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

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

**(Stock Code: 1963)**

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

**ANNOUNCEMENT OF ANNUAL RESULTS FOR  
THE YEAR ENDED DECEMBER 31, 2018**

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.\* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the audited annual results (the “**Annual Results**”) of the Bank and its subsidiaries (the “**Group**”) for the year ended December 31, 2018 (the “**Reporting Period**”). The contents of this results announcement have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the International Financial Reporting Standards (the “**IFRSs**”). The Board and its audit committee have reviewed and confirmed the Annual Results.

**1. CORPORATE INFORMATION**

**1.1 Corporate Basic Information**

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

## 1.2 Contact Persons and Contact Details

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

## 2. FINANCIAL HIGHLIGHTS

The financial information set out in this Annual Results announcement has been prepared according to 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 under the IFRSs, there is no difference for the net profit attributable to shareholders of the Bank for the Reporting Period ended December 31, 2018 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

## 2.1 Financial Data

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,					
	2018	2017	Year-on-year Change between 2018 and 2017	2016	2015	2014
			<b>Change in percentage (%)</b>			
<b>OPERATING RESULTS</b>						
Interest income <sup>(1)</sup>	19,322,772	18,920,176	N/A	16,226,274	15,507,610	13,236,153
Interest expense	(12,447,126)	(10,805,081)	15.2	(8,548,876)	(8,505,537)	(7,004,455)
Net interest income <sup>(1)</sup>	6,875,646	8,115,095	N/A	7,677,398	7,002,073	6,231,698
Net fee and commission income	1,341,922	1,680,056	(20.1)	1,926,017	1,512,053	908,846
Net trading gains/(losses), net gains on investment securities and other operating income <sup>(1)</sup>	2,412,516	219,655	N/A	(381)	78,455	342,566
Operating income	10,630,084	10,014,806	6.1	9,603,034	8,592,581	7,483,110
Operating expenses	(2,571,121)	(2,298,865)	11.8	(2,537,298)	(3,190,171)	(2,805,275)
Assets impairment losses	(3,436,768)	(2,999,164)	14.6	(2,411,134)	(1,135,300)	(889,566)
Operating profit	4,622,195	4,716,777	(2.0)	4,654,602	4,267,110	3,788,269
Share of profit of associates	220,427	178,378	23.6	3,910	2,809	2,035
Profit before income tax	4,842,622	4,895,155	(1.1)	4,658,512	4,269,919	3,790,304
Income tax	(1,020,527)	(1,130,958)	(9.8)	(1,156,345)	(1,099,858)	(963,161)
Net profit	3,822,095	3,764,197	1.5	3,502,167	3,170,061	2,827,143
Net profit attributable to shareholders of the Bank	3,769,847	3,725,881	1.2	3,502,167	3,170,061	2,827,143
Total other comprehensive income in the year, net of tax	482,448	(585,531)	N/A	(157,708)	297,891	202,580
			<b>Change</b>			
<b>Calculated on a per share basis (RMB)</b>						
Net assets per share attributable to shareholders of the Bank	9.00	8.33	0.67	7.61	6.81	5.88
Basic earnings per share <sup>(2)</sup>	1.11	1.19	(0.08)	1.12	1.17	1.05
Dividend per share	0.154	0.118	0.036	0.291	0.264	0.272
			<b>Change in percentage (%)</b>			
<b>Major indicators of assets/liabilities</b>						
Total assets	450,368,973	422,763,025	6.5	373,103,734	319,807,987	274,531,145
Of which: loans and advances to customers, net	205,923,212	172,162,090	19.6	146,789,046	121,816,452	104,114,756
Total liabilities	415,757,400	390,303,113	6.5	349,291,822	298,514,992	258,628,122
Of which: customer deposits	256,394,193	238,704,678	7.4	229,593,793	199,298,705	167,932,436
Share capital	3,127,055	3,127,055	0.0	3,127,055	3,127,055	2,705,228
Equity attributable to shareholders of the Bank	33,051,012	30,951,596	6.8	23,811,912	21,292,995	15,903,023
Total equity	34,611,573	32,459,912	6.6	23,811,912	21,292,995	15,903,023

## 2.2 Financial Indicators

<i>(All amounts expressed in percentage unless otherwise stated)</i>	For the year ended December 31,					
	2018	2017	Year-on-year Change between 2018 and 2017	2016	2015	2014
<b>Profitability indicators (%)</b>			<b>Change</b>			
Return on average total assets <sup>(3)</sup>	<b>0.88</b>	0.95	(0.07)	1.01	1.07	1.17
Average return on equity attributable to shareholders of the Bank <sup>(4)</sup>	<b>12.8</b>	14.9	(2.1)	15.5	17.0	19.2
Net interest spread <sup>(5)</sup>	<b>1.78</b>	N/A	N/A	N/A	N/A	N/A
Net interest margin <sup>(5)</sup>	<b>1.79</b>	N/A	N/A	N/A	N/A	N/A
Net interest spread <sup>(1)</sup> (adjusted)	<b>1.79</b>	1.89	(0.10)	2.23	2.29	2.56
Net interest margin <sup>(1)</sup> (adjusted)	<b>2.07</b>	2.11	(0.04)	2.38	2.52	2.81
Net fee and commission income to operating income	<b>12.62</b>	16.78	(4.16)	20.06	17.60	12.15
Cost-to-income ratio <sup>(6)</sup>	<b>22.93</b>	22.00	0.93	23.72	30.69	31.02
<b>Asset quality indicators (%)</b>			<b>Change</b>			
Non-performing loan ratio <sup>(7)</sup>	<b>1.36</b>	1.35	0.01	0.96	0.97	0.69
Provision for impairment to non-performing loans <sup>(8)</sup>	<b>225.87</b>	210.16	15.71	293.35	243.98	318.87
Provision for impairment to total loans <sup>(9)</sup>	<b>3.08</b>	2.85	0.23	2.80	2.37	2.19
<b>Indicators of capital adequacy ratio (%)</b>			<b>Change</b>			
Core tier I capital adequacy ratio <sup>(10)</sup>	<b>8.47</b>	8.62	(0.15)	9.82	10.49	9.63
Tier I capital adequacy ratio <sup>(10)</sup>	<b>9.94</b>	10.24	(0.30)	9.82	10.49	9.63
Capital adequacy ratio <sup>(10)</sup>	<b>13.21</b>	13.60	(0.39)	11.79	11.63	11.00
Total equity to total assets	<b>7.69</b>	7.68	0.01	6.38	6.66	5.79
<b>Other indicators (%)</b>			<b>Change</b>			
Liquidity ratio <sup>(11)</sup>	<b>92.53</b>	79.55	12.98	60.05	55.32	52.53
Percentage of loans to the single largest customer <sup>(12)</sup>	<b>2.15</b>	2.28	(0.13)	4.52	4.00	4.62
Percentage of loans to the top ten customers <sup>(13)</sup>	<b>18.79</b>	17.19	1.60	29.24	30.79	25.21

*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, respectively, and the financial assets at fair value through profit or loss are no longer presented as interest-earning assets, 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 (IAS 39), the net interest income calculated as the same period in the previous year was RMB8,641.58 million. In accordance with the requirements under IFRS 9, the net interest income is classified into net gains on investment securities of RMB1,626.91 million and net trading gains of RMB139.02 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) The ratio of net profit (net of dividends of preference shares distributed during the year) attributable to shareholders of the Bank to weighted average number of ordinary shares.
- (3) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (4) Net profit (net of dividends of preference shares distributed during the year) 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.
- (5) 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.
- (6) Calculated by dividing operating expense (less tax and surcharges) by operating income.
- (7) Calculated by dividing balance of non-performing loans by total loans and advances to customers.
- (8) 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%.
- (9) Calculated by dividing balance of impairment allowances on loans by total principal of loans and advances to customers. Pursuant to regulatory requirements, the regulatory standard of such indicator of the Bank is 2.5%.
- (10) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the guidance promulgated by China Banking and Insurance Regulatory Commission (the “CBIRC”) (effective from January 1, 2013).
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBIRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

### 3. MANAGEMENT DISCUSSIONS AND ANALYSIS

#### 3.1 Financial Review

In 2018, China's economy maintained medium to high growth rate. Driven by further optimization of economy structure, continuous improvement in development quality and continuous enhancement of consumption capacity, economy under new structure maintains high growth. However, influenced by factors such as weak global economic growth, trade friction escalation and cyclical stacking, there still exists great downward pressure. Faced with severe and complicated internal and external situations, the Group adheres to the requirements of high-quality development and sound development with stabilization to accelerate its structural adjustment and promote coordinated development of scale, efficiency, quality, structure and brand, so as to achieve overall stabilization with sound development of various business indicators. The Group recorded a net profit of RMB3,822.10 million in 2018, representing a year-on-year increase of RMB57.90 million or 1.5%.

As at December 31, 2018, the total assets of the Group amounted to RMB450,368.97 million, representing an increase of RMB27,605.95 million or 6.5% as compared to the end of the previous year. The Group comprehensively promotes policy implementation, actively serves the real economy, and achieves stable and sustainable credit supply by innovating business product types and increasing precision marketing efforts. As a result, net loans and advances to customers grew by RMB33,761.12 million, or 19.6%, to RMB205,923.21 million as compared to the end of the previous year. Meanwhile, the Group actively adjusted and optimized risk strategies and risk preferences, and strictly controlled its business risks. The non-performing loan ratio was at 1.36%, which is 0.01 percentage point higher than that at the end of the previous year. The Group remained customer-centric by continuously accelerating its business transformation and upgrading, as well as actively promoting the development of information intelligence and exploring online financial products and services, and strengthen the scale of debt business. As at December 31, 2018, the amount of customer deposits increased by RMB17,689.52 million to RMB256,394.19 million, representing an increase of 7.4% as compared to the end of the previous year, providing a fundamental guarantee for the Group's asset placement, revenue increase and risk resistance. Alongside the increase in income from the main business operations, the Group continually improved its management on budget and fees and strictly controlled its expenses. The cost-to-income ratio recorded a year-on-year increase of 0.93 percentage point to 22.93% in 2018, representing the consistently high operating efficiency of the Group.

As at December 31, 2018, the Group's capital adequacy ratio, tier I capital adequacy ratio and core tier I capital adequacy ratio were 13.21%, 9.94% and 8.47% respectively, representing a decrease of 0.39 percentage point, a decrease of 0.30 percentage point and a decrease of 0.15 percentage point as compared with the end of the previous year. All indicators had fulfilled the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

## 3.2 Analysis of the Financial Statements

### 3.2.1 Analysis of the Income Statement

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in Percentage (%)
	2018	2017		
Interest income <sup>(1)</sup>	19,322,772	18,920,176	N/A	N/A
Interest expense	(12,447,126)	(10,805,081)	(1,642,045)	15.2
<b>Net interest income<sup>(1)</sup></b>	<b>6,875,646</b>	8,115,095	N/A	N/A
Net fee and commission income	1,341,922	1,680,056	(338,134)	(20.1)
Net trading gains/(losses) <sup>(1)</sup>	467,771	(21,220)	N/A	N/A
Net gains on investment securities <sup>(1)</sup>	1,869,777	140,480	N/A	N/A
Other operating income	74,968	100,395	(25,427)	(25.3)
Operating income	10,630,084	10,014,806	615,278	6.1
Operating expenses	(2,571,121)	(2,298,865)	(272,256)	11.8
Assets impairment losses	(3,436,768)	(2,999,164)	(437,604)	14.6
Share of profit of associates	220,427	178,378	42,049	23.6
Profit before income tax	4,842,622	4,895,155	(52,533)	(1.1)
Income tax	(1,020,527)	(1,130,958)	110,431	(9.8)
<b>Net profit</b>	<b>3,822,095</b>	3,764,197	57,898	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 2018, the net interest income of the Group amounted to RMB6,875.65 million, the net interest income calculated as the corresponding period of last year according to IAS 39 amounted to RMB8,641.58 million, representing a year-on-year increase of RMB526.48 million or 6.5%; and net fee and commission income amounted to RMB1,341.92 million, representing a year-on-year decrease of RMB338.13 million or 20.1%; share of profit of associates amounted to RMB220.43 million, representing a year-on-year increase of RMB42.05 million or 23.6%; operating expenses amounted to RMB2,571.12 million, representing a year-on-year increase of RMB272.26 million or 11.8%; and assets impairment losses amounted to RMB3,436.77 million, representing a year-on-year increase of RMB437.60 million or 14.6%. As a result of the foregoing factors, in 2018, the Group achieved a net profit of RMB3,822.10 million, representing a year-on-year increase of RMB57.90 million or 1.5%.

### 3.2.1.1 Net interest income

In 2018, the net interest income of the Group amounted to RMB6,875.65 million, the net interest income calculated as the same period in the previous year according to IAS 39 amounted to RMB8,641.58 million, representing an increase of RMB526.48 million or 6.5% as compared to the previous year.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Interest income <sup>(1)</sup>	<b>19,322,772</b>	18,920,176	N/A	N/A
Interest expense	<b>(12,447,126)</b>	(10,805,081)	(1,642,045)	15.2
<b>Net interest income<sup>(1)</sup></b>	<b><u>6,875,646</u></b>	<b><u>8,115,095</u></b>	<b><u>N/A</u></b>	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 table above 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 of the Group during the years indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest income/expense	Average yield/cost ratio (%)	Average balance	Interest income/expense	Average yield/cost ratio (%)
<b>ASSETS</b>						
Loans and advances to customers	194,399,165	11,848,155	6.09	164,265,249	9,403,877	5.72
Investment securities	109,574,922	5,590,107	5.10	128,413,972	6,958,327	5.42
Cash and balances with central bank	35,311,761	524,600	1.49	38,415,688	578,520	1.51
Due from other banks and financial institutions	45,435,429	1,359,910	2.99	52,777,040	1,899,824	3.60
Financial assets at fair value through profit or loss <sup>(1)</sup>	33,743,852	1,765,930	5.23	1,427,609	79,628	5.58
<b>Total interest-earning assets<sup>(1)</sup></b>	<b>418,465,129</b>	<b>21,088,702</b>	<b>5.04</b>	<b>385,299,558</b>	<b>18,920,176</b>	<b>4.91</b>
<b>LIABILITIES</b>						
Customer deposits	245,527,455	6,379,071	2.60	226,696,516	5,342,854	2.36
Due to other banks and financial institutions	48,810,885	2,109,814	4.32	51,856,549	2,159,215	4.16
Debt securities issued	89,039,781	3,958,241	4.45	79,566,027	3,303,012	4.15
<b>Total interest-bearing liabilities</b>	<b>383,378,121</b>	<b>12,447,126</b>	<b>3.25</b>	<b>358,119,092</b>	<b>10,805,081</b>	<b>3.02</b>
<b>Net interest income<sup>(1)</sup></b>		<b>8,641,576</b>			<b>8,115,095</b>	
<b>Net interest spread<sup>(1)</sup></b>			<b>1.79</b>			<b>1.89</b>
<b>Net interest margin<sup>(1)</sup></b>			<b>2.07</b>			<b>2.11</b>

*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 2018, the adjusted average balance of interest-earning assets of the Group increased by RMB33,165.57 million or 8.6% to RMB418,465.13 million as compared to the previous year. The adjusted average yield on interest-earning assets increased by 13 basis points to 5.04% as compared to the previous year.

In 2018, the average balance of interest-bearing liabilities of the Group increased by RMB25,259.03 million or 7.1% to RMB383,378.12 million as compared to the previous year. The average cost ratio of interest-bearing liabilities increased by 23 basis points to 3.25% as compared to the previous year.

