



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)



2016 INTERIM REPORT

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

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Sustainability Index
Series Member 2016-2017

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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

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Postal Code: 400010

Principal Place of Business in Hong Kong

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Hong Kong

Corporate Website

<http://www.cqcbank.com>

E-mail

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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

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Chongqing Jingsheng Law Firm

Legal Advisor as to Hong Kong Laws

Sullivan & Cromwell (Hong Kong) LLP

H Share Registrar

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Hopewell Centre, 183 Queen's Road East,
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Domestic Share Registrar

China Securities Depository and Clearing Co., Ltd.
No. 17 Taipingqiao Avenue, Xicheng District,
Beijing, the PRC

Financial Highlights

In respect of the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the International Financial Reporting Standards (the “IFRSs”), there is no difference for the net profit attributable to shareholders of the Bank for the six months ended June 30, 2016 (the “Reporting Period”).

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change (%)
OPERATING RESULTS			
Interest income	8,158,593	7,719,154	5.7
Interest expense	(4,231,629)	(4,307,413)	(1.8)
Net interest income	3,926,964	3,411,741	15.1
Net fee and commission income	948,984	765,959	23.9
Other operating income, net trading income and net gains on investment securities	12,918	85,096	(84.8)
Operating income	4,888,866	4,262,796	14.7
Operating expenses	(1,147,367)	(1,291,776)	(11.2)
Impairment losses on assets	(1,058,003)	(532,814)	98.6
Operating profit	2,683,496	2,438,206	10.1
Share of profit of an associate	1,329	799	66.3
Profit before income tax	2,684,825	2,439,005	10.1
Income tax expense	(654,941)	(601,188)	8.9
Net profit	2,029,884	1,837,817	10.5
Net profit attributable to shareholders of the Bank	2,029,884	1,837,817	10.5
Calculated on a per share basis (RMB)			
Basic earnings per share	0.65	0.68	(0.03)
Major indicators of assets/liabilities			
(All amounts expressed in thousands of RMB unless otherwise stated)			
	June 30, 2016	December 31, 2015	Change (%)
Total assets	343,316,009	319,807,987	7.4
Of which: loans and advances to customers, net	139,206,093	121,816,452	14.3
Total liabilities	320,814,254	298,514,992	7.5
Of which: customer deposits	223,715,624	199,298,705	12.3
Share capital	3,127,055	3,127,055	0.0
Equity attributable to shareholders of the Bank	22,501,755	21,292,995	5.7
Total equity	22,501,755	21,292,995	5.7

Financial Highlights

2.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change
Profitability indicators (%)			
Average annualized return on assets ⁽¹⁾	1.23	1.33	(0.10)
Average annualized return on equity ⁽²⁾	18.64	22.40	(3.76)
Net interest spread ⁽³⁾	2.26	2.33	(0.07)
Net interest margin ⁽⁴⁾	2.47	2.58	(0.11)
Net fee and commission income to operating income	19.41	17.97	1.44
Cost-to-income ratio ⁽⁵⁾	19.03	23.84	(4.81)

(All amounts expressed in percentage unless otherwise stated)	June 30, 2016	December 31, 2015	Change
Asset quality indicators (%)			
Non-performing loan ratio ⁽⁶⁾	0.96	0.97	(0.01)
Provision for impairment to non-performing loans ⁽⁷⁾	274.97	243.98	30.99
Provision for impairment to total loans ⁽⁸⁾	2.65	2.37	0.28
Indicators of capital adequacy ratio (%)			
Core capital adequacy ratio ⁽⁹⁾	10.31	10.49	(0.18)
Capital adequacy ratio ⁽⁹⁾	12.33	11.63	0.70
Total equity to total assets	6.55	6.66	(0.11)
Other indicators (%)			
Loan-to-deposit ratio ⁽¹⁰⁾	63.92	62.60	1.32
Liquidity ratio ⁽¹¹⁾	56.76	55.32	1.44
Percentage of loans to the single largest customer ⁽¹²⁾	3.51	4.00	(0.49)
Percentage of loans to the top ten customers ⁽¹³⁾	30.13	30.79	(0.66)

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 expense (less business tax and surcharges) by operating income.
- (6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
- (7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
- (8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
- (9) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by CBRC (effective from January 1, 2013).
- (10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

Management Discussions and Analysis

3.1 Environment and Outlook

In the first half of 2016, the overall global economy was volatile with risk events frequently occurring and uncertainties continually increasing across various economies. Affected by interest rate hike expectations and subdued recoveries of other economies, the U.S. economy experienced a slowdown in its recovery. Although initial success was achieved for the economic growth in the Eurozone, the signs of recovery remained unclear under the inflationary pressure, and coupled with Brexit and other continuous unrest in the political level, therefore the economic recovery remained fragile in the Eurozone. In Japan, the economy almost recorded zero growth in the second quarter, and its recovery would be full of thorns as limitations in respect of the means for the Japanese government to boost economic policies increase. Affected by capital outflows and currency devaluation, emerging economies saw constant turmoil.

In the first half of 2016, although China's economy suffered relatively heavy downward pressure, it showed clear signs of stability and recovery. Steady progress was achieved in the supply-side structural reform and transformation and upgrading with increased efforts. Sound momentum in the new economic development and growing new drivers were favorable to economic stabilization and sustainable stable development. In the first half of 2016, China's GDP was RMB34.06 trillion, representing a year-on-year increase of 6.7%. Prices continued to stay low while the consumer price index grew by 2.1% year on year. China's monetary, credit and financial markets operated smoothly as a whole: M2 increased by 11.8% year on year to RMB149.05 trillion; the balance of M1 amounted to RMB44.36 trillion, representing a year-on-year increase of 24.6%; M0 increased by 7.2% year on year to RMB6.28 trillion. As at June 30, 2016, the RMB loan balance was RMB101.49 trillion, up by 14.3% year on year.

The incremental RMB loans were RMB7.53 trillion, representing a year-on-year increase of RMB967.10 billion; the RMB deposit balance was RMB146.24 trillion, representing a year-on-year growth of 10.9%. The incremental RMB deposits were RMB10.53 trillion, representing a year-on-year decrease of RMB566.00 billion.

In the first half of 2016, the Chongqing Committee of the Chinese Communist Party and the Chongqing People's Government carried out the "innovative, harmonious, green, open and sharing" development concepts, adhered to guiding the "New Normal" of economic development with new development concepts, and thoroughly implemented the development strategies involving five functional areas. They also energetically promoted the supply-side structural reform and constantly boosted industrial restructuring, optimization and upgrading while focusing on cultivation of new economic development and new momentum. Therefore, the city achieved sustained and steady economic growth with increasing development quality and efficiency. In the first half of 2016, its regional gross domestic product reached RMB800.082 billion, representing a year-on-year growth of 10.6%, which was 3.9 percentage points higher than the national average and topped other provinces, autonomous regions and municipalities across the country. In particular, the primary, secondary and tertiary industries grew by 3.9%, 11.2% and 10.7% respectively year on year. The city's per capita disposable income for urban residents was RMB15,569, representing a year-on-year increase of 8.8%. The city's total retail sales of consumer goods reached RMB350.485 billion, representing a year-on-year increase of 12.9%. The total imports and exports of the city decreased by 10.2% year on year to RMB228.03 billion, including total exports of RMB169.17 billion with a year-on-year decrease of 13.4%, and total imports of RMB58.86 billion with a year-on-year increase of 0.7%.

In the second half of 2016, the domestic and international economic environment will remain complicated as the uncertainty in the global economy will increase, making it difficult to lay a solid foundation for the stable recovery of Chinese economy. The transition of the new and old growth drivers remains a prominent concern, bringing about greater downward pressure and confronting us with a tougher task of growth stabilization and structural adjustment. To maintain a steady growth, make structural adjustments and forge ahead reforms, the Chinese government and its monetary and regulatory authorities would link and integrate the macro policies with structural reform to reinforce each other and lead in the “New Normal” and transformation with innovative efficiency-oriented reform measures, so as to accomplish the transformation and upgrade and carry the Chinese economy forward in a stable and far-reaching manner.

With respect to China’s financial reform and innovation, the accelerated process of interest rate liberalization and continuous improvement in financial regulation and 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 maintain an appropriate easing 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 and the largest port city on the upper reaches of the Yangtze River, Chongqing will embrace new opportunities of development under the “New Normal” with the implementation of China’s “One Belt, One Road” and Yangtze River Economy Zone

strategies. In the first half of 2016, the regional gross domestic product growth of Chongqing reached 10.6%, leading the nation’s other provinces, municipalities and autonomous regions. In the second half of 2016, with the accelerated pace of reform and opening up, as well as the implementation of policies and measures for steady growth and structural adjustment, Chongqing’s economy is expected to continue its momentum of rapid development.

In the second half of 2016, the Bank will continue to implement the restructuring and upgrading of various businesses, further enhance its operational and management standards, deepen its reform of internal governance systems, improve its product systems and service methods and strive for breakthroughs in consumer credit, asset management, and other service areas. At the same time, 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.

Based on transformation in professionalism, comprehensive management and Internet banking, the Bank will continue to push on adjustments in business and customer structure. Leveraging a competitive advantage in small and micro business, corporate business, personal business and inter-bank financing, the Bank will strive to improve operation and services in these areas. The Bank aims to maximize net interest margin and net interest spread by enhancing our asset pricing capabilities and to achieve the best balance of risk and return through asset portfolio risk management. By adopting an analytical approach to the regional and macro-economic financial situation, the Bank will enhance the forecast ability and initiative of operational management. By continuing to develop a comprehensive risk management system and striving to realize healthy, stable and sustainable development objectives, the Bank aims at generating better returns for its shareholders and investors.

Management Discussions and Analysis

3.2 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 and Benchmark of Listed Banks”.

For the 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.

For the 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 promote its business development, model innovation and internal governance with technology.

3.3 Financial Review

In the first half of 2016, China's macro economy maintained a stable momentum of development and driven by the implementation of steady growth measures and supply-side structural reform, the key economic indicators rebounded with improving development vitality. Meanwhile, the structural problems which were caused by the transition of the new and old growth drivers and the economic transformation and upgrading were still prominent and the fluctuations of internal and external economic environment had an adverse effect on the stability of economic recovery. Faced with the challenges of marketization of interest rates, the implementation of the fiscal and taxation reform, financial regulation and the impact of online financial services on traditional banking industry in the changing macro and micro market environment, the Bank proactively took various measures and accelerated its transformation of development through integrating its operations and management to achieve strategic objectives. The Bank recorded a net profit of RMB2,029.88 million in the first half of 2016, representing a year-on-year increase of RMB192.07 million or 10.5%.

As of June 30, 2016, the total assets of the Bank amounted to RMB343,316.01 million, representing an increase of 7.4% or RMB23,508.02 million as compared to the end of the previous year. 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 and strictly controlled its business risks based on changes in the regional and macroeconomic environment and by taking advantage of the analysis tools of big data. As a result, net loans and advances to customers grew by 14.3%, or RMB17,389.64 million, to RMB139,206.09 million

as compared to the end of the previous year, while the non-performing loan ratio maintained at 0.96%. While striving for stable growth in service networks and business volume, the Bank remained customer-centric by actively exploring online banking, direct banking and other online financial products and services and continuously accelerating its business transformation and upgrading to meet customers' increasing demands for diversification of asset allocation under the "New Normal". 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 June 30, 2016, the amount of customer deposits increased by RMB24,416.92 million to RMB223,715.62 million, representing an increase of 12.3% as compared to the end of the previous year, providing a stable source of funds for the healthy development of the Bank's credit, inter-bank and other intermediary businesses. The Bank's net fee and commission income grew by RMB183.03 million or 23.9% to RMB948.98 million, accounting for 19.41% of total operating income, which recorded an increase of 1.44 percentage points as compared to the same period of the previous year. Alongside 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 4.81 percentage points to 19.03% in the first half of 2016, representing a persistent improvement in the Bank's operating efficiency.

As of June 30, 2016, the Bank's capital adequacy ratio and core capital adequacy ratio were 12.33% and 10.31% respectively, fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

Management Discussions and Analysis

3.3.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Interest income	8,158,593	7,719,154	439,439	5.7
Interest expense	(4,231,629)	(4,307,413)	75,784	(1.8)
Net interest income	3,926,964	3,411,741	515,223	15.1
Net fee and commission income	948,984	765,959	183,025	23.9
Net trading gains	835	71,768	(70,933)	(98.8)
Net gains/(losses) on investment securities	3,107	(5,042)	8,149	NA
Other operating income	8,976	18,370	(9,394)	(51.1)
Operating income	4,888,866	4,262,796	626,070	14.7
Operating expenses	(1,147,367)	(1,291,776)	144,409	(11.2)
Impairment losses	(1,058,003)	(532,814)	(525,189)	98.6
Share of profit of an associate	1,329	799	530	66.3
Profit before income tax	2,684,825	2,439,005	245,820	10.1
Income tax expense	(654,941)	(601,188)	(53,753)	8.9
Net profit	2,029,884	1,837,817	192,067	10.5

In the first half of 2016, the interest-earning assets of the Bank grew steadily with net interest income achieving an increase of RMB515.22 million or 15.1% as compared to the corresponding period of last year; and net fee and commission income recorded an increase of RMB183.03 million or 23.9% as compared to the corresponding period of last year. However, the provision for impairment losses significantly increased by 98.6% to RMB1,058.00 million during the first half of 2016 as compared to the corresponding period of last year due to the greater pressure from non-performing loans. As a result, the Bank recorded a profit before income tax of RMB2,684.83 million in the first half of 2016, representing a year-on-year increase of RMB245.82 million or 10.1%; and net profit was RMB2,029.88 million, representing a year-on-year increase of RMB192.07 million or 10.5%.

3.3.1.1 Net interest income

In the first half of 2016, net interest income amounted to RMB3,926.96 million, representing a year-on-year increase of RMB515.22 million or 15.1%. Net interest income accounted for 80.32% of our total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Interest income	8,158,593	7,719,154	439,439	5.7
Interest expense	(4,231,629)	(4,307,413)	75,784	(1.8)
Net interest income	3,926,964	3,411,741	515,223	15.1

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 annualized yield on assets or average annualized cost ratio of liabilities during the periods indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)	Average balance	Interest income/expense	Average annualized yield/cost ratio (%)
ASSETS						
Loans and advances to customers	135,676,563	4,090,496	6.06	111,474,974	3,778,544	6.84
Investment securities	100,583,964	3,031,411	6.06	73,611,811	2,545,471	6.97
Balances with central banks	35,167,649	263,760	1.51	32,045,143	245,374	1.54
Due from other banks and financial institutions	45,798,346	682,209	3.00	47,242,646	1,048,040	4.47
Financial assets at fair value through profit or loss	2,367,138	90,717	7.71	2,614,611	101,725	7.85
Total interest-earning assets	319,593,660	8,158,593	5.13	266,989,185	7,719,154	5.83
LIABILITIES						
Customer deposits	202,844,425	2,558,740	2.54	173,734,500	2,458,890	2.85
Due to other banks and financial institutions	63,555,781	1,110,231	3.51	69,609,474	1,721,312	4.99
Debt securities issued	30,108,242	562,658	3.76	4,828,729	127,211	5.31
Total interest-bearing liabilities	296,508,448	4,231,629	2.87	248,172,703	4,307,413	3.50
Net interest income		3,926,964			3,411,741	
Net interest spread ⁽¹⁾			2.26			2.33
Net interest margin ⁽²⁾			2.47			2.58

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

In the first half of 2016, the average balance of interest-earning assets of the Bank increased by RMB52,604.48 million or 19.7% to RMB319,593.66 million as compared to the same period in the previous year. The average annualized yield on interest-earning assets of the Bank decreased by 70 basis points to 5.13% as compared to the same period in the previous year.

Management Discussions and Analysis

In the first half of 2016, the average balance of interest-bearing liabilities of the Bank increased by RMB48,335.75 million or 19.5% to RMB296,508.45 million as compared to the same period in the previous year. The average annualized cost ratio of interest-bearing liabilities of the Bank decreased by 63 basis points to 2.87% as compared to the same period in the previous year.

As a result of the overall impact of the above-mentioned factors, the net interest margin decreased by 11 basis points to 2.47% as compared to the same period in the previous year, while net interest spread of the Bank decreased by 7 basis points to 2.26% as compared to the same period in 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	1,173,045	(861,093)	311,952
Investment securities	1,157,650	(671,710)	485,940
Balances with central banks	29,878	(11,492)	18,386
Due from other banks and financial institutions	332,440	(698,271)	(365,831)
Financial assets at fair value through profit or loss	(7,375)	(3,633)	(11,008)
Change in interest income	2,685,638	(2,246,199)	439,439
LIABILITIES			
Customer deposits	651,225	(551,375)	99,850
Due to other banks and financial institutions	414,749	(1,025,830)	(611,081)
Debt securities issued	510,509	(75,062)	435,447
Change in interest expense	1,576,483	(1,652,267)	(75,784)

3.3.1.2 Interest income

In the first half of 2016, the Bank's interest income amounted to RMB8,158.59 million, representing a year-on-year increase of RMB439.44 million or 5.7%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
Loans and advances to customers	135,676,563	4,090,496	6.06	111,474,974	3,778,544	6.84
Investment securities	100,583,964	3,031,411	6.06	73,611,811	2,545,471	6.97
Balances with central banks	35,167,649	263,760	1.51	32,045,143	245,374	1.54
Due from other banks and financial institutions	45,798,346	682,209	3.00	47,242,646	1,048,040	4.47
Financial assets at fair value through profit or loss	2,367,138	90,717	7.71	2,614,611	101,725	7.85
Total interest-earning assets	319,593,660	8,158,593	5.13	266,989,185	7,719,154	5.83

(1) Interest income from loans and advances to customers

In the first half of 2016, the interest income from loans and advances to customers amounted to RMB4,090.50 million, representing a year-on-year increase of RMB311.95 million or 8.3%, primarily due to the increase in average balance on loans and advances to customers by 21.7% and the decrease in average annualized yield by 78 basis points as compared to those of the previous year.

(2) Interest income from investment securities

In the first half of 2016, the Bank's interest income from investment securities amounted to RMB3,031.41 million, representing a year-on-year increase of RMB485.94 million or 19.1%, primarily due to the significant increase of 36.6% in average balance and the decrease of 91 basis points in average annualized yield on investment securities as compared to those of the previous year.

(3) Interest income from balances with central banks

In the first half of 2016, the Bank's interest income from balances with central banks amounted to RMB263.76 million, representing a year-on-year increase of RMB18.39 million or 7.5%, primarily due to the year-on-year increase of 9.7% in average balance and a slight year-on-year decrease of 3 basis points in average annualized yield on balances with central banks.

Management Discussions and Analysis

(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)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
Due from other banks and financial institutions for deposits and loans	10,326,382	131,341	2.56	6,534,564	107,290	3.31
Financial assets held under resale agreements	35,471,964	550,868	3.12	40,708,082	940,750	4.66
Total amounts due from other banks and financial institutions	45,798,346	682,209	3.00	47,242,646	1,048,040	4.47

In the first half of 2016, the interest income from the Bank's amounts due from other banks and financial institutions for deposits and loans amounted to RMB131.34 million, representing a year-on-year increase of RMB24.05 million or 22.4%, primarily due to the significant increase of 58.0% in average balance and the decrease of 75 basis points in average annualized yield on amounts due from other banks and financial institutions for deposits and loans as compared to those of the previous year.

In the first half of 2016, the interest income from the Bank's financial assets held under resale agreements amounted to RMB550.87 million, representing a year-on-year decrease of RMB389.88 million or 41.4%, primarily attributable to the decrease of 12.9% in average balance and the significant decrease of 154 basis points in average annualized yield on financial assets held under resale agreements as compared to those 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 the first half of 2016 decreased by RMB365.83 million or 34.9% to RMB682.21 million as compared to that of the previous year.

(5) Interest income from financial assets at fair value through profit or loss

In the first half of 2016, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB90.72 million, representing a year-on-year decrease of RMB11.01 million or 10.8%, primarily due to the decrease in average balance by 9.5% and the decrease in average annualized yield by 14 basis points as compared to those of the previous year.

3.3.1.3 Interest expense

In the first half of 2016, the Bank's total interest expense amounted to RMB4,231.63 million, representing a year-on-year decrease of RMB75.78 million or 1.8%.

