assumption of a 100 basis point parallel move of the yield curves on each balance sheet date.

	Expected changes of net interest income	
	As at 31 December	
	2015	2014
+ 100 basis point parallel move in all yield curves	42,712	161,435
- 100 basis point parallel move in all yield curves	(42,712)	(161,435)

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Sensitivity tests (Continued)

Interest rate sensitivity test (Continued)

The table below illustrates the potential impact of a 100 basis point move on the other comprehensive income of the Bank.

	Change of other comprehensive income	
	As at 31 December	
	2015	2014
+ 100 basis point parallel move in all yield curves	(370,886)	(281,050)
- 100 basis point parallel move in all yield curves	332,421	289,543

Foreign exchange sensitivity test

The Bank performs exchange rate sensitivity analysis on net profit before tax for the Bank by measuring the impact of a change in exchange rate on financial position, including on balance sheet and off balance sheet. On the assumptions below: the sensitivities of foreign currencies are exchange gains or losses of RMB against foreign currencies fluctuation by 1% absolute value in closing price at balance sheet dates. The foreign currency exchange rates against RMB move by the same amount and same trends. The portfolio of assets and liabilities has a static structure of foreign exchange risk and all positions are held and renewed after maturity. The Bank has not considered the following: business changes after the balance sheet date, the impact of exchange rate fluctuations on the customers' behaviors; the complicated relationship between complex structured products and exchange rate fluctuations; the impact of exchange rate fluctuations on market prices, the impact of exchange rate fluctuations on off-balance sheet products; and the impacted of risk management.

The table below illustrates the potential impact of 1% change of RMB against foreign currencies on the Bank's net profit before tax :

	Net profit/(loss) before tax	
	As at 31 December	
	2015	2014
+1% upward change of foreign exchange rate	26,846	3,660
- 1% downward change of foreign exchange rate	(26,846)	(3,660)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk of the Bank mainly comes from the interest rate change's impact on net interest income, which was caused by the mismatch of the interest-rate-sensitive assets and liabilities' maturity date or the re-pricing date.

The Bank's Assets and Liabilities Management Committee is responsible for establishing, periodically examining and monitoring the exercising of the policies, procedures and detailed operating rules regarding interest rate risk. Financial market department is responsible for the front office treasury transactions; the accounting department is responsible for the settlement at the back office. The assets and liabilities management department is responsible for the analysis of RMB interest rate risk, submission of interest rate analysis report to the Assets and Liabilities Management Committee, and timely reporting and dealing with extraordinary situations of interest rate risks identified.

Financial market department follows the Bank's interest rate management policies and conducts the front office treasury transactions under the Bank's approved interest rate limit. The Bank records the assets in trading book and non-trading book. The freely tradable financial instruments held for trading purpose or avoiding the risks of other items in trading book were recorded under the trading book; others were recorded under the non-trading book. Financial market department manages and conducts treasury transactions within the interest rate limit approved by the senior management, and monitors the market risk of the trading book and its risk limit compliance.

The Bank uses the RMB interest rate risk management system to monitor and manage the overall interest rate risk of the assets and liabilities under the non-trading book. At the current stage, the Bank manages the interest rate risk mainly through raising suggestion about the re-pricing date of assets and liabilities, setting market risk limit and other methods. The Bank analyses the interest rate gap and assesses the difference between the interest-bearing assets and liabilities which would mature or re-price within certain time period, to provide instruction for the adjustment of interest-bearing assets and liabilities' re-pricing date. Meanwhile, the Bank controls and manages interest risk by establishing the instruction and authorisation limit of investment portfolio. The Bank's treasury management conducts real-time market value assessment to monitor the investment risk more accurately. In addition, the Bank embranchments' interest rate risk for managing using the internal funding transfer-pricing system.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Interest rate risk (Continued)

The tables below summarise the Bank's exposures to interest rate risks. The tables show the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at 31 December 2015							
Assets							
Cash and balances with central bank	37,587,207	-	-	-	-	614,162	38,201,369
Due from other banks and financial institutions	26,414,111	12,291,487	6,824,663	326,295	-	-	45,856,556
Financial assets at fair value through profit or loss	229,901	50,070	118,368	1,145,624	768,623	-	2,312,586
Loans and advances to customers	57,135,847	11,490,085	37,199,912	15,129,020	861,588	-	121,816,452
Investment securities							
– loans and receivables	4,816,563	7,137,716	26,412,164	33,812,501	829,270	-	73,008,214
– available-for-sale	1,476,120	3,050,782	3,473,817	7,243,881	3,233,951	492,416	18,970,967
– held-to-maturity	75,000	119,999	550,945	4,799,016	8,271,764	-	13,816,724
Investment in an associate	-	-	-	-	-	29,214	29,214
Other financial assets	-	-	-	-	-	2,025,860	2,025,860
Total assets	127,734,749	34,140,139	74,579,869	62,456,337	13,965,196	3,161,652	316,037,942
Liabilities							
Due to other banks and financial institutions	26,485,049	16,852,628	29,303,271	500,000	94,607	-	73,235,555
Customer deposits	80,049,717	17,292,181	67,048,222	34,903,451	5,134	-	199,298,705
Debt securities issued	-	5,145,828	9,556,538	2,992,474	795,902	-	18,490,742
Other financial liabilities	-	-	-	-	-	5,927,271	5,927,271
Total liabilities	106,534,766	39,290,637	105,908,031	38,395,925	895,643	5,927,271	296,952,273
Total interest sensitivity gap	21,199,983	(5,150,498)	(31,328,162)	24,060,412	13,069,553	(2,765,619)	19,085,669

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at 31 December 2014							
Assets							
Cash and balances with central bank	35,059,587	-	-	-	-	639,506	35,699,093
Due from other banks and financial institutions	30,183,206	14,566,481	9,209,706	450,060	-	-	54,409,453
Financial assets at fair value through profit or loss	-	29,969	24,646	2,265,196	2,478,399	-	4,798,210
Loans and advances to customers	67,839,475	9,156,771	22,015,899	3,136,390	1,966,221	-	104,114,756
Investment securities							
– loans and receivables	780,799	4,043,881	13,076,622	35,487,075	-	-	53,388,377
– available-for-sale	519,252	604,480	3,031,302	3,195,743	2,651,804	291,122	10,293,703
– held-to-maturity	-	-	380,003	2,316,280	4,601,357	-	7,297,640
Investment in an associate	-	-	-	-	-	26,405	26,405
Other financial assets	-	-	-	-	-	1,442,841	1,442,841
Total assets	134,382,319	28,401,582	47,738,178	46,850,744	11,697,781	2,399,874	271,470,478
Liabilities							
Due to other banks and financial institutions	33,115,383	19,725,009	26,379,353	2,300,000	115,979	-	81,635,724
Customer deposits	70,834,890	16,251,782	39,226,135	41,596,966	22,663	-	167,932,436
Debt securities issued	-	-	-	3,785,076	-	-	3,785,076
Other financial liabilities	-	-	-	-	-	4,495,548	4,495,548
Total liabilities	103,950,273	35,976,791	65,605,488	47,682,042	138,642	4,495,548	257,848,784
Total interest sensitivity gap	30,432,046	(7,575,209)	(17,867,310)	(831,298)	11,559,139	(2,095,674)	13,621,694

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.4 Foreign exchange risk

The International business department is responsible for the Bank's daily foreign exchange risk management. Pursuant to related regulations, the Bank at the current stage cannot conduct speculative proprietary foreign exchange trading. Therefore, currently the Bank's foreign exchange risk is mainly the foreign currency exposure risk for foreign currency settlement and trading on behalf of customers. As the Bank has no derivative operating license, and is lack of effective hedging instruments for the above risk exposure, the Bank decreases and control foreign exchange rate risk by setting foreign currency exposure limits and stop-loss limits.

The following tables show the Bank's total assets and liabilities at carrying amounts in RMB, categorised by the original currency.

	RMB	US Dollar	HK Dollar	Others	Total
As at 31 December 2015					
Assets					
Cash and balances with central bank	38,137,625	63,430	152	162	38,201,369
Due from other banks and financial institutions	42,777,224	271,797	2,692,868	114,667	45,856,556
Financial assets at fair value through profit or loss	2,312,586	-	-	-	2,312,586
Loans and advances to customers	120,771,305	1,040,018	-	5,129	121,816,452
Investment securities					
– loans and receivables	73,008,214	-	-	-	73,008,214
– available-for-sale	18,970,967	-	-	-	18,970,967
– held-to-maturity	13,816,724	-	-	-	13,816,724
Investment in an associate	29,214	-	-	-	29,214
Other financial assets	2,013,915	11,371	147	427	2,025,860
Total assets	311,837,774	1,386,616	2,693,167	120,385	316,037,942
Liabilities					
Due to other banks and financial institutions	73,140,894	54	-	94,607	73,235,555
Customer deposits	198,052,741	1,203,582	33	42,349	199,298,705
Debt securities issued	18,490,742	-	-	-	18,490,742
Other financial liabilities	5,884,691	48,386	8,623	(14,429)	5,927,271
Total liabilities	295,569,068	1,252,022	8,656	122,527	296,952,273
Net position	16,268,706	134,594	2,684,511	(2,142)	19,085,669
Financial guarantees and credit related commitments	35,343,464	203,015	-	153,257	35,699,736

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.4 Foreign exchange risk (Continued)

	RMB	US Dollar	HK Dollar	Others	Total
As at 31 December 2014					
Assets					
Cash and balances with central bank	35,621,443	77,341	142	167	35,699,093
Due from other banks and financial institutions	53,076,318	1,187,425	7,916	137,794	54,409,453
Financial assets at fair value through profit or loss	4,798,210	–	–	–	4,798,210
Loans and advances to customers	103,205,675	909,081	–	–	104,114,756
Investment securities					
– loans and receivables	53,388,377	–	–	–	53,388,377
– available-for-sale	10,293,703	–	–	–	10,293,703
– held-to-maturity	7,297,640	–	–	–	7,297,640
Investment in an associate	26,405	–	–	–	26,405
Other financial assets	1,439,461	3,275	–	105	1,442,841
Total assets	269,147,232	2,177,122	8,058	138,066	271,470,478
Liabilities					
Due to other banks and financial institutions	81,419,070	100,540	–	116,114	81,635,724
Customer deposits	165,995,309	1,917,490	36	19,601	167,932,436
Debt securities issued	3,785,076	–	–	–	3,785,076
Other financial liabilities	4,452,487	32,687	8,022	2,352	4,495,548
Total liabilities	255,651,942	2,050,717	8,058	138,067	257,848,784
Net position	13,495,290	126,405	–	(1)	13,621,694
Financial guarantees and credit related commitments					
	41,503,995	50,610	–	5,722	41,560,327

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk

3.3.1 Overview

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Bank's objective in liquidity management is to ensure the availability of adequate funding to meet its needs to fund deposits withdrawals and other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments and to take advantage of new investment opportunities.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, matured deposits, loan draw downs, guarantees and cash deposit hold as collateral. The Board of Directors set the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2015, 14% (31 December 2014: 17.5%) of the Bank's total RMB-denominated and 5% (31 December 2014: 5%) of the total foreign-currency-denominated customer deposits must be deposited with the PBOC.

3.3.2 Liquidity risk management process

The Board of Directors or the subordinate special committee approve the policies, strategies, procedures, limits and contingency plans relate to the overall management of liquidity risk according to risk preference. The assets and liabilities management committee is established under the top management, which is responsible for formulating and assessing the policies, strategies, programs, limits and the emergence plans related to the holistic management of the liquid risk management, and implementing the daily operations in liquidity risk management. The assets and liabilities management department cooperates with financial trade management department and other departments to form a well-organised, fully functional liquidity risk management system.