As a result of the combined impact of the above-mentioned factors, the adjusted net interest spread of the Group decreased by 10 basis points to 1.79% as compared to the previous year, while the adjusted net interest margin decreased by 4 basis points to 2.07% as compared to 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 yield/cost ratio:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
<b>ASSETS</b>			
Loans and advances to customers	1,836,589	607,689	2,444,278
Investment securities	(961,099)	(407,121)	(1,368,220)
Cash and balances with central bank	(46,113)	(7,807)	(53,920)
Due from other banks and financial institutions	(219,739)	(320,175)	(539,914)
Financial assets at fair value through profit or loss <sup>(1)</sup>	1,691,218	(4,916)	1,686,302
	<u>2,300,856</u>	<u>(132,330)</u>	<u>2,168,526</u>
<b>Change in interest income</b>	<b>2,300,856</b>	<b>(132,330)</b>	<b>2,168,526</b>
<b>LIABILITIES</b>			
Customer deposits	489,248	546,969	1,036,217
Due to other banks and financial institutions	(131,647)	82,246	(49,401)
Debt securities issued	421,153	234,076	655,229
	<u>778,754</u>	<u>863,291</u>	<u>1,642,045</u>
<b>Change in interest expense</b>	<b>778,754</b>	<b>863,291</b>	<b>1,642,045</b>

*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 2018, the interest income of the Group amounted to RMB19,322.77 million, the interest income calculated as the same period in the previous year according to IAS 39 amounted to RMB21,088.70 million, representing an increase of RMB2,168.53 million or 11.5% as compared to the previous year.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Loans and advances to customers	194,399,165	11,848,155	6.09	164,265,249	9,403,877	5.72
Investment securities	109,574,922	5,590,107	5.10	128,413,972	6,958,327	5.42
Cash and balances with central bank	35,311,761	524,600	1.49	38,415,688	578,520	1.51
Due from other banks and financial institutions	45,435,429	1,359,910	2.99	52,777,040	1,899,824	3.60
Financial assets at fair value through profit or loss <sup>(1)</sup>	33,743,852	1,765,930	5.23	1,427,609	79,628	5.58
<b>Total interest-earning assets<sup>(1)</sup></b>	<b>418,465,129</b>	<b>21,088,702</b>	<b>5.04</b>	<b>385,299,558</b>	<b>18,920,176</b>	<b>4.91</b>

*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 2018, the Group's interest income from loans and advances to customers amounted to RMB11,848.16 million, representing a year-on-year increase of RMB2,444.28 million or 26.0%, primarily due to the increase in average balance on loans and advances to customers by 18.3% and the increase in average yield by 37 basis points as compared to those of the previous year.

(2) Interest income from investment securities

In 2018, the Group's interest income from investment securities amounted to RMB5,590.11 million, representing a year-on-year decrease of RMB1,368.22 million or 19.7%, primarily due to the decrease of 14.7% in average balance and the decrease of 32 basis points in average yield on investment securities as compared to those of the previous year, which were affected by the implementation of IFRS 9.

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

In 2018, the Group's interest income from cash and balances with central bank amounted to RMB524.60 million, representing a year-on-year decrease of RMB53.92 million or 9.3%, primarily due to the decrease of 8.1% in average balance and the decrease of 2 basis points in average yield on cash and balances with central bank 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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Due from other banks and financial institutions for deposits and loans	17,674,375	484,372	2.74	21,097,913	781,097	3.70
Financial assets held under resale agreements	<u>27,761,054</u>	<u>875,538</u>	3.15	<u>31,679,127</u>	<u>1,118,727</u>	3.53
<b>Total</b>	<b><u>45,435,429</u></b>	<b><u>1,359,910</u></b>	<b>2.99</b>	<b><u>52,777,040</u></b>	<b><u>1,899,824</u></b>	<b>3.60</b>

In 2018, the interest income from the Group's amounts due from other banks and financial institutions for deposits and loans amounted to RMB484.37 million, representing a year-on-year decrease of RMB296.73 million or 38.0%, primarily due to the decrease of 16.2% in average balance of amounts due from other banks and financial institutions for deposits and loans and the average yield decreased significantly by 96 basis points as compared to those of the previous year.

In 2018, the interest income from the Group's financial assets held under resale agreements amounted to RMB875.54 million, representing a year-on-year decrease of RMB243.19 million or 21.7%, primarily attributable to the decrease of 12.4% in average balance and the decrease of 38 basis points in average 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 due from other banks and financial institutions in 2018 decreased by RMB539.91 million or 28.4% to RMB1,359.91 million as compared to that of the previous year.

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

In 2018, the Group's adjusted interest income from financial assets at fair value through profit or loss amounted to RMB1,765.96 million, representing a significant year-on-year increase of RMB1,686.30 million or 2,117.7%, primarily due to the impact of IFRS 9 Reclassifications, the significant increase in average balance of financial assets at fair value through profit or loss by 2,263.7% and the decrease in average yield by 35 basis points as compared to those of the previous year.

### 3.2.1.3 Interest expense

#### (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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
<b>Corporate deposits</b>						
Demand	68,642,651	547,940	0.80	67,561,188	504,358	0.75
Time	89,828,395	3,020,350	3.36	84,743,805	2,545,799	3.00
<b>Subtotal</b>	<b>158,471,046</b>	<b>3,568,290</b>	<b>2.25</b>	<b>152,304,993</b>	<b>3,050,157</b>	<b>2.00</b>
<b>Individual deposits</b>						
Demand	11,020,508	43,028	0.39	10,341,769	40,380	0.39
Time	65,066,317	2,482,138	3.81	54,869,821	2,107,245	3.84
<b>Subtotal</b>	<b>76,086,825</b>	<b>2,525,166</b>	<b>3.32</b>	<b>65,211,590</b>	<b>2,147,625</b>	<b>3.29</b>
<b>Other deposits</b>	<b>10,969,584</b>	<b>285,615</b>	<b>2.60</b>	<b>9,179,933</b>	<b>145,072</b>	<b>1.58</b>
<b>Total</b>	<b>245,527,455</b>	<b>6,379,071</b>	<b>2.60</b>	<b>226,696,516</b>	<b>5,342,854</b>	<b>2.36</b>

In 2018, the Group's interest expense on customer deposits was RMB6,379.07 million, representing a year-on-year increase of RMB1,036.22 million or 19.4%, primarily due to a year-on-year increase in the average balance of customer deposits by 8.3%, and an increase in average cost ratio of customer deposits by 24 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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Deposits and loans from other banks	38,663,520	1,816,778	4.70	40,769,752	1,836,925	4.51
Borrowings from central bank	2,169,564	63,507	2.93	1,391,155	43,940	3.16
Financial assets sold under repurchase agreements	7,977,801	229,529	2.88	9,695,642	278,350	2.87
<b>Total</b>	<b>48,810,885</b>	<b>2,109,814</b>	<b>4.32</b>	<b>51,856,549</b>	<b>2,159,215</b>	<b>4.16</b>

In 2018, the Group's total interest expense on deposits and loans from other banks and financial institutions was RMB2,109.81 million, representing a year-on-year decrease of RMB49.40 million or 2.3%, primarily due to the year-on-year decrease in average balance of deposits and loans from other banks and financial institutions by 5.9%, offset by the year-on-year increase in average cost ratio by 16 basis points.

(3) Interest expense on issuance of debt securities

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated debts	7,500,000	354,583	4.73	6,210,137	304,910	4.91
Financial debts for small and micro enterprises	945,205	46,106	4.88	3,000,000	146,582	4.89
Inter-bank certificates of deposits	78,482,247	3,456,807	4.40	70,355,890	2,851,520	4.05
Financial debts	2,112,329	100,745	4.77	-	-	-
<b>Total</b>	<b>89,039,781</b>	<b>3,958,241</b>	<b>4.45</b>	<b>79,566,027</b>	<b>3,303,012</b>	<b>4.15</b>

In 2018, the Group's interest expense on issuance of debts securities amounted to RMB3,958.24 million, representing a year-on-year increase of RMB655.23 million or 19.8%, primarily due to a year-on-year increase of 11.9% in average balance of issuance of debts securities and the increase in average cost ratio by 30 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 2018, the Group's adjusted average yield of interest-earning assets increased 13 basis points year on year, while the average cost ratio of interest-bearing liabilities increased 23 basis points year on year as compared to those of the previous year. The increase in the average cost ratio of interest-bearing liabilities exceeded the increase in adjusted average yield of interest-earning assets. In general, the Group's net interest spread (adjusted) was 1.79%, representing a year-on-year decrease of 10 basis points as compared to that of the previous year.

In 2018, the Group's net interest margin (adjusted) was 2.07%, representing a year-on-year decrease of 4 basis points, primarily due to a year-on-year increase of RMB33,165.57 million or 8.6% in the adjusted average balance of interest-earning assets, and a year-on-year increase of RMB526.48 million or 6.5% 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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
<b>Fee and commission income</b>	<b>1,453,712</b>	1,940,881	(487,169)	(25.1)
Financial advisory and consulting services	144,757	159,698	(14,941)	(9.4)
Wealth management agency services	542,435	887,823	(345,388)	(38.9)
Custodian services	252,592	358,836	(106,244)	(29.6)
Bank card services	323,068	280,296	42,772	15.3
Guarantees and credit commitments	96,923	140,016	(43,093)	(30.8)
Settlement and agency services	93,937	114,212	(20,275)	(17.8)
<b>Fee and commission expense</b>	<b>(111,790)</b>	(260,825)	149,035	(57.1)
<b>Net fee and commission income</b>	<b>1,341,922</b>	1,680,056	(338,134)	(20.1)



In 2018, the Group's net fee and commission income amounted to RMB1,341.92 million, representing a decrease of RMB338.13 million or 20.1% as compared to the previous year and accounting for 12.62% of operating income, down by 4.16 percentage points as compared to that of the previous year, mainly due to the great decrease in commission income from wealth management agency services, commission income from custodian services and commission income from guarantees and credit commitments.

Commission income from financial advisory and consulting services amounted to RMB144.76 million, representing a year-on-year decrease of RMB14.94 million or 9.4%, primarily due to service commission relief for corporate customers resulting from actively responding to national policies to support the development of the real economy.

Commission income from wealth management agency services amounted to RMB542.44 million, representing a significant year-on-year decrease of RMB345.39 million or 38.9%, primarily due to impact of the taxation on asset management products and the implementation of new regulations on asset management.

Commission income from custodian services amounted to RMB252.59 million, representing a year-on-year decrease of RMB106.24 million or 29.6%, primarily due to the decline in demand of such services influenced by regulatory policies.

Commission income from bank card services amounted to RMB323.07 million, representing a year-on-year increase of RMB42.77 million or 15.3%, primarily due to the accelerated growth in number of issued bank cards and volume of settled transactions.

Commission income from guarantees and credit commitments amounted to RMB96.92 million, representing a year-on-year decrease of RMB43.09 million or 30.8%, primarily due to the decrease in demand of such services.

Commission income from settlement and agency services amounted to RMB93.94 million, representing a year-on-year decrease of RMB20.28 million or 17.8%, primarily due to the decline in the scale of entrusted agency business.

(2) Net trading gains/(losses)

The net trading gains/(losses) mainly consist of foreign exchange gains and fair value gains/(losses). Foreign exchange gains include 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 2018, the Group's exchange gains amounted to RMB245.22 million. Fair value gains/(losses) held for trading mainly include profit and loss arising from changes in fair value of the trading securities. In 2018, the Group's fair value gains/(losses) amounted to RMB222.56 million. As a result of the above factors, in 2018, the Group's net trading gains amounted to RMB467.77 million.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Foreign exchange gains	<b>245,215</b>	8,581	236,634	2,757.7
Fair value gains/(losses)	<b>222,556</b>	(29,801)	N/A	N/A
<b>Total</b>	<b>467,771</b>	(21,220)	N/A	N/A

(3) Net gains on investment securities

In 2018, the Group's net gains on investment securities amounted to RMB1,869.78 million. Pursuant to the requirements of IFRS9 (first implemented by the Bank on January 1, 2018) and IAS 1, the adjusted net gains on investment securities include investment gains of financial assets at fair value through profit or loss and net (losses)/gains arising from de-recognition of financial investment at fair value through other comprehensive income, of which: the investment gains of financial assets at fair value through profit or loss were RMB1,884.34 million, and the net losses arising from de-recognition of financial investment at fair value through other comprehensive income were RMB-14.56 million.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Net gains arising from de-recognition of held-for-trading financial assets	N/A	(33,389)	N/A	N/A
Net gains arising from de-recognition of available-for-sale financial assets	N/A	173,869	N/A	N/A
Investment gains of financial assets at fair value through profit or loss	<b>1,884,335</b>	N/A	N/A	N/A
Net losses arising from de-recognition of financial investment at fair value through other comprehensive income	<b>(14,558)</b>	N/A	N/A	N/A
<b>Total</b>	<b><u>1,869,777</u></b>	<b><u>140,480</u></b>	<b><u>1,729,297</u></b>	1,231.0

### 3.2.1.6 Operating expenses

In 2018, the Group's operating expenses were RMB2,571.12 million, representing a year-on-year increase of RMB272.26 million or 11.8%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Staff costs	<b>1,525,596</b>	1,282,237	243,359	19.0
Tax and surcharges	<b>134,100</b>	95,112	38,988	41.0
Depreciation and amortisation	<b>207,368</b>	184,088	23,280	12.6
General and administrative expenses	<b>554,472</b>	592,466	(37,994)	(6.4)
Others	<b>149,585</b>	144,962	4,623	3.2
<b>Operating expenses</b>	<b><u>2,571,121</u></b>	<b><u>2,298,865</u></b>	<b><u>272,256</u></b>	11.8

#### (1) Staff costs

Staff costs constitute the largest component of the Group's operating expenses, accounting for 59.34% and 55.78% of its total operating expenses for 2018 and 2017 respectively.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Salaries and bonuses	<b>1,126,679</b>	860,806	265,873	30.9
Pension costs	<b>152,782</b>	156,083	(3,301)	(2.1)
Housing benefits and subsidies	<b>85,136</b>	80,783	4,353	5.4
Labour union and staff education fees	<b>27,289</b>	21,727	5,562	25.6
Other social security and welfare expenses	<b>133,710</b>	162,838	(29,128)	(17.9)
<b>Staff costs</b>	<b><u>1,525,596</u></b>	<b><u>1,282,237</u></b>	<b><u>243,359</u></b>	19.0

In 2018, the Group's staff costs amounted to RMB1,525.60 million, representing a year-on-year increase of RMB243.36 million or 19.0%, primarily because (1) the average remuneration and benefit per staff increased by 17.6% as compared to the previous year; (2) the number of staff increased due to the expansion of business scale and the increase in number of branches. As at December 31, 2018, the Bank had 4,119 full-time employees, representing an increase of 53 employees or 1.3% as compared to the end of 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 services. In 2018, the Group's tax and surcharges were RMB134.10 million, representing a year-on-year increase of RMB38.99 million or 41.0%.

(3) Depreciation and amortisation

The depreciation and amortisation in 2018 increased by RMB23.28 million or 12.6% to RMB207.37 million from the previous year as the growth of property and equipment of the Group remained stable.

(4) General and administrative expenses

The general and administrative expenses in 2018 decreased by RMB37.99 million or 6.4% to RMB554.47 million from the previous year as the Group strictly controlled its administrative expenses.

### 3.2.1.7 Assets impairment losses

In 2018, the provisions for impairment losses of the Group recorded RMB3,436.77 million, representing an increase of RMB437.60 million or 14.6% as compared to the previous year. The increase in provisions for impairment 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 assets impairment losses for the years indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
<b>Assets impairment losses</b>				
Loans and advances to customers	N/A	2,352,241	N/A	N/A
– Collectively assessed	N/A	416,418	N/A	N/A
– Individually assessed	N/A	1,935,823	N/A	N/A
Loans and receivables	N/A	631,693	N/A	N/A
Others	<b>12,100</b>	15,230	(3,130)	(20.6)
<b>Expected impairment losses</b>				
Loans and advances to customers carried at amortised cost	<b>3,531,882</b>	N/A	N/A	N/A
Loans and advances to customers at fair value through other comprehensive income	<b>50,166</b>	N/A	N/A	N/A
Financial assets carried at amortised cost	<b>(149,200)</b>	N/A	N/A	N/A
Financial assets at fair value through other comprehensive income	<b>(81,879)</b>	N/A	N/A	N/A
Loan commitments and financial guarantee contracts	<b>72,308</b>	N/A	N/A	N/A
Due from other banks and financial institutions	<b>1,391</b>	N/A	N/A	N/A
<b>Assets impairment losses</b>	<b>3,436,768</b>	2,999,164	437,604	14.6

### 3.2.1.8 Share of profit of associates

In 2018, the Group's share of profit of associates amounted to RMB220.43 million, representing a year-on-year increase of RMB42.05 million or 23.6%. As at December 31, 2018, the Group's associates included Chongqing Three Gorges Bank Co., Ltd. ("**Three Gorges Bank**"), Mashang Consumer Finance Co., Ltd. ("**Mashang Consumer Finance**") and Xingyi Wanfeng Village Bank Co., Ltd. ("**Xingyi Wanfeng**").

### 3.2.1.9 Income tax

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in 2018 and 2017 were 21.07% and 23.10% respectively.