(1) Interest expense on customer deposits

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Corporate deposits						
Demand	60,401,561	254,571	0.85	48,184,930	231,539	0.97
Time	79,250,952	1,421,602	3.61	67,839,018	1,425,866	4.24
Subtotal	139,652,513	1,676,173	2.41	116,023,948	1,657,405	2.88
Retail deposits						
Demand	10,043,931	19,536	0.39	8,170,782	18,770	0.46
Time	39,172,652	757,604	3.89	24,759,336	461,537	3.76
Subtotal	49,216,583	777,140	3.18	32,930,118	480,307	2.94
Other deposits	13,975,329	105,427	1.52	24,780,434	321,178	2.61
Total customer deposits	202,844,425	2,558,740	2.54	173,734,500	2,458,890	2.85

In the first half of 2016, the Bank's interest expense on customer deposits was RMB2,558.74 million, representing a year-on-year increase of RMB99.85 million or 4.1%, primarily due to a year-on-year increase in the average balance of customer deposits by 16.8%, as well as a decrease in average annualized cost ratio of customer deposits by 31 basis points as compared to that of the previous year.

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(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)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Due to other banks	39,899,207	774,093	3.90	45,560,026	1,214,364	5.38
Borrowings from central banks	3,313,923	48,928	2.97	3,026,397	44,384	2.96
Financial assets sold under repurchase agreements	20,342,651	287,210	2.84	21,023,051	462,564	4.44
Total borrowings from financial institutions	63,555,781	1,110,231	3.51	69,609,474	1,721,312	4.99

In the first half of 2016, the Bank's total interest expense on the amount due to financial institutions was RMB1,110.23 million, representing a year-on-year decrease of RMB611.08 million or 35.5%, primarily due to the decrease in average balance of the amount payable to other banks and financial institutions by 8.7%, as well as the significant decrease in average annualized cost ratio by 148 basis points as compared to that of the previous year.

(3) Interest expense on issuance of bonds

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated bonds	1,871,429	51,115	5.49	1,028,729	27,272	5.35
Financial bonds for small and micro enterprises	3,000,000	72,988	4.89	3,000,000	72,514	4.87
Inter-bank certificates of deposits	25,236,813	438,555	3.49	800,000	27,425	6.91
Subtotal	30,108,242	562,658	3.76	4,828,729	127,211	5.31

In the first half of 2016, the Bank's interest expense on issuance of bonds amounted to RMB562.66 million, representing a year-on-year increase of RMB435.45 million or 342.3%, primarily because the Bank issued 30 inter-bank certificates of deposits in the first half of 2016, resulting in total interest expenses of RMB438.56 million for the inter-bank certificates of deposits during the first half of 2016.

3.3.1.4 Net interest spread and net interest margin

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

In the first half of 2016, the Bank's net interest spread was 2.26%, representing a year-on-year decrease of 7 basis points. The decrease in net interest spread was primarily due to the decrease in average annualized yield on interest-earning assets exceeding the decrease in average annualized cost ratio of interest-bearing liabilities.

In the first half of 2016, the Bank's net interest margin was 2.47%, representing a year-on-year decrease of 11 basis points, primarily due to a year-on-year increase of RMB515.22 million or 15.1% in net interest income, a year-on-year increase of RMB52,604.48 million or 19.7% in average balance on interest-earning assets and the increase in net interest income falling behind the increase in average balance on interest-generating assets.

3.3.1.5 Non-interest income

(1) Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Fee and commission income	990,047	801,930	188,117	23.5
Financial advisory and consulting services	59,064	198,919	(139,855)	(70.3)
Wealth management agency services	371,463	178,634	192,829	107.9
Custodian services	365,698	286,789	78,909	27.5
Bank card services	90,888	87,675	3,213	3.7
Guarantee and commitment services	71,374	20,538	50,836	247.5
Settlement and agency services	31,560	29,375	2,185	7.4
Fee and commission expense	(41,063)	(35,971)	(5,092)	14.2
Net fee and commission income	948,984	765,959	183,025	23.9

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For the first half of 2016, the Bank's net fee and commission income amounted to RMB948.98 million, representing a sharp increase of RMB183.03 million or 23.9% as compared to the same period in the previous year and accounting for 19.41% of operating income, up by 1.44 percentage points as compared to the same period 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 year-on-year increase of RMB50.84 million or 247.5% in commission from guarantee and commitment services, and a year-on-year increase of RMB192.83 million or 107.9% in commission from wealth management agency services.

Commission income from financial advisory and consulting services amounted to RMB59.06 million, representing a year-on-year decrease of RMB139.86 million or 70.3%, primarily due to the decline in overall demand for such services under the sluggish macroeconomic condition.

Commission income from wealth management agency services amounted to RMB371.46 million, representing a year-on-year increase of RMB192.83 million or 107.9%, primarily due to the continuous growth and scale expansion of wealth management services.

Commission income from custodian services amounted to RMB365.70 million, representing a year-on-year increase of RMB78.91 million or 27.5%, primarily due to the continuous growth of such services.

Annual fees and commission income from bank card services amounted to RMB90.89 million, representing a year-on-year increase of RMB3.21 million or 3.7%, primarily due to the slight increase in the number of issued bank cards and credit cards and the volume of settled transactions through self service facilities.

Commission income from guarantee and commitment services amounted to RMB71.37 million, representing a year-on-year increase of RMB50.84 million or 247.5%, primarily due to the increase in overall demand for such services.

Commission income from settlement and agency services amounted to RMB31.56 million, representing a year-on-year increase of RMB2.19 million or 7.4%, primarily due to the increase in settlement and agency services while the commission fee rate for these services basically remained stable.

(2) Net trading gains

The net trading gains mainly include gains or losses generated from foreign exchange spot transactions, gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi, and gains or losses generated from the changes in fair value of the trading securities. During the first half of 2016, the Bank's net trading gains was RMB0.84 million, representing a year-on-year decrease of RMB70.93 million or 98.8%, primarily due to (1) exchange gains of RMB4.38 million arising from appreciation of major currencies such as US dollars and Hong Kong dollars held by the Bank against RMB; and (2) losses of RMB3.54 million arising from the fluctuation in interest rates due to adjustment of bond-securities investment portfolio.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Exchange gains/(losses)	4,375	(2,531)	6,906	NA
Net (losses)/gains from interest rate products	(3,540)	74,299	(77,839)	NA
Total	835	71,768	(70,933)	(98.8)

(3) Net gains on investment securities

For the first half of 2016, the Bank's net gains on investment securities amounted to RMB3.11 million, representing an increase as compared with net losses on investment securities of RMB5.04 million over the same period in the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Net gains/(losses) arising from de-recognition of held-for-trading financial assets	1,845	(4,535)	6,380	NA
Net gains/(losses) arising from de-recognition of available-for-sale financial assets	1,262	(507)	1,769	NA
Total	3,107	(5,042)	8,149	NA

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3.3.1.6 Operating expenses

For the first half of 2016, the Bank's operating expenses were RMB1,147.37 million, representing a year-on-year decrease of RMB144.41 million or 11.2%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Staff costs	487,033	639,873	(152,840)	(23.9)
Business tax and surcharges	216,911	275,535	(58,624)	(21.3)
Depreciation and amortization	83,551	75,327	8,224	10.9
General and administrative expense	304,654	252,324	52,330	20.7
Others	55,218	48,717	6,501	13.3
Total operating expenses	1,147,367	1,291,776	(144,409)	(11.2)

(1) Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 42.45% and 49.53% of its total operating expenses for the first half of 2016 and 2015 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Salaries and bonuses	286,247	469,094	(182,847)	(39.0)
Pension costs	71,957	63,014	8,943	14.2
Housing benefits and subsidies	37,645	31,170	6,475	20.8
Union and employee education fees	8,229	11,099	(2,870)	(25.9)
Other social security and welfare expenses	82,955	65,496	17,459	26.7
Total staff costs	487,033	639,873	(152,840)	(23.9)

For the first half of 2016, the Bank's total staff costs amounted to RMB487.03 million, representing a year-on-year decrease of RMB152.84 million or 23.9%, primarily due to the Bank's adoption of a more prudential approach in respect of the assessment and payment of performance-based remunerations in view of the changes to the economic situation, whereby the pace of accruals for performance-based remunerations slowed down to cope with risks, while the payment of fixed remuneration went on steadily. As at June 30, 2016, the Bank had 3,892 full-time employees, representing an increase of 265 employees or 7.3% as compared to the previous year.

(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. During the first half of 2016, business taxes and surcharges were RMB216.91 million, representing a year-on-year decrease of RMB58.62 million or 21.3%.

(3) Depreciation and amortisation

The depreciation and amortization for the first half of 2016 increased by RMB8.22 million or 10.9% to RMB83.55 million from the previous year as the growth of our property and equipment was relatively stable during the Reporting Period.

(4) General and administrative expense

For the first half of 2016, the general and administrative expenses increased by RMB52.33 million or 20.7% year on year to RMB304.65 million.

3.3.1.7 Impairment losses on assets

For the first half of 2016, the provisions for impairment losses recorded RMB1,058.00 million, representing a year-on-year increase of RMB525.19 million or 98.6% as compared to RMB532.81 million in the same period of 2015. The increase in provisions for impairment was primarily due to (1) the continuous increase in volume of loans; and (2) the increase of the Bank's collectively assessed loan impairment allowances based on our prudent consideration due to the economic downturn and the decline of loan quality.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Loans to customers				
– Collectively assessed	590,860	220,796	370,064	167.6
– Individually assessed	359,948	271,714	88,234	32.5
Loans and receivables	104,066	39,496	64,570	163.5
Others	3,129	808	2,321	287.3
Impairment losses on assets	1,058,003	532,814	525,189	98.6

3.3.1.8 Investment in an associate

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Balance at the beginning of the period	29,214	26,405
Share of profit after tax of an associate	1,329	799
Balance at the end of the period	30,543	27,204

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110.00 million. For the first half of 2016, the Bank shared the profit after tax of RMB1.33 million, representing an increase of 66.3% as compared to the same period in the previous year.

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3.3.1.9 Income tax expense

The income tax rate applicable to the Bank was 25%. The effective tax rates of the Bank in the first half of 2016 and 2015 were 24.39% and 24.65% respectively.

The following table sets forth the profit before income tax and income tax expense for the first half of 2016 and 2015, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change in amount	Change in percentage (%)
Profit before income tax	2,684,825	2,439,005	245,820	10.1
Tax calculated at applicable statutory tax rate of 25%	671,206	609,752	61,454	10.1
Add/(less) the tax effect of the following items:				
Non-taxable income	(40,041)	(21,452)	(18,589)	86.7
Non-deductible expenses	21,483	13,254	8,229	62.1
Differences from settlements for prior years	2,293	(366)	2,659	(726.5)
Income tax expense	654,941	601,188	53,753	8.9

3.3.2 Analysis of the Statement of Financial Position

3.3.2.1 Assets

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	142,999,639	41.7	124,769,386	39.0
Provision for impairment losses on loans and advances to customers	(3,793,546)	(1.1)	(2,952,934)	(0.9)
Net loans and advances to customers	139,206,093	40.6	121,816,452	38.1
Investment securities ⁽¹⁾	111,074,172	32.3	105,795,905	33.1
Investments in associates	30,543	0.0	29,214	0.0
Cash and balances with central banks	42,521,980	12.3	38,201,369	12.0
Due from other banks and financial institutions	41,438,213	12.1	45,856,556	14.3
Financial assets at fair value through profit or loss	2,577,162	0.8	2,312,586	0.7
Fixed assets	2,680,723	0.8	2,627,007	0.8
Deferred income tax assets	646,972	0.2	505,920	0.2
Other assets	3,140,151	0.9	2,662,978	0.8
Total assets	343,316,009	100.0	319,807,987	100.0

Note:

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

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As at June 30, 2016, the Bank's total assets amounted to RMB343,316.01 million, representing an increase of RMB23,508.02 million or 7.4% as compared to the end of the previous year, among which:

Total loans and advances to customers increased by RMB18,230.25 million or 14.6% to RMB142,999.64 million 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 that is in line with the characteristics of the economic development of Chongqing.

Investment securities increased by RMB5,278.27 million or 5.0% to RMB111,074.17 million as compared to the end of the previous year, primarily due to the Bank's increased holdings of government bonds, quality corporate bonds and entrusted investment with controllable risk exposures and higher yield.

Cash and balances with central banks increased by RMB4,320.61 million or 11.3% to RMB42,521.98 million as compared to the end of the previous year, primarily due to (1) the increase of 23.2% in surplus reserve deposits as compared to the end of the previous year; (2) the increase of 13.5% in fiscal deposits as compared to the end of the previous year, as well as the increase of 8.1% in mandatory reserve deposits and the slight decrease of 8.0% in cash as compared to the end of the previous year.

Total amount due from other banks and financial institutions decreased by RMB4,418.34 million or 9.6% to RMB41,438.21 million as compared to the end of the previous year, primarily due to (1) the substantial decrease of RMB8.18 billion in financial assets held under resale agreements as compared to the end of the previous year as required by the "Notice on Regulating the Interbank Business of Financial Institutions" (《關於規範金融機構同業業務的通知》) (Yin Fa [2014] No. 127); and (2) the substantial increase of amounts due from other banks and financial institutions by RMB3,761.78 million as compared to the end of the previous year.

(1) Loans and advances to customers

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans to corporate entities				
– Corporate loans	96,330,435	67.4	84,276,669	67.6
– Discounted bills	9,858,687	6.9	4,120,780	3.3
Retail loans				
– Mortgage loans	18,032,080	12.6	18,012,580	14.4
– Personal consumer loans	4,285,534	3.0	3,848,972	3.1
– Credit card overdraft	3,018,327	2.1	2,924,258	2.3
– Personal business loans	11,474,576	8.0	11,586,127	9.3
Total loans and advances to customers	142,999,639	100.0	124,769,386	100.0

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As at June 30, 2016, the Bank's total loans and advances to customers amounted to RMB142,999.64 million, representing an increase of RMB18,230.25 million or 14.6% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB96,330.44 million, representing an increase of RMB12,053.77 million or 14.3% as compared to the end of the previous year, and accounting for 67.4% of total loans and advances to customers, representing a decrease of 0.2 percentage point from the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure based on the compliance of the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the water conservancy, environment and public facility management industry, lease and business service industry, real estate industry, household services and other services amounted to RMB4,110.44 million, RMB2,731.60 million, RMB2,055.29 million and RMB978.42 million respectively.

Discounted bills amounted to RMB9,858.69 million, representing an increase of RMB5,737.91 million or 139.2% as compared to the end of the previous year, primarily due to the increase in market demand.

Retail loans amounted to RMB36,810.52 million, representing an increase of RMB438.58 million or 1.2% as compared to the end of the previous year, and accounting for 25.7% of total loans and advances to customers, representing a decrease of 3.5 percentage points from the end of the previous year. Specifically, mortgage loans, mainly in support of financing residential home purchases, increased by RMB19.50 million or 0.1% as compared to the end of the previous year; personal consumer loans increased by RMB436.56 million or 11.3% as compared to the end of the previous year; personal business loans decreased by RMB111.55 million or 1.0% as compared to the end of the previous year; and credit card overdraft increased by RMB94.07 million or 3.2% 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 and made more efforts to expand personal credit consumption and credit card business in the face 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 June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	77,599,755	54.3	70,150,924	56.2
Pledged loans	19,352,412	13.5	12,562,758	10.1
Guaranteed loans	39,945,000	27.9	35,291,775	28.3
Unsecured loans	6,102,472	4.3	6,763,929	5.4
Total loans to customers	142,999,639	100.0	124,769,386	100.0

Movements on provision for impairment on loans to customers

The following table sets forth movements on 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)	For the six months ended June 30, 2016		For the twelve months ended December 31, 2015	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at the beginning of the period	2,492,792	460,142	2,072,780	261,315
Impairment for loans charged to profit or loss	812,095	706,707	847,547	668,672
Reversal of impairment for loans	(221,235)	(346,759)	(427,535)	(75,265)
Net impairment for loans charged to profit or loss	590,860	359,948	420,012	593,407
Unwinding discount on allowances	–	(39,142)	–	(59,493)
Loans written off during the period	–	(109,463)	–	(345,552)
Recoveries of doubtful loans written off in prior periods	–	38,409	–	10,465
Balance at the end of the period	3,083,652	709,894	2,492,792	460,142

For the first half of 2016, in strict accordance with the relevant requirements of accounting standards and the regulatory authorities, the Bank took into account of the external economic dynamics and macro monitoring policies and strived to increase provision for impairment on loans and advances. As at June 30, 2016, the balance of provisions for impairment losses on loans and advances to customers was RMB3,793.55 million, representing an increase of RMB840.61 million as compared to the end of the previous year; and the provision for impairment to non-performing loans ratio increased by 30.99 percentage points to 274.97% from that of the end of the previous year.

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(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 June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate entities	2,577,162	2.3	2,312,586	2.1
Subtotal	2,577,162	2.3	2,312,586	2.1
Investment securities – loans and receivables				
– Trust companies	58,214,467	51.2	50,188,787	46.4
– Securities companies	10,387,145	9.1	13,411,717	12.4
– Commercial banks	1,491,576	1.3	8,615,127	8.0
– Assets management companies	784,969	0.7	104,969	0.1
– Local governments	2,538,900	2.2	958,900	0.9
Impairment allowance	(375,352)	(0.3)	(271,286)	(0.3)
Subtotal	73,041,705	64.2	73,008,214	67.5
Investment securities – available-for-sale				
– Policy banks	2,563,491	2.3	3,079,089	2.8
– Corporate entities	17,687,236	15.6	15,140,594	14.0
– Commercial banks	51,508	0.0	70,611	0.1
– Trust companies	94,311	0.1	188,243	0.2
– Equity investment at fair value	417,406	0.4	492,416	0.5
– Others	14	0.0	14	0.0
Subtotal	20,813,966	18.4	18,970,967	17.6
Investment securities – held-to-maturity				
– Governments	13,559,979	11.9	10,515,099	9.7
– Policy banks	3,207,522	2.8	2,835,625	2.6
– Commercial banks	420,000	0.4	420,000	0.4
– Corporate entities	31,000	0.0	46,000	0.1
Subtotal	17,218,501	15.1	13,816,724	12.8
Total	113,651,334	100.0	108,108,491	100.0

Management Discussions and Analysis

As at June 30, 2016, the Bank's total financial assets at fair value through profit or loss and other investment securities amounted to RMB113,651.33 million, representing an increase of RMB5,542.84 million or 5.1% as compared to the end of the previous year. Financial assets at fair value through profit or loss was RMB2,577.16 million, representing an increase of RMB264.58 million or 11.4% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of quality corporate bonds. Available-for-sale financial assets was RMB20,813.97 million, representing an increase of RMB1,843.00 million or 9.7% 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 – loans and receivables was RMB73,041.71 million, representing an increase of RMB33.49 million or 0.05% as compared to the end of the previous year, remaining basically flat. Investment securities held-to-maturity was RMB17,218.50 million, representing an increase of RMB3,401.78 million or 24.6% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of treasury bonds with low risks and stable income.

3.3.2.2 Liabilities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	47,470,015	14.8	73,235,555	24.5
Customer deposits	223,715,624	69.7	199,298,705	66.8
Other liabilities	5,642,096	1.8	7,218,001	2.4
Taxes payable	296,158	0.1	271,989	0.1
Bonds issued	43,690,361	13.6	18,490,742	6.2
Total liabilities	320,814,254	100.0	298,514,992	100.0

As at June 30, 2016, total liabilities of the Bank amounted to RMB320,814.25 million, representing an increase of RMB22,299.26 million or 7.5% as compared to the end of the previous year. Customer deposits, the Bank's largest source of capital, increased by RMB24,416.92 million or 12.3% to RMB223,715.62 million as compared to the end of the previous year. Amounts due to other banks and financial institutions significantly decreased by RMB25,765.54 million or 35.2% to RMB47,470.02 million as compared to the end of the previous year. Bonds issued increased by RMB25,199.62 million or 136.3% to RMB43,690.36 million mainly due to issuance of thirty interbank deposits by the Bank in the first half of 2016.