The Bank proactively applies new technology to enhance the involvement of IT in liquidity risk management. The system monitors the liquidity index and exposure, which form a mechanism in regular, automatic liquidity risk assessment, and arrange the banking processes according to current liquidity exposure. The Bank actively modifies the assets and liabilities maturity structure by applying internal fund transfer pricing, while taking control of the limit of the liquidity risk positively by carrying out performance assessment. The bank pays constant attention to its liquidity risk management process, holds the weekly meeting for assets and liabilities integration, enhances and improves liquidity risk related policy timely, eventually achieve its goal in liquidity risk management.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the undiscounted cash flows of the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2015									
Liabilities									
Due to other banks and financial institution	847,081	25,665,947	16,983,710	29,964,757	610,578	94,607	-	-	74,166,680
Customer deposits	66,298,876	16,491,705	17,234,963	65,083,302	41,433,456	6,500,648	-	-	213,042,950
Debt securities issued	-	-	5,277,458	10,042,057	3,333,674	795,902	-	-	19,449,091
Other liabilities	29,691	2,008,491	1,025,926	1,327,993	788,689	2,717	2,306,483	-	7,489,990
Total liabilities (contractual maturity dates)	67,175,648	44,166,143	40,522,057	106,418,109	46,166,397	7,393,874	2,306,483	-	314,148,711
Assets									
Cash and balances with central bank	614,162	8,774,033	-	-	-	-	28,813,174	-	38,201,369
Due from other banks and financial institutions	1,225,318	25,564,100	12,376,688	6,684,636	414,492	-	-	-	46,265,234
Non-derivative financial assets at fair value through profit or loss	-	2,312,586	469	3,351	304,575	389,263	-	-	3,010,244
Loans and advances to customers	-	9,124,741	10,482,110	49,552,403	37,805,157	37,050,844	-	2,883,877	146,899,132
Investment securities									
- Loans and receivables	-	4,680,165	7,439,986	27,688,361	39,221,043	1,215,113	-	-	80,244,668
- Available-for-sale ('AFS')	-	1,024,158	2,847,762	3,545,798	9,175,420	4,623,084	346,362	-	21,562,584
- Held-to-maturity ('HTM')	-	15,033	120,746	529,478	5,416,588	12,119,398	-	-	18,201,243
Investment in an associate	-	-	-	-	-	-	29,214	-	29,214
Other assets	4,007	1,096,362	177,675	274,084	577,371	270,675	3,395,731	-	5,795,905
Assets held for managing liquidity risk (contractual maturity dates)	1,843,487	52,591,178	33,445,436	88,278,111	92,914,646	55,668,377	32,584,481	2,883,877	360,209,593

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2014									
Liabilities									
Due to other banks and financial institution	407,790	30,258,158	16,674,774	29,063,589	6,576,042	115,979	-	-	83,096,332
Customer deposits	58,257,607	12,905,832	16,323,336	39,999,164	44,572,474	30,024	-	-	172,088,437
Debt securities issued	-	-	-	1,488,400	7,563,608	904,268	-	-	9,956,276
Other liabilities	19,549	1,610,700	684,413	994,677	983,128	1,695	1,033,818	-	5,327,980
Total liabilities (contractual maturity dates)	58,684,946	44,774,690	33,682,523	71,545,830	59,695,252	1,051,966	1,033,818	-	270,469,025
Assets									
Cash and balances with central bank	639,506	6,004,746	-	-	-	-	29,054,841	-	35,699,093
Due from other banks and financial institutions	1,129,279	29,089,066	14,652,135	9,458,854	495,091	-	-	-	54,824,425
Non-derivative financial assets at fair value through profit or loss	-	4,798,210	-	-	-	-	-	-	4,798,210
Loans and advances to customers	-	10,931,797	9,974,954	45,283,509	24,223,054	37,456,781	-	1,325,341	129,195,436
Investment securities									
- Loans and receivables	-	784,867	4,101,250	13,637,395	41,039,336	-	-	-	59,562,848
- Available-for-sale ('AFS')	-	580,215	487,729	1,923,168	5,168,486	4,293,400	291,122	-	12,744,120
- Held-to-maturity ('HTM')	-	3,284	48,454	870,642	8,987,428	8,448,992	-	-	18,358,800
Investment in an associate	-	-	-	-	-	-	26,405	-	26,405
Other assets	5,438	683,077	15,759	159,839	529,795	147,555	3,015,139	-	4,556,602
Assets held for managing liquidity risk (contractual maturity dates)	1,774,223	52,875,262	29,280,281	71,333,407	80,443,190	50,346,728	32,387,507	1,325,341	319,765,939

Assets available to meet all of the liabilities include cash, balances with central bank, items in the course of collection and treasury; due from other banks and financial institutions; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain debt securities have been pledged for liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities, using credit commitments from other financial institutions, early termination of borrowings from other financial institutions and repurchase agreements and using the mandatory reserve deposits upon the PBOC's approval.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Maturity analysis

The table below analyses the Bank's assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2015									
Assets									
Cash and balances with central bank	614,162	8,774,033	-	-	-	-	28,813,174	-	38,201,369
Due from other banks and financial institutions	1,225,318	25,538,793	12,291,487	6,594,663	206,295	-	-	-	45,856,556
Financial assets at fair value through profit or loss	-	2,312,586	-	-	-	-	-	-	2,312,586
Loans and advances to customers	-	9,109,165	10,370,754	47,535,928	31,549,131	20,392,306	-	2,859,168	121,816,452
Investment securities									
– Loans and receivables	-	4,652,071	7,363,223	26,412,685	33,749,785	830,450	-	-	73,008,214
– Available-for-sale	-	1,023,731	2,847,762	3,516,680	7,896,045	3,340,387	346,362	-	18,970,967
– Held-to-maturity	-	15,000	119,999	520,945	4,889,016	8,271,764	-	-	13,816,724
Investment in an associate	-	-	-	-	-	-	29,214	-	29,214
Other assets, including deferred income tax assets	4,007	1,096,362	177,675	274,084	577,371	270,675	3,395,731	-	5,795,905
Total assets	1,843,487	52,521,741	33,170,900	84,854,985	78,867,643	33,105,582	32,584,481	2,859,168	319,807,987
Liabilities									
Due to other banks and financial institution	847,081	25,637,968	16,852,628	29,303,271	500,000	94,607	-	-	73,235,555
Customer deposits	66,298,876	16,485,510	17,187,559	64,166,876	35,046,346	113,538	-	-	199,298,705
Debt securities issued	-	-	5,212,832	9,489,534	2,992,474	795,902	-	-	18,490,742
Other financial liabilities including deferred income tax liabilities	29,691	2,008,491	1,025,926	1,327,993	788,689	2,717	2,306,483	-	7,489,990
Total liabilities	67,175,648	44,131,969	40,278,945	104,287,674	39,327,509	1,006,764	2,306,483	-	298,514,992
Net liquidity gap	(65,332,161)	8,389,772	(7,108,045)	(19,432,689)	39,540,134	32,098,818	30,277,998	2,859,168	21,292,995

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Maturity analysis (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2014									
Assets									
Cash and balances with central bank	639,506	6,004,746	-	-	-	-	29,054,841	-	35,699,093
Due from other banks and financial institutions	1,129,279	29,053,926	14,566,481	9,209,707	450,060	-	-	-	54,409,453
Financial assets at fair value through profit or loss	-	4,798,210	-	-	-	-	-	-	4,798,210
Loans and advances to customers	-	10,915,560	9,853,580	43,351,800	20,014,309	19,069,062	-	910,445	104,114,756
Investment securities									
- Loans and receivables	-	782,305	4,054,322	13,089,440	35,462,310	-	-	-	53,388,377
- Available-for-sale	-	579,494	486,202	1,894,527	4,390,554	2,651,803	291,123	-	10,293,703
- Held-to-maturity	-	-	-	290,003	2,406,280	4,601,357	-	-	7,297,640
Investment in an associate	-	-	-	-	-	-	26,405	-	26,405
Other assets, including deferred income tax assets	5,438	683,077	15,759	159,839	529,794	147,556	3,015,139	-	4,556,602
Total assets	1,774,223	52,817,319	28,976,344	67,995,315	63,253,307	26,469,778	32,387,508	910,445	274,584,239
Liabilities									
Due to other banks and financial institution	407,790	30,220,064	16,525,574	28,066,317	6,300,000	115,979	-	-	81,635,724
Customer deposits	58,257,607	12,895,472	16,178,354	38,981,375	41,596,755	22,873	-	-	167,932,436
Debt securities issued	-	-	-	-	2,989,608	795,468	-	-	3,785,076
Other financial liabilities including deferred income tax liabilities	19,549	1,610,700	684,413	994,677	983,128	1,695	1,033,818	-	5,327,980
Total liabilities	58,684,946	44,726,236	33,388,341	68,042,369	51,869,491	936,015	1,033,818	-	258,681,216
Net liquidity gap	(56,910,723)	8,091,083	(4,411,997)	(47,054)	11,383,816	25,533,763	31,353,690	910,445	15,903,023

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Off-balance-sheet items

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

As at 31 December 2015	Within 1 year	1-5 years	Over 5 years	Total
Unused credit card limits	2,116,877	–	–	2,116,877
Guarantees, acceptances and letters of credit	32,982,580	600,279	–	33,582,859
Operating lease commitments	60,066	110,211	24,901	195,178
Capital commitments	345,898	34,365	–	380,263
Total	35,505,421	744,855	24,901	36,275,177

As at 31 December 2014	Within 1 year	1-5 years	Over 5 years	Total
Unused credit card limits	1,078,065	–	–	1,078,065
Guarantees, acceptances and letters of credit	40,102,035	380,227	–	40,482,262
Operating lease commitments	51,549	85,366	18,796	155,711
Capital commitments	507,265	47,036	–	554,301
Total	41,738,914	512,629	18,796	42,270,339

The Bank has no irrevocable loan commitments.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities

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

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

	As at 31 December 2015				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Loans and receivables	73,008,214	–	27,896	79,137,735	79,165,631
– Held to maturity	13,816,724	–	14,552,708	–	14,552,708
Financial liabilities					
Debt securities issued	18,490,742	–	18,856,669	–	18,856,669

	As at 31 December 2014				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Loans and receivables	53,388,377	–	97,000	55,409,910	55,506,910
– Held to maturity	7,297,640	–	7,451,436	–	7,451,436
Financial liabilities					
Debt securities issued	3,785,076	–	3,987,952	–	3,987,952

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 the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

Debt securities issued

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

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

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by level of inputs to valuation techniques. The different levels have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The following table presents the bank's financial assets and liabilities that are measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014:

As at 31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	2,312,586	–	2,312,586
	–	2,312,586	–	2,312,586
Investment securities-available-for-sale				
– Debt securities	–	18,478,551	–	18,478,551
– Equity investment	–	–	492,416	492,416
	–	18,478,551	492,416	18,970,967
Total	–	20,791,137	492,416	21,283,553

As at 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	4,798,210	–	4,798,210
	–	4,798,210	–	4,798,210
Investment securities-available-for-sale				
– Debt securities	–	10,002,581	–	10,002,581
– Equity investment	–	–	291,122	291,122
	–	10,002,581	291,122	10,293,703
Total	–	14,800,791	291,122	15,091,913

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

There was no transfer between level 1 and 2 during the year.

There was no financial instrument in level 1 during the year.

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 are 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.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Changes in level 3 financial assets are analysed below:

	Investment securities-AFS	Total assets
Balance at 1 January 2015	291,122	291,122
Total gains or losses		
– Other comprehensive income	37,782	37,782
– Purchase of level 3	163,512	163,512
Balance at 31 December 2015	492,416	492,416
Total gains for the year included in statement of comprehensive income for assets/liabilities held at 31 December 2015	14,809	14,809

	Investment securities-AFS	Total assets
Balance at 1 January 2014	182,850	182,850
Total gains or losses		
– Other comprehensive income	108,272	108,272
– Purchase of level 3	–	–
Balance at 31 December 2014	291,122	291,122
Total gains for the year included in statement of comprehensive income for assets/liabilities held at 31 December 2014	12,589	12,589

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Unobservable inputs with significant impact on the fair value measurement of Level 3 as at 31 December 2015 and 2014 are disclosed as follows:

Quantitative Information about Fair Value Measurements of Level 3				
	Fair Value at	Valuation Technique(s)	Unobservable Inputs	Weighted Average
	31 December			
	2015			
Equity securities	415,566	Market comparable companies	PB multiple (a)	1.33
– Banking			Discount for lack of marketability(b)	36.40%
	Fair Value at			Weighted
	31 December			Average
	2014			
Equity securities	268,272	Market comparable companies	PB multiple (a)	1.33
– Banking			Discount for lack of marketability(b)	22.16%

(a) Represents the Bank has determined that market participants would use such price/book ratio when pricing the investments.

(b) Represents the Bank 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 adjustments amounted to RMB76,850 thousand as at 31 December 2015 and RMB22,850 thousand as at 31 December 2014.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management

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

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

Capital adequacy ratio and the use of regulatory capital are monitored quarterly by the Bank's management with employing techniques based on the guidelines developed by the Basel Committee, as implemented by the CBRC, for supervisory purposes. The required information is filed with the CBRC on a quarterly basis.

