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)
(Stock Code of Preference Shares: 4616)

2018 INTERIM REPORT

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

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Corporate Information

Legal Name and Abbreviation in Chinese
重慶銀行股份有限公司 (Abbreviation: 重慶銀行)

Name in English
Bank of Chongqing Co., Ltd.

Legal Representative
LIN Jun

Authorized Representatives
RAN Hailing
WONG Wah Sing

Secretary to the Board
PENG Yanxi

Joint Company Secretaries
WONG Wah Sing
HO Wing Tsz Wendy

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Corporate Website
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H Shares
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ
Stock Code: 1963

Offshore Preference Shares
Listing Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: BCQ 17USDPREF
Stock Code: 4616

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

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Legal Advisor as to PRC Laws
Chongqing Jingsheng Law Firm

Legal Advisor as to Hong Kong Laws
Sullivan & Cromwell (Hong Kong) LLP

H Share Registrar
Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Domestic Share Registrar
China Securities Depository and Clearing Co., Ltd.
Address: No. 17 Taipingqiao Avenue,
Xicheng District, Beijing, the PRC

Financial Highlights

The financial information set out in this interim report has been prepared according to the International Financial Reporting Standards (the "IFRSs") on the basis of consolidation. Unless otherwise stated, such information is the data of the Group denominated in RMB.

With respect to the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards) and those prepared under the IFRSs, the net profit attributable to shareholders of the Bank for the Reporting Period ended June 30, 2018 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period do not differ between the two sets of statements.

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018	For the six months ended June 30, 2017	Change in percentage (%)
OPERATING RESULTS			
Interest income [(1)]	**9,485,347**	9,010,705	N/A
Interest expense	**(6,224,874)**	(4,977,935)	25.0
Net interest income [(1)]	**3,260,473**	4,032,770	N/A
Net fee and commission income	**680,042**	848,292	(19.8)
Net trading gains/(losses), net gains on investment securities and other operating income [(1)]	**1,178,858**	194,619	N/A
Operating income	**5,119,373**	5,075,681	0.9
Operating expenses	**(1,137,331)**	(1,126,873)	0.9
Assets impairment losses	**(1,177,533)**	(1,163,861)	1.2
Operating profit	**2,804,509**	2,784,947	0.7
Share of profit of associates	**94,978**	44,638	112.8
Profit before income tax	**2,899,487**	2,829,585	2.5
Income tax	**(605,322)**	(570,204)	6.2
Net profit	**2,294,165**	2,259,381	1.5
Net profit attributable to shareholders of the Bank	**2,272,274**	2,249,307	1.0
Calculated on a per share basis (RMB)			**Change**
Basic earnings per share	**0.73**	0.72	0.01

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2018	December 31, 2017	Change in percentage (%)
Major indicators of assets/liabilities			
Total assets	**435,819,398**	422,763,025	3.1
Of which: loans and advances to customers, net	**187,124,160**	172,162,090	8.7
Total liabilities	**402,998,732**	390,303,113	3.3
Of which: customer deposits	**251,314,390**	238,704,678	5.3
Share capital	**3,127,055**	3,127,055	–
Equity attributable to shareholders of the Bank	**31,290,462**	30,951,596	1.1
Total equity	**32,820,666**	32,459,912	1.1

2.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the six months ended June 30, 2018	For the six months ended June 30, 2017	Change
Profitability indicators (%)			
Average annualized return on assets [2]	**1.08**	1.17	(0.09)
Average annualized return on equity attributable to shareholders of the Bank [3]	**17.48**	18.66	(1.18)
Net interest spread [4]	**1.75**	N/A	N/A
Net interest margin [4]	**1.73**	N/A	N/A
Net interest spread [1] (adjusted)	**1.80**	1.93	(0.13)
Net interest margin [1] (adjusted)	**2.06**	2.15	(0.09)
Net fee and commission income to operating income	**13.28**	16.71	(3.43)
Cost-to-income ratio [5]	**20.95**	21.41	(0.46)

(All amounts expressed in percentage unless otherwise stated)	June 30, 2018	December 31, 2017	Change
Asset quality indicators (%)			
Non-performing loan ratio [6]	**1.12**	1.35	(0.23)
Impairment allowances to non-performing loans [7]	**255.29**	210.16	45.13
Impairment allowances to total loans [8]	**2.86**	2.85	0.01
Indicators of capital adequacy ratio (%)			
Core Tier I capital adequacy ratio [9]	**8.34**	8.62	(0.28)
Tier I capital adequacy ratio [9]	**9.88**	10.24	(0.36)
Capital adequacy ratio [9]	**13.25**	13.60	(0.35)
Total equity to total assets	**7.53**	7.68	(0.15)
Other indicators (%)			
Liquidity ratio [10]	**78.75**	79.55	(0.80)
Percentage of loans to the single largest customer [11]	**2.08**	2.28	(0.20)
Percentage of loans to the top ten customers [12]	**18.49**	17.19	1.30

Note:

(1) The Group adopted IFRS 9 – Financial Instruments (IFRS 9) issued by IASB in July 2014. IFRS 9 was first implemented on January 1, 2018. Combined with the requirements under IFRS 9 and IAS 1, Presentation of Financial Statements (IAS 1), the realised and unrealised interest income from financial assets at fair value through profit or loss are classified into net gains on investment securities and net trading gains, and the financial assets at fair value through profit or loss are no longer presented as interest-earning assets, respectively, and thereby affecting the net interest income, net gains on investment securities, net trading gains, net interest spread and net interest margin. In accordance with the transition requirements under IFRS 9, the Group chooses not to restate the information of the comparative periods. Based on the classification, measurement and corresponding presentation requirements under IAS 39 – Financial Instruments: Recognition and Measurement, the net interest income calculated as the same period in the previous year was RMB4,227.04 million. In accordance with the requirements under IFRS 9, the net interest income is classified into net gains on investment securities of RMB905.05 million and net trading gains of RMB61.51 million, respectively. The adjusted net interest spread and net interest margin are calculated as the same period in the previous year according to IAS 39 in order to maintain the comparability of significant financial indicators for the two periods.

(2) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.

(3) Represents net profit attributable to shareholders of the Bank as a percentage of the average balance of equity, net of preference shares, attributable to shareholders of the Bank at the beginning and at the end of the period.

(4) 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.

(5) Calculated by dividing operating expense (less tax and surcharges) by operating income.

(6) Calculated by dividing balance of non-performing loans by total loans and advances to customers.

(7) Calculated by dividing balance of impairment allowances on loans by balance of non-performing loans. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 150%.

(8) Calculated by dividing balance of impairment allowances on loans by total loans and advances to customers. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 2.5%.

(9) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by China Banking and Insurance Regulatory Commission (the "CBIRC") (effective from January 1, 2013).

(10) Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC.

(11) Calculated by dividing total loans to the single largest customer by net capital.

(12) 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 2018, the world economy has continued its recovery momentum, with the health of major economies continuously picking up. The U.S. economy recorded a strong growth, with accelerated pace of interest rate hikes. The economic recovery in the Eurozone and Japan has been firm and steady, and it has gradually exited quantitative easing policies. China's economy has maintained a robust and healthy development, accelerating the transition between new and old growth drivers, and with such transition steadily boosting growth efficiency. At the same time, however, the challenge of increasing differentiation of production and demand in the course of economic development sorely requires a solution.

In the first half of 2018, the PRC government continued to deepen economic restructuring, and the "Belt and Road" strategy and measures for ensuring steady economic growth were further implemented, creating effective impetus for a steady and healthy economic development. China's GDP was RMB41.90 trillion in the first half of 2018, up by 6.8% year on year. Consumer price index rose moderately, with a year-on-year increase of 2.0%. China's monetary, credit and financial markets operated smoothly as a whole: M2 increased by 8.0% to RMB177.02 trillion; the balance of M1 increased to RMB54.39 trillion with a year-on-year growth of 6.6%; the balance of M0 amounted to RMB6.96 trillion with a year-on-year growth of 3.9%. As at June 30, 2018, the RMB loan balance was RMB129.15 trillion with a year-on-year growth of 12.7%, among which the incremental RMB loans were RMB9.03 trillion, representing a year-on-year growth of RMB1.06 trillion; and the RMB deposit balance was RMB173.12 trillion with a year-on-year growth of 8.4%, among which the incremental RMB deposits were RMB9 trillion, representing a year-on-year decrease of RMB71.20 billion. In the first half of the year, total imports and exports amounted to RMB14.12 trillion, representing a year-on-year growth of 7.9%, among which total exports amounted to RMB7.51 trillion with a year-on-year increase of 4.9% and total imports amounted to RMB6.61 trillion with a year-on-year increase of 11.5%.

In the first half of 2018, Chongqing continued to maintain the stable momentum for growth, with its regional gross domestic product amounting to RMB982.11 billion, representing a year-on-year growth of 6.5%, among which the primary, secondary and tertiary industries grew by 4.2%, 3.7% and 9.3% respectively year on year. The city's per capita disposable income for urban residents was RMB18,359, representing a year-on-year increase of 8.5%. As of June 30, 2018, the RMB loan balance from financial institutions in the city was RMB2,995.71 billion with a year-on-year growth of 12.1%; the RMB deposit balance was RMB3,544.66 billion with a year-on-year growth of 7.4%. The total imports and exports increased by 11.0% year on year to RMB228.83 billion in the first half of the year, among which the total exports amounted to RMB147.05 billion with a year-on-year increase of 13.8%, and the total imports amounted to RMB81.78 billion with a year-on-year increase of 6.5%.

In the second half of 2018, it is expected that the global economy will continue to recover, but uncertainties such as escalating trade conflicts will become a potential threat to economic growth. The continuation of the Sino-US trade war will have a definite impact on China's economic growth. However, in light of the continuous progress of the "Belt and Road" Initiative, the continuous optimization of the economic structure brought about by the transition between new and old growth drivers, together with the implementation of government policies to boost domestic demand, it is anticipated that China's economy will continue to move forward on the path of high-quality development.

Regarding fiscal policy, the proactive fiscal policy will take a more active stance, and reduction in taxes and fees will be the focus of fiscal policy in the second half of the year. Flexible adjustment methods such as discretionary pre-adjustment and fine-tuning will be adopted more frequently to stimulate domestic demand expansion, to cope with the adverse effects of uncertainties from external environment, and to ensure that the economy is running within an appropriate range.

As regards monetary policy, being stable and neutral will remain the keynote of the second half of the year. The central bank stated that monetary policy should be tight and moderate, maintain reasonable and sufficient liquidity, carefully maneuver money supply, and guide the reasonable growth of money and credit and social financing scale, which indicated the marginally moderate trend of monetary policy.

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 enjoyed the geographical advantage of being strategically located at the hub that brings together the"Belt and Road" and Yangtze River Economy Zone, the two main national strategies of China. In the first half of the year, driven by the rapid development of the new generation information technology industry, bio-industry, new materials industry, high-end equipment manufacturing industry and new energy auto industry, the economy of Chongqing maintained steady growth. In the second half of the year, with the further implementation of the "three critical battles" and the "eight strategic action plans", the economic vitality, momentum and potential of Chongqing will be manifested, and the quality of its economic development will continue to improve.

In the second half of 2018, the Group will closely focus on the goals of high-quality development and steadily advance various business management tasks in accordance with the established direction and pace. The Company's business will continue to improve the level of financing services for the local economy, focusing on supporting industries and projects related to development and people's livelihood. Our small and micro enterprise services will focus on enhancing the support and protection for smart finance and technology finance, while innovating business models and types of products, and giving full play to the supportive role of the small and micro enterprise business for the real economy. Moreover, for retail banking business, we will vigorously develop consumer finance, embrace the development approach in which characteristic and unique services are emphasized, and strive to build our retail brands. Also, transformation and development of inter-bank business will be implemented steadily through product optimization, channel expansion and enhancement of risk control.

As the various business transformation and upgrading programs continue to play out, the Group will transform its mode of development, optimize its business structure, and seek new growth drivers. While furthering its existing business, the Group will also step up its efforts to deepen reform and innovation, further improve the management level and development quality, and fulfill the social responsibility of financial enterprises to serve the real economy through an overall strengthening of risk prevention and control as well as internal governance.

3.2 Financial Review

In the first half of 2018, China's economy continued its trend of overall stabilization with sound development. Driven by faster structural transformation, continuous improvement in development quality and constant optimization of economy structure, the clear trend of high quality development was obvious. However, under the influence of internal and external factors such as the pressure on growth of domestic demand amid the strict financial regulatory environment and escalating trade friction between China and the United States, downward pressure on macroeconomic growth will increase. Faced with a number of challenges including the continuous emergence of uncertainties in macroeconomic development, implementation of strict financial regulatory policies and increasingly fierce competition among peers, the Group proactively took measures to accelerate developmental transformation and organize various operational and managerial tasks to achieve its strategic development objectives. The Group recorded a net profit of RMB2,294.17 million in the first half of 2018, representing a year-on-year increase of RMB34.78 million or 1.5%.

As of June 30, 2018, total assets of the Group amounted to RMB435,819.40 million, representing an increase of RMB13,056.37 million or 3.1% as compared to the end of the previous year. The Group adhered to principles of prudent and sustainable credit management and risk control, maintained a reasonable level of total credit extension and proper pace of lending, and strictly controlled its business risks with reference to changes in the regional and macroeconomic environment. As a result, net loans and advances to customers grew by 8.7%, or RMB14,962.07 million, to RMB187,124.16 million as compared to the end of the previous year, while the non-performing loan ratio maintained at 1.12%, representing a decrease of 0.23 percentage point as compared to the end of the previous year and being at a better level in the industry. While striving for stable growth in service networks and business volume, the Group remained customer-centric by continuously accelerating its business transformation and upgrading. The Group adopted an innovative approach to deposit management and optimized its pricing practices to meet the requirements for the liberalization of interest rates. As of June 30, 2018, the amount of customer deposits increased by RMB12,609.71 million to RMB251,314.39 million, representing an increase of 5.3% as compared to the end of the previous year, providing a stable source of funds for the healthy development of the Group's credit, inter-bank and other intermediary businesses. The Group strictly controlled its expenses resulting in a cost-to-income ratio of 20.95% in the first half of 2018, representing a year-on-year decrease of 0.46 percentage point. This reflects the consistently high operating efficiency of the Group.

As of June 30, 2018, the Group's capital adequacy ratio, Tier I capital adequacy ratio and Core Tier I capital adequacy ratio were 13.25%, 9.88% and 8.34%, respectively, fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

3.2.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018	For the six months ended June 30, 2017	Change in amount	Change in percentage (%)
Interest income [1]	**9,485,347**	9,010,705	N/A	N/A
Interest expense	**(6,224,874)**	(4,977,935)	(1,246,939)	25.0
Net interest income [1]	**3,260,473**	4,032,770	N/A	N/A
Net fee and commission income	**680,042**	848,292	(168,250)	(19.8)
Net trading gains/(losses) [1]	**215,238**	(6,290)	N/A	N/A
Net gains on investment securities [1]	**931,778**	156,212	N/A	N/A
Other operating income	**31,842**	44,697	(12,855)	(28.8)
Operating income	**5,119,373**	5,075,681	43,692	0.9
Operating expenses	**(1,137,331)**	(1,126,873)	(10,458)	0.9
Assets impairment losses	**(1,177,533)**	(1,163,861)	(13,672)	1.2
Share of profit of associates	**94,978**	44,638	50,340	112.8
Profit before income tax	**2,899,487**	2,829,585	69,902	2.5
Income tax	**(605,322)**	(570,204)	(35,118)	6.2
Net profit	**2,294,165**	2,259,381	34,784	1.5

Note:

(1) The Group first implemented IFRS 9 on January 1, 2018, given the different adoption requirements, the figures set out in the table above regarding the indicators for the two periods are not comparable.

In the first half of 2018, the net interest income of the Group amounted to RMB3,260.47 million, the net interest income calculated as the corresponding period of last year according to IAS 39 amounted to RMB4,227.04 million, representing an increase of RMB194.27 million or 4.8% as compared to the corresponding period of last year; and net fee and commission income recorded a net income of RMB680.04 million, representing a decrease of RMB168.25 million or 19.8% as compared to the corresponding period of last year; share of profit of associates significantly increased by RMB50.34 million or 112.8% to RMB94.98 million as compared to the corresponding period of last year. As a result of the foregoing factors, the Group achieved a profit before income tax of RMB2,899.49 million, representing an increase of RMB69.90 million or 2.5% as compared to the corresponding period of last year; and net profit was RMB2,294.17 million, representing an increase of RMB34.78 million or 1.5% as compared to the corresponding period of last year.

3.2.1.1 Net interest income

In the first half of 2018, the net interest income of the Group amounted to RMB3,260.47 million, the net interest income calculated as the corresponding period of last year according to IAS 39 amounted to RMB4,227.04 million, representing an increase of RMB194.27 million or 4.8% as compared to the corresponding period of last year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018	For the six months ended June 30, 2017	Change in amount	Change in percentage (%)
Interest income [1]	**9,485,347**	9,010,705	N/A	N/A
Interest expense	**(6,224,874)**	(4,977,935)	(1,246,939)	25.0
Net interest income [1]	**3,260,473**	4,032,770	N/A	N/A

Note:

(1) The Group first implemented IFRS 9 on January 1, 2018, given the different adoption requirements, the figures set out in the above table regarding the indicators for the two periods are not comparable.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
	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	**184,537,955**	**5,549,628**	**6.06**	159,951,270	4,391,519	5.54
Investment securities	**113,966,763**	**2,976,406**	**5.27**	126,299,597	3,363,356	5.37
Cash and balances with central bank	**36,905,567**	**273,691**	**1.50**	38,374,090	286,249	1.50
Due from other banks and financial institutions	**44,201,826**	**685,622**	**3.13**	51,887,270	933,455	3.63
Financial assets at fair value through profit or loss [(1)]	**34,304,089**	**966,563**	**5.68**	1,453,236	36,126	5.01
Total interest-earning assets [(1)]	**413,916,200**	**10,451,910**	**5.09**	377,965,463	9,010,705	4.81
LIABILITIES						
Customer deposits	**244,823,265**	**3,132,605**	**2.58**	226,644,378	2,622,514	2.33
Due to other banks and financial institutions	**47,046,744**	**1,055,096**	**4.52**	46,985,058	929,849	3.99
Debt securities issued	**89,140,663**	**2,037,173**	**4.61**	74,675,083	1,425,572	3.85
Total interest-bearing liabilities	**381,010,672**	**6,224,874**	**3.29**	348,304,519	4,977,935	2.88
Net interest income [(1)]		**4,227,036**			4,032,770	
Net interest spread [(1)]			**1.80**			1.93
Net interest margin [(1)]			**2.06**			2.15

Note:

(1) After the first implementation of IFRS 9 since January 1, 2018, the financial assets at fair value through profit or loss are no longer presented as interest-earning assets. The adjusted net interest spread and net interest margin are calculated as the same period in the previous year according to IAS 39 in order to maintain the comparability of significant financial indicators for the two periods.

In the first half of 2018, the adjusted average balance of interest-earning assets of the Group increased by RMB35,950.74 million or 9.5% to RMB413,916.20 million as compared to the same period in the previous year. The adjusted average annualized yield on interest-earning assets of the Group increased by 28 basis points to 5.09% as compared to the same period in the previous year.

In the first half of 2018, the average balance of interest-bearing liabilities of the Group increased by RMB32,706.15 million or 9.4% to RMB381,010.67 million as compared to the same period in the previous year. The average annualized cost ratio of interest-bearing liabilities of the Group increased by 41 basis points to 3.29% as compared to the same period in the previous year.

As a result of the above-mentioned factors, the adjusted net interest spread decreased by 13 basis points to 1.80% as compared to the same period in the previous year, while the adjusted net interest margin of the Group decreased by 9 basis points to 2.06% as compared to the same period in the previous year.

The following table sets forth the Group's changes in interest income and interest expense due to changes in volume and interest rate. Changes in volume were based on movements in average balance, while changes in interest rate were 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	739,398	418,711	1,158,109
Investment securities	(322,090)	(64,860)	(386,950)
Cash and balances with central bank	(10,891)	(1,667)	(12,558)
Due from other banks and financial institutions	(119,210)	(128,623)	(247,833)
Financial assets at fair value through profit or loss [(1)]	925,616	4,821	930,437
Change in interest income	1,212,823	228,382	1,441,205
LIABILITIES			
Customer deposits	232,606	277,485	510,091
Due to other banks and financial institutions	1,383	123,864	125,247
Debt securities issued	330,589	281,012	611,601
Change in interest expense	564,578	682,361	1,246,939

Note:

(1) Following the table above, the factors affecting the changes in interest income and interest expenses are analyzed as the same period in the previous year according to IAS 39 to maintain the comparability of significant financial indicators for the two periods.

3.2.1.2 Interest income (adjusted)

In the first half of 2018, the interest income of the Group amounted to RMB9,485.35 million, the interest income calculated as the same period in the previous year according to IAS 39 amounted to RMB10,451.91 million, representing a year-on-year increase of RMB1,441.21 million or 16.0%.

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

	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
(All amounts expressed in thousands of RMB unless otherwise stated)	**Average balance**	**Interest income**	**Average annualized yield (%)**	Average balance	Interest income	Average annualized yield (%)
Loans and advances to customers	**184,537,955**	**5,549,628**	**6.06**	159,951,270	4,391,519	5.54
Investment securities	**113,966,763**	**2,976,406**	**5.27**	126,299,597	3,363,356	5.37
Cash and balances with central bank	**36,905,567**	**273,691**	**1.50**	38,374,090	286,249	1.50
Due from other banks and financial institutions	**44,201,826**	**685,622**	**3.13**	51,887,270	933,455	3.63
Financial assets at fair value through profit or loss [(1)]	**34,304,089**	**966,563**	**5.68**	1,453,236	36,126	5.01
Total interest-earning assets [(1)]	**413,916,200**	**10,451,910**	**5.09**	377,965,463	9,010,705	4.81

Note:

(1) The average yield on interest-earning assets is calculated as the same period in the previous year according to IAS 39 to maintain the comparability of significant financial indicators for the two periods.

(1) Interest income from loans and advances to customers

In the first half of 2018, the Group's interest income from loans and advances to customers amounted to RMB5,549.63 million, representing a year-on-year increase of RMB1,158.11 million or 26.4%, primarily due to the increase in average balance on loans and advances to customers by 15.4%, offset by the increase in average annualized yield by 52 basis points as compared to that of the previous year.

(2) Interest income from investment securities

In the first half of 2018, the Group's interest income from investment securities amounted to RMB2,976.41 million, representing a year-on-year decrease of RMB386.95 million or 11.5%, primarily due to the decrease of 9.8% in average balance offset by the decrease of 10 basis points in average annualized yield on investment securities as compared to that of the previous year.

(3) Cash and interest income from balances with central bank

In the first half of 2018, the Group's interest income from cash and balances with central bank amounted to RMB273.69 million, representing a year-on-year decrease of RMB12.56 million or 4.4%, primarily due to the year-on-year decrease of 3.8% in average balance, offset by the unchanged average annualized yield on cash and balances with central banks as compared to those of the previous year.

(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 Group'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, 2018			For the six months ended June 30, 2017		
	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	**17,509,576**	**220,040**	**2.53**	20,235,261	364,740	3.63
Financial assets held under resale agreements	**26,692,250**	**465,582**	**3.52**	31,652,009	568,715	3.62
Total	**44,201,826**	**685,622**	**3.13**	51,887,270	933,455	3.63

In the first half of 2018, the interest income from the Group's amounts due from other banks and financial institutions for deposits and loans amounted to RMB220.04 million, representing a year-on-year decrease of RMB144.70 million or 39.7%, primarily due to the year-on-year decrease of 13.5% in average balance, offset by the significant decrease of 110 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 2018, the interest income from the Group's financial assets held under resale agreements amounted to RMB465.58 million, representing a year-on-year decrease of RMB103.13 million or 18.1%, primarily due to the year-on-year decrease of 15.7% in average balance, offset by the decrease of 10 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 Group's total interest income from amounts due from other banks and financial institutions in the first half of 2018 decreased by RMB247.83 million or 26.6% to RMB685.62 million as compared to that of the previous year.

3.2.1.3 Interest expense

In the first half of 2018, the Group's interest expense amounted to RMB6,224.87 million, representing a year-on-year increase of RMB1,246.94 million or 25.0%.

(1) Interest expense on customer deposits

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

	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
(All amounts expressed in thousands of RMB unless otherwise stated)	**Average balance**	**Interest expense**	**Average annualized cost ratio (%)**	Average balance	Interest expense	Average annualized cost ratio (%)
Corporate deposits						
Demand	**69,349,900**	**275,846**	**0.80**	67,318,961	253,190	0.76
Time	**82,120,971**	**1,345,566**	**3.30**	85,336,277	1,249,827	2.95
Subtotal	**151,470,871**	**1,621,412**	**2.16**	152,655,238	1,503,017	1.99
Individual deposits						
Demand	**10,938,870**	**21,139**	**0.39**	10,483,677	20,315	0.39
Time	**63,605,752**	**1,206,753**	**3.83**	53,104,348	1,019,269	3.87
Subtotal	**74,544,622**	**1,227,892**	**3.32**	63,588,025	1,039,584	3.30
Other deposits	**18,807,772**	**283,301**	**3.04**	10,401,115	79,913	1.55
Total	**244,823,265**	**3,132,605**	**2.58**	226,644,378	2,622,514	2.33

In the first half of 2018, the Group's interest expense on customer deposits was RMB3,132.61 million, representing a year-on-year increase of RMB510.09 million or 19.5%, primarily due to a year-on-year increase in the average balance of customer deposits by 8.0%, offset by an increase in average annualized cost ratio of customer deposits by 25 basis points as compared to that of the previous year.

(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 Group's amount due to other banks and financial institutions are set forth as follows:

	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
(All amounts expressed in thousands of RMB unless otherwise stated)	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Deposits and loans from other banks	**36,491,345**	**897,315**	**4.96**	35,166,461	754,473	4.33
Borrowings from central bank	**1,855,069**	**27,005**	**2.94**	1,707,838	25,705	3.04
Financial assets sold under repurchase agreements	**8,700,330**	**130,776**	**3.03**	10,110,759	149,671	2.99
Total	**47,046,744**	**1,055,096**	**4.52**	46,985,058	929,849	3.99

In the first half of 2018, the Group's total interest expense on deposits and loans from other banks and financial institutions was RMB1,055.10 million, representing a year-on-year increase of RMB125.25 million or 13.5%, primarily due to a year-on-year increase of 0.1% in average balance of deposits and loans from other banks and financial institutions, offset by the significant increase in average annualized cost ratio by 53 basis points as compared to that of the previous year.

(3) Interest expense on issuance of debt securities

	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
(All amounts expressed in thousands of RMB unless otherwise stated)	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated debts	**7,500,000**	**198,094**	**5.33**	4,898,895	128,390	5.29
Financial bonds for small and micro enterprises	**1,939,227**	**46,106**	**4.79**	3,000,000	72,267	4.86
Inter-bank certificates of deposit	**79,701,436**	**1,792,973**	**4.54**	66,776,188	1,224,915	3.70
Total	**89,140,663**	**2,037,173**	**4.61**	74,675,083	1,425,572	3.85

In the first half of 2018, the Group's interest expense on issuance of debts securities amounted to RMB2,037.17 million, representing a year-on-year increase of RMB611.60 million or 42.9%, primarily due to a year-on-year increase of 19.4% in average balance of issuance of debts securities, offset by the significant increase in average annualized cost ratio by 76 basis points as compared to that of the previous year.

3.2.1.4 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 2018, the Group's adjusted average annualized yield of interest-earning assets increased 28 basis points year on year, while the average annualized cost ratio of interest-bearing liabilities increased 41 basis points year on year as compared to those of the previous year. The increase in the adjusted average annualized cost ratio of interest-bearing liabilities exceeded the increase in average annualized yield of interest-earning assets. In general, the Group's net interest spread (adjusted) was 1.80%, representing a year-on-year decrease of 13 basis points as compared to that of the previous year.

In the first half of 2018, the Group's net interest margin (adjusted) was 2.06%, representing a year-on-year decrease of 9 basis points, primarily due to a year-on-year increase of RMB35,950.74 million or 9.5% in the adjusted average balance of interest-earning assets, and a year-on-year increase of RMB194.26 million or 4.8% in net interest income (adjusted), with a slower growth rate than the growth rate of the adjusted average balance of interest-earning assets.

3.2.1.5 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, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Fee and commission income	**728,152**	939,893	(211,741)	(22.5)
Financial advisory and consulting services	**72,424**	41,330	31,094	75.2
Wealth management agency services	**278,763**	444,870	(166,107)	(37.3)
Custodian services	**137,243**	206,486	(69,243)	(33.5)
Bank card services	**150,186**	132,714	17,472	13.2
Credit commitments	**35,815**	75,147	(39,332)	(52.3)
Settlement and agency services	**53,721**	39,346	14,375	36.5
Fee and commission expense	**(48,110)**	(91,601)	43,491	(47.5)
Net fee and commission income	**680,042**	848,292	(168,250)	(19.8)

In the first half of 2018, the Group's net fee and commission income amounted to RMB680.04 million, representing a decrease of RMB168.25 million or 19.8% as compared to the same period in the previous year and accounting for 13.28% of operating income, down by 3.43 percentage points as compared to the same period in the previous year, primarily due to the significant decrease in commission income from credit commitments, wealth management agency services and custodian services.

Commission income from financial advisory and consulting services amounted to RMB72.42 million, representing a year-on-year increase of RMB31.09 million or 75.2%, primarily due to the increase in revenue derived from the business development of Chongqing Xinyu Financial Leasing Co.,Ltd., a subsidiary of the Bank.

Commission income from wealth management agency services amounted to RMB278.76 million, representing a year-on-year decrease of RMB166.11 million or 37.3%, primarily due to the impact of implementation of new regulations on asset management.

Commission income from custodian services amounted to RMB137.24 million, representing a year-on-year decrease of RMB69.24 million or 33.5%, primarily due to the decline in demand for such services.

Commission income from bank card services amounted to RMB150.19 million, representing a year-on-year increase of RMB17.47 million or 13.2%, primarily due to the steady increase in number of issued bank cards and transaction volume.

Commission income from credit commitments amounted to RMB35.82 million, representing a year-on-year significant decrease of RMB39.33 million or 52.3%, primarily due to the decline in the demand of such services.

Commission income from settlement and agency services amounted to RMB53.72 million, representing a year-on-year increase of RMB14.38 million or 36.5%, primarily due to the faster growth in entrusted agency business.