The following table sets forth the profit before income tax and income tax for the years ended December 31, 2018 and December 31, 2017, respectively.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2018	2017		
Profit before income tax	<b>4,842,622</b>	4,895,155	(52,533)	(1.1)
Tax calculated at a tax rate of 25%	<b>1,210,656</b>	1,223,789	(13,133)	(1.1)
Tax effect arising from non-taxable income	<b>(166,189)</b>	(169,544)	3,355	(2.0)
Tax effect of expenses that are not deductible for tax purposes	<b>29,246</b>	153,364	(124,118)	(80.9)
Income tax adjustment for prior years	<b>(53,186)</b>	(76,651)	23,465	(30.6)
<b>Income tax</b>	<b><u>1,020,527</u></b>	<u>1,130,958</u>	<u>(110,431)</u>	<u>(9.8)</u>

### 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.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	212,430,769	47.1	177,206,904	41.9
Of which: Total principal of loans and advances to customers	211,209,051	46.9	177,206,904	41.9
Interests due from loans and advances to customers	1,221,718	0.2	N/A	N/A
Total impairment allowances for loans	N/A	N/A	(5,044,814)	(1.2)
Total impairment allowances for the expected credit	(6,507,557)	(1.4)	N/A	N/A
Net loans and advances to customers	205,923,212	45.7	172,162,090	40.7
Investment securities <sup>(1)</sup>	117,210,476	26.0	158,726,899	37.5
Investments in associates	1,638,323	0.4	1,113,146	0.3
Cash and balances with central bank	33,216,841	7.4	43,727,432	10.3
Due from other banks and financial institutions	57,915,079	12.8	37,000,091	8.8
Financial assets at fair value through profit or loss	27,421,858	6.1	702,202	0.2
Fixed assets	3,023,292	0.7	2,866,257	0.7
Deferred income tax assets	1,890,680	0.4	1,380,953	0.3
Other assets	2,129,212	0.5	5,083,955	1.2
<b>Total assets</b>	<b>450,368,973</b>	<b>100.0</b>	<b>422,763,025</b>	<b>100.0</b>

Note:

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

As at December 31, 2018, the Group's total assets amounted to RMB450,368.97 million, representing an increase of RMB27,605.95 million or 6.5% over the end of the previous year, among which:



Total loans and advances to customers increased by RMB35,223.87 million or 19.9% to RMB212,430.77 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 investment securities amounted to RMB117,210.48 million, of which the financial investments at fair value through other comprehensive income amounted to RMB34,687.17 million and the financial investments measured at amortised cost amounted to RMB82,523.31 million.

Cash and balances with central bank decreased by RMB10,510.59 million or 24.0% to RMB33,216.84 million as compared to the end of the previous year, primarily due to lowered deposit reserve ratio resulting in a decrease of RMB6,780.85 million or 19.9% in statutory deposit reserves as compared to the end of the previous year, while the surplus deposit reserves decreased by RMB3,763.49 million or 41.8% as compared to the end of the previous year.

The amount due from other banks and financial institutions significantly increased by RMB20,914.99 million or 56.5% to RMB57,915.08 million over the end of the previous year, primarily due to: (1) the decrease of total amount due from other banks and financial institutions by RMB919.12 million or 5.0%; and (2) the significant increase of RMB21,657.87 million or 116.3% in total financial assets held under resale agreements.

(1) Loans and advances to customers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Loans and advances to corporate entities – measured at amortised cost</b>				
– Corporate loans	128,932,758	60.7	109,780,133	62.0
– Discounted bills	N/A	N/A	4,802,366	2.7
<b>Loans and advances to corporate entities – at fair value through other comprehensive income</b>				
– Discounted bills	13,501,381	6.3	N/A	N/A
<b>Subtotal</b>	<b>142,434,139</b>	<b>67.0</b>	<b>114,582,499</b>	<b>64.7</b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Retail loans – measured at amortised cost</b>				
– Mortgage loans	20,606,735	9.7	17,235,358	9.7
– Personal consumer loans	31,199,939	14.7	30,024,576	16.9
– Credit card advances	4,724,758	2.2	4,193,902	2.4
– Personal business loans	12,243,480	5.8	11,170,569	6.3
<b>Subtotal</b>	<b>68,774,912</b>	<b>32.4</b>	<b>62,624,405</b>	<b>35.3</b>
<b>Interests receivable from loans and advances to customers</b>	<b>1,221,718</b>	<b>0.6</b>	<b>N/A</b>	<b>N/A</b>
<b>Total loans and advances to Customers</b>	<b>212,430,769</b>	<b>100.0</b>	<b>177,206,904</b>	<b>100.0</b>

As at December 31, 2018, the Group's total loans and advances to customers amounted to RMB212,430.77 million, representing an increase of RMB35,223.87 million or 19.9% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB128,932.76 million, representing an increase of RMB19,152.63 million or 17.4% as compared to the end of the previous year, and accounting for 60.7% of total loans and advances to customers, decreased by 1.3 percentage points 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, construction and manufacturing industry increased by RMB14,056.56 million, RMB7,072.69 million, RMB1,221.02 million and RMB1,090.40 million respectively, achieving a rapid increase.

Retail loans amounted to RMB68,774.91 million, representing an increase of RMB6,150.51 million or 9.8% as compared to the end of the previous year, and accounting for 32.4% of total loans and advances to customers, down by 2.9 percentage points from the end of the previous year. Specifically, mortgage loans increased by RMB3,371.38 million or 19.6% as compared to the end of the previous year, mainly because the Group actively supported housing financing for the first suite and improving suite purchase resulting in rapid growth of personal housing mortgage loan balance; personal consumer loans significantly increased by RMB1,175.36 million or 3.9% as compared to the end of the previous year, mainly because the Group actively explored Internet online loans, continually develop and innovate consumer loans products and launched new products such as “Jie e Dai (捷e貸)” version 2.0, “Xin e Dai (薪e貸)”, and “Xing Fu Dai (new version) (幸福e(新))”, which realized the rapid growth of loan balance; credit card advances increased by RMB530.86 million or 12.7% as compared to the end of the previous year, mainly because the number of issued credit cards increased continually and the Group focused on seizing high-end customers resulting in the average overdraft amount of credit cards increased; and personal business loans increased by RMB1,072.91 million or 9.6% as compared to the end of the previous year, mainly because the Group has implemented the innovative strategy on products for small and micro enterprises, launched online finance, promoted the function of “online customer acquisition, smart approval, online lending”, and developed “Hao Qi Dai (好企e貸)” series and “Hao Yi Dai (好Ee貸)” respectively, leading to steady and healthy growth of personal business loans. During the period, the Group identified its market positioning, actively carried out business innovation, and achieved steady development in retail business in view of complex market changes.

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralised loans	69,774,637	32.8	69,308,295	39.1
Pledged loans	22,235,920	10.5	15,063,354	8.5
Guaranteed loans	97,113,789	45.7	75,927,183	42.9
Unsecured loans	22,084,705	10.4	16,908,072	9.5
Interest receivable from loans and advances to customers	1,221,718	0.6	-	-
<b>Total loans and advances to customers</b>	<b>212,430,769</b>	<b>100.0</b>	<b>177,206,904</b>	<b>100.0</b>

## Impairment allowances for loans

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
<b>Loans and advances to corporate entities</b>				
January 1, 2018 (Restated)	1,633,763	1,899,933	1,312,599	4,846,295
Provision for impairment	1,300,754	1,101,636	3,047,745	5,450,135
Reversal of impairment allowances	(697,760)	(842,415)	(316,300)	(1,856,475)
Transfer/Written-off	-	-	(3,412,771)	(3,412,771)
Transfer in the year:				
<i>Transfer from Stage 1 to Stage 2</i>	(78,964)	78,964	-	-
<i>Transfer from Stage 1 to Stage 3</i>	(69,221)	-	69,221	-
<i>Transfer from Stage 2 to Stage 1</i>	5,037	(5,037)	-	-
<i>Transfer from Stage 2 to Stage 3</i>	-	(466,676)	466,676	-
<i>Transfer from Stage 3 to Stage 2</i>	-	135,075	(135,075)	-
Recoveries of loans written-off in previous years and advances transfer-in	-	-	198,713	198,713
Unwinding of discount factors	-	-	125,942	125,942
<b>December 31, 2018</b>	<b><u>2,093,609</u></b>	<b><u>1,901,480</u></b>	<b><u>1,356,750</u></b>	<b><u>5,351,839</u></b>
<b>Retail loans</b>				
January 1, 2018 (Restated)	368,525	264,887	828,629	1,462,041
Provision for impairment	215,553	258,630	353,874	828,057
Reversal of impairment allowances	(290,275)	(200,705)	(398,855)	(889,835)
Transfer/Written-off	-	-	(437,959)	(437,959)
Transfer in the year:				
<i>Transfer from Stage 1 to Stage 2</i>	(16,092)	16,092	-	-
<i>Transfer from Stage 1 to Stage 3</i>	(28,784)	-	28,784	-
<i>Transfer from Stage 2 to Stage 1</i>	13,438	(13,438)	-	-
<i>Transfer from Stage 2 to Stage 3</i>	-	(51,261)	51,261	-
<i>Transfer from Stage 3 to Stage 2</i>	-	29,224	(29,224)	-
<i>Transfer from Stage 3 to Stage 1</i>	48,007	-	(48,007)	-
Recoveries of loans written-off in previous years and advances transfer-in	-	-	140,290	140,290
Unwinding of discount factors	-	-	53,124	53,124
<b>December 31, 2018</b>	<b><u>310,372</u></b>	<b><u>303,429</u></b>	<b><u>541,917</u></b>	<b><u>1,155,718</u></b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For 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	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	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
<b>Balance at the end of the year</b>	<b><u>3,723,322</u></b>	<b><u>1,321,492</u></b>

For the year 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 increased the impairment allowances for loans and advances to customers. As of December 31, 2018, the balance of impairment allowances for loans and advances to customers was RMB6,507.56 million, representing an increase of RMB1,462.74 million or 29.0% as compared to the end of the previous year; and the impairment allowances for non-performing loans ratio increased by 15.71 percentage points to 225.87% from that of the end of the previous year.

(2) Investment securities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Investment securities – financial investments at fair value through other comprehensive income</b>				
Debt securities – measured at fair value				
– Listed outside Hong Kong	5,243,620	4.5	N/A	N/A
– Listed in Hong Kong	4,176,011	3.5	N/A	N/A
– Unlisted	24,219,352	20.7	N/A	N/A
Of which: Corporations debt	20,527,463	17.5	N/A	N/A
Policy banks debt	2,090,419	1.8	N/A	N/A
Commercial banks debt	1,410,517	1.2	N/A	N/A
Governments debt	190,953	0.2	N/A	N/A
Interest receivable from financial investments at fair value through other comprehensive income	839,570	0.7	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
<b>Subtotal</b>	<b>34,687,167</b>	<b>29.6</b>	N/A	N/A

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Investment securities – financial investments measured at amortised cost</b>				
Debt securities – measured at amortised cost				
– Listed outside Hong Kong	12,754,742	10.9	N/A	N/A
– Unlisted	69,331,379	59.1	N/A	N/A
Of which: Debt securities	15,313,226	13.0	N/A	N/A
Trust investments	22,165,632	18.9	N/A	N/A
Directional asset management plans	26,918,000	23.0	N/A	N/A
Debt financing scheme	4,420,000	3.8	N/A	N/A
Others	514,521	0.4	N/A	N/A
Equity securities – measured at amortised cost				
– Unlisted	315,505	0.3	N/A	N/A
Of which: Wealth management products purchased from financial institutions	315,505	0.3	N/A	N/A
Interest receivable from debt securities at amortised cost	1,595,712	1.4	N/A	N/A
Less: expected credit impairment allowances	(1,474,029)	(1.3)	N/A	N/A
<b>Subtotal</b>	<b>82,523,309</b>	<b>70.4</b>	<b>N/A</b>	<b>N/A</b>
<b>Investment securities – available-for-sale financial assets</b>				
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	0.0
– 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
<b>Subtotal</b>	<b>N/A</b>	<b>N/A</b>	<b>37,106,799</b>	<b>23.4</b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Investment securities – loans and receivables</b>				
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	24.2
– 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)
<b>Subtotal</b>	<b>N/A</b>	<b>N/A</b>	<b>100,607,725</b>	<b>63.4</b>
<b>Investment securities – held-to-maturity investments</b>				
Debt securities – measured at amortised cost				
– Listed outside Hong Kong	N/A	N/A	11,827,162	7.5
– Unlisted	N/A	N/A	9,185,213	5.8
<b>Subtotal</b>	<b>N/A</b>	<b>N/A</b>	<b>21,012,375</b>	<b>13.2</b>
<b>Total</b>	<b>117,210,476</b>	<b>100.0</b>	<b>158,726,899</b>	<b>100.0</b>

As at December 31, 2018, the Group's balance of investment securities amounted to RMB117,210.48 million, representing a decrease of RMB41,516.42 million or 26.2% 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 formally implemented IFRS 9 on January 1, 2018 and reclassified investment securities in accordance with IFRS 9. As at 31 December 2018, financial investments at fair value through other comprehensive income was RMB34,687.17 million, accounting for 29.6% of total investment securities; financial assets measured at amortised cost was RMB82,523.31 million, accounting for 70.4% of total investment securities.



(3) Investment in associates

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>31 December 2018</b>	31 December 2017
Balance at the beginning of the year	<b>1,113,146</b>	238,394
Additional investment in associates	<b>316,796</b>	696,374
Share of profit of associates	<b>220,427</b>	178,378
Cash dividends declared	<b>(12,046)</b>	—
<b>Balance at the end of the period</b>	<b><u>1,638,323</u></b>	<b><u>1,113,146</u></b>

As at 5 May 2011, the Group invested RMB22.00 million to establish Xingyi Wanfeng and held 20% of equity interest of RMB110.00 million registered capital.

As at 15 June 2015, the Group established Mashang Consumer Finance with initial capital contribution of RMB54.00 million. As at 14 August 2016, the Group increased the investment to RMB205.27 million, accounting for 15.79% of equity interest of RMB1,300.00 million registered capital. As at 13 July 2017, the Group increased the investment to RMB338.35 million, accounting for 15.31% of equity interest of RMB2,210.00 million registered capital. As at 9 August 2018, the Group increased the investment to RMB655.14 million, accounting for 15.53% of equity interest of RMB4,000.00 million registered capital.

Pursuant to the resolution passed at the board meeting of Three Gorges Bank on 21 April 2017, the Bank appointed a director to board of Three Gorges Bank on the same day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of Three Gorges Bank is RMB4,846.94 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379.02 million.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)
<b>Financial assets at fair value through profit or loss</b>				
Debt securities – measured at fair value				
– Listed outside Hong Kong	135,953	0.5	359,485	51.2
– Unlisted	16,451,930	60.0	342,599	48.8
Of which: Trust investments	5,174,858	18.9	–	–
Directional asset management plans	10,266,659	37.4	–	–
Commercial banks debt	702,578	2.6	–	–
Corporations debt	106,052	0.4	152,836	21.8
Governments debt	201,783	0.7	189,763	27.0
Equity securities – measured at fair value				
– Listed outside Hong Kong	438,523	1.6	–	–
– Unlisted	10,395,452	37.9	–	–
Of which: Wealth management products purchased from financial institutions	2,357,023	8.6	–	–
Fund investments	8,038,429	29.3	–	–
Derivative financial instruments	–	–	118	0.0
<b>Total</b>	<b>27,421,858</b>	<b>100.0</b>	<b>702,202</b>	<b>100.0</b>

As at 31 December 2018, the Group's balance of financial assets at fair value through profit or loss amounted to RMB27,421.86 million, representing a significant increase of RMB26,719.66 million or 3,805.1% as compared to the end of the previous year, primarily because the Group first implemented the IFRS 9 on January 1, 2018 and certain assets classified as securities investment in previous years was reclassified as financial assets at fair value through profit or loss in the year.

### 3.2.2.2 Liabilities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	57,089,939	13.7	55,771,252	14.3
Financial liabilities at fair value through profit or loss	657	0.0	–	–
Customer deposits	256,394,193	61.7	238,704,678	61.2
Debt securities issued	96,982,613	23.3	88,727,330	22.7
Taxes payable	548,673	0.1	358,515	0.1
Other liabilities	4,741,325	1.2	6,741,338	1.7
<b>Total liabilities</b>	<b>415,757,400</b>	<b>100.0</b>	<b>390,303,113</b>	<b>100.0</b>

As at 31 December 2018, the Group's total liabilities amounted to RMB415,757.40 million, representing an increase of RMB25,454.29 million or 6.5% as compared to the end of the previous year. Customer deposits are the Group's largest source of capital, which amounted to RMB256,394.19 million, representing an increase of RMB17,689.52 million or 7.4% as compared to the end of the previous year; amounts due to other banks and financial institutions amounted to RMB57,089.94 million, representing an increase of RMB1,318.69 million or 2.4% slightly as compared to the end of the previous year; bonds issued amounted to RMB96,982.61 million, representing an increase of RMB8,255.28 million or 9.3% as compared to the end of the previous year, primarily due to: (1) the Bank issued innovation-and-entrepreneurship themed bonds (雙創債金融債券) with a principal amount of RMB3 billion within the domestic inter-bank bond market of China in June 2018 and issued Green Financial Bond with a principal amount of RMB6 billion in total in two tranches within the domestic inter-bank bond market of China in November 2018; (2) as at 31 December 2018, the balance of the inter-bank certificates of deposit issued by the Group was RMB80,114.35 million, increased slightly by 2.4% as compared to the end of the previous year.