The Bank calculated the capital adequacy ratio based on the Rules for Regulating the Capital Adequacy Requirement of Commercial Banks (Trial) issued by CBRC in June, 2012. According to the approach, the Bank calculated the credit risk-weighted assets measurement by the weighted method, market risk-weighted assets measurement by the standard method, and operation risk-weighted assets measurement by the basic indicator method.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the Rules for Regulating the Capital Adequacy Requirement of Commercial Banks (Trial). For systematically important banks, CBRC requires minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50% respectively. For non-systematically important banks, CBRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. At present, the Bank is fully compliant with legal and regulatory requirements.

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management (Continued)

The capital adequacy ratio of 2015 under the Rules for Regulating the Capital Adequacy Requirement of Commercial Banks (Trial) is as follows:

	As at 31 December 2015
Core capital:	
Share capital	3,127,055
Counted part of capital surplus	5,069,141
Surplus reserve and general risk reserves	4,948,796
Counted part of retained earnings	8,148,003
Core Tier 1 Capital deductibles items:	
Full deduction items	(91,429)
Threshold deduction items	–
Total Core Tier 1 Capital, net	21,201,566
Other Tier 1 Capital, net	–
Tier 2 Capital, net	2,302,606
Net capital	23,504,172
On-balance sheet risk-weighted assets	175,521,618
Off-balance sheet risk-weighted assets	10,258,298
Risk-weighted assets for exposure to counterparty credit risk	–
Total credit risk-weighted assets	185,779,916
Total market risk-weighted assets	2,737,443
Total operational risk-weighted assets	13,594,516
Total risk-weighted assets before applying capital base	202,111,875
Total risk-weighted assets after applying capital base	202,111,875
Core Tier 1 Capital adequacy ratio	10.49%
Tier 1 Capital adequacy ratio	10.49%
Capital adequacy ratio	11.63%

Notes to the Financial Statements

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.6 Fiduciary activities

The Bank provides custody and trustee services to third parties. Those assets that are held in a fiduciary capacity are not included in the financial statements. The Bank also grants entrusted loans on behalf of third-party lenders, which are not included in the financial statements.

	As at 31 December	
	2015	2014
Assets held in investment custody accounts	20,088,696	12,704,900
Entrust loans	5,387,931	5,543,222

3.7 Unsecured wealth management products

The Bank issue and manage unsecured wealth management products to institutional and individual investors. The funds raised from the institutional and individual investors are invested in the open market bonds, trust schemes and directional asset management plans. The maturity of these unsecured wealth management products ranged from one month to two years.

The Bank assesses its control on the unsecured wealth management product. The Bank takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or pre-determined interest. The risk exposures of the products are mainly from the fluctuation of the expected return of the bonds market and the performance of trust schemes and directional asset management plans. The risk of loss is born by the investors. The Bank recognises the commission income from the products.

As at 31 December 2015, the amount of fund raised from the unsecured wealth management products was RMB25,127,360 thousand (2014: RMB19,719,933 thousand). The Bank has recognised net commission income from unsecured wealth management products with the amount of RMB326,845 thousand in 2015 through provision of asset management service(2014: RMB220,205 thousand).

Notes to the Financial Statements

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

4 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.

a) Impairment allowances on loans and advances

The Bank reviews its loan portfolios to assess impairment on a monthly basis, unless known circumstances indicating that impairment may have occurred. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank makes judgment as to whether there are evidences 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. These evidences may include observable data indicating that there has been an adverse change in the payment status of borrowers in the loan portfolio, 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, the 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.

b) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation models (e.g. discounted cash flow model). To the extent practical, only observable data is used in the discounted cash flow model. However, areas such as credit risks (from both parties of transactions), market volatilities and correlations require the management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

c) 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 outcomes of these matters are 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 26).

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

d) 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 judgments. 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 due to a significant deterioration in the issuer's credit, or regulatory requirement, 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 amortised cost.

e) 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. The determination of what is significant or prolonged requires the management's judgments. In making these judgments, 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 near-term business outlook for the investee, including factors such as industry and sector performance, credit ratings, delinquency rates and counterparty risk.

The Bank recognises 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.

f) Definition of Structured Entity Control

Structured entity, refers that when judging the control side of the entity, the key elements to consider are the contracts which the entities' main activities are based on or the corresponding arrangements rather than the voting rights or similar rights (for example: the voting rights are just associated with administrative matters only).

When the Bank acts as asset manager in structured entity, the Bank needs to identify its own role as the agent or the trustee. If the Bank's role is just as agent, the Bank's primary responsibility is to exercise decision-making authority for other parties (other investors in the structured entity), and therefore the Bank does not control the structured entity. However, if the Bank's primary responsibility is to exercise decision-making authority for itself, thus the Bank controls the structured entity. During the evaluation the Bank makes to identify its own role as the agent or the trustee, 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.

Notes to the Financial Statements

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

5 NET INTEREST INCOME

	2015	2014
Interest income		
Balances with central bank	494,110	484,995
Due from other banks and financial institutions	1,712,037	1,754,712
Loans and advances to customers	7,545,665	7,173,596
Investment securities	5,561,218	3,481,119
Financial assets at fair value through profit or loss	194,580	341,731
	15,507,610	13,236,153
Interest expense		
Due to other banks and financial institutions	(3,139,322)	(2,380,842)
Customer deposits	(5,003,513)	(4,405,190)
Debt securities issued	(362,702)	(218,423)
	(8,505,537)	(7,004,455)
Net interest income	7,002,073	6,231,698
	2015	2014
Interest income accrued on loans and advances to customers individually impaired	59,493	28,975

6 NET FEE AND COMMISSION INCOME

	2015	2014
Fee and commission income		
Commission income from financial advisory and consulting services	249,944	329,436
Commission income from wealth management agency service	436,537	230,612
Commission income from custodian service	613,009	214,271
Commission income from bank card services	171,072	111,007
Commission income from credit commitments	54,251	45,313
Commission income from settlement and agency services	64,586	44,218
	1,589,399	974,857
Fee and commission expense		
Commission expense from settlement and agency services	(50,107)	(43,792)
Commission expense from bank card services	(17,022)	(14,781)
Other commission expense	(10,217)	(7,438)
	(77,346)	(66,011)
Net fee and commission income	1,512,053	908,846

Notes to the Financial Statements

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

7 NET TRADING GAINS

	2015	2014
Foreign exchange	23,901	23,825
Interest rate instruments	(132)	136,364
	23,769	160,189

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

The translation of foreign currency monetary assets and liabilities amounted to gains of RMB15,355 thousand, losses of RMB12,274 thousand for the years ended 31 December 2015 and 2014.

Net (losses)/gains on interest rate instruments mainly includes losses or gains from the fair value change of trading securities.

8 OTHER OPERATING INCOME

	2015	2014
Profit on sale of property, plant and equipment	925	1,171
Profit on sale of foreclosed assets and other assets	–	4,555
Dividend income from unlisted available-for-sale investments	14,809	12,589
Government grants (i)	36,101	4,821
Rental income from investment properties	1,139	1,484
Income from dormant accounts	617	1,531
Other miscellaneous income (ii)	11,338	5,589
	64,929	31,740

(i) Government grants

The government grants of 2014 mainly included the reward for financial interaction/support by Finance Bureau (RMB3,433 thousand) and subsidies and incentives for the social security center, industrial and commercial administrative bureau and the municipal people's government of Liupanshui.

The government grants of 2015 mainly included bonus of incremental agricultural loans, financial incentives and subsidies of loans to Ecological Development Area in northeast and southeast Chongqing, bonus of Financial Services Office and so on.

(ii) Other miscellaneous income mainly comprises cashier surplus, compensation on breach of contract, charge for cost of debit card etc.

Notes to the Financial Statements

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

9 OPERATING EXPENSES

	2015	2014
Staff costs (including directors and supervisors' emoluments) (Note 10)	1,626,120	1,324,089
General and administrative expenses	731,577	734,708
Business tax and surcharges	553,110	483,663
Depreciation of property, plant and equipment (Note 21)	108,272	93,620
Amortisation of intangible assets (Note 22(c))	19,673	17,392
Amortisation of land use rights (Note 22(b))	4,863	4,863
Depreciation of investment properties ((Note 22(d))	318	235
Amortisation of long-term prepaid expenses	20,207	20,693
Rental expenses	77,648	88,859
Professional fees	29,225	16,393
Auditors' remuneration		
– Audit services	3,300	2,800
– Non-audit services	386	144
Donations	7,900	5,720
Others	7,572	12,096
	3,190,171	2,805,275

10 STAFF COSTS (INCLUDING DIRECTORS AND SUPERVISORS' EMOLUMENTS)

	2015	2014
Salaries and bonuses	1,223,219	956,556
Pension costs (Note 27)	140,690	127,313
Housing benefits and subsidies	77,524	61,780
Labor union and staff education expenses	32,128	27,336
Other social security and benefit costs	152,559	151,104
Total (Note 9)	1,626,120	1,324,089

Notes to the Financial Statements

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

10 STAFF COSTS (INCLUDING DIRECTORS AND SUPERVISORS' EMOLUMENTS) (Continued)

Five highest paid individuals

For the year ended 31 December 2015, the five highest paid individuals in the Bank included no directors or supervisors (2014: nil).

The emoluments payable to remaining of the five highest paid individuals for the relevant year are as follows:

	2015	2014
Salaries and housing allowances and benefits	1,679	2,559
Discretionary bonuses	13,167	14,692
Contributions to pension schemes	191	131
	15,037	17,382

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

	Number of individuals	
	2015	2014
RMB500,001 – RMB1,000,000	–	–
RMB1,000,001 – RMB1,500,000	–	–
RMB1,500,001 – RMB2,000,000	–	–
RMB2,000,001 – RMB2,500,000	–	3
RMB2,500,001 – RMB3,000,000	3	1
RMB3,000,001 – RMB3,500,000	1	–
RMB3,500,001 – RMB4,000,000	1	–
RMB4,000,001 – RMB4,500,000	–	–
RMB4,500,001 – RMB5,000,000	–	–
RMB5,000,001 and above	–	1
	5	5

No emoluments had been paid by the Bank to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Bank or as compensation for loss of office.

11 IMPAIRMENT LOSSES

	2015	2014
Loans and advances to customers (Note 18(b))		
– Collectively assessed	420,012	321,838
– Individually assessed	593,407	410,185
Loans and receivables (Note 19)	117,114	154,172
Others	4,767	3,371
	1,135,300	889,566

Notes to the Financial Statements

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

12 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Emoluments of directors and supervisors

Details of the directors' and supervisors' emoluments for the year ended 31 December 2015 are as follows:

Name	2015				Total
	Fees	Salaries and allowances and benefits	Discretionary bonuses	Contribution to pension schemes	
Executive directors					
Gan Weimin ⁽¹⁾	–	480	926	87	1,493
Ran Hailing (President) ⁽²⁾	–	480	1,020	123	1,623
Zhan Wanghua ⁽³⁾	–	324	664	–	988
Ni Yuemin ⁽⁴⁾	–	99	582	24	705
Non-executive directors					
Deng Yong	53	–	–	–	53
Qin Wei	47	–	–	–	47
WONG Hon Hing	102	–	–	–	102
Lv Wei	86	–	–	–	86
Li He ⁽⁹⁾	151	–	–	–	151
TO Koon Man Henry ⁽⁹⁾	147	–	–	–	147
Yang Jun ⁽⁵⁾	89	–	–	–	89
Wang Pengguo ⁽⁶⁾	145	–	–	–	145
Kong Xiangbin ⁽⁶⁾	142	–	–	–	142
Jin Jingyu ⁽⁶⁾	148	–	–	–	148
Supervisors					
Huang Changsheng ⁽¹⁰⁾	–	399	622	87	1,108
Lin Min	–	578	1,374	39	1,991
Zhou Yongkang	–	82	–	–	82
Chen Zhengsheng	–	84	–	–	84
Yin Xianglong ⁽¹¹⁾	–	88	–	–	88
Chen Yan ⁽¹²⁾	–	57	–	–	57
Tang Jun ^{(12) (15)}	–	17	–	–	17
Wu Bing ⁽¹⁵⁾	–	18	–	–	18
Zhou Xiaohong ⁽⁷⁾	–	448	1,264	50	1,762
Yang Xiaotao ⁽¹⁰⁾	–	358	277	143	778
Total	1,110	3,512	6,729	553	11,904