(2) Net trading gains/(losses)

The net trading gains/(losses) mainly consists of foreign exchange gains/(losses) and net gains/(losses) on interest rate instruments. Foreign exchange gains/(losses) mainly includes gains and losses generated from foreign exchange spot transactions and gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi. In the first half of 2018, the Group's foreign exchange gains amounted to RMB40.36 million, mainly due to the appreciation of the major currencies such as US dollars and Hong Kong dollars held by the Group. Net gains/(losses) on interest rate instruments held for trading mainly includes profit and loss arising from changes in fair value of financial assets at fair value through profit or loss. In the first half of 2018, the Group's net gains on interest rate instruments amounted to RMB174.87 million, mainly due to gains arising from the fluctuation in interest rates due to adjustment made to the securities investment portfolio. As a result of the above factors, in the first half of 2018, the Group's net trading gains amounted to RMB215.24 million.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Foreign exchange gains	**40,364**	1,840	38,524	2,093.7
Net gains/(losses) on interest rate instruments	**174,874**	(8,130)	183,004	N/A
Total	**215,238**	(6,290)	221,528	N/A

(3) Net gains on investment securities

In the first half of 2018, the Group's net gains on investment securities amounted to RMB931.78 million. Pursuant to the requirements of IFRS 9 (first implemented by the Bank on January 1, 2018) and IAS 1, the adjusted net gains on investment securities includes investment gains of financial assets at fair value through profit or loss and net (losses)/gains arising from de-recognition of financial assets at fair value through other comprehensive income, of which: the investment gains of financial assets at fair value through profit or loss were RMB941.20 million, and the net (losses)/gains arising from de-recognition of financial assets at fair value through other comprehensive income were RMB-9.43 million.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Net (losses)/gains arising from de-recognition of held-for-trading financial assets	**N/A**	(14,472)	N/A	N/A
Net (losses)/gains arising from de-recognition of available-for-sale financial assets	**N/A**	170,684	N/A	N/A
Investment gains of financial assets at fair value through profit or loss	**941,203**	N/A	N/A	N/A
Net (losses)/gains arising from de-recognition of financial assets at fair value through other comprehensive income	**(9,425)**	N/A	N/A	N/A
Total	**931,778**	156,212	775,566	496.5

3.2.1.6 Operating expenses

In the first half of 2018, the Group's operating expenses were RMB1,137.33 million, representing a slight year-on-year increase of RMB10.46 million or 0.9%.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Staff costs	**675,906**	672,382	3,524	0.5
Tax and surcharges	**64,781**	40,214	24,567	61.1
Depreciation and amortization	**102,405**	90,842	11,563	12.7
General and administrative expense	**236,460**	256,626	(20,166)	(7.9)
Others	**57,779**	66,809	(9,030)	(13.5)
Operating expenses	**1,137,331**	1,126,873	10,458	0.9

(1) Staff costs

Staff costs constitute the largest component of the Group's operating expenses, accounting for 59.43% and 59.67% of its operating expenses for the first half of 2018 and 2017 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Salaries and bonuses	**498,168**	468,595	29,573	6.3
Pension expenses	**70,839**	74,546	(3,707)	(5.0)
Housing benefits and subsidies	**39,005**	37,453	1,552	4.1
Labour union and staff education expenses	**11,351**	10,854	497	4.6
Other social security and benefit expenses	**56,543**	80,934	(24,391)	(30.1)
Staff costs	**675,906**	672,382	3,524	0.5

In the first half of 2018, the Group's total staff costs amounted to RMB675.91 million, representing a slight year-on-year increase of RMB3.52 million or 0.5%, primarily due to the slight increase in number of staff resulting from the expansion of business scale and the increase in number of branches. As of June 30, 2018, the Group had 4,085 full-time employees, representing an increase of 12 employees or 0.3% as compared to the same period in the previous year.

(2) Tax and surcharges

Tax and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In the first half of 2018, tax and surcharges were RMB64.78 million, representing a year-on-year increase of RMB24.57 million or 61.1%.

(3) Depreciation and amortization

Depreciation and amortization in the first half of 2018 increased by RMB11.56 million or 12.7% to RMB102.41 million over the same period in the previous year as the growth of our property and equipment was stable.

(4) General and administrative expense

In the first half of 2018, the general and administrative expenses decreased by RMB20.17 million or 7.9% year on year to RMB236.46 million.

3.2.1.7 Impairment losses

In the first half of 2018, the provisions for impairment losses was RMB1,177.53 million, representing a year-on-year increase of RMB13.67 million or 1.2%. The increase in provisions was primarily due to the Bank's implementation of IFRS 9 since January 1, 2018, which changed the method for measuring impairment and enlarged the scope of provision.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Impairment losses				
Loans and advances to customers	**N/A**	589,645	N/A	N/A
– Collectively assessed	**N/A**	(61,904)	N/A	N/A
– Individually assessed	**N/A**	651,549	N/A	N/A
Loans and receivables	**N/A**	560,743	N/A	N/A
Others	**48,898**	13,473	35,425	262.9
Expected credit losses				
Loans and advances to customers carried at amortised cost	**851,015**	N/A	N/A	N/A
Loans and advances at fair value through other comprehensive income	**6,489**	N/A	N/A	N/A
Investment securities carried at amortised cost	**331,913**	N/A	N/A	N/A
Investment securities at fair value through other comprehensive income	**(60,782)**	N/A	N/A	N/A
Impairment losses	**1,177,533**	1,163,861	13,672	1.2

3.2.1.8 Investment in associates

(All amounts expressed in thousands of RMB unless otherwise stated)	**June 30, 2018**	December 31, 2017
Balance at the beginning of the period	**1,113,146**	238,394
Additional investment in associates	**–**	696,374
Share of profit of associates	**94,978**	178,378
Balance at the end of the period	**1,208,124**	1,113,146

On May 5, 2011, the Group invested RMB22 million in Xingyi Wanfeng Village Bank Co., Ltd. ("**Xingyi Wanfeng**"), and held 20% of equity interest of RMB110 million registered capital.

On June 15, 2015, the Group invested RMB54 million in Mashang Consumer Finance Co., Ltd. ("**Mashang Consumer Finance**") and appointed a director to the board. As at August 14, 2016, the Group increased the investment to RMB205.27 million, accounting for 15.79% of equity interest of RMB1.3 billion registered capital; on July 13, 2017, the Group increased the investment to RMB338.35 million, accounting for 15.31% of equity interest of RMB2.21 billion registered capital.

Pursuant to the resolution of the board meeting of Chongqing Three Gorges Bank Co., Ltd. ("**Three Gorges Bank**") on April 21, 2017, the Group appointed a director to the board of Three Gorges Bank on that day, increasing the Group's influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of Three Gorges Bank is RMB4,846.94 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379.02 million.

3.2.1.9 Income tax

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in the first half of 2018 and 2017 were 20.88% and 20.15% respectively.

The following table sets forth the profit before income tax and income tax for the first half of 2018 and 2017, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 2018**	For the six months ended June 30, 2017	**Change in amount**	**Change in percentage (%)**
Profit before income tax	**2,899,487**	2,829,585	69,902	2.5
Tax calculated at a tax rate of 25%	**724,872**	707,396	17,476	2.5
Tax effect arising from non-taxable income	**(84,779)**	(79,550)	(5,229)	6.6
Tax effect of expenses that are not deductible for tax purposes	**18,415**	19,009	(594)	(3.1)
Income tax adjustment for prior years	**(53,186)**	(76,651)	23,465	(30.6)
Income tax	**605,322**	570,204	35,118	6.2

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

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

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Total loans and advances to customers	**192,638,062**	**44.2**	177,206,904	41.9
Total impairment allowances for loans	**N/A**	**N/A**	(5,044,814)	(1.2)
Total losses on expected credit impairment	**(5,513,902)**	**(1.3)**	N/A	N/A
Net loans and advances to customers	**187,124,160**	**42.9**	172,162,090	40.7
Investment securities [1]	**110,095,485**	**25.3**	158,726,899	37.5
Investments in associates	**1,208,124**	**0.3**	1,113,146	0.3
Cash and balances with central bank	**41,586,880**	**9.5**	43,727,432	10.3
Due from other banks and financial institutions	**52,183,119**	**12.0**	37,000,091	8.8
Financial assets at fair value through profit or loss	**33,330,665**	**7.6**	702,202	0.2
Property, plant and equipment	**2,982,683**	**0.7**	2,866,257	0.7
Deferred income tax assets	**1,741,310**	**0.4**	1,380,953	0.3
Other assets	**5,566,972**	**1.3**	5,083,955	1.2
Total assets	**435,819,398**	**100.0**	422,763,025	100.0

Note:

(1) As of December 31, 2017, investment securities consist of loans and receivables, held-to-maturity investments and available-for-sale financial assets; On January 1, 2018, the Bank first implemented IFRS 9, as of June 30, 2018, investment securities consist of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.

As at June 30, 2018, the Group's total assets amounted to RMB435,819.40 million, representing an increase of RMB13,056.37 million or 3.1% over the end of the previous year, among which:

Total loans and advances to customers increased by RMB15,431.16 million or 8.7% to RMB192,638.06 million over the end of the previous year. This was primarily because the Group complied with the policy and stuck to its original aspiration to proactively serve the real economy and increase the credit supply for policy-oriented projects such as green credit, rural revitalization, poverty alleviation, shanty town transformation and the "Belt and Road" Initiative.

The balance of investment securities was RMB110,095.49 million, of which the balance of financial assets at fair value through other comprehensive income amounted to RMB30,258.44 million and the balance of financial assets measured at amortised cost amounted to RMB79,837.04 million.

Cash and balances with central bank decreased by RMB2,140.55 million or 4.9% to RMB41,586.88 million over the end of the previous year, primarily due to the decrease in statutory deposit reserves and the fiscal deposits as compared to the end of the previous year.

Total amount due from other banks and financial institutions increased by RMB15,183.03 million or 41.0% to RMB52,183.12 million over the end of the previous year, primarily due to: (1) the increase of total amounts due from other banks and financial assets by RMB604.49 million or 3.3%; (2) the significant increase of RMB14,585.22 million or 78.3% in total financial assets held under resale agreements.

(1) Loans and advances to customers

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Loans and advances to corporate entities – measured at amortised cost				
– Corporate loans	**120,871,732**	**62.7**	109,780,133	62.0
– Discounted bills	**N/A**	**N/A**	4,802,366	2.7
Loans and advances to corporate entities – at fair value through other comprehensive income				
– Discounted bills	**7,717,647**	**4.0**	N/A	N/A
Subtotal	**128,589,379**	**66.7**	114,582,499	64.7
Retail loans – measured at amortised cost				
– Mortgage loans	**19,028,138**	**9.9**	17,235,358	9.7
– Personal consumer loans	**30,409,009**	**15.8**	30,024,576	16.9
– Credit card advances	**4,488,225**	**2.3**	4,193,902	2.4
– Personal business loans	**10,123,311**	**5.3**	11,170,569	6.3
Subtotal	**64,048,683**	**33.3**	62,624,405	35.3
Total loans and advances to customers	**192,638,062**	**100.0**	177,206,904	100.0

As at June 30, 2018, the Group's total loans and advances to customers amounted to RMB192,638.06 million, representing an increase of RMB15,431.16 million or 8.7% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB120,871.73 million, representing an increase of RMB11,091.60 million or 10.1% as compared to the end of the previous year, and accounting for 62.7% of total loans and advances to customers, increased by 0.7 percentage point from the end of the previous year. During the Reporting Period, the Group actively adjusted the credit structure in response to the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the water conservancy, environment and public facility management industry, leasing and commercial services, health and social welfare increased by RMB12,256.29 million, RMB5,325.51 million and RMB762.54 million respectively, achieving a rapid increase.

Retail loans amounted to RMB64,048.68 million, representing an increase of RMB1,424.28 million or 2.3% as compared to the end of the previous year, and accounting for 33.3% of total loans and advances to customers, down by 2.0 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB1,792.78 million or 10.4% as compared to the end of the previous year; personal consumer loans substantially increased by RMB384.43 million or 1.3% as compared to the end of the previous year. Targeting on enhancing customer experience, the Group continued to develop product innovation for promoting the steady growth of personal loan balance; credit card advances increased by RMB294.32 million or 7.0% as compared to the end of the previous year; and personal business loans decreased by RMB1,047.26 million or 9.4% as compared to the end of the previous year. During the Reporting Period, the Group actively adjusted the credit structure based on active measures to manage credit risk in view of complex market changes, so as to achieve steady development in retail business.

Distribution of loans and advances to customers by type of collateral

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

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Collateralised loans	**68,107,986**	**35.4**	69,308,295	39.1
Pledged loans	**16,217,353**	**8.4**	15,063,354	8.5
Guaranteed loans	**89,646,495**	**46.5**	75,927,183	42.9
Unsecured loans	**18,666,228**	**9.7**	16,908,072	9.5
Total loans and advances to customers	**192,638,062**	**100.0**	177,206,904	100.0

Impairment allowances for loans

The following table sets forth the Group's expected credit loss allowances for loans for the dates indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Loans and advances to corporate entities				
January 1, 2018 (Restated)	**1,633,763**	**1,899,933**	**1,312,599**	**4,846,295**
Provision for impairment	**756,025**	**414,136**	**879,644**	**2,049,805**
Reversal of impairment allowances	**(560,026)**	**(391,904)**	**(338,277)**	**(1,290,207)**
Written-off	**–**	**–**	**(1,568,009)**	**(1,568,009)**
Transfer in the period:				
Transfer from the first stage to the second stage	***(55,926)***	***55,926***	***–***	***–***
Transfer from the first stage to the third stage	***(40,802)***	***–***	***40,802***	***–***
Transfer from the second stage to the first stage	***23,544***	***(23,544)***	***–***	***–***
Transfer from the second stage to the third stage	***–***	***(445,457)***	***445,457***	***–***
Transfer from the third stage to the second stage	***–***	***133,419***	***(133,419)***	***–***
Transfer from the third stage to the first stage	***6,750***	***–***	***(6,750)***	***–***
Recoveries of loans written-off in previous years and advances transfer-in	**–**	**–**	**143,596**	**143,596**
Unwinding of discount factors	**–**	**–**	**(54,226)**	**(54,226)**
June 30, 2018	**1,763,328**	**1,642,509**	**721,417**	**4,127,254**
Retail loans				
January 1, 2018 (Restated)	**368,525**	**264,887**	**828,629**	**1,462,041**
Provision for impairment	**234,188**	**440,017**	**301,248**	**975,453**
Reversal of impairment allowances	**(210,169)**	**(246,966)**	**(426,901)**	**(884,036)**
Written-off	**–**	**–**	**(253,511)**	**(253,511)**
Transfer in the period:				
Transfer from the first stage to the second stage	***(32,930)***	***32,930***	***–***	***–***
Transfer from the first stage to the third stage	***(4,183)***	***–***	***4,183***	***–***
Transfer from the second stage to the first stage	***7,789***	***(7,789)***	***–***	***–***
Transfer from the second stage to the third stage	***–***	***(43,830)***	***43,830***	***–***
Transfer from the third stage to the second stage	***–***	***148,017***	***(148,017)***	***–***
Transfer from the third stage to the first stage	***2,150***	***–***	***(2,150)***	***–***
Recoveries of loans written-off in previous years and advances transfer-in	**–**	**–**	**107,028**	**107,028**
Unwinding of discount factors	**–**	**–**	**(20,327)**	**(20,327)**
As at June 30, 2018	**365,370**	**587,266**	**434,012**	**1,386,648**

(All amounts expressed in thousands of RMB unless otherwise stated)	During the year ended December 31, 2017	
	Loans to corporate entities	Retail loans
Balance at the beginning of the year	3,253,544	978,051
Impairment allowances for loans to customers charged to profit or loss	1,990,170	1,193,938
Reversal of impairment allowances for loans to customers	(222,248)	(609,619)
Net impairment allowances for loans to customers charged to profit or loss	1,767,922	584,319
Unwinding discount on allowances during the year	(85,478)	(31,612)
Loans written off during the year	(1,441,399)	(231,775)
Recoveries of doubtful debts written off	228,733	22,509
Balance at the end of the year	3,723,322	1,321,492

For the first half of 2018, in strict accordance with the relevant accounting and regulatory requirements, the Group took into account the external economic dynamics and macro monitoring policies and continued to accrue impairment allowances for loans and advances. As of June 30, 2018, the balance of impairment allowances for loans and advances to customers was RMB5,513.90 million, representing an increase of RMB469.09 million or 9.3% as compared to the end of the previous year; and the impairment allowances for non-performing loans ratio increased by 45.13 percentage points to 255.29% from that of the end of the previous year.

(2) Investment securities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Investment securities – FVOCI				
Debt securities – measured at fair value				
– Listed outside Hong Kong	**6,284,989**	**5.7**	N/A	N/A
– Listed in Hong Kong	**2,395,466**	**2.2**	N/A	N/A
– Unlisted	**21,369,373**	**19.4**	N/A	N/A
Of which: Corporations debt	**17,836,528**	**16.2**	N/A	N/A
Policy banks debt	**2,549,381**	**2.3**	N/A	N/A
Commercial banks debt	**796,076**	**0.7**	N/A	N/A
Governments debt	**187,388**	**0.2**	N/A	N/A
Equity securities -measured at fair value				
– Unlisted	**208,600**	**0.2**	N/A	N/A
Of which: equity investment	**208,600**	**0.2**	N/A	N/A
Others	**14**	**0.0**	N/A	N/A
Subtotal	**30,258,442**	**27.5**	N/A	N/A
Investment securities – at amortised cost				
Debt securities – measured at amortised cost				
– Listed outside Hong Kong	**12,795,200**	**11.6**	N/A	N/A
– Unlisted	**68,996,985**	**62.7**	N/A	N/A
Of which: Debt securities	**14,226,947**	**12.9**	N/A	N/A
Trust investments	**24,625,951**	**22.4**	N/A	N/A
Wealth management products purchased from financial institutions	**516,249**	**0.5**	N/A	N/A
Directional asset management plans	**26,596,676**	**24.2**	N/A	N/A
Others	**3,031,162**	**2.7**	N/A	N/A
Less: Expected credit loss allowances	**(1,955,142)**	**(1.8)**	N/A	N/A
Subtotal	**79,837,043**	**72.5**	N/A	N/A

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Investment securities – available-for-sale				
Debt securities – measured at fair value				
– Listed outside Hong Kong	**N/A**	**N/A**	8,090,966	5.1
– Listed in Hong Kong	**N/A**	**N/A**	64,726	0.1
– Unlisted	**N/A**	**N/A**	28,456,501	17.9
Equity securities – measured at fair value				
– Listed outside Hong Kong	**N/A**	**N/A**	485,992	0.3
– Unlisted	**N/A**	**N/A**	8,600	0.0
Others	**N/A**	**N/A**	14	0.0
Subtotal	**N/A**	**N/A**	37,106,799	23.4
Investment securities – loans and receivables				
Debt securities – measured at amortised cost				
– Trust investments	**N/A**	**N/A**	34,532,649	21.8
– Directional asset management plans	**N/A**	**N/A**	38,663,857	24.4
– Wealth management products purchased from financial institutions	**N/A**	**N/A**	22,920,801	14.4
– Local government bonds	**N/A**	**N/A**	5,707,900	3.6
Less: Impairment allowances	**N/A**	**N/A**	(1,217,482)	(0.8)
Subtotal	**N/A**	**N/A**	100,607,725	63.4
Investment securities – held-to-maturity				
Debt securities – measured at amortised cost				
– Listed outside Hong Kong	**N/A**	**N/A**	11,827,162	7.4
– Unlisted	**N/A**	**N/A**	9,185,213	5.8
Subtotal	**N/A**	**N/A**	21,012,375	13.2
Total	**110,095,485**	**100.0**	158,726,899	100.0

As at June 30, 2018, the Group's balance of investment securities amounted to RMB110,095.49 million, representing a decrease of RMB48,631.41 million or 30.6% as compared to the end of the previous year, mainly due to the Group first implementing IFRS 9 on January 1, 2018, and pursuant to the new standard, part of the assets classified as investment securities in previous years are classified as financial assets at fair value through profit or loss. The Group first implemented IFRS 9 on January 1, 2018 and reclassified investment securities in accordance with IFRS 9. As of June 30, 2018, investment securities – financial assets at fair value through other comprehensive income was RMB30,258.44 million, accounting for 27.5% of total investment securities; investment securities – financial assets measured at amortised cost was RMB79,837.04 million, accounting for 72.5% of total investment securities.

3.2.2.2 Liabilities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2018**		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Due to other banks and financial institutions	**54,205,861**	**13.4**	55,771,252	14.3
Financial liabilities at fair value through profit or loss	**17,388**	**0.0**	–	–
Customer deposits	**251,314,390**	**62.4**	238,704,678	61.2
Debt securities issued	**89,023,842**	**22.1**	88,727,330	22.7
Taxes payable	**346,051**	**0.1**	358,515	0.1
Other liabilities	**8,091,200**	**2.0**	6,741,338	1.7
Total liabilities	**402,998,732**	**100.0**	390,303,113	100.0

As at June 30, 2018, the total liabilities of the Group amounted to RMB402,998.73 million, representing an increase of RMB12,695.62 million or 3.3% as compared to the end of the previous year. Customer deposits were the Group's largest source of capital, which increased by RMB12,609.71 million or 5.3% to RMB251,314.39 million as compared to the end of the previous year; amounts due to other banks and financial institutions decreased by RMB1,565.39 million or 2.8% to RMB54,205.86 million as compared to the end of the previous year; debt securities issued increased slightly by RMB296.51 million or 0.3% to RMB89,023.84 million, primarily because: (1) the Group redeemed financial bonds for small and micro enterprises with a principal amount of RMB3,000 million in April 2018, and issued innovation and entrepreneurial financial bonds (雙創債金融債券) with a principal amount of RMB3,000 million within China's inter-bank bond market in June 2018; (2) as at June 30, 2018, the balance of the inter-bank certificates of deposit issued by the Group was RMB78,535.30 million, representing a slight increase of 0.4% as compared to the end of the previous year.

(1) Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Corporate demand deposits	**82,177,117**	**32.7**	69,460,773	29.1
Corporate time deposits	**75,847,328**	**30.2**	83,239,393	34.9
Individual demand deposits	**10,382,118**	**4.1**	10,275,560	4.3
Individual time deposits	**65,133,216**	**25.9**	57,445,728	24.1
Other deposits	**17,774,611**	**7.1**	18,283,224	7.6
Total customer deposits	**251,314,390**	**100.0**	238,704,678	100.0
Of which: Security deposits	**9,507,220**	**3.8**	6,601,609	2.8

As at June 30, 2018, the customer deposits of the Group amounted to RMB251,314.39 million, representing an increase of RMB12,609.71 million or 5.3% as compared to the end of the previous year. Corporate deposits balance was RMB158,024.45 million, representing an increase of RMB5,324.28 million or 3.5% as compared to the end of the previous year; individual deposits balance was RMB75,515.33 million, representing an increase of RMB7,794.05 million or 11.5% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB92,559.24 million, representing an increase of RMB12,822.90 million or 16.1% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB140,980.54 million, representing an increase of RMB295.42 million or 0.2% as compared to the end of the previous year.

(2) Debt securities issued

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Subordinated debts				
Fixed rate Tier II capital bond – 2026	**1,497,501**	**1.7**	1,497,390	1.7
Fixed rate Tier II capital bond – 2027	**5,996,522**	**6.7**	5,996,454	6.7
Financial debts				
Fixed rate financial debt – 2018	**–**	**–**	2,999,074	3.4
Fixed rate financial debt – 2021	**2,994,519**	**3.4**	–	–
Inter-bank certificates of deposit	**78,535,300**	**88.2**	78,234,412	88.2
Total	**89,023,842**	**100.0**	88,727,330	100.0

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 II Capital Bonds (《關於重慶銀行股份有限公司發行二級資本債券的批復》) (Yu Yin Jian Fu [2015] No. 107) by the China Banking Regulatory Commission ("CBRC") Chongqing Bureau on September 21, 2015, the Bank issued the RMB1.5 billion Tier II Capital bonds within the domestic inter-bank bond market of China on February 19, 2016. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.40% 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 February 22, 2021.

Pursuant to a resolution of the general meeting passed on June 17, 2016 and the Approval for Bank of Chongqing to Issue Tier II Capital Bonds (《關於重慶銀行發行二級資本債券的批復》) (Yu Yin Jian Fu [2016] No. 162) by the CBRC Chongqing Bureau on November 30, 2016, the Bank issued the RMB6,000 million Tier II Capital bonds within the domestic inter-bank bond market of China on March 20, 2017. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.80% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 2022.

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

Pursuant to a resolution of the 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復》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 21, 2012, the Bank issued financial bonds for small and micro enterprises with a principal amount of RMB3,000 million within the domestic inter-bank bond market of China on April 25, 2013. Such financial bonds have a maturity of 5 years, with 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. Such bonds have been redeemed on April 25, 2018.

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

For the six months ended June 30, 2018, the Group issued a total of 112 inter-bank certificates of deposit by discounting with a tenure of one month to one year. As at June 30, 2018, 122 issued inter-bank certificates of deposit were outstanding with a total nominal value of RMB80 billion.

For the six months ended June 30, 2018, 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

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Due to central bank	**2,946,789**	**5.4**	1,745,881	3.1
Deposits from banks	**23,692,187**	**43.7**	36,832,862	66.1
Deposits from other financial institutions	**2,491,916**	**4.6**	5,098,009	9.1
Placements from other banks and financial institutions	**11,022,490**	**20.3**	6,100,000	10.9
Notes sold under repurchase agreements	**4,538,279**	**8.4**	–	–
Securities sold under repurchase agreements	**9,514,200**	**17.6**	5,994,500	10.8
Total	**54,205,861**	**100.0**	55,771,252	100.0

As at June 30, 2018, the Group's balance due to other banks and financial institutions amounted to RMB54,205.86 million, representing a decrease of RMB1,565.39 million or 2.8% as compared to the end of the previous year. The Group's balance due to central bank increased by RMB1,200.91 million or 68.8% to RMB2,946.79 million as compared to the end of the previous year; deposits from banks significantly decreased by RMB13,140.68 million or 35.7% to RMB23,692.19 million as compared to the end of the previous year; deposits from other financial institutions decreased substantially by RMB2,606.09 million or 51.1% to RMB2,491.92 million as compared to the end of the previous year; the Group's placements from other banks and financial institutions significantly increased by RMB4,922.49 million or 80.7% to RMB11,022.49 million as compared to the end of the previous year; notes sold under repurchase agreements increased by RMB4,538.28 million as compared to the end of the previous year; and securities sold under repurchase agreements increased by RMB3,519.70 million or 58.7% to RMB9,514.20 million as compared to the end of the previous year.

3.2.2.3 Shareholders' equity

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

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Share capital	**3,127,055**	**9.5**	3,127,055	9.7
Preferred shares	**4,909,307**	**14.9**	4,909,307	15.1
Capital reserve	**4,680,638**	**14.3**	4,680,638	14.4
Other reserves	**7,311,100**	**22.3**	6,637,648	20.5
Retained earnings	**11,262,362**	**34.3**	11,596,948	35.7
Total equity attributable to shareholders of the Bank	**31,290,462**	**95.3**	30,951,596	95.4
Non-controlling interests	**1,530,204**	**4.7**	1,508,316	4.6
Total shareholders' equity	**32,820,666**	**100.0**	32,459,912	100.0

As at June 30, 2018, equity attributable to shareholders of the Bank amounted to RMB31,290.46 million, representing an increase of RMB338.87 million or 1.1% as compared to the end of the previous year, among which: the paid-in capital was RMB3,127.06 million, preferred shares was RMB4,909.31 million, capital reserve was RMB4,680.64 million, other reserves was RMB7,311.10 million, and retained earnings was RMB11,262.36 million. Among other reserves, general reserve increased by RMB619.38 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets at the end of the period.

3.2.3 Loan quality analysis

3.2.3.1 Breakdown of loans by the five-category classification

The following table sets forth the distribution of the Group'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.

	As at June 30, 2018		As at December 31, 2017	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Amount**	**Percentage of total (%)**	Amount	Percentage of total (%)
Pass	**183,698,878**	**95.36**	167,870,228	94.74
Special mention	**6,779,332**	**3.52**	6,936,217	3.91
Substandard	**919,494**	**0.48**	1,449,377	0.82
Doubtful	**1,008,466**	**0.52**	807,165	0.45
Loss	**231,892**	**0.12**	143,917	0.08
Total loans and advances to customers	**192,638,062**	**100.00**	177,206,904	100.00
Amount of non-performing loans	**2,159,852**	**1.12**	2,400,459	1.35

In the first half of 2018, faced with the challenges posed by macro-economic dynamics, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, conducted a throughout risk review of credit assets, stepped up efforts in risk management, strengthened early risk warning, tracking and post-lending monitoring management. As a result of these efforts, the quality of the Group's credit assets was relatively good compared to other banks. As at June 30, 2018, the balance of non-performing loans was RMB2,159.85 million, representing a decrease of RMB240.61 million as compared to the end of the previous year; non-performing loan ratio was 1.12%, representing a decrease of 0.23 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 3.52% of total loans, representing a decrease of 0.39 percentage point as compared to that of the end of the previous year.

3.2.3.2 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.