(1) Customer deposits

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	66,883,415	26.1	69,460,773	29.1
Corporate time deposits	85,905,724	33.5	83,239,393	34.9
Individual demand deposits	12,005,521	4.7	10,275,560	4.3
Individual time deposits	68,480,223	26.7	57,445,728	24.1
Other deposits	20,894,394	8.1	18,283,224	7.6
Interest payable on customer deposits	2,224,916	0.9	—	—
<b>Total customer deposits</b>	<b>256,394,193</b>	<b>100.0</b>	<b>238,704,678</b>	<b>100.0</b>
Of which: Security deposits	13,284,371	5.2	6,601,609	2.8

As at December 31, 2018, the total customer deposits of the Group amounted to RMB256,394.19 million, representing an increase of RMB17,689.52 million or 7.4% as compared to the end of the previous year. Among which: Corporate deposits balance was RMB152,789.14 million, representing a slight increase of RMB88.97 million or 0.1% as compared to the end of the previous year; individual deposits balance was RMB80,485.74 million, representing an increase of RMB12,764.46 million or 18.8% as compared to the end of the previous year; corporate and individual demand deposits balance amounted to RMB78,888.94 million, representing a slight decrease of RMB847.40 million or 1.1% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB154,385.95 million, representing an increase of RMB13,700.83 million or 9.7% as compared to the end of the previous year.

## (2) Debt securities issued

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
<b>Subordinated debts</b>				
Fixed rate Tier II capital bond – 2026	1,497,618	1.5	1,497,390	1.7
Fixed rate Tier II capital bond – 2027	5,996,591	6.2	5,996,454	6.7
<b>Financial debts</b>				
Fixed rate financial debt – 2018	-	-	2,999,074	3.4
Fixed rate financial debt – 2021	2,995,341	3.1	-	-
Fix-rate green financial bond – 2021	5,996,470	6.2	-	-
Inter-bank certificates of deposit	80,114,348	82.6	78,234,412	88.2
Interest payable on debt securities issued	382,245	0.4	-	-
<b>Total</b>	<b>96,982,613</b>	<b>100.0</b>	<b>88,727,330</b>	<b>100.0</b>

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覆》) (Yu Yin Jian Fu [2015] No. 107) by the China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局) (“**CBRC Chongqing Bureau**”) on September 21, 2015, the Bank issued the RMB1,500 million 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 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 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覆》) (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 4.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 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覆》) (Yin Jian Fu[2012] No. 526) by the China Banking Regulatory Commission (“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 were 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覆》) (Yu Yin Jian Fu [2017] No. 156) by the CBRC Chongqing Bureau on November 3, 2017, the Group issued RMB3,000 million innovation-and-entrepreneurship themed bonds within the domestic inter-bank bond market of China on 8 June 2018. Such bonds have a maturity of 3 years, with a fixed coupon rate of 4.50% per annum before maturity, payable annually. All proceeds raised are used for loans to innovation-and-entrepreneurship themed enterprises.

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

In 2018, the Group issued a total of 196 inter-bank certificates of deposit by discounting with a tenor of one month to one year. As at December 31, 2018, 119 issued inter-bank certificates of deposit were outstanding with a total nominal value of RMB81.65 billion.

In 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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to central bank	3,232,088	5.7	1,745,881	3.1
Deposits from banks	28,482,610	49.9	36,832,862	66.1
Deposits from other financial institutions	358,010	0.6	5,098,009	9.1
Placements from other banks and financial institutions	14,029,645	24.6	6,100,000	10.9
Notes sold under repurchase agreements	3,023,414	5.3	-	-
Securities sold under repurchase agreements	7,550,700	13.2	5,994,500	10.8
Interest due to other banks and financial institutions	413,472	0.7	-	-
<b>Total</b>	<b>57,089,939</b>	<b>100.0</b>	<b>55,771,252</b>	<b>100.0</b>

As at December 31, 2018, the Group's balance due to other banks and financial institutions amounted to RMB57,089.94 million, representing an increase of RMB1,318.69 million or 2.4% as compared to the end of the previous year. Among which: the Group's balance due to central bank increased rapidly by RMB1,486.21 million or 85.1% to RMB3,232.09 million as compared to the end of the previous year; deposits from banks decreased by RMB8,350.25 million or 22.7% to RMB28,482.61 million as compared to the end of the previous year; deposits from other financial institutions decreased rapidly by RMB4,740.00 million or 93.0% to RMB358.01 million as compared to the end of the previous year; the Group's placements from other banks and financial institutions significantly increased by RMB7,929.65 million or 130.0% to RMB14,029.65 million as compared to the end of the previous year; notes sold under repurchase agreements increased by RMB3,023.41 million as compared to the end of the previous year; and securities sold under repurchase agreements increased by RMB1,556.20 million or 26.0% to RMB7,550.70 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 Group's shareholders' equity for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	9.0	3,127,055	9.7
Preferred shares	4,909,307	14.2	4,909,307	15.1
Capital reserve	4,680,638	13.5	4,680,638	14.4
Other reserves	8,289,192	24.0	6,637,648	20.5
Retained earnings	12,044,820	34.8	11,596,948	35.7
Total equity attributable to shareholders of the Bank	33,051,012	95.5	30,951,596	95.4
Non-controlling interests	1,560,561	4.5	1,508,316	4.6
<b>Total equity</b>	<b>34,611,573</b>	<b>100.0</b>	<b>32,459,912</b>	<b>100.0</b>

As at December 31, 2018, equity attributable to shareholders of the Bank amounted to RMB33,051.01 million, representing an increase of RMB2,099.42 million or 6.8% 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 RMB8,289.19 million, and retained earnings was RMB12,044.82 million. Among other reserves, general reserve increased by RMB652.79 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets as at the end of the previous year.



### 3.2.3 Loan quality analysis

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	201,291,218	95.31	167,870,228	94.74
Special mention	7,036,669	3.33	6,936,217	3.91
Substandard	1,371,389	0.65	1,449,377	0.82
Doubtful	889,139	0.42	807,165	0.45
Loss	620,636	0.29	143,917	0.08
<b>Total principals of loans and advances to customers</b>	<b>211,209,051</b>	<b>100.00</b>	<b>177,206,904</b>	<b>100.00</b>
Amount of non-performing loans	2,881,164	1.36	2,400,459	1.35

In 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 thorough 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 December 31, 2018, the balance of non-performing loans was RMB2,881.16 million, representing an increase of RMB480.71 million as compared to the end of the previous year; non-performing loan ratio was 1.36%, representing a increase of 0.01 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 3.33% of total loans, representing a decrease of 0.58 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 principals of loans and advances and non-performing loans by industry for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018			As at December 31, 2017		
	Loan Amount	Percentage of total (%)	Non-performing Loan Amount	Loan Amount	Percentage of total (%)	Non-performing Loan Amount
<b>Loans to corporate entities – measured at amortised cost</b>						
Manufacturing	16,634,742	7.9	332,358	15,544,339	8.8	568,151
Wholesale and retail	13,462,906	6.4	671,628	14,587,355	8.2	684,360
Construction	12,182,083	5.8	114,003	10,961,064	6.2	107,338
Real estate	11,642,543	5.5	176,132	13,997,831	7.9	35,000
Leasing and commercial services	20,446,505	9.7	122,988	13,373,813	7.5	14,215
Water conservation, environment and public facility administration	35,482,723	16.8	3,248	21,426,164	12.1	248
Transportation, warehousing and postal service	2,422,016	1.1	6,384	2,075,708	1.2	15,015
Mining	2,417,486	1.1	397,447	2,710,914	1.5	221,325
Electricity, gas and water production and supply	3,638,130	1.7	144,336	3,319,765	1.9	4,800
Agriculture, forestry, animal husbandry and fishery	1,998,964	0.9	37,141	2,101,230	1.2	13,170
Household services, maintenance and other services	1,755,783	0.8	7,010	2,832,632	1.6	4,600
Education	631,729	0.3	-	768,353	0.4	-
Financing	765,493	0.4	-	90,446	0.1	-
Scientific research and technology services	994,808	0.5	-	1,044,204	0.6	-
Information transmission, software and information technology services	788,231	0.4	-	460,005	0.3	2,481
Accommodation and catering	1,150,115	0.5	10,795	954,832	0.5	18,965
Culture, sports and entertainment	383,030	0.2	-	257,500	0.1	-

	As at December 31, 2018			As at December 31, 2017		
	Loan Amount	Percentage of total (%)	Non-performing Loan Amount	Non-performing loan ratio (%)	Loan Amount	Non-performing loan ratio (%)
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>						
Public administration, social security and social organizations	-	-	-	-	1,867,000	1.1
Health and social welfare	2,135,471	1.0	2,808	0.13	1,406,978	0.8
Discounted bills	N/A	N/A	N/A	N/A	4,802,366	2.7
<b>Loans to corporate entities - measured at fair value through other comprehensive income</b>						
Discounted bills	13,501,381	6.4	-	-	N/A	N/A
<b>Retail loans - measured at amortised cost</b>						
Retail loans	68,774,912	32.6	854,886	1.24	62,624,405	35.3
<b>Total</b>	<b>211,209,051</b>	<b>100.0</b>	<b>2,881,164</b>	<b>1.36</b>	<b>177,206,904</b>	<b>100.0</b>
					<b>2,400,459</b>	<b>1.35</b>

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

In 2018, the Group strengthened the disposal of non-performing assets, continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas. Non-performing loan ratio at the end of 2018 was broadly comparable as compared to the end of the previous year. Major industries experienced the following changes:

The amount of non-performing loans in the manufacturing industry decreased by RMB235.79 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.66 percentage points;

The amount of non-performing loans in the accommodation and catering industry decreased by RMB8.17 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.05 percentage points;

The amount of non-performing loans in the information transmission, software and information technology services decreased by RMB2.48 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.54 percentage points;

The amount of non-performing loans in the transportation, warehousing and postal service industry decreased by RMB8.63 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.46 percentage point;

The amount of non-performing loans in the wholesale and retail industry decreased by RMB12.73 million as compared to the end of the previous year, but the non-performing loan ratio increased by 0.30 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 a significant decrease in the amount of non-performing loans.

(2) Concentration of borrowers

As at December 31, 2018, the Bank's total loans to its largest single borrower accounted for 2.15% of its net capital while total loans to its top ten customers accounted for 18.79% of its net capital, which were in compliance with regulatory requirements. As at December 31, 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 December 31, 2018	As at December 31, 2017	As at December 31, 2016
Loan concentration ratio for the largest single customer (%)	<=10	2.15	2.28	4.52
Loan concentration ratio for the top ten customers (%)	<=50	18.79	17.19	29.24

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

b. Loans to top ten single borrowers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Industry	As at December 31, 2018	
		Amount	Percentage of total principal of loans and advances (%)
Customer A	Real estate	956,543	0.45
Customer B	Leasing and commercial services	940,000	0.45
Customer C	Household services, maintenance and other services	860,000	0.41
Customer D	Manufacturing	850,000	0.40
Customer E	Water conservation, environment and public facility administration	840,000	0.40
Customer F	Water conservation, environment and public facility administration	835,000	0.40
Customer G	Water conservation, environment and public facility administration	795,000	0.38
Customer H	Real estate	777,000	0.37
Customer I	Water conservation, environment and public facility administration	775,000	0.37
Customer J	Water conservation, environment and public facility administration	745,000	0.35

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018			As at December 31, 2017		
	Loan Amount	Non-performing Loan Amount	Non-performing loan ratio (%)	Loan Amount	Non-performing Loan Amount	Non-performing loan ratio (%)
<b>Loans and advances to corporate entities – measured at amortized cost</b>	<b>128,932,758</b>	<b>2,026,278</b>	<b>1.57</b>	114,582,499	1,689,668	1.47
Corporate loans	128,932,758	2,026,278	1.57	109,780,133	1,689,668	1.54
Short-term loans	28,078,682	1,363,546	4.86	31,664,977	1,048,240	3.31
Medium- and long – term loans	100,854,076	662,732	0.66	78,115,156	641,428	0.82
Discounted bills	N/A	N/A	N/A	4,802,366	–	–
<b>Loans to corporate entities – at fair value through other comprehensive income</b>						
Discounted bills	13,501,381	–	–	N/A	N/A	N/A
<b>Retail loans – measured at amortized cost</b>	<b>68,774,912</b>	<b>854,886</b>	<b>1.24</b>	62,624,405	710,791	1.14
Residential mortgage and personal commercial property loans <sup>(1)</sup>	20,602,122	120,509	0.58	17,223,965	90,061	0.52
Personal business and re-employment loans	12,243,480	422,500	3.45	11,170,569	430,757	3.86
Others <sup>(2)</sup>	35,929,310	311,877	0.87	34,229,871	189,973	0.55
<b>Total</b>	<b>211,209,051</b>	<b>2,881,164</b>	<b>1.36</b>	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 Xing Fu Dai (幸福貸), other personal loans for general consumption needs, Jie E Dai (捷e貸), Yangtze Card revolving credit loans, Xin E Dai (薪e貸), Xing Fu Dai (new) (幸福貸(新)), personal consumer automobile mortgage loans (indirect type), Xin Jin Dai (薪金貸), personal consumer automobile mortgage loans (direct type), Yangtze Quick and Easy Loan (長江快易貸), personal cooperative organization residential mortgage loans (residential), personal transferring residential mortgage loans (residential), Shun Di Dai (順抵貸), Wei Li Dai (微粒貸), Kuai I Dai (快I貸), Kuai E Dai (快E貸), Fenqile Co-Branded Loans(分期樂聯合貸款) and new Kuai E Dai (新快E貸).

As at December 31, 2018, the balance of non-performing loans and advances to corporate entities was RMB2,026.28 million, representing an increase of RMB336.61 million as compared to the end of the previous year. Non-performing loan ratio of loans and advances to corporate entities increased by 0.03 percentage point to 1.57% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB854.89 million, representing an increase of RMB144.10 million as compared to the end of the previous year. Non-performing loan ratio of retail loans increased by 0.10 percentage point to 1.24% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018		As at December 31, 2017	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	4,474,879	62.39	4,257,704	52.71
Past due 90 days to 1 year	1,488,638	20.76	2,197,658	27.20
Past due over 1 year and within 3 years	989,045	13.79	1,562,371	19.34
Past due over 3 years	219,704	3.06	60,838	0.75
<b>Total overdue loans and advances to customers</b>	<b>7,172,266</b>	<b>100.00</b>	<b>8,078,571</b>	<b>100.00</b>

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

As at December 31, 2018, the total overdue loans amounted to RMB7,172.27 million, representing a decrease of RMB906.31 million as compared to the end of the previous year. Total overdue loans accounted for 3.40% of total principals of loans and advances to customers, representing a decrease of 1.16 percentage points as compared to the end of the previous year.

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

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

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

#### ***3.2.4.1 Capital adequacy ratio***

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



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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at December 31, 2018</b>		As at December 31, 2017	
	<b>The Group</b>	<b>The Bank</b>	The Group	The Bank
<b>Net capital:</b>				
Core Tier I Capital, net	<b>28,552,917</b>	<b>26,317,273</b>	26,303,430	24,351,832
Tier I Capital, net	<b>33,541,222</b>	<b>31,226,580</b>	31,260,935	29,261,139
Net capital	<b>44,558,427</b>	<b>41,704,166</b>	41,501,684	39,270,283
<b>Capital adequacy ratio:</b>				
Core Tier I Capital adequacy ratio (Expressed in percentage)	<b>8.47</b>	<b>8.15</b>	8.62	8.20
Tier I Capital adequacy ratio (Expressed in percentage)	<b>9.94</b>	<b>9.67</b>	10.24	9.85
Capital adequacy ratio (Expressed in percentage)	<b>13.21</b>	<b>12.92</b>	13.60	13.22

The following table sets forth the Group's capital adequacy ratio for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at December 31, 2018</b>	As at December 31, 2017
<b>Core capital:</b>		
Share capital	<b>3,127,055</b>	3,127,055
Counted part of capital surplus	<b>4,898,704</b>	4,325,902
Surplus reserve and general risk reserves	<b>8,016,715</b>	6,992,384
Counted part of retained earnings	<b>12,044,820</b>	11,596,948
Minority interest recognised in Core capital	<b>592,485</b>	361,481
<b>Core Tier I Capital deductibles items:</b>		
Full deductibles items	<b>(126,862)</b>	(100,340)
Threshold deduction items	-	-
<b>Core Tier I Capital, net</b>	<b>28,552,917</b>	26,303,430
<b>Other Tier I Capital, net</b>	<b>4,988,305</b>	4,957,505
<b>Tier II Capital, net</b>	<b>11,017,205</b>	10,240,749
<b>Net capital</b>	<b>44,558,427</b>	41,501,684
On-balance sheet risk-weighted assets	<b>307,153,940</b>	276,140,999
Off-balance sheet risk-weighted assets	<b>10,518,068</b>	10,969,438
Risk-weighted assets for exposure to counterparty credit risk	<b>345</b>	8,449
<b>Total credit risk-weighted assets</b>	<b>317,672,353</b>	287,118,886
<b>Total market risk-weighted assets</b>	<b>555,006</b>	544,914
<b>Total operational risk-weighted assets</b>	<b>19,064,920</b>	17,605,686
Total risk-weighted assets before applying capital base	<b>337,292,279</b>	305,269,486
Total risk-weighted assets after applying capital base	<b>337,292,279</b>	305,269,486
<b>Core Tier I Capital adequacy ratio (Expressed in percentage)</b>	<b>8.47</b>	8.62
<b>Tier I Capital adequacy ratio (Expressed in percentage)</b>	<b>9.94</b>	10.24
<b>Capital adequacy ratio (Expressed in percentage)</b>	<b>13.21</b>	13.60

As at the end of the Reporting Period, the Group's capital adequacy ratio was 13.21%, representing a decrease of 0.39 percentage point as compared to the end of the previous year. Tier I Capital adequacy ratio was 9.94%, representing a decrease of 0.30 percentage point as compared to the end of the previous year. Core Tier I Capital adequacy ratio was 8.47%, representing a decrease of 0.15 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; and (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 CBIRC, the Bank has disclosed its capital composition, relevant items, and capital tools, details of which are available at "Investors Relations – Capital Regulation (投資者關係 – 監管資本)" on the official website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)).