Notes to the Financial Statements

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

12 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

Details of the directors' and supervisors' emoluments for the year ended 31 December 2014 are as follows:

Name	2014				Total
	Fees	Salaries and allowances and benefits	Discretionary bonuses	Contribution to pension schemes	
Executive directors					
Gan Weimin ⁽¹⁾	–	497	600	66	1,163
Ran Hailing (President) ⁽²⁾	–	497	600	93	1,190
Zhan Wanghua ⁽³⁾	–	300	396	–	696
Ni Yuemin ⁽⁴⁾	–	422	396	71	889
Non-executive directors					
Deng Yong	50	–	–	–	50
Qin Wei	44	–	–	–	44
WONG Hon Hing	82	–	–	–	82
Lv Wei	66	–	–	–	66
Xiang Li ⁽⁸⁾	38	–	–	–	38
Yin Mingshan ⁽¹³⁾	9	–	–	–	9
Zhang Weiguo ⁽⁶⁾	37	–	–	–	37
Li He ⁽⁹⁾	113	–	–	–	113
Han Deyun ⁽⁶⁾	37	–	–	–	37
Sun Fangcheng ⁽⁶⁾	37	–	–	–	37
TO Koon Man Henry ⁽⁹⁾	111	–	–	–	111
Yang Jun ⁽⁵⁾	52	–	–	–	52
Wang Pengguo ⁽⁶⁾	85	–	–	–	85
Kong Xiangbin ⁽⁶⁾	85	–	–	–	85
Jin Jingyu ⁽⁶⁾	87	–	–	–	87
Supervisors					
Huang Changsheng ⁽¹⁰⁾	–	422	396	66	884
Wan Jiayu ⁽⁷⁾	–	455	1,181	38	1,674
Lin Min	–	659	980	29	1,668
Zhou Yongkang	–	88	–	–	88
Chen Zhengsheng	–	73	–	–	73
Yin Xianglong ⁽¹¹⁾	–	64	–	–	64
Chen Yan ⁽¹²⁾	–	41	–	–	41
Tang Jun ⁽¹²⁾	–	33	–	–	33
Wen Yuping ⁽¹⁴⁾	–	15	–	–	15
Si Houchun ⁽¹⁴⁾	–	7	–	–	7
Liu Xingyu ⁽¹⁴⁾	–	5	–	–	5
Total	933	3,578	4,549	363	9,423

Notes to the Financial Statements

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

12 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

- (1) *Gan Weimin was approved as a chairman by the CBRC on 28 December 2012.*
- (2) *Ran Hailing was appointed as an agent governor on 28 December 2012, approved as a president by the CBRC on 9 April 2013.*
- (3) *Zhan Wanghua was approved as a director, as well as the Chief Risk Officer by the CBRC on 1 February 2013. Koo Tak Wing resigned on the same date.*
- (4) *Ni Yuemin was approved as a director by the CBRC on 1 February 2013 and resigned on 24 April 2015.*
- (5) *Yang Jun was appointed as a non-executive director on 7 March 2014 and approved by the CBRC on 28 April 2014.*
- (6) *Wang Pengguo, Kong Xiangbin and Jin Jingyu were appointed as independent non-executive directors on 7 March 2014 and approved by the CBRC on 28 April 2014. Zhang Weiguo, Han Deyun and Sun Fangcheng resigned on the same date.*
- (7) *Zhou Xiaohong was elected as a supervisor on 24 March 2015 and Wan Jiayu has fulfilled her term since the same date.*
- (8) *Xiang Li resigned as non-executive director on 30 December 2014.*
- (9) *TO Koon Man Henry and Li He were approved as directors by the CBRC on 6 September 2013. Horace S.Y. Fan and Xiao Changhua resigned on the same date.*
- (10) *Ma Qianzhen has resigned his duty as chief supervisor on 27 May 2014 and Huang Changsheng was appointed to manage the duty of supervisor. Yang Xiaotao was elected as new chief supervisor on 24 March 2015.*
- (11) *Yin Xianglong was appointed as a supervisor on 7 March 2014.*
- (12) *Chen Yan and Tang Jun was appointed as supervisors on 7 March 2014.*
- (13) *Yin Mingshan has fulfilled his term as executive director 7 March 2014.*
- (14) *Wen Yuping, Si Houchun and Liu Xingyu resigned as supervisors on 7 March 2014.*
- (15) *Wu Bing was elected as supervisor on 11 August 2015. Tang Jun no longer served as supervisor since the same date.*

The total compensation packages (including discretionary bonus) for executive directors and supervisors for the year ended 31 December 2015 have not yet been finalised in accordance with relevant regulations of the PRC authorities. The amount of the compensation not provided is not expected to have any significant impact on the Bank's 2015 financial statements. The final compensation amounts for the year ended 31 December 2015 will be disclosed in a separate announcement when determined. The stated compensation amounts for these directors and supervisors for the year ended 31 December 2014 were the finalised amounts disclosed.

Notes to the Financial Statements

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

12 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Directors' and supervisors' retirement benefits

During the year end 31 December 2015, no retirement benefit was paid to the directors or supervisors by a defined benefit pension plan operated by the Bank (2014: nil).

(c) Directors' and supervisors' termination benefits

During the year end 31 December 2015, no termination benefits was paid to the directors or supervisors operated by the Bank (2014: nil).

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

During the year end 31 December 2015, no consideration was provided to third parties for making available directors' and supervisor' services by the Bank (2014: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and controlled body corporates of such directors and supervisors

During the year ended 31 December 2015, no loan, quasi-loan and other dealing was entered into by the Bank, where applicable, in favour of directors, supervisors and the controlled body corporate of such directors and supervisors.

During the year ended 31 December 2014, no loan, quasi-loan and other dealing was entered into by the Bank, where applicable, in favour of directors and supervisors. The information about loans, quasi-loans and other dealings entered into by the Bank, where applicable, in favour of the controlled body corporate of a director is as follows:

	Name of director	Nature of connection	Outstanding at the beginning of the year	Outstanding at the end of the year	Maximum outstanding during the year	Amounts fallen due but not been paid	Provisions for doubtful/bad debts made	Term	Interest rate	Security
As at 31 December 2014	Chongqing Lifan Holdings Co., Ltd.	Controlled by Yin Mingshan family	835,000	834,000	850,000	-	9,341	1 year, principle due at the maturity date, pay interest quarterly	5.60%	Natural person guarantee

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Bank's business, to which the Bank was a party and in which a director or a supervisor of the Bank had a material interest, whether directly or indirectly subsisted at the end of 2015 or at any time during the year (2014: nil).

Notes to the Financial Statements

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

13 INCOME TAX EXPENSE

	2015	2014
Current income tax	1,388,133	1,043,246
Deferred income tax (Note 26)	(288,275)	(80,085)
	1,099,858	963,161

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

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate 25% (2014: 25%) to profit before income tax can be reconciled as follows:

	2015	2014
Profit before income tax	4,269,919	3,790,304
Tax calculated at a tax rate of 25%	1,067,480	947,576
Tax effect arising from non-taxable income ^(a)	(57,049)	(49,332)
Tax effect of expenses that are not deductible for tax purposes ^(b)	91,014	66,082
Tax filing differences for previous years	(1,587)	(1,165)
Income tax expense	1,099,858	963,161

(a) The Bank's non-taxable income mainly represents interest income arising from treasury bonds, which is non-taxable in accordance with PRC tax laws.

(b) The Bank's expenses that are not tax deductible for tax purposes mainly represent certain expenditures, such as entertainment expenses etc., which exceed the tax deduction limits pursuant to PRC Laws.

14 BASIC AND DILUTED EARNINGS PER SHARE

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

	2015	2014
Net profit attributable to shareholders of the Bank (in thousands of RMB)	3,170,061	2,827,143
Weighted average number of ordinary shares issued (in thousand)	2,715,629	2,705,228
Basic earnings per share (in RMB)	1.17	1.05

(b) Diluted earnings per share

For the years ended 31 December 2015 and 2014, there was no potential diluted ordinary share, so the diluted earnings per share was the same as the basic earnings per share.

Notes to the Financial Statements

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

15 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2015	2014
Cash	614,162	639,506
Mandatory reserve deposits	28,789,768	28,950,238
Surplus reserve deposits with central bank	8,774,033	6,004,746
Fiscal deposits	23,406	104,603
	38,201,369	35,699,093

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

	As at 31 December	
	2015	2014
Mandatory reserve rate for deposits denominated in RMB	14.0%	17.5%
Mandatory reserve rate for deposits denominated in foreign currencies	5%	5%

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

Surplus reserve deposits are maintained with central bank mainly for liquidity purpose.

16 DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2015	2014
Deposits with other banks and financial institutions	9,205,978	2,879,279
Notes purchased under resale agreements	35,477,556	44,464,276
Securities purchased under resale agreements	–	1,999,800
Other financial assets purchased under resale agreements	450,060	2,480,060
Placements with other banks and financial institutions	722,962	2,586,038
	45,856,556	54,409,453
Less: Impairment allowance on amounts due from other banks and financial institutions		
– Individual assessed provision	–	–
	45,856,556	54,409,453

There is no impairment allowance on amounts due from other banks and financial institutions and no write-off amount in 2015 and 2014.

Notes to the Financial Statements

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

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2015	2014
Other debt securities		
– Listed outside Hong Kong	907,721	2,588,293
– Unlisted – corporate bonds	1,404,865	2,209,917
	2,312,586	4,798,210

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

As at 31 December 2015 and 2014, no trading securities of the Bank was pledged to third parties under any repurchase agreements.

Financial assets at fair value through profit or loss are analysed by issuer as follows:

	As at 31 December	
	2015	2014
Designated debt securities issued by:		
– Corporation	2,312,586	4,798,210

18 LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	As at 31 December	
	2015	2014
Loans and advances to corporate entities		
– Corporate loans	84,276,669	69,031,229
– Discounted bills	4,120,780	4,866,911
Subtotal	88,397,449	73,898,140
Loans and advances to individuals		
– Mortgages loans	18,012,580	17,339,942
– Individual consumption loans	3,848,972	3,876,509
– Credit card advances	2,924,258	2,253,277
– Individual business loans	11,586,127	9,080,283
– Others	–	700
Subtotal	36,371,937	32,550,711
Total	124,769,386	106,448,851
Less: Allowance for impairment losses		
– Collectively assessed	(2,492,792)	(2,072,780)
– Individual assessed	(460,142)	(261,315)
Total	(2,952,934)	(2,334,095)
Loans and advances to customers	121,816,452	104,114,756

Notes to the Financial Statements

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	As at 31 December			
	2015		2014	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at the beginning of the year	2,072,780	261,315	1,750,942	115,550
Impairment allowances for loans and advances charged to profit or loss	847,547	668,672	394,100	514,349
Reversal of impairment allowances for loans and advances	(427,535)	(75,265)	(72,262)	(104,164)
Net impairment allowances for loans and advances charged to profit or loss (Note 11)	420,012	593,407	321,838	410,185
Unwinding discount on allowances	–	(59,493)	–	(28,975)
Loans and advances written off during the year as uncollectible	–	(345,552)	–	(236,990)
Recoveries of loans and advances written off in prior years	–	10,465	–	1,545
Balance at the end of the year	2,492,792	460,142	2,072,780	261,315

	As at 31 December			
	2015		2014	
	Corporate	Individual	Corporate	Individual
Balance at the beginning of the year	1,594,439	739,656	1,311,877	554,615
Impairment allowances for loans and advances charged to profit or loss	1,112,175	404,044	614,996	293,453
Reversal of impairment allowances for loans and advances	(366,540)	(136,260)	(155,239)	(21,187)
Net impairment allowances for loans and advances charged to profit or loss	745,635	267,784	459,757	272,266
Unwinding of discount on allowances	(44,866)	(14,627)	(26,506)	(2,469)
Loans and advances written off during the year as uncollectible	(253,314)	(92,238)	(151,046)	(85,944)
Recoveries of loans and advances written off in prior years	647	9,818	357	1,188
Balance at the end of the year	2,042,541	910,393	1,594,439	739,656

Notes to the Financial Statements

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Individually identified loans with impairment allowance

	As at 31 December			
	2015		2014	
	Impaired loan	Specific provision	Impaired loan	Specific provision
Corporate	883,238	330,517	604,039	206,879
Individual	327,090	129,625	127,941	54,436
	1,210,328	460,142	731,980	261,315