	As at June 30, 2018				As at December 31, 2017			
(All amounts expressed in thousands of RMB unless otherwise stated)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Loans and advances to corporate entities – measured at amortised cost								
Manufacturing	**15,429,741**	**8.0**	**434,530**	**2.82**	15,544,339	8.8	568,151	3.66
Wholesale and retail	**13,100,983**	**6.8**	**629,059**	**4.80**	14,587,355	8.2	684,360	4.69
Construction	**10,652,199**	**5.5**	**207,390**	**1.95**	10,961,064	6.2	107,338	0.98
Real estate	**10,391,177**	**5.4**	**64,414**	**0.62**	13,997,831	7.9	35,000	0.25
Leasing and commercial services	**18,699,319**	**9.7**	**8,385**	**0.04**	13,373,813	7.5	14,215	0.11
Water conservation, environment and public facility administration	**33,682,455**	**17.5**	**3,141**	**0.01**	21,426,164	12.1	248	0.00
Transportation, warehousing and postal service	**2,410,833**	**1.3**	**4,000**	**0.17**	2,075,708	1.2	15,015	0.72
Mining	**2,511,110**	**1.3**	**54,715**	**2.18**	2,710,914	1.5	221,325	8.16
Electricity, gas and water production and supply	**3,341,061**	**1.7**	**4,772**	**0.14**	3,319,765	1.9	4,800	0.14
Agriculture, forestry, animal husbandry and fishery	**2,269,257**	**1.2**	**63,385**	**2.79**	2,101,230	1.2	13,170	0.63
Household services, maintenance and other services	**1,847,589**	**1.0**	**–**	**–**	2,832,632	1.6	4,600	0.16
Education	**715,503**	**0.4**	**–**	**–**	768,353	0.4	–	–
Financing	**623,848**	**0.3**	**–**	**–**	90,446	0.1	–	–
Scientific research and technology services	**1,127,986**	**0.6**	**–**	**–**	1,044,204	0.6	–	–
Information transmission, software and information technology services	**485,766**	**0.3**	**1,700**	**0.35**	460,005	0.3	2,481	0.54
Accommodation and catering	**1,056,837**	**0.5**	**9,626**	**0.91**	954,832	0.5	18,965	1.99
Culture, sports and entertainment	**356,550**	**0.2**	**–**	**–**	257,500	0.1	–	–
Public administration, social security and social organizations	**–**	**–**	**–**	**–**	1,867,000	1.1	–	–
Health and social welfare	**2,169,518**	**1.1**	**3,108**	**0.14**	1,406,978	0.8	–	–
Discounted bills	**N/A**	**N/A**	**N/A**	**N/A**	4,802,366	2.7	–	–
Loans and advances to corporate entities – measured at fair value through other comprehensive income								
Discounted bills	**7,717,647**	**4.0**	**–**	**–**	N/A	N/A	N/A	N/A
Retail loans – measured at amortised cost								
Retail loans	**64,048,683**	**33.2**	**671,627**	**1.05**	62,624,405	35.3	710,791	1.14
Total	**192,638,062**	**100.0**	**2,159,852**	**1.12**	177,206,904	100.0	2,400,459	1.35

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

In the first half of 2018, the Bank strengthened the disposal of non-performing assets, continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas. Non-performing loan ratio in the first half of 2018 decreased significantly as compared to the end of the previous year. Major industries experienced the following changes:

The amount of non-performing loans in the mining industry decreased by RMB166.61 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 5.98 percentage points;

The amount of non-performing loans in the manufacturing industry decreased by RMB133.62 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.84 percentage point;

The amount of non-performing loans in the transportation, warehousing and postal service industry decreased by RMB11.02 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.55 percentage point;

The amount of non-performing loans in the accommodation and catering industry decreased by RMB9.34 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.08 percentage points;

The amount of non-performing loans in the wholesale and retail industry decreased by RMB55.30 million as compared to the end of the previous year, but the non-performing loan ratio increased by 0.11 percentage point. This was mainly due to the fact that the amount of loans decreased faster than the decrease of the amount of non-performing loans as the Bank further reduced the total loans to such industry, leading to the slight increase in the non-performing loan ratio despite of a significant decrease in the amount of non-performing loans.

(2) Concentration of borrowers

As at June 30, 2018, the Bank's total loans to its largest single borrower accounted for 2.08% of its net capital while total loans to its top ten customers accounted for 18.49% of its net capital, which were in compliance with regulatory requirements. As at June 30, 2018, all of the Bank's loans to top ten single borrowers were loans in the pass category.

a. Indicators of concentration

Major regulatory indicators	**Regulatory standard**	**As at June 30, 2018**	As at December 31, 2017
Loan concentration ratio for the largest single customer (%)	<=10	**2.08**	2.28
Loan concentration ratio for the top ten customers (%)	<=50	**18.49**	17.19

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

b. Loans to top ten single borrowers

		As at June 30, 2018	
(All amounts expressed in thousands of RMB unless otherwise stated)	**Industry**	**Amount**	**Percentage of total loans (%)**
Customer A	Household services, maintenance and other services	**885,349**	**0.46**
Customer B	Water conservation, environment and public facility administration	**857,000**	**0.44**
Customer C	Manufacturing	**850,000**	**0.44**
Customer D	Water conservation, environment and public facility administration	**800,000**	**0.42**
Customer E	Water conservation, environment and public facility administration	**800,000**	**0.42**
Customer F	Real estate	**792,000**	**0.41**
Customer G	Water conservation, environment and public facility administration	**760,000**	**0.39**
Customer H	Water conservation, environment and public facility administration	**750,000**	**0.39**
Customer I	Leasing and commercial services	**740,000**	**0.38**
Customer J	Leasing and commercial services	**640,000**	**0.33**

(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, 2018 Loan amount	As at June 30, 2018 Non-performing loan amount	As at June 30, 2018 Non-performing loan ratio (%)	As at December 31, 2017 Loan amount	As at December 31, 2017 Non-performing loan amount	As at December 31, 2017 Non-performing loan ratio (%)
Loans and advances to corporate entities – measured at amortized cost						
Corporate loans	**120,871,732**	**1,488,225**	**1.23**	109,780,133	1,689,668	1.54
Short-term loans	**31,190,096**	**1,246,521**	**4.00**	31,664,977	1,048,240	3.31
Medium- and long-term loans	**89,681,636**	**241,704**	**0.27**	78,115,156	641,428	0.82
Discounted bills	**N/A**	**N/A**	**N/A**	4,802,366	–	–
Loans and advances to corporate entities – at fair value through other comprehensive income						
Discounted bills	**7,717,647**	**–**	**–**	N/A	N/A	N/A
Retail loans – measured at amortized cost	**64,048,683**	**671,627**	**1.05**	62,624,405	710,791	1.14
Residential mortgage and personal commercial property loans [(1)]	**19,021,254**	**124,936**	**0.66**	17,223,965	90,061	0.52
Personal business and re-employment loans	**10,123,311**	**274,607**	**2.71**	11,170,569	430,757	3.86
Others [(2)]	**34,904,118**	**272,084**	**0.78**	34,229,871	189,973	0.55
Total	**192,638,062**	**2,159,852**	**1.12**	177,206,904	2,400,459	1.35

Notes:

(1) Personal commercial property loans only include mortgage loans and exclude other consumer loans which are used to purchase commercial properties.

(2) Other loans include Yangtze Card revolving credit loans, Yangtze Quick and Easy Loan (長江快易貸), personal consumer automobile mortgage loans (indirect type), personal consumer automobile mortgage loans (direct type), other personal loans for general consumption needs, Xing Fu Dai (幸福貸), Jie Li Dai (接利貸), Shun Di Dai (順抵貸), Xin Jin Dai (薪金貸), Wei Li Dai (微粒貸), Kuai E Dai (快E貸), Kuai I Dai (快I貸), and Fenqile Co-Branded Loans(分期樂聯合貸款).

As at June 30, 2018, the balance of non-performing loans and advances to corporate entities was RMB1,488.00 million, representing a decrease of RMB201.00 million as compared to the end of the previous year. Non-performing loan ratio of loans and advances to corporate entities decreased by 0.31 percentage point to 1.23% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB672.00 million, representing a decrease of RMB39.00 million as compared to the end of the previous year. Non-performing loan ratio of retail loans decreased by 0.09 percentage point to 1.05% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Past due within 90 days	**3,773,456**	**63.17**	4,257,704	52.71
Past due 90 days to 1 year	**1,419,002**	**23.75**	2,197,658	27.20
Past due over 1 year and within 3 years	**694,841**	**11.63**	1,562,371	19.34
Past due over 3 years	**86,489**	**1.45**	60,838	0.75
Total overdue loans and advances to customers	**5,973,788**	**100.00**	8,078,571	100.00

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

As at June 30, 2018, the total overdue loans amounted to RMB5,974.00 million, representing a decrease of RMB2,105.00 million as compared to the end of the previous year. Total overdue loans accounted for 3.10% of total loans and advances to customers, representing a decrease of 1.46 percentage points as compared to the end of the previous year.

3.2.4 Segment information

3.2.4.1 Summary of geographical segment

(Expressed in percentage)	As at June 30, 2018		As at December 31, 2017	
	Chongqing	**Other areas**	Chongqing	Other areas
Deposits	**85.30**	**14.70**	84.36	15.64
Loans	**74.96**	**25.04**	76.18	23.82
Assets	**89.06**	**10.94**	87.34	12.66
Loan-to-deposit ratio	**60.86**	**117.99**	60.85	102.57
Non-performing loan ratio	**0.84**	**2.43**	1.09	2.71
Impairment allowance to non-performing loans	**320.08**	**181.00**	286.65	131.98

(Expressed in percentage)	For the six months ended June 30, 2018		For the six months ended June 30, 2017	
	Chongqing	**Other areas**	Chongqing	Other areas
Annualized return on average total assets	**0.93**	**2.19**	1.35	(0.19)
Net fee and commission income to operating income	**10.81**	**8.23**	19.05	13.48
Cost-to-income ratio	**19.79**	**30.39**	19.96	33.42

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

3.2.4.2 Summary of business segment

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	2,202,429	398,777	659,267	–	3,260,473
Inter-segment net interest income/(expense)	595,012	937,082	(1,532,094)	–	–
Net interest income/(expense)	2,797,441	1,335,859	(872,827)	–	3,260,473
Net fee and commission income	145,755	141,288	392,999	–	680,042
Net trading gains	40,364	–	174,874	–	215,238
Net gains on investment securities	–	–	931,778	–	931,778

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income/(expense) from external customers	1,809,668	(70,288)	2,293,390	–	4,032,770
Inter-segment net interest income/(expense)	747,547	659,123	(1,406,670)	–	–
Net interest income	2,557,215	588,835	886,720	–	4,032,770
Net fee and commission income	118,306	104,895	625,091	–	848,292
Net trading gains/(losses)	1,840	–	(8,130)	–	(6,290)
Net gains on investment securities	–	–	156,212	–	156,212

3.2.5 Analysis of off-balance sheet items

Off-balance-sheet items of the Group mainly include unused credit card limits, guarantees, acceptances and letters of credit, financial lease-out commitments, irrevocable loan commitments, operating lease commitments and capital expenditure commitments. As at June 30, 2018, the balance of unused credit card limits was RMB3,068.00 million, representing an increase of RMB200.00 million or 7.0% as compared to the end of the previous year; the balance of guarantees, commitments and letters of credit was RMB26,298.00 million, representing an increase of RMB1,952.00 million or 8.0% as compared to the end of the previous year; the balance of irrevocable loan commitments was RMB106.00 million, representing a decrease of RMB4.00 million or 3.6% as compared to the end of the previous year; the balance of operating lease commitments was RMB153.00 million, representing a decrease of RMB4.00 million or 2.8% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB369.00 million, representing a decrease of RMB10.00 million or 2.5% as compared to the end of the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	3,068,099	–	–	3,068,099
Guarantees, acceptances and letters of credit	14,646,730	3,229,666	8,421,636	26,298,032
Irrevocable loan commitments	45,776	60,297	–	106,073
Operating lease commitments	40,422	91,182	20,963	152,567
Capital expenditure commitments	317,058	52,215	–	369,273
Total	18,118,085	3,433,360	8,442,599	29,994,044

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2017			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	2,868,179	–	–	2,868,179
Guarantees, acceptances and letters of credit	21,127,588	3,218,275	650	24,346,513
Financial lease-out commitments	180,000	–	–	180,000
Irrevocable loan commitments	46,990	63,024	–	110,014
Operating lease commitments	42,949	88,803	25,255	157,007
Capital expenditure commitments	332,453	46,360	–	378,813
Total	24,598,159	3,416,462	25,905	28,040,526

3.3 Business Overview

3.3.1 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, 2018**	For the six months ended June 30, 2017	**Change (%)**
Net interest income from external customers	**2,202,429**	1,809,668	21.7
Inter-segment net interest income	**595,012**	747,547	(20.4)
Net interest income	**2,797,441**	2,557,215	9.4
Net fee and commission income	**145,755**	118,306	23.2
Net trading gains	**40,364**	1,840	2,093.7
Other operating income	**–**	379	N/A
Impairment losses	**(759,599)**	(371,451)	104.5
Operating expenses	**(599,482)**	(631,804)	(5.1)
– Depreciation and amortization	**(53,977)**	(50,933)	6.0
– Others	**(545,505)**	(580,871)	(6.1)
Profit before income tax	**1,624,479**	1,674,485	(3.0)
Capital expenditure	**78,691**	55,310	42.3
Segment assets	**160,354,052**	151,647,661	5.7
Segment liabilities	**184,874,760**	180,105,546	2.6

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

(I) Corporate Deposits

As at the end of June 2018, the balance of our corporate deposits amounted to RMB158.02 billion, representing an increase of RMB5.32 billion or 3.5% from the end of the previous year, accounting for 62.9% of the balance of all deposits.

According to Chongqing Administration of the PBOC, as at the end of June 2018, the balance of our RMB corporate deposits (including security deposits) in Chongqing amounted to RMB122.37 billion, 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 8.0%.

(II) Corporate Loans

We have been proactively expanding the availability of our credit facilities with relentless efforts. The Bank quickly adapted to policy directions and rolled out targeted marketing for projects that closely follow the guidance of state policies, such as green credit facilities, rural revitalization, poverty alleviation, shantytown transformation and the "Belt and Road" initiative. We returned to our origin in selecting target industries while proactively conducting marketing to sizable customers in the real economy and non-cyclical industries. We actively enhanced the ranking of our customers by carrying out inter-headquarters marketing. In respect of application of our products, we integrated traditional credit granting practices, inter-bank cooperation as well as trade and financial instruments into a comprehensive solution which achieved satisfactory results in our marketing campaign to secure customers. As at the end of June 2018, the balance of our corporate loans (excluding discounted bills) amounted to RMB120.87 billion, representing an increase of RMB11.09 billion or 10.1% as compared to the end of the previous year.

In fulfilling its social responsibilities, we supported China's precise poverty alleviation plan, discharged our duties as the leading bank and continued to create demonstration enterprises, projects and villages of financial poverty alleviation as an effort to promote local economic development.

(III) Corporate Banking Products

Our corporate banking product portfolio achieved further improvement. Firstly, to cater to the needs of our customers, we proactively tailored our financial products to specific industry features, settlement practices and capital retention patterns with reference to regional economic and industry conditions. Secondly, as a proactive response to the national call, the Bank intensified support for the real economy by actively promoting new products such as "You You Dai (優優貸)", completed the successful launch of its first "You You Dai" loan, and constantly promoted it to sizable customers. We also proactively marketed upstream and downstream customers and settlement funds with linked development of assets and liabilities to achieve a win-win situation between the Bank and enterprises. Thirdly, the Bank eagerly participated in the strategic Sino-Singapore (Chongqing) interconnection construction projects to promote cross-border financing, and strengthened the synergy between domestic and foreign currency businesses and products to improve its ability in integrated operation. As of the end of June 2018, the Bank has successfully implemented 11 new Sino-Singaporean projects with an amount of RMB5 billion. Fourthly, we constantly upgraded our service systems such as global trade finance, financial derivatives and supply chain finance while carrying out training throughout the Bank to provide a strong support for business development.

3.3.2 Small and Micro Enterprise Banking Business

(I) Overview of Small and Micro Enterprise Banking Business as of June 30, 2018

As of June 30, 2018, according to statistic criteria of the four national ministries, the balance of our small and micro enterprise loans amounted to RMB67.43 billion, representing an increase of RMB1.04 billion or 1.6% as compared with the end of the previous year.

With regard to customer structure, the Bank constantly transformed and upgraded its services to a wider range of small, micro and grass-root customers. The small and micro enterprise loans with an individual lending amount below RMB5 million recorded a balance of RMB18.4 billion, accounting for 27.3% of the total small and micro enterprise loans; the number of customers reached 16,912, accounting for 93.92% of the total number of small and micro enterprise customers.

(II) Initiatives to Develop Small and Micro Enterprise Banking Business

(1) Continuously developing banking business with small and micro enterprises based on our regional economic development strategy

Firstly, the Bank continued to innovate, optimize and upgrade its products and services to customize characteristic products for small and micro enterprises. We promoted characteristic products of small and micro enterprise banking business such as "Nian Shen Dai (年審貸)", "Special Loan Renewal (專項續貸)" and "Renewal without Repayment of Principal (無還本續貸)" to enhance our ability to secure small and micro enterprise customers through marketing. As of the end of June 2018, these three characteristic products of the Bank recorded a balance of RMB8.46 billion. Secondly, we increased our marketing efforts and focused on wholesale banking services for small and micro enterprises. We researched and analyzed regional characteristic industries, followed regional industry support policies, innovated marketing models in the business through our wholesale banking business solutions, and created financial models for our branches to serve local economies. As of the end of June 2018, we recorded 4,285 deals under the wholesale banking business with a balance of RMB1.10 billion. Thirdly, we thoroughly studied relevant policies with an aim to making good use of the benefits brought by inclusive finance policies. We have developed the "Knowledge Value Credit Facilities" solution in cooperation with the Chongqing Science and Technology Commission and become one of the only three banks that provide Knowledge Value Credit Facilities services in Chongqing. As of the end of June 2018, we have granted credit facilities with a total amount of RMB64.60 million; we also entered into cooperation with Chongqing Small and Medium Enterprise Bureau to provide small-amount bill discounting business and became one of the only three pilot banks offering such services for small and medium enterprises in Chongqing. We recorded a balance of our small-amount bill discounting business of RMB119 million within one month. Fourthly, we constantly adjusted and optimized our traditional business structure through protection and suppression, support and control. While constantly reducing the proportion of loans extended to industries with overcapacity, we have intensified our research and development, model building and marketing promotion efforts for products with a weak cycle or no cycle, actively extending loans in such areas as specific initiatives in the transformation and upgrade to providing financial service for the real economy, establishing China as a manufacturing power, pilot projects through cooperation between industries and finance, innovation-driven development strategies and poverty alleviation campaigns.

(2) Catering to the characteristic financing needs of small and micro enterprises with financial technology

Firstly, we upgraded our services for the real economy with our "Hao Qi Dai (好企貸)" solution, an intelligent service based on big data, aiming to enhance our support for small and micro enterprises with financial technology, and realize business upgrade from "Instant Approval (秒批)" to "Instant Lending (秒貸)" for small and micro customers. Secondly, we advanced the test run of "Hao Qi Yan Shang Dai (好企煙商貸)" as well as the optimization of models and strategies for "Hao Qi Shui Xin Dai (好企稅信貸)" and "Hao Qi Shui Di Dai (好企稅抵貸)", as an effort to accelerate the transformation and development of small and micro businesses. As of the end of June 2018, the balance of the Bank's "Hao Qi Dai" product series amounted to RMB1.67 billion. Thirdly, we commenced the development of e-banking service for small and micro enterprises, providing them with basic functions such as account information inquiry, transfer, salary payment, loan application and repayment, which will be able to satisfy the demand of small and micro customers for Internet financial services.

(3) Increasing the effort in building teams of professional talent in our branches

Firstly, we formulated the Implementation Opinions on High-quality Development of Financial Services for Small and Micro Enterprises, the 2018 Version of Management Measures for Credit Facilities for Small and Micro Businesses and the 2018 Credit Policy for Small and Micro Businesses, and initiated transformation of the online approval process for credit facilities for small and micro businesses, as an effort to strengthen operation management, and prevent and control credit risks. Secondly, we formulated the Guidance on Small and Micro Enterprise Marketing in 2018, compiling a loan application manual for small and micro enterprise, and urging our branches to develop high-quality customer base, regulate marketing management, and enhance our market competitiveness. Thirdly, we clearly defined the performance appraisal indicators for our branches, guiding them towards differentiated and characteristic development while reinforcing professional teams with full coverage of small and micro business departments in our branches, aiming to achieve perfect matching, integration and mutual support between high quality development of our small and micro businesses and building a professional talent team. Fourthly, we formulated the Implementation Rules for Due Diligence and Waiver in Credit Service for Small and Micro Enterprises, aiming to ensure due diligence and waiver of all responsible personnel in the investigation, review, approval, lending, post-lending inspection, and collection and transfer of credit business, and standardize the credit risk management and employee behavior management.

(4) Strengthening the credit management mechanism in key risk areas of small and micro businesses

Firstly, we strengthened the overall management of problem loans. We have formulated quarterly criteria for non-performing loan management, issued incentive schemes for recovery of non-performing loans, and increased our efforts in accountability for new problems identified in our credit granting process. Secondly, we carried out risk filtering among state-owned guarantee companies with comprehensive approaches. We have classified all 56 state-owned guarantee companies into four categories, i.e. A, B, C and D, and urged the leading bank and handling banks to conduct self-inspection and formulate measures for the gradual resolution of specific risks. We have issued letters of attorney to 15 state-owned guarantee companies, and will gradually manage out those with weak willingness and ability to perform their obligations. Thirdly, we implemented special rectification on "irregular market practice" and retrospective self-examination and inspection while increasing the frequency of on-site inspections, ensuring compliance of laws and regulations. Fourthly, we increased our efforts in transfer and write-off of non-performing assets and significantly improved the effect of their collection and clearing. We have conducted due diligence on asset transfer business, organized write-offs to exclude non-performing small and micro businesses from our balance sheet, and continued to collect the written-off loans through claiming and litigation.

(5) Earnestly contributing to the financial poverty alleviation and rural revitalization campaign

Firstly, we formulated the Implementation Opinions on Advancing the Financial Poverty Alleviation and Rural Revitalization Strategies, issued the Action Guide for 2018 to 2020, and established a contact mechanism between the senior management of our head office and 14 national poverty-stricken areas and 18 deep poverty-stricken towns and villages, which connects Chongqing State-owned Assets Supervision and Administration Commission, the Financial Office, the Poverty Alleviation Office, the People's Bank of China and the Chongqing Banking Regulatory Bureau to facilitate the investigation, research and exchange of opinions. Secondly, the Bank's executives and senior management have visited the poverty-stricken areas in Changshou, Qijiang, Xiushan, Pengshui, Kaizhou, Yunyang, Fengjie, Shizhu, etc., and participated in the local poverty alleviation meeting held in Fengjie County to promote the granting of small-amount credit facilities, and signed strategic agreements on financial poverty alleviation and rural revitalization with Pengshui County and Chengxi Town, Dianjiang County. Thirdly, we creatively constructed a "Wu Dan (五單)" management mechanism which couples with Southwest University and Southwestern University of Finance and Economics to establish a transformation mechanism for "Agriculture, rural areas and farmers (三農)" financial research results. Fourthly, we developed and promoted dedicated agriculture-related bulk business credit facilities services such as "Sannong Cheng Xin Dai (三農誠信貸)", "Jiang Bu Dai (獎補貸)", "Liang Quan Di Ya Dai (兩權抵押貸)", "Dai Fu Dai (帶富貸)", "Zhu Lv Dai (助旅貸)", "Xin Liu Chan Zhu Nong Dai (新六產助農貸)" and "Beautiful Countryside Cheng Xin Dai (美麗鄉村誠信貸)", and promoted the "Zhi Kun Dai (支困貸)" to cover 8 regions and counties, including Kaizhou, Pengshui, Qianjiang and Wushan. As of the end of June 2018, the balance of our agriculture-related loans amounted to RMB27.21 billion. Among the 59 financial poverty alleviation demonstration sites declared in 2017, 6 demonstration enterprises, 28 demonstration projects, 3 demonstration households and 2 demonstration villages have passed the acceptance of the Chongqing Operations Office of the People's Bank of China and the Chongqing Poverty Alleviation Office.

3.3.3 Retail Banking Business

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2018	For the six months ended June 30, 2017	Change (%)
Net interest income/(expense) from external customers	398,777	(70,288)	N/A
Inter-segment net interest income	937,082	659,123	42.2
Net interest income	1,335,859	588,835	126.9
Net fee and commission income	141,288	104,895	34.7
Other operating income	944	11,843	(92.0)
Impairment losses	(91,417)	(218,195)	(58.1)
Operating expenses	(456,768)	(265,582)	72.0
– Depreciation and amortization	(41,127)	(21,410)	92.1
– Others	(415,641)	(244,172)	70.2
Profit before income tax	929,906	221,796	319.3
Capital expenditure	36,629	20,167	81.6
Segment assets	74,640,284	55,294,556	35.0
Segment liabilities	76,409,529	65,789,340	16.1

(I) Personal Deposits

Benefiting from the continued and rapid economic growth in Chongqing and fully utilizing its advantage as a regional brand, the Bank constantly promoted and marketed its special time deposit products "Xing Fu Cun (幸福存)"and "Meng Xiang Cun (夢想存)", and continuously improved the maintenance of key customers such as VIP customers and subsidized customers, while strengthening marketing on young customers. The balance of personal deposits continued to increase steadily by RMB7.79 billion or 11.5% as compared with the end of the previous year to RMB75.52 billion, and the local market share of which has been gradually increased.

(II) Personal Loans

Personal consumption loans continued to develop steadily. The balance of personal consumption loans (including personal consumption loans and mortgage loans) increased by RMB2.18 billion to RMB49.44 billion, representing an increase of 4.6%. The Bank independently established a big data intelligent risk control system and implemented real-time automatic approval decision, based on which the Bank developed the first personal loan product using the big data risk control technology – "Jie e Dai (捷e貸)" version 2.0 and implemented real-time online approval and loan drawdown. The Bank also launched a credit loan product, "Xin e Dai (薪e貸)", for our high-quality customer base and a revolving credit product, Xing Fu Dai (new version) (幸福貸(新)), for customers with property-owner, both loans can be applied online through WeChat and mobile banking with instantly available pre-approved-credit amount and interest rate, greatly enhancing customer experience. In the first half of 2018, the Bank continued development of its personal consumption loans business through product innovation.

(III) Bank Cards

Bank card issuance and transaction volume of our bank card business recorded continuous growth. As of June 30, 2018, the Bank issued a total of 3,587,730 debit cards and the transaction volume amounted to RMB7.31 billion. The Bank successfully connected to China UnionPay Cloud Quick Pass APP, which added a mobile payment channel and improved payment convenience. The Bank has been committed to the expansion of functions such as consumption and settlement, and constantly promoting channel improvement and security enhancement to facilitate a healthy development of the bank card business.

3.3.4 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, 2018**	For the six months ended June 30, 2017	**Change (%)**
Net interest income from external customers	**659,267**	2,293,390	(71.3)
Inter-segment net interest expense	**(1,532,094)**	(1,406,670)	8.9
Net interest income	**(872,827)**	886,720	N/A
Net fee and commission income	**392,999**	625,091	(37.1)
Net trading gains/(losses)	**174,874**	(8,130)	N/A
Net gains on investment securities	**931,778**	156,212	496.5
Share of profits of an associate	**94,978**	44,638	112.8
Other operating income	**880**	21,902	(96.0)
Impairment losses	**(326,517)**	(560,743)	(41.8)
Operating expense	**(72,758)**	(218,097)	(66.6)
– Depreciation and amortization	**(6,552)**	(17,581)	(62.7)
– Others	**(66,206)**	(200,516)	(67.0)
Profit before income tax	**323,407**	947,593	(65.9)
Capital expenditure	**97,697**	73,082	33.7
Segment assets	**199,081,889**	200,375,091	(0.6)
Segment liabilities	**141,711,814**	136,250,290	4.0

In the first half of 2018, the Bank's treasury business development slowed down, market interest rate rose and the cost of liabilities of the entire bank industry increased significantly due to strict regulatory policies such as the new regulations on asset management. To maintain compliance and steady development, the Bank proactively adjusted its business structure and strengthened risk management and control. In the first half of 2018, the Bank achieved a profit before tax of RMB323.41 million.

(I) Breakdown of securities investment by holding purpose

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Held-to-maturity	**N/A**	**N/A**	21,012,375	13.22
Loans and receivables	**N/A**	**N/A**	100,607,725	63.30
Held for trading	**N/A**	**N/A**	702,084	0.44
Available-for-sale	**N/A**	**N/A**	36,612,193	23.04
Financial assets at fair value through profit or loss	**33,330,665**	**23.24**	N/A	N/A
Financial assets at fair value through other comprehensive income	**30,258,442**	**21.10**	N/A	N/A
Financial assets measured at amortized cost	**79,837,043**	**55.66**	N/A	N/A
Total	**143,426,150**	**100.00**	158,934,377	100.00

The Bank first implemented the IFRS 9 standard on January 1, 2018, and reclassified securities investment in accordance with the new standard. As of June 30, 2018, the balance of financial assets held by the Bank at fair value through profit or loss amounted to RMB33.33 billion, accounting for 23.24%; the balance of financial assets at fair value through other comprehensive income amounted to RMB30.26 billion, accounting for 21.10%; the financial assets measured at amortized cost amounted to RMB79.84 billion, accounting for 55.66%.

(II) Breakdown of securities investment by credit rating

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage (%)**	Amount	Percentage (%)
AAA	**1,951,842**	**1.36**	1,262,903	0.80
AA- to AA+	**8,761,077**	**6.11**	11,559,527	7.27
Unrated	**132,713,231**	**92.53**	146,112,065	91.93
Total	**143,426,150**	**100.00**	158,934,495	100.00

As of June 30, 2018, the Bank's unrated securities investment decreased by RMB13.40 billion from the end of the previous year, with the proportion increasing by 0.60 percentage point.

(III) Breakdown of securities investment by remaining maturity

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018		As at December 31, 2017	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Up to 3 months	**25,814,330**	**18.00**	28,515,015	17.94
3 to 12 months	**23,498,251**	**16.38**	36,985,886	23.27
1 to 5 years	**59,110,232**	**41.21**	58,010,823	36.50
Over 5 years	**35,003,337**	**24.41**	35,422,653	22.29
Total	**143,426,150**	**100.00**	158,934,377	100.00

As of June 30, 2018, the Bank's securities investment due in 12 months decreased by RMB16.19 billion from the end of the previous year, with the proportion decreasing by 6.83 percentage points.

(IV) Holdings of financial bonds

Financial bonds are marketable securities issued by policy banks and other financial institutions with a debt service term as agreed upon. As of June 30, 2018, the balance of our financial bonds was RMB7.17 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	Par value	Annual interest rate	Maturity date
2015 Policy Bank Financial Bond	1,100,000	2.98%	November 4, 2018
2016 Policy Bank Financial Bond	1,000,000	3.18%	April 5, 2026
2015 Policy Bank Financial Bond	500,000	3.58%	July 17, 2018
2012 Policy Bank Financial Bond	500,000	4.21%	June 29, 2019
2016 Policy Bank Financial Bond	500,000	3.18%	September 5, 2026
2012 Policy Bank Financial Bond	500,000	3.87%	June 28, 2019
2013 Policy Bank Financial Bond	460,000	5.04%	October 24, 2023
2006 Policy Bank Financial Bond	380,000	3.79%	June 28, 2021
2008 Policy Bank Financial Bond	230,000	3.68%	October 23, 2018
2005 Policy Bank Financial Bond	200,000	4.10%	August 30, 2025

3.3.5 Distribution Channels

(I) Physical Outlets

As at June 30, 2018, we operated our business and marketed our retail banking products and services through 141 sub-units, including the business department of our Head Office, our small enterprise loan center, 4 primary branches, and 72 offsite self-service banking centers, and through our extensive distribution channels, such as 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 of June 30, 2018, we had 72 offsite self-service banking centers, 132 onsite self-service banking centers and 751 self-service terminals, including 206 ATMs, 382 self-service deposit and withdrawal machines and 163 multi-media self-service terminals that offer withdrawal, account inquiry, bill payment, deposit, passcode changing and/or fund transfer services. As of June 30, 2018, we processed approximately 5.57 million self-service banking transactions, with a total transaction volume of RMB7.20 billion.