#### 3.2.4.2 Leverage ratio

As at the end of the Reporting Period, the Bank's leverage ratio was 7.05%, falling within the regulatory requirement of the CBIRC.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>As at December 31, 2018</b>	As at December 31, 2017
Leverage ratio (%)	<b>7.05</b>	6.89
Tier I Capital	<b>33,668,084</b>	31,361,275
Deductions from Tier I Capital	<b>126,862</b>	100,340
Tier I Capital, net	<b>33,541,222</b>	31,260,935
On-balance sheet assets after adjustment	<b>442,851,211</b>	422,662,686
Off-balance sheet assets after adjustment	<b>32,908,500</b>	31,243,712
On- and off-balance sheet assets after adjustment	<b>475,759,711</b>	453,906,398

### 3.2.5 Segment information

#### 3.2.5.1 Summary of geographical segment

(Expressed in percentage)	As at December 31,							
	2018		2017		2016		2015	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Deposits	<b>86.09</b>	<b>13.91</b>	84.36	15.64	81.55	18.45	81.19	18.81
Loans	<b>75.66</b>	<b>24.34</b>	76.18	23.82	74.93	25.07	75.82	24.18
Assets	<b>88.40</b>	<b>11.60</b>	87.34	12.66	85.88	14.12	83.37	16.63
Loan-to-deposit ratio	<b>62.34</b>	<b>124.10</b>	60.85	102.57	58.73	86.84	56.99	78.43
Non-performing loan ratio	<b>1.06</b>	<b>3.43</b>	1.09	2.71	0.76	1.64	0.65	2.02
Impairment allowance to non-performing loans	<b>244.68</b>	<b>181.86</b>	286.65	131.98	372.68	183.92	347.34	136.75

  

(Expressed in percentage)	For the year ended December 31,							
	2018		2017		2016		2015	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Return on average total assets	<b>1.81</b>	<b>1.14</b>	2.35	(1.41)	1.07	0.63	1.27	0.05
Net fee and commission income to operating income	<b>15.05</b>	<b>6.09</b>	19.23	13.08	21.53	13.02	19.34	14.14
Cost-to-income ratio	<b>22.61</b>	<b>24.50</b>	20.61	33.35	22.85	30.11	29.58	40.47

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

### 3.2.5.2 Summary of business segment

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31, 2018				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income from external customers	5,567,780	398,680	909,186	–	6,875,646
Inter-segment net interest income/(expense)	1,826,220	1,526,162	(3,352,382)	–	–
<b>Net interest income/(expense)</b>	<b>7,394,000</b>	<b>1,924,842</b>	<b>(2,443,196)</b>	–	<b>6,875,646</b>
<b>Net fee and commission income</b>	<b>253,567</b>	<b>293,328</b>	<b>795,027</b>	–	<b>1,341,922</b>
Net trading gains	245,215	–	222,556	–	467,771
Net gains on investment securities	–	–	1,869,777	–	1,869,777
 <i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>					
	For the year ended December 31, 2017				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income/(expense) from external customers	4,224,549	(163,526)	4,054,072	–	8,115,095
Inter-segment net interest income/(expense)	1,542,406	1,443,877	(2,986,283)	–	–
<b>Net interest income</b>	<b>5,766,955</b>	<b>1,280,351</b>	<b>1,067,789</b>	–	<b>8,115,095</b>
<b>Net fee and commission income</b>	<b>320,783</b>	<b>185,592</b>	<b>1,173,681</b>	–	<b>1,680,056</b>
Net trading gains/(losses)	8,581	–	(29,801)	–	(21,220)
Net gains on investment securities	–	–	140,480	–	140,480

### 3.2.6 Analysis of off-balance sheet items

Off-balance-sheet items of the Group mainly include bank acceptances, issuance of letters of credit, issuance of letters of guarantee, unused credit card limits, financial lease-out commitments, irrevocable loan commitments, operating lease commitments and capital expenditure commitments. As at 31 December 2018, the balance of bank acceptances was RMB18,012.26 million, representing an increase of RMB4,501.35 million or 33.3% as compared to the end of the previous year; the balance of issuance of letters of credit was RMB10,458.43 million, representing an increase of RMB4,253.80 million or 68.6% as compared to the end of the previous year; the balance of issuance of letters of guarantee was RMB3,940.63 million, representing a decrease of RMB690.34 million or 14.9% as compared to the end of the previous year; the balance of unused credit card limits was RMB3,169.45 million, representing an increase of RMB301.27 million or 10.5% as compared to the end of the previous year; the balance of irrevocable loan commitments was RMB79.93 million, representing a decrease of RMB30.08 million or 27.3% as compared to the end of the previous year; the balance of operating lease commitments was RMB148.08 million, representing a decrease of RMB8.93 million or 5.7% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB368.65 million, representing a decrease of RMB10.16 million or 2.7% as compared to the end of the previous year.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2018			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptances	18,012,260	-	-	18,012,260
Issuance of letters of credit	10,446,455	11,997	-	10,458,452
Issuance of letters of guarantee	2,348,795	1,591,155	680	3,940,630
Unused credit card limits	3,169,448	-	-	3,169,448
Irrevocable loan commitments	29,530	50,402	-	79,932
Operating lease commitments	42,079	88,809	17,191	148,079
Capital expenditure commitments	214,525	154,124	-	368,649
<b>Total</b>	<b>34,263,092</b>	<b>1,896,487</b>	<b>17,871</b>	<b>36,177,450</b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2017			
	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptances	13,510,911	-	-	13,510,911
Issuance of letters of credit	6,204,635	-	-	6,204,635
Issuance of letters of guarantee	1,412,042	3,218,275	650	4,630,967
Unused credit card limits	2,868,179	-	-	2,868,179
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
<b>Total</b>	<b>24,598,159</b>	<b>3,416,462</b>	<b>25,905</b>	<b>28,040,526</b>

### **3.3 Risk Management**

#### ***3.3.1 Credit risk management***

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

Developing an overall framework of credit policies. 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.

Enhancing credit risk management. On the basis of comprehensive evaluation of the Bank's credit product, credit granting process and credit granting system management, we will further clarify the risk management responsibilities of credit product management and before, during, and after credit granting, further strengthen management on whole process of credit granting and motivate to set clear responsibilities and performance standards for each stage of credit granting.

Preventing the risks related to incremental credit. By getting thorough information of borrowers and related parties through multiple channels, the Bank focused on, inter alia, shell-based financing and affiliated enterprise financing, and paid great attention to external financing risks involving private lending and fund raising. The Bank closely monitored the trace of credit funds, timely understood the risk warning information of borrowers and related parties, so as to take effective measures to get potential risks resolved.

Strengthening risk resolution to credit balance. The Bank Standardized the management process of problem credit, established systematic policy management framework of "one policy for one client" and realized the dynamic tracking of problem credit to improve the risk solutions and timeliness and accuracy of problem credit and information collection. Through implementing a centralized management mechanism for non-performing assets and setting detailed assessment and reward policies, the Bank stimulated the motivation for the collection and clearing and vigorously promoted debt collection through claiming and litigation to improve the recovery rate of collection.

Driving the internal ratings to be integrated into management system. The results of internal ratings plays a role in main operation process such as credit approval, post-lending monitoring, setting credit limit and differentiated credit policies, and also applies to measuring loan impairment provisions in compliance with IFRS 9.

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

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

During the Reporting Period, the Bank continued to improve operational risk management system and further promote the implementation and application of the management tools for operational risk. In particular, the Bank took various measures to: with the support of risk management systems, optimize the management system, improve the level of quantitative management; consummate the risk reporting process, report regularly summarized and assessment results, changes in risk monitoring indicators, collection of lost data, implementation of risk prevention and control measures, etc., to provide reference for management decision-making; strengthen risk monitoring in key sectors and key business process and achieve “early discovery, early intervention, early disposal” to ensure key measures implemented and risks reduced; continually strengthen its business continuity management, promote the construction of intra-city two business centers by taking advantage of new generation of core system as an opportunity to ensure sustainable operation of important business of the Bank as a whole.

### **3.3.3 Market risk management**

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

#### **3.3.3.1 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 arose from the mismatch between assets or liabilities at the re-pricing date or that at the maturity date.

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



The interest rate liberalization in China has continued with increasing frequency and range of market fluctuation since 2018. Market supervision was strengthened, which narrowed the interest spreads among commercial banks. Facing the interest rate liberalization and intensified competition in the financial market, the Group constantly improved the management of interest rate 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 policy of interest rate pricing 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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>December 31, 2018</b>							
<b>Assets</b>							
Cash and balances with central bank	32,621,825	-	-	-	-	595,016	33,216,841
Due from other banks and financial institutions	42,926,826	7,100,008	7,706,052	-	-	182,193	57,915,079
Financial assets at fair value through profit or loss	12,510	2,340,592	10,163,826	3,546,868	2,733,088	8,624,974	27,421,858
Loans and advances to customers	21,048,062	13,477,101	131,278,212	34,352,427	4,899,131	868,279	205,923,212
Investment securities							
- Financial investment at fair value through other comprehensive income	1,014,611	908,605	8,121,411	16,411,573	7,182,783	1,048,184	34,687,167
- Financial investment measured at amortised cost	4,320,220	1,114,148	11,493,042	53,103,467	10,896,720	1,595,712	82,523,309
Other financial assets	-	-	-	-	-	1,775,932	1,775,932
<b>Total financial assets</b>	<b>101,944,054</b>	<b>24,940,454</b>	<b>168,762,543</b>	<b>107,414,335</b>	<b>25,711,722</b>	<b>14,690,290</b>	<b>443,463,398</b>
<b>Liabilities</b>							
Due to other banks and financial institutions	(17,565,634)	(7,265,568)	(31,792,939)	-	(52,326)	(413,472)	(57,089,939)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	(657)	(657)
Customer deposits	(92,336,786)	(11,850,779)	(60,111,322)	(87,159,126)	(2,711,264)	(2,224,916)	(256,394,193)
Debt securities issued	(4,262,108)	(22,482,064)	(53,273,604)	(9,088,383)	(7,494,209)	(382,245)	(96,982,613)
Other financial liabilities	-	-	-	-	-	(3,417,537)	(3,417,537)
<b>Total financial liabilities</b>	<b>(114,164,528)</b>	<b>(41,598,411)</b>	<b>(145,177,865)</b>	<b>(96,247,509)</b>	<b>(10,257,799)</b>	<b>(6,438,827)</b>	<b>(413,884,939)</b>
<b>Total interest rate sensitivity gap</b>	<b>(12,220,474)</b>	<b>(16,657,957)</b>	<b>23,584,678</b>	<b>11,166,826</b>	<b>15,453,923</b>	<b>8,251,463</b>	<b>29,578,459</b>

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>December 31, 2017</b>							
<b>Assets</b>							
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 financial assets	6,218,750	4,928,849	6,889,131	14,251,804	4,314,467	503,798	37,106,799
– Held-to-maturity investments	–	30,000	2,548,911	11,065,634	7,367,830	–	21,012,375
Other financial assets	–	–	–	–	–	4,743,013	4,743,013
<b>Total financial assets</b>	<b>137,541,877</b>	<b>31,057,318</b>	<b>104,771,921</b>	<b>103,556,048</b>	<b>33,952,216</b>	<b>6,182,347</b>	<b>417,061,727</b>
<b>Liabilities</b>							
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)
<b>Total financial liabilities</b>	<b>(114,339,236)</b>	<b>(46,983,224)</b>	<b>(127,056,187)</b>	<b>(84,775,483)</b>	<b>(10,049,130)</b>	<b>(5,893,391)</b>	<b>(389,096,651)</b>
<b>Total interest rate sensitivity gap</b>	<b>23,202,641</b>	<b>(15,925,906)</b>	<b>(22,284,266)</b>	<b>18,780,565</b>	<b>23,903,086</b>	<b>288,956</b>	<b>27,965,076</b>

As of December 31, 2018, the Group's accumulated gap for all maturities amounted to RMB29,578.46 million, representing an increase of RMB1,613.38 million or 5.8% as compared to the end of the previous year.

### 3.3.3.2 Exchange rate risk

Exchange rate risk faced by the Group mainly relates to the impact on the position level and cash flow of foreign exchange exposure held by the Group due to changes in major foreign exchange rates. By setting limits on foreign exchange exposure and stop loss to reduce and control exchange rate risk, the Group seeks to ensure that the adverse impact of exchange rate fluctuations falls within an acceptable range.

### 3.3.3.3 Sensitivity analysis

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

#### (1) Interest rate sensitivity analysis

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>Change of net interest income</b>	
	<b>December 31, 2018</b>	December 31, 2017
+ 100 basis points parallel move in all yield curves	<b>(167,487)</b>	6,077
- 100 basis points parallel move in all yield curves	<b>167,487</b>	(6,077)
	<b>Change of other comprehensive income</b>	
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>December 31, 2018</b>	December 31, 2017
+ 100 basis points parallel move in all yield curves	<b>(795,375)</b>	(583,862)
- 100 basis points parallel move in all yield curves	<b>835,318</b>	646,770

#### (2) Exchange rate sensitivity analysis

The following table shows the effect on profit before income tax when the Renminbi to foreign currency exchange rate moves by 1%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>Estimated profit/(loss) before income tax change</b>	
	<b>December 31, 2018</b>	December 31, 2017
+1% upward change of foreign exchange rate	<b>54,089</b>	51,375
-1% downward change of foreign exchange rate	<b>(54,089)</b>	(51,375)

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

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

The Board 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 liquidity risk preference, strategies, policies and procedures for liquidity risk management. The Assets and Liabilities Management Department takes charge of the day-to-day management of liquidity risk. The Financial Market Department and other operational departments and offices, each having distinct responsibilities, work closely with each other to develop a well-organized and fully functional organization structure of the liquidity risk management system.

The Group continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade our liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Group also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity management through 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 Group's overall money-market balance, liquidity reserves, liquidity exposure and related supervisory indicators. At the same time, the Group's assets and liabilities are managed in accordance with factors such as liquidity exposure, liquidity reserves, money-market balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk.

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

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

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of 2018, the liquidity gap calculated at our undiscounted contractual cash flows categorized by contractual maturities was as follows:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
<b>December 31, 2018</b>									
Net liquidity gap	(77,094,835)	37,734,627	(17,384,101)	(50,429,271)	53,436,925	51,084,202	25,851,850	6,379,062	29,578,459
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
<b>December 31, 2017</b>									
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

In 2018, the Group's cumulative gap for all maturities was RMB29,578.46 million, representing an increase of RMB1,613.38 million as compared to the end of the previous year. Although there was a shortfall in on-demand repayment of RMB77,094.84 million, the Group had an extensive and solid deposit customer basis. Current deposit settlement rates were higher and funding sources were stable, so the impact of the shortfall on the Group's real liquidity was not significant.

#### *Liquidity coverage ratio of the Bank*

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	<b>December 31, 2018</b>	December 31, 2017
Qualified high-quality liquid assets	<b>43,812,705</b>	54,275,756
Net cash outflow in the next 30 days	<b>17,383,563</b>	27,932,208
<b>Liquidity coverage ratio (%)</b>	<b>252.04</b>	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 measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBIRC which came into effect on July 1, 2018. As of December 31, 2018, the Group's liquidity coverage ratio was 252.04 %, representing an increase of 57.73 percentage points as compared to the end of the previous year, which was in compliance with the regulatory requirements of the CBIRC.