	As at 31 December	
	2015	2014
Individually impaired loans to gross loans and advances to customers (%)	0.97%	0.69%

19 INVESTMENT SECURITIES

	As at 31 December	
	2015	2014
Investment securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust schemes ^(a)	50,160,905	35,989,622
– Wealth management products purchased from financial institutions	4,308,582	2,718,927
– Directional asset management plan ^(b)	13,516,686	14,737,000
– Commercial acceptance bills purchased under resale agreements	4,306,545	–
– Local government bonds	958,900	–
– Asset-Backed Securities	27,882	97,000
Impairment	(271,286)	(154,172)
Loans and receivables – Total	73,008,214	53,388,377
Investment securities – available-for-sale		
Debt securities – at fair value		
– Listed outside Hong Kong	8,006,306	4,137,372
– Unlisted	10,472,231	5,865,195
Debt securities	18,478,537	10,002,567
Equity securities – at fair value		
– Unlisted	492,416	291,122
Equity securities	492,416	291,122
Others	14	14
Available-for-sale – Total	18,970,967	10,293,703

Notes to the Financial Statements

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

19 INVESTMENT SECURITIES (Continued)

	As at 31 December	
	2015	2014
Investment securities – held-to-maturity		
Debt securities – at amortised cost		
– Listed outside Hong Kong	4,457,687	4,708,824
– Unlisted	9,359,037	2,588,816
Held-to-maturity – Total	13,816,724	7,297,640

Investment securities' impairment movement :

	Loans and receivables	Available for sale financial assets	Held-to- maturity investments	Total
As at 1 January 2015	154,172	–	–	154,172
Charge for the year (Note 11)	122,246	–	–	122,246
Reversal of the Year (Note 11)	(5,132)	–	–	(5,132)
As at 31 December 2015	271,286	–	–	271,286

Investment securities are analysed by issuer as follows:

	As at 31 December	
	2015	2014
Investment securities – loans and receivables		
– Trust company	50,188,787	36,086,622
– Securities company	13,411,717	14,737,000
– Commercial bank	8,615,127	2,718,927
– Asset management company	104,969	–
– Government	958,900	–
Impairment	(271,286)	(154,172)
	73,008,214	53,388,377
Investment securities – available-for-sale		
– Political bank	3,079,089	3,028,110
– Corporate entity	15,140,594	5,544,606
– Commercial bank	70,611	709,851
– Trust company	188,243	720,000
– Equity Investment at fair value	492,416	291,122
– Others	14	14
	18,970,967	10,293,703
Investment securities – held-to-maturity		
– Government	10,515,099	5,051,655
– Political bank	2,835,625	1,779,985
– Commercial bank	420,000	420,000
– Corporate entity	46,000	46,000
	13,816,724	7,297,640

Notes to the Financial Statements

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

19 INVESTMENT SECURITIES (Continued)

(a) The trust schemes:

	As at 31 December	
	2015	2014
The trust schemes purchased from trust company		
– guaranteed by other bank	2,248,800	4,724,400
– guaranteed by guarantee company	2,731,000	4,518,900
– pledged by certificates of deposit	11,110,400	5,545,700
– collateralised by properties	22,725,705	9,354,632
– guaranteed by third-party company	1,874,000	2,463,490
Subtotal	40,689,905	26,607,122
The trust schemes purchased from commercial bank		
– guaranteed by other bank	9,471,000	9,142,500
– guaranteed by guarantee company	–	240,000
Subtotal	9,471,000	9,382,500
Total	50,160,905	35,989,622

(b) The directional asset management plans :

	As at 31 December	
	2015	2014
The asset management plans purchased from securities company		
– guaranteed by other bank	2,727,000	12,172,000
– guaranteed by guarantee company	120,000	140,000
– pledged by certificates of deposit	2,811,212	–
– collateralised by properties	580,000	–
– guaranteed by third-party company	864,000	425,000
– credit guarantee	423,025	–
Subtotal	7,525,237	12,737,000
The asset management plans purchased from commercial bank		
– guaranteed by other bank	5,886,480	2,000,000
Subtotal	5,886,480	2,000,000
The asset management plans purchased from asset management company		
– guaranteed by fund company	104,969	–
Subtotal	104,969	–
Total	13,516,686	14,737,000

Notes to the Financial Statements

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

19 INVESTMENT SECURITIES (Continued)

(b) The directional asset management plans: (Continued)

Net (losses)/gains on investment securities include:

	2015	2014
Net (losses)/gains arising from de-recognition of held-for-trading financial assets	(11,591)	67,294
Net gains arising from de-recognition of available-for-sale financial assets	1,348	83,343
	(10,243)	150,637

20 INVESTMENT IN AN ASSOCIATE

	As at 31 December	
	2015	2014
Balance at the beginning of the year	26,405	24,370
Share of profit of an associate	2,809	2,035
Balance at the end of the year	29,214	26,405

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

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

	Place of incorporation	Assets	Liabilities	Revenue	Profit	Interest held
As at/for the year ended						
31 December 2015						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	PRC	1,402,697	1,257,963	49,921	14,043	20%
As at/for the year ended						
31 December 2014						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	PRC	761,272	630,581	36,482	10,175	20%

* The English names of the associate represented the best efforts by the management in translating the Chinese name as the associate does not have an official English name.

Notes to the Financial Statements

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

21 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2015	1,779,013	18,478	290,127	109,972	745,541	2,943,131
Additions	6,527	–	37,511	11,137	284,879	340,054
Construction in progress transfer in/(out)	121,756	–	–	956	(122,712)	–
Disposals	(334)	–	(10,654)	(6,619)	–	(17,607)
As at 31 December 2015	1,906,962	18,478	316,984	115,446	907,708	3,265,578
Accumulated depreciation						
As at 1 January 2015	(286,240)	(15,185)	(181,011)	(64,041)	–	(546,477)
Charge for the year (Note 9)	(58,476)	(1,350)	(34,148)	(14,298)	–	(108,272)
Disposals	71	–	9,782	6,325	–	16,178
At 31 December 2015	(344,645)	(16,535)	(205,377)	(72,014)	–	(638,571)
Net book value						
As at 31 December 2015	1,562,317	1,943	111,607	43,432	907,708	2,627,007
Cost						
As at 1 January 2014	1,333,045	18,720	270,437	90,182	834,768	2,547,152
Additions	51,555	13	45,430	19,084	305,561	421,643
Construction in progress transfer in/(out)	392,960	–	76	1,752	(394,788)	–
Investment properties transfer in	3,710	–	–	–	–	3,710
Disposals	(103)	(255)	(25,816)	(1,046)	–	(27,220)
Transfer to investment properties	(2,154)	–	–	–	–	(2,154)
As at 31 December 2014	1,779,013	18,478	290,127	109,972	745,541	2,943,131
Accumulated depreciation						
As at 1 January 2014	(235,219)	(13,679)	(176,436)	(52,846)	–	(478,180)
Charge for the year (Note 9)	(51,929)	(1,754)	(28,386)	(11,551)	–	(93,620)
Investment properties transfer in	(633)	–	–	–	–	(633)
Disposals	98	248	23,811	356	–	24,513
Transfer to investment properties	1,443	–	–	–	–	1,443
At 31 December 2014	(286,240)	(15,185)	(181,011)	(64,041)	–	(546,477)
Net book value						
As at 31 December 2014	1,492,773	3,293	109,116	45,931	745,541	2,396,654

As at 31 December 2015, the net amount of buildings, for which registrations for the property ownership certificates had not been completed, was RMB141,641 thousand (2014: RMB342,025 thousand). However, such registration process has little effect on the rights of the Bank to these assets.

Notes to the Financial Statements

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

22 OTHER ASSETS

	As at 31 December	
	2015	2014
Interest receivable (<i>Note(a)</i>)	1,766,333	1,299,591
Fee and commission receivable	218,664	139,553
Other receivables	276,948	20,039
Less: Impairment allowance	(2,214)	(845)
Land use rights (<i>Note(b)</i>)	163,183	168,046
Leasehold improvement	53,341	57,982
Intangible assets (<i>Note(c)</i>)	69,429	62,564
Foreclosed assets	21,547	10,063
Prepaid rental expenses	50,168	27,064
Investment properties (<i>Note(d)</i>)	4,714	5,032
Other	40,865	–
	2,662,978	1,789,089

Notes:

(a) *Interest receivable:*

	As at 31 December	
	2015	2014
Due from and placements with banks, other financial institutions and central bank	48,108	20,977
Investment securities	1,331,548	1,001,557
Loans and advances to customers	386,677	277,057
	1,766,333	1,299,591

Notes to the Financial Statements

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

22 OTHER ASSETS (Continued)

Notes: (Continued)

(b) Land use rights

	As at 31 December	
	2015	2014
Cost		
Balance at the beginning of the year	194,165	194,165
Additions	–	–
Disposals	–	–
Balance at the end of the year	194,165	194,165
Accumulated amortisation		
Balance at the beginning of the year	(26,119)	(21,256)
Additions (Note 9)	(4,863)	(4,863)
Transfer out	–	–
Balance at the end of the year	(30,982)	(26,119)
Net book value		
Balance at the end of the year	163,183	168,046

(c) Intangible assets

	As at 31 December	
	2015	2014
Cost		
Balance at the beginning of the year	126,637	106,157
Additions	26,538	20,480
Balance at the end of the year	153,175	126,637
Accumulated amortisation		
Balance at the beginning of the year	(64,073)	(46,681)
Additions (Note 9)	(19,673)	(17,392)
Balance at the end of the year	(83,746)	(64,073)
Net book value		
Balance at the end of the year	69,429	62,564

Notes to the Financial Statements

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

22 OTHER ASSETS (Continued)

Notes: (Continued)

(d) Investment properties

	As at 31 December	
	2015	2014
Cost		
Balance at the beginning of the year	9,868	11,424
Additions	–	–
Transfer in from property, plant and equity	–	2,154
Transfer out	–	(3,710)
Balance at the end of the year	9,868	9,868
Accumulated depreciation		
Balance at the beginning of the year	(4,836)	(3,791)
Transfer in from property, plant and equity	–	(1,443)
Additions (Note 9)	(318)	(235)
Transfer out	–	633
Balance at the end of the year	(5,154)	(4,836)
Net book value		
Balance at the end of the year	4,714	5,032

23 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2015	2014
Loans from central bank	3,586,768	2,918,096
Deposits from other banks	28,777,759	32,311,570
Deposits from other financial institutions	12,682,929	8,385,199
Loans from other banks and financial institutions	3,000,000	3,500,000
Notes sold under repurchase agreements	25,188,099	32,939,059
Securities sold under repurchase agreements	–	1,581,800
	73,235,555	81,635,724

Notes to the Financial Statements

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

24 CUSTOMER DEPOSITS

	As at 31 December	
	2015	2014
Corporate demand deposits	57,102,294	48,920,176
Corporate time deposits	77,426,011	64,523,802
Individual demand deposits	8,979,971	9,015,331
Individual time deposits	31,197,219	18,974,821
Other deposits	24,593,210	26,498,306
	199,298,705	167,932,436
Including:		
Pledged deposits held as collateral	16,619,121	24,585,657

25 OTHER LIABILITIES

	As at 31 December	
	2015	2014
Interest payable (Note(a))	2,556,104	2,392,783
Wealth management products	2,621,394	1,384,185
Employee benefits payable	677,195	315,183
Business and other tax payable	156,034	160,929
Dividends payable	13,284	13,872
Deferred income	70,000	60,000
Other payables	443,893	338,747
Settlement fund	–	1,937
Promissory notes	627,080	344,228
Others	53,017	44,425
	7,218,001	5,056,289

Note:

(a) Interest payable

	As at 31 December	
	2015	2014
Deposits from banks and other financial institutions	394,647	468,393
Customer deposits	2,020,910	1,783,927
Debt securities issued	140,547	140,463
Total	2,556,104	2,392,783

Notes to the Financial Statements

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

26 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 year ended 31 December 2015 (2014: 25%) for transactions in the PRC.