(III) Electronic Banking

Mobile Banking and Online Banking

Personal Customers

As at June 30, 2018, the Bank had 1.27 million personal mobile banking and online banking customers in aggregate, including 0.64 million online banking customers and 0.63 million mobile banking customers, representing an increase of 0.18 million personal customers or 16.3% as compared with the end of the previous year. In the first half of 2018, the total number of transactions amounted to 2.99 million, including 0.48 million transactions through online banking and 2.50 million through mobile phones. The total transaction volume amounted to RMB120.96 billion, including RMB37.62 billion through online banking and RMB83.34 billion through mobile banking.

Corporate Entities

As at June 30, 2018, the Bank had 19,146 corporate online banking customers, representing an increase of 1,465 customers or 8.3% as compared with the end of the previous year. The total number of transactions amounted to 1.96 million, and the total transaction volume amounted to RMB186.53 billion.

Third Party Payment

As at June 30, 2018, 9 merchants in aggregate accessed to third party payment. The total number of transactions amounted to 12.04 million, and the total transaction volume amounted to RMB5.52 billion.

Qian Cheng You Yu (錢承有餘)

In an effort to proactively arrange the development of Internet finance, the Bank launched "Qian Cheng You Yu (錢承有餘)" in February 2017 and gathered a certain scale of online groups in a short time, which realized cross-regional business expansion. Aiming at building a comprehensive service platform integrating investment, financing and life for customers, "Qian Cheng You Yu (錢承有餘)" realized highly frequent iteration of once a month in terms of products, functions and services. Firstly, the Bank enriched its product portfolio and combined proprietary products with products sold on a commission basis by successfully launched products sold on a commission basis including Fu Ying (富盈) series and intra-bank proprietary deposit products including "Xing Fu You Yu (幸福有餘)". Secondly, the Bank continued to optimize functional services, diversified payment scenarios and achieved 24-hours online verification as well as authentication of inter-bank card binding and withholding of funds. In addition, featured merchants were introduced to enrich online life services. As at June 30, 2018, the number of registered users of "Qian Cheng You Yu (錢承有餘)" reached 314,600 and the total transaction volume thereof exceeded RMB1,248 million.

Online Lending Business

As at June 30, 2018, a total of 5,350 loans were granted under "Hao Qi Dai (好企貸)", representing an increase of 1,729 loans as compared with the end of the previous year. The accumulated amount of loans granted reached RMB2.66 billion, representing an increase of RMB0.98 billion. There were 2,908 managed accounts with a balance of RMB1.67 billion.

(IV) Information Technology

In the first half of 2018, Bank of Chongqing 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 modification of 2 IT internal control systems in the first half of 2018. Secondly, we staged IT risk screening campaign to identify and eliminate risks in areas such as the server room facilities, network, servers and storage devices in both our head office and branch outlets with proper corrective measures. Thirdly, we engaged a third party professional company to implement a safety evaluation of the electronic banking system. Based on the requirements of PBOC, CBRC and the Ministry of Public Security, we conducted a comprehensive evaluation and penetration test for information safety management, information safety technology implementation and other aspects of the electronic banking system of the Bank.

The information system of the Bank is in steady operation. We completed the construction of basic network facilities for the Shuitu Intra-city Disaster Backup Center in accordance with the "Two Sites and Three Centers" disaster backup construction solution and the construction planning on "Intra-city Dual-active Data Centers and Remote Disaster Backup".

We promoted the upgrading and updating of information system and applied new technologies to quickly support product application. Firstly, we gave full support to promoting construction projects of new-generation core systems. In the first half of 2018, we successfully completed system development and launched comprehensive business tests. Secondly, we utilized large-scale data risk control models to continuously launch online loans like Sichuan Hao Qi Dai (四川好企貸), Xin Jie e Dai (新捷e貸), Xin e Dai (薪e貸) and Yen Shang Dai (煙商貸) as well as online credit products such as personal consumption loans.

3.3.6 Particulars of Principal Associates

On May 5, 2011, the Group invested RMB22 million in Xingyi Wanfeng Village Bank Co., Ltd. ("Xingyi Wanfeng"), and held 20% of equity interest of RMB110 million registered capital.

On June 15, 2015, the Group invested RMB54 million in Mashang Consumer Finance Co., Ltd. ("Mashang Consumer Finance") and appointed a director to the board. As at August 14, 2016, the Group increased the investment to RMB205.27 million, accounting for 15.79% of equity interest of RMB1.3 billion registered capital; on July 13, 2017, the Group increased the investment to RMB338.35 million, accounting for 15.31% of equity interest of RMB2.21 billion registered capital.

Pursuant to the resolution of the board meeting of Chongqing Three Gorges Bank Co., Ltd. ("Three Gorges Bank") on April 21, 2017, the Group appointed a director to the board of Three Gorges Bank on that day, increasing the Group's influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of Three Gorges Bank is RMB4,846.94 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379.02 million.

(All amounts expressed in thousands of RMB unless otherwise stated)	**June 30, 2018**	December 31, 2017
Balance at the beginning of the period	**1,113,146**	238,394
Additional investment in associates	**–**	696,374
Share of profit after tax of the associates	**94,978**	178,378
Balance at the end of the period	**1,208,124**	1,113,146

3.4 Employees and Human Resources Management

3.4.1 Details of the employees

(I) Composition of employees

As at June 30, 2018, there were 4,085 employees on-duty, of which 733 or 17.94% were management personnel while 133 or 3.26% were marketing personnel, both worked at the Head Office, and 2,310 or 56.55% worked at branch outlets in Chongqing while 909 or 22.25% worked at branches in other cities.

(II) Range of their ages

The average age of the employees of the Bank was 34 years old, of which 211 or 5.17% of them were aged 25 or under, while 1,138 or 27.86% of them were aged between 26 to 30 years old. 1,320 or 32.31% of them were aged between 31 to 35 years old while 437 or 10.70% of them were aged between 36 to 40 years old. 501 or 12.26% of them were aged between 41 to 45 years old while 367 or 8.98% of them were aged between 46 to 50 years old and 111 or 2.72% of them were aged above 50 years old.

(III) Educational background

472 or 11.55% of the employees of the Bank possessed a post-graduate qualification or above, and 6 of which held Doctoral degrees. 2,947 or 72.14% of them held Bachelor degrees while 666 or 16.31% of them received junior college degrees or below.

(IV) Composition of gender

The Bank had 1,771 male employees and 2,314 female employees, with the proportion of 43.35% and 56.65% respectively.

3.4.2 Overall management of human resources

The Bank proactively improved its relationship with employees to reduce the exposure to labour employment risks. With a view to establish a more harmonious employment relationship, the Bank constantly enhanced its benefit and insurance coverage measures and incentives and restraints mechanism to protect their interests and motivate its employees in a proactive way. Meanwhile, the Bank sticks to the principle of fixed position, fixed schedule, fixed staff, strengthened the employment and deployment of employees and optimized the functions of departments and offices and position responsibility to enhance its human resources structure. The Bank developed innovative talent cultivation programs to improve the standard of the employees, the working atmosphere and their service quality and management standard. By focusing on constructing a modern human resources management mechanism, the Bank successfully fulfilled its objectives of "promoting its management through reforms and enhancement through management".

3.4.3 Training and development of the employees

The Bank fully implemented "3A" talent strategy, focused on key positions and core talents to improve the quality and efficiency of talent and employee training, and establish a talent team that recognizes the Bank's corporate culture and aligns with the requirements of the Bank's strategic development. The Bank has preliminarily set up a multiple dimension and level-and-category based employee training system, and established a qualification and training credit system which is linked with the career development of the employees through building the E-learning and M-learning training platforms. A variety of mixed training techniques were introduced and innovative training mechanisms, measures and methods were continuously provided to keep promoting the overall standard of all the employees, thus building the Bank's advantages in talent competition.

3.5 Risk Management

3.5.1 Credit risk management

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

Promoting the optimization and adjustment of its credit structure. The Bank developed an overall framework of credit policies based on in-depth study of macroeconomy, regulatory requirements and industry policies, and took into account the actual circumstances. The Bank established the strategy for asset portfolio allocation from six dimensions, namely customer, product, region, industry, channel and mitigation, while at the same time adhering to the risk as the bottom line, the premise of compliance, the efficiency as the standard, the state-level major strategies as the guide, the support for the real economy as the priority, the expansion of financing channels as the direction, and following the path of the supply-side structural reform.

Implementing the unified credit management philosophy. In order to further implement the unified credit management and facilitate the healthy development of the businesses, the Bank identified the target group, scope and principle of unified credit management in accordance with the regulatory requirements and by taking into account its internal management needs. It is required that the unified credit limit should be established first before the unified credit quota is approved. A credit subject shall have only one unified credit limit and one unified credit quota.

Strengthening credit risk resolution on a continuous basis. General goals and resolution plans for control on asset quality were developed; management on plans and analysis of forecast were reinforced; innovations on performance appraisal have been implemented, more incentives for collection of non-performing loans were offered, and a balance between incentives and restraints was achieved. More efforts were put on the collection of non-performing loans and external asset recovery institutions were introduced. The Bank developed more ways of collecting non-performing loans, during which professional law firms were engaged to participate in the collection of non-performing loans.

Promoting the establishment and application of tools. The unified credit limit for a single customer was established, under which a unified limit will be determined before granting any credit according to such customer's information, financial statements and rating parameter to manage and control the credit risk in advance. The Bank also established a risk warning management system, under which a variety of information channels and analysis methods will be applied to identify, analyze and measure the credit risk status of customers in a timely manner and make proper measures in response to potential risk.

3.5.2 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.

During the Reporting Period, the Group continued to refine the operational risk management system, further the application of the three management tools for operational risk and improve the daily management mechanism. In particular, the Bank took various measures to: revise and improve operational risk policies and various business systems, clarify management responsibilities, optimize operational procedures, strengthen risk management and control measures; conduct monitoring of key risk indicators through a dynamic approach, optimize target thresholds, and strengthen the investigation of early warning indicators; collect problems and loss events based on the data collection of operational risk loss, and continuously improve the level of quantitative management; continuously improve the business management system, replace the human control by machine control, improve technical support for systems, reduce operational risk; implement regulatory requirements, and deepen the rectification of the banking market specialized rectification and management; carry out the "Operational Risk Management Year" activities, strengthen key business and risk areas such as credit granting business, inter-bank business, seal, office space, personnel management; implement case prevention and defense at all levels, strengthen employee training, and carry out risk case studies, strengthen warning education; continue to strengthen business continuity management, conduct business impact analysis on a regular basis, promote the establishment of "Two Sites and Three Centers" and "Intra-city Dual-active Data Centers and Remote Disaster Backup", and carry out emergency drills to ensure the ongoing and stable operation of business.

3.5.3 Market risk management

3.5.3.1 Interest rate risk

Interest rate risk refers to the risk of loss suffered by commercial banks arising from the uncertain fluctuation of market interest rates, namely, the possibility of losses suffered by commercial banks resulting from the divergence between effective yield and the expected yield or the real cost and the expected cost of commercial banks due to the changes in interest rate, which results in the effective yield being lower than the expected yield or the real cost being higher than the expected cost. The main interest rate risk the Group faced was re-pricing risk, which arises from the mismatch between assets or liabilities at the re-pricing date and at the maturity date.

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

In the first half of 2018, the People's Bank of China continued to implement a stable and neutral monetary policy, while keeping lending and borrowing interest rate as well as re-purchasing interest rates in the currency market within a narrow range. Facing the interest rate liberalization and intensified competition in the financial market, the Group constantly improved the management of interest pricing and the interest rate risk management of bank accounts, adjusted the pricing strategies and the interest rate risk management strategies of bank accounts in due time and effectively guided the structure adjustment on re-pricing term and enhanced the perspective in interest rate risk management by the implementation of the pricing policy of interest rate and appraisal and proper use of the FTP and other tools, to ensure that revenue and market value were maintained at a relatively stable level.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
June 30, 2018							
Assets							
Cash and balances with central bank	40,991,993	–	–	–	–	594,887	41,586,880
Due from other banks and financial institutions	43,737,968	1,865,882	6,579,269	–	–	–	52,183,119
Financial assets at fair value through profit or loss	8,598,804	6,710,813	865,325	639,831	16,057,025	458,867	33,330,665
Loans and advances to customers	59,676,699	16,634,060	61,070,854	46,820,052	2,922,495	–	187,124,160
Investment securities - financial assets at fair value through other comprehensive income	500,616	2,646,158	7,837,283	14,349,756	4,716,029	208,600	30,258,442
Investment securities - financial assets measured at amortised cost	1,611,873	7,209,710	14,972,066	44,423,738	11,619,656	–	79,837,043
Other financial assets	–	–	–	–	–	5,238,004	5,238,004
Total financial assets	155,117,953	35,066,623	91,324,797	106,233,377	35,315,205	6,500,358	429,558,313
Liabilities							
Due to other banks and financial institutions	(21,031,048)	(10,707,234)	(22,195,702)	(271,877)	–	–	(54,205,861)
Financial liabilities at fair value through profit or loss	(17,388)	–	–	–	–	–	(17,388)
Customer deposits	(109,477,423)	(10,689,491)	(31,645,836)	(97,016,206)	(2,485,434)	–	(251,314,390)
Debt securities issued	(3,780,723)	(35,221,561)	(39,533,017)	(2,994,519)	(7,494,022)	–	(89,023,842)
Other financial liabilities	–	–	–	–	–	(7,047,210)	(7,047,210)
Total financial liabilities	(134,306,582)	(56,618,286)	(93,374,555)	(100,282,602)	(9,979,456)	(7,047,210)	(401,608,691)
Total interest rate sensitivity gap	20,811,371	(21,551,663)	(2,049,758)	5,950,775	25,335,749	(546,852)	27,949,622

(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, 2017							
Assets							
Cash and balances with central bank	43,157,747	–	–	–	–	569,685	43,727,432
Due from other banks and financial institutions	25,429,214	4,056,175	7,514,702	–	–	–	37,000,091
Financial assets at fair value through profit or loss	18,126	–	1,379	492,934	189,763	–	702,202
Loans and advances to customers	52,690,767	12,274,666	64,298,713	41,060,547	1,837,397	–	172,162,090
Investment securities							
– Loans and receivables	10,027,273	9,767,628	23,519,085	36,685,129	20,242,759	365,851	100,607,725
– Available-for-sale	6,218,750	4,928,849	6,889,131	14,251,804	4,314,467	503,798	37,106,799
– Held-to-maturity	–	30,000	2,548,911	11,065,634	7,367,830	–	21,012,375
Other financial assets	–	–	–	–	–	4,743,013	4,743,013
Total financial assets	137,541,877	31,057,318	104,771,921	103,556,048	33,952,216	6,182,347	417,061,727
Liabilities							
Due to other banks and financial institutions	(16,264,661)	(4,431,933)	(34,505,296)	(569,362)	–	–	(55,771,252)
Customer deposits	(91,012,041)	(14,603,994)	(46,327,235)	(84,206,121)	(2,555,287)	–	(238,704,678)
Debt securities issued	(7,062,534)	(27,947,297)	(46,223,656)	–	(7,493,843)	–	(88,727,330)
Other financial liabilities	–	–	–	–	–	(5,893,391)	(5,893,391)
Total financial liabilities	(114,339,236)	(46,983,224)	(127,056,187)	(84,775,483)	(10,049,130)	(5,893,391)	(389,096,651)
Total interest rate sensitivity gap	23,202,641	(15,925,906)	(22,284,266)	18,780,565	23,903,086	288,956	27,965,076

At the end of June 2018, the Group's accumulated gap for all maturities amounted to RMB27,949.62 million, representing a decrease of RMB15.45 million as compared to the end of the previous year.

3.5.3.2 Exchange rate risk

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

3.5.4 Liquidity risk management

The liquidity risk management of the Group aims to fully identify, effectively measure, constantly monitor and properly control the overall liquidity risk of the Group and the liquidity risks within its products, business lines, business links, and branches, keep liquidity risk affordable, make sure the Group has sufficient fund for assets growth and repayment of debts due under both normal and stressful operational circumstances, and coordinate and standardize security, liquidity and profitability of 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. 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 Group continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade the Group's liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, financing management, dynamic estimation of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Group also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through information system construction and active application of scientific and technological means.

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

In addition, the Group continuously carried out liquidity risk stress tests (at least once every quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk control capability. The results of the quarterly stress tests in the first half of 2018 indicated that the liquidity risks remained within an acceptable range even under stressful conditions. Meanwhile, the Group established a contingency plan for liquidity risk, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of the first half of 2018, all of the major indicators of the Group's liquidity position met the regulatory requirements.

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of the first half of 2018, the liquidity gap of the Group calculated from our net assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
June 30, 2018									
Net liquidity gap	**(87,747,151)**	**27,906,049**	**(24,773,372)**	**(19,260,442)**	**44,398,101**	**52,562,235**	**28,525,332**	**6,338,870**	**27,949,622**

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Indefinite	Overdue	Total
December 31, 2017									
Net liquidity gap	(77,373,892)	25,004,418	(21,781,720)	(42,354,149)	55,370,773	48,354,213	32,595,206	8,150,227	27,965,076

At the end of June 2018, the Group's cumulative gap for all maturities was RMB27,949.62 million. Although there was a shortfall in on-demand repayment of RMB87,747.15 million, which will mature on the date immediately after payment and includes demand deposits, there were still higher deposit settlement rates and stable funding sources with extensive and solid customer basis. Therefore, impact of the shortfall on the Group's real liquidity was not significant.

Liquidity coverage ratio of the Group

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2018	December 31, 2017
Qualified high-quality liquid assets	**50,770,484**	54,275,756
Net cash outflow in the next 30 days	**16,843,443**	27,932,208
Liquidity coverage ratio (%)	**301.43**	194.31

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

The Group calculates its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which was issued on May 23, 2018. As at June 30, 2018, the Group's liquidity coverage ratio was 301.43%, representing an increase of 107.12 percentage points as compared to the end of the previous year, which was in compliance with the regulatory requirements of the CBIRC.

3.6 Capital Management

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

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2018	December 31, 2017
Core capital:		
Share capital	**3,127,055**	3,127,055
Counted part of capital surplus	**4,379,976**	4,325,902
Surplus reserve and general risk reserves	**7,611,762**	6,992,384
Counted part of retained earnings	**11,262,362**	11,596,948
Minority interest recognised in Core capital	**500,219**	361,481
Core Tier I Capital deductibles items:		
Full deductibles items	**(89,730)**	(100,340)
Threshold deduction items	**–**	–
Core Tier I Capital, net	**26,791,644**	26,303,430
Other Tier I Capital, net	**4,976,003**	4,957,505
Tier II Capital, net	**10,818,435**	10,240,749
Net capital	**42,586,082**	41,501,684
On-balance sheet risk-weighted assets	**292,360,791**	276,140,999
Off-balance sheet risk-weighted assets	**10,984,825**	10,969,438
Risk-weighted assets for exposure to counterparty credit risk	**6,564**	8,449
Total credit risk-weighted assets	**303,352,180**	287,118,886
Total market risk-weighted assets	**455,748**	544,914
Total operational risk-weighted assets	**17,605,686**	17,605,686
Total risk-weighted assets before applying capital base	**321,413,614**	305,269,486
Total risk-weighted assets after applying capital base	**321,413,614**	305,269,486
Core Tier I Capital adequacy ratio (Expressed in percentage)	**8.34**	8.62
Tier I Capital adequacy ratio (Expressed in percentage)	**9.88**	10.24
Capital adequacy ratio (Expressed in percentage)	**13.25**	13.60

As at the end of the Reporting Period, the Group's capital adequacy ratio was 13.25%, representing a decrease of 0.35 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 9.88%, representing a decrease of 0.36 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 8.34%, representing a decrease of 0.28 percentage point as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly due to: (1) the Bank's increment of impairment allowances in accordance with the requirements of IFRS 9, leading to a decrease in retained earnings; (2) a decline in capital adequacy ratio to certain extent as a result of sound development of various operations and growth of total on- and off-balance sheet risk-weighted assets.

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

Change in Share Capital and Shareholders

4.1 Changes in the Ordinary Shares

At the end of the Reporting Period, the Bank had a total of 3,127,054,805 Ordinary Shares, comprising 1,548,033,993 Domestic Shares and 1,579,020,812 H Shares.

	As at December 31, 2017		Changes during the Reporting Period			As at June 30, 2018	
	Number	Percentage	Issue of new shares	Others	Sub-total	Number	Percentage
1. Shareholding of Domestic Shares legal persons	1,490,785,032	47.67%	–	–	–	**1,490,785,032**	**47.67%**
Of which: Shareholding of state owned legal persons (1)	1,034,153,537	33.07%	–	–	–	**1,034,153,537**	**33.07%**
Shareholding of private legal persons	456,631,495	14.60%	–	–	–	**456,631,495**	**14.60%**
2. Shareholding of Domestic Shares natural persons	57,248,961	1.83%	–	–	–	**57,248,961**	**1.83%**
Of which: Shareholding of employee natural persons	35,234,266	1.13%	–	–	–	**35,234,266**	**1.13%**
Shareholding of natural persons other than employees	22,014,695	0.70%	–	–	–	**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 76 state-owned legal person shareholders, including Chongqing Yufu Assets Management Group Co., Ltd., Chongqing Land Group and Chongqing Water Conservancy Investment Group Co., Ltd.

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

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage	Number of shares pledged
Chongqing Yufu Assets Management Group Co., Ltd.	State-owned	407,010,187	13.02%	0
Chongqing Road & Bridge Co., Ltd.	Private	171,339,698	5.48%	0
Chongqing Land Group	State-owned	139,838,675	4.47%	0
Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned	139,838,675	4.47%	0
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.14%	0
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.02%	0
Chongqing South Group Limited	Private	68,602,362	2.19%	68,600,000
Chongqing Transport and Travel Investment Group Limited	State-owned	37,456,522	1.20%	0
Chongqing Expressway Co., Ltd.	State-owned	29,942,325	0.96%	0
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.77%	0
Total		**1,242,291,564**	**39.73%**	**68,600,000**

Interests and Short Positions of Substantial Shareholders and Other Persons

As at June 30, 2018, the interests of substantial shareholders (as defined under the SFO), other than Directors and Supervisors of the Bank, in H Shares and the underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO and to the best knowledge of the Bank 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
Harold Tsu-Hing WONG [(1)]	Deemed interest	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	165,254,000 (long position)	10.47	5.28
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	165,254,000 (long position)	10.47	5.28
Lifan Industry (Group) Co., Ltd. [(3)]	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
Chongqing Lifan Holdings Co., Ltd. [(3)]	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
Chongqing Huiyang Holdings Co., Ltd. [(3)]	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
YIN Mingshan [(3)]	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
CHEN Qiaofeng [(3)]	Interest of spouse	165,254,000 (long position)	10.47	5.28
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

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 74.42% 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, Ms. Christine Yen WONG and Mr. Harold Tsu-Hing WONG are deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited.*

(2) *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 Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at June 30, 2018, Lifan International (Holdings) Limited held 165,254,000 H Shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd. which is wholly owned by Lifan 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 Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.*

(4) *Funde Sino Life Insurance Co., Ltd. held 150,000,000 H Shares of the Bank and Fund Resources Investment Holding Group Company Limited held 67,570,150 H Shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the Shares of the Bank held by Fund Resources Investment Holding Group Company Limited.*

(5) *HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of the family members of Mr. David Shou-Yeh Wong (the grantor), 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).*

Holders of Ordinary Shares Holding over 5% of the Total Share Capital

At the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., 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, 294,818,932 Shares, 240,463,650 Shares, 217,570,150 Shares and 171,339,698 Shares of the Bank respectively, representing 14.75%, 14.66%, 9.43%, 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.

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

4.2 Preference Shares

Issuance and Listing of Preference Shares in the Last Three Years

With the approval by the Chongqing Bureau of CBRC (Yu Yin Jian Fu [2017] No. 78) and the approval by CSRC (Zheng Jian Xu Ke [2017] No. 2242), the Bank issued non-cumulative perpetual offshore preference shares on December 20, 2017 (see below table for details). The Offshore Preference Shares issued were listed on the Stock Exchange on December 21, 2017.

The Offshore Preference Shares will have a par value of RMB100 each and will be issued as fully paid-up capital in US dollars so that the total issuance price of the Offshore Preference Shares will be US$20 each. The Offshore Preference Shares will be issued in registered form and issued and transferable only in minimum amounts of US$200,000 (or 10,000 Offshore Preference Shares) and integral multiples of US$1,000 (or 50 Offshore Preference Shares) in excess thereof. The preference shares shall have no less than 6 qualified places and are offered to professional investors and not retail investors.

According to the Renminbi central parity rate as published by the China Foreign Exchange Trade System on December 20, 2017, the total proceeds from the issuance of the Offshore Preference Shares was approximately RMB4.95 billion. After deduction of the expense relating to the issuance, subject to applicable laws and regulations and the approvals by the relevant regulatory authorities such as the CBRC and the CSRC, the proceeds from the issuance of the Offshore Preference Shares will be used to replenish the Company's additional tier I capital.

Type of Offshore Preference Shares	Stock code	Dividend rate	Total amount of issuance	Proceeds per share	Number of shares issued
US dollar preference shares	4616	5.4%	US$750,000,000	US$20	37,500,000 shares

For information on the issuance of the Offshore Preference Shares of the Bank, please see the announcement published on the website of the Stock Exchange and the website of the Bank.

Number of Holders and Shareholding of the Preference Shares

As at the end of the reporting period, the total number of preference shareholders (or proxies) of the Bank was 25, among which 17 were offshore preference shareholders and 8 were domestic preference shareholders.

Dividend Distribution of the Preference Shares

As at the end of the Reporting Period, the Offshore Preference Shares issued by the Bank had not reached the dividend payment date and there was no distribution of dividend for the Offshore Preference Shares issued by the Bank.

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

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

Directors, Supervisors and Senior Management

5.1 Directors, Supervisors and Senior Management of the Bank

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

The Board of the Bank comprised a total of eleven directors, including four executive directors, namely Ms. LIN Jun (chairman of the Board), Mr. RAN Hailing (President), Mr. LIU Jianhua and Mr. WONG Wah Sing; three non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong and Ms. LV Wei; and four independent non-executive directors, namely Mr. LI He, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The board of Supervisors comprised a total of eight supervisors, including three employee supervisors, namely Mr. YANG Xiaotao, Mr. HUANG Changsheng and Mr. ZHOU Xiaohong; two shareholder supervisors, namely Mr. CHEN Yan and Mr. WU Bing; and three external supervisors, namely Mr. CHEN Zhong, Mr. YIN Xianglong and Mr. PENG Daihui.

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

As at June 30, 2018, the interests of the Directors, the Supervisors and the chief executives of the Bank and their associates in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules are as follows:

Name	Capacity	Number of domestic shares held	Percentage of the total share capital of the Bank (%)
RAN Hailing	Beneficial owner	45,374	0.001%
LIU Jianhua	Beneficial owner	167,975	0.005%
HUANG Changsheng	Beneficial owner	123,451	0.004%
	Interest of spouse	60,647	0.002%
ZHOU Xiaohong	Beneficial owner	144,585	0.005%

Save as disclosed above, none of the Directors, the Supervisors or the chief executives of the Bank or their associates held any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations as at June 30, 2018.

5.2 Changes in Directors, Supervisors and Senior Management

On February 28, 2018, the Bank received a resolution from the board of Supervisors of the Bank on the proposed appointment of Mr. PENG Daihui as an external supervisor. On May 25, 2018, the 2017 annual general meeting of the Bank approved the proposed appointment of Mr. PENG Daihui as an external supervisor, with effect from May 25, 2018.

On March 9, 2018, the Bank received the Approval of the Qualification of Ms. LIN Jun (Yu Yin Jian Fu [2018] No. 23) issued by the CBRC Chongqing Bureau on the same day, approving the qualification of Ms. LIN Jun for serving as a director of the Bank and the chairman of the Board. The term of office of Ms. LIN Jun as an executive director and the chairman of the fifth session of the Board has become effective from the date of such approval and shall end upon the expiry of the fifth session of the Board.

On May 25, 2018, the Board received Mr. TO Koon Man Henry's resignation as an independent non-executive director of the Bank, a member of each of the audit committee, connected transaction control committee and risk management committee under the Board due to health reasons, with effect from May 25, 2018. In accordance with Rule 3.21 of the Listing Rules, Dr. JIN Jingyu, an independent non-executive director of the Bank, was appointed as a member of the audit committee under the Board on the same day.

On May 25, 2018, the Board considered and approved the proposed appointment of Dr. SONG Ming as an independent non-executive director of the Bank. On September 14, 2018, the appointment of Dr. SONG Ming as an independent non-executive director of the Bank was considered and approved at the second extraordinary general meeting of 2018. Such appointment is subject to the approval by the CBRC Chongqing Bureau.

On August 22, 2018, the Board received a resignation letter from Mr. YANG Jun, informing the Board of his resignation from his positions as a non-executive director of the Bank, a member of each of the strategic committee, remuneration and appraisal committee and nomination committee under the Board with effect from August 22, 2018, due to other work commitments.

On August 22, 2018, the Board considered and approved the proposed appointment of Mr. TANG Xiaodong as a non-executive director of the Bank, a member of each of the strategic committee, remuneration and appraisal committee and nomination committee under the Board. On September 14, 2018, the appointment of Mr. TANG Xiaodong as a non-executive director of the Bank was considered and approved at the second extraordinary general meeting of 2018. Such appointment is subject to the approval by the CBRC Chongqing Bureau.

On August 22, 2018, the Board considered and approved the appointment of Ms. PENG Yanxi as the secretary to the Board of the Bank. Mr. WONG Wah Sing will cease to be the acting secretary to the Board of the Bank.