### 3.4 Outlook

In 2019, the global economic environment will become more complicated. Under the negative influence of global liquidity tightening and trade friction escalation, the global economy will have a risk of falling after the peak. Affected by this, China's economy will encounter greater downward pressure. However, with the continuous advancement of supply-side structural reform and the continuous introduction of various positive policies, China's economy will maintain its high-quality development.

The central government has made arrangement on further advancement of the structural reform of the financial supply side and financial risks prevention and mitigation. To enhance financial services and prevent financial risks will be the focus to the high-quality development of the financial industry. The arrangement requires building a multi-level, wide-coverage and differentiated banking system, increasing the number and size of small and medium-sized financial institutions and improving small and micro enterprises and "three rural" financial services, thereby providing important policy support for sustained and healthy development to banking financial institutions, especially small and medium-sized banks.

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 great geographical advantage. In 2019, Chongqing will continue to focus on the "two points" positioning, "two places" and "two highs" goals and promote the implementation of "three tough battles" and "eight action plans" to ensure that the regional economy develops within a reasonable range and maintains healthy development. Benefiting from the implementation of various regional policies, financial institutions in the region will also get new development opportunities.

In 2019, the Group will continue to adhere to the general fundamental principle of seeking development and improvement in stability and take the supply-side structural reform as the main course, to deeply leverage the regional development pattern. Based on its continual transformation of professionalism, comprehensive management and Internet banking, the Group will push on various structure adjustments, and get the strategic opportunities for its own development and growth. By boosting the real economy, developing inclusive finance, supporting private enterprises and inspiring the vitality of microcosmic body. The Group will implement various mission objectives comprehensively and focus on supporting the real economy, upgrading retail business, strengthening scientific and technological support, implementing reforms, enhancing risk control, degrading inventory risks, increasing talent reserves, and improving management quality, as well as formulate and implement work initiatives and systems.

The Group will closely focus on the goals of high-quality development by actively promoting revolution on quality, efficiency and growth drivers, focusing on asset quality, fine management, structural optimization and drivers changes. While paying great attention to relationship between current and long-term development, risk control and development, scale and efficiency, and inputs and outputs, the Group will fulfill the social responsibility of financial enterprises to serve the real economy through further improvement of its corporate governance and internal management, comprehensively strengthening of risk management and internal control.



#### 4. MAJOR ASSET PURCHASES, SALES AND MERGERS

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

#### 5. OTHER INFORMATION

##### 5.1 Corporate Governance Code

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

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

Unless otherwise disclosed in the section headed "5.3 Changes in Directors, Supervisors and Senior Management", 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.

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

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

The Board of the Bank comprised a total of thirteen 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; five non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong, Ms. LV Wei, Mr. YANG Yusong and Mr. TANG Xiaodong; 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.

### 5.3 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 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 CBRC Chongqing Office (now renamed as “**China Banking and Insurance Regulatory Commission Chongqing Bureau**”, hereinafter referred to as “**CBIRC 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 Transactions 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, has been appointed as a member of the Audit Committee under the Board on the same day.

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

On 22 August 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 22 August 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. The appointment was considered and approved at the second extraordinary general meeting of 2018 on 14 September 2018 and was approved by the CBIRC Chongqing Bureau pursuant to the CBIRC Chongqing Bureau’s Approval of Appointment Qualification of Mr. TANG Xiaodong (《重慶銀保監局關於湯曉東任職資格的批覆》)(Yu Yin Bao Jian Fu [2018] No. 2) dated 18 December 2018. The term of office of Mr. TANG Xiaodong as a non-executive director has become effective from the date of CBIRC Chongqing Bureau’s approval and shall end upon the expiry of the fifth session of the Board.



On 30 October 2018, the Board considered and approved the proposed appointment of Mr. WU Heng as a non-executive director of the Bank. The appointment was considered and approved at the third extraordinary general meeting of 2018 on 28 December 2018 and is subject to the approval by the CBIRC Chongqing Bureau.

On 19 December 2018, the Bank received the CBIRC Chongqing Bureau's Approval of Appointment Qualification of Mr. YANG Yusong (《重慶銀保監局關於楊雨松任職資格的批覆》)(Yu Yin Bao Jian Fu [2018] No.3) issued by the CBIRC Chongqing Bureau on 18 December 2018 to approve the qualification of Mr. YANG Yusong as a non-executive director of the Bank. The term of office of Mr. YANG Yusong as a non-executive director has become effective from the date of CBIRC Chongqing Bureau's approval and shall end upon the expiry of the fifth session of the Board.

During the transition period from the date of approval of the qualification of Mr. Tang Xiaodong and Mr. Yang Yusong as the Bank's non-executive directors from CBIRC Chongqing Bureau to the date of approval of the qualification of Dr. Song Ming as the Bank's independent non-executive director from CBIRC Chongqing Bureau, the Bank will not be in full compliance with Rule 3.10A of the Listing Rules regarding the number of independent non-executive directors is at least one-third of the board of directors.

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

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

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

## 5.5 Profits and Dividends

The Bank's revenue for the year ended December 31, 2018 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this results announcement.

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 Board of the Bank has proposed a final dividend of RMB0.154 per share (tax inclusive) for the year ended December 31, 2018 ("**2018 Final Dividend**"), amounting to an aggregate amount of RMB481,566,439.97 (tax inclusive) to all shareholders of the Bank. The dividend distribution proposal will be submitted to the 2018 annual general meeting for approval. If the proposal is approved at the 2018 annual general meeting, the dividend will be distributed to holders of domestic shares and holders of H Shares whose names appear on the register of members on June 30, 2019. The proposed dividend will be denominated in RMB. Dividends to holders of domestic shares shall be paid in RMB, and dividends to holders of H Shares shall be paid in Hong Kong dollars. The exchange rate of RMB to HK\$ to be adopted shall be the average middle rates of the five business days preceding the date of declaration of such dividends by the Bank at the 2018 annual general meeting (being May 24, 2019, inclusive) as announced by the People's Bank of China. The register of members of the Bank will be closed from Monday, June 24, 2019 to Sunday, June 30, 2019 (both days inclusive), during such period no transfer of domestic shares or H Shares will be registered. In order to be entitled to the dividend payment, holders of H shares of the Bank who have not registered the related transfer documents are required to lodge the transfer documents together with the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Friday, June 21, 2019.

The Board of the Bank proposed to distribute the 2018 final dividends on Friday, July 19, 2019. If there are any expected changes to the dividend payment date, an announcement will be published.

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

<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash dividend (tax inclusive)	368.99	909.97	825.54
As a percentage of profit for the year	10%	26%	26%

## **5.6 Annual General Meeting of 2018 and Closure of Register of Members**

The Bank's 2018 annual general meeting will be held on Friday, May 24, 2019. In order to determine the holders of H Shares who are eligible to attend and vote at the 2018 annual general meeting, the register of members of the Bank will be closed from Wednesday, April 24, 2019 to Friday, May 24, 2019 (both days inclusive), and during such period no transfer of shares will be registered. Holders of H Shares of the Bank who wish to attend and vote at the 2018 annual general meeting must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, April 23, 2019.

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

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

## **5.8 Review of Annual Results announcement of 2018**

The 2018 financial statements prepared by the Bank in accordance with the IFRSs have been audited by PricewaterhouseCoopers in accordance with International Standards on Auditing.

The Board and its audit committee of the Bank have reviewed and approved the Annual Results announcement of the Bank.

## 6. FINANCIAL STATEMENTS

### BANK OF CHONGQING CO., LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (All amounts expressed in thousands of RMB unless otherwise stated)

	For the year ended 31 December	
	2018	2017
Interest income	19,322,772	18,920,176
Interest expense	(12,447,126)	(10,805,081)
<b>Net interest income</b>	<b>6,875,646</b>	<b>8,115,095</b>
Fee and commission income	1,453,712	1,940,881
Fee and commission expense	(111,790)	(260,825)
<b>Net fee and commission income</b>	<b>1,341,922</b>	<b>1,680,056</b>
Net trading gains/(losses)	467,771	(21,220)
Net gains on investment securities	1,869,777	140,480
Other operating income	74,968	100,395
<b>Operating income</b>	<b>10,630,084</b>	<b>10,014,806</b>
Operating expenses	(2,571,121)	(2,298,865)
Impairment losses	(3,436,768)	(2,999,164)
<b>Operating profit</b>	<b>4,622,195</b>	<b>4,716,777</b>
Share of profit of associates	220,427	178,378
<b>Profit before income tax</b>	<b>4,842,622</b>	<b>4,895,155</b>
Income tax	(1,020,527)	(1,130,958)
<b>Net profit for the year</b>	<b>3,822,095</b>	<b>3,764,197</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Revaluation reserve for AFS recognised in other comprehensive income	N/A	(782,112)
Less: Related income tax impact	N/A	195,528
<b>Subtotal</b>	<b>N/A</b>	<b>(586,584)</b>
Net gains from debt investment at fair value through other comprehensive income	447,375	N/A
Less: Relevant income tax impact	(111,844)	N/A
<b>Subtotal</b>	<b>335,531</b>	<b>N/A</b>

**BANK OF CHONGQING CO., LTD.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(All amounts expressed in thousands of RMB unless otherwise stated)*

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
<i>Items that will not be reclassified to profit or loss:</i>		
Net gains on equity investments designated at fair value through other comprehensive income	<b>200,000</b>	N/A
Less: Relevant income tax impact	<b>(50,000)</b>	N/A
<b>Subtotal</b>	<b>150,000</b>	N/A
Remeasurement of retirement (losses)/ benefits	<b>(4,111)</b>	1,404
Less: Related income tax impact	<b>1,028</b>	(351)
<b>Subtotal</b>	<b>(3,083)</b>	1,053
<b>Total other comprehensive income, net of tax</b>	<b>482,448</b>	(585,531)
<b>Total comprehensive income for the year</b>	<b>4,304,543</b>	3,178,666
<b>Net profit attributable to:</b>		
Shareholders of the Bank	<b>3,769,847</b>	3,725,881
Non-controlling interests	<b>52,248</b>	38,316
	<b>3,822,095</b>	3,764,197
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Bank	<b>4,252,295</b>	3,140,350
Non-controlling interests	<b>52,248</b>	38,316
	<b>4,304,543</b>	3,178,666
<b>Earnings per share attributable to the shareholders of the Bank</b> <i>(expressed in RMB per share)</i>		
–Basic and diluted	<b>1.11</b>	1.19

**BANK OF CHONGQING CO., LTD.****CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(All amounts expressed in thousands of RMB unless otherwise stated)*

	As at 31 December	
	2018	2017
<b>ASSETS</b>		
Cash and balances with central bank	33,216,841	43,727,432
Due from other banks and financial institutions	57,915,079	37,000,091
Financial assets at fair value through profit or loss (“FVPL”)	27,421,858	702,202
Loans and advances to customers	205,923,212	172,162,090
Investment securities		
– 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”)	34,687,167	N/A
– Amortised cost	82,523,309	N/A
Investment in associates	1,638,323	1,113,146
Property, plant and equipment	3,023,292	2,866,257
Deferred income tax assets	1,890,680	1,380,953
Other assets	2,129,212	5,083,955
<b>Total assets</b>	<b>450,368,973</b>	<b>422,763,025</b>
<b>LIABILITIES</b>		
Due to other banks and financial institutions	57,089,939	55,771,252
Financial liabilities at fair value through profit or loss	657	-
Customer deposits	256,394,193	238,704,678
Current tax liabilities	548,673	358,515
Debt securities issued	96,982,613	88,727,330
Other liabilities	4,741,325	6,741,338
<b>Total liabilities</b>	<b>415,757,400</b>	<b>390,303,113</b>
<b>EQUITY</b>		
Share capital	3,127,055	3,127,055
Preference shares	4,909,307	4,909,307
Capital surplus	4,680,638	4,680,638
Other reserves	8,289,192	6,637,648
Retained earnings	12,044,820	11,596,948
<b>Equity attributable to shareholders of the Bank</b>	<b>33,051,012</b>	<b>30,951,596</b>
Non-controlling interests	1,560,561	1,508,316
<b>Total equity</b>	<b>34,611,573</b>	<b>32,459,912</b>
<b>Total liabilities and equity</b>	<b>450,368,973</b>	<b>422,763,025</b>

**BANK OF CHONGQING CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*(All amounts expressed in thousands of RMB unless otherwise stated)*

	Equity attributable to shareholders of the Bank									
	Share capital	Preference shares	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for available-for-sale securities	Remeasurement of retirement benefits	Retained earnings	Non-controlling interests	Total
<b>Balance at 31 December 2016</b>	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 year	-	-	-	-	-	-	-	3,725,881	38,316	3,764,197
Other comprehensive income	-	-	-	-	-	(586,584)	1,053	-	-	(585,531)
Total comprehensive income	-	-	-	-	-	(586,584)	1,053	3,725,881	38,316	3,178,666
Issuance of preference shares	-	4,909,307	-	-	-	-	-	-	-	4,909,307
Contribution of non-controlling shareholders	-	-	-	-	-	-	-	-	1,470,000	1,470,000
Dividends to ordinary shares	-	-	-	-	-	-	-	(909,973)	-	(909,973)
Transfer to other reserves	-	-	-	372,588	704,944	-	-	(1,077,532)	-	-
<b>Balance at 31 December 2017</b>	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
<b>Balance at 31 December 2017</b>	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	-	-	-	-	-	144,764	-	(1,618,490)	(3)	(1,473,729)
<b>Restated balance at 1 January 2018</b>	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 year	-	-	-	-	-	-	-	3,769,847	52,248	3,822,095
Other comprehensive income	-	-	-	-	-	485,531	(3,083)	-	-	482,448
Total comprehensive income	-	-	-	-	-	485,531	(3,083)	3,769,847	52,248	4,304,543
Dividends to ordinary shares	-	-	-	-	-	-	-	(368,992)	-	(368,992)
Dividends to preference shares	-	-	-	-	-	-	-	(310,161)	-	(310,161)
Transfer to other reserves	-	-	-	371,547	652,785	-	-	(1,024,332)	-	-
<b>Balance at 31 December 2018</b>	3,127,055	4,909,307	4,680,638	2,616,566	5,400,150	276,973	(4,497)	12,044,820	1,560,561	34,611,573

**BANK OF CHONGQING CO., LTD.****CONSOLIDATED STATEMENT OF CASH FLOWS***(All amounts expressed in thousands of RMB unless otherwise stated)*

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax	<b>4,842,622</b>	4,895,155
Adjustments:		
Depreciation and amortisation	<b>207,368</b>	184,088
Impairment losses on loans	<b>3,582,048</b>	2,352,241
Impairment losses on other assets	<b>(145,280)</b>	646,923
Net gains on disposal of property, plant and equipment and foreclosed assets	<b>(27,271)</b>	(13,981)
Fair value (gains)/losses	<b>(222,556)</b>	29,801
Net gains arising from financial investments	<b>(1,870,657)</b>	(163,022)
Share of profit of associates	<b>(220,427)</b>	(178,378)
Interest income arising from investment securities	<b>(5,590,107)</b>	(7,037,955)
Interest expense arising from debt securities issued	<b>3,958,241</b>	3,303,012
Net increase in operating assets:		
Net decrease/(increase) in restricted deposit balances with central bank	<b>6,759,410</b>	(1,552,442)
Net increase in due from and placements to banks and other financial institutions	<b>(1,667,823)</b>	(3,901,437)
Net (increase)/decrease in financial assets held under resale agreements	<b>(21,659,841)</b>	18,882,843
Net increase in loans and advances to customers	<b>(37,733,552)</b>	(28,345,429)
Net increase in other operating assets	<b>(69,129)</b>	(1,210,283)
Net increase in operating liabilities:		
Net increase/(decrease) in borrowings from central bank	<b>1,487,846</b>	(211,267)
Net decrease in due to and placements from banks and other financial institutions	<b>(4,755,851)</b>	(445,241)
Net increase/(decrease) in financial assets sold under repurchase agreements	<b>4,586,692</b>	(9,496,711)
Net increase in customer deposits	<b>17,689,515</b>	9,110,885
Net (decrease)/increase in other operating liabilities	<b>(2,411,446)</b>	7,464,668
Income tax paid	<b>(903,113)</b>	(1,247,656)
<b>Net cash outflows from operating activities</b>	<b>(34,163,311)</b>	(6,934,186)



**BANK OF CHONGQING CO., LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(All amounts expressed in thousands of RMB unless otherwise stated)*

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from investing activities:</b>		
Dividends received	880	22,542
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	71,895	53,018
Purchase of property, plant and equipment, intangible assets and other long-term assets	(411,145)	(378,525)
Proceeds from sale and redemption of investments	259,306,810	331,273,393
Purchase of investment securities	(234,661,484)	(364,687,137)
<b>Net cash inflows/(outflows) from investing activities</b>	<b>24,306,956</b>	<b>(33,716,709)</b>
<b>Cash flows from financing activities:</b>		
Capital contribution by non-controlling interests of a subsidiary	–	1,470,000
Proceeds from issuance of other equity instruments	–	4,909,307
Proceeds from issuance of debt securities and inter-bank certificates of deposit	143,403,934	152,353,023
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	(138,990,000)	(121,080,000)
Interest paid in relation to debt securities issued	(497,400)	(263,800)
Dividends paid to shareholders	(670,109)	(915,048)
<b>Net cash inflows from financing activities</b>	<b>3,246,425</b>	<b>36,473,482</b>
<b>Impact from exchange rate changes on cash and cash equivalents</b>	<b>452,025</b>	<b>(185,939)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,157,905)</b>	<b>(4,363,352)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>20,424,977</b>	<b>24,788,329</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14,267,072</b>	<b>20,424,977</b>

**BANK OF CHONGQING CO., LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(All amounts expressed in thousands of RMB unless otherwise stated)*

**1 BASIS OF PRESENTATION**

The consolidated financial statements of the Group have been prepared in accordance with all the applicable International Financial Reporting Standards (“IFRSs”) and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap.622).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, and financial assets and financial liabilities at fair value through profit or loss which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note.