Movements in the deferred income tax account are as follows:

	As at 31 December	
	2015	2014
Balance at the beginning of the year	317,765	305,651
Charge to profit or loss (Note(13))	288,275	80,085
Fair value changes of available-for-sale securities	(100,120)	(67,971)
Balance at the end of the year	505,920	317,765

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

	As at 31 December	
	2015	2014
Deferred income tax assets		
Assets impairment allowances	495,648	297,309
Others	163,453	73,550
	659,101	370,859
Deferred income tax liabilities		
Fair value gains	(153,181)	(53,094)
Net deferred income tax assets	505,920	317,765

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

	2015	2014
Assets impairment allowances	198,339	78,802
Fair value losses/(gains)	33	(34,091)
Others	89,903	35,374
	288,275	80,085

Notes to the Financial Statements

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

27 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 set up by the Bank pursuant to related state corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in other comprehensive income as incurred.

	2015	2014
Expenses incurred for retirement benefit plans	98,719	94,999
Expenses incurred for supplementary retirement benefits	677	774
Expenses incurred for corporate annuity plan	41,294	31,540
Total (Note 10)	140,690	127,313

	As at 31 December	
	2015	2014
Statement of financial position obligations for:		
– Pension benefits	23,380	20,977

	2015	2014
Statement of comprehensive income charge for:		
– Pension benefits	677	774

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

	As at 31 December	
	2015	2014
Present value of unfunded obligations	23,380	20,977
Unrecognised past service cost	–	–
Net amount of liabilities in the statement of financial position	23,380	20,977

Notes to the Financial Statements

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

27 RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	As at 31 December	
	2015	2014
Balance at the beginning of the year	20,977	19,691
Retirement benefits paid	(1,566)	(1,265)
Current service cost	–	–
Interest cost	677	774
Net actuarial gains	3,292	1,777
Past service cost	–	–
Balance at the end of the year	23,380	20,977

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

	2015	2014
Current service cost	–	–
Interest cost	677	774
Past service cost	–	–
Retirement benefit expense – total	677	774

Revaluation of pension scheme recognised in the statement of other comprehensive income is as follows:

	2015	2014
Revaluation of pension scheme	2,469	1,333

The principal actuarial assumptions for calculating retirement benefits obligations are as follows:

	As at 31 December	
	2015	2014
Discount rate	3.35%	4.06%
Inflation rate for pension benefits	4.00%	4.00%

The mortality assumptions are determined based on the statistics published by China Insurance Regulatory Commission.

Notes to the Financial Statements

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

27 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The following table lists an average life expectancy in years of a pensioner retiring at age 60 for male and 55 for female:

	As at 31 December	
	2015	2014
Male	22.08	22.08
Female	29.58	29.58

28 DEBT SECURITIES ISSUED

	As at 31 December	
	2015	2014
Subordinated debts		
Fixed rate subordinated debt – 2022 ^(a)	795,902	795,468
Financial debt		
Fixed rate financial debt – 2018 ^(b)	2,992,474	2,989,608
Inter-bank certificate of deposit ^(c)	14,702,366	–
	18,490,742	3,785,076

(a) 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 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 pursuant to related regulations of CBRC.

(b) 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 on 25 April 2013. The financial bond issued 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 all for small and micro enterprise loans.

(c) In 2015, the Bank issued 21 inter-bank certificates of deposit. As at 31 December 2015, 14 of them are not yet due with a total par value of RMB15 billion (31 December 2014: nil).

As at 31 December 2015, there was no default of principal and interest or other breach with respect to these debts from the issuance of these debt securities (2014: nil).

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

29 SHARE CAPITAL

All shares of the Bank issued are fully paid ordinary shares. The par value per share is RMB1.00. The Bank's number of shares is as follows:

	Number of shares (in thousand)	Amount
As at 31 December 2014	2,705,228	2,705,228
Additional issuance of H shares (Note(a))	421,827	421,827
As at 31 December 2015	3,127,055	3,127,055

Note:

(a) The Bank received "Reply of Approving the Additional Issuance of Overseas Listed Foreign Shares by Bank of Chongqing Co., Ltd." (Zheng Jian Xu Ke [2015] No. 2879) on 10 December 2015, pursuant to which up to 599,086,350 overseas listed foreign shares (i.e., H Shares) with a RMB1.00 par value per share can be issued, all of which are ordinary shares. The Bank issued 421,827,300 H shares at offer price of HKD7.65 per share to Shanghai Automobile Industry (Group) Company or a subsidiary procured by it to subscribe for the new H Shares and Funde Sino Life Insurance Co., Ltd. on 23 December 2015.

The capital was injected on 23 December 2015. PricewaterhouseCoopers Zhong Tian LLP verified the capital and issued the capital verification report (PwC ZT Yan Zi (2016) No. 197).

30 CAPITAL SURPLUS

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

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

Capital surplus can be utilised for the issuance of bonus shares or for increasing paid-in capital as approved by the shareholders.

The Bank issued shares at share premium. Share premium was recorded in the capital surplus after deducting direct issuance costs, which mainly included underwriting fees and professional fees.

As at 31 December 2015 and 2014, the Bank's capital surplus is shown as follow:

	As at 31 December	
	2015	2014
Stock premium	4,679,838	2,443,823
Donations received from shareholders	800	800
	4,680,638	2,444,623

Notes to the Financial Statements

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

31 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits	Total
Balance at 1 January 2015	1,205,208	2,502,432	90,370	242	3,798,252
Other comprehensive income	–	–	300,360	(2,469)	297,891
Addition	317,006	924,150	–	–	1,241,156
Balance at 31 December 2015	1,522,214	3,426,582	390,730	(2,227)	5,337,299
Balance at 1 January 2014	922,494	1,843,080	(113,543)	1,575	2,653,606
Other comprehensive income	–	–	203,913	(1,333)	202,580
Addition	282,714	659,352	–	–	942,066
Balance at 31 December 2014	1,205,208	2,502,432	90,370	242	3,798,252

(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 represents 50% of the share capital of the Bank. With approval, statutory surplus reserve can be used for making up losses, or increasing the share capital.

In accordance with a resolution of the Board of Directors dated 18 March 2016, the Bank appropriated 10% of the net profit for the year ended 31 December 2015 to the statutory surplus reserves, amounting to RMB317,006 thousand (2014: RMB282,714 thousand).

(b) *General reserve*

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 the Ministry of Finance (MOF). In principal, the general reserve balance should not be below 1.5% of the ending balance of risk assets. This Circulars also stipulates that if the balance of general risk reserve for a financial enterprise 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 RMB615,839 thousand based on 1.5% of the ending balance of risk assets for the year ended 31 December 2015 will be proposed for approval at the Annual General Meeting. These financial statements do not reflect this general reserve.

Notes to the Financial Statements

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

32 DIVIDENDS

	2015	2014
Dividend declared during the year	735,822	605,971
Dividend per share (in RMB)(Based on prior year shares)	0.272	0.224

Under the 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 lower of (i) the retained profits determined in accordance with the China Accounting Standards and (ii) the retained profit determined in accordance with IFRS.

A dividend of RMB0.264 per share in respect of profit for the year ended 31 December 2015 (2014:RMB0.272 per share), amounting to a total dividend of RMB825,542 thousand based on the number of shares issued as at 31 December 2015, will be proposed for approval at the Annual General Meeting. These financial statements do not reflect this dividend payable in liabilities.

33 STRUCTURED ENTITY

(a) Consolidated structured entity

The Bank has consolidated certain structured entities which mainly are wealth management products where the Bank provides financial guarantee. When assessing whether to consolidate structured entities, the Bank reviews all facts and circumstances to determine whether the Bank, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those wealth management products where the Bank provides financial guarantee, the Bank therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements although the Bank does not have any investment in those products. The Bank concludes that these structured entities shall be consolidated.

As at 31 December 2015, the wealth management products managed and consolidated by the Bank amounted to RMB7,757,477 thousand (31 December 2014: RMB1,590,549 thousand). The financial impact of any individual wealth management products on the Bank's financial performance is not significant. Interests held by interest holders in wealth management products are included in due to customers.

Notes to the Financial Statements

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

33 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity

(i) Unconsolidated structured entities managed by the Bank

The unconsolidated structure entities managed by the Bank are 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 designs and sells capital investment and management plan to specific targeted clients, and the raised funds are 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 receives corresponding wealth management commission fee income as the asset manager. The Bank expects that the variable return is insignificant as to the structured entities. By the end of 31 December 2015, the maximum risk exposure of the unconsolidated structured entities is the commission fee of the wealth management products with insignificant amount.

By the end of 31 December 2015, the balance of unconsolidated wealth management products managed and consolidated by the Bank was RMB25,127,360 thousand (2014: RMB19,719,933 thousand).

(ii) Unconsolidated structured entities invested by the Bank

In 2015, to make better use of capital for profit, the Bank invested in unstructured entities, including the wealth management products, capital trust schemes and directional asset management plans issued and managed by independent third parties. 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 assets due to the holdings of profits from unconsolidated structured entities (including interest receivable).

	Book value	Maximum risk exposure
As at 31 December 2015		
Loans and receivables	73,462,407	73,462,407
<hr/>		
		Maximum Risk
As at 31 December 2014	Book value	exposure
Loans and receivables	53,840,656	53,840,656

Notes to the Financial Statements

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

33 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Bank (Continued)

The interest income and fee and commission income from the above unconsolidated structured entities were:

	2015	2014
Interest income	4,491,674	2,887,944
Fee and commission income	933,419	441,158
	5,425,093	3,329,102

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

In 2015, there was no loss related to the above unconsolidated structured entities (2014:nil).

By the end of 31 December 2015, the Bank had not provided any financial or other support plan to unconsolidated structured entities (2014: nil).

34 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:

	As at 31 December	
	2015	2014
Guarantees	2,280,292	543,404
Letters of credit	1,213,968	1,711,865
Acceptances	30,088,599	38,226,993
Other commitments with an original maturity of		
– Under 1 year	2,116,877	1,078,065
	35,699,736	41,560,327

Notes to the Financial Statements

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

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

Capital expenditure commitments

	As at 31 December	
	2015	2014
Contracted but not provided for:		
– Capital expenditure commitments for buildings	183,412	283,952
– Acquisition of IT system	57,826	66,633
	241,238	350,585
Authorised but not contracted for:		
– Capital expenditure commitments for buildings	139,025	203,716

Operating lease commitments

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

	As at 31 December	
	2015	2014
Within 1 year	60,066	51,549
Between 1 to 5 years	110,211	85,366
Later than 5 years	24,901	18,796
	195,178	155,711

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. The Bank has one outstanding legal claim for loan of RMB6,000 thousand as at 31 December 2015 (2014: one outstanding legal claim for mortgage of RMB23,000 thousand). After consulting legal professionals, the management believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operations of the Bank.

Notes to the Financial Statements

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

35 COLLATERALS

(a) Assets pledged

As at 31 December 2015, the carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2015	2014
Debt securities	–	1,581,800
Notes under resale agreements	16,669,404	21,183,692
Discounted bills	595,988	751,061
Total	17,265,392	23,516,553

As at 31 December 2015, the carrying amounts of loans pledged as collateral under refinance agreements with PBOC are as follows:

	As at 31 December	
	2015	2014
Loans	203,000	–
Total	203,000	–

As at 31 December 2015, the Bank's repurchase agreements and refinance agreements are due within 12 months.

(b) Collateral accepted

The bank received debt securities and bills as collateral in connection with the purchase of assets under resale agreements. Certain of these collaterals can be resold or repledged. As at 31 December 2015, the Bank has accepted collateral that can be resold or repledged with a fair value of RMB26,170,546 thousand (31 December 2014: RMB33,185,630 thousand). The bank has resold or repledged collateral accepted with a fair value of RMB16,669,404 thousand as at 31 December 2015 (31 December 2014: RMB21,183,692 thousand).

36 CREDIT RISK-WEIGHTED AMOUNT OF FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS

	As at 31 December	
	2015	2014
Financial guarantees and credit related commitments	10,258,298	13,996,784

The credit risk weighted amount refers to the amount as computed in accordance with the formula promulgated by the CBRC and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and credit commitments.