Management Discussions and Analysis

(1) Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	64,071,391	28.6	57,102,294	28.7
Corporate time deposits	86,118,465	38.5	77,426,011	38.8
Individual demand deposits	9,483,148	4.2	8,979,971	4.5
Individual time deposits	43,959,898	19.7	31,197,219	15.7
Other deposits	20,082,722	9.0	24,593,210	12.3
Total customer deposits	223,715,624	100.0	199,298,705	100.0
Of which: Pledged deposits held as collateral	12,865,099	5.8	16,619,121	8.3

As at June 30, 2016, customer deposits amounted to RMB223,715.62 million, representing an increase of RMB24,416.92 million or 12.3% as compared to the end of the previous year. Corporate deposits balance was RMB150,189.86 million, representing an increase of RMB15,661.55 million or 11.6% as compared to the end of the previous year; individual deposits balance was RMB53,443.05 million, representing an increase of RMB13,265.86 million or 33.0% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB73,554.54 million, representing an increase of RMB7,472.27 million or 11.3% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB130,078.36 million, representing an increase by RMB21,455.13 million or 19.8% as compared to the end of the previous year.

(2) Bonds issued

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated bonds				
Fixed rate subordinated debt – 2022	796,206	1.8	795,902	4.3
Fixed rate Tier 2 Capital debt – 2026	1,496,971	3.4	–	–
Financial bonds				
Fixed rate financial bonds – 2018	2,994,153	6.9	2,992,474	16.2
Inter-bank certificates of deposits	38,403,031	87.9	14,702,366	79.5
Total	43,690,361	100.0	18,490,742	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 on March 20, 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity and shall be 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.

Management Discussions and Analysis

Pursuant to a resolution of the general meeting passed on May 16, 2014 and the “Approval for Bank of Chongqing Co., Ltd. to Issue Tier 2 Capital Bonds” (《關於重慶銀行股份有限公司發行二級資本債券的批覆》) (Yu Yin Jian Fu [2015] No. 107) by the CBRC on September 21, 2015, the Bank issued the RMB1,500.00 million Tier 2 Capital bonds within the domestic inter-bank bond market of China on February 19, 2016. Such Tier 2 Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity and shall be payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on February 22, 2021.

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 Tier 2 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 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 on April 25, 2013, all of which bear a fixed coupon rate of 4.78% per annum before maturity and shall be payable annually. All proceeds raised are used for loans to small and micro enterprises.

As at June 30, 2016, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

(3) Due to other banks and financial institutions

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to central bank	2,266,413	4.8	3,586,768	4.9
Deposits from banks	22,548,448	47.5	28,777,759	39.3
Deposits from other financial institutions	7,412,066	15.6	12,682,929	17.3
Placements from banks and other financial institutions	1,100,000	2.3	3,000,000	4.1
Notes sold under repurchase agreements	13,188,888	27.8	25,188,099	34.4
Securities sold under repurchase agreements	954,200	2.0	–	–
Total	47,470,015	100.0	73,235,555	100.0

As at June 30, 2016, the Bank’s balance due to other banks and financial institutions amounted to RMB47,470.02 million, representing a decrease of RMB25,765.54 million or 35.2% as compared to the end of the previous year. The Bank’s due to central bank decreased by RMB1,320.36 million or 36.8% to RMB2,266.41 million as compared to the end of the previous year; its deposits from banks decreased by RMB6,229.31 million or 21.6% to RMB22,548.45 million as compared to the end of the previous year; deposits from other financial institutions decreased by RMB5,270.86 million or 41.6% to RMB7,412.07 million as compared to the end of the previous year; the Bank’s placements from banks and other financial institutions decreased by RMB1,900.00 million or 63.3% to RMB1,100.00 million as compared to the end of the previous year; notes sold under repurchase agreements decreased by RMB11,999.21 million or 47.6% to RMB13,188.89 million as compared to the end of the previous year; and securities sold under repurchase agreements increased from nil at the end of the previous year to RMB954.20 million.

Management Discussions and Analysis

3.3.2.3 Shareholders' equity

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	13.9	3,127,055	14.7
Capital reserve	4,680,638	20.8	4,680,638	22.0
Other reserves	5,957,556	26.5	5,337,299	25.0
Retained earnings	8,736,506	38.8	8,148,003	38.3
Total equity	22,501,755	100.0	21,292,995	100.0

As at June 30, 2016, the Bank had paid-in capital of RMB3,127.06 million, capital reserve of RMB4,680.64 million, other reserves of RMB5,957.56 million, and retained earnings of RMB8,736.51 million. Among other reserves, general reserve increased by RMB615.84 million as compared to the end of the previous year, as the balance of general reserve was required to be not less than additional reserve of 1.5% of the balance of risk assets at the end of the corresponding period in the previous year.

3.3.3 Loan quality analysis

3.3.3.1 Breakdown of loans by the five-category classification

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	133,870,619	93.62	118,258,244	94.78
Special mention	7,749,374	5.42	5,300,814	4.25
Substandard	843,378	0.59	726,416	0.58
Doubtful	473,045	0.33	444,294	0.36
Loss	63,223	0.04	39,618	0.03
Total loans and advances to customers	142,999,639	100.00	124,769,386	100.00
Amount of non-performing loans	1,379,646	0.96	1,210,328	0.97

For the first half of 2016, facing the complex 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 June 30, 2016, the balance of non-performing loans was RMB1,379.65 million, representing an increase of RMB169.32 million as compared to the end of the previous year; and non-performing loan ratio was 0.96%, representing an decrease of 1 basis point as compared to the end of the previous year. The amount of loans under special mention category accounted for 5.42% of total loans, representing an increase of 117 basis points as compared to the end of the previous year.

3.3.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016				As at December 31, 2015			
	Amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Manufacturing	16,948,316	11.9	411,052	2.43	16,488,594	13.2	243,215	1.48
Wholesale and retail	15,908,935	11.1	370,806	2.33	16,105,150	12.9	369,116	2.29
Construction	7,993,692	5.6	85,045	1.06	8,109,478	6.5	72,721	0.90
Real estate	17,137,855	12.0	–	–	15,082,562	12.1	–	–
Leasing and commercial services	9,730,999	6.8	20,970	0.22	6,999,400	5.6	11,283	0.16
Water conservation, environment and public facility administration	10,707,333	7.5	–	–	6,596,889	5.3	–	–
Transportation, warehousing and postal service	2,131,336	1.5	–	–	2,013,142	1.6	–	–
Mining	2,838,385	2.0	63,141	2.22	2,666,412	2.1	139,000	5.21
Electricity, gas and water production and supply	2,052,873	1.5	5,000	0.24	2,021,638	1.6	5,000	0.25
Agriculture, forestry, animal husbandry and fishery	1,614,725	1.1	24,688	1.53	1,424,851	1.1	29,563	2.07
Household services and other services	1,707,508	1.2	4,900	0.29	729,088	0.6	1,000	0.14
Education	882,300	0.6	–	–	643,890	0.5	–	–
Financing	855,422	0.6	–	–	362,129	0.3	–	–
Scientific research and technical services	366,583	0.3	3,000	0.82	311,783	0.3	7,500	2.41
Information transmission, software and information technology services	643,322	0.4	1,273	0.20	321,001	0.3	–	–
Accommodation and catering	509,685	0.4	5,000	0.98	383,344	0.3	–	–
Culture, sports and entertainment	311,833	0.2	–	–	369,788	0.3	–	–
Public administration, social security and social organisations	3,500,400	2.4	–	–	3,147,630	2.5	–	–
Health and social welfare	488,933	0.3	–	–	499,900	0.4	4,840	0.97
Discounted bills	9,858,687	6.9	–	–	4,120,780	3.3	–	–
Retail loans	36,810,517	25.7	384,771	1.05	36,371,937	29.2	327,090	0.90
Total	142,999,639	100.0	1,379,646	0.96	124,769,386	100.0	1,210,328	0.97

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.

Management Discussions and Analysis

In the first half of 2016, in the face of 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.

From industrial perspective, certain cyclical industries were further affected by international and domestic economic fluctuations in the first half of 2016 and maintained a temporarily stable status in their non-performing loan ratio. Major industries experienced the following changes:

The amount of non-performing loans in accommodation and catering industry increased by RMB5.00 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.98 percentage point, mainly because a catering company closed original restaurants and relocated its operations to districts and counties due to shrunken business. The Company is in the process of negotiating conversion plan with the client at present.

The amount of non-performing loans in the manufacturing industry increased by RMB167.84 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.95 percentage point, mainly because the industries with overcapacity, such as iron and steel industry, suffered intensified operational difficulties and increasing losses both in range and amount, thus leading to the increase in non-performing loan ratio in such industries.

The amount of non-performing loans in the construction industry increased by RMB12.32 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.16 percentage point, mainly due to natural growth brought by increased scales of loans.

The non-performing personal loans increased by RMB57.68 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.15 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.

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. Through our active management and collection of non-performing loans, the amount of non-performing loans in mining industry decreased by RMB75.86 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 2.99 percentage points as compared to the end of the previous year; the amount of non-performing loan in science, technology and geological survey industry decreased by RMB4.50 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.59 percentage points as compared to the end of the previous year; and the amount of non-performing loan in health, social security and welfare industry decreased by RMB4.84 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.97 percentage point as compared to the end of the previous year.

(2) Concentration of borrowers

In the first half of 2016, the Bank's total loans to its largest single borrower accounted for 3.51% of its net capital while total loans to its top ten customers accounted for 30.13% of its net capital, which were in compliance with regulatory requirements. As at June 30, 2016, none of the Bank's loans to top ten single borrowers were non-performing loans.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As at June 30, 2016	As at December 31, 2015
Loan concentration ratio for the largest single customer (%)	≤10	3.51	4.00
Loan concentration ratio for the top ten customers (%)	≤50	30.13	30.79

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

b. Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)		As at June 30, 2016	
		Amount	Percentage of total loans (%)
Customer A	Public administration, social security and social organisations	940,000	0.66
Customer B	Water conservation, environment and public facility administration	900,000	0.63
Customer C	Real estate	855,000	0.60
Customer D	Manufacturing	834,000	0.58
Customer E	Real estate	815,000	0.57
Customer F	Real estate	790,000	0.55
Customer G	Leasing and commercial services	790,000	0.55
Customer H	Real estate	738,000	0.52
Customer I	Manufacturing	716,170	0.50
Customer J	Real estate	700,000	0.49

Management Discussions and Analysis

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016			As at December 31, 2015		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	96,330,435	994,874	1.03	84,276,669	883,238	1.05
Short-term loans	45,468,292	980,642	2.16	47,125,070	778,238	1.65
Medium- and long-term loans	50,862,143	14,232	0.03	37,151,599	105,000	0.28
Retail loans	36,810,517	384,772	1.05	36,371,937	327,090	0.90
Residential mortgage and personal commercial property loans ⁽¹⁾	17,962,569	75,253	0.42	17,880,109	63,893	0.36
Personal business and re-employment loans	11,474,576	231,393	2.02	11,586,127	205,062	1.77
Others ⁽²⁾	7,373,372	78,126	1.06	6,905,701	58,135	0.84
Discounted bills	9,858,687	-	-	4,120,780	-	-
Total	142,999,639	1,379,646	0.96	124,769,386	1,210,328	0.97

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), margin loans for overseas study, personal consumer automobile mortgage loans (intermediate type), personal consumer automobile mortgage loans (direct type), personal commercial automobile mortgage loans, special loans for non-agricultural migration (農轉非專項貸款) and other personal loans for general consumption needs.

As at June 30, 2016, the balance of non-performing corporate loans was RMB994.87 million, representing an increase of RMB111.64 million as compared to the end of the previous year. Non-performing loan ratio of corporate loans decreased by 2 basis points to 1.03% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB384.77 million, representing an increase of RMB57.68 million as compared to the end of the previous year. Non-performing loan ratio of retail loans increased by 15 basis points to 1.05% as compared to the end of the previous year.

Management Discussions and Analysis

(4) Overdue loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	3,646,028	64.57	1,911,506	54.56
Past due 90 days to 1 year	1,407,572	24.93	1,079,629	30.82
Past due over 1 year and within 3 years	494,006	8.75	413,682	11.81
Past due over 3 years	98,763	1.75	98,486	2.81
Total overdue loans and advances to customers	5,646,369	100.00	3,503,303	100.00

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

As at June 30, 2016, the total overdue loans amounted to RMB5,646.37 million, representing an increase of RMB2,143.07 million as compared to the end of the previous year. Overdue loans accounted for 3.95% of total loans, representing an increase of 1.14 percentage points as compared to the end of the previous year.

3.3.4 Segment information

3.3.4.1 Summary of geographical segment

(Expressed in percentage)	June 30, 2016		December 31, 2015	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Deposits	82.20	17.80	81.19	18.81
Loans	75.63	24.37	75.82	24.18
Assets	86.80	13.20	83.37	16.63
Loan to deposit ratio	57.22	85.34	56.99	78.43
Non-performing loan ratio	0.84	1.44	0.65	2.02
Provision for impairment to non-performing loans	326.88	181.10	347.34	136.75

(Expressed in percentage)	January to June 2016		January to June 2015	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Annualized return on average total assets	1.24	0.72	1.48	0.67
Net fee and commission income to operating income	20.86	11.56	18.44	14.96
Cost-to-income ratio	17.99	25.24	30.54	28.80

Note:

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

Management Discussions and Analysis

3.3.4.2 Summary of business segment

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	1,633,293	(204,338)	2,498,009	–	3,926,964
Inter-segment net interest income/(expense)	1,025,176	732,064	(1,757,240)	–	–
Net interest income	2,658,469	527,726	740,769	–	3,926,964
Net fee and commission income	123,569	97,281	728,134	–	948,984

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2015				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	1,281,658	259,853	1,870,230	–	3,411,741
Inter-segment net interest income/(expense)	1,073,898	168,372	(1,242,270)	–	–
Net interest income	2,355,556	428,225	627,960	–	3,411,741
Net fee and commission income	236,500	83,247	446,212	–	765,959

3.3.5 Analysis of off-balance-sheet items

Off-balance-sheet items of the Bank mainly include contingent liabilities and commitments, such as the credit commitments, capital expenditure commitments and operating lease commitments. Credit commitments, the major component of off-balance-sheet items, comprise bank acceptances, credit card commitments, issuance of letters of credit and issuance of letters of guarantee, among which, credit card commitments, bank acceptances and issuance of letters of credit are the major components. As at June 30, 2016, the balance of credit card commitments was RMB2,410.26 million, representing an increase of RMB293.38 million or 13.9% as compared to the end of the previous year; the balances of bank acceptances and issuance of letters of credit were RMB31,947.71 million, representing a decrease of RMB1,635.15 million or 4.9% as compared to the end of the previous year; the balance of operating lease commitments was RMB173.99 million, representing a decrease of RMB21.19 million or 10.9% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB371.17 million, representing a decrease of RMB9.09 million or 2.4% as compared to the end of the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	2,410,258	–	–	2,410,258
Guarantees, acceptances and letters of credit	26,807,837	5,139,874	–	31,947,711
Operating lease commitments	56,731	89,163	28,099	173,993
Capital expenditure commitments	339,222	31,951	–	371,173
Total	29,614,048	5,260,988	28,099	34,903,135

(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

3.4 Business Overview

3.4.1 Corporate Banking Business

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change (%)
Net interest income from external customers	1,633,293	1,281,658	27.4
Inter-segment net interest income	1,025,176	1,073,898	(4.5)
Net interest income	2,658,469	2,355,556	12.9
Net fee and commission income	123,569	236,500	(47.8)
Other operating income	–	–	–
Impairment losses	(933,013)	(375,771)	148.3
Operating expenses	(582,126)	(677,576)	(14.1)
– Depreciation and amortization	(42,390)	(39,511)	7.3
– Others	(539,736)	(638,065)	(15.4)
Profit before income tax	1,266,899	1,538,709	(17.7)
Capital expenditure	51,086	50,973	0.2
Segment assets	140,454,796	113,003,637	24.3
Segment liabilities	176,035,843	152,255,832	15.6

Note: The above corporate banking segment includes small and micro enterprise banking business.

Management Discussions and Analysis

(I) Corporate Deposits

Corporate deposits maintained a rapid and steady growth. We proactively developed the corporate deposit market by enhancing our marketing efforts. As at June 30, 2016, the balance of our corporate deposits (excluding security deposits) amounted to RMB150.19 billion, accounting for 67.13% of the balance of total deposits and representing a growth of RMB15.66 billion or 11.6% as compared with the end of previous year. The balance of our corporate deposits (including security deposits) amounted to RMB163.06 billion, accounting for 72.88% of the balance of total deposits and representing a growth of RMB11.91 billion or 7.9% as compared with the end of previous year.

According to Chongqing Administration of the PBOC, as at June 30, 2016, the balance of our RMB corporate deposits (including security deposits) in Chongqing amounted to RMB119.46 billion, representing a growth of RMB5.83 billion as compared with the end of previous year and ranking the fourth in Chongqing, following the Chongqing branch of Industrial and Commercial Bank of China, Chongqing Rural Commercial Bank Co., Ltd. and the Chongqing branch of China Construction Bank. Our RMB corporate deposits in Chongqing accounted for a market share of 8.04%.

(II) Corporate Loans

Our corporate lending business was prudent and moderate. We carried out corporate lending business with combination of national macro control policies in a prudent, steady and moderate manner in line with the economic conditions and industry trend of the region where our customers operate. As at June 30, 2016, the balance of our corporate loans (excluding discount of bills) amounted to RMB96.33 billion, representing a growth of RMB12.05 billion or 14.3% as compared to the end of previous year.

(III) Corporate Banking Products

Our corporate banking product portfolio achieved further improvement. Catering to the needs of our customers, we proactively tailored our financial products to their specific industry features, settlement practices and capital retention patterns with reference to regional economic and industry conditions. The Bank enhanced the connection among various platforms, promoted the development of online businesses and launched “Nong Jiao Hui (農交惠)” products for the members of Chongqing Country Land Exchange (重慶農村土地交易所). In addition, the Bank also proactively implemented measures in response to the interest rate liberalization and improved its ability in providing integrated service solutions. Specifically, the Bank strengthened the synergy between domestic and foreign currency businesses and products to provide enterprises with one-stop financial services. Moreover, the Bank achieved breakthroughs in respect of new business types and business models including cross-border lending, domestic guarantee for overseas debts (內保外債), channels for leasing businesses, RMB import bills advances (人民幣進口押匯) and issuing bank acceptance draft with interest front-loading (利息前置開證), with cross-border finance business ranking top ten in Chongqing historically and first in the three local corporate banks. In order to reduce financing costs of enterprises, the Bank launched the China-Singapore bond issuance program to support the domestic policy of enterprises’ “going global”. Our involvement with Chongqing Grain Group’s first public bond offering achieved four firsts under the China-Singapore bond issuance program, including the first public offering bond, the first cross-border RMB bond, the first fully flowback bond and the first non-rating bond. The program of Longwinner International Financial Leasing Co., Ltd. amounting to RMB0.20 billion has been successfully implemented, which is among the first batch of foreign debts registered with the Municipal Development and Reform Commission of Chongqing, and was closed as a significant program of the CCISF (渝洽會) while listed as one of the first implemented international commercial credit loan businesses of local banks in Chongqing.

3.4.2 Small and Micro Enterprise Banking Business

(I) Overview of Small and Micro Enterprise Banking Business as at June 30, 2016

As at June 30, 2016, the balance of our small and micro enterprise loans amounted to RMB55.77 billion, representing an increase of RMB8.19 billion (accounting for 44.3% of our total newly-raised loans) or 17.22% as compared with the beginning of the year, which was 2.38 percentage points higher than the average increase in all of our loans. The number of loan customers was 20,636, increasing by 586 as compared with the beginning of the year, and by 1,452 as compared with the corresponding period of last year. The approval rate for small and micro enterprises loans was 81.1%, representing an increase of 3.84 percentage points as compared with the same period of previous year, in full compliance with the “three minimums” regulatory requirements.