**(a) New and revised IFRSs issued and applied**

From 2018 on, the Group has adopted the following amendments to IFRSs, which were applicable for the Group’s financial year beginning on 1 January 2018 and the relevant impact is set out below:

Amendments to IFRS 2	Share-based Payment Transactions
Amendments to IAS 40	Transfer of Investment Properties
Amendments to IAS 28	Annual Improvements to IFRSs 2014 - 2016 Cycle
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 9	Financial Instruments

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

***Amendments to IFRS 2***

On 20 June 2016, the IASB issued an amendment to IFRS 2, ‘Share-based Payment’, addressing three classification and measurement issues. The amendment addresses the accounting for cash-settled share-based payments and equity-settled awards that include a ‘net settlement’ feature in respect of withholding taxes.

The amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of the amendments will not have a significant impact on the Group’s consolidated financial statements.

## 1 BASIS OF PRESENTATION (CONTINUED)

### (a) New and revised IFRSs issued and applied (Continued)

#### *Amendments to IAS 40*

On 8 December 2016, the IASB issued amendments to IAS 40 - Transfer of Investment Property. These amendments specify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use of a property supported by evidence that a change in use has occurred; They also clarify that the list of circumstances set out in IAS 40 is non-exhaustive list of examples of evidence that a change in use has occurred instead of an exhaustive list. The examples have been expanded to include assets under construction and development and not only transfers of completed properties. The adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### *Amendments to IAS 28*

The IASB Annual Improvements 2014 - 2016 Cycle include the amendments to IAS 28 - Investments in Associates and Joint Ventures. These amendments clarify that the election to measure investees at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### *IFRS 15*

IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The adoption of this new standard will not have a significant impact on the Group's consolidated financial statements.

#### *International Financial Reporting Interpretations Committee ('IFRIC') 22*

The IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The Group anticipates that the adoption of this interpretation will not have a significant impact on the Group's consolidated financial statements

## 1 BASIS OF PRESENTATION (CONTINUED)

### (a) New and revised IFRSs issued and applied (Continued)

#### 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, 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.

### (b) New and revised IFRSs issued but not yet effective

		<b>Effective for annual period beginning on or after</b>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
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

## 1 BASIS OF PRESENTATION (CONTINUED)

### (b) New and revised IFRSs issued but not yet effective (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*

IFRS 16 was officially issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. The new standards improve the identification, breakdown and merger of leases and require lessees to recognise leases in balance sheets. For lessees, the new leasing standards will recognise all the leases in balance sheets as the classification of operating leases and financial leases has been removed. According to new standards, the entity is required to recognise the right-of-use assets and leasing liabilities, and exemptions applied only to short-term and low-value leases. Meanwhile, the new standards also improve the accounting treatment of the lessee on subsequent measurement and leasing changes. The new standards have not undergone substantial changes in the accounting of lessors.

The Group will adopt the standards for annual periods beginning on or after 1 January 2019 and intends to use the simple transition methods stated in the standards to restate the comparative amount for the previous year impacted by the first adoption. On the first day of implementation, the group will measure the leasing liabilities on the basis of the present value of the remaining lease payment at the interest rate of the lessee's incremental borrowing for the first day of implementation and the right-of-use assets for the leases of inventory using the new standards as from the first day of implementation. For short-term and low-value leases, the Group is subject to the recognition exemptions.

The Group expects that the first adoption of the new standards will not have a significant impact on the Group's consolidated financial statements.

#### *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.

#### *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.

## 2 SUBSIDIARY

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

As at 31 December 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
		<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>		<b>Profit</b>
Chongqing Xinyu Financial Leasing Co., Ltd.	15,287,072	12,102,254	456,212	106,629		

## 3 NET INTEREST INCOME

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

	2018	2017
<b>Interest income</b>		
Balances with central bank	524,600	578,520
Due from other banks and financial institutions	1,359,910	1,899,824
Loans and advances to customers	11,848,155	9,403,877
Investment securities	5,590,107	6,958,327
Financial assets at FVPL	N/A	79,628
	<b>19,322,772</b>	<b>18,920,176</b>
<b>Interest expense</b>		
Due to other banks and financial institutions	(2,109,814)	(2,159,215)
Customer deposits	(6,379,071)	(5,342,854)
Debt securities issued	(3,958,241)	(3,303,012)
	<b>(12,447,126)</b>	<b>(10,805,081)</b>
<b>Net interest income</b>	<b>6,875,646</b>	<b>8,115,095</b>
	<b>2018</b>	<b>2017</b>
Interest income accrued on loans and advances to customers impaired	N/A	117,090

#### 4 NET FEE AND COMMISSION INCOME

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

	2018	2017
<b>Fee and commission income</b>		
Financial advisory and consulting services	144,757	159,698
Wealth management agency service	542,435	887,823
Custodian service	252,592	358,836
Bank card services	323,068	280,296
Guarantees and credit commitments	96,923	140,016
Settlement and agency services	93,937	114,212
	<u>1,453,712</u>	<u>1,940,881</u>
<b>Fee and commission expense</b>		
Settlement and agency services	(63,024)	(56,764)
Bank card services	(34,221)	(26,234)
Others	(14,545)	(177,827)
	<u>(111,790)</u>	<u>(260,825)</u>
<b>Net fee and commission income</b>	<u><u>1,341,922</u></u>	<u><u>1,680,056</u></u>

#### 5 NET TRADING GAINS/(LOSSES)

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

	2018	2017
Foreign exchange	245,215	8,581
Fair value gains/(losses)	222,556	(29,801)
	<u><u>467,771</u></u>	<u><u>(21,220)</u></u>

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

The retranslation gains of foreign currency monetary assets and liabilities were RMB 224,755 thousand for the year ended 31 December 2018 (31 December 2017: RMB 8,214 thousand of retranslation losses).

Fair value gains/(losses) mainly include losses or gains generating from the fair value change of trading securities.

## 6 OTHER OPERATING INCOME

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

	2018	2017
Gains on sale of property, plant and equipment	13,583	13,455
Gains on sale of Assets held for sale	14,096	–
Gains on sale of foreclosed assets	–	602
Dividend income from unlisted AFS investments	880	22,542
Government grants <sup>(a)</sup>	33,619	30,598
Rental income from investment properties	1,033	808
Income from dormant accounts	497	1,318
Compensation on breach of contract	2,824	24,316
Other miscellaneous income <sup>(b)</sup>	8,436	6,756
	<u>74,968</u>	<u>100,395</u>

### (a) Government grants

For the year ended 31 December 2018, the government grants mainly include regional credit support, agricultural loans, business startup guaranteed loan support and other types of government grants for sub-branches of around RMB 16,374 thousand in total, and the supportive financial subsidies of investment attraction policy for subsidiary in Yuzhong district of RMB 17,245 thousand.

For the year ended 31 December 2017, the government grants mainly include agricultural loans, incremental small and micro loans, business startup guaranteed loan support and other types of government grants for sub-branches of around RMB 30,598 thousand in total.

### (b) Other miscellaneous income mainly comprised cashier surplus and incomes from writing off other payables.

## 7 OPERATING EXPENSES

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

	2018	2017
Staff costs (including directors and supervisors' emoluments)	1,525,596	1,282,237
General and administrative expenses	554,472	592,466
Tax and surcharges	134,100	95,112
Depreciation of property, plant and equipment	147,539	125,394
Amortisation of intangible assets	35,371	28,897
Amortisation of land use rights	4,672	4,705
Depreciation of investment properties	139	307
Amortisation of long-term prepaid expenses	19,647	24,785
Rental expenses	64,980	74,776
Professional fees	51,704	44,972
Auditors' remuneration		
–Audit services	3,858	3,328
–Non-audit services	472	550
Donations	10,070	13,662
Others	18,501	7,674
	<u>2,571,121</u>	<u>2,298,865</u>



**8 STAFF COSTS (INCLUDING DIRECTORS AND SUPERVISORS' EMOLUMENTS)***(All amounts expressed in thousands of RMB unless otherwise stated)*

	<b>2018</b>	2017
Salaries and bonuses	<b>1,126,679</b>	860,806
Pension expenses	<b>152,782</b>	156,083
Housing benefits and subsidies	<b>85,136</b>	80,783
Labour union and staff education funds	<b>27,289</b>	21,727
Other social security and benefit costs	<b>133,710</b>	162,838
	<hr/>	<hr/>
Total	<b>1,525,596</b>	1,282,237
	<hr/> <hr/>	<hr/> <hr/>

**Five highest paid individuals**

For the years ended 31 December 2018 and 2017, neither directors nor supervisors were included in the five highest paid individuals of the Group.

The emoluments payable to the five highest paid individuals for relevant years are as follows:

	<b>2018</b>	2017
Salaries, housing allowances and other benefits	<b>1,870</b>	1,296
Discretionary bonuses	<b>7,278</b>	19,003
Contributions to pension schemes	<b>489</b>	434
	<hr/>	<hr/>
	<b>9,637</b>	20,733
	<hr/> <hr/>	<hr/> <hr/>

The emoluments payable to senior management and individuals fell within the following bands:

	<b>Number of individuals</b>	
	<b>2018</b>	2017
RMB - 1,500,001 - RMB - 2,000,000	<b>4</b>	–
RMB - 2,000,001 - RMB - 2,500,000	<b>1</b>	1
RMB - 2,500,001 - RMB - 3,000,000	–	2
RMB - 3,000,001 - RMB - 3,500,000	–	–
RMB - 3,500,001 - RMB - 4,000,000	–	1
Above RMB 4,000,000	–	1
	<b>5</b>	5

No emoluments had been paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for demission.

## 9 IMPAIRMENT LOSSES

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

	2018	2017
Loans and advances to customers		
– Collectively assessed	N/A	416,418
– Individually assessed	N/A	1,935,823
Loans and receivables	N/A	631,693
Loans and advances to customers carried at amortised cost	3,531,882	N/A
Loans and advances at FVOCI	50,166	N/A
Investment securities - amortised cost	(149,200)	N/A
Investment securities - FVOCI	(81,879)	N/A
Loan commitments and financial guarantee contracts	72,308	N/A
Due from other banks and financial institutions	1,391	N/A
Others	12,100	15,230
	<u>3,436,768</u>	<u>2,999,164</u>

## 10 INCOME TAX EXPENSE

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

	2018	2017
Current income tax	1,200,855	1,311,112
Deferred income tax	(180,328)	(180,154)
	<u>1,020,527</u>	<u>1,130,958</u>

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

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate 25% (2017: 25%) to profit before income tax can be reconciled as follows:

	2018	2017
Profit before income tax	<u>4,842,622</u>	<u>4,895,155</u>
Tax calculated at a tax rate of 25%	1,210,656	1,223,789
Tax effect arising from non-taxable income <sup>(a)</sup>	(166,189)	(169,544)
Tax effect of expenses that are not deductible for tax purposes <sup>(b)</sup>	29,246	153,364
Income tax adjustment for prior years	(53,186)	(76,651)
Income tax expense	<u>1,020,527</u>	<u>1,130,958</u>

(a) The Group's non-taxable income mainly represents interest income arising from treasury bonds, which is non-taxable in accordance with PRC tax laws.

(b) The Group's expenses that are not tax deductible for tax purposes mainly represent certain expenditures, such as entertainment expenses etc., which exceed the tax deduction limits pursuant to PRC Laws.

## 11 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2018	2017
Net profit attributable to shareholders of the Bank	3,769,847	3,725,881
Less: Net profit attributable to other equity holders of the Bank	<u>(310,161)</u>	<u>-</u>
Net profit attributable to ordinary shareholders of the Bank	3,459,686	3,725,881
Weighted average number of ordinary shares issued (in thousand)	3,127,055	3,127,055
Basic and diluted earnings per share (in RMB yuan)	1.11	1.19

The Bank issued non-cumulative preference shares on 20 December 2017. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to ordinary shareholders of 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 by 31 December 2018 and therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

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

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

	As at 31 December 2018	2017
Financial assets at FVPL		
Debt securities - at fair value		
– Listed outside Hong Kong	135,953	359,485
– Unlisted	<u>16,451,930</u>	<u>342,599</u>
	<u>16,587,883</u>	<u>702,084</u>
Equity securities - at fair value		
– Listed outside Hong Kong	438,523	–
– Unlisted	<u>10,395,452</u>	<u>–</u>
	<u>10,833,975</u>	<u>–</u>
Derivative financial instruments	<u>–</u>	<u>118</u>
	<u>27,421,858</u>	<u>702,202</u>

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December 2018	2017
<b>Debt securities - at fair value (unlisted)</b>		
– Trust investments <sup>(a)</sup>	5,174,858	–
– Directional asset management plans <sup>(b)</sup>	10,266,659	–
– Commercial banks	702,578	–
– Corporate	106,052	152,836
– Government	<u>201,783</u>	<u>189,763</u>
	<u>16,451,930</u>	<u>342,599</u>

## 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

Unlisted financial assets measured at FVPL are set out below:

	As at 31 December 2018	2017
<b>Equity securities - at fair value (unlisted)</b>		
– Wealth management products purchased from financial institutions	2,357,023	–
– Fund investments	8,038,429	–
	<u>10,395,452</u>	<u>–</u>

The Group's unlisted commercial bank bonds, corporate bonds and government bonds are traded in the Inter-bank bond market in Mainland China.

As at 31 December 2018, there are no the trading securities of the Group pledged to third parties under repurchase agreements (as at 31 December 2017: RMB 189,763 thousand).