Notes to the Financial Statements

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

37 OTHER COMPREHENSIVE INCOME

	Before tax amount	Tax expense (benefit)	Net of tax amount
As at 31 December 2015			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	400,480	(100,120)	300,360
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Revaluation of pension scheme	(3,292)	823	(2,469)
Other comprehensive income/(losses) for the year	397,188	(99,297)	297,891

	Before tax amount	Tax expense (benefit)	Net of tax amount
As at 31 December 2014			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	271,884	(67,971)	203,913
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Revaluation of pension scheme	(1,777)	444	(1,333)
Other comprehensive income/(losses) for the year	270,107	(67,527)	202,580

38 NOTES TO STATEMENTS OF CASH FLOW

For the purposes of the statement 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:

	As at 31 December	
	2015	2014
Cash and balances with central bank	9,388,195	6,644,252
Due from other banks and financial institutions	8,469,684	2,879,279
Placements with banks	260,390	2,231,381
	18,118,269	11,754,912

Notes to the Financial Statements

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

39 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 were loans and deposits, which were 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:

	As at 31 December	
	2015	2014
Loans and advances to customers	346,526	411,769
Customer deposits	1,465,429	965,324
Due to other banks and financial institutions	5,013	2,995
Other receivables	230,000	–

	As at 31 December	
	2015	2014
Loans and advances to customers	4.28%-7.21%	4.92%-7.21%
Customer deposits	0.39%-5.23%	0.20%-5.50%
Due to other banks and financial institutions	0.39%	0.39%

	2015		2014
	2015	2014	
Interest income	27,267	25,685	
Interest expense	4,629	6,539	
Fee and commission income	–	6,290	

Chongqing Sanxia Guarantee Group Co., Ltd., Chongqing Xingnong Financing Guarantee Co., Ltd. and Chongqing Ex-Im Credit Guarantee Co., Ltd. are controlled by Chongqing Yufu Assets Management Group Co., Ltd., the shareholder of the Bank. As at 31 December 2015, the balances of loans collateralised by the above related parties were RMB1,804,350 thousand, RMB211,070 thousand and RMB202,000 thousand respectively. For the year ended 31 December 2015, the amounts of accumulated compensation provided by above related parties were RMB136,138 thousand, nil and nil respectively.

Notes to the Financial Statements

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

39 RELATED PARTY TRANSACTIONS (Continued)

Transactions with key management personnel

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including Directors and senior management personnel.

The Bank enters into banking transactions with key management personnel in the normal course of business. During the years ended 31 December 2015 and 2014, there was no material transaction and balance with key management personnel on an individual basis.

The compensation for key management for the years ended 31 December 2015 and 2014 comprises:

	2015	2014
Salaries, allowances and benefits	4,622	4,511
Discretionary bonuses	6,729	4,549
Contribution to pension schemes	553	363
	11,904	9,423

Note: The total compensation package for these key management personnel for the year ended 31 December 2015 has not yet been finalised in accordance with regulations of PRC relevant authorities. The amount of the compensation not provided for is not expected to have significant impact to the Bank's financial statements for the year ended 31 December 2015. The final compensation will be disclosed in a separate announcement when determined.

40 SEGMENT ANALYSIS

The Bank's operating segments are business units which 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.

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

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

Treasury mainly performs inter-bank lending and borrowing, bonds 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 Financial Statements

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

40 SEGMENT ANALYSIS (Continued)

	2015				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,242,000	300,151	4,459,922	–	7,002,073
Inter-segment net interest income/(expense)	2,029,518	527,638	(2,557,156)	–	–
Net interest income	4,271,518	827,789	1,902,766	–	7,002,073
Net fee and commission income	346,874	176,931	988,248	–	1,512,053
Net trading income	–	–	23,769	–	23,769
Net losses on investment securities	–	–	(10,243)	–	(10,243)
Share of profit of an associate	–	–	2,809	–	2,809
Other operating income	655	7,505	14,809	41,960	64,929
Impairment losses	(920,274)	(93,145)	(117,114)	(4,767)	(1,135,300)
Operating expense	(1,713,171)	(898,535)	(566,389)	(12,076)	(3,190,171)
– Depreciation and amortisation	(82,342)	(43,187)	(27,223)	(581)	(153,333)
– Others	(1,630,829)	(855,348)	(539,166)	(11,495)	(3,036,838)
Profit before income tax	1,985,602	20,545	2,238,655	25,117	4,269,919
	As at 31 December 2015				
Capital expenditure	148,122	55,097	192,582	632	396,433
Segment assets	119,491,853	44,447,139	155,358,361	510,634	319,807,987
Segment liabilities	(165,895,183)	(42,314,118)	(90,304,091)	(1,600)	(298,514,992)

Notes to the Financial Statements

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

40 SEGMENT ANALYSIS (Continued)

	2014				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,089,251	679,154	3,463,293	–	6,231,698
Inter-segment net interest income/(expense)	2,130,299	493,782	(2,624,081)	–	–
Net interest income	4,219,550	1,172,936	839,212	–	6,231,698
Net fee and commission income	742,196	166,650	–	–	908,846
Net trading income	–	–	160,189	–	160,189
Net gains on investment securities	–	–	150,637	–	150,637
Share of profit of an associate	–	–	2,035	–	2,035
Other operating income	5,366	3,378	12,589	10,407	31,740
Impairment losses	(459,757)	(272,266)	(154,172)	(3,371)	(889,566)
Operating expense	(1,806,118)	(613,970)	(364,950)	(20,237)	(2,805,275)
– Depreciation and amortisation	(88,078)	(29,941)	(17,797)	(987)	(136,803)
– Others	(1,718,040)	(584,029)	(347,153)	(19,250)	(2,668,472)
Profit before income tax	2,701,237	456,728	645,540	(13,201)	3,790,304

	As at 31 December 2014				
Capital expenditure	189,321	56,333	225,489	554	471,697
Segment assets	110,186,011	32,786,014	131,236,323	322,797	274,531,145
Segment liabilities	(143,750,589)	(28,811,408)	(86,066,886)	761	(258,628,122)

41 SUBSEQUENT EVENTS

Up to the date of this report, the Bank has no material events for disclosure after the balance sheet date.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

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

1. Liquidity Ratios

(Expressed in percentage)	As at December 31, 2015	As at December 31, 2014
RMB current assets to RMB current liabilities	53.74	52.41
Foreign currency current assets to foreign currency current liabilities	311.25	91.49

The liquidity ratios are calculated in accordance with the relevant provisions of the PBOC and the 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 include amounts due from other banks and financial institutions.

Cross-border claims have been disclosed by different countries or geographical areas. A country or geographical area is reported separately where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in 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.

	As at December 31, 2015	As at December 31, 2014
Asia Pacific excluding Mainland China	2,775,714	230,010
– of which attributed to Hong Kong	2,768,821	206,749
Europe	62,470	23,693
North America	105,307	301,892
Oceania	46	77
Total	2,943,537	555,672

Unaudited Supplementary Financial Information

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

3. Currency Concentrations

As at December 31, 2015	Equivalent in Renminbi			Total
	US Dollars	HK Dollars	Others	
Spot assets	1,386,616	2,693,167	120,385	4,200,168
Spot liabilities	(1,252,022)	(8,656)	(122,527)	(1,383,205)
Net position	134,594	2,684,511	(2,142)	2,816,963

As at December 31, 2014	Equivalent in Renminbi			Total
	US Dollars	HK Dollars	Others	
Spot assets	2,177,122	8,058	138,066	2,323,246
Spot liabilities	(2,050,717)	(8,058)	(138,067)	(2,196,842)
Net position	126,405	–	(1)	126,404

4. Overdue and Rescheduled Assets

(a) Gross amount of overdue loans

	As at December 31, 2015	As at December 31, 2014
Gross advances to customers which have been overdue for:		
Within 3 months	1,971,550	835,971
Between 3 and 6 months	385,222	156,913
Between 6 and 12 months	634,362	249,831
Over 12 months	512,168	237,012
Total	3,503,302	1,479,727

(Expressed in percentage)	As at December 31, 2015	As at December 31, 2014
Percentage:		
Within 3 months	56.27	56.50
Between 3 and 6 months	11.00	10.60
Between 6 and 12 months	18.11	16.88
Over 12 months	14.62	16.02
Total	100.00	100.00

Unaudited Supplementary Financial Information

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

4. Overdue and Rescheduled Assets (Continued)

(b) Overdue and rescheduled loans

	As at December 31, 2015	As at December 31, 2014
Total rescheduled loans	41,932	–

(c) Type of collateral of overdue loans

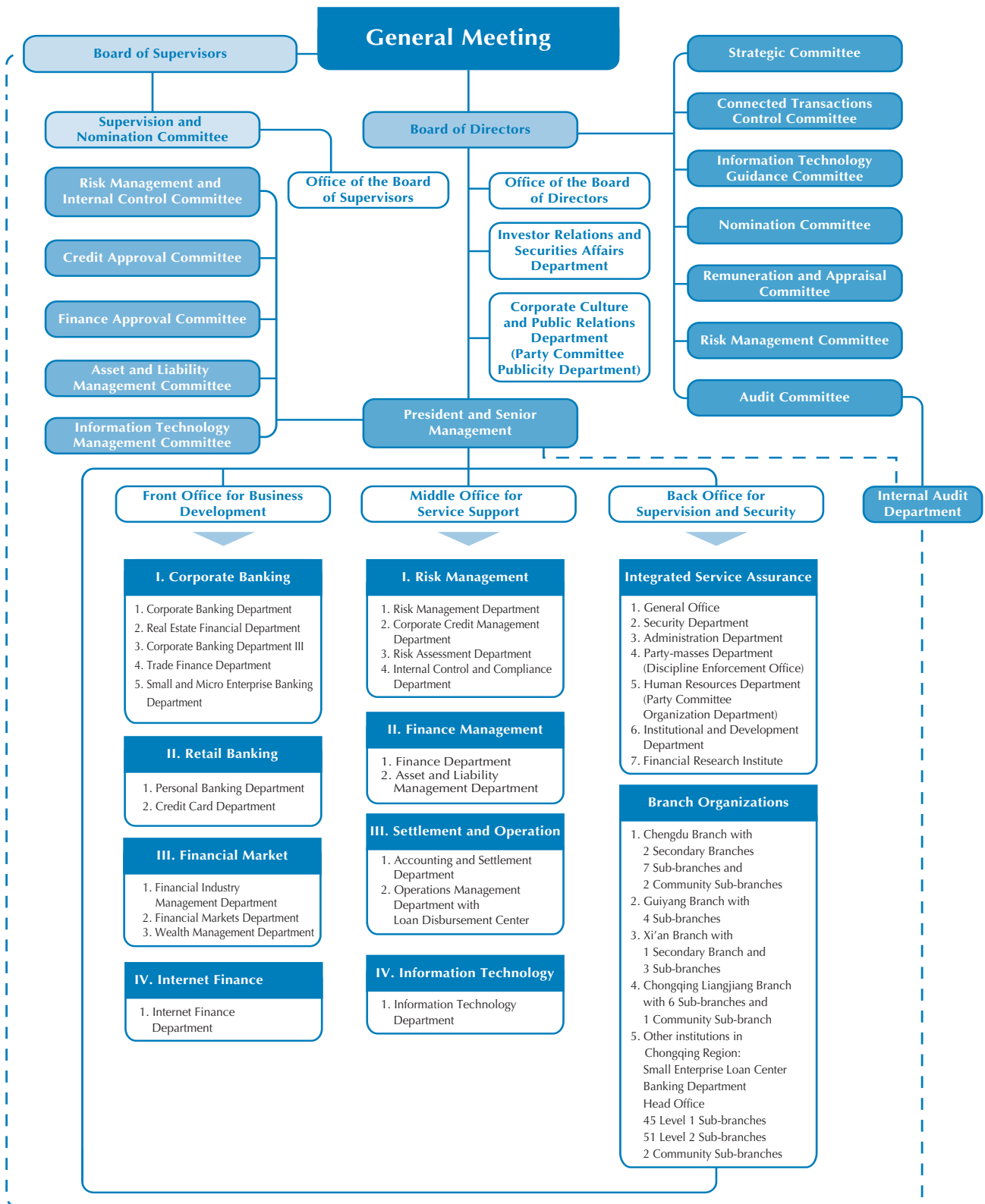
	Past due 1-90 days (including 90 days)	Past due 90 days - 1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
As at December 31, 2015					
Unsecured loans	233,038	39,954	2,378	–	275,370
Guaranteed loans	920,753	385,184	150,633	–	1,456,570
Collateralised loans	691,335	556,505	260,213	98,486	1,606,539
Pledged loans	66,380	97,986	458	–	164,824
Total	1,911,506	1,079,629	413,682	98,486	3,503,303

	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
As at December 31, 2014					
Unsecured loans	44,404	7,259	3,717	–	55,380
Guaranteed loans	281,748	141,121	13,598	–	436,467
Collateralised loans	303,701	246,305	215,264	3	765,273
Pledged loans	206,116	12,062	4,429	–	222,607
Total	835,969	406,747	237,008	3	1,479,727