While developing its business, the Bank enhanced its efforts on restructuring, focusing on the construction of a further business model of small, micro and grass-root enterprises. The small and micro enterprise loans with an individual lending amount of below RMB20.00 million recorded a balance of RMB33.18 billion, accounting for 59.59% of the total small and micro enterprise loans of the Bank; and the number of customers reached 18,722, accounting for 91.8% of the total number of small and micro enterprise customers of the Bank. In particular, the collateral loans accounted for 50.22%, representing an increase of 1.89 percentage points as compared with the beginning of the year; the guaranteed loans accounted for 40.16%, representing a decrease of 1.59 percentage points as compared with the beginning of the year. The small and micro enterprise loans with an individual lending amount of less than RMB5.00 million recorded a balance of RMB22.41 billion, accounting for 40.2% of the total small and micro enterprise loans of the Bank; and the number of customers reached 17,748, accounting for 87.01% of the total number of small and micro enterprise customers of the Bank.

The balance of our micro enterprise loans based on the technology from International Project Consult GmbH reached RMB2.26 billion with 6,741 customers, and the weighted average annual interest rate of 12.35%, which was substantially higher than the average interest rate of the Bank.

(II) Initiatives to Develop Small and Micro Enterprise Customers

(1) Further Accelerating Business Innovation

The Bank strengthened construction of big data platforms. In respect of financial services for small and micro enterprises, the Bank is exploring for small and micro enterprises a brand-new financial ecological model built on the foundation of big data platforms, supplemented by the synchronized promotion of process reconstruction, credit rating system building and scene marketing, and creating an effect of “three birds with one stone”. Based on the data structure, the Bank will strive to reinforce data platform construction, improve data utilization ability, implement directed filtering and accurate assessment on prospective borrowers of small and micro business, and fully integrate pre-credit investigation, credit examination and approval, risk monitoring, product evaluation and other aspects. These measures are expected to effectively crack the four “pain points” restricting the development of financial services for small and micro enterprises, being small and micro enterprises’ information asymmetry, their lack of credit risk assessment system, the existing workflow of the Bank being not able to meet the timeliness requirements of small and micro enterprises and the huge marketing cost of the scattered small and micro enterprises. A tax associated product named “Hao Qi Dai (好企貸)” has been launched, whereby enterprises may acquire loans from the Bank immediately leveraging their tax records, and no other guarantee is required.

Management Discussions and Analysis

(2) Keeping on Enhancing Professionalization

The Bank continued to promote professionalization construction on staffs, organization, product, workflow and assessment. Through strengthening the training on business skills of the client management teams, the Bank worked hard to enhance itself, vigorously promoted team building, unceasingly promoted their professional level and improved their professional competence, so as to provide a human resource guarantee for opening up the business marketing channels and effective prevention and control of business risks. At the same time, the Bank had organization, product, workflow and assessment working in a coordinated manner, in a bid to improve the internal professional operation environment of the small and micro business and enhance the professional level of the small and micro business of the Bank, so as to provide a mechanism guarantee for sustainably supporting the development of the small and micro business.

(3) Constantly Strengthening Customer Stability

The Bank improved the comprehensive service capability available to small and micro enterprises, effectively reduced the costs of special purpose loans, adopted management measures for our special purpose fundings via providing special purpose loans against emergency working capital demands from medium, small and micro enterprises, and actively cooperated with enterprises to deliver emergency special purpose loans on the premise of an effective risk control. Besides, the Bank issued the “Cheng Zhang Dai (成長貸)”, a Start-up Force (啟動力), with a maximum term of not more than 10 years, to solve the contradiction arising from mismatch of capital demands from small and micro enterprises and loan durations, which is expected to effectively meet and support the ongoing demands from small and micro enterprises for credit capital, tackle the origin of difficulties faced by small and micro enterprises in securing special purpose loans and high prices in hedging for loans, and effectively reduce the financing costs of small and micro enterprises and enhance customer loyalty.

(4) Continuing to Improve Customer Satisfaction

Through amending management measures including the Administrative Measures for Small and Micro Loans, the Implementation Rules for Guarantee for Small and Micro Loans and the Quantitative Criteria for Credit Access by Financing Guarantee Institutions and promulgating the Implementation Rules for Pre-loan Investigation for Small and Micro Loans, the Bank made active adjustment in respect of market expansion, risk prevention and control and post-loan administration of the small and micro business, to proactively adapt itself to market changes. By adopting all these measures simultaneously on the premise of an effective asset quality control, the Bank targets at tackling the financing difficulties encountered by small and micro enterprises and satisfying small and micro enterprise customers with their financing needs.

(5) Enhancing Asset Quality of Small and Micro Enterprises

The Bank constantly optimizes and adjusts the structure of its existing businesses, in an effort to implement risk prevention and control in a proactive manner. By constantly adjusting and optimizing the structure of its existing customers, the Bank aims at proactively eliminating customers engaged in industries with obsolete production capacity and excessive production capacity, and giving priority to supporting enterprises engaged in non-cyclical industries, enterprises with upgraded industrial technologies and innovative enterprises with advanced technologies. The Bank takes the initiative in solving and transforming the existing questionable credits, in order to control risks effectively, and also, it strengthens the collection of non-performing loans, to reduce the balance of non-performing loans unceasingly and improve the quality of its assets in general.

(6) Strengthening Risk Control Capability

The Bank deepened the knowledge among operating institutions and customer managers of the principle of “understanding your customers, the businesses of your customers and the risks your customers faced with”, developed a clear picture of the customers’ production and operation status and the actual uses of their funds, to provide good decision-making basis for credit granting. At the same time, the Bank enhanced its business assessment processes, took the initiative to reduce the authorization levels of small and micro loans of operating institutions, and unceasingly implemented customer miniaturization, with a view to actively carrying out our business development strategy for small and micro loans of “one big and one small”, i.e. developing a big customer base with small individual lending amounts, and to effectively decentralizing business risks.

3.4.3 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)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change (%)
Net interest (expense)/income from external customers	(204,338)	259,853	NA
Inter-segment net interest income	732,064	168,372	334.8
Net interest income	527,726	428,225	23.2
Net fee and commission income	97,281	83,247	16.9
Other operating income	1,245	1,777	(29.9)
Impairment losses on assets	(17,795)	(116,739)	(84.8)
Operating expenses	(329,397)	(386,432)	(14.8)
– Depreciation and amortization	(23,986)	(22,534)	6.4
– Others	(305,411)	(363,898)	(16.1)
Profit before income tax	279,060	10,078	2669.0
Capital expenditure	13,202	19,845	(33.5)
Segment assets	36,296,966	43,993,651	(17.5)
Segment liabilities	54,365,877	38,403,140	41.6

(I) Personal Deposits

Benefiting from the continued and rapid economic growth in Chongqing and full utilization of its regional brand advantages, the Bank adhered to integrating its brand value in services with key account sales under the guidance of “finance beneficial for general public”, constantly improved our special time deposit products “Xing Fu Cun (幸福存)” and successively issued large-amount deposit certificates to individual customers to upgrade our deposit products. Personal deposits increased by RMB13.27 billion or 33.0% as compared with the end of the previous year to RMB53.44 billion, continuing to maintain a relatively high growth rate. The local market share steadily increased.

(II) Personal Loans

Our personal consumer loans continued to grow steadily. Personal consumer loans (including mortgage loans) increased by RMB456.00 million to RMB22.32 billion as compared with the end of the previous year. In order to optimize the product structure of our personal consumer loans, the Bank proactively explored online lending channels and recently launched a loan product of “Wei Li Dai (微粒贷)”. The three innovative products launched by the Bank since December 2015, including “Xing Fu Dai (幸福贷)”, “Xin Jin Dai (薪金贷)” and “Wei Li Dai (微粒贷)”, realized an increase in balance of RMB782.00 million in the first half of 2016, as a new source of growth of our personal consumer loans.

Management Discussions and Analysis

(III) Bank Cards

New bank card issuance and transaction volume of our bank card business recorded continuous growths. As at June 30, 2016, we had issued a total of 2,925,380 debit cards and the transaction volume during the year amounted to RMB5.91 billion. The Bank has been committed to the expansion of functions such as consumption and settlement, improvement of the channels and enhancement of security. This year, we began to issue debit IC cards with more security throughout the Bank and ceased issuing new debit magnetic stripe cards. The Bank also actively explored for applications of financial IC cards at parking lots, tourist spots and public transport industry to continuously improve the bankcard acceptance environment.

3.4.4 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)	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change (%)
Net interest income from external customers	2,498,009	1,870,230	33.6
Inter-segment net interest (expense)	(1,757,240)	(1,242,270)	41.5
Net interest income	740,769	627,960	18.0
Net fee and commission income	728,134	446,212	63.2
Net trading gains	835	71,768	(98.8)
Net gains/(losses) on investment securities	3,107	(5,042)	NA
Share of profits of an associate	1,329	799	66.3
Other operating income	–	440	NA
Impairment losses on assets	(104,066)	(39,496)	163.5
Operating expense	(223,680)	(223,029)	0.3
– Depreciation and amortization	(16,288)	(13,005)	25.2
– Others	(207,392)	(210,024)	(1.3)
Profit before income tax	1,146,428	879,612	30.3
Capital expenditure	60,345	56,569	6.7
Segment assets	165,912,717	125,409,044	32.3
Segment liabilities	90,413,809	74,959,942	20.6

Management Discussions and Analysis

In the first half of 2016, facing the pressure from macroeconomic downturns, 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 the first half of 2016.

3.4.4.1 Breakdown of Securities Investment by Holding Purpose

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity	17,218,501	15.21	13,816,724	12.84
Loans and receivables	73,041,705	64.50	73,008,214	67.84
Held for trading	2,577,162	2.28	2,312,586	2.15
Available for sale	20,396,546	18.01	18,478,537	17.17
Total	113,233,914	100.00	107,616,061	100.00

As at June 30, 2016, the Bank's held-to-maturity bonds increased by RMB3.40 billion from the end of the previous year, with the proportion increasing by 2.37 percentage points; loans and debt securities classified as receivables increased by RMB33.49 million from the end of the previous year, with the proportion decreasing by 3.34 percentage points; held-for-trading bonds increased by RMB264.58 million from the end of the previous year, with the proportion increasing by 0.13 percentage point; and available-for-sale bonds increased by RMB1.92 billion from the end of the previous year, with the proportion increasing by 0.84 percentage point.

3.4.4.2 Breakdown of Securities Investment by Credit Rating

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	722,067	0.64	1,699,466	1.58
AA- to AA+	10,371,489	9.16	12,128,583	11.27
Unrated	102,140,358	90.20	93,788,012	87.15
Total	113,233,914	100.00	107,616,061	100.00

The Bank strengthened the analysis of interest rate movements in the interbank market in 2016. According to market interest rate movements, the Bank continuously increased the holdings of highly liquid book-entry government bonds and non-commercial bank bonds. As at June 30, 2016, the Bank's unrated securities investment increased by RMB8.35 billion from the end of the previous year, with the proportion increasing by 3.05 percentage points. The unrated securities investment mainly comprised loans, debt securities classified as receivables and government bonds.

Management Discussions and Analysis

3.4.4.3 Breakdown of Securities Investment by Remaining Maturity

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3 months	7,219,484	6.38	16,956,151	15.76
3 to 12 months	41,003,202	36.21	30,555,294	28.39
1 to 5 years	53,836,336	47.54	47,001,022	43.67
Over 5 years	11,174,892	9.87	13,103,594	12.18
Total	113,233,914	100.00	107,616,061	100.00

As at June 30, 2016, the Bank's securities investment with remaining maturity within 12 months increased by RMB711.24 million from the end of the previous year, with the proportion decreasing by 1.56 percentage points.

3.4.4.4 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 June 30, 2016, the balance of our financial bonds was RMB6.27 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	1,100,000	2.98	November 4, 2018
2012 Policy Bank Financial Bond	500,000	4.11	April 23, 2017
2012 Policy Bank Financial Bond	500,000	4.21	June 29, 2019
2012 Policy Bank Financial Bond	500,000	3.87	June 28, 2019
2015 Policy Bank Financial Bond	500,000	3.54	June 18, 2018
2015 Policy Bank Financial Bond	500,000	3.59	July 17, 2018
2016 Policy Bank Financial Bond	500,000	3.18	April 5, 2026
2013 Policy Bank Financial Bond	460,000	5.04	October 24, 2023
2006 Policy Bank Financial Bond	380,000	3.79	June 28, 2021
2008 Policy Bank Financial Bond	230,000	3.68	October 23, 2018

3.4.5 Distribution Channels

(I) Physical Outlets

As at June 30, 2016, we operated our business and marketed our retail banking products and services through the business department of our Head Office, small enterprise loan center, and extensive distribution channels including 130 sub-units (including four primary branches), 840 self-service terminals as well 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.

(II) Self-Service Banking Centers

Our offsite self-service banking centers and self-service terminals provide safe and convenient services to our customers, and also enhance our input-output ratio. As at June 30, 2016, we had 88 offsite self-service banking centers, 119 onsite service banking centers and 840 self-service terminals, including 341 ATMs, 318 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. As at June 30, 2016, we processed approximately 3.57 million self-service banking transactions, with total transaction volume of RMB7.01 billion.

(III) Electronic Banking

(1) Internet Financing

In line with the backdrop and strategic opportunities of “Internet +”, the Bank proactively arranged its business for internet financing with refinement of the development path and pinpointing of key steps for development. In addition, the Bank leveraged the existing resources and gradual development, and strengthened its foundation. Firstly, the Bank accelerated the transformation and upgrade of our internet channels such as mobile banking and online banking, enhanced the procedures and efficiency of existing business models through optimizing financing channels, and achieved coordination between online and offline businesses. Secondly, the Bank proactively sought for cooperation opportunities with external institutions, especially the emerging internet enterprises which were engaging in P2P, e-commerce and crowd funding, aiming to provide professional and competitive basic financial services for those enterprises, such as payment, settlement, custodian and fund raising with launching of innovation operations. Thirdly, in light of upgrading the existing electronic channels and the new internet platform, the Bank was building up the statistic base on customers’ operations and risk control ability.

(2) Online Banking

Corporate Online Banking

The Bank dedicatedly designed and optimized online banking functions pursuant to customers’ needs, and our corporate online banking provides services including corporate call deposits, batch payment, group service and direct linkage to corporate customers. As at June 30, 2016, we had 12,611 corporate online banking customers in aggregate, representing an increase of 786 or 6.6% as compared with the beginning of the year. The total number of transactions increased by 86.4% as compared with the corresponding period of the previous year to 1,382,700, and the total transaction volume increased by 136.6% as compared with the corresponding period of the previous year to RMB265.96 billion.

Management Discussions and Analysis

Personal Online Banking

The Bank continued to improve the service support capabilities and user friendliness of the personal online banking services by optimizing the operational procedures of personal online banking and introducing the text messaging transaction alerts. As at June 30, 2016, we had 319,731 personal online banking customers in aggregate, representing an increase of 42,207 or 15.2% as compared with the beginning of the year. The total number of transactions amounted to 853,600, representing an increase of 105.3% as compared with the corresponding period of the previous year. The total transaction volume amounted to RMB36.55 billion, representing an increase of 29.7% as compared with the corresponding period of the previous year.

(3) Mobile Banking

Our mobile banking has been updating its APPs while optimizing our procedures and services. In the meantime, the Bank completed the connection of mobile payment capable of providing the online point exchange function for our users. As at June 30, 2016, we had 275,314 mobile banking customers in aggregate, representing an increase of 54,987 or 25.0% as compared with the beginning of the year. The total number of transactions amounted to 5,787,000, representing an increase of 65.3% as compared with the corresponding period of the previous year, and the total transaction volume amounted to RMB23.62 billion, representing an increase of 57.8% as compared with the same period of the previous year.

(4) Online Banking and Mobile Payment for Small and Micro Enterprises

As at June 30, 2016, the total number of customers of our online banking business for small and micro enterprises amounted to 3,402, bringing a total number of transactions of 44,400, and a total transaction volume of RMB5.71 billion; the total number of customers of our mobile payment business for small and micro enterprises amounted to 637, bringing a total number of transactions of 83, and a total transaction volume of RMB4.23 million.

(5) Direct Banking

After the Bank successfully took the first-mover advantage, direct banking has become an online brand and business channel of the Bank. The Bank also continued to expand the customer base of direct banking business. As at June 30, 2016, the direct banking business recorded a total of 109,115 electronic accounts, with customers originating from 32 provinces, municipalities and autonomous regions in China, of which 4,884 accounts were newly created in the first half of the year and 8,200 were active accounts. In respect of the scales of financial assets, the holding volume of Ju Li Bao (聚利寶) was RMB415.00 million; the holding volume of Le Hui Cun (樂惠存) was RMB5.71 million and the balance of the electronic current accounts amounted to RMB4.52 million.

Information Technology

In the first half of 2016, the Bank promoted the information technology construction in an orderly manner.

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 7 IT systems. Secondly, we proactively performed anti-virus, desktop security control tasks and risk inspection on information safety to enhance our security level. Thirdly, we deployed a database audit system, which recorded all the operations of databases in important information systems and provided an effective way to audit and analyze the subsequent events. Fourthly, we completed the construction and deployment of virtual desktop system, which effectively controlled the copy of development and testing environment via USB drives and screen copy and safeguarded the codes and data of the Bank while meeting the requirements of outsourcing personnel.

Management Discussions and Analysis

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, we relocated the front-end processors of our branches in Chongqing area to improve their management and failure handling efficiency. Secondly, we upgraded our integrated business system to achieve higher utilization, which enhanced the system switch efficiency and reduced the service restoration time. 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 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 accelerated the innovation and integration of technology and business, made full use of advanced technologies to catch up with the development of online financial services and focused on the comprehensive upgrading of risk controls. Firstly, we launched “Wei Li Dai (微粒貸)”, an online retailing credit product, which played a leading and demonstration role in our business development under the new “Internet +” environment. Secondly, “Holo Credit”, a big data risk control platform, was debuted and we launched one of the “Shu e Rong (數e融)” product “Hao Qi Dai (好企貸)” which is a credit granting product targeting small and micro enterprises based on the platform, starting a “big data era” for small and micro enterprise loans. Thirdly, we completed the construction of open wealth management product sales and asset management systems (phase I), which improved the wealth management product structure of the Bank and reduced the service cost, and as a result, our market competitiveness was effectively enhanced. Fourthly, we improved our payment system and opened another payment channel on the Bank’s uniform payment platform after the launching of the second generation payment system and intra-city payment system, making the real time clearing business between the Bank and nearly 100 of its member banks faster and more stable and further realizing our application integration structure based on big platforms and multi-businesses. Fifthly, we completed the construction of our internal retailing rating system (phase I), realizing the controllable, assessable and measurable transformation of our retailing credit granting business risks. Sixthly, we completed the construction of our centralized data management platform (phase I), which established a basic framework for the integration of our data resources and laid a solid foundation for the further expansion of our big data analytical applications.

3.4.6 Principal Subsidiary and Associate

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. Set out below are the profits attributable to the Bank as at June 30, 2016 and June 30, 2015:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Balance at the beginning of the period	29,214	26,405
Share of profit after tax of the associate	1,329	799
Balance at the end of the period	30,543	27,204

Management Discussions and Analysis

3.5 Employees and Human Resources Management

3.5.1 Details of the employees

(1) Composition of employees

As at June 30, 2016, there were 3,892 employees on-duty, of which 702 or 18.04% worked at the Head Office, and 2,409 or 61.89% worked at branch outlets in Chongqing while 781 or 20.07% worked at branches in other cities.

(2) Range of their ages

The average age of the employees of the Bank was 33.6. 355 or 9.12% of them were up to 25 years old while 1,407 or 36.15% aged between 26 to 30 years old. 863 or 22.17% of them aged between 31 to 35 years old while 397 or 10.20% of them aged between 36 to 40 years old. 550 or 14.13% of them aged between 41 to 45 years old while 219 or 5.63% of them aged between 46 to 50 years old and 101 or 2.60% of them aged above 50 years old.

(3) Educational background

399 or 10.25% of the employees of the Bank possessed a post-graduate qualification or above, and 6 of which were doctors. 2,724 or 69.99% of them were educated to undergraduate degree level while 769 or 19.76% of them received junior college degrees or below.

(4) Composition of gender

The Bank had 1,707 male employees and 2,185 female employees, with the proportion of 43.86% and 56.14% respectively.

3.5.2 Overall management of human resources

In the first half of 2016, the Bank aimed to intensify its reforms and continuously consolidated its foundation for managing human resources based on its five core tenets. 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. Moreover, 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.