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

	As at 31 December 2018	2017
<b>Financial assets at FVPL</b>		
– Commercial banks	2,058,258	–
– Securities companies	10,266,659	–
– Fund companies	8,038,429	–
– Trust companies	5,174,858	–
– Corporations	242,005	512,321
– Governments	201,783	189,763
– Policy banks	1,001,343	–
– Equity investment	438,523	–
	<u>27,421,858</u>	<u>702,084</u>

### (a) Trust investment

	As at 31 December 2018	2017
Trust investments purchased from trust companies		
– Guaranteed by third-party company	5,169,956	–
– Unsecured	4,902	–
	<u>5,174,858</u>	<u>–</u>

### (b) Directional asset management plans

	As at 31 December 2018	2017
Asset management plans purchased from securities companies		
– Guaranteed by third-party company	10,266,659	–

### 13 INVESTMENT SECURITIES

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

	As at 31 December 2018	2017
<b>Investment securities - FVOCI</b>		
Debt securities - measured at fair value		
– Listed outside Hong Kong	5,243,620	N/A
– Listed in Hong Kong	4,176,011	N/A
– Unlisted	24,219,352	N/A
	<hr/>	<hr/>
Total	33,638,983	N/A
Interest receivable on FVOCI	839,570	N/A
	<hr/>	<hr/>
	34,478,553	N/A
	<hr/>	<hr/>
Equity securities - measured at fair value		
– Unlisted	208,600	N/A
	<hr/>	<hr/>
Others	14	N/A
	<hr/>	<hr/>
	34,687,167	N/A
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 December 2018	2017
<b>Debt securities - measured at fair value (unlisted)</b>		
– Corporations debt	20,527,463	N/A
– Policy banks debt	2,090,419	N/A
– Commercial banks debt	1,410,517	N/A
– Governments debt	190,953	N/A
	<hr/>	<hr/>
	24,219,352	N/A
	<hr/>	<hr/>
<b>Equity securities- measured at fair value (unlisted)</b>		
– Equity investment	208,600	N/A
	<hr/>	<hr/>
	24,427,952	N/A
	<hr/> <hr/>	<hr/> <hr/>

### 13 INVESTMENT SECURITIES (CONTINUED)

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

	As at 31 December 2018	2017
<b>Investment securities - amortised cost</b>		
<b>Debt securities - measured at amortised cost</b>		
– Listed outside Hong Kong	12,754,742	N/A
– Unlisted	69,331,379	N/A
	<u>82,086,121</u>	<u>N/A</u>
Equity securities - measured at amortised cost		
– Unlisted	315,505	N/A
	<u>315,505</u>	<u>N/A</u>
Total	<u>82,401,626</u>	<u>N/A</u>
Interest receivable on Debt securities at amortised cost	1,595,712	N/A
Less: ECL allowance	(1,474,029)	N/A
	<u>82,523,309</u>	<u>N/A</u>

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

	As at 31 December 2018	2017
<b>Debt securities - measured at amortised cost (unlisted)</b>		
– Trust investment <sup>(a)</sup>	22,165,632	N/A
– Assets management plans <sup>(b)</sup>	26,918,000	N/A
– Bonds	15,313,226	N/A
– Debt financing plan	4,420,000	N/A
– Others	514,521	N/A
	<u>69,331,379</u>	<u>N/A</u>
<b>Equity securities - measured at amortised cost (unlisted)</b>		
– Wealth management products purchased from financial institutions	315,505	N/A
	<u>315,505</u>	<u>N/A</u>

### 13 INVESTMENT SECURITIES (CONTINUED)

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

	As at 31 December	
	2018	2017
<b>Investment securities – loans and receivables</b>		
Debt securities – at amortised cost		
– Trust investments <sup>(a)</sup>	N/A	34,532,649
– Directional asset management plans <sup>(b)</sup>	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
Total	N/A	101,825,207
Less: Impairment allowances	N/A	(1,217,482)
	N/A	100,607,725
	<u>N/A</u>	<u>100,607,725</u>
<b>Investment securities – AFS</b>		
Debt securities – 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 – at fair value		
– Listed outside Hong Kong	N/A	485,992
– Unlisted	N/A	8,600
	N/A	494,592
Other	N/A	14
	N/A	37,106,799
	<u>N/A</u>	<u>37,106,799</u>
<b>Investment securities – HTM</b>		
Debt securities - at amortised cost		
– Listed outside Hong Kong	N/A	11,827,162
– Unlisted	N/A	9,185,213
	N/A	21,012,375
	<u>N/A</u>	<u>21,012,375</u>

### 13 INVESTMENT SECURITIES (CONTINUED)

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

Movement of impairment allowance for investment securities:

	Investment securities –				Total
	FVOCI Stage 1 12-month ECL	Investment securities – amortised cost Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 1 12-month ECL	
<b>As at 1 January 2018 (Restated)</b>	<b>170,371</b>	<b>936,958</b>	<b>152,169</b>	<b>534,102</b>	<b>1,793,600</b>
Provision for impairment	49,393	442,118	99,729	45,569	636,809
Reversal of impairment allowances	(131,272)	(328,756)	(1,943)	(405,917)	(867,888)
Transfers:					
<i>Transfer from Stage 1 to Stage 2</i>	–	(1,136)	1,136	–	–
<i>Transfer from Stage 2 to Stage 3</i>	–	–	(52,553)	52,553	–
<b>As at 31 December 2018</b>	<b>88,492</b>	<b>1,049,184</b>	<b>198,538</b>	<b>226,307</b>	<b>1,562,521</b>
	Loans and receivables	Available- for-sale financial assets	Held-to- maturity investments		Total
<b>As at 31 December 2016</b>	799,831	–	–		799,831
Charge for the year	657,996	–	–		657,996
Reversal of the year	(26,303)	–	–		(26,303)
Written off in the year	(214,042)	–	–		(214,042)
<b>As at 31 December 2017</b>	<b>1,217,482</b>	<b>–</b>	<b>–</b>		<b>1,217,482</b>



### 13 INVESTMENT SECURITIES (CONTINUED)

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

Investment securities are analysed by counterparty as follows:

	As at 31 December 2018	2017
<b>Investment securities – FVOCI</b>		
– Corporations	29,926,526	N/A
– Policy banks	2,090,419	N/A
– Commercial bank	1,431,085	N/A
– Equity investments measured at fair value	208,600	N/A
– Governments	190,953	N/A
– Others	14	N/A
Total	33,847,597	N/A
Interest receivable on FVOCI	839,570	N/A
	<u>34,687,167</u>	<u>N/A</u>
<b>Investment securities - amortised cost</b>		
– Trust companies	22,165,632	N/A
– Governments	26,183,390	N/A
– Securities Company	8,773,521	N/A
– Assets Management Company	18,659,000	N/A
– Corporations	4,450,000	N/A
– Policy banks	1,734,578	N/A
– Commercial bank	435,505	N/A
Total	82,401,626	N/A
Interest receivable on Investment securities at amortised cost	1,595,712	N/A
Less: ECL allowance	(1,474,029)	N/A
	<u>82,523,309</u>	<u>N/A</u>
<b>Investment securities – loans and receivables</b>		
– Trust company	N/A	32,052,648
– Commercial bank	N/A	25,220,801
– Security company	N/A	24,702,954
– Asset management company	N/A	14,140,904
– Local government	N/A	5,707,900
Total	N/A	101,825,207
Less: Impairment allowance	N/A	(1,217,482)
	<u>N/A</u>	<u>100,607,725</u>
<b>Investment securities – AFS</b>		
– Corporate entity	N/A	28,932,697
– Fund company	N/A	4,401,106
– Policy bank	N/A	2,985,313
– Equity investment at fair value	N/A	494,592
– Government	N/A	181,394
– Trust company	N/A	61,728
– Commercial bank	N/A	49,955
– Others	N/A	14
	<u>N/A</u>	<u>37,106,799</u>

### 13 INVESTMENT SECURITIES (CONTINUED)

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

	As at 31 December	
	2018	2017
<b>Investment securities – HTM</b>		
– Government	N/A	17,450,368
– Policy bank	N/A	3,182,007
– Commercial bank	N/A	350,000
– Corporate entity	N/A	30,000
	<u>N/A</u>	<u>21,012,375</u>

#### (a) Trust investments:

	As at 31 December	
	2018	2017
Trust investments purchased from trust company		
– guaranteed by guarantee company	–	125,000
– pledged by certificates of deposit	–	280,100
– collateralised by properties	7,183,660	12,308,243
– guaranteed by third-party company	11,432,287	17,461,258
– unsecured	3,149,685	2,058,048
Subtotal	<u>21,765,632</u>	<u>32,232,649</u>
Trust investments purchased from commercial bank		
– guaranteed by other bank	<u>400,000</u>	<u>2,300,000</u>
Total	<u>22,165,632</u>	<u>34,532,649</u>

#### (b) Directional asset management plans:

	As at 31 December	
	2018	2017
Asset management plans purchased from securities company		
– pledged by certificates of deposit	–	200,000
– collateralised by properties	1,275,000	1,880,000
– guaranteed by third-party company	3,894,000	14,538,250
– unsecured	3,090,000	8,584,703
Subtotal	<u>8,259,000</u>	<u>25,202,953</u>
Asset management plans purchased from asset management company		
– guaranteed by third-party company	4,735,000	3,250,000
– guaranteed by fund company	–	362,216
– guaranteed by guarantee company	90,000	
– unsecured	13,834,000	9,848,688
Subtotal	<u>18,659,000</u>	<u>13,460,904</u>
Total	<u>26,918,000</u>	<u>38,663,857</u>

## 14 INVESTMENT IN ASSOCIATES

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

	As at 31 December 2018	2017
Balance at the beginning of the year	1,113,146	238,394
Addition of investment in associates	316,796	696,374
Share of profit of associates	220,427	178,378
Declared cash dividends	(12,046)	–
	<u>1,638,323</u>	<u>1,113,146</u>

As at 5 May 2011, the Group invested RMB 22,000 thousand in Xingyi Wanfeng Village Bank Co., Ltd., (“**Xingyi Wanfeng**”) and held 20% of equity interest of RMB 110,000 thousand registered capital.

As at 15 June 2016, the Group invested RMB 54,000 thousand in Mashang Consumer Finance Co., Ltd. (“**Mashang Finance**”). As at 14 August 2016, Mashang Finance increased its registered capital to RMB 1.3 billion, and the Group increased the investment to RMB 205,270 thousand, which accounted for 15.79% of equity interest. As at 13 July 2017, Mashang Finance further increased its registered capital to RMB 2.21 billion, and the Group increased the investment to RMB 338,346 thousand, which accounted for 15.31% of equity interest. As at 9 August 2018, Mashang Finance further increased its registered capital to RMB 4 billion, and the Group increased the investment to RMB 655,142 thousand, which accounted 15.53% of equity interest.

Pursuant to the resolution of board meeting of Chongqing Three Gorges Bank Co., Ltd. (“**Three Gorges Bank**”) on 21 April 2017, the Bank 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 registered capital of Three Gorges Bank is RMB 4,846,935 thousand and 4.97% of its equity interest is held by the Group. The investment cost of the Group amounted to RMB 379,024 thousand.

Investment in associates of the Group are unlisted corporation’s ordinary shares. Assets, liabilities, revenue and profit of associates are listed as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Net (Loss)/ Profit	Interest held
<b>As at/for the year ended</b>						
<b>31 December 2018</b>						
Xingyi Wanfeng	PRC	1,339,474	1,201,146	61,925	(11,679)	20.00%
Mashang Finance	PRC	40,262,460	34,675,397	8,239,332	801,200	15.53%
Three Gorges Bank	PRC	<u>204,016,900</u>	<u>190,731,370</u>	<u>4,634,565</u>	<u>2,012,321</u>	<u>4.97%</u>
<b>As at/for the year ended</b>						
<b>31 December 2017</b>						
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	<u>202,479,206</u>	<u>189,179,685</u>	<u>4,099,458</u>	<u>1,923,054</u>	<u>4.97%</u>

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

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

### 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 the customers:

	As at 31 December	
	2018	2017
Guarantees	3,940,630	4,630,967
Letters of credit	10,458,452	6,204,635
Acceptances	18,012,260	13,510,911
Other commitments with an original maturity of		
- Within 1 year	3,198,978	3,095,169
- Over 1 year	50,402	63,024
	<b>35,660,722</b>	<b>27,504,706</b>

### Capital expenditure commitments

	As at 31 December	
	2018	2017
Contracted but not provided for:		
- Capital expenditure commitments for buildings	133,072	181,699
- Acquisition of IT system	166,256	142,093
	<b>299,328</b>	<b>323,792</b>
Authorised but not contracted for:		
- Capital expenditure commitments for buildings	69,321	55,021
	<b>69,321</b>	<b>55,021</b>

### Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under irrevocable operating leases in respect of buildings are as follows:

	As at 31 December	
	2018	2017
Within 1 year	42,079	42,949
After 1 year but within 5 years	88,809	88,803
After 5 years	17,191	25,255
	<b>148,079</b>	<b>157,007</b>

## 15 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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

### External investment commitment

As at 31 December 2018, the Group had not made the payment yet.

### Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. The Group has 27 outstanding legal claims of RMB 284,540 thousand in total as at 31 December 2018 (31 December 2017: 16 outstanding legal claims for loan of RMB 281,358 thousand in total). After consulting legal professionals, the management believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operations of the Group.

## 16 DIVIDENDS

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

	2018	2017
Dividend declared during the year	<u>368,992</u>	<u>909,973</u>
Dividend per share (in RMB)(Based on prior year shares)	<u>0.118</u>	<u>0.291</u>
Preference shares dividends declared during the year	<u>310,161</u>	<u>-</u>

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 consolidated financial statements can only be distributed as dividends after allowances for the following:

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

In accordance with the relevant regulations, after the Bank's initial public offering, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with the China Accounting Standards for Business Enterprises and (ii) the retained profit determined in accordance with IFRS.

A dividend of RMB 0.154 per share in respect of profit for the year ended 31 December 2018 (2017: RMB 0.118 per share), amounting to a total dividend of RMB 481,566 thousand based on the number of shares issued as at 31 December 2018, will be proposed for approval at the annual general meeting. These consolidated financial statements do not reflect this dividend payable in liabilities.

## 17 SEGMENT ANALYSIS

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

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

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

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

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

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

**17 SEGMENT ANALYSIS (CONTINUED)**
*(All amounts expressed in thousands of RMB unless otherwise stated)*

	<b>2018</b>				
	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total</b>
Net Interest income from external customers	5,567,780	398,680	909,186	–	6,875,646
Inter-segment net interest income/(expense)	1,826,220	1,526,162	(3,352,382)	–	–
<b>Net interest income/(expense)</b>	<b>7,394,000</b>	<b>1,924,842</b>	<b>(2,443,196)</b>	<b>–</b>	<b>6,875,646</b>
<b>Net fee and commission income</b>	<b>253,567</b>	<b>293,328</b>	<b>795,027</b>	<b>–</b>	<b>1,341,922</b>
Net trading income	245,215	–	222,556	–	467,771
Net gains on investment securities	–	–	1,869,777	–	1,869,777
Share of profit of associates	–	–	220,427	–	220,427
Other operating income	–	2,824	880	71,264	74,968
Impairment losses	(3,593,659)	61,776	107,214	(12,099)	(3,436,768)
Operating expense	(1,340,359)	(1,028,132)	(163,636)	(38,994)	(2,571,121)
– Depreciation and amortisation	(108,104)	(82,921)	(13,198)	(3,145)	(207,368)
– Others	(1,232,255)	(945,211)	(150,438)	(35,849)	(2,363,753)
<b>Profit before income tax</b>	<b>2,958,764</b>	<b>1,254,638</b>	<b>609,049</b>	<b>20,171</b>	<b>4,842,622</b>
<b>As at 31 December 2018</b>					
<b>Capital expenditure</b>	<b>151,731</b>	<b>71,256</b>	<b>186,402</b>	<b>1,756</b>	<b>411,145</b>
<b>Segment assets</b>	<b>166,206,234</b>	<b>78,053,909</b>	<b>204,185,736</b>	<b>1,923,094</b>	<b>450,368,973</b>
<b>Segment liabilities</b>	<b>(182,012,244)</b>	<b>(81,570,116)</b>	<b>(152,173,991)</b>	<b>(1,049)</b>	<b>(415,757,400)</b>
<b>2017</b>					
	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total</b>
Net Interest income/(expense) from external customers	4,224,549	(163,526)	4,054,072	–	8,115,095
Inter-segment net interest income/(expense)	1,542,406	1,443,877	(2,986,283)	–	–
<b>Net interest income</b>	<b>5,766,955</b>	<b>1,280,351</b>	<b>1,067,789</b>	<b>–</b>	<b>8,115,095</b>
<b>Net fee and commission income</b>	<b>320,783</b>	<b>185,592</b>	<b>1,173,681</b>	<b>–</b>	<b>1,680,056</b>
Net trading income/(expense)	8,581	–	(29,801)	–	(21,220)
Net gains on investment securities	–	–	140,480	–	140,480
Share of profit of associates	–	–	178,378	–	178,378
Other operating income	–	25,936	22,542	51,917	100,395
Impairment losses	(2,223,317)	(128,925)	(631,693)	(15,229)	(2,999,164)
Operating expense	(1,213,687)	(845,734)	(210,656)	(28,788)	(2,298,865)
– Depreciation and amortisation	(97,189)	(67,725)	(16,869)	(2,305)	(184,088)
– Others	(1,116,498)	(778,009)	(193,787)	(26,483)	(2,114,777)
<b>Profit before income tax</b>	<b>2,659,315</b>	<b>517,220</b>	<b>1,710,720</b>	<b>7,900</b>	<b>4,895,155</b>
<b>As at 31 December 2017</b>					
<b>Capital expenditure</b>	<b>138,140</b>	<b>60,056</b>	<b>179,090</b>	<b>1,239</b>	<b>378,525</b>
<b>Segment assets</b>	<b>154,284,077</b>	<b>67,074,827</b>	<b>200,019,858</b>	<b>1,384,263</b>	<b>422,763,025</b>
<b>Segment liabilities</b>	<b>(177,173,388)</b>	<b>(68,614,025)</b>	<b>(144,514,878)</b>	<b>(822)</b>	<b>(390,303,113)</b>

## 7. RELEASE OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement was published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)). The 2018 annual report prepared in accordance with the IFRSs will be released on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.cqcbank.com](http://www.cqcbank.com)), and will be dispatched to the holders of H Shares in due course.

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

By order of the Board  
**Bank of Chongqing Co., Ltd.\***  
**WONG Wah Sing**  
*Joint Company Secretary*

Chongqing, the PRC, March 26, 2019

*As at the date of this announcement, the executive directors of the Bank are Ms. LIN Jun, Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors are Mr. WONG Hon Hing, Mr. DENG Yong, Ms. LV Wei, Mr. YANG Yusong and Mr. TANG Xiaodong; and the independent non-executive directors are Mr. LI He, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.*

\* *Bank of Chongqing Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the 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.*