5. Geographical Information

The Bank mainly operates its business in Mainland 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 of Banking Institution	Address	Postal Code
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, Hi-Tech District, Chengdu, Sichuan	610059
3	Guiyang Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building II, Shengshi Huating, No. 51 Jiefang Road, Nanming District, Guiyang, Guizhou	550002
4	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzhuobiao Building, No. 25 Tangyan Road, Xi'an, Shaanxi	710075
5	Guang'an Branch of Bank of Chongqing Co., Ltd.	1/F and 15/F, Guang'an Power Administration Building, No. 9 Siyuan Avenue, Guang'an District, Guang'an, Sichuan	638000
6	Leshan Branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 438-454 Baiyang Middle Road and (Even No.) No. 206-214 Jiaxing Road, Central District, Leshan, Sichuan	614001
7	Yan'an Branch of Bank of Chongqing Co., Ltd.	No. 1 Nanshi Street, Baota District, Yan'an, Shaanxi	716000
8	Business Department of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
9	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
10	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd.	Shop 5 No. 5, Mawangping Zheng Street, Lijiatuo, Banan District, Chongqing	400054
11	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Street, Shapingba District, Chongqing	400030
12	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
13	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
14	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District, Chongqing	400020
15	Qixinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
16	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	400084
17	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
18	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
19	Xiyong Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Building, Xiyong Tian Street, Life Service Zone, Xiyong Electronics Park, Chongqing	401333

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
20	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015
21	Jianxin North Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	400020
22	High-Tech Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	400039
23	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
24	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District, Chongqing	400010
25	Ranjiaba Sub-branch of Bank of Chongqing Co., Ltd.	No. 433 and 435 Longshan Road, Nanqiao Temple, Yubei District, Chongqing	400020
26	Nanping Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Sub-district, Nan'an District, Chongqing	400060
27	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
28	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Xiaolongkan New Street, Shapingba District, Chongqing	400030
29	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 181 Minsheng Road, Yuzhong District, Chongqing	400010
30	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
31	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-8 Tongjiang Avenue, Chayuan New District, Nan'an District, Chongqing	401336
32	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan County, Chongqing	402760
33	Wenhua Gong Sub-branch of Bank of Chongqing Co., Ltd.	No. 131 Zhongshan Er Road, Yuzhong District, Chongqing	400014
34	Lianglukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	400015
35	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
36	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
37	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
38	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
39	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
40	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
41	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District, Chongqing	401147
42	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Sub-district, Yubei District, Chongqing	401147
43	Jieshi Sub-branch of Bank of Chongqing Co., Ltd.	No. 137, 139, 141 and 143 Jiemei Road, Jieshi Town, Banan District, Chongqing	401346
44	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
45	Sanxia Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	400030
46	Banan Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District, Chongqing	401320
47	Hualongqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 162 and 164 Ruitian Road, Yuzhong District, Chongqing	400043
48	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
49	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
50	Jiulong Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400050
51	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
52	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Shuangshan Road, Dadukou District, Chongqing	400084
53	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Yucai Road, Yanjia Sub-district, Changshou District, Chongqing	401221
54	Zongbucheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 44 and 46 Huxie Road, Yuzhong District, Chongqing	400011
55	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Zhongshan Road, Beibei District, Chongqing	400700
56	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Jiefang East Road, Bachuan Sub-district, Tongliang District, Chongqing	402560
57	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 718 Nanjin Street, Hechuan District, Chongqing	401520
58	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing	401121

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
59	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2 and 2-1, Building 1, Xiangrui Building, No. 518 Dingshan Avenue, Dingshan Subdistrict, Jiangjin District, Chongqing	402260
60	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District, Chongqing	400715
61	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
62	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Sub-district, Dazu County, Chongqing	402360
63	Tongnan Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 1/F, No. 86-92 Xingtong Avenue, Guilin Sub-district, Tongnan County, Chongqing	402660
64	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 11 Wansheng Avenue, Wansheng District, Chongqing	400800
65	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Sub-district, Bishan County, Chongqing	402760
66	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District, Chongqing	400010
67	University City Sub-branch of Bank of Chongqing Co., Ltd.	No. 125-127 and 149-152, No. 17 University City West Road, Huxi Town, Shapingba District, Chongqing	401331
68	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1555 Xinhua Avenue (West Section), Qianjiang District, Chongqing	409000
69	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4, 6 and 8 Shuncheng Street, Liangshan Town, Liangping County, Chongqing	405200
70	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	404000
71	Fuling Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2,2-2,3-1,3-4, Basement, Block 2, Xiangjiang Garden, No. 8-1, Zhongshan Road, Fuling District, Chongqing	408000
72	Fuling Stadium Sub-branch of Bank of Chongqing Co., Ltd.	Xinghua Middle Road (Stadium South Road), Fuling District, Chongqing	408000
73	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Heping Road, Nan Cheng Sub-district, Nanchuan District, Chongqing	408400
74	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
75	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Fengxiang Road, Zhonghe Town, XiushanTujia and Miao Autonomous County, Chongqing	409900
76	Kai County Sub-branch of Bank of Chongqing Co., Ltd.	Shimin Plaza, Kaizhou Avenue (Middle Section), Kai County, Chongqing	405400
77	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue (West Section), Sanhe Town, Fengdu County, Chongqing	408200

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
78	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 100-6 Wanshou Avenue, Nanbin Town, Shizhu Tujia Autonomous County, Chongqing	409100
79	Lidu Sub-branch of Bank of Chongqing Co., Ltd.	No. 88 Julong Avenue, Lidu Sub-district, Fuling District, Chongqing	408100
80	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	Unit 1-1, Building B5 1 Fengshan West Road, Guixi Town, Dianjiang County, Chongqing	408300
81	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Shuangjiang Town, Yunyang County, Chongqing	404500
82	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800
83	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
84	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
85	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
86	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Guangdong Middle Road, Wushan County, Chongqing	404700
87	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	405900
88	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
89	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 296 Jiefang Road, Chengdong Sub-district, Qianjiang District, Chongqing	409099
90	Xiushan County Wuyue Plaza Sub-branch of Bank of Chongqing Co., Ltd.	Shops 15, 16 and 17, 1/F, Building 1, Wuyue Plaza (South Zone), Yuxiu Avenue, Xiushan County, Chongqing	409900
91	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400020
92	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457 Yunqing Road, Beibei District, Chongqing	400700
93	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Sub-district, Yubei District, Chongqing	401120
94	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Avenue, Shuanglonghu Subdistrict, Yubei District, Chongqing	401120
95	Qijiang Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-40 and Sub No. 2-225 to 229, Podium Building, Rongrun Kaixuan Mingcheng, No. 47 Jiulong Avenue, Wenlong Sub-district, Qijiang District, Chongqing	401420

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No.	Name of Banking Institution	Address	Postal Code
96	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
97	Yongchuan District Yuxi Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-1-5 and 101-10 Xuanhua Road, Yongchuan District, Chongqing	402160
98	Rongchang County Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Sub-district, Rongchang County, Chongqing	402460
99	Rongchang Sub-branch of Bank of Chongqing Co., Ltd.	1-3 and 2-3, No. 43-2 Changlong Avenue, Changzhou Sub-district, Rongchang County, Chongqing	402460
100	Dazu County Longshui Sub-branch of Bank of Chongqing Co., Ltd.	1-8, 1-7-1, 1-7-2 and 1-6-2, Block G, Wujin Lvyou Cheng, Longshui Town, Dazu District, Chongqing	402368
101	Jiangjin District Shuangfu Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2 and 1-3, Basement, Block 1, Meifang Mansion, Shui'an Huadu, No. 95, 93 and 91 Shuangfu Avenue, Shuangfu Sub-district, Jiangjin District, Chongqing	402620
102	Minxinjiayuan Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 530-15, 1/F, No. 3 Minxinjiayuan, Beibu New District, Chongqing	401147
103	Chongda Xihuacun Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Shabei Street, Shapingba District, Chongqing	400044
104	Yuzui Sub-branch of Bank of Chongqing Co., Ltd.	No. 14, 15 and 16, 1/F, Building B2, Tuoxin • Liangjiang Qibocheng, No. 47 Yonghe Road, Yuzui, Liangjiang New District, Chongqing	400020
105	Yanghe Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Sub-district, Yubei District, Chongqing	401147
106	Yuanyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 119, Building G8, No. 1122 Jinkai Avenue, Beibu New District, Chongqing	401147
107	Chang'an Jinxiucheng Community Sub-branch of Bank of Chongqing Co., Ltd.	Shop 1027, Second District, No. 109 Songpai Road (Chang'an Jinxiucheng), Longxi Subdistrict, Yubei District, Chongqing	401147
108	Tongliang District Xincheng Sub-branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 198-206 and 206-1-8 Zhongxing East Road, Dongcheng Sub-district, Tongliang District, Chongqing	402560
109	Hechuan District Zhaojia Sub-branch of Bank of Chongqing Co., Ltd.	No. 45, 47, 49, 51-2, 51-3, 51-4, 51-5 Jiaotong Street, street affair office of Heyang City, Hechuan District, Chongqing	401520
110	Shidai Tian Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 16-2-35 and 16-2-36 Shidai Tian Street, Yuzhong District, Chongqing	400014

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No.	Name of Banking Institution	Address	Postal Code
111	Yuzhou Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039
112	Huilongwan Sub-branch of Bank of Chongqing Co., Ltd.	No. 37, 1/F, No. 29, Nanhu Road, Nan'an District, Chongqing	400060
113	Beibei District Shuitu Sub-branch of Bank of Chongqing Co., Ltd.	No. 98-27 Fangzheng Avenue, Beibei District, Chongqing	400700
114	Jiangjin District Luohuang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-8, Block Commercial, Century Huacheng, No. 23 Luohuang Industrial Park Avenue, Luohuang Town, Jiangjin District, Chongqing	402283
115	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
116	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
117	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610041
118	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
119	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 171 Jinze Road, and No. 246 Shuhui Road, Qingyang District, Chengdu, Sichuan	610074
120	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
121	Chengdu Jinjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 79-93, 79-95 and 79-97 Section 1, Jinhua Road, Jinjiang District, Chengdu, Sichuan	610023
122	Chengdu Feicuicheng Community Sub-branch of Bank of Chongqing Co., Ltd.	No.13, 1/F, Building No.15, Phase II, Jade City, No.2 Huarun Road, Jinjiang District, Chengdu, Sichuan	610023
123	Chengdu Zhonghai Mansion No.9 Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 470 Jinshang West Er Road, Hi-Tech Development Zone, Chengdu, Sichuan	610094
124	Guiyang Chengdong Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan North Road, Yunyan District, Guiyang, Guizhou	550001
125	Guiyang Guanshanhu Sub-branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Commercial Building One, Circle Y1 and Y2, Shijicheng, Guanshanhu District, Guiyang, Guizhou	550081
126	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

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No.	Name of Banking Institution	Address	Postal Code
127	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
128	Xi'an International Trade and Logistics Park Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Qihang Garden Commercial Street, No. 6 Port Avenue, Xi'an International Trade and Logistics Park, Xi'an, Shaanxi	710026
129	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
130	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 annual 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)
“CBRC Chongqing Bureau”	China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
“Chongqing Road & Bridge”	Chongqing Road & Bridge Co., Ltd. (重慶路橋股份有限公司), a joint stock limited company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600106), and holding approximately 5.48% of the entire issued share capital in the Bank as at the Latest Practicable Date
“Dah Sing Bank”	Dah Sing Bank, Limited, a licensed bank incorporated in Hong Kong and holding approximately 14.66% of the entire issued share capital in the Bank as at the Latest Practicable Date
“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 “HK\$” 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

Definitions

“Latest Practicable Date”	April 20, 2016, being the latest practicable date prior to the printing of this annual report
“Lifan”	Lifan Industry (Group) Co., Ltd. (力帆實業(集團)股份有限公司), a joint stock limited liability company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601777), and holding approximately 9.47% of the entire issued share capital in the Bank as at the Latest Practicable Date
“Listing”	the listing of H Shares on the Main Board of the Hong Kong Stock Exchange
“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 annual report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“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
“Yufu”	Chongqing Yufu Assets Management Group Co., Ltd. (重慶渝富資產經營管理集團有限公司), a limited liability company incorporated in the PRC, and holding approximately 14.75% of the entire issued share capital in the Bank as at the Latest Practicable Date