3.5.3 Remuneration policy of the employees

The Bank has established its wide-range remuneration system based on market rates. It determined the remuneration and performance allocations of the employees based on their value of posts, individual ability, categories of posts and performance results. In order to have better recruitment, retaining and motivating of talents, the Bank successfully implemented the remuneration reform proposal during the first half of the year, while series of ancillary administrative measures for new remuneration system have been gradually promoted. Meanwhile, in respect of payment of remuneration, the Bank extended the payment to senior management and certain employees whom had significant impacts on risks according to the regulatory provisions.

3.5.4 Training and development of the employees

Through establishing a level-and-category based employee training system, and fully utilizing the M-learning platform of “Mobile College of Bank of Chongqing” and the online E-learning platform, the Bank continuously provided innovative training mechanisms, measures and methods, and comprehensively implemented nurturing and training programs for key personnel and frontline employees, to keep promoting the overall standard of all the employees.

3.6 Risk Management

3.6.1 Credit risk management

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

The Bank managed its credit risk from various aspects including organizational structure, system construction, market access, risk exposure limits, measurement tools, dynamic authorization, credit review and approval, post-loan management and recovery and disposal.

The Bank formulated its credit policy guidelines for the year of 2016, which set up multiple goals of “maintaining economic growth, making structural adjustments, promoting economic reforms and preventing economic risks” for the Bank. In pursuit of these goals, the Bank will coordinate the planning of “customer strategies, product strategies, industry strategies and regional strategies” and eventually reach a balance between risk and return under the capital constraints. The Bank conducted an in-depth study on macroeconomic and industry policies, and pushed forward the optimizing adjustments on its credit structure through setting up risk limits and implementing differentiated assessment and incentive policies. The Bank continued to enhance the risk management and control over, inter alia, industries with high pollution, high energy consumption and excess capacity and financing products for the supply chain, and gradually tightened the credit granting to these ends. The Bank strengthened the governance over the utilisation of credit funds, to give a true picture of how the funds are utilised. In respect of newly arising credit granting businesses, the Bank maintained stringent control against, inter alia, shell-based financing, affiliated enterprise financing and industrial chain financing, and strict management over granting credit to non-resident clients. The Bank enhanced its internal system development and policy-based guidance, perfected the resolving and managing mechanism for questionable credits, and diversified the resolving means as well as the recovery and disposal methods for questionable credits.

Management Discussions and Analysis

3.6.2 Operational risk management

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 the first half of 2016, the Bank kept on promoting the compliance with and the implementation of operational risk standards and reinforced the implementation of the three management tools for operational risks, in a bid to develop an operational risk management system.

The Bank promoted the use of operational risk management tools at head office and branch levels. Based on 55 major procedures, the Bank summarised and assessed the risks existing in the procedures as well as their controlling measures, with an emphasis on analysing the business links where control was weak and risk was high, so as to constantly optimize its procedures. Also, the Bank conducted real-time key risk indicator monitoring, analysed the causes of irregular movements of monitored indicators that breach thresholds, and actively carried out risk warning management and governance. Statistics on losses caused by relevant operational risks of the Bank were collected together for follow-up actions and analysis. The Bank promoted the practice of deficiency database, with a view to address the deficiencies identified during internal and external inspections across the Bank in a unified and regulated manner. To this end, responsible departments and units were required to go deep into the causes of deficiencies and perform point-to-surface rectifications. The Bank reinforced management over its security work, thoroughly implemented the regulatory requirements, detailed the major items of security work, disaggregated and carried out the mission of security work and conducted assessment and trouble-shooting, in order to prevent risky cases. In addition, the Bank promoted business continuity management, to increase the scientificity and practicability of the overall contingency plan and amend the plan based on deficiencies identified during the responsive drills, improved the event treatment procedures and enhanced the emergency response capability of the whole Bank.

3.6.3 Market risk management

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.

3.6.3.1 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 results in the effective yield lower than the expected yield or the real cost higher than the expected cost. The main interest rate risk that 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.

Since the beginning of 2016, China continued its efforts in interest rate liberalization reform. Various financial innovations emerged and led to intensified market competition and strengthened market supervision. Facing the interest rate liberalization reform 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 repricing 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 internal funds transfer pricing system, to ensure that our revenue and market value were maintained at a relatively stable level.

Management Discussions and Analysis

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
June 30, 2016							
Assets							
Cash and balances with central banks	41,956,971	-	-	-	-	565,009	42,521,980
Due from other banks and financial institutions	13,725,622	20,683,513	7,029,078	-	-	-	41,438,213
Financial assets at fair value through profit or loss	100,078	-	451,516	1,922,140	103,428	-	2,577,162
Loans and advances to customers	37,019,837	13,209,992	62,250,786	25,564,180	1,161,298	-	139,206,093
Securities investment							
– Loans and receivables	1,413,768	1,124,342	36,752,590	31,801,750	1,949,255	-	73,041,705
– Available-for-sale	1,672,703	2,688,605	3,178,164	12,054,879	802,209	417,406	20,813,966
– Held-to-maturity	90,000	129,988	620,932	8,057,567	8,320,014	-	17,218,501
Investment in an associate	-	-	-	-	-	30,543	30,543
Other financial assets	-	-	-	-	-	2,339,729	2,339,729
Total assets	95,978,979	37,836,440	110,283,066	79,400,516	12,336,204	3,352,687	339,187,892
Liabilities							
Due to other banks and financial institutions	10,498,250	13,268,803	23,612,818	-	90,144	-	47,470,015
Customer deposits	99,156,474	14,962,080	59,954,358	49,638,928	3,784	-	223,715,624
Debt securities issued	1,770,178	6,539,825	30,093,028	2,994,153	2,293,177	-	43,690,361
Other financial liabilities	-	-	-	-	-	4,286,604	4,286,604
Total liabilities	111,424,902	34,770,708	113,660,204	52,633,081	2,387,105	4,286,604	319,162,604
Total interest rate sensitivity gap	(15,445,924)	3,065,734	(3,377,138)	26,767,434	9,949,098	(933,916)	20,025,288

Management Discussions and Analysis

(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 banks	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 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 rate sensitivity gap	21,199,983	(5,150,498)	(31,328,162)	24,060,412	13,069,553	(2,765,619)	19,085,669

As at June 30, 2016, the Bank's accumulated gap amounted to RMB20,025.29 million, representing an increase of RMB939.62 million as compared to the end of the previous year.

3.6.3.2 Exchange rate risk

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

3.6.4 Liquidity risk management

Liquidity risk refers to the risk of a commercial bank 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 formulated the Administrative Measures for Liquidity Risk Management of Bank of Chongqing and continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and continues to 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.

In addition, the Bank continuously carries 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 stress tests for the first half of 2016 indicated that the liquidity risks remained within an acceptable range even under stressful conditions. Meanwhile, the Bank established the Contingency Plan for Liquidity Risk of Bank of Chongqing, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

At the end of June 2016, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

Management Discussions and Analysis

The Bank uses liquidity gap analysis to assess liquidity risk. At the end of June 2016, the liquidity gap of the Bank calculated from the Bank's undiscounted contractual cash flows categorized by contractual maturities was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
June 30, 2016									
Net Liquidity gap	(71,273,290)	(4,161,835)	1,189,555	(18,863,717)	44,781,607	31,515,226	34,348,938	4,965,271	22,501,755

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2015									
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

At the end of June 2016, the Bank's cumulative gap for all maturities was RMB22,501.76 million, representing a decrease of RMB1,208.76 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB71,273.29 million, there were still higher deposit settlement rates and stable funding sources with extensive and solid customer basis. Therefore, 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)	30 June, 2016	December 31, 2015
Qualified high-quality liquid assets	54,009,783	42,132,802
Net cash outflow in the next 30 days	49,139,977	41,906,971
Liquidity coverage ratio (%)	109.91	100.54

The latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBRC requires that commercial banks' liquidity coverage ratios shall 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 calculates 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 on March 1, 2014. As at June 30, 2016, the Bank's liquidity coverage ratio was 109.91%, representing an increase of 9.37 percentage points as compared to the end of the previous year, which was in line with the regulatory requirements of the CBRC.

3.7 Capital Management

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)	30 June, 2016	December 31, 2015
Core capital:		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	5,073,558	5,069,141
Surplus reserve and general risk reserves	5,564,636	4,948,796
Counted part of retained earnings	8,736,506	8,148,003
Core Tier 1 Capital deductibles items:	-	-
Full deduction items	(86,201)	(91,429)
Threshold deduction items	-	-
Core Tier 1 Capital, net	22,415,554	21,201,566
Other Tier 1 Capital, net	-	-
Tier 2 Capital, net	4,393,916	2,302,606
Net capital	26,809,470	23,504,172
On-balance sheet risk-weighted assets	192,720,313	175,521,618
Off-balance sheet risk-weighted assets	8,648,623	10,258,298
Risk-weighted assets for exposure to counterparty credit risk	146	-
Total credit risk-weighted assets	201,369,082	185,779,916
Total market risk-weighted assets	2,537,316	2,737,443
Total operational risk-weighted assets	13,594,516	13,594,516
Total risk-weighted assets before applying capital base	217,500,914	202,111,875
Total risk-weighted assets after applying capital base	217,500,914	202,111,875
Core Tier 1 Capital adequacy ratio (Expressed in percentage %)	10.31	10.49
Tier 1 Capital adequacy ratio (Expressed in percentage %)	10.31	10.49
Capital adequacy ratio (Expressed in percentage %)	12.33	11.63

Note: Core Tier 1 Capital adequacy ratio and capital adequacy ratio for the first half of 2016 were calculated in accordance with the latest guidance promulgated by the CBRC (effective from January 1, 2013).

Management Discussions and Analysis

As at the end of the Reporting Period, the Bank's capital adequacy ratio was 12.33%, representing a 0.70 percentage point increase as compared with the end of the previous year, and Core Tier 1 Capital adequacy ratio was 10.31%, representing a decrease of 0.18 percentage point as compared with the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly due to: (1) the increase in capital adequacy ratio as a result of successful issuance of RMB1,500.00 million subordinated bonds in February 2016; and (2) a decline in Core Tier 1 Capital adequacy ratio to certain extent as a result of sound development of various operations and growth of total weighted risk assets on the balance sheet.

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.

Change in Share Capital and Shareholders

As at the end of the Reporting Period, the Bank had a total of 3,127,054,805 Shares, comprising 1,579,020,812 H Shares and 1,548,033,993 Domestic Shares. There has been no change to the share capital during the Reporting Period.

	As at December 31, 2015		Changes during the Reporting Period			As at June 30, 2016	
	Number	Percentage	Issue of new shares	Others	Sub-total	Number	Percentage
1. Shareholding of Domestic Shares							
legal persons	1,491,146,246	47.68%	-	-	-	1,491,146,246	47.68%
Of which: Shareholding of state-owned legal persons ⁽¹⁾	1,023,415,941	32.73%	-	-	-	1,023,415,941	32.73%
Shareholding of private legal persons	467,730,305	14.95%	-	-	-	467,730,305	14.95%
2. Shareholding of Domestic Shares natural persons	56,887,747	1.82%	-	-	-	56,887,747	1.82%
Of which: Shareholding of employee natural persons	34,779,409	1.11%	-	93,643	93,643	34,873,052	1.12%
Shareholding of natural persons other than employees	22,108,338	0.71%	-	(93,643)	(93,643)	22,014,695	0.70%
3. H Shares	1,579,020,812	50.50%	-	-	-	1,579,020,812	50.50%
Total	3,127,054,805	100.00%	-	-	-	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.

Change in Share Capital and Shareholders

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

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage	Number of shares pledged
Chongqing Yufu Assets Management Group Co., Ltd.	State-owned	407,010,187	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

Change in Share Capital and Shareholders

4.2 Interests and Short Positions of Substantial Shareholders and Other Persons

As at June 30, 2016, the interests of substantial shareholders (as defined under the SFO of Hong Kong), other than Directors and Supervisors of the Bank, in the H Shares and underlying Shares of the Bank as recorded in the register required to be kept under section 336 of the SFO of Hong Kong or otherwise notified to the Bank by the Shareholders 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
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	240,463,650 (long position)	15.23	7.69
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	240,463,650 (long position)	15.23	7.69
Lifan International (Holdings) Limited (力帆國際(控股)有限公司) ⁽³⁾	Beneficial owner	172,417,500 (long position)	10.92	5.51
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	172,417,500 (long position)	10.92	5.51
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
CHEN Qiaofeng ⁽³⁾	Interest of spouse	172,417,500 (long position)	10.92	5.51
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 74.56% 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 240,463,650 H Shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the Shares of the Bank held by SAIC Motor HK Investment Limited.
- (3) As confirmed by Chongqing Lifan Industry (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 June 30, 2016, Lifan International (Holdings) Limited held 172,417,500 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 72% 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 Industry (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).

4.3 Shareholders Holding over 5% of the Total Share Capital

As at the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., SAIC Motor Corporation Limited, Funde Sino Life Insurance Co., Ltd. and Chongqing Road & Bridge Co., Ltd. held 461,260,187 Shares, 458,574,853 Shares, 301,982,432 Shares, 240,463,650 Shares, 217,570,150 Shares and 171,339,698 Shares of the Bank respectively, representing 14.75%, 14.66%, 9.66%, 7.69%, 6.96% 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.

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

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

The Bank had not purchased, sold or redeemed any listed securities of the Bank during the Reporting Period.

Directors, Supervisors and Senior Management

5.1 The Bank's Directors, Supervisors and Senior Management

As at the date of this report, the compositions of the Board, board of Supervisors and senior management of the Bank are as follows:

The Board comprised a total of 13 Directors, including four executive Directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; four non-executive Directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive Directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The board of Supervisors of the Bank comprised a total of nine Supervisors, including four employee Supervisors, namely Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. LIN Min and Mr. ZHOU Xiaohong; two shareholder Supervisors, namely Mr. CHEN Yan and Mr. WU Bing; and three external Supervisors, namely Mr. CHEN Zhong, Mr. CHEN Zhengsheng and Mr. YIN Xianglong.

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

As at June 30, 2016, the interests of the Directors, the chief executives and the Supervisors 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:

Name	Capacity	Number of domestic shares held	Percentage of the total share capital of the Bank (%)
RAN Hailing	Beneficial owner	45,374	0.00%
LIU Jianhua	Beneficial owner	167,975	0.01%
HUANG Changsheng	Beneficial owner	123,451	0.00%
	Interest of spouse	60,647	0.00%
LIN Min	Beneficial owner	104,002	0.00%
ZHOU Xiaohong	Beneficial owner	144,585	0.00%

Save as disclosed above, none of the Directors, the chief executives or the Supervisors 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 June 30, 2016.

Directors, Supervisors and Senior Management

5.2 Changes in Directors, Supervisors and Senior Management

On March 18, 2016, the Board approved Mr. QIN Wei's resignation as a non-executive Director of the Bank and a member of the Strategic Committee under the Board due to work re-designation with effect from the same date.

On March 21, 2016, Mr. ZHOU Yongkang resigned from the position as an external Supervisor of the Bank due to work re-designation with effect from June 17, 2016.

On April 22, 2016, Mr. LI He and Mr. KONG Xiangbin, independent non-executive Directors of the Bank, were respectively appointed as a member of the Strategic Committee and the Information Technology Guidance Committee under the Board with effect from the same date. Meanwhile, the Board approved the nomination of Mr. SUI Jun as a vice president of the Bank. The appointment of Mr. SUI Jun will take effect upon the approval of his qualification by the CBRC Chongqing Bureau.

On May 31, 2016, the Board approved Mr. ZHAN Wanghua's resignation as an executive Director, a member of the Information Technology Guidance Committee of the Board, a member of the Risk Management Committee of the Board and the chief risk officer of the Bank due to work re-designation with effect from the same date.

On June 17, 2016, the 2015 annual general meeting of the Bank approved the appointments of Mr. LIU Jianhua and Mr. WONG Wah Sing as executive Directors, Mr. YANG Yusong as a non-executive Director and Mr. CHEN Zhong as an external Supervisor, respectively. The appointments of Mr. LIU Jianhua, Mr. WONG Wah Sing and Mr. YANG Yusong will take effect upon the approval of their directorship qualification by the CBRC Chongqing Bureau. Mr. CHEN Zhong began to serve as an external Supervisor of the Bank since June 17, 2016 and on the same day, Mr. ZHOU Yongkang ceased to serve as an external Supervisor of the Bank.

On August 1, 2016, the CBRC Chongqing Bureau approved the qualification of Mr. LIU Jianhua for serving as an executive Director of the Bank. The term of office of Mr. LIU Jianhua has become effective from the date of approval, and shall end upon the expiry of the fifth session of the Board.

On September 21, 2016, the CBRC Chongqing Bureau approved the qualification of Mr. WONG Wah Sing for serving as an executive Director and the chief risk officer of the Bank. The term of office of Mr. WONG Wah Sing as an executive Director has become effective from the date of approval, and shall end upon the expiry of the fifth session of the Board.

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

5.3 Securities Transactions by Directors and Supervisors

In respect of securities transactions by Directors, Supervisors, senior management and relevant employees, the Bank has adopted the Administrative Measures on the Holding and Change of Holding of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd. (the "Measures") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and Supervisors, all Directors and Supervisors of the Bank have confirmed that they have complied with such code of conduct and the Measures during the six months ended June 30, 2016.

Significant Events

6.1 Corporate Governance Code

The Bank strives to improve the transparency and accountability of its corporate governance and ensure high standards of corporate governance practices to protect the interests of Shareholders and enhance corporate value and commitment.

In order to maintain a high standard of corporate governance, the Bank has established a dedicated, professional and accountable Board, and board of Supervisors, and has experienced senior management. The members of the Bank's Board and board of Supervisors, except for employee Supervisors, are all elected by Shareholders at the Shareholders' general meeting.

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

6.2 Profits and Dividends

The Bank's revenue for the six months ended June 30, 2016 and the Bank's financial position as at the same date are set out in the financial report of this interim report.

A final dividend of RMB0.264 per share (tax inclusive) for the year 2015 (2014: RMB0.272 per share (tax inclusive)), amounting to a total dividend of RMB825,542,468.52 (tax inclusive) based on the profit and number of shares issued for the year ended December 31, 2015, was distributed by the Bank upon consideration and approval at the annual general meeting on June 17, 2016. The final dividend for year 2015 was distributed to holders of H Shares and domestic shares on July 22, 2016.

The Bank will not distribute any interim dividend for the first six months of 2016 or convert any capital reserve into share capital.

6.3 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.

6.4 Material Litigation and Arbitration

During the Reporting Period, the Bank was not involved in any litigation or arbitration that would materially affect its business operations. As at June 30, 2016, the Bank has been involved in some legal proceedings arising from its normal business operation as the defendant. The Bank is of the opinion that such legal proceedings and arbitration would have no material impact on the Bank's financial position or business results.

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

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

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

As at the end of the Reporting Period, there was no undertaking by the Bank or its Shareholders holding over 5% of the total Shares in issue of the Bank.

6.7 Material Contracts and their Performance

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

6.8 Material Acquisition and Disposal of Assets and Business Merger

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

6.9 Review of the Interim Financial Statements

The interim financial statements for 2016 prepared by the Bank in accordance with the IFRSs promulgated by the International Accounting Standards Board have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

The Board and the Audit Committee of the Board have reviewed and approved this interim report.