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 and senior management, the Bank has adopted the Administrative Measures on the Holding and Change of Holding of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd. (the "Administrative Measures") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors, each of the directors and supervisors of the Bank have confirmed that they have complied with such code of conduct and the Administrative Measures during the six months ended June 30, 2018.

Significant Events

6.1 Corporate Governance Code

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

In order to maintain a high standard of corporate governance, the Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Listing Rules, and has established a dedicated, professional and accountable Board, board of Supervisors, and experienced senior management. The members of the Board and board of Supervisors of the Bank, 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 (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules, and, where appropriate, adopted the recommended best practices therein. The Bank also strictly abided by the applicable laws, regulations and Listing Rules in respect of the management of inside information.

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

6.2 Profits and Dividends

The Bank's revenue for the six months ended June 30, 2018 and the Bank's financial position as at the same date are set out in the interim financial statements of this report.

A final dividend of RMB0.118 per share (tax inclusive) for the year ended December 31, 2017 ("**2017 Final Dividend**"), amounting to a total dividend of RMB368,992,466.99 (tax inclusive) based on the profit and number of shares issued for the year ended December 31, 2017, was distributed by the Bank to all Shareholders of the Bank upon consideration and approval at the 2017 annual general meeting held on May 25, 2018. The 2017 Final Dividend was distributed to holders of H Shares and domestic shares on July 20, 2018.

The Bank will not distribute any interim dividend for 2018 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

As at June 30, 2018, the Group had 20 outstanding legal claims amounting to RMB278.44 million (December 31, 2017: 16 outstanding legal claims amounting to RMB281.34 million) arising from the ordinary course of business. After consulting legal advisers, the Group believes that, at the current stage, these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

6.5 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 subject to 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

During the Reporting Period, the Bank or its shareholders holding over 5% of the total issued shares of the Bank were not involved in any undertaking.

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 Major Asset Purchases, Sales and Mergers

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

6.9 Review of the Interim Financial Statements

The interim financial statements for 2018 prepared by the Bank in accordance with the IFRSs have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

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

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 the Chinese version, the Chinese version shall prevail.

6.11 Others

According to paragraph 40 of Appendix 16 Disclosure of Financial Information of the Listing Rules, save as disclosed herein, the Bank confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Bank's 2017 annual report.

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 interim financial information set out on pages 70 to 154, which comprises the interim condensed consolidated statement of financial position of Bank of Chongqing Co., Ltd. (the 'Bank') and its subsidiary (together, the 'Group') as at 30 June 2018 and the related interim condensed consolidated 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, 22 August 2018

Interim Condensed Consolidated Statement of Comprehensive Income

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

		For the six months ended 30 June	
	Note	**2018 (Unaudited)**	2017 (Unaudited)
Interest income		**9,485,347**	9,010,705
Interest expense		**(6,224,874)**	(4,977,935)
Net interest income	4	**3,260,473**	4,032,770
Fee and commission income		**728,152**	939,893
Fee and commission expense		**(48,110)**	(91,601)
Net fee and commission income	5	**680,042**	848,292
Net trading gains/(losses)	6	**215,238**	(6,290)
Net gains on investment securities	7	**931,778**	156,212
Other operating income	8	**31,842**	44,697
Operating income		**5,119,373**	5,075,681
Operating expenses	9	**(1,137,331)**	(1,126,873)
Impairment losses	11	**(1,177,533)**	(1,163,861)
Operating profit		**2,804,509**	2,784,947
Share of profit of associates	20	**94,978**	44,638
Profit before income tax		**2,899,487**	2,829,585
Income tax	12	**(605,322)**	(570,204)
Net profit for the period		**2,294,165**	2,259,381
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Revaluation reserve for available-for-sale financial assets recognised in other comprehensive income		**N/A**	(417,379)
Less: Relevant income tax effect		**N/A**	69,793
Subtotal		**N/A**	(347,586)
Net loss from debt investment at fair value through other comprehensive income		**(327,851)**	N/A
Less: Relevant income tax effect		**81,963**	N/A
Subtotal		**(245,888)**	N/A
Net profit from disposal of financial assets at fair value through other comprehensive income that are reclassified into profit or loss		**9,425**	N/A
Less: Relevant income tax effect		**(2,356)**	N/A
Subtotal		**7,069**	N/A

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

	Note	For the six months ended 30 June **2018** **(Unaudited)**	2017 (Unaudited)
Item that will not be reclassified subsequently to profit or loss:			
Net gains on equity investments designated at fair value through other comprehensive income		**200,000**	N/A
Less: Relevant income tax effect		**(50,000)**	N/A
Subtotal		**150,000**	N/A
Remeasurement of pension benefits		**(2,495)**	948
Less: Relevant income tax effect		**624**	(237)
Subtotal		**(1,871)**	711
Other comprehensive income, net of tax		**(90,690)**	(346,875)
Comprehensive income for the period	37	**2,203,475**	1,912,506
Net profit attributable to:			
Shareholders of the Bank		**2,272,274**	2,249,307
Non-controlling interests		**21,891**	10,074
		2,294,165	2,259,381
Net comprehensive income attributable to:			
Shareholders of the Bank		**2,181,584**	1,902,432
Non-controlling interests		**21,891**	10,074
		2,203,475	1,912,506
Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)			
Basic and diluted	13	**0.73**	0.72

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

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

	Note	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
ASSETS			
Cash and balances with central bank	14	**41,586,880**	43,727,432
Due from other banks and financial institutions	15	**52,183,119**	37,000,091
Financial assets at fair value through profit or loss	16	**33,330,665**	702,202
Loans and advances to customers	18	**187,124,160**	172,162,090
Investment securities	19		
– Loans and receivables		**N/A**	100,607,725
– Available-for-sale('AFS')		**N/A**	37,106,799
– Held-to-maturity ('HTM')		**N/A**	21,012,375
– Fair value through other comprehensive income ('FVOCI')		**30,258,442**	N/A
– Amortised cost		**79,837,043**	N/A
Investment in associates	20	**1,208,124**	1,113,146
Property, plant and equipment	21	**2,982,683**	2,866,257
Deferred income tax assets	27	**1,741,310**	1,380,953
Other assets	22	**5,566,972**	5,083,955
Total assets		**435,819,398**	422,763,025
LIABILITIES			
Due to other banks and financial institutions	23	**54,205,861**	55,771,252
Financial liabilities at fair value through profit or loss	17	**17,388**	–
Customer deposits	24	**251,314,390**	238,704,678
Debt securities issued	25	**89,023,842**	88,727,330
Current tax liabilities		**346,051**	358,515
Other liabilities	26	**8,091,200**	6,741,338
Total liabilities		**402,998,732**	390,303,113
EQUITY			
Share capital	29	**3,127,055**	3,127,055
Preference shares	30	**4,909,307**	4,909,307
Capital surplus	31	**4,680,638**	4,680,638
Other reserves	32	**7,311,100**	6,637,648
Retained earnings		**11,262,362**	11,596,948
Equity attributable to shareholders of the Bank		**31,290,462**	30,951,596
Non-controlling interests		**1,530,204**	1,508,316
Total equity		**32,820,666**	32,459,912
Total liabilities and equity		**435,819,398**	422,763,025

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Chairman of the Board:	*President:*	*Vice President:*	*Head of Financial Department:*
Lin Jun	**Ran Hailing**	**Yang Shiyin**	**Li Cong**

Interim Condensed Consolidated Statement of Changes in Equity

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

				Other reserves						
	Share capital	Preference shares	Capital surplus	Surplus reserve	General Reserve	Revaluation reserve for FVOCI	Remeasurement of pension benefits	Retained earnings	Non-controlling interests	Total
	Note 29	Note 30	Note 31	Note 32	Note 32	Note 32	Note 32			
Balance at 1 January 2018	**3,127,055**	**4,909,307**	**4,680,638**	**2,245,019**	**4,747,365**	**(353,322)**	**(1,414)**	**11,596,948**	**1,508,316**	**32,459,912**
Changes on initial application of IFRS 9 (Note 2(b)(1))	**–**	**–**	**–**	**–**	**–**	**144,764**	**–**	**(1,618,490)**	**(3)**	**(1,473,729)**
Restated balance at 1 January 2018	**3,127,055**	**4,909,307**	**4,680,638**	**2,245,019**	**4,747,365**	**(208,558)**	**(1,414)**	**9,978,458**	**1,508,313**	**30,986,183**
Net profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,272,274**	**21,891**	**2,294,165**
Other comprehensive income (Note 37)	**–**	**–**	**–**	**–**	**–**	**(88,819)**	**(1,871)**	**–**	**–**	**(90,690)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(88,819)**	**(1,871)**	**2,272,274**	**21,891**	**2,203,475**
Dividends (Note 33)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(368,992)**	**–**	**(368,992)**
Transfer to other reserves	**–**	**–**	**–**	**–**	**619,378**	**–**	**–**	**(619,378)**	**–**	**–**
Balance at 30 June 2018 (Unaudited)	**3,127,055**	**4,909,307**	**4,680,638**	**2,245,019**	**5,366,743**	**(297,377)**	**(3,285)**	**11,262,362**	**1,530,204**	**32,820,666**
Balance at 1 January 2017	3,127,055	–	4,680,638	1,872,431	4,042,421	233,262	(2,467)	9,858,572	–	23,811,912
Net profit for the period	–	–	–	–	–	–	–	2,249,307	10,074	2,259,381
Other comprehensive income (Note 37)	–	–	–	–	–	(347,586)	711	–	–	(346,875)
Total comprehensive income	–	–	–	–	–	(347,586)	711	2,249,307	10,074	1,912,506
Contribution of non-controlling shareholders	–	–	–	–	–	–	–	–	1,470,000	1,470,000
Dividends (Note 33)	–	–	–	–	–	–	–	(909,973)	–	(909,973)
Transfer to other reserves	–	–	–	–	690,895	–	–	(690,895)	–	–
Balance at 30 June 2017 (Unaudited)	3,127,055	–	4,680,638	1,872,431	4,733,316	(114,324)	(1,756)	10,507,011	1,480,074	26,284,445

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flow

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit before income tax	**2,899,487**	2,829,585
Adjustments:		
Depreciation and amortisation	**102,405**	90,842
Impairment losses on loans	**857,504**	589,645
Impairment losses on other assets	**320,029**	574,216
Net gains on disposal of property, plant and equipment and foreclosed assets	**(5,056)**	(379)
Fair value (gains)/losses	**(174,874)**	8,130
Net gains arising from financial investments	**(932,658)**	(178,114)
Share of profit of associates	**(94,978)**	(44,638)
Interest income arising from investment securities	**(2,976,406)**	(3,399,482)
Interest expense arising from debt securities issued	**2,037,173**	1,425,572
Net increase in operating assets:		
Net decrease/(increase) in restricted deposits with central bank	**3,793,058**	(972,366)
Net decrease/(increase) in due from and placements with banks and other financial institutions	**1,041,406**	(4,568,194)
Net (decrease)/increase in financial assets held under resale agreement	**(14,585,216)**	6,777,060
Net increase in loans and advances to customers	**(17,240,472)**	(13,766,366)
Net increase in other operating assets	**(117,579)**	(992,204)
Net increase/(decrease) in operating liabilities:		
Net increase in borrowings from central bank	**1,200,908**	42,852
Net decrease in due to and loans from banks and other financial institutions	**(10,824,278)**	(417,326)
Net increase/(decrease) in financial assets sold under repurchase agreement	**8,057,979**	(10,219,801)
Net increase in customer deposits	**12,609,712**	9,111,424
Net increase in other operating liabilities	**658,463**	1,252,401
Income tax paid	**(457,294)**	(756,283)
Net cash outflows from operating activities	**(13,830,687)**	(12,613,426)

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from investing activities:		
Dividends received	**880**	21,902
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	**19,861**	19,063
Purchase of property, plant and equipment, intangible assets and other long-term assets	**(213,872)**	(148,964)
Proceeds from sale and redemption of investments	**139,910,082**	166,652,418
Purchase of securities investments	**(120,708,956)**	(181,477,402)
Net cash inflows/(outflows) from investing activities	**19,007,995**	(14,932,983)
Cash flows from financing activities:		
Capital contribution by non-controlling interests of a subsidiary	**–**	1,470,000
Proceeds from issuance of debt securities and inter-bank certificates of deposit	**76,007,092**	85,732,823
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	**(77,520,000)**	(54,520,000)
Interest paid in relation to debt securities issued	**(497,400)**	(263,800)
Dividends paid to shareholders	**(325)**	(3,726)
Net cash (outflows)/inflows from financing activities	**(2,010,633)**	32,415,297
Impact from exchange rate changes on cash and cash equivalents	**131,730**	(62,630)
Net increase in cash and cash equivalents	**3,298,405**	4,806,258
Cash and cash equivalents at the beginning of the period	**20,424,977**	24,788,329
Cash and cash equivalents at the end of the period (Note 38)	**23,723,382**	29,594,587

The accompanying notes form an integral part of this condensed consolidated interim financial information.

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 2018, the Bank operates its business through 141 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 and its subsidiaries (together, 'the Group') include deposit taking, loan lending, settlement services, financial leasing and other services as approved by the respective regulators.

This condensed consolidated interim financial information were approved by the Board of Directors of the Bank on 22 August 2018.

The condensed consolidated financial information relating to the year ended 31 December 2017 that is included in the interim condensed financial information for the six months ended 30 June 2018 as comparative information does not constitute the Group's annual financial statements.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

(a) Basis of presentation

The condensed consolidated interim financial information of the Group has been prepared in accordance with the International Accounting Standard 34 'Interim Financial Reporting' and disclosure requirements of 'the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited'. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

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

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies

Except as described below, the Group's accounting policies applied in preparing this condensed consolidated interim financial information is consistent with those policies applied in preparing the financial statements for the year ended 31 December 2017.

Standards and amendments effective by 1 January 2018 adopted by the Group

Amendments to IFRS 2	Classification and measurement of share-based payment
Amendments to IAS 40	Transfer of investment properties
Amendments to IAS 28	Annual Improvements to IFRSs 2014 – 2016 Cycle
IFRS 15	Revenue Recognition in Contracts with Customers
IFRIC 22	Foreign currency transactions and advance consideration
IFRS 9	Financial instrument

For amendments to IFRSs that have been adopted, the whole Group are not significantly impacted except *International Financial Reporting Standards – Financial instruments* ('IFRS 9').

Changes in significant accounting policies

IFRS 9

The Group has adopted International Financial Report Standard 9 'Financial Instruments' as issued by the IASB in July 2014 with a date of transition of 1 January 2018. The adoption of the standards results in changes in accounting policies and the adjustments to the amounts have already been recognised in the financial statements. The Group did not adopt IFRS 9 in advance in previous period.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to International Financial Report Standard 7 'Financial Instruments: Disclosures' ('IFRS 7') have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current are described in more detail in notes.

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(1) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared set out below:

	31 December 2017	Reclassification and remeasurement			1 January 2018 (Restated)
		Reclassification	Remeasurement	ECL allowance	
Financial assets					
Cash and balances with central banks	43,727,432	–	–	–	43,727,432
Due from other banks and financial institutions	37,000,091	–	–	(4,563)	36,995,528
Financial assets at fair value through profit or loss	702,202	44,449,780	(163,102)	–	44,988,880
Loans and advances to customers	172,162,090	–	1,266	(1,263,522)	170,899,834
Investment securities – FVOCI	N/A	32,219,701	–	–	32,219,701
Investment securities – Amortised cost	N/A	82,057,418	–	(405,747)	81,651,671
Investment securities – Loans and receivables	100,607,725	(100,607,725)	–	–	N/A
Investment securities – AFS	37,106,799	(37,106,799)	–	–	N/A
Investment securities – HTM	21,012,375	(21,012,375)	–	–	N/A
Other financial assets	4,743,013	–	–	–	4,743,013
Subtotal	417,061,727	–	(161,836)	(1,673,832)	415,226,059
Non-financial assets					
Deferred income tax assets	1,380,953	–	40,459	450,784	1,872,196
Other financial assets	4,320,345	–	–	–	4,320,345
Subtotal	5,701,298	–	40,459	450,784	6,192,541
Total assets	422,763,025	–	(121,377)	(1,223,048)	421,418,600
Other liabilities	6,741,338	–	–	129,304	6,870,642
Others	383,561,775	–	–	–	383,561,775
Total liabilities	390,303,113	–	–	129,304	390,432,417
Other reserves	6,637,648	–	949	143,815	6,782,412
Retained earnings	11,596,948	–	(122,326)	(1,496,164)	9,978,458
Other equity	12,717,000	–	–	–	12,717,000
Equity attributable to shareholders of the Bank	30,951,596	–	(121,377)	(1,352,349)	29,477,870
Non-controlling interests	1,508,316	–	–	(3)	1,508,313
Total equity	32,459,912	–	(121,377)	(1,352,352)	30,986,183
Total equity and liabilities	422,763,025	–	(121,377)	(1,223,048)	421,418,600

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(2) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

At amortised cost	Ref	IAS 39 carrying amount 31 December 2017	Reclassification	Remeasurement	ECL allowance	IFRS 9 carrying amount 1 January 2018
Cash and balances with central banks						
Opening balance under IAS 39 and closing balance under IFRS 9		43,727,432				43,727,432
Due from banks and other financial institutions						
Opening balance under IAS 39		37,000,091				
Remeasurement: ECL allowance					(4,563)	
Closing balance under IFRS 9						36,995,528
Loans and advances to customers						
Opening balance under IAS 39		172,162,090				
Subtraction: To loans to customers designated at FVOCI	(1)		(4,751,922)			
Remeasurement: ECL allowance					(1,313,966)	
Closing balance under IFRS 9						166,096,202
Investment securities – Loans and receivables						
Opening balance under IAS 39		100,607,725				
Subtraction: To financial assets designated at fair value through profit or loss	(2)		(39,332,682)			
Subtraction: To financial assets carried at amortised costs	(5)		(61,275,043)			
Closing balance under IFRS 9						N/A
Investment securities – HTM						
Opening balance under IAS 39		21,012,375				
Subtraction: To financial assets designated at fair value through profit or loss	(2)		(230,000)			
Subtraction: To financial assets carried at amortised costs	(5)		(20,782,375)			
Closing balance under IFRS 9						N/A
Investment securities – Amortised cost						
Opening balance under IAS 39		N/A				
Addition: From investment securities – Loans and receivables (IAS 39)	(5)		61,275,043			
Addition: From investment securities – HTM (IAS 39)	(5)		20,782,375			
Remeasurement: ECL allowance					(405,747)	
Closing balance under IFRS 9						81,651,671
Total		374,509,713	(44,314,604)	–	(1,724,276)	328,470,833

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(2) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (Continued)

At fair value through profit or loss	Ref	IAS 39 carrying amount 31 December 2017	Reclassification	Remeasurement	ECL allowance	IFRS 9 carrying amount 1 January 2018
Financial assets at fair value through profit or loss						
Opening balance under IAS 39		702,202				
Addition: From investment securities						
– Loans and receivables (IAS 39)	(2)		39,332,682			
Addition: From investment securities – HTM	(3)					
(IAS 39)	(4)		4,887,098			
Addition: From investment securities – AFS (IAS 39)	(2)		230,000			
Remeasurement: From amortised cost to fair value				(163,102)		
Closing balance under IFRS 9						44,988,880
Total		702,202	44,449,780	(163,102)	–	44,988,880

Fair value through other comprehensive income	Ref	IAS 39 carrying amount 31 December 2017	Reclassification	Remeasurement	ECL allowance	IFRS 9 carrying amount 1 January 2018
Loans and advances to customers						
Opening balance under IAS 39		N/A				
Addition: From loans and advances to customers (IAS 39)	(1)		4,751,922			
Remeasurement: From amortised cost to fair value	(1)			1,266		
Remeasurement: From impairment allowance to						
other comprehensive income	(1)			50,444		
Closing balance under IFRS 9						4,803,632
Investment securities – AFS						
Opening balance under IAS 39		37,106,799				
Subtraction: To financial assets designated at fair value	(3)					
through profit or loss	(4)		(4,887,098)			
Subtraction: To financial assets at fair value through	(4)					
other comprehensive income	(5)		(32,219,701)			
Closing balance under IFRS 9						N/A
Investment securities – FVOCI						
Opening balance under IAS 39		N/A				
Addition: From investment securities – AFS	(4)					
(IAS 39)	(5)		32,219,701			
Closing balance under IFRS 9						32,219,701
Total		37,106,799	(135,176)	1,266	50,444	37,023,333

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(2) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (Continued)

The total remeasurement loss before tax of RMB161,836 thousand was recognised after tax in opening reserves at 1 January 2018.

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Group as shown in the table above:

(1) Discounted bills

Provided the business method of discounted bills is being held to collect the contractual cash flows and sell, their measurement method are reclassified from amortised cost to financial assets at fair value through other comprehensive income. The amount before reclassification is RMB4,751,922 thousand, while that after reclassification is RMB4,803,632 thousand.

(2) Debt instruments

The cash flow characteristics of part of the debt instruments held by the group don't meet the solely payments of principal and interest ('SPPI') test. Consequently, these financial assets are reclassified from financial assets available for sale to financial assets at fair value through profit or loss ('FVPL'). The amount before reclassification is RMB39,562,682 thousand, while that after reclassification is RMB39,399,580 thousand.

(3) Fund investments

The fund investments held by the group amounts to RMB4,401,106 thousand, and the cash flow characteristics of these financial contracts don't meet the SPPI test. Consequently, these financial assets are reclassified from financial assets available for sale to financial assets at FVPL.

(4) Investments of equity instruments

The Group has elected to irrevocably designate strategic investments of RMB8,600 thousand in a small portfolio of non-trading equity securities in clearing houses at FVOCI as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of. In addition, strategic investments of RMB485,992 thousand of non-trading equity securities in non-clearing houses, which were originally classified as available for sale, are reclassified as FVPL.

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(2) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (Continued)

(5) Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis:

a) Those previously classified as available-for-sale financial assets and now classified as measured at FVOCI; and

b) Those previously classified as investment classified as receivables and held-to-maturity investment and now classified as financial assets measured at amortised cost.

(3) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model ('ECL') at 1 January 2018:

Measurement category	Impairment allowance under IAS 39/Provision under IAS 37	Reclassification	ECL allowance	Impairment allowance under IFRS 9
At amortised cost				
Due from banks and other financial institutions	–	–	4,563	4,563
Loans and advances to customers	5,044,814	(50,444)	1,313,966	6,308,336
Investment securities – Loans and receivables	1,217,482	(1,217,482)	–	N/A
Investment securities – HTM	–	–	–	N/A
Investment securities – Amortised cost	N/A	1,217,482	405,747	1,623,229
Subtotal	6,262,296	(50,444)	1,724,276	7,936,128
Loan commitments and financial guarantee				
ECL allowance	–	–	129,304	129,304
Fair value through other comprehensive income				
Loans and advances to customers	N/A	50,444	(29,061)	21,383
Investment securities – FVOCI	N/A	–	170,371	170,371
Total	6,262,296	–	1,994,890	8,257,186

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference set out below:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets

Classification and subsequent measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of the asset.

i) Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets (Continued)

Classification and subsequent measurement (Continued)

a) Debt instruments (Continued)

ii) SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured from these financial assets is included in 'Interest income' using the effective interest rate method.

ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net gain arising from investment'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets (Continued)

Classification and subsequent measurement (Continued)

a) Debt instruments (Continued)

iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net trading gains' line in the statement of comprehensive income.

Impairment

a) The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets (Continued)

Impairment (Continued)

a) (Continued)

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

b) 'Three-stage' classification of credit quality

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 2(c)(2) for a description of how the Group determines when a significant increase in credit risk has occurred.

- If the financial instruments is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 2(c)(3) for a description of how the Group determines when a significant increase in credit risk has occurred.

- The method of impairment in different stages is as follows: Financial instruments in Stage 1 have their ECL measured at an amount equal to portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 2(c)(4) for a decryption of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 2(c)(5) includes an explanation of how the Group has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets (Continued)

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

- Significant extension of the loan term when the borrower is not in financial difficulty.

- Significant change in the interest rate.

- Change in the currency the loan is denominated in.

- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(i) Financial assets (Continued)

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

When the contractual rights to receive the cash flows from the assets have been transferred, and the Group neither transfers nor retains substantially all the risks and rewards of ownership, and the Group has retained control of the transferred assets, the Group applies continuing involvement approach. Under this approach, the Group continues to recognise the transferred asset to the extent of its continuing involvement and recognise the associated liability, to reflect the rights and obligations retained by the Group. The net carrying amount of the transferred asset and associated liability is: (a) the amortised cost of the rights and obligations retained by the Group, if the transferred asset is measured at amortised cost; or (b) equal to the fair value of the rights and obligations retained by the Group when measured on a stand-alone basis, if the transferred asset is measured at fair value.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(4) Financial assets and liabilities (Continued)

(ii) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; when continuing involvement approach applies, see note 2(b)(4)(i).

- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(5) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured as described in note 2(b)(4)(i)

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 2(b)(4)(i) The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

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

		Effective for annual period beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
IFRIC 23	Uncertainty over Income Tax	1 January 2019
IFRS 16	Leases	1 January 2019
Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRSs 2015 – 2017 cycle	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation and Modifications of Financial Liabilities	1 January 2019

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(5) Financial guarantee contracts and loan commitments (Continued)

Amendments to IFRS 10 and IAS 28

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

IFRIC 23

The IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to clarify how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Group anticipates that the adoption of this interpretation will not have a significant impact on the Group's consolidated financial statements.

IFRS 16

For the lessee, under IAS 17 lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts unless the underlying asset is of low value, in the statement of financial position. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the liability in the statement of comprehensive income, and also classifies cash repayments of the lease liability into principal portion and an interest portion for presentation in the statement of cash flows.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of RMB152,567 million, see Note 35. However, the Group is still estimating the extent these commitments will result in the recognition of right-of-use assets and liabilities for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group expects that, as a lessor, there will be no significant impact on the financial information.

Amendments to IFRSs: Annual Improvements to IFRSs 2015-2017 Cycle

The Annual Improvements to IFRSs 2015 – 2017 Cycle include a number of amendments to various IFRSs, including the amendments IFRS 3 – Business Combinations, the amendments to IFRS 11 – Joint Arrangements, the amendments to IAS 12 – Income Taxes, the amendments to IAS 23 – Borrowing Costs. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(b) Significant accounting policies (Continued)

(5) Financial guarantee contracts and loan commitments (Continued)

Amendments to IFRS 9

On 12 October 2017, the IASB issued amendments to IFRS 9: Prepayment Features with Negative Compensation and Modifications of Financial Liabilities. These amendments permit more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. These amendments also clarify the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

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

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017, except the measurement of expected credit loss under International Financial Report Standard 9 'Financial Instruments'. Please refer to the financial statements for the year ended 31 December 2017 for details.

Expected credit loss measurement

For financial assets carried at amortised cost and those designated at fair value through other comprehensive income, complicated models and many assumptions are used in measuring the expected credit losses of such assets. These models and assumptions involve future macro-economic conditions and the credit behaviours of borrowers (for example, possibility of default by customers and losses therefrom).

It requires a lot of significant judgements to measure expected credit losses under relevant accounting standards, such as:

- Judgement on criteria for significant increase in credit risk;

- Selection of appropriate models and assumptions for measuring expected credit losses;

- Determination of quantity and weight of prospective scenarios required to be used in measuring expected credit losses for different types of products; and

- Grouping of financial instruments for measuring expected credit losses, with items that have similar credit risk characteristics classified into a group.

Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses are specifically stated as follows.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(1) Credit risk assessment

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Aiming to the exposure of corporate client risk, the Group uses internal credit risk gradings to reflect its assessment of the probability of default of individual counterparties, while using various internal rating models to various categories of counterparty. The Group's internal rating system comprises 15 non-default grades and 1 default grade. Borrower and loan specific information collected at the time of application (such as key financial ratios, turnover and industry type of corporate borrower) is fed into this rating model. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A-rating grade is lower than the difference in the PD between a B and B-rating grade.

Aiming to bond investment and interbank business, the Group uses external credit risk gradings to reflect its assessment of the probability of default of individual counterparties. The Group's external rating system comprises 18 non-default grades and 1 default grade. In order to assess the exposure of individual risk, the Group uses historical data to estimate the historical default data, which is the prediction base of future PD, under various overdue period and aging.

The following are additional considerations for each type of portfolio held by the Group:

Retail

After the date of initial recognition, for retail business, the payment behaviour of the borrower, such as previous delinquency history, is monitored on a periodic basis. This score is mapped to a PD.

Wholesale

For wholesale business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) Significant increase in credit risk (SICR)

The group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Corporate loans and investment securities assessed by internal gradings remaining Lifetime PD at the reporting date has increased 100%, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised and default rate is greater than 2%.

To illustrate the application of these thresholds, take for example an enterprise loan which at initial recognition had a Lifetime PD of 1.31%. If at the current reporting date the Lifetime PD is actually 2.74% and this exceeds the expected PD by more than the threshold stated above, then a significant increase in credit risk has occurred.

Based on the assessment of how the PD changes over the lifetime of the instrument before default, the Group has determined the corresponding threshold for corporate loans and investment securities assessed by internal gradings.

Qualitative criteria:

i) Borrower of loan-related financial instrument on the Watchlist, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;

ii) The instrument is classified as Special-mention under the five categories of loan classification; or

iii) The credit card is overdue or classified as concerned debt.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low risk customers (with internal grading of AA above) were considered to have higher credit rating and there will be no comparison between the credit risk on reporting date and that of the first recognition for the six month ended 30 June 2018.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(3) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

i) Borrower of loan-related financial instrument on the Monitoring list, which is used to monitor credit risk and assessment at the counterparty level is conducted regularly;

ii) The instrument is classified as Special-mention under the five categories of loan classification; or

iii) Credit card is classified as outsourced collection or sued and interest accrual stopped; or

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculation.

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For the definition of default, see Note 2(c)(3).

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

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

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet payment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis.

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(4) Measuring ECL – A description of inputs, assumptions, and estimation techniques (Continued)

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

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD, and LGD. These assumptions vary by product type. Refer to note 2(c)(5) for an explanation of forward-looking information and its inclusion in ECL calculations.

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

There have been no significant changes in estimation techniques or significant assumptions made for the six months ended 30 June 2018.

(5) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD, and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the 'base economic scenario') are provided by the Group's external data on a yearly basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate or a long run average growth rate. The relationship between these economic components and default rates is determined by Morton's formula and regression analysis, which aims at understanding the impact of the historical changes in these variables on default rates.

In addition to the base economic scenario, the Group provides other possible scenarios along with scenario weightings according to external data. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed yearly. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. When determining whether the financial instrument is in Stage 1, Stage 2, or Stage 3, it is also determined that the impairment provision is based on 12-month or lifetime ECL. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stage 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

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

2 BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(5) Forward-looking information included in the ECL models (Continued)

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic indicators assumptions

The most significant period-end assumptions used for the ECL estimate as at 30 June 2018 are set out below. The scenarios 'base', 'upside' and 'downside' were used for all portfolios, but there are differences in the macroeconomic indicators and impact logic used in different combinations.

		2018	2019	2020	Use of exposure
GDP: accumulated year on year	Benchmark	6.650%	6.725%	6.425%	Corporate business off-balance/on-balance sheet
	Best	7.15%	7.3875%	6.6875%	Bonds investment
	Pessimistic	6.150%	6.187%	6.2375%	Mortgage retail loan
					Consumer retail loan
					Inter-bank business
CPI: accumulated year on year	Benchmark	2.325%	2.2375%	2.45%	Corporate business off-balance/on-balance sheet
	Best	2.425%	2.6375%	2.6%	Bonds investment
	Pessimistic	2.15%	1.35%	2.075%	Mortgage retail loan
					Inter-bank business
Completed investment in fixed assets: accumulated year on year	Benchmark	7.45%	7.8375%	12.5375%	Corporate business off-balance/on-balance sheet
	Best	8.9%	9.3135%	13.0625%	Bonds investment
	Pessimistic	6%	5.75%	11.825%	
1 year's benchmark rate of interest	Benchmark	4.38%	4.52875%	4.44375%	Inter-bank business
	Best	4.35%	4.35%	4.35%	
	Pessimistic	4.475%	4.7625%	4.5375%	
Retail of consumable: accumulated year on year	Benchmark	10.4125%	10.7875%	11.3375%	Mortgage retail loan/ Consumer retail loan
	Best	11.125%	11.3875%	11.5625%	
	Pessimistic	9.10625%	9.8125%	11%	

The weightings assigned to each economic scenario as at 1 January 2018 were as of: 'benchmark':70%, 'best':20%, 'pessimistic':10%.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

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

3 SUBSIDIARY

As at 30 June 2018, details of the Bank's subsidiary are set out below:

Name of entity	Date of incorporation	Place of incorporation	Registered and paid-in capital	Proportion of equity Interest	Proportion of voting power	Principal activities
Chongqing Xinyu Financial Leasing Co., Ltd.	23 March 2017	Chongqing	3,000,000	51%	51%	Financial leasing

	Assets	Liabilities	Revenue	Profit
Chongqing Xinyu Financial Leasing Co., Ltd.	13,855,855	10,732,989	207,729	44,677

4 NET INTEREST INCOME

	For the six months ended 30 June	
	2018	2017
Interest income		
Loans and advances to customers	**5,549,628**	4,391,519
Investment securities	**2,976,406**	3,363,356
Due from other banks and financial institutions	**685,622**	933,455
Balances with central bank	**273,691**	286,249
Financial assets at fair value through profit or loss	**N/A**	36,126
	9,485,347	9,010,705
Interest expense		
Customer deposits	**(3,132,605)**	(2,622,514)
Debt securities issued	**(2,037,173)**	(1,425,572)
Due to other banks and financial institutions	**(1,055,096)**	(929,849)
	(6,224,874)	(4,977,935)
Net interest income	**3,260,473**	4,032,770

	For the six months ended 30 June	
	2018	2017
Interest income accrued on credit-impaired/impaired loans and advances to customers	**74,553**	56,899

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

5 NET FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2018	2017
Fee and commission income		
Custodian services	**137,243**	206,486
Financial advisory and consulting services	**72,424**	41,330
Wealth management agency services	**278,763**	444,870
Bank card services	**150,186**	132,714
Settlement and agency services	**53,721**	39,346
Credit commitments	**35,815**	75,147
	728,152	939,893
Fee and commission expense		
Settlement and agency services	**(28,562)**	(25,275)
Bank card services	**(11,963)**	(10,865)
Others	**(7,585)**	(55,461)
	(48,110)	(91,601)
Net fee and commission income	**680,042**	848,292

6 NET TRADING GAINS/(LOSSES)

	For the six months ended 30 June	
	2018	2017
Foreign exchange	**40,364**	1,840
Interest rate instruments	**174,874**	(8,130)
	215,238	(6,290)

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 2018, foreign exchange gains/(losses) referred to gains or losses from translation of foreign currency monetary assets and liabilities, amounting to RMB32,406 thousand (for the six months ended 30 June 2017: losses of RMB3,382 thousand).

Net gains/(losses) on interest rate instruments mainly include gains/(losses) from the financial assets at fair value through profit or loss to their fair value.

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

7 NET GAINS ON INVESTMENT SECURITIES

	For the six months ended 30 June	
	2018	2017
Net gains arising from de-recognition of HTM financial assets	**N/A**	(14,472)
Net losses arising from de-recognition of AFS financial assets	**N/A**	170,684
Net gains arising from investment of financial assets at FVPL	**941,203**	N/A
Net losses arising from de-recognition of FVOCI	**(9,425)**	N/A
	931,778	156,212

8 OTHER OPERATING INCOME

	For the six months ended 30 June	
	2018	2017
Government grants[(a)]	**21,408**	7,786
Proceed from held-for-sale	**5,293**	–
Dividend income of unlisted FVOCI securities	**880**	21,902
Default income	**749**	11,843
House for rent income	**394**	234
Long-term unspent household income	**489**	–
Income from mortgage assets	**–**	379
Other income	**2,629**	2,553
	31,842	44,697

(a) The government grants mainly include bonus of incremental agricultural loans, bonus for assessment of branches of the Group and other government grants used for supporting local economic development, etc.

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

9 OPERATING EXPENSES

		For the six months ended 30 June	
	Note	**2018**	2017
Staff costs (including emoluments of directors and supervisors)	10	**675,906**	672,382
General and administrative expenses		**236,460**	256,626
Depreciation of property, plant and equipment	21	**72,792**	62,149
Tax and surcharges		**64,781**	40,214
Payments under operating lease		**31,544**	39,143
Professional fees		**22,255**	19,331
Amortisation of intangible assets	22(c)	**16,369**	13,735
Amortisation of long-term prepaid expenses		**10,826**	12,370
Amortisation of land use rights	22(b)	**2,348**	2,432
Donations		**2,405**	1,800
Depreciation of investment properties	22(d)	**70**	156
Others		**1,575**	6,535
		1,137,331	1,126,873

10 STAFF COSTS (INCLUDING EMOLUMENTS OF DIRECTORS AND SUPERVISORS)

		For the six months ended 30 June	
	Note	**2018**	2017
Salaries and bonuses		**498,168**	468,595
Pension expenses	28	**70,839**	74,546
Housing benefits and subsidies		**39,005**	37,453
Labour union and staff education expenses		**11,351**	10,854
Other social security and benefit expenses		**56,543**	80,934
		675,906	672,382

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

11 IMPAIRMENT LOSSES

	Note	For the six months ended 30 June	
		2018	2017
Impairment losses of assets			
Loans and advances to customers			
– Collectively assessed	18(b)	**N/A**	(61,904)
– Individually assessed	18(b)	**N/A**	651,549
Loans and receivables	19	**N/A**	560,743
Others		**48,898**	13,473
Expected credit losses			
Loans and advances to customers carried at amortised cost	18(b)	**851,015**	N/A
Loans and advances at FVOCI		**6,489**	N/A
Investment securities – Amortised cost	19	**331,913**	N/A
Investment securities – FVOCI	19	**(60,782)**	N/A
		1,177,533	1,163,861

12 INCOME TAX

	Note	For the six months ended 30 June	
		2018	2017
Current income tax		**444,830**	556,127
Deferred income tax	27	**160,492**	14,077
		605,322	570,204

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 Group.

12 INCOME TAX (Continued)

The difference between the actual income tax charge in the condensed consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2017: 25%) to profit before income tax can be reconciled set out below:

	For the six months ended 30 June	
	2018	2017
Profit before income tax	**2,899,487**	2,829,585
Tax calculated at a tax rate of 25%	**724,872**	707,396
Tax effect arising from non-taxable income[(a)]	**(84,779)**	(79,550)
Tax effect of expenses that are not deductible for tax purposes[(b)]	**18,415**	19,009
Income tax adjustment for prior years	**(53,186)**	(76,651)
Income tax	**605,322**	570,204

(a) The non-taxable income 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.

13 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to shareholders of the Bank by the weighted average number of ordinary shares during the year/period.

	For the six months ended 30 June	
	2018	2017
Net profit attributable to shareholders of the Bank	**2,272,274**	2,249,307
Less: Net profit attributable to other equity holders of the Bank	**–**	–
Net profit attributable to ordinary shareholders of the Bank	**2,272,274**	2,249,307
Weighted average number of ordinary shares (expressed in thousands)	**3,127,055**	3,127,055
Basic and diluted earnings per share (expressed in RMB Yuan)	**0.73**	0.72

The Bank issued non-cumulative preference shares on 20 December 2017 under the terms and conditions as detailed in Note 30. When calculating the basic earnings per share of the ordinary shares, the preference share dividends declared for the current period shall be deducted from the net profit attributable to the ordinary shareholders. For the six months ended 30 June 2018, no preference share dividends were declared by the Bank. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur before 30 June 2018 and therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

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

14 CASH AND BALANCES WITH CENTRAL BANK

	30 June 2018	31 December 2017
Cash	**594,887**	569,685
Mandatory reserve deposits	**30,345,328**	34,062,459
Surplus reserve deposits	**10,624,534**	9,000,132
Fiscal deposits	**22,131**	95,156
	41,586,880	43,727,432

The Group is required to place statutory reserve deposits with central bank. The deposits are calculated based on the amount of customer deposits.

As at the end of the reporting period, the statutory reserve deposits rates of the Group were set out below:

	30 June 2018	31 December 2017
Mandatory reserve rate for deposits denominated in RMB	**12.5%**	14.5%
Mandatory reserve rate for deposits denominated in foreign currencies	**5.0%**	5.0%

Mandatory reserve deposits with central bank are not available for the Group in its daily business. Deposits with central bank other than mandatory reserve maintained are mainly for liquidity purpose.

15 DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2018	31 December 2017
Deposits with other banks and financial institutions	**10,061,273**	10,339,855
Notes held under resale agreements	**29,952,592**	17,996,326
Securities held under resale agreements	**3,259,950**	631,000
Placements with other banks and financial institutions	**8,915,984**	8,032,910
Less: Provision for expected credit impairments	**(6,680)**	N/A
	52,183,119	37,000,091

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

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018	31 December 2017
Debt securities		
– Listed outside Hong Kong	**172,833**	359,485
– Unlisted	**32,693,524**	342,599
	32,866,357	702,084
Equity securities		
– Listed outside Hong Kong	**458,867**	–
Derivative financial instruments (Note 17)	**5,441**	118
	33,330,665	702,202

Unlisted financial assets measured at FVPL are set out below:

	30 June 2018	31 December 2017
Debt securities – at FVPL (unlisted)		
– Trust investments[(a)]	**5,406,250**	–
– Directional asset management plans[(b)]	**10,599,330**	–
– Wealth management products purchased from financial institutions	**9,987,737**	–
– Fund investments	**5,946,717**	–
– Commercial banks	**432,439**	
– Corporate	**126,843**	152,836
– Government	**194,208**	189,763
	32,693,524	342,599

As at 30 June 2018, there are no the trading securities of the Group pledged to third parties under repurchase agreements (as at 31 December 2017: RMB189,763 thousand).

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

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

Non-derivative financial assets at fair value through profit or loss are measured by the issuer set out below:

	30 June 2018	31 December 2017
Financial assets at FVPL		
– Commercial banks	**10,420,176**	–
– Securities companies	**10,246,114**	–
– Fund companies	**5,946,717**	–
– Trust companies	**5,406,250**	–
– Asset management company	**353,216**	–
– Corporations	**299,676**	512,321
– Governments	**194,208**	189,763
– Equity investment	**458,867**	–
	33,325,224	702,084

(a) Trust investment

	30 June 2018	31 December 2017
Trust investments purchased from trust company		
– Guaranteed by third-party company	**5,401,341**	–
– Unsecured	**4,909**	–
	5,406,250	–

(b) Directional asset management plans

	30 June 2018	31 December 2017
Asset management plans purchased from securities company		
– Guaranteed by third-party company	**10,246,114**	–
Asset management plans purchased from asset management company		
– Guaranteed by fund company	**353,216**	–
	10,599,330	–

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

17 DERIVATIVE FINANCIAL INSTRUMENTS

30 June 2018		**Fair value**	
	Nominal amount	**Assets**	**Liabilities**
Swap contract	**1,837,189**	**–**	**(17,388)**
Forward exchange contracts	**168,884**	**5,441**	**–**
	2,006,073	**5,441**	**(17,388)**

31 December 2017		Fair value	
	Nominal amount	Assets	Liabilities
Swap contract	32,694	118	–
	32,694	118	–

As at 30 June 2018, all financial liabilities at FVPL are derivative financial instruments (31 December 2017: Nil).

18 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2018	31 December 2017
Loans and advances to customers		
– Carried at amortised cost:	**184,920,415**	177,206,904
– Fair value through other comprehensive income	**7,717,647**	N/A
Less: Loan impairment allowance	**N/A**	(5,044,814)
Less: Losses on expected credit impairment	**(5,513,902)**	N/A
	187,124,160	172,162,090

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Loans and advances to customers

	30 June 2018	31 December 2017
Loans and advances to corporate entities – amortised cost		
– Corporate loans	**120,871,732**	109,780,133
– Discounted bills	**N/A**	4,802,366
Loans and advances to corporate entities – FVOCI		
– Discounted bills	**7,717,647**	N/A
Subtotal	**128,589,379**	114,582,499
Loans and advances to individuals		
– Individual consumption loans	**30,409,009**	30,024,576
– Mortgage loans	**19,028,138**	17,235,358
– Individual business loans	**10,123,311**	11,170,569
– Credit card advances	**4,488,225**	4,193,902
Subtotal	**64,048,683**	62,624,405
Total	**192,638,062**	177,206,904
Less: Impairment provision for portfolio loan	**N/A**	(3,917,468)
Impairment provision for personal loan	**N/A**	(1,127,346)
Losses on expected credit impairment	**(5,513,902)**	N/A
Total loan impairment allowance	**(5,513,902)**	(5,044,814)
Carrying amount	**187,124,160**	172,162,090

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements of ECL allowance

Corporate loans	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
1 January 2018 (Restated)	1,633,763	1,899,933	1,312,599	4,846,295
Provision for impairment	756,025	414,136	879,644	2,049,805
Reversal of impairment allowances	(560,026)	(391,904)	(338,277)	(1,290,207)
Write-off	–	–	(1,568,009)	(1,568,009)
Transfers:				
Transfer from Stage 1 to Stage 2	(55,926)	55,926	–	–
Transfer from Stage 1 to Stage 3	(40,802)	–	40,802	–
Transfer from Stage 2 to Stage 1	23,544	(23,544)	–	–
Transfer from Stage 2 to Stage 3	–	(445,457)	445,457	–
Transfer from Stage 3 to Stage 2	–	133,419	(133,419)	–
Transfer from Stage 3 to Stage 1	6,750	–	(6,750)	–
Recoveries of loans written-off in previous years	–	–	143,596	143,596
Unwind of discount	–	–	(54,226)	(54,226)
30 June 2018	**1,763,328**	**1,642,509**	**721,417**	**4,127,254**

Retail loans	Stage 1	Stage 2	Stage 3	
	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
1 January 2018 (Restated)	368,525	264,887	828,629	1,462,041
Provision for impairment	234,188	440,017	301,248	975,453
Reversal of impairment allowances	(210,169)	(246,966)	(426,901)	(884,036)
Write-off	–	–	(253,511)	(253,511)
Transfers:				
Transfer from Stage 1 to Stage 2	(32,930)	32,930	–	–
Transfer from Stage 1 to Stage 3	(4,183)	–	4,183	–
Transfer from Stage 2 to Stage 1	7,789	(7,789)	–	–
Transfer from Stage 2 to Stage 3	–	(43,830)	43,830	–
Transfer from Stage 3 to Stage 2	–	148,017	(148,017)	–
Transfer from Stage 3 to Stage 1	2,150	–	(2,150)	–
Recoveries of loans written-off in previous years	–	–	107,028	107,028
Unwind of discount	–	–	(20,327)	(20,327)
30 June 2018	**365,370**	**587,266**	**434,012**	**1,386,648**

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Movements of ECL allowance (Continued)

	For the year ended 31 December 2017	
Analysed collectively or individually	Collectively assessed	Individually assessed
Balance at beginning of the year	3,501,050	730,545
Impairment allowances for loans charged to profit or loss	970,173	2,213,935
Reversal of impairment allowances for loans	(553,755)	(278,112)
Net impairment allowances for loans charged to profit or loss	416,418	1,935,823
Unwind of discount on allowances during the period	–	(117,090)
Loans written off during the year as uncollectible	–	(1,673,174)
Recovery of written-off bad debt	–	251,242
Balance at end of the year	3,917,468	1,127,346

	For the year ended 31 December 2017	
Analysis based on corporate or retail loan	Corporate Loans	Retail Loans
Balance at beginning of the year	3,253,544	978,051
Impairment allowances for loans charged to profit or loss	1,990,170	1,193,938
Reversal of impairment allowances for loans	(222,248)	(609,619)
Net impairment allowances for loans charged to profit or loss	1,767,922	584,319
Unwind of discount on allowances during the year	(85,478)	(31,612)
Loans written off during the year as uncollectible	(1,441,399)	(231,775)
Recovery of written-off bad debt	228,733	22,509
Balance at end of the year	3,723,322	1,321,492

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) The composition of loans and advances to customers by industry or nature is analysed set out below

	30 June 2018		31 December 2017	
	Amount	**%**	Amount	%
Corporate loans – amortised cost				
Water conservation, environment and public facility administration	**33,682,455**	**26.19**	21,426,164	18.70
Leasing and commercial services	**18,699,319**	**14.54**	13,373,813	11.67
Manufacturing	**15,429,741**	**12.00**	15,544,339	13.57
Wholesale and retail	**13,100,983**	**10.19**	14,587,355	12.73
Construction	**10,652,199**	**8.28**	10,961,064	9.57
Real estate	**10,391,177**	**8.08**	13,997,831	12.22
Electricity, gas and water production and supply	**3,341,061**	**2.60**	3,319,765	2.90
Mining	**2,511,110**	**1.95**	2,710,914	2.37
Transportation, storage and postal service	**2,410,833**	**1.87**	2,075,708	1.81
Agriculture, forestry, animal husbandry and fishery	**2,269,257**	**1.76**	2,101,230	1.83
Health and social welfare	**2,169,518**	**1.69**	1,406,978	1.23
Household services and other services	**1,847,589**	**1.44**	2,832,632	2.47
Scientific research and technology services	**1,127,986**	**0.88**	1,044,204	0.91
Accommodation and catering	**1,056,837**	**0.82**	954,832	0.83
Education	**715,503**	**0.56**	768,353	0.67
Financing	**623,848**	**0.49**	90,446	0.08
Information transmission, software and information technology services	**485,766**	**0.38**	460,005	0.40
Culture, sports and entertainment	**356,550**	**0.28**	257,500	0.22
Public administration, social security and social organizations	**–**	**–**	1,867,000	1.63
Discounted bills	**N/A**	**N/A**	4,802,366	4.19
Corporate loans-FVOCI				
Discounted bills	**7,717,647**	**6.00**	N/A	N/A
Total corporate loans	**128,589,379**	**100.00**	114,582,499	100.00
Retail loans				
Personal consumption loans	**30,409,009**	**47.48**	30,024,576	47.94
Mortgage loans	**19,028,138**	**29.71**	17,235,358	27.52
Personal business loans	**10,123,311**	**15.80**	11,170,569	17.84
Credit card advances	**4,488,225**	**7.01**	4,193,902	6.70
Total retail loans	**64,048,683**	**100.00**	62,624,405	100.00
Gross amount of loans and advances	**192,638,062**		177,206,904	

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

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2018	31 December 2017
Collateralised loans	**68,107,986**	69,308,295
Guaranteed loans	**89,646,495**	75,927,183
Pledged loans	**16,217,353**	15,063,354
Unsecured loans	**18,666,228**	16,908,072
Total	**192,638,062**	177,206,904

(e) Credit quality of loans and advances to customers

	30 June 2018				
	Overdue within 90 days	**Overdue for 90 days – 1 year**	**Overdue for 1-3 years**	**Overdue for more than 3 years**	**Total**
Unsecured loans	**156,592**	**115,089**	**42,797**	**3,899**	**318,377**
Guaranteed loans	**1,796,669**	**645,111**	**169,810**	**857**	**2,612,447**
Collateralised loans	**1,415,796**	**514,521**	**413,146**	**21,733**	**2,365,196**
Pledged loans	**404,399**	**144,281**	**69,088**	**60,000**	**677,768**
Total	**3,773,456**	**1,419,002**	**694,841**	**86,489**	**5,973,788**

	31 December 2017				
	Overdue within 90 days	Overdue for 90 days – 1 year	Overdue for 1-3 years	Overdue for more than 3 years	Total
Unsecured loans	123,584	62,964	47,594	786	234,928
Guaranteed loans	1,831,973	804,272	504,457	684	3,141,386
Collateralised loans	1,933,125	1,292,887	800,974	58,910	4,085,896
Pledged loans	369,022	37,535	209,346	458	616,361
Total	4,257,704	2,197,658	1,562,371	60,838	8,078,571

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

19 INVESTMENT SECURITIES

	30 June 2018	31 December 2017
Investment securities – FVOCI		
Debt securities – measured at fair value		
– Listed outside Hong Kong	**6,284,989**	N/A
– Listed in Hong Kong	**2,395,466**	N/A
– Unlisted	**21,369,373**	N/A
	30,049,828	N/A
Equity securities – measured at fair value		
– Unlisted	**208,600**	N/A
Others	**14**	N/A
	30,258,442	N/A

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

	30 June 2018	31 December 2017
Debt securities – measured at fair value (unlisted)		
– Corporations debt	**17,836,528**	N/A
– Policy banks debt	**2,549,381**	N/A
– Commercial banks debt	**796,076**	N/A
– Governments debt	**187,388**	N/A
	21,369,373	N/A
Equity securities – measured at fair value		
– Equity investment	**208,600**	N/A
	21,577,973	N/A

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

19 INVESTMENT SECURITIES (Continued)

	30 June 2018	31 December 2017
Investment securities – AFS		
Debt securities – measured at fair value		
– Listed outside Hong Kong	**N/A**	8,090,966
– Listed in Hong Kong	**N/A**	64,726
– Unlisted	**N/A**	28,456,501
	N/A	36,612,193
Equity securities – measured at fair value		
– Listed outside Hong Kong	**N/A**	485,992
– Unlisted	**N/A**	8,600
	N/A	494,592
Others	**N/A**	14
	N/A	37,106,799
Investment securities – Amortised cost		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	**12,795,200**	N/A
– Unlisted	**68,996,985**	N/A
Less: ECL allowance	**(1,955,142)**	N/A
	79,837,043	N/A

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

	30 June 2018	31 December 2017
Debt securities – measured at amortised cost (unlisted)		
– Trust investment[(a)]	**24,625,951**	N/A
– Assets management plans[(b)]	**26,596,676**	N/A
– Bonds	**14,226,947**	N/A
– Others	**3,031,162**	N/A
– Wealth management products purchased from financial institutions	**516,249**	N/A
	68,996,985	N/A

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

19 INVESTMENT SECURITIES (Continued)

	30 June 2018	31 December 2017
Investment securities – Loans and receivables		
Debt securities – measured at amortised cost		
– Trust Investment[(a)]	**N/A**	34,532,649
– Assets management plans[(b)]	**N/A**	38,663,857
– Wealth management products purchased from financial institutions	**N/A**	22,920,801
– Local government bonds	**N/A**	5,707,900
Less: Impairment provision	**N/A**	(1,217,482)
	N/A	100,607,725
Investment securities – HTM		
Debt securities – measured at amortised cost		
– Listed outside Hong Kong	**N/A**	11,827,162
– Unlisted	**N/A**	9,185,213
	N/A	21,012,375

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

19 INVESTMENT SECURITIES (Continued)

The movements in ECL of investment securities are summarised set out below:

	Investment securities – FVOCI	Investment securities – Amortised cost			Total
	Stage 1 12-month ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
1 January 2018 (Restated)	**170,371**	**936,958**	**152,169**	**534,102**	**1,793,600**
Provision for impairment	**73,880**	**109,479**	**64,912**	**419,416**	**667,687**
Reversal of impairment allowances	**(134,662)**	**(141,614)**	**(28,182)**	**(92,098)**	**(396,556)**
30 June 2018	**109,589**	**904,823**	**188,899**	**861,420**	**2,064,731**

	Investment securities – Loans and receivables	Investment securities – AFS	Investment securities – HTM	Total
1 January 2017	799,831	–	–	799,831
Provision for impairment	657,996	–	–	657,996
Reversal of impairment allowances	(26,303)	–	–	(26,303)
Written-off	(214,042)	–	–	(214,042)
31 December 2017	1,217,482	–	–	1,217,482

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

19 INVESTMENT SECURITIES (Continued)

Investment securities analysed by issuer are set out below:

	30 June 2018	31 December 2017
Investment securities – FVOCI		
– Corporations	**26,516,983**	N/A
– Policy banks	**2,549,381**	N/A
– Commercial bank	**796,076**	N/A
– Equity investments measured at fair value	**208,600**	N/A
– Governments	**187,388**	N/A
– Others	**14**	N/A
	30,258,442	N/A
Investment securities – AFS		
– Corporations	**N/A**	28,932,697
– Fund companies	**N/A**	4,401,106
– Policy banks	**N/A**	2,985,313
– Equity investments measured at fair value	**N/A**	494,592
– Governments	**N/A**	181,394
– Trust companies	**N/A**	61,728
– Commercial bank	**N/A**	49,955
– Others	**N/A**	14
	N/A	37,106,799
Investment securities – Amortised cost		
– Trust companies	**24,625,951**	N/A
– Governments	**23,740,839**	N/A
– Securities Company	**13,936,414**	N/A
– Assets Management Company	**13,161,424**	N/A
– Corporations	**2,560,000**	N/A
– Policy banks	**3,131,308**	N/A
– Commercial bank	**636,249**	N/A
Less: ECL allowance	**(1,955,142)**	N/A
	79,837,043	N/A
Investment securities – HTM		
– Governments	**N/A**	17,450,368
– Policy banks	**N/A**	3,182,007
– Commercial bank	**N/A**	350,000
– Corporations	**N/A**	30,000
	N/A	21,012,375

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

19 INVESTMENT SECURITIES (Continued)

Investment securities analysed by issuer are set out below (Continued):

	30 June 2018	31 December 2017
Investment securities – Loans and receivables		
– Trust companies	N/A	32,052,648
– Commercial bank	N/A	25,220,801
– Securities Company	N/A	24,702,954
– Assets Management Company	N/A	14,140,904
– Governments	N/A	5,707,900
Less: Impairment allowance	N/A	(1,217,482)
	N/A	100,607,725

(a) Trust investments

	30 June 2018	31 December 2017
Purchase from trust companies		
– Guaranteed by the third parties	11,725,337	17,461,258
– Assets secured as collateral	10,747,616	12,308,243
– Unsecured	1,752,998	2,058,048
– Pledged deposits	–	280,100
– Guaranteed by guarantee company	–	125,000
	24,225,951	32,232,649
Purchase form other commercial banks		
– Guaranteed by Banks	400,000	2,300,000
	24,625,951	34,532,649

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

19 INVESTMENT SECURITIES (Continued)

(b) Directional asset management plans

	30 June 2018	31 December 2017
Purchase from Securities Companies		
– Unsecured	**7,103,252**	8,584,703
– Guaranteed by the third parties.	**4,262,000**	14,538,250
– Assets secured as collateral	**1,870,000**	1,880,000
– Pledged deposits	**200,000**	200,000
	13,435,252	25,202,953
Purchase form Assets Management Company		
– Unsecured	**9,222,424**	9,848,688
– Guaranteed by the third parties.	**3,840,000**	3,250,000
– Guaranteed by guarantee company	**90,000**	–
– Guaranteed by Fund Company	**9,000**	362,216
	13,161,424	13,460,904
	26,596,676	38,663,857

20 INVESTMENT IN ASSOCIATES

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Balance at the beginning of the period/year	**1,113,146**	238,394
Additional investment in associates	**–**	696,374
Share of profit of associates	**94,978**	178,378
Balance at the end of the period/year	**1,208,124**	1,113,146

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

20 INVESTMENT IN ASSOCIATES (Continued)

As at 5 May 2011, the Group invested RMB22,000 thousand in Xingyi Wanfeng Village Bank Co., Ltd. ('Xingyi Wanfeng'), and held 20% of equity interest of RMB110,000 thousand registered capital.

As at 15 June 2015, the Group invested RMB54,000 thousand in Mashang Consumer Finance Co., Ltd. ('Mashang Finance') and appointed a director to board. As at 14 August 2016, the Group increased the investment to RMB205,270 thousand accounting for 15.79% of equity interest of RMB1.3 billion registered capital. On 13 July 2017, the registered capital of Mashang Finance was increased to RMB2,210,294 thousand. The Group continued to make an additional investment to RMB338,346 thousand, accounting for 15.31% of total registered capital.

Pursuant to the resolution of board meeting of Chongqing Three Gorges Bank Co., Ltd. ('Three Gorges Bank') on 21 April 2017, the Group appointed a director to board of Three Gorges Bank that day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The investment of the Group amounted to RMB379,024 thousand accounting for 4.97% of equity interest of RMB4,846,935 thousand registered capital.