6.10 Publication of Interim Report

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

Report on Review of Interim Financial Information

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

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

Introduction

We have reviewed the condensed interim financial information set out on pages 65 to 120, which comprises the condensed statement of financial position of Bank of Chongqing Co., Ltd. (the "Bank") as at 30 June 2016 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19th Aug 2016

Unaudited Condensed Statement of Comprehensive Income

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

	Note	For the six months ended 30 June	
		2016	2015
Interest income		8,158,593	7,719,154
Interest expense		(4,231,629)	(4,307,413)
Net interest income	3	3,926,964	3,411,741
Fee and commission income		990,047	801,930
Fee and commission expense		(41,063)	(35,971)
Net fee and commission income	4	948,984	765,959
Net trading income	5	835	71,768
Net gains/(losses) on investment in securities	16	3,107	(5,042)
Other operating income	6	8,976	18,370
Operating income		4,888,866	4,262,796
Operating expenses	7	(1,147,367)	(1,291,776)
Asset impairment losses	9	(1,058,003)	(532,814)
Operating profit		2,683,496	2,438,206
Share of profit of an associate	17	1,329	799
Profit before income tax		2,684,825	2,439,005
Income tax	10	(654,941)	(601,188)
Net profit		2,029,884	1,837,817
Net profit for the period attributable to shareholders of the Bank		2,029,884	1,837,817
Earnings per share attributable to the shareholders of the Bank (in RMB yuan)			
Basic and diluted	11	0.65	0.68

Unaudited Condensed Statement of Comprehensive Income

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

	Note	For the six months ended 30 June	
		2016	2015
Net profit for the period attributable to shareholders of the Bank		2,029,884	1,837,817
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Available-for-sale (“AFS”) securities			
Changes in fair value recognised in other comprehensive income		6,710	247,270
Less: Related income tax impact		(1,677)	(61,818)
Subtotal		5,033	185,452
<i>Items that will not be reclassified to profit or loss:</i>			
Loss on remeasurement of retirement benefits		(820)	(1,908)
Less: Related income tax impact		205	478
Subtotal		(615)	(1,430)
Total other comprehensive income, net of tax	32	4,418	184,022
Total comprehensive income for the period attributable to shareholders of the Bank		2,034,302	2,021,839
Dividends			
Dividends declared during the period	28	825,542	735,821

Chairman:
Gan Weimin

President:
Ran Hailing

Vice President:
Yang Shiyin

Head of Financial
Department:
Li Cong

Unaudited Condensed Statement of Financial Position

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

	Note	30 June 2016	31 December 2015
ASSETS			
Cash and balances with central bank	12	42,521,980	38,201,369
Due from banks and other financial institutions	13	41,438,213	45,856,556
Financial assets at fair value through profit or loss	14	2,577,162	2,312,586
Loans and advances to customers	15	139,206,093	121,816,452
Investment in securities	16		
– Loans and receivables		73,041,705	73,008,214
– Available-for-sale (“AFS”)		20,813,966	18,970,967
– Held-to-maturity (“HTM”)		17,218,501	13,816,724
Investment in an associate	17	30,543	29,214
Fixed assets	18	2,680,723	2,627,007
Deferred income tax assets	23	646,972	505,920
Other assets	19	3,140,151	2,662,978
Total assets		343,316,009	319,807,987
LIABILITIES			
Due to banks and other financial institutions	20	47,470,015	73,235,555
Customer deposits	21	223,715,624	199,298,705
Other liabilities	22	5,642,096	7,218,001
Current tax liabilities		296,158	271,989
Bonds issued	25	43,690,361	18,490,742
Total liabilities		320,814,254	298,514,992
EQUITY			
Share capital and reserves attributable to shareholders of the Bank			
Share capital	26	3,127,055	3,127,055
Capital surplus	26	4,680,638	4,680,638
Other reserves	27	5,957,556	5,337,299
Retained earnings		8,736,506	8,148,003
Total equity		22,501,755	21,292,995
Total liabilities and equity		343,316,009	319,807,987

Chairman:
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President:
Ran Hailing

Vice President:
Yang Shiyin

Head of Financial
Department:
Li Cong

Unaudited Condensed Statement of Changes in Equity

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

	Other reserves							Total
	Share capital	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits	Undistributed profits	
	Note 26	Note 26	Note 27	Note 27	Note 27	Note 27		
Balance at 1 January 2016	3,127,055	4,680,638	1,522,214	3,426,582	390,730	(2,227)	8,148,003	21,292,995
Net profit for the period	-	-	-	-	-	-	2,029,884	2,029,884
Other comprehensive income	-	-	-	-	5,033	(615)	-	4,418
Total comprehensive income	-	-	-	-	5,033	(615)	2,029,884	2,034,302
Dividends (Note 28)	-	-	-	-	-	-	(825,542)	(825,542)
Transfer to other reserves	-	-	-	615,839	-	-	(615,839)	-
Balance at 30 June 2016	3,127,055	4,680,638	1,522,214	4,042,421	395,763	(2,842)	8,736,506	22,501,755
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 period	-	-	-	-	-	-	1,837,817	1,837,817
Other comprehensive income	-	-	-	-	185,452	(1,430)	-	184,022
Total comprehensive income	-	-	-	-	185,452	(1,430)	1,837,817	2,021,839
Dividends (Note 28)	-	-	-	-	-	-	(735,821)	(735,821)
Transfer to other reserves	-	-	-	924,150	-	-	(924,150)	-
Balance at 30 June 2015	2,705,228	2,444,623	1,205,208	3,426,582	275,822	(1,188)	7,132,766	17,189,041

Chairman:
Gan Weimin

President:
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Vice President:
Yang Shiyin

Head of Financial
Department:
Li Cong

Unaudited Condensed Statements of Cash Flows

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

	For the six months ended 30 June	
	2016	2015
Cash flows from operating activities		
Profit before income tax	2,684,825	2,439,005
Adjustments:		
Depreciation and amortisation	83,551	65,264
Impairment losses on loans	950,808	492,510
Impairment losses on other assets	107,195	40,304
Net losses/(gains) on disposal of fixed assets	9	(45)
Net (gains)/losses on de-recognition of investment in securities	(3,107)	5,042
Share of profit of an associate	(1,329)	(799)
Interest income arising from investment in securities	(3,122,128)	(2,647,196)
Interest expense arising from bonds issued	562,658	127,211
Net increase in operating assets:		
Net (increase)/decrease in restricted deposits with central bank	(2,337,268)	1,153,496
Net increase in due from and placements with banks and other financial institutions	(2,132,415)	(757,401)
Net decrease in securities held under resale agreement	8,180,127	13,548,963
Net increase in loans and advances to customers	(18,230,253)	(9,334,817)
Net increase in other operating assets	(615,154)	(368,201)
Net increase in operating liabilities:		
Net (decrease)/increase in borrowings from central banks	(1,320,355)	1,175,735
Net decrease in due to and placements from banks and other financial institutions	(13,400,174)	(3,578,704)
Net decrease in securities sold under repurchase agreement	(11,045,011)	(9,632,976)
Net increase in customer deposits	24,416,919	13,546,739
Net (decrease)/increase in other operating liabilities	(2,363,947)	826,454
Income tax paid	(773,501)	(520,318)
Net cash (outflows)/inflows from operating activities	(18,358,550)	6,580,266

Unaudited Condensed Statements of Cash Flows

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

	For the six months ended 30 June	
	2016	2015
Cash flows from investing activities:		
Dividends received	–	440
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	12,247	2,463
Purchase of fixed assets, intangible assets and other long-term assets	(124,869)	(127,569)
Cash received from disposal of investments	147,055,285	32,418,868
Cash paid to purchase investments	(149,573,787)	(34,859,873)
Net cash outflows from investing activities	(2,631,124)	(2,565,671)
Cash flows from financing activities:		
Cash received from bonds issued	37,658,945	6,500,000
Cash paid to redeem bonds issued	(12,900,000)	(3,500,000)
Interest paid in relation to bonds issued	(197,800)	(237,603)
Dividends paid to shareholders of the Bank	(431)	(735,825)
Net cash inflows from financing activities	24,560,714	2,026,572
Effect of exchange rate changes on cash and cash equivalents	41,672	7,866
Net increase in cash and cash equivalents	3,612,712	6,049,033
Cash and cash equivalents at beginning of the period	18,118,269	11,754,912
Cash and cash equivalents at end of the period (Note 33)	21,730,981	17,803,945

Chairman:
Gan Weimin

President:
Ran Hailing

Vice President:
Yang Shiyin

*Head of Financial
Department:*
Li Cong

Notes to the Unaudited Condensed Interim Financial Information

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

1 GENERAL INFORMATION

Bank of Chongqing Co., Ltd. (“the Bank”) was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established by consolidating 37 urban credit cooperatives and one urban credit union in Chongqing with the approval of Yinfu [1996] No.140 by the People’s Bank of China (“PBOC”). On 30 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd.” (重慶市商業銀行股份有限公司) with the approval of Yuyinfu [1998] No.48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.” (重慶銀行股份有限公司) with the approval of Yinjianfu [2007] No.325 by the China Banking Regulatory Commission (“CBRC”). On 6 November 2013, the Bank 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 30 June 2016, the Bank operates its business through 130 sub-branches including Head Office Business Department, a small enterprise credit centre, 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 include provision of corporate and retail banking products and services, and the treasury operations in China.

These financial statements have been approved by the Board of Directors on 19 August 2016.

The financial information relating to the year ended 31 December 2015 that is included in the condensed interim financial information for the six months ended 30 June 2016 as comparative information does not constitute the Bank’s annual financial statements.

2 BASIS OF PRESENTATION AND ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Basis of presentation and critical accounting policies

The unaudited condensed interim financial statement of the Bank has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” and disclosure requirements of “the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, which should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

Except as described below, the Bank’s accounting policies applied in preparing these unaudited condensed financial statements are consistent with those policies applied in preparing the financial reports as at 31 December 2015.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

2 BASIS OF PRESENTATION AND ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

New and revised IFRSs effective by 1 January 2016 applied by the Bank

Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
IFRS 14	Regulatory deferral accounts
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between an investor and its associate or joint venture
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception
Amendments to IAS 1	Disclosure initiative

Standards and amendments that are not yet effective and have not been adopted by the Bank.

		Effective for annual period beginning on or after
Amendments to IAS 7	Statement of cash flows	1 January 2017
Amendments to IAS 12	Income taxes	1 January 2017
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Lease	1 January 2019

The Bank is considering the impact of IFRS 9, IFRS 16 and IAS 7 on the financial statements.

Except the above mentioned impact of IFRS 9, IFRS 16 and IAS 7, the adoption of the above new IFRSs and amendments to IFRSs issued but not yet effective is not expected to have a material effect on the Bank's operating results, financial position or other comprehensive income.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

2 BASIS OF PRESENTATION AND ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

3 NET INTEREST INCOME

	For the six months ended 30 June	
	2016	2015
Interest income		
Deposits with central bank	263,760	245,374
Due from banks and other financial institutions	682,209	1,048,040
Loans and advances to customers	4,090,496	3,778,544
Investment in securities	3,031,411	2,545,471
Financial assets at fair value through profit or loss	90,717	101,725
	8,158,593	7,719,154
Interest expense		
Due to banks and other financial institutions	(1,110,231)	(1,721,312)
Customer deposits	(2,558,740)	(2,458,890)
Bonds issued	(562,658)	(127,211)
	(4,231,629)	(4,307,413)
Net interest income	3,926,964	3,411,741
	For the six months ended 30 June	
	2016	2015
Interest income accrued on loans and advances to customers individually impaired	39,142	16,287

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

4 NET FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2016	2015
Fee and commission income		
Custodian services	365,698	286,789
Financial advisory and consulting services	59,064	198,919
Wealth management agency services	371,463	178,634
Bank card services	90,888	87,675
Settlement and agency services	31,560	29,375
Credit commitments	71,374	20,538
	990,047	801,930
Fee and commission expense		
Settlement and agency services	(25,155)	(23,807)
Bank card services	(8,312)	(8,418)
Others	(7,596)	(3,746)
	(41,063)	(35,971)
Net fee and commission income	948,984	765,959

5 NET TRADING INCOME

	For the six months ended 30 June	
	2016	2015
Foreign exchange gains/(losses)	4,375	(2,531)
Net (losses)/gains on interest rate instruments	(3,540)	74,299
	835	71,768

Foreign exchange gains/(losses) mainly include gains/(losses) from spot exchange and the translation of financial assets and liabilities denominated in foreign currencies into RMB.

For the six months ended 30 June 2016, foreign exchange gains/(losses) refer to gains from spot exchange, amounting to RMB8,823 thousand (for the six months ended 30 June 2015: losses of RMB2,442 thousand).

Net (losses)/gains on interest rate instruments mainly include losses and gains from the adjustment of the trading securities to their fair value.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

6 OTHER OPERATING INCOME

	For the six months ended 30 June	
	2016	2015
Government grants	3,261	14,197
Dividend income from unlisted AFS securities	–	440
Rental income from investment properties	578	312
Income from disposal of fixed assets	2	–
Other miscellaneous income	5,135	3,421
	8,976	18,370

The government grants mainly include: grants awarded for credit expansion, performance of branches and other government grants used for supporting local economic development.

Other miscellaneous income mainly comprises cashier surplus, compensation for breach of contract, etc.

7 OPERATING EXPENSES

	Note	For the six months ended 30 June	
		2016	2015
Staff costs (including directors' and supervisors' emoluments)	8	487,033	639,873
General and administrative expenses		304,654	252,324
Business tax and surcharges		216,911	275,535
Depreciation of fixed assets	18	58,079	53,089
Amortisation of intangible assets	19(c)	11,264	9,583
Amortisation of land use rights	19(b)	2,432	2,432
Depreciation of investment properties	19(d)	156	160
Amortisation of long-term prepaid expenses		11,620	10,063
Lease payments under an operating lease		33,757	36,014
Professional fees		11,199	9,522
Donations		9,150	1,450
Others		1,112	1,731
		1,147,367	1,291,776

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

	Note	For the six months ended 30 June	
		2016	2015
Salaries and bonuses		286,247	469,094
Pension expenses	24	71,957	63,014
Housing benefits and subsidies		37,645	31,170
Labour union and staff education expenses		8,229	11,099
Other social security and benefit expenses		82,955	65,496
		487,033	639,873

9 ASSET IMPAIRMENT LOSSES

	Note	For the six months ended 30 June	
		2016	2015
Loans and advances to customers			
– Collective impairment allowances	15(b)	590,860	220,796
– Individually impairment allowances	15(b)	359,948	271,714
Loans and receivables	16	104,066	39,496
Others		3,129	808
		1,058,003	532,814

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

10 INCOME TAX

	Note	For the six months ended 30 June	
		2016	2015
Current income tax		797,670	743,603
Deferred income tax	23	(142,729)	(142,415)
		654,941	601,188

Income tax is calculated at the statutory rate of 25% of taxable income according to the PRC Tax Law for the relevant year/period on the estimated taxable income of the Bank.

The difference between the actual income tax charge in the statement of comprehensive income and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2015:25%) to profit before income tax can be reconciled as follows:

	For the six months ended 30 June	
	2016	2015
Profit before income tax	2,684,825	2,439,005
Tax calculated at a tax rate of 25%	671,206	609,752
Tax effect arising from income not subject to tax ^(a)	(40,041)	(21,452)
Tax effect of expenses that are not deductible for tax purposes ^(b)	21,483	13,254
Tax filing differences for previous years	2,293	(366)
Income tax	654,941	601,188

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

11 BASIC AND DILUTED EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2016	2015
Net profit attributable to shareholders of the Bank (in RMB'000)	2,029,884	1,837,817
Weighted average number of ordinary shares outstanding (thousand)	3,127,055	2,705,228
Basic earnings per share (in RMB)	0.65	0.68

(b) Diluted earnings per share

For the six months ended 30 June 2016, there are no potential diluted ordinary shares (for the six months ended 30 June 2015: nil). Therefore, the diluted earnings per share are the same as the basic earnings per share.

12 CASH AND BALANCES WITH CENTRAL BANK

	30 June 2016	31 December 2015
Cash	565,010	614,162
Statutory reserve deposits	31,123,873	28,789,768
Surplus reserve deposits	10,806,528	8,774,033
Fiscal deposits	26,569	23,406
	42,521,980	38,201,369

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

	30 June 2016	31 December 2015
Statutory reserve rate for deposits denominated in RMB	14.5%	14.0%
Statutory reserve rate for deposits denominated in foreign currencies	5%	5%

Statutory reserve deposits with central bank are not available for the Bank in its day to day operations.

Amounts other than statutory reserve deposits with central bank are mainly for liquidity purpose.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

13 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2016	31 December 2015
Deposits with other banks and financial institutions	10,384,554	9,205,978
Notes held under resale agreements	26,176,521	35,477,556
Securities held under resale agreements	1,570,968	–
Other financial assets held under resale agreements	–	450,060
Placements with other banks	3,306,170	722,962
	41,438,213	45,856,556

As at 30 June 2016, there is no individually impaired due from banks and other financial institutions (as at 31 December 2015: nil).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016	31 December 2015
Other debt securities – Corporate bonds		
– Listed outside Hong Kong	1,015,146	907,721
– Unlisted	1,562,016	1,404,865
	2,577,162	2,312,586

All the Bank's unlisted debt securities are traded in the Inter-bank Bond Market in Mainland China.

As at 30 June 2016, no trading securities of the Bank are pledged to third parties under any repurchase agreements (as at 31 December 2015: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	30 June 2016	31 December 2015
Loans and advances to corporate entities		
– Corporate loans	96,330,435	84,276,669
– Discounted notes	9,858,687	4,120,780
Subtotal	106,189,122	88,397,449
Retail loans		
– Mortgage loans	18,032,080	18,012,580
– Personal business loans	11,474,576	11,586,127
– Personal consumption loans	4,285,534	3,848,972
– Overdraft of credit cards	3,018,327	2,924,258
Subtotal	36,810,517	36,371,937
Total	142,999,639	124,769,386
Less: Collective impairment allowances	(3,083,652)	(2,492,792)
Less: Individual impairment allowances	(709,894)	(460,142)
Total	(3,793,546)	(2,952,934)
Carrying amount	139,206,093	121,816,452

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements in impairment allowances for loans and advances to customers:

Analysed by collective or individual impairment:

	For the six months ended 30 June 2016	
	Collective impairment allowances	Individual impairment allowances
Balance at beginning of the period	2,492,792	460,142
Impairment allowances for loans to customers	812,095	706,707
Reversal of impairment allowances for loans to customers	(221,235)	(346,759)
Net impairment allowances for loans to customers (Note 9)	590,860	359,948
Unwinding discount on allowances	–	(39,142)
Loans written off during the period	–	(109,463)
Recoveries of doubtful loans written off in prior periods	–	38,409
Balance at end of the period	3,083,652	709,894

	For the year ended 31 December 2015	
	Collective impairment allowances	Individual impairment allowances
Balance at beginning of the year	2,072,780	261,315
Impairment allowances for loans to customers	847,547	668,672
Reversal of impairment allowances for loans to customers	(427,535)	(75,265)
Net impairment allowances for loans to customers	420,012	593,407
Unwinding discount on allowances	–	(59,493)
Loans written off during the year	–	(345,552)
Recoveries of doubtful loans written off in prior periods	–	10,465
Balance at end of the year	2,492,792	460,142

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements impairment allowances for loans and advances to customers (Continued):
Analysed by corporate or retail loans:

	For the six months ended 30 June 2016	
	Corporate	Retail
Balance at beginning of the period	2,042,541	910,393
Impairment allowances for loans to customers	1,167,958	350,844
Reversal of impairment allowances for loans to customers	(297,461)	(270,533)
Net impairment allowances for loans to customers	870,497	80,311
Unwinding discount on allowances	(30,536)	(8,606)
Loans written off during the period	(47,654)	(61,809)
Recoveries of doubtful loans written off in prior periods	28,344	10,065
Balance at end of the period	2,863,192	930,354

	For the year ended 31 December 2015	
	Corporate	Retail
Balance at beginning of the year	1,594,439	739,656
Impairment allowances for loans to customers	1,112,175	404,044
Reversal of impairment allowances for loans to customers	(366,540)	(136,260)
Net impairment allowances for loans to customers	745,635	267,784
Unwinding discount on allowances	(44,866)	(14,627)
Loans written off during the year	(253,314)	(92,238)
Recoveries of doubtful loans written off in prior periods	647	9,818
Balance at end of the year	2,042,541	910,393

(c) Loans and advances individually recognised for impairment and impairment allowances

	30 June 2016		31 December 2015	
	Impaired loans	Specific provision	Impaired loans	Specific provision
Corporate	994,875	540,324	883,238	330,517
Retail	384,771	169,570	327,090	129,625
	1,379,646	709,894	1,210,328	460,142