The investment in associates of the Group is the ordinary shares of unlisted companies. Assets, liabilities, revenue and profit of the associates are set out below:

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Shareholding
As at 30 June 2018						
Xingyi Wanfeng	**PRC**	**1,444,036**	**1,308,310**	**30,587**	**(14,599)**	**20.00%**
Mashang Finance	**PRC**	**34,821,030**	**29,986,111**	**4,106,506**	**365,853**	**15.31%**
Three Gorges Bank	**PRC**	**182,516,182**	**168,277,501**	**2,026,183**	**891,736**	**4.97%**
As at 31 December 2017						
Xingyi Wanfeng	PRC	1,518,537	1,369,588	81,030	(15,682)	20.00%
Mashang Finance	PRC	31,800,455	29,019,064	4,667,970	577,665	15.31%
Three Gorges Bank	PRC	202,479,206	189,179,685	4,099,458	1,923,054	4.97%

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

21 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2018	**2,809,451**	**17,433**	**408,638**	**136,597**	**356,440**	**3,728,559**
Additions	**11,346**	**–**	**26,274**	**4,386**	**161,643**	**203,649**
Construction in progress transfer in/(out)	**(55,275)**	**–**	**–**	**–**	**55,275**	**–**
Disposals	**–**	**–**	**(9,489)**	**(6,958)**	**–**	**(16,447)**
Transfer to held-for-sale assets	**(29,684)**	**–**	**–**	**–**	**–**	**(29,684)**
As at 30 June 2018	**2,735,838**	**17,433**	**425,423**	**134,025**	**573,358**	**3,886,077**
Accumulated depreciation						
As at 1 January 2018	**(477,559)**	**(15,739)**	**(270,336)**	**(98,668)**	**–**	**(862,302)**
Depreciation in the period (Note 9)	**(42,288)**	**(214)**	**(23,792)**	**(6,498)**	**–**	**(72,792)**
Disposals	**–**	**–**	**9,205**	**6,233**	**–**	**15,438**
Transfer to held-for-sale assets	**16,262**	**–**	**–**	**–**	**–**	**16,262**
As at 30 June 2018	**(503,585)**	**(15,953)**	**(284,923)**	**(98,933)**	**–**	**(903,394)**
Net book value						
As at 30 June 2018	**2,232,253**	**1,480**	**140,500**	**35,092**	**573,358**	**2,982,683**
Cost						
As at 1 January 2017	2,096,422	18,923	359,471	122,171	849,443	3,446,430
Additions	51,291	981	65,285	22,107	167,770	307,434
Construction in progress transfer in/(out)	660,563	–	–	–	(660,563)	–
Transfer from investment properties	1,638	–	–	–	–	1,638
Disposals	(463)	(2,471)	(16,118)	(7,681)	–	(26,733)
Transfer to amortisation of long-term prepaid expenses	–	–	–	–	(210)	(210)
As at 31 December 2017	2,809,451	17,433	408,638	136,597	356,440	3,728,559
Accumulated depreciation						
As at 1 January 2017	(408,644)	(17,436)	(242,636)	(86,478)	–	(755,194)
Depreciation in the period	(68,535)	(700)	(41,692)	(14,467)	–	(125,394)
Transfer from investment properties	(694)	–	–	–	–	(694)
Disposals	314	2,397	13,992	2,277	–	18,980
As at 31 December 2017	(477,559)	(15,739)	(270,336)	(98,668)	–	(862,302)
Net book value						
As at 31 December 2017	2,331,892	1,694	138,302	37,929	356,440	2,866,257

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

22 OTHER ASSETS

	30 June 2018	31 December 2017
Interest receivable[(a)]	**3,077,288**	3,234,293
Other receivables	**966,788**	796,343
Less: Impairment allowances	**(8,064)**	(10,731)
Fee and commission receivable	**451,592**	493,421
Land use rights[(b)]	**145,636**	147,984
Intangible assets[(c)]	**89,586**	100,195
Leasehold improvement	**31,790**	39,414
Prepaid rental expenses	**27,839**	33,580
Foreclosed assets	**16,346**	15,548
Settlement fund	**523,406**	671
Investment properties[(d)]	**1,863**	1,933
Held for sale assets	**13,477**	512
Continuing involvement in transferred assets	**229,425**	229,414
Other	**–**	1,378
	5,566,972	5,083,955

(a) Interest receivable

	30 June 2018	31 December 2017
Due from and placements with central bank,other banks and financial institutions	**158,070**	138,208
Investment securities	**2,120,965**	2,357,431
Loans and advances to customers	**798,253**	738,654
	3,077,288	3,234,293

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

22 OTHER ASSETS (Continued)

(b) *Land use rights*

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Cost		
Balance at the beginning and the end of the period/year	**187,445**	194,165
Disposals	**–**	(6,720)
Balance at the end of the period/year	**187,445**	187,445
Accumulated amortisation		
Balance at the beginning of the period/year	**(39,461)**	(35,845)
Amortisation for the year (Note 9)	**(2,348)**	(4,705)
Transfer-out	**–**	1,089
Balance at the end of the period/year	**(41,809)**	(39,461)
Net book value		
Balance at the end of the period/year	**145,636**	147,984

(c) *Intangible assets*

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Cost		
Balance at the beginning of the period/year	**236,062**	180,983
Additions	**5,760**	55,079
Disposal	**(69)**	–
Balance at the end of the period/year	**241,753**	236,062
Accumulated amortisation		
Balance at the beginning of the period/year	**(135,867)**	(106,970)
Amortisation for the year (Note 9)	**(16,369)**	(28,897)
Disposal	**69**	–
Balance at the end of the period/year	**(152,167)**	(135,867)
Net book value		
Balance at the end of the period/year	**89,586**	100,195

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

22 OTHER ASSETS (Continued)

(d) Investment properties

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Cost		
Balance at the end of the year	**4,335**	4,335
Accumulated depreciation		
Balance at the beginning of the period/year	**(2,402)**	(5,465)
Depreciation charged for the year (Note 9)	**(70)**	(307)
Transfer-out	**–**	3,370
Balance at the end of the period/year	**(2,472)**	(2,402)
Net book value		
Balance at the end of the period/year	**1,863**	1,933

23 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2018	31 December 2017
Loans from central bank	**2,946,789**	1,745,881
Deposits from other banks	**23,692,187**	36,832,862
Deposits from other financial institutions	**2,491,916**	5,098,009
Securities sold under repurchase agreements	**9,514,200**	5,994,500
Notes sold under repurchase agreements	**4,538,279**	–
Loans from other banks and financial institutions	**11,022,490**	6,100,000
	54,205,861	55,771,252

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

24 CUSTOMER DEPOSITS

	30 June 2018	31 December 2017
Corporate time deposits	**75,847,328**	83,239,393
Corporate demand deposits	**82,177,117**	69,460,773
Individual time deposits	**65,133,216**	57,445,728
Individual demand deposits	**10,382,118**	10,275,560
Other deposits	**17,774,611**	18,283,224
	251,314,390	238,704,678
Including:		
Pledged deposits held as collateral	**9,507,220**	6,601,609

25 DEBT SECURITIES ISSUED

	30 June 2018	31 December 2017
Subordinated debts		
Fixed rate Tier II capital debt – 2026[a]	**1,497,501**	1,497,390
Fixed rate Tier II capital debt – 2027[b]	**5,996,522**	5,996,454
Financial debts		
Fixed rate financial debt – 2018[c]	**–**	2,999,074
Fixed rate financial debt – 2021[d]	**2,994,519**	–
Inter-bank certificates of deposit[e]	**78,535,300**	78,234,412
	89,023,842	88,727,330

(a) 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 II Capital Bonds (Yu Yin Jian Fu [2015] No. 107) by the CBRC Chongqing Bureau on 21 September 2015, the Group issued RMB1.5 billion Tier II capital bonds within the domestic inter-bank bond market of China on 19 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 Group has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

(b) Pursuant to a resolution at the general meeting passed on 17 June 2016 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Jian Fu [2016] No. 162) by the CBRC Chongqing Bureau on 30 November 2016, the Group issued RMB6 billion Tier II capital bonds within the domestic inter-bank bond market of China on 20 March 2017. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity, payable annually. The Group has the option to exercise the redemption right to redeem all of the bonds at the par value on 21 March 2022.

The debt has the write-down characteristics of the tier II capital instrument. When the supervised trigger events which are appointed in the issuing document occur, the Group has the right to write down the principal of the debt and any accumulated interest payables will not be paid as well. According to the related regulations issued by the CBIRC, the tier II capital debt meets the standards of the qualified tier II capital instrument.

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

25 DEBT SECURITIES ISSUED (Continued)

(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 Group 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. The Group decided to redeem the bond on 25 April 2018.

(d) Pursuant to a resolution at the general meeting passed on 21 July 2017 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Jian Fu [2017] No. 156) by the CBRC Chongqing Bureau on 3 November 2017, the Group issued RMB3 billion Innovation-and-entrepreneurship-themed bonds within the domestic inter-bank bond market of China on 8 June 2018. Such subordinated bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised are used for loans to Innovation-and-entrepreneurship-themed enterprises.

(e) For the six months ended 30 June 2018, the Group issued 112 inter-bank certificates of deposit at discounts with maturities from one month to one year. As at 30 June 2018, 122 items of them are not yet due with a total par value of RMB80 billion(as at 31 December 2017:124 inter-bank certificates with a total par value of 79.8 billion).

For the six months ended 30 June 2018, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuance (for the year ended 31 December 2017: nil).

26 OTHER LIABILITIES

	30 June 2018	31 December 2017
Interest payable[(a)]	**2,996,066**	2,906,494
Clearing funds for unsecured wealth management products	**2,222,710**	1,697,837
Dividends payable	**388,106**	19,438
Other payables	**746,370**	892,339
Employee benefits payable	**365,880**	452,348
Value-added tax and other taxes payable	**251,614**	181,880
Deferred income	**263,288**	213,282
Liquidation	**363,664**	–
Promissory notes issued	**41**	50,042
Continuing involvement in transferred liabilities	**229,425**	229,414
Provisions	**163,208**	–
Others	**100,828**	98,264
	8,091,200	6,741,338

(a) Interest payable

	30 June 2018	31 December 2017
Customer deposits	**2,570,542**	2,068,194
Deposits from other banks and financial institutions	**314,663**	457,792
Debt securities issued	**110,861**	380,508
Total	**2,996,066**	2,906,494

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

27 DEFERRED INCOME TAX

The movements in the deferred income tax account are set out below:

	For the six months ended 30 June 2018	For the year ended 31 December 2017
Balance at beginning of the period/year	**1,380,953**	1,005,271
Impact of first adoption of IFRS 9 on opening balance	**491,243**	N/A
Restated Balance at beginning of the period/year	**1,872,196**	N/A
27 Amounts recognised in income tax expenses (Note 12)	**(160,492)**	180,154
Changes in fair value of AFS financial assets	**N/A**	195,528
Changes in fair value of financial assets at FVOCI	**16,034**	N/A
Changes in ECL of financial assets at FVOCI	**13,572**	N/A
Balance at end of the period/year	**1,741,310**	1,380,953

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

	30 June 2018	31 December 2017
Deferred income tax assets		
Provision for asset impairment	**1,555,778**	1,193,434
Losses on changes in fair value of financial assets at FVPL	**189**	–
Losses on changes in fair value of financial assets at FVOCI	**133,550**	N/A
Losses on changes in fair value of AFS financial assets	**N/A**	117,833
Others	**168,981**	163,254
	1,858,498	1,474,521
Deferred income tax liabilities		
Gains on changes in fair value of FVPL	**–**	(124)
Profit and loss adjustments of associates	**(117,188)**	(93,444)
	(117,188)	(93,568)
Net deferred income tax assets	**1,741,310**	1,380,953

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

27 DEFERRED INCOME TAX (Continued)

Deferred income taxes recognised in other comprehensive income include temporary differences set out below:

	Six months ended 30 June	
	2018	2017
Provision for asset impairment	**(102,013)**	104,777
Changes in fair value	**(40,462)**	2,033
Profit and loss adjustments of associates	**(23,744)**	(60,009)
Others	**5,727**	(60,878)
	(160,492)	(14,077)

28 RETIREMENT BENEFIT OBLIGATIONS

The Group provides supplementary retirement benefits to employees in Mainland China who retired before 30 June 2011. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Group is committed to 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 Group'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 Group voluntarily participate in an annuity plan set up by the Group in accordance with state's corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary in previous year, which is recognised in the statement of comprehensive income.

	For the six months ended 30 June	
	2018	2017
Expenses incurred for retirement benefit plan	**56,724**	53,075
Expenses incurred for supplementary retirement benefits	**375**	440
Expenses incurred for corporate annuity plan	**13,740**	21,031
Total (Note 10)	**70,839**	74,546

Supplementary retirement benefits

	30 June 2018	31 December 2017
Consolidated statement of financial position obligations for:		
– Pension benefits	**22,549**	20,659

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

28 RETIREMENT BENEFIT OBLIGATIONS (Continued)

	For the six months ended 30 June	
	2018	2017
Statement of comprehensive income charge for:		
– Retirement benefits	**375**	440

The amounts recognised in the statement of financial position are determined set out below:

	30 June 2018	31 December 2017
Present value of unfunded obligations	**22,549**	20,659
Unrecognised past service cost	**–**	–
Net liabilities in the statement of financial position	**22,549**	20,659

29 SHARE CAPITAL

All shares of the Bank issued are fully paid common shares. The par value per share is RMB1 Yuan. The number of Group's shares is set out below:

	Number of shares (in thousand)	Amount
As at 30 June 2018 and 31 December 2017	3,127,055	3,127,055

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

30 PREFERENCE SHARES

(1) Preference shares outstanding at the end of the period

	Issue date	Dividend rate	Issue price in original currency (in USD)	Amount in shares	In original currency (USD, in thousand)	In RMB (in thousand)	Maturity	Conversion
Offshore preference share	20 December 2017	The initial dividends rate is 5.40%, which is subject to the reset based on the agreement in the duration, and shall not be higher than 16.21% per annum at any time.	20	37,500,000	750,000	4,909,307	No maturity date	No conversion during the period

(2) Movement of preference shares issued

	31 December 2017	Increase in the current period	Decrease in the current period	**30 June 2018**
Amount in shares	37,500,000	–	–	**37,500,000**
Book value (in thousand)	4,909,307	–	–	**4,909,307**

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Amount in shares	–	37,500,000	–	37,500,000
Book value (in thousand)	–	4,909,307	–	4,909,307

(3) Main clauses

(a) Dividend

The offshore preference shares will accrue dividends on their liquidation priority amount at the relevant dividend rate below:

(1) From and including the issue date to but excluding the first reset date, at the initial dividend rate; and

(2) Hereafter, from and including the first reset date and every subsequent reset date to the next reset date (exclusive), at the relevant reset dividend rate; provided that the dividend rate shall not be higher than 16.21% per annum at any time, that is, the annualised weighted average return on net assets of the Bank's recent two accounting years before the issue date (recognised in accordance with Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (revised in 2010) and calculated by amounts attributable to ordinary shareholders.

30 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(b) Conditions to distribution of dividends

The Bank could pay dividends to the offshore preference shareholders while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. The Bank may distribute dividends after announcing the resolution of dividends distribution by Board of Directors according to the Articles of Association of the Bank.

Subject to resolutions to be passed at a shareholders' general meeting of the Bank on each occasion, the Bank is entitled to cancel all or a portion of the dividends planned to distribute at interest date through terms and conditions. The Bank has the right to dispose the capital obtained from cancelling dividends distribution to pay other due debts. Except as provided in the terms and conditions, the offshore preference shareholders are not entitled to hold, attend or vote at such shareholders' general meeting.

When the resolution on cancelling the dividends for offshore preference shares partially or entirely passed at the shareholders' general meeting, the Bank shall deliver the forementioned notice to the offshore preference shareholders and financial agents at earliest possible and, at the latest, prior to 10 working days before corresponding dividends date (subject to terms and conditions). However, the Bank's dividends cancelled partially or entirely remain unchanged without delivering such notice, which does not constitute a breach of contract.

If the determination to cancel dividends for offshore preference shares during the year partially or entirely passed at the shareholders' general meeting, the Bank has no obligation for dividend distribution or any distribution to ordinary shares or those ranking after or specified as subsequent to offshore preference shares.

(c) Conversion

Upon occurrence of any triggering events, the Bank shall (report to and obtain CBRC approval with no need of preference shareholders and ordinary shareholders' approval):

(1) cancel dividends accrued but undistributed for relevant loss absorbing amount as of the conversion date (inclusive), and

(2) convert offshore preference shares in whole or in part irrevocably and mandatorily into corresponding H Shares at conversion date. The quantity of such H Shares equals (i) relevant loss absorbing amount held by offshore preference shareholders (as converted into Hong Kong dollars at the fixed exchange rate of USD1.00 to HKD7.7628) divided by (ii) effective conversion price. And round down to the nearest H-share integer number (to the extent permitted by applicable laws and regulations) (those conversions into H shares are referred to as 'conversions', 'Converted shares' have corresponding meanings). Any non-complete shares of less than one H share generated from the conversion will not be issued and will not be replaced by any cash payment or other adjustments.

The triggering events above refer to other tier 1 capital instruments triggering event or unable to survive triggering event (whichever is applicable). Other tier 1 capital instrument triggering event refers to adequacy of core tier 1 capital reduced to 5.125% (or below). Unable to survive triggering event refers to the earlier of the following: (i) CBRC identifies that the Bank is unable to survive if conversion or write-down is not carried out; and (ii) Relevant departments identify that the Bank is unable to survive if capital is not injected by the public departments or equally authentic support is not provided.

30 PREFERENCE SHARES (Continued)

(3) Main clauses (Continued)

(d) Order of distribution and liquidation method

On winding-up of the Bank, distribution to offshore preference shareholders is made in order set out below:

(1) After all debts of the Bank (including subordinated debts) and obligations that are issued or guaranteed by the Bank and specifically stated to be distributed prior to the offshore preference shares;

(2) All offshore preference shareholders are ranked the same in the distribution sequence without priority among them and have the same repayment sequence rights as holders of obligations with equivalent rights. In addition,

(3) Distribution is made to offshore preference shareholders prior to ordinary shareholders.

On winding-up of the Bank, the property will be paid in the following order:

(i) the liquidation costs

(ii) the staff costs, social insurance costs and statutory compensation;

(iii) the personal savings deposit principal and its legal interest

(iv) the taxes payable; and

(v) the debts of the Bank

On liquidation of the Bank, after being allocated in accordance with paragraphs (i) to (v), any remaining property of the Bank shall be used to settle claims raised by offshore preference shareholders. The offshore preference shareholders shall share in the same proportion and in all aspects with holders who have equal obligation and repayment sequence and in priority to the claims of the holders of ordinary shares. On liquidation of the Bank, for each of the offshore preference share, the amounts of the offshore preference shareholders obtained from each offshore preference share are equal to the liquidation priority amounts of the offshore preference shares plus the dividends declared but not yet paid in the current interest period of the offshore preference shares.

If the remaining assets of the Bank are insufficient to cover the offshore preference shares and all payables with equal repayment sequence in the liquidation, the offshore preference shareholders and the holders of such obligations with the equal repayment sequence will prorate the remaining assets of the Bank (if any) in accordance with the total amount they are entitled to.

(e) Redemption

After obtaining CBRC's approval while satisfying the terms and conditions on preconditions for dividend payment and redemption, the Bank is entitled to redeem all or part of the offshore preference shares on the first replacement price date and any subsequent interest payment dates after notifying the offshore preference shareholders and financial agents at least 30 days in advance, but not exceeding 60 days. The redemption price of the offshore preference shares equals to the liquidation priority amount of the offshore preference shares plus the total amount of dividends declared but not yet paid from the previous payment date (inclusive) to the planned redemption date (exclusive).

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

31 CAPITAL RESERVE

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

(a) Share premium arising from the issue of shares at prices in excess of their par value;

(b) Donations received from shareholders; and

(c) Any other items required by the PRC regulations to be so treated.

Capital reserve can be 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 2018 and 31 December 2017, the Group's capital surplus was shown set out below:

	30 June 2018	31 December 2017
Share premium	**4,679,838**	4,679,838
Donations received from shareholders	**800**	800
	4,680,638	4,680,638

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

32 OTHER RESERVES

	Discretionary reserve[(a)]	General reserve[(b)]	Revaluation reserve of equity instruments at fair value through other comprehensive income	Revaluation reserve of debt instruments at fair value through other comprehensive income	Impairment provisions for financial assets at fair value through other comprehensive income	Revaluation of retirement pension benefits	Total
Balance at 1 January 2018	2,245,019	4,747,365	–	(353,322)	–	(1,414)	6,637,648
Changes from first adoption of IFRS 9	–	–	–	949	143,815	–	144,764
Balance at 1 January 2018 (restated)	2,245,019	4,747,365	–	(352,373)	143,815	(1,414)	6,782,412
Other comprehensive income	–	–	150,000	(198,100)	(40,719)	(1,871)	(90,690)
Appropriation reserve	–	619,378	–	–	–	–	619,378
Balance at 30 June 2018	2,245,019	5,366,743	150,000	(550,473)	103,096	(3,285)	7,311,100

	Discretionary reserve[(a)]	General reserve[(b)]	Revaluation reserve of equity instruments for AFS securities	Revaluation reserve of debt instruments for AFS securities	Revaluation of retirement pension benefits	Total
Balance at 1 January 2017	1,872,431	4,042,421	141,780	91,482	(2,467)	6,145,647
Other comprehensive income	–	–	(141,780)	(444,804)	1,053	(585,531)
Appropriation reserve	372,588	704,944	–	–	–	1,077,532
Balance at 31 December 2017	2,245,019	4,747,365	–	(353,322)	(1,414)	6,637,648

(a) *Surplus reserve*

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

The Group's statutory reserve as at 30 June 2018 amounted to RMB2,245,019 thousand (as at 31 December 2017: RMB2,245,019 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 ending 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 recommended appropriation of a general reserve of RMB619,378 thousand based on 1.5% of the balance of risk assets as at 31 December 2017, which has been approved at the Annual General Meeting of Shareholders on 25 May 2018. For the six months ended 30 June 2018, the Group appropriated a general reserve of RMB619,378 thousand from undistributed profits (for the six months ended 30 June 2017: RMB690,895 thousand). As at 30 June 2018, the ending balance of general reserve is RMB5,366,743 thousand (as at 31 December 2017: RMB4,747,365 thousand).

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

33 DIVIDENDS

	For the six months ended 30 June	
	2018	2017
Dividends declared during the year	**368,992**	909,973
Dividend per share (in RMB yuan) (Based on prior year shares)	**0.118**	0.291

Under the Company Law of the People's Republic of China and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory 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 surplus reserve of 10% of the net profit of the Bank.

In accordance with the relevant regulations, after the Bank's initial public offering, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the 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 RMB0.118 per share in respect of profit for the year ended 31 December 2017 (2016: RMB0.291 per share), amounting to a total dividend of RMB368,992 thousand based on the number of shares issued as at 31 December 2017, was approved at the Annual General Meeting on 25 May 2018.

34 STRUCTURED ENTITY

(a) Consolidated structured entity

The Group has consolidated certain structured entities which mainly are wealth management products where the Group provides financial guarantee. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, 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 Group provides financial guarantee, the Group therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements although the Group does not have any investment in those products. The Group concludes that these structured entities shall be consolidated.

As at 30 June 2018, the wealth management products managed and consolidated by the Group amounted to RMB7,363,890 thousand (as at 31 December 2017: RMB13,165,158 thousand). The financial impact of any individual wealth management products on the Group's financial performance is not significant. Interests held by other interest holders are included in customer deposits and due to other banks and financial institutions.

34 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity

(i) Unconsolidated structured entities managed by the Group

The unconsolidated structure entities managed by the Group were mainly wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Group gained from investment. The Group received corresponding wealth management commission fee income as the asset manager.

As at 30 June 2018, the balance of the unconsolidated wealth management product issued and managed by the Group was RMB56,407,928 thousand (as at 31 December 2017: RMB53,578,777 thousand). For the six months ended 30 June 2018, the Group has recognised net commission income from unsecured wealth management products with the amount of RMB278,763 thousand through provision of asset management service (for the six months ended 30 June 2017: RMB390,582 thousand).

The Group expects that the variable return is insignificant as to the structured entities. By the end of 30 June 2018 and 31 December 2017, the maximum risk exposure of the unconsolidated structured entities is fee income of those wealth management products, which is insignificant. For the six months ended 30 June 2018, the Group has not provided any liquidity support to the wealth management products during the year.

(ii) Unconsolidated structured entities invested by the Group

In order to make better use of capital for profit, the unconsolidated structured entities invested by the Group for the six months ended 30 June 2018 mainly included the wealth management products, trust schemes and directed asset management plans issued and managed by third parties. The Group classified the unconsolidated structured entities as loans and receivables.

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

34 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Group (Continued)

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).

30 June 2018	**Book value**	**Maximum risk exposure**
Financial assets at FVPL	**25,993,317**	**25,993,317**
Investment securities – financial assets measured at amortised cost	**52,833,775**	**52,833,775**
	78,827,092	**78,827,092**

31 December 2017	Book value	Maximum risk exposure
Investment securities – Loans and receivables	95,601,296	95,601,296

For the six months ended 30 June 2018 and 30 June 2017, the interest income and fee and commission income from the above unconsolidated structured entities were:

	For the six months ended 30 June	
	2018	2017
Interest Income	**1,620,988**	2,460,777
Investment income	**790,357**	N/A
Fee and Commission Income	**416,006**	581,249
	2,827,351	3,042,026

The market information of total size of the unconsolidated structured entities listed above is not readily available from the public.

For the six months ended 30 June 2018, there was no related loss from the above unconsolidated structured entities (for the six months ended 30 June 2017: nil).

For the six months ended 30 June 2018, the Group had not provided any financial or other support plan for unconsolidated structured entities (for the six months ended 30 June 2017: nil).

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

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

Financial guarantees and credit related commitments

The following tables indicate the contractual amounts of the Group's financial guarantees and credit related commitments which the Group has committed to customers:

	30 June 2018	31 December 2017
Acceptances	**14,008,212**	13,510,911
Letters of credit	**7,922,272**	6,204,635
Guarantees	**4,367,548**	4,630,967
Other commitments with an original maturity of		
– Within 1 year	**3,103,875**	3,095,169
– Over 1 year	**60,297**	63,024
	29,462,204	27,504,706

Capital expenditure commitments

	30 June 2018	31 December 2017
Contracted but not provided for:		
– Capital expenditure commitments for buildings	**158,032**	181,699
– Acquisition of IT system	**211,241**	142,093
	369,273	323,792

Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases in respect of buildings are set out below:

	30 June 2018	31 December 2017
Within 1 year	**40,422**	42,949
1 year to 5 years	**91,182**	88,803
Over 5 years	**20,963**	25,255
	152,567	157,007

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

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

External investment commitment

According to the capital increase and subscription agreement signed with Mashang Finance, on 8 June 2018, the Group promised to subscribe for 282,853,410 ordinary shares out of the total additional 1,789,706,347 shares to be issued by the Mashang Finance in cash, with a total subscription price of RMB316,795 thousand. Up to 30 June 2018, the Group had not made the payment yet.

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 30 June 2018, the Group had 20 outstanding legal claim amounting to RMB278,437 thousand (as at 31 December 2017: the Group had 16 outstanding legal claim amounting to RMB281,358 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

36 COLLATERAL

(a) Asset pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are set out below:

	30 June 2018	31 December 2017
Debt securities	**9,514,200**	5,994,500
Notes held under resale agreements	**4,549,707**	–
Total	**14,063,907**	5,994,500

The carrying amounts of loans pledged as collateral under refinance agreements and standing lending facility with central bank are set out below:

	30 June 2018	31 December 2017
Loans	**2,483,493**	2,483,493
Debt securities	**1,000,000**	–
Total	**3,483,493**	2,483,493

As at 30 June 2018, repurchase agreements, refinance agreements and standing lending facility are primarily due within 12 months from the effective dates of these agreements (as at 31 December 2017: due within 12 months).

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

36 COLLATERAL (Continued)

(b) Collateral accepted

The Group 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 2018, the Group has accepted collateral that can be resold or re-pledged with a carrying amount of RMB29,931,775 thousand (as at 31 December 2017: RMB17,995,796 thousand). The Group has RMB14,063,907 thousand re-pledged collateral which has to be returned upon maturity as at 30 June 2018 (as at 31 December 2017: RMB5,994,500 thousand).

37 OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	Before tax amount	**Income tax**	**Net of tax amount**
For the six months ended 30 June 2018			
Items that may be reclassified subsequently to profit or loss:			
Net gains on debt instruments measured at FVOCI	**(327,851)**	**81,963**	**(245,888)**
Net profit or loss from disposal of financial assets measured at FVOCI that are reclassified into profit or loss	**9,425**	**(2,356)**	**7,069**
Items that will not be reclassified subsequently to profit or loss:			
Net gains on debt instruments measured at FVOCI	**200,000**	**(50,000)**	**150,000**
Revaluation of retirement benefit plans	**(2,495)**	**624**	**(1,871)**
Other comprehensive income for the period	**(120,921)**	**30,231**	**(90,690)**
For the six months ended 30 June 2017			
Items that may be reclassified subsequently to profit or loss:			
Revaluation reserve for AFS recognised in other comprehensive income	(417,379)	69,793	(347,586)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefits	948	(237)	711
Other comprehensive income for the period	(416,431)	69,556	(346,875)

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

38 NOTES TO THE OF CASH FLOW STATEMENT

For the purposes of the cash flow statements, 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 2018	30 June 2017
Cash and balances with central bank	**11,219,421**	8,459,840
Deposits with other banks and financial institutions	**9,511,273**	19,949,227
Placements with banks	**2,992,688**	1,185,520
	23,723,382	29,594,587

39 FINANCIAL ASSETS TRANSFER

(a) Package disposal of loans and advances

For the six months ended 30 June 2018, the Group disposed of packaged loans to the third parties with a gross amount of RMB192,211 thousand (2017: RMB2,252,777 thousand) and collected cash totalling RMB192,211 thousand (2017: RMB1,214,764 thousand). As June 30 2018 the amount of RMB190,211 has not collected there will be collect by four years. The Group derecognised these loans accordingly.

(b) Asset securitisation

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors.

The Group may retain interests in the form of subordinated tranches which may give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the condensed consolidated interim financial statement to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets.

As at 30 June 2018, assets continuously recognized by the Group and the Bank amounted to RMB229,425 thousand have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets in the form of holding subordinated tranches. (as at 31 December 2017: RMB229,414 thousand).

As at 30 June 2018, unmatured securitised loans amounted to an original value of RMB5,203,226 thousand and a carrying amount of RMB3,543,475 thousand (as at 31 December 2017: RMB2,340,962 thousand and RMB2,314,744 thousand). Including, the Group disposed of non-performing loans with a carrying amount of RMB2,862,264 thousand (as at 31 December 2017: nil), the Group derecognised these loans accordingly.

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

40 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

The Group has no control over or controlled by any related parties or joint ventures during the reporting period.

The related parties of the Group mainly include: the major shareholders who have 5% or more shares of the Group as well as the entities controlled by them, the Group's associates, the key management personnel (including the directors, supervisors and senior management) and their family members who have close relationships with them as well as the entities which are controlled, joint controlled or can be significantly influenced by the key management personnel or their family members, and the entities in which the key management personnel or their close family members act as directors or senior management except the Group.

(b) Related party transactions and balances

Transactions and balances with associates

Transactions between the Group and its associates are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions conducted between the Group and non-related companies outside the Group. In the ordinary course of the business, material transactions that the Group entered into with associates are set out below:

Transactions amounts:

	For the six months ended 30 June	
	2018	2017
Interest income	**25,356**	14,006
Interest expense	**1**	5

Balances at the end of the reporting period:

	30 June 2018	31 December 2017
Placements with other banks	**500,000**	300,000
Due to other banks and financial institutions	**2,651**	521

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

40 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances (Continued)

Related party transactions and balances (besides associates)

The main transactions between the Group 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 (besides associates) at the end of reporting period are set out below:

	30 June 2018	31 December 2017
Placements with other banks and financial institutions	**200,000**	–
Loans and advances to customers	**106,784**	117,934
Financial assets at fair value through other comprehensive income	**540,000**	–
Due to other banks and financial institutions	**163,193**	228,193
Other receivables	**16,063**	488,798
Customer deposits	**656,897**	1,022,428
Bank acceptance	**16,375**	–

	30 June 2018	31 December 2017
Loans and advances to customers	**4.13%-5.66%**	4.17%-5.66%
Due to other banks and financial institutions	**0.385%**	0.385%-5%
Customer deposits	**0.385%-3.575%**	0.385%-3.575%
Bond investment	**6.30%**	–

Transactions amounts:

	For the six months ended 30 June	
	2018	2017
Interest income	**9,996**	2,629
Interest expense	**609**	1,662

As at 28 March 2018, Chongqing Yukang Asset Management Co., Ltd., the Group's related party, subscribed three trust schemes issued by third-party trust companies. The investments amounted to RMB733,592 thousand, RMB490,139 thousand and RMB227,324 thousand, holding 99.32%, 100% and 100% of share respectively. The underlying assets of the trust schemes were the credit assets beneficial right transferred by the Group and amounted to RMB1,619,902 thousand, RMB1,242,362 thousand and RMB444,296 thousand respectively.

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

40 RELATED PARTY TRANSACTIONS (Continued)

(c) Balance of loans and advances to customers guaranteed by the related parties

	30 June 2018	31 December 2017
Chongqing Export-Import Credit Guarantee Co., Ltd.	**87,000**	–
Chongqing Sanxia Financing Guarantee Group Corporation	**542,362**	579,460
Chongqing Xingnong Financing Guarantee Group Co., Ltd.	**497,190**	441,370
Chongqing RE-Guarantee Co., Ltd.	**41,500**	113,000
	1,168,052	1,133,830

(d) Transactions between the Bank and its subsidiary

Related party transactions are conducted between the Bank and its subsidiary. The conditions and prices of these transactions are determined on the basis of market price and normal business procedure or contractual terms. They are examined and approved in accordance with the transaction type and content by corresponding decision-making authority.

For the six months ended 30 June 2018, transactions between the Bank and its subsidiary only include due to other financial institutions (for the year ended 31 December 2017: nil).

As at 30 June 2018, the Bank's deposits from its subsidiary amounted to RMB1,407,489 thousand (as at 31 December 2017: RMB26,314 thousand). For the six months ended 30 June 2018, the interest expense of the Bank's transactions with subsidiary amounted to RMB4,994 thousand (for the six months ended at 30 June 2017: RMB17,130 thousand).

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior management. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2018 and six months ended 30 June 2017, there were no material transactions and balances with key management personnel on an individual basis.

(f) Loans and advances to directors, supervisors and senior management

The Group had no material balance of loans, quasi-loans and other credit transactions to directors, supervisors and senior management as at the end of reporting period. Those loans and advances to directors, supervisors and senior management were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees.

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

41 SEGMENT ANALYSIS

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

Corporate banking segment provides financial products and services to corporates, government agencies. The products and services include corporate loans, trade financing, deposit, financial leasing and other types of corporate intermediary services.

Retail banking segment provides financial products and services to individual customers. The products and services include retail loans, deposit products, bank card business, personal wealth management services and other types of personal intermediary services.

Treasury business 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.

	For the six months ended 30 June 2018				
	Corporate Banking	**Retail Banking**	**Treasury**	**Unallocated**	**Total**
Net Interest income from external customers	**2,202,429**	**398,777**	**659,267**	**–**	**3,260,473**
Intersegment net interest income/(expense)	**595,012**	**937,082**	**(1,532,094)**	**–**	**–**
Net interest income/(expense)	**2,797,441**	**1,335,859**	**(872,827)**	**–**	**3,260,473**
Net fee and commission income	**145,755**	**141,288**	**392,999**	**–**	**680,042**
Net trading gains	**40,364**	**–**	**174,874**	**–**	**215,238**
Net gains on investment securities	**–**	**–**	**931,778**	**–**	**931,778**
Share of profit of associates	**–**	**–**	**94,978**	**–**	**94,978**
Other operating income	**–**	**944**	**880**	**30,018**	**31,842**
Asset impairment losses	**(759,599)**	**(91,417)**	**(326,517)**	**–**	**(1,177,533)**
Operating expenses	**(599,482)**	**(456,768)**	**(72,758)**	**(8,323)**	**(1,137,331)**
– Depreciation and amortisation	**(53,977)**	**(41,127)**	**(6,552)**	**(749)**	**(102,405)**
– Others	**(545,505)**	**(415,641)**	**(66,206)**	**(7,574)**	**(1,034,926)**
Profit before income tax	**1,624,479**	**929,906**	**323,407**	**21,695**	**2,899,487**
	As at 30 June 2018				
Capital expenditure	**78,691**	**36,629**	**97,697**	**855**	**213,872**
Segment assets	**160,354,052**	**74,640,284**	**199,081,889**	**1,743,173**	**435,819,398**
Segment liabilities	**184,874,760**	**76,409,529**	**141,711,814**	**2,629**	**402,998,732**

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

41 SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2017				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income/(expense) from external customers	1,809,668	(70,288)	2,293,390	–	4,032,770
Intersegment net interest income/(expense)	747,547	659,123	(1,406,670)	–	–
Net interest income	2,557,215	588,835	886,720	–	4,032,770
Net fee and commission income	118,306	104,895	625,091	–	848,292
Net trading gains/(losses)	1,840	–	(8,130)	–	(6,290)
Net gains on investment securities	–	–	156,212	–	156,212
Share of profit of associates	–	–	44,638	–	44,638
Other operating income	379	11,843	21,902	10,573	44,697
Asset impairment losses	(371,451)	(218,195)	(560,743)	(13,472)	(1,163,861)
Operating expenses	(631,804)	(265,582)	(218,097)	(11,390)	(1,126,873)
– Depreciation and amortisation	(50,933)	(21,410)	(17,581)	(918)	(90,842)
– Others	(580,871)	(244,172)	(200,516)	(10,472)	(1,036,031)
Profit before income tax	1,674,485	221,796	947,593	(14,289)	2,829,585
	As at 30 June 2017				
Capital expenditure	55,310	20,167	73,082	405	148,964
Segment assets	151,647,661	55,294,556	200,375,091	1,111,303	408,428,611
Segment liabilities	180,105,546	65,789,340	136,250,290	(1,010)	382,144,166

42 FIDUCIARY ACTIVITIES

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

	30 June 2018	31 December 2017
Assets held in investment custody accounts	**36,306,307**	37,648,746
Entrusted loans	**10,318,747**	10,281,683

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

43 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 (excluding loans and advances to customers) and liabilities not presented on the Group's statement of financial position at their fair value.

	30 June 2018		31 December 2017	
	Book Value	**Fair value**	Book Value	Fair value
Financial assets				
Investment securities				
– Amortised cost	**79,837,043**	**83,186,115**	N/A	N/A
– Loans and receivables	**N/A**	**N/A**	100,607,725	103,364,608
– HTM	**N/A**	**N/A**	21,012,375	18,225,714
Financial liabilities				
Debt securities issued	**89,023,842**	**88,804,785**	88,727,330	88,456,443

Investment securities

The fair value for loans and receivables and HTM 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.

Debt securities issued

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

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

43 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 Group'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 Group 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 Group 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 Group, 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 Group as level 3. Management determines the fair value of the Group's level 3 financial instruments using a variety of techniques, including examining correlations of these fair values with macro-economic factors, engaging external values, and using valuation models that incorporate unobservable inputs such as loss coverage ratios.

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

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value:

30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Loans and advances to customer				
– Discounted bills	**–**	**7,717,647**	**–**	**7,717,647**
FVPL				
– Debt securities	**–**	**926,323**	**–**	**926,323**
– Fund investments	**–**	**5,946,717**	**–**	**5,946,717**
– Trust investments	**–**	**–**	**5,406,250**	**5,406,250**
– Wealth management products purchased from financial institutions	**–**	**–**	**9,987,737**	**9,987,737**
– Directional asset management plans	**–**	**–**	**10,599,330**	**10,599,330**
– Equity investment at fair value	**458,867**	**–**	**–**	**458,867**
– Derivative	**–**	**5,441**	**–**	**5,441**
	458,867	**6,878,481**	**25,993,317**	**33,330,665**
FVOCI				
– Debt securities	**–**	**30,049,842**	**–**	**30,049,842**
– Equity securities	**–**	**–**	**208,600**	**208,600**
	–	**30,049,842**	**208,600**	**30,258,442**
Total	**458,867**	**44,645,970**	**26,201,917**	**71,306,754**

31 December 2017	Level 1	Level 2	Level 3	Total
FVPL				
– Debt securities	–	702,084	–	702,084
– Derivative Financial Instruments	–	118	–	118
	–	702,202	–	702,202
AFS				
– Debt securities	–	36,612,207	–	36,612,207
– Equity securities	485,992	–	8,600	494,592
	485,992	36,612,207	8,600	37,106,799
Total	485,992	37,314,409	8,600	37,809,001

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

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value: (Continued)

For the six months ended 30 June 2018, there were no transfers between level 1 and 2 during the period (for the year ended 31 December 2017: nil).

As at 30 June 2018, there were no financial instruments in level 1 during the period (as at 31 December 2017: nil).

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:

	Financial assets at FVPL	Financial assets at FVOCI
Balance at 1 January 2018	**39,169,120**	**8,600**
Total gains or losses		
– Profit or loss	**211,197**	
– Other comprehensive income	**–**	**200,000**
Transfer in	**7,905,000**	**–**
Transfer out	**(21,292,000)**	
Balance at 30 June 2018	**25,993,317**	**208,600**
Financial assets/liabilities held at 30 June 2018		
– Unrealized (losses)/gains	**(11,153)**	**200,000**

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

43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Financial instruments in level 2 (Continued)

	AFS
Balance at 1 January 2017	576,664
Total gains or losses	
– Other comprehensive income	(189,040)
Transfer out	(379,024)
Balance at 31 December 2017	8,600
Financial assets/liabilities held at 31 December 2017	
– Unrealized gains	–

44 FINANCIAL RISK MANAGEMENT

The Group'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 Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

The Board of Directors is the highest authority for the Group'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 Group'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 Group'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 Group's liquidity risk and banking account interest rate risk.

45 SUBSEQUENT EVENTS

Up to the date of this report, the Group has no material event for disclosure after the reporting date.

Unaudited Supplementary Financial Information

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

1. Liquidity Ratios

(Expressed in percentage)	**As at June 30, 2018**	As at December 31, 2017
RMB current assets to RMB current liabilities	**74.14**	75.25
Foreign currency current assets to foreign currency current liabilities	**187.79**	687.92

The liquidity ratios are calculated in accordance with the relevant provisions of the PBOC and the CBIRC.

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.

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2018**	As at December 31, 2017
Asia Pacific excluding Mainland China	**4,629,897**	4,892,457
– of which attributed to Hong Kong	**4,625,518**	4,891,815
Europe	**5,167**	2,379
North America	**972,239**	444,194
Oceania	**–**	649
Total	**5,607,303**	5,339,679

3. Currency Concentrations

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB US Dollar	HK Dollar	Others	Total
As at June 30, 2018				
Spot assets	**18,525,329**	**20,402**	**72,741**	**18,618,472**
Spot liabilities	**(16,425,019)**	**(295)**	**(60,374)**	**(16,485,688)**
Net long/(short) position	**2,100,310**	**20,107**	**12,367**	**2,132,784**

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB US Dollar	HK Dollar	Others	Total
As at December 31, 2017				
Spot assets	14,404,657	13,104	70,979	14,488,740
Spot liabilities	(14,190,336)	(128)	(70,108)	(14,260,572)
Net long/(short) position	214,321	12,976	871	228,168

4. Overdue and Rescheduled Assets

(a) Total overdue loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018 Total overdue loans to customers	Percentage (%)	As at December 31, 2017 Total overdue loans to customers	Percentage (%)
Within 3 months	**3,778,736**	**63.25**	4,260,480	52.74
Between 3 and 6 months	**442,494**	**7.41**	822,409	10.18
Between 6 and 12 months	**971,227**	**16.26**	1,372,474	16.99
Over 12 months	**781,331**	**13.08**	1,623,208	20.09
Total	**5,973,788**	**100.00**	8,078,571	100.00

(b) Overdue and rescheduled loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2018	As at December 31, 2017
Gross amount of overdue and rescheduled loans	**665,234**	1,227,618

4. Overdue and Rescheduled Assets (Continued)

(c) Type of collateral of overdue loans

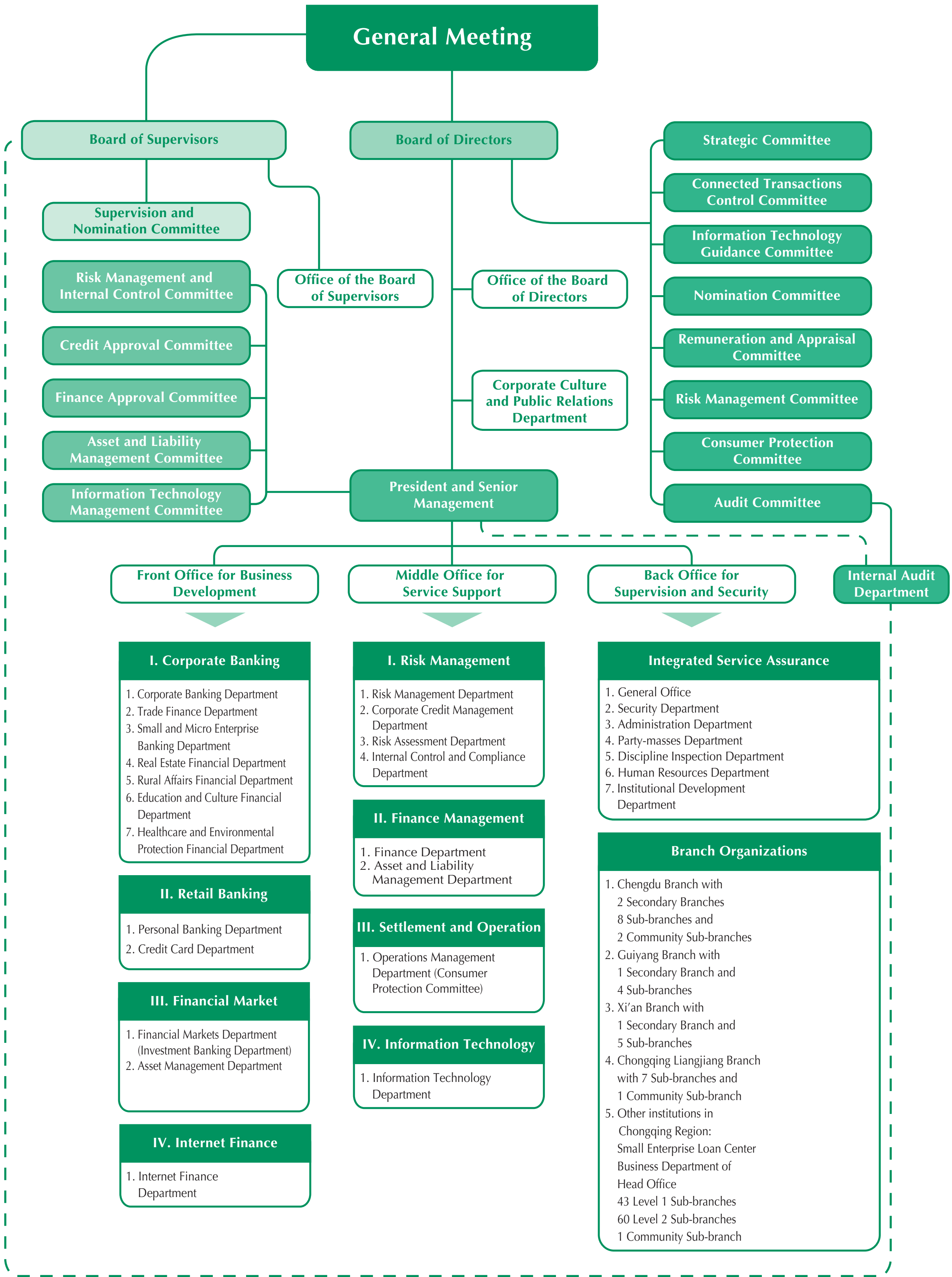
(All amounts expressed in thousands of RMB unless otherwise stated) As at June 30, 2018	Past due 1-90 days (including 90 days)	Past due 90 days-1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	156,592	115,089	42,797	3,899	318,377
Guaranteed loans	1,796,669	645,111	169,810	857	2,612,447
Collateralised loans	1,415,796	514,521	413,146	21,733	2,365,196
Pledged loans	404,399	144,281	69,088	60,000	677,768
Total	3,773,456	1,419,002	694,841	86,489	5,973,788

(All amounts expressed in thousands of RMB unless otherwise stated) As at December 31, 2017	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	123,584	62,964	47,594	786	234,928
Guaranteed loans	1,831,973	804,272	504,457	684	3,141,386
Collateralised loans	1,933,125	1,292,887	800,974	58,910	4,085,896
Pledged loans	369,022	37,535	209,346	458	616,361
Total	4,257,704	2,197,658	1,562,371	60,838	8,078,571

5. Geographical Information

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

Organizational Chart



List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
1	Business Department of Bank of Chongqing Co., Ltd.	Lot A04-1/03, Outline Zoning A, Jiangbeicheng, Jiangbei District, Chongqing	400020
2	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
3	Liangjiang Branch of Bank of Chongqing Co., Ltd.	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing	401121
4	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
5	Guiyang Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building II, Shengshi Huating, No. 51 Jiefang Road, Nanming District, Guiyang, Guizhou	550002
6	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzuobiao Building, No. 25 Tangyan Road, Xi'an, Shaanxi	710075
7	Guang'an Secondary 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
8	Leshan Secondary Branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 438-454 Baiyang Middle Road and (Even No.) No. 206-214 Jiaxing Road, Central District, Leshan, Sichuan	614001
9	Bijie Secondary Branch of Bank of Chongqing Co., Ltd.	1-4/F, Block 5, Qizhong Aolai International Plaza, Qixingguan District, Bijie, Guizhou	551700
10	Yan'an Secondary Branch of Bank of Chongqing Co., Ltd.	No. 1 Nanshi Street, Baota District, Yan'an, Shaanxi	716000
11	Wenhuagong Sub-branch of Bank of Chongqing Co., Ltd.	No. 139 Zhongshan San Road, Yuzhong District, Chongqing	400014
12	Qixinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
13	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
14	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
15	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015
16	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
17	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District,Chongqing	400010
18	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
19	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District,Chongqing	400010

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
20	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011
21	Zongbucheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 44 and 46 Huxie Road, Yuzhong District, Chongqing	400011
22	Hualongqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 162 and 164 Ruitian Road, Yuzhong District, Chongqing	400043
23	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
24	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
25	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
26	Minxinjiayuan Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 530-15, Minxin Road, Beibu New District, Chongqing	401147
27	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Xiaolongkan New Street, Shapingba District, Chongqing	400030
28	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Street, Shapingba District, Chongqing	400030
29	Sanxia Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	400030
30	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
31	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
32	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	400044
33	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	400084
34	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Shuangshan Road, Dadukou District, Chongqing	400084
35	Jiulong Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400050
36	Baishiyi Sub-branch of Bank of Chongqing Co., Ltd	No. 1-3, 4, 5, and 6, Unit 1, Building 1, No 23 Bai Xin Road, Baishiyi Town, Jiulongpo District, Chongqing	401329
37	High-Tech Development Zone Subbranch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, Jiulongpo District, Chongqing	400039
38	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
39	Yuzhou Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039

No.	Name of Banking Institution	Address	Postal Code
40	Nanping Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Subdistrict, Nan'an District, Chongqing	400060
41	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-8 Tongjiang Avenue, Chayuan New District, Nan'an District, Chongqing	401336
42	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
43	Huilongwan Sub-branch of Bank of Chongqing Co., Ltd.	No. 37, 1/F, No. 29, Nanhu Road, Nan'an District, Chongqing	400060
44	Banan Sub-branch of Bank of Chongqing Co., Ltd.	Shop-1 13-20, Shop-2 9-14, Shop-3 6-12,No. 40 Longzhou Avenue, Banan District, Chongqing	401320
45	Yudong Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District, Chongqing	401320
46	Jieshi Sub-branch of Bank of Chongqing Co., Ltd.	No. 137, 139, 141 and 143 Jiemei Road, Jieshi Town, Banan District, Chongqing	401346
47	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd.	Shop 5 No. 5, Mawangping Zheng Street, Lijiatuo, Banan District, Chongqing	400054
48	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457 Yunqing Road, Beibei District, Chongqing	400700
49	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 73 Zhongshan Road, Beibei District, Chongqing	400700
50	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District, Chongqing	400700
51	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
52	Beibei District Shuitu Sub-branch of Bank of Chongqing Co., Ltd.	No. 98-27 Fangzheng Avenue, Beibei District, Chongqing	400700
53	Jianxin North Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	400020
54	Ranjiaba Sub-branch of Bank of Chongqing Co., Ltd.	No. 433 and 435 Longshan Road, Nanqiao Temple, Yubei District, Chongqing	400020
55	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400023
56	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District, Chongqing	400020
57	Bonded Port Sub-branch of Bank of Chongqing Co., Ltd.	2-1, 2-2, 2-3, and 2-4, Building 2, No. 153 Jinyu Avenue, Jiangbei District, Chongqing	400025
58	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
59	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
60	Yanghe Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Sub-district, Yubei District, Chongqing	401147

No.	Name of Banking Institution	Address	Postal Code
61	Yuanyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 119, Building G8, No. 1122 Jinkai Avenue, Beibu New District, Chongqing	401147
62	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing	401121
63	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
64	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Sub-district, Yubei District, Chongqing	401147
65	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
66	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District, Chongqing	401147
67	Yuzui Sub-branch of Bank of Chongqing Co., Ltd.	No. 14, 15 and 16, 1/F, Building B2, Tuoxin • Liangjiang Qibocheng, No. 47 Yonghe Road, Yuzui, Liangjiang New District, Chongqing	401133
68	Chang'an Jinxiucheng Community Sub-branch of Bank of Chongqing Co., Ltd.	Shop 1027, Second District, No. 109 Songpai Road (Chang'an Jinxiucheng), Longxi Sub-district, Yubei District, Chongqing	401147
69	Red Star Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2, and 1-3, Building 4, No. 42 Golden State Avenue, Beibu New District, Chongqing	401120
70	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
71	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Avenue, Shuanglonghu Subdistrict, Yubei District, Chongqing	401120
72	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
73	Fuling Stadium Sub-branch of Bank of Chongqing Co., Ltd.	Xinghua Middle Road (Stadium South Road), Fuling District, Chongqing	408000
74	Lidu Sub-branch of Bank of Chongqing Co., Ltd.	No. 88 Julong Avenue, Lidu Sub-district, Fuling District, Chongqing	408100
75	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
76	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Yucai Road, Yanjia Sub-district, Changshou District, Chongqing	401221
77	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
78	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	1-2, 2-1, No. 402, 400 Jiangcheng Avenue, South Office, Hechuan District, Chongqing	401520

No.	Name of Banking Institution	Address	Postal Code
79	Hechuan District Zhaojia Sub-branch of Bank of Chongqing Co., Ltd.	No. 47, 49, 51 Jiaotong Street and No. 210, 212, 214, 216 Zuofu Road, Joint Office, Hechuan District, Chongqing	401520
80	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	404000
81	Wanzhou District Wuqiao Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Building A, Shanghai Grand World, No. 55 Shanghai Avenue, (Wuqiao) Wanzhou District, Chongqing	404020
82	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District, Chongqing	409000
83	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 296 Jiefang Road, Chengdong Sub-district, Qianjiang District, Chongqing	409000
84	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2 and 2-1, Building 1, Xiangrui Building, No. 518 Dingshan Avenue, Dingshan Sub-district, Jiangjin District, Chongqing	402260
85	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 Basement, No. 95, 93 and 91 Shuangfu Avenue, Shuangfu Sub-district, Jiangjin District, Chongqing	402260
86	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
87	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 2, No. 2 Jiefang East Road, Bachuan Sub-district, Tongliang District, Chongqing	402560
88	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
89	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
90	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
91	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4, 6 and 8 Shuncheng Street, Liangshan Sub-district, Liangping District, Chongqing	405200
92	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-12 and No. 2-14, Block 1 (Chamber of Commerce Building), No. 12 Longhua Avenue, Xi Cheng Sub-district, Nanchuan District, Chongqing	408400
93	Nanchuan District Heping Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Heping Road, Nan Cheng Sub-district, Nanchuan District, Chongqing	408400

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
94	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
95	Rongchang County Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Town, Rongchang District, Chongqing	402460
96	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
97	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan District, Chongqing	402760
98	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Sub-district, Bishan District, Chongqing	402760
99	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
100	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	400800
101	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Fengxiang Road, Zhonghe Town, Tujia Autonomous County, Xiushan County, Chongqing	409900
102	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
103	Kaizhou Sub-branch of Bank of Chongqing Co., Ltd.	Market Square, Kaizhou Avenue (Middle Section), Kaizhou District, Chongqing	405400
104	Kaizhou District Pingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 500 Kaizhou Avenue West, Yunfeng Sub-district, Kaizhou District, Chongqing	405499
105	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Sub-district, Dazu County, Chongqing	402360
106	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
107	Dazu District 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
108	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
109	Tongnan Waitan Sub-branch of Bank of Chongqing Co., Ltd.	Shops 9, 10, 11, 27 and 28, 1/F, Building 4, No. 3 Waitan West Road, Zitong Sub-district, Tongnan District, Chongqing	402660
110	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue (West Section), Sanhe Town, Fengdu County, Chongqing	408200
111	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 100-6 Wanshou Avenue, Nanbin Town, Shizhu Tujia Autonomous County, Chongqing	409100
112	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1 Unit 1, Building B5 Fengshan West Road, Guixi Town, Dianjiang County, Chongqing	408300

No.	Name of Banking Institution	Address	Postal Code
113	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Shuangjiang Town, Yunyang County, Chongqing	404500
114	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800
115	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
116	Wulong County Nancheng Sub-branch of Bank of Chongqing Co., Ltd.	Unit 8-11, No.2 Jianshe Middle Road, Xiangkou Town, Wulong County, Chongqing	408500
117	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-14, 1-15, 2-1, Building 9, Huisheng Square, No. 10 Middle Road, Taohuayuan Avenue, Youyang County, Chongqing	409800
118	Youyang Taohuayuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
119	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
120	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	Complex Building 1-1, No. 329 Guangdong East Road, Gaotang Sub-district, Wushan County, Chongqing	404700
121	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	Commercial Building One, Block 1, Chongyang • Yicheng International Commercial Podium, No.18 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	405900
122	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
123	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
124	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610000
125	Chengdu Economic Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	(Even No.) 620-626 Beiquan Road, and (Odd No.) 1-19 Yiju Road, Longquanyi District, Chengdu, Sichuan	610100
126	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 171 Jinze Road, and No. 246 Shuhui Road, Qingyang District, Chengdu, Sichuan	610074
127	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
128	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
129	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

No.	Name of Banking Institution	Address	Postal Code
130	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
131	Chengdu Xindu Sub-branch of Bank of Chongqing Co, Ltd.	No. 470, 472 and 474 Yuying Road, Chengdu, Sichuan	610599
132	Chongzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 353-367 Yangci Street and No. 79 South Section 1, Binhe Road, Chongyang Town, Chongzhou, Sichuan	611230
133	Guiyang Chengdong Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan North Road, Yunyan District, Guiyang, Guizhou	550001
134	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
135	Zunyi Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1 Building 1, Jinxucheng Shangcheng Community, Nanjing Road, Huichuan District, Zunyi, Guizhou	563000
136	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
137	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	710015
138	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	710018
139	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
140	Xi'an Fengdong Sub-branch of Bank of Chongqing Co., Ltd.	1/F 10101, 2/F 10201, Block 2, Wanxiangcheng Phase 1, Fengdong New City, Xixian New District, Xi'an City, Shaanxi	710116
141	Xi'an Yanta South Road Sub-branch of Bank of Chongqing Co., Ltd.	10108 Building1 No. 396 Yanta South Road, Qujiang New District, Xi'an, Shaanxi	710061

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" or "Bank of Chongqing"	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), which jointly established China Banking and Insurance Regulatory Commission with China Insurance Regulatory Commission in April 2018
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險督管理委員會)
"CBRC Chongqing Bureau"	China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
"Chongqing Road & Bridge"	Chongqing Road & Bridge Co., Ltd., a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code:600106), and holds approximately 5.48% of the total issued share capital of the Bank as at the Latest Practicable Date
"Dah Sing Bank"	Dah Sing Bank, Limited, a licensed bank incorporated in Hong Kong, holds approximately 14.66% of the total issued share capital of the Bank as at the Latest Practicable Date
"Director(s)"	director(s) of the Bank
"Domestic Shares"	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
"HKD" or "HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited

Definitions

"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
"IFRS(s)"	International Financial Reporting Standard(s)
"Latest Practicable Date"	September 10, 2018, the latest practicable date prior to printing of this interim report
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PBOC" or "Central Bank"	People's Bank of China (中國人民銀行)
"PRC" or "China"	the People's Republic of China, and for the purpose of this report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Reporting Period"	Six months ended June 30, 2018
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shares"	the Domestic Shares and the H Shares
"Shareholder(s)"	the shareholders of the Bank
"Supervisor(s)"	the supervisor(s) of the Bank
"Yufu"	Chongqing Yufu Assets Management Group Co., Ltd., a company incorporated in the PRC with limited liability, holds approximately 14.75% of the total issued share capital of the Bank as at the Latest Practicable Date