	30 June 2016	31 December 2015
Loans individually recognised for impairment (percentage)	0.96%	0.97%

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Industry analysis

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

	30 June 2016		31 December 2015	
	Amount	%	Amount	%
Corporate loans				
Real estate	17,137,855	16.14	15,082,562	17.06
Manufacturing	16,948,316	15.96	16,488,594	18.65
Wholesale and retail trade	15,908,935	14.98	16,105,150	18.22
Administration of water conservancy, environment and public facilities	10,707,333	10.08	6,596,889	7.46
Lease and business activities	9,730,999	9.16	6,999,400	7.92
Construction	7,993,692	7.53	8,109,478	9.18
Public administration, social security and social organisations	3,500,400	3.30	3,147,630	3.56
Mining	2,838,385	2.67	2,666,412	3.02
Transportation, storage and postal service	2,131,336	2.01	2,013,142	2.28
Electricity, gas and water production and supply	2,052,873	1.93	2,021,638	2.29
Household services and other services	1,707,508	1.61	729,088	0.82
Agriculture, forestry, animal husbandry and fishery	1,614,725	1.52	1,424,851	1.61
Education	882,300	0.83	643,890	0.73
Financing	855,422	0.81	362,129	0.41
Information transmission, software and information technology services	643,322	0.61	321,001	0.36
Accommodation and catering	509,685	0.48	383,344	0.43
Health and social welfare	488,933	0.46	499,900	0.57
Scientific research and technical services	366,583	0.35	311,783	0.35
Culture, sports and entertainment	311,833	0.29	369,788	0.42
Discounted notes	9,858,687	9.28	4,120,780	4.66
Total corporate loans	106,189,122	100.00	88,397,449	100.00
Retail loans				
Mortgage loans	18,032,080	48.99	18,012,580	49.52
Individual business loans	11,474,576	31.17	11,586,127	31.86
Individual consumption loans	4,285,534	11.64	3,848,972	10.58
Overdraft of credit card	3,018,327	8.20	2,924,258	8.04
Total retail loans	36,810,517	100.00	36,371,937	100.00
Gross amount of loans and advances before allowance for impairment	142,999,639		124,769,386	

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2016	31 December 2015
Collateralised loans	77,599,755	70,150,924
Pledged loans	19,352,412	12,562,758
Guaranteed loans	39,945,000	35,291,775
Unsecured loans	6,102,472	6,763,929
Total	142,999,639	124,769,386

(f) Loans and advances are summarised as follows:

	30 June 2016		31 December 2015	
	Loans and advances to customers	Discounted notes and trade finance	Loans and advances to customers	Discounted notes and trade finance
Neither past due nor impaired ⁽ⁱ⁾	126,690,451	10,642,168	116,361,760	4,899,278
Past due but not impaired ⁽ⁱⁱ⁾	4,287,374	–	2,298,020	–
Individually impaired ⁽ⁱⁱⁱ⁾	1,379,646	–	1,210,328	–
Gross	132,357,471	10,642,168	119,870,108	4,899,278
Less: Collective impairment allowances	(2,964,460)	(119,192)	(2,437,920)	(54,872)
Individual impairment allowances	(709,894)	–	(460,142)	–
Total allowances	(3,674,354)	(119,192)	(2,898,062)	(54,872)
Net	128,683,117	10,522,976	116,972,046	4,844,406

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Loans and advances are summarised as follows (Continued):

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

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

30 June 2016	Internal rating		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	86,582,814	4,106,208	90,689,022
– Discounted notes	9,858,687	–	9,858,687
– Trade finance	783,481	–	783,481
Subtotal	97,224,982	4,106,208	101,331,190
Retail loans	35,493,189	508,240	36,001,429
Total	132,718,171	4,614,448	137,332,619

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

15 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Loans and advances are summarised as follows (Continued):

(ii) Loans and advances past due but not impaired

	30 June 2016				Total
	Past due up to 30 days	Past due 30 – 60 days	Past due 60 – 90 days	Past due over 90 days	
Corporate customers	1,872,561	619,792	779,472	591,232	3,863,057
Retail customers	224,690	60,475	50,042	89,110	424,317
Total	2,097,251	680,267	829,514	680,342	4,287,374

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

(iii) Loans and advances to customers individually recognised for impairment

As at 30 June 2016, loans and advances to customers individually recognised for impairment before taking into consideration of the collateral held amounted to RMB1,379,646 thousand (as at 31 December 2015: RMB1,210,328 thousand).

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

	30 June 2016	31 December 2015
Corporate customers	994,875	883,238
Retail customers	384,771	327,090
Loans and advances individually recognised for impairment	1,379,646	1,210,328
Fair value of collaterals		
Corporate customers	470,259	430,053
Retail customers	227,882	199,021
Loans and advances individually recognised for impairment	698,141	629,074

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 INVESTMENT IN SECURITIES

	30 June 2016	31 December 2015
Investment in securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust investment ⁽¹⁾	58,201,966	50,160,905
– Wealth management products purchased from financial institutions	1,491,576	4,308,582
– Directional asset management plans ⁽²⁾	11,172,114	13,516,686
– Commercial acceptance bills purchased under resale agreements	–	4,306,545
– Local government bonds	2,538,900	958,900
– Asset-Backed Securities	12,501	27,882
Impairment allowances	(375,352)	(271,286)
Loans and receivables (net)	73,041,705	73,008,214
Investment in securities – AFS		
Debt securities – at fair value		
– Listed outside Hong Kong	7,412,988	8,006,306
– Unlisted	12,983,558	10,472,231
Debt securities	20,396,546	18,478,537
Equity securities – at fair value		
– Unlisted	417,406	492,416
Equity securities	417,406	492,416
Others	14	14
AFS (Total)	20,813,966	18,970,967
Investment in securities – HTM		
Debt securities-at amortised cost		
– Listed outside Hong Kong	13,559,979	4,457,687
– Unlisted	3,658,522	9,359,037
HTM (Total)	17,218,501	13,816,724

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 INVESTMENT IN SECURITIES (Continued)

The movement in provision for impairment of investment in securities:

	Loans and receivables	AFS financial assets	HTM investments	Total
1 January 2016	271,286	–	–	271,286
Provision in the period (Note 9)	130,748	–	–	130,748
Reversal in the period (Note 9)	(26,682)	–	–	(26,682)
30 June 2016	375,352	–	–	375,352
1 January 2015	154,172	–	–	154,172
Provision in the year	122,246	–	–	122,246
Reversal in the year	(5,132)	–	–	(5,132)
31 December 2015	271,286	–	–	271,286

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 INVESTMENT IN SECURITIES (Continued)

Investment in securities are analysed by issuer as follows:

	30 June 2016	31 December 2015
Investment in securities – loans and receivables		
– Trust companies	58,214,467	50,188,787
– Securities companies	10,387,145	13,411,717
– Commercial banks	1,491,576	8,615,127
– Asset management companies	784,969	104,969
– Local governments	2,538,900	958,900
Impairment allowances	(375,352)	(271,286)
	73,041,705	73,008,214
Investment in securities – AFS		
– Policy banks	2,563,491	3,079,089
– Corporate entities	17,687,236	15,140,594
– Commercial banks	51,508	70,611
– Trust companies	94,311	188,243
– Equity investment at fair value	417,406	492,416
– Others	14	14
	20,813,966	18,970,967
Investment in securities – HTM		
– Governments	13,559,979	10,515,099
– Policy banks	3,207,522	2,835,625
– Commercial banks	420,000	420,000
– Corporate entities	31,000	46,000
	17,218,501	13,816,724

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 INVESTMENT IN SECURITIES (Continued)

(1) Trust investments:

	30 June 2016	31 December 2015
Trust investments purchased from trust companies		
– Guaranteed by other banks	1,698,500	2,248,800
– Guaranteed by guarantee companies	1,435,000	2,731,000
– Pledged by certificates of deposit	20,557,300	11,110,400
– Collateralised by properties	24,287,118	22,725,705
– Guaranteed by third-party companies	2,520,000	1,874,000
– Credit guarantee	473,048	–
Subtotal	50,970,966	40,689,905
Trust investments purchased from other commercial banks		
– Guaranteed by other banks	7,231,000	9,471,000
Subtotal	7,231,000	9,471,000
Total	58,201,966	50,160,905

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 INVESTMENT IN SECURITIES (Continued)

(2) Directional asset management plans:

	30 June 2016	31 December 2015
The asset management plan purchased from securities companies		
– Guaranteed by other banks	1,108,000	2,727,000
– Guaranteed by guarantee companies	–	120,000
– Guaranteed by third-party companies	1,050,000	864,000
– Pledged by certificates of deposit	3,249,579	2,811,212
– Collateralised by properties	580,000	580,000
– Credit guarantee	1,063,086	423,025
Subtotal	7,050,665	7,525,237
The asset management plan purchased from commercial banks		
– Guaranteed by other banks	3,336,480	5,886,480
Subtotal	3,336,480	5,886,480
The asset management plans purchased from asset management company		
– Guaranteed by third-party companies	380,000	–
– Guaranteed by fund companies	104,969	104,969
– Credit guarantee	300,000	–
Subtotal	784,969	104,969
Total	11,172,114	13,516,686

Net gains/(losses) on investment in securities include:

	For the six months ended 30 June	
	2016	2015
Bid-ask spread of held-for-trading financial assets	1,845	(4,535)
Bid-ask spread of AFS financial assets	1,262	(507)
	3,107	(5,042)

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

17 INVESTMENT IN AN ASSOCIATE

	30 June 2016	31 December 2015
Balance at beginning of the period/year	29,214	26,405
Share of profit of an associate, after tax	1,329	2,809
Balance at end of the period/year	30,543	29,214

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

The investment in the associate of the Bank is the ordinary shares of unlisted companies. Assets, liabilities, revenue and profit of the associate are as follows:

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Shareholding
As at 30 June 2016						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮 銀行有限責任公司)	PRC	1,088,495	937,823	30,401	6,644	20%
As at 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%

* The translation in names of the associate represent the best effort by management of the bank as there are no official English names for the associate.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

18 FIXED ASSETS

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2016	1,906,962	18,478	316,984	115,446	907,708	3,265,578
Additions	2,274	274	12,103	926	96,698	112,275
Construction in progress transfer in/(out)	79,513	-	-	-	(79,513)	-
Disposals	-	-	(382)	(8)	-	(390)
Transfer to long-term deferred expenses	-	-	-	-	(478)	(478)
As at 30 June 2016	1,988,749	18,752	328,705	116,364	924,415	3,376,985
Accumulated depreciation						
As at 1 January 2016	(344,645)	(16,535)	(205,377)	(72,014)	-	(638,571)
Depreciation in the period (Note 7)	(29,288)	(458)	(25,373)	(2,960)	-	(58,079)
Disposals	-	-	381	7	-	388
As at 30 June 2016	(373,933)	(16,993)	(230,369)	(74,967)	-	(696,262)
Net book value						
As at 30 June 2016	1,614,816	1,759	98,336	41,397	924,415	2,680,723
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)
Depreciation in the period	(58,476)	(1,350)	(34,148)	(14,298)	-	(108,272)
Disposals	71	-	9,782	6,325	-	16,178
As 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

As at 30 June 2016, carrying value of certain buildings whose registration for the property ownership certificates had not been completed was RMB136,209 thousand (31 December 2015: RMB141,641 thousand). However, such registration process has little effect on the rights of the Bank to these assets.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

19 OTHER ASSETS

	30 June 2016	31 December 2015
Interest receivable ^(a)	1,998,453	1,766,333
Fee and commission receivable	299,455	218,664
Other receivables	444,039	276,948
Less: Impairment allowances	(4,768)	(2,214)
Land use rights ^(b)	160,751	163,183
Leasehold improvement	49,474	53,341
Intangible assets ^(c)	64,201	69,429
Repayment assets	21,478	21,547
Prepaid rental	60,691	50,168
Investment properties ^(d)	4,558	4,714
Other	41,819	40,865
	3,140,151	2,662,978

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

19 OTHER ASSETS (Continued)

(a) *Interest receivable*

	30 June 2016	31 December 2015
Due from and placements with banks, other financial institutions, and central banks	77,836	48,108
Investment in securities	1,434,285	1,331,548
Loans and advances to customers	486,332	386,677
	1,998,453	1,766,333

(b) *Land use rights*

	For the six months ended 30 June 2016	For the year ended 31 December 2015
Cost		
Balance at beginning of the period/year	194,165	194,165
Balance at end of the period/year	194,165	194,165
Accumulated amortisation		
Balance at beginning of the period/year	(30,982)	(26,119)
Additions	(2,432)	(4,863)
Balance at end of the period/year	(33,414)	(30,982)
Net book value		
Balance at end of the period/year	160,751	163,183

The net book values of land use rights are analysed based on the remaining lease term as follows:

	30 June 2016	31 December 2015
Held in Mainland China		
Medium-term lease (10-50 years)	160,751	163,183

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

19 OTHER ASSETS (Continued)

(c) *Intangible assets*

	For the six months ended 30 June 2016	For the year ended 31 December 2015
Cost		
Balance at beginning of the period/year	153,175	126,637
Additions	6,036	26,538
Balance at end of the period/year	159,211	153,175
Accumulated amortisation		
Balance at beginning of the period/year	(83,746)	(64,073)
Additions	(11,264)	(19,673)
Balance at end of the period/year	(95,010)	(83,746)
Net book value		
Balance at end of the period/year	64,201	69,429

(d) *Investment properties*

	For the six months ended 30 June 2016	For the year ended 31 December 2015
Cost		
Balance at beginning of the period/year	9,868	9,868
Balance at end of the period/year	9,868	9,868
Accumulated depreciation		
Balance at beginning of the period/year	(5,154)	(4,836)
Additions	(156)	(318)
Balance at end of the period/year	(5,310)	(5,154)
Net book value		
Balance at end of the period/year	4,558	4,714

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

	30 June 2016	31 December 2015
Held in Mainland China		
Medium-term lease (10-50 years)	4,558	4,714

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

20 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2016	31 December 2015
Loans from the PBOC	2,266,413	3,586,768
Deposits from other banks	22,548,448	28,777,759
Deposits from other financial institutions	7,412,066	12,682,929
Loans from banks and other financial institutions	1,100,000	3,000,000
Notes sold under repurchase agreements	13,188,888	25,188,099
Securities sold under repurchase agreements	954,200	–
	47,470,015	73,235,555

21 CUSTOMER DEPOSITS

	30 June 2016	31 December 2015
Corporate demand deposits	64,071,391	57,102,294
Corporate time deposits	86,118,465	77,426,011
Individual demand deposits	9,483,148	8,979,971
Individual time deposits	43,959,898	31,197,219
Other deposits	20,082,722	24,593,210
	223,715,624	199,298,705
Including:		
Margin deposits	12,865,099	16,619,121

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

22 OTHER LIABILITIES

	30 June 2016	31 December 2015
Interest payable ^(a)	2,920,185	2,556,104
Wealth management products	365,329	2,621,394
Employee benefits payable	508,299	677,195
Value-added tax payable	156,189	–
Business and other taxes payable	26,429	156,034
Dividends payable	838,396	13,284
Deferred income	70,000	70,000
Other payables	664,576	443,893
Promissory notes issued	75	627,080
Others	92,618	53,017
	5,642,096	7,218,001

(a) *Interest payable*

	30 June 2016	31 December 2015
Deposits from banks and other financial institutions	304,278	394,647
Customer deposits	2,551,176	2,020,910
Bonds issued	64,731	140,547
Total	2,920,185	2,556,104

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

23 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% for the six months ended 30 June 2016 (for the year ended 31 December 2015: 25%) for transactions in the PRC.

Movements in the deferred income tax account is as follows:

	For the six months ended 30 June 2016	For the year ended 31 December 2015
Balance at beginning of the period/year	505,920	317,765
Income tax expenses for the period/year (Note 10)	142,729	288,275
AFS securities – the fair value adjustments	(1,677)	(100,120)
Balance at end of the period/year	646,972	505,920

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

	30 June 2016	31 December 2015
Deferred income tax assets		
Assets impairment allowances	679,780	495,648
Others	121,165	163,453
	800,945	659,101
Deferred income tax liabilities		
Gains on changes in fair value	(153,973)	(153,181)
Net deferred income tax assets	646,972	505,920

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

23 DEFERRED INCOME TAXES (Continued)

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

	For the six months ended 30 June	
	2016	2015
Assets impairment allowances	184,132	153,720
Losses/(gains) on changes in fair value	885	(18,575)
Others	(42,288)	7,270
	142,729	142,415

24 RETIREMENT BENEFIT OBLIGATIONS

The Bank provides 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 paying 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 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 net of any unrecognised past service cost.

Since 1 January 2010, employees of the Bank voluntarily participate in an annuity plan set up by the Bank in accordance with state's corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary in previous year, which is recognised in the profit or loss for the current period.

	For the six months ended 30 June	
	2016	2015
Expenditures on the retirement benefit plan	50,942	41,675
Expenditures on supplementary retirement benefits	383	419
Expenditures on corporate annuity plan	20,632	20,920
Total	71,957	63,014

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

24 RETIREMENT BENEFIT OBLIGATIONS (Continued)

	30 June 2016	31 December 2015
Statement of financial position liabilities for:		
– Retirement benefits	23,595	23,380

	For the six months ended 30 June	
	2016	2015
Statement of comprehensive income charge for:		
– Retirement benefits	383	419

The amounts recognised in the statement of financial position are as follows:

	30 June 2016	31 December 2015
Present value of unfunded obligations	23,595	23,380
Unrecognised past service cost	–	–
Net liabilities in the statement of financial position	23,595	23,380

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

25 BONDS ISSUED

	30 June 2016	31 December 2015
Subordinated bonds		
Fixed rate subordinated bonds – 2022 ^(a)	796,206	795,902
Fixed rate Tier 2 capital bonds – 2026 ^(b)	1,496,971	–
Financial bonds		
Fixed rate financial bonds- 2018 ^(c)	2,994,153	2,992,474
Interbank certificates of deposit	38,403,031	14,702,366
	43,690,361	18,490,742

(a) Pursuant to a resolution at the extraordinary general meeting passed on 12 August 2011 and the Approval for Bank of Chongqing to Issue Subordinated Bonds (Yin Jian Fu [2011] No. 511) by the CBRC on 18 November 2011, the Bank issued RMB800 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 21 March 2017.

(b) Pursuant to a resolution at the general meeting passed on 16 May 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier 2 Capital Bonds (Yu Yin Jian Fu [2015] No. 107) by the CBRC on 21 September 2015, the Bank issued RMB1.5 billion Tier 2 capital bonds within the domestic Inter-bank bond market of China on 22 February 2016. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

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 Tier 2 capital in accordance with relevant requirements of the CBRC.

(c) Pursuant to a resolution at the extraordinary general meeting passed on 25 November 2011 and the Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds (Yin Jian Fu [2012] No. 526) by the CBRC on 21 September 2012, the Bank issued RMB3 billion 5-year financial bonds for small and micro enterprises within the domestic Inter-bank bond market of China on 25 April 2013. 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.

For the six months ended 30 June 2016, there are no defaults of principal and interest or other breaches with respect to these bonds since their issuance (for the year ended 31 December 2015: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

26 SHARE CAPITAL AND CAPITAL SURPLUS

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

	30 June 2016	31 December 2015
Number of shares at end of the period/year (in thousands)	3,127,055	3,127,055

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

- (i) Share premium arising from the issue of shares at prices in excess of their par value;
- (ii) Donations received from shareholders; and
- (iii) Any other items required by the PRC regulations to be so treated.

Capital reserve can be utilised for the issue of bonus shares or for increasing paid-in capital as approved by the Shareholders Meeting. Share premium was recorded in the capital reserve after deducting direct issue costs which mainly included underwriting fees and professional fees.

As at 30 June 2016 and 31 December 2015, the Bank's capital surplus is shown as follows:

	30 June 2016	31 December 2015
Share premium	4,679,838	4,679,838
Donations received from shareholders	800	800
	4,680,638	4,680,638

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

27 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve for AFS securities	Surplus on remeasure- ment of retirement benefits	Total
Balance at 1 January 2016	1,522,214	3,426,582	390,730	(2,227)	5,337,299
Other comprehensive income	–	–	5,033	(615)	4,418
Additions	–	615,839	–	–	615,839
Balance at 30 June 2016	1,522,214	4,042,421	395,763	(2,842)	5,957,556
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
Additions	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

(a) *Surplus reserve*

In accordance with the Company Law of the People's Republic of China and the Bank's Articles of Association, the Bank should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Bank can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

The Bank's statutory reserve as at 30 June 2016 amounted to RMB1,522,214 thousand (as at 31 December 2015: RMB1,522,214 thousand).

(b) *General reserve*

Since 1 July 2012, the Bank appropriates general reserves in accordance with relevant provisions in the Administrative Measures for the Provision of Reserves of Financial Enterprises(Caijin[2012] No. 20) issued by MOF. In principle, the balance of general reserve shall not be less than 1.5% of the ending balance of the risk assets. This measure also stipulates that as the balance of general risk reserve for financial enterprises can hardly reach 1.5% of the final balance of the risk assets, the reserve may be appropriated to 1.5% during certain years, which shall not exceed 5 years in principle.

The Board of Directors of the Bank recommend appropriation of a general reserve of RMB615,839 thousand based on 1.5% of the balance of risk assets as at 31 December 2015, which has been approved at the Annual General Meeting of Shareholders on 17 June 2016. For the year ended 31 December 2015, the Bank appropriated a general reserve of RMB615,839 thousand from undistributed profits (for the six months ended 30 June 2015: RMB924,150 thousand). As at 30 June 2016, the ending balance of general reserve is RMB4,042,421 thousand (as at 31 December 2015: RMB3,426,582 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

28 DIVIDENDS

	For the six months ended 30 June	
	2016	2015
Dividends declared during the year	825,542	735,821
Dividend per share (in RMB yuan) (Based on prior year shares)	0.264	0.272

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

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

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

A dividend of RMB0.264 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, has been approved at the Annual General Meeting on 17 June 2016.

29 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 30 June 2016, the wealth management products managed and consolidated by the Bank amounted to RMB6,920,501 thousand (31 December 2015: RMB7,757,477 thousand). The financial impact of any individual wealth management products on the Bank's financial performance is not significant. Interests held by other interest holders are included in due to customers.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

29 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity

(i) Unconsolidated structured entities managed by the Bank

The unconsolidated structure entities managed by the Bank were mainly wealth management products issued and managed by the Bank acting as an agent. Based on the analysis and research on the potential targeted clients, the Bank designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Bank gained from investment. The Bank received corresponding wealth management commission fee income as the asset manager. The Bank regarded that the variable return was insignificant as to the structured entities. As at 30 June 2016 and 31 December 2015, the maximum risk exposure of the unconsolidated structured entities was the commission fees of the wealth management product, the amount was insignificant.

As at 30 June 2016, the balance of the unconsolidated wealth management product issued and managed by the Bank was RMB28,058,572 thousand (as at 31 December 2015: RMB25,127,360 thousand).

(ii) Unconsolidated structured entities invested by the Bank

In order to make better use of capital for profit, the unconsolidated structured entities invested by the Bank for the six months ended 30 June 2016 mainly included the wealth management products, trust schemes and directed asset management plans issued and managed by 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 asset due to the holdings of gains from unconsolidated structured entities (including interest receivable).

	Book value	Maximum risk exposure
30 June 2016		
Investment in securities – Loans and receivables	73,550,300	73,550,300
		Maximum risk
31 December 2015	Book value	exposure
Investment in securities – Loans and receivables	73,462,407	73,462,407

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

29 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

For the six months ended 30 June 2016 and 30 June 2015, the interest income and fee and commission income from the above unconsolidated structured entities were:

	For the six months ended 30 June	
	2016	2015
Interest Income	2,388,611	2,096,205
Fee and Commission Income	628,654	304,791
	3,017,265	2,400,996

For the six months ended 30 June 2016, there was no related loss from the above unconsolidated structured entities (for the six months ended 30 June 2015: nil).

For the six months ended 30 June 2016, the Bank has not provided any financial or other support plan to unconsolidated structured entities (for the six months ended 30 June 2015: nil).

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

Financial guarantees and credit related commitments

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

	30 June 2016	31 December 2015
Guarantees	1,732,688	2,280,292
Letters of credit	3,565,698	1,213,968
Acceptances	26,649,325	30,088,599
Other commitments with an original maturity of – Within 1 year	2,410,258	2,116,877
	34,357,969	35,699,736

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

Capital expenditure commitments

	30 June 2016	31 December 2015
Contracted but not provided for:		
– Capital expenditure commitments for buildings	140,203	183,412
– Acquisition of IT system	79,051	57,826
	219,254	241,238
Authorised but not contracted for:		
– Capital expenditure commitments for buildings	151,919	139,025

Operating lease commitments

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

	30 June 2016	31 December 2015
Within 1 year	56,731	60,066
1 year to 5 years	89,163	110,211
Over 5 years	28,099	24,901
	173,993	195,178

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. As at 30 June 2016, the bank had 11 cases in total to be responded amounting to RMB13,900 thousand (as at 31 December 2015: the Bank had one outstanding legal claim for loan of RMB6,000 thousand). After consulting legal professionals, management of the Bank 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 Unaudited Condensed Interim Financial Information (Continued)

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

31 COLLATERAL

(a) Asset pledged:

As at 30 June 2016, the carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	30 June 2016	31 December 2015
Debt securities	954,200	–
Notes held under resale agreements	13,169,388	16,669,404
Discounted notes	18,839	595,988
Total	14,142,427	17,265,392

As at 30 June 2016, the carrying amounts of loans pledged as collateral under refinance agreements with PBOC are as follows:

	30 June 2016	31 December 2015
Loans	383,000	203,000
Total	383,000	203,000

As at 30 June 2016, repurchase agreements are primarily due within 12 months from the effective dates of these agreements (as at 31 December 2015: due within 12 months).

(b) Collateral accepted:

The bank received debt securities and notes as collateral in connection with the purchase of assets under resale agreements. Certain of these collaterals can be resold or re-pledged.

As at 30 June 2016, the Bank has accepted collateral that can be resold or re-pledged with a carrying amount of RMB26,176,112 thousand (as at 31 December 2015: RMB26,170,546 thousand). The bank has resold or re-pledged collateral accepted with a carrying amount of RMB13,169,388 thousand as at 30 June 2016 (as at 31 December 2015: RMB16,669,404 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

32 OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	Before tax amount	Income tax	Net of tax amount
For the six months ended 30 June 2016			
<i>Items that may be reclassified to profit or loss</i>			
AFS securities			
Changes in fair value recognised in other comprehensive income	6,710	(1,677)	5,033
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of pension scheme	(820)	205	(615)
Other comprehensive income/(loss) for the period	5,890	(1,472)	4,418
For the six months ended 30 June 2015			
<i>Items that may be reclassified to profit or loss</i>			
AFS securities			
Changes in fair value recognised in other comprehensive income	247,270	(61,818)	185,452
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of pension scheme	(1,908)	478	(1,430)
Other comprehensive income/(loss) for the period	245,362	(61,340)	184,022

33 NOTES TO THE OF CASH FLOW STATEMENT

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

	30 June 2016	30 June 2015
Cash and balances with central bank	11,371,538	12,466,927
Due from banks and other financial institutions	9,895,259	4,152,760
Placements with banks	464,184	1,184,258
	21,730,981	17,803,945

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

34 RELATED PARTY TRANSACTIONS

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

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

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

	30 June 2016	31 December 2015
Due to banks and other financial institutions	6,776	5,013
Loans and advances to customers	703,785	346,526
Other receivables	230,000	230,000
Customer deposits	1,542,795	1,465,429

	30 June 2016	31 December 2015
Due to banks and other financial institutions	0.385%-1.62%	0.385%
Loans and advances to customers	3.915%-7.205%	4.275%-7.205%
Customer deposits	0.385%-5.225%	0.385%-5.225%

	For the six months ended 30 June	
	2016	2015
Interest income	23,817	15,714
Interest expense	11,242	6,503

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

34 RELATED PARTY TRANSACTIONS (Continued)

Transactions with key management personnel

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

The Bank enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2016 and the year ended 31 December 2015, there were no material transactions and balances with key management personnel on an individual basis.

35 SEGMENT ANALYSIS

The Bank's operating segments are business units provide different financial products and service and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

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

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

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

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

35 SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2016				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income/(expense) from external customers	1,633,293	(204,338)	2,498,009	–	3,926,964
Intersegment net interest income/(expense)	1,025,176	732,064	(1,757,240)	–	–
Net interest income	2,658,469	527,726	740,769	–	3,926,964
Net fee and commission income	123,569	97,281	728,134	–	948,984
Net trading income	–	–	835	–	835
Net gains on investment in securities	–	–	3,107	–	3,107
Share of profit of an associate	–	–	1,329	–	1,329
Other operating income	–	1,245	–	7,731	8,976
Asset impairment losses	(933,013)	(17,795)	(104,066)	(3,129)	(1,058,003)
Operating expenses	(582,126)	(329,397)	(223,680)	(12,164)	(1,147,367)
– Depreciation and amortisation	(42,390)	(23,986)	(16,288)	(887)	(83,551)
– Others	(539,736)	(305,411)	(207,392)	(11,277)	(1,063,816)
Profit before income tax	1,266,899	279,060	1,146,428	(7,562)	2,684,825
Capital expenditure	51,086	13,202	60,345	236	124,869
Segment assets	140,454,796	36,296,966	165,912,717	651,530	343,316,009
Segment liabilities	176,035,843	54,365,877	90,413,809	(1,275)	320,814,254

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

35 SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2015				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net interest income from external customers	1,281,658	259,853	1,870,230	–	3,411,741
Intersegment net interest income/(expense)	1,073,898	168,372	(1,242,270)	–	–
Net interest income	2,355,556	428,225	627,960	–	3,411,741
Net fee and commission income	236,500	83,247	446,212	–	765,959
Net trading income	–	–	71,768	–	71,768
Net (losses) on investment in securities	–	–	(5,042)	–	(5,042)
Share of profit of an associate	–	–	799	–	799
Other operating income	–	1,777	440	16,153	18,370
Asset impairment losses	(375,771)	(116,739)	(39,496)	(808)	(532,814)
Operating expenses	(677,576)	(386,432)	(223,029)	(4,739)	(1,291,776)
– Depreciation and amortisation	(39,511)	(22,534)	(13,005)	(277)	(75,327)
– Others	(638,065)	(363,898)	(210,024)	(4,462)	(1,216,449)
Profit before income tax	1,538,709	10,078	879,612	10,606	2,439,005
Capital expenditure	50,973	19,845	56,569	182	127,569
Segment assets	113,003,637	43,993,651	125,409,044	403,235	282,809,567
Segment liabilities	152,255,832	38,403,140	74,959,942	1,612	265,620,526

36 FIDUCIARY ACTIVITIES

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

	30 June 2016	31 December 2015
Assets held in investment custody accounts	26,327,096	20,088,696
Entrusted loans	5,042,073	5,387,931

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

37 UNSECURED WEALTH MANAGEMENT PRODUCTS

The Bank issues and manages unsecured wealth management products to institutional and individual investors. The funds raised from the institutional and individual investors are mainly invested in the open market bonds, trust schemes and directional asset management plans. The maturity of these unsecured wealth management products ranged from 1 month to 2 years.

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

As at 30 June 2016, the funds raised from the unsecured wealth management products are RMB28,058,572 thousand (as at 31 December 2015: RMB25,127,360 thousand). The Bank has recognised net commission income from unsecured wealth management products with the amount of RMB262,956 thousand for the six months ended 30 June 2016 through provision of asset management service (for the six months ended 30 June 2015: RMB148,294 thousand).

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

(a) Financial instruments not measured at fair value

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

	30 June 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in securities				
– Loans and receivables	73,041,705	74,980,148	73,008,214	79,165,631
– HTM	17,218,501	17,933,419	13,816,724	14,552,708
Financial liabilities				
Bonds issued	43,690,361	43,931,526	18,490,742	18,856,669

Investment in securities

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

Bonds issued

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy

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

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

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

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value:

30 June 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	2,577,162	–	2,577,162
	–	2,577,162	–	2,577,162
AFS financial assets				
– Debt securities	–	20,396,560	–	20,396,560
– Equity securities	–	–	417,406	417,406
	–	20,396,560	417,406	20,813,966
Total	–	22,973,722	417,406	23,391,128

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
AFS financial assets				
– Debt securities	–	18,478,551	–	18,478,551
– Equity securities	–	–	492,416	492,416
	–	18,478,551	492,416	18,970,967
Total	–	20,791,137	492,416	21,283,553

For the six months ended 30 June 2016, there were no transfers between level 1 and 2 during the period (for the year ended 31 December 2015: nil).

For the six months ended 30 June 2016, there were no financial instruments in level 1 during the period (for the year ended 31 December 2015: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Financial instruments in level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

Changes in level 3 financial assets are analysed below:

	Investment in securities – AFS	Total assets
Balance at 1 January 2016	492,416	492,416
Total gains or losses		
– Other comprehensive income	(75,010)	(75,010)
Balance at 30 June 2016	417,406	417,406
Total gains for the period included in statement of comprehensive income for financial assets/liabilities held at 30 June 2016	–	–
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 period included in statement of comprehensive income for financial assets/liabilities held at 31 December 2015	14,809	14,809

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 as at 30 June 2016 and 31 December 2015 presented as follows:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair value at 30 June 2016	Valuation technique	Unobservable inputs	Weighted average
Equity Securities – Banking	304,556	Market comparable companies	PB multiple ^(a)	0.93
			Discount for lack of marketability ^(b)	31.99%
	Fair value at 31 December 2015	Valuation technique	Unobservable inputs	Weighted average
Equity Securities – Banking	415,566	Market comparable companies	PB multiple ^(a)	1.33
			Discount for lack of marketability ^(b)	36.40%

(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 adjustment amounted to RMB76,850 thousand as at 30 June 2016(as at 31 December 2015:RMB76,850 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

39 FINANCIAL RISK MANAGEMENT

Overview

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

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

40 SUBSEQUENT EVENTS

Up to the date of this report, the Bank has no material event for disclosure after 30 June 2016.

Unaudited Supplementary Financial Information

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

1. Liquidity Ratios

(Expressed in percentage)	As at June 30, 2016	As at December 31, 2015
RMB current assets to RMB current liabilities	56.66%	53.74%
Foreign currency current assets to foreign currency current liabilities	93.83%	311.25%

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

2. Cross-border Claims

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

Cross-border claims 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 June 30, 2016	As at December 31, 2015
Asia Pacific excluding Mainland China	18,566	2,775,714
– of which attributed to Hong Kong	13,831	2,768,821
Europe	49,602	62,470
North America	181,978	105,307
Oceania	1	46
Total	250,147	2,943,537

Unaudited Supplementary Financial Information

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

3. Currency Concentrations

	Equivalent in RMB			Total
	US Dollars	HK Dollars	Others	
As at June 30, 2016				
Spot assets	5,258,931	600	93,857	5,353,388
Spot liabilities	(5,125,751)	(112)	(94,883)	(5,220,746)
Net position	133,180	488	(1,026)	132,642

	Equivalent in RMB			Total
	US Dollars	HK Dollars	Others	
As at December 31, 2015				
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

4. Overdue and Rescheduled Assets

(a) Gross amount of overdue loans

	As at June 30, 2016		As at December 31, 2015	
	Amount	percentage (%)	Amount	percentage (%)
Within 3 months	3,649,382	64.64	1,971,550	56.27
Between 3 and 6 months	732,301	12.97	385,222	11.00
Between 6 and 12 months	679,524	12.03	634,362	18.11
Over 12 months	585,162	10.36	512,168	14.62
Total	5,646,369	100.00	3,503,302	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 June 30, 2016	As at December 31, 2015
Total rescheduled loans	98,302	41,932

(c) Overdue loans by type of collateral

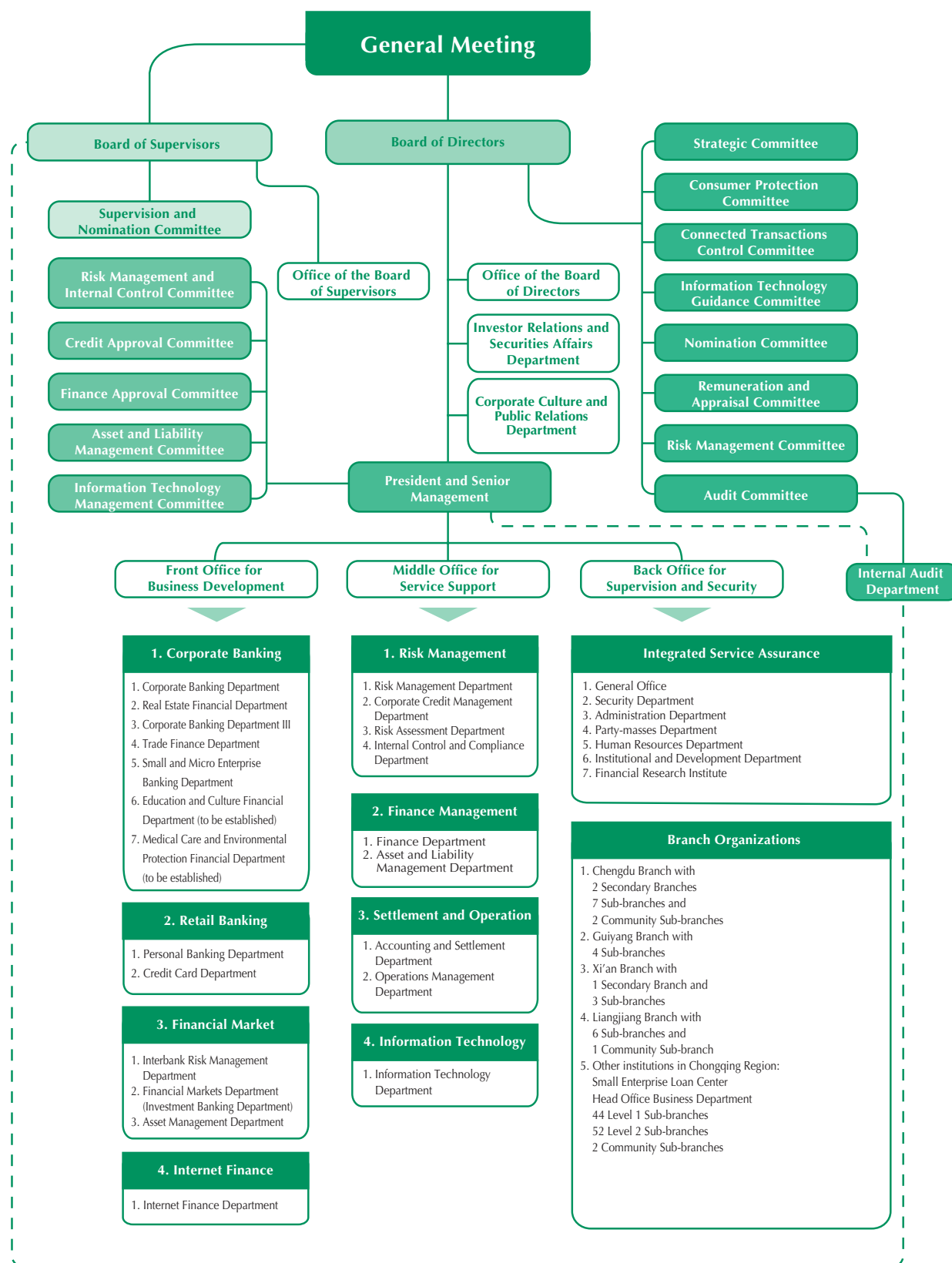
As at June 30, 2016	Past due 1-90 days (including 90 days)	Past due 90 days - 1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	41,772	29,485	25,850	–	97,107
Guaranteed loans	2,017,060	610,538	49,192	277	2,677,067
Collateralised loans	1,524,901	608,833	354,506	98,486	2,586,726
Pledged loans	62,295	158,716	64,458	–	285,469
Total	3,646,028	1,407,572	494,006	98,763	5,646,369

As at December 31, 2015	Past due 1-90 days (including 90 days)	Past due 90 days - 1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	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

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.

Organization 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 11, 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 Xinzuoobao 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 Jiaying 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
20	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
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 District, Chongqing	402760
33	Wenhuagong 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
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

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
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. 73 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
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

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No.	Name of Banking Institution	Address	Postal Code
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 District, 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
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

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No.	Name of Banking Institution	Address	Postal Code
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
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 District Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Sub-district, Rongchang District, 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 District, 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

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No.	Name of Banking Institution	Address	Postal Code
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, Jiangbei 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
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

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No.	Name of Banking Institution	Address	Postal Code
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
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 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)
“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”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standard
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	the People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China, and for the purpose of this interim report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	the six months ended June 30, 2016
“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