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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)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED DECEMBER 31, 2014**

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 for the year ended December 31, 2014 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) promulgated by the International Accounting Standards Board. 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:	GAN Weimin
Authorized Representatives:	NI Yuemin ZHOU Wenfeng
Listing Exchange of H Shares:	The Stock Exchange of Hong Kong Limited
Stock Name and Stock Code:	Stock Name: BCQ Stock Code: 1963

1.2 Contact Persons and Contact Details

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Joint Company Secretaries:	ZHOU Wenfeng HO Wing Tsz Wendy
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Registered Address:	No. 153 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "PRC") Postal Code: 400010
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

2. FINANCIAL HIGHLIGHTS

In respect to the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference between the net profit attributable to equity holders of the Bank for the year ended December 31, 2014 and net profit attributable to shareholders 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, Year-on-year change between 2014 and 2013					
	2014	2013	2013	2012	2011	2010
OPERATING RESULTS			Change (%)			
Interest income	13,236,153	10,467,150	26.5	8,308,816	6,107,357	3,953,377
Interest expenses	(7,004,455)	(5,288,532)	32.4	(4,159,185)	(2,785,858)	(1,407,921)
Net interest income	6,231,698	5,178,618	20.3	4,149,631	3,321,499	2,545,456
Net fee and commission income	908,846	644,581	41.0	368,046	289,812	198,428
Other operating income, net trading income/ (losses) and net gains/ (losses) on investment securities	342,566	51,301	567.8	139,619	(40,253)	31,960
Operating income	7,483,110	5,874,500	27.4	4,657,296	3,571,058	2,775,844
Operating expenses	(2,805,275)	(2,282,772)	22.9	(1,900,021)	(1,449,449)	(1,102,322)
Impairment losses	(889,566)	(535,718)	66.1	(241,054)	(184,869)	(259,555)
Operating profit	3,788,269	3,056,010	24.0	2,516,221	1,936,740	1,413,967
Share of profit/(loss) of associates	2,035	1,435	41.8	1,162	(227)	–
Profit before income tax	3,790,304	3,057,445	24.0	2,517,383	1,936,513	1,413,967
Income tax expenses	(963,161)	(728,179)	32.3	(592,578)	(448,358)	(312,318)
Net profit	2,827,143	2,329,266	21.4	1,924,805	1,488,155	1,101,649
Net profit attributable to shareholders of the Bank	2,827,143	2,329,266	21.4	1,924,805	1,488,155	1,101,649
Calculated on a per share basis (RMB)			Change			
Net assets per share attributable to shareholders of the Bank	5.88	4.98	0.90	4.09	3.19	2.49
Basic earnings per share	1.05	1.10	(0.05)	0.95	0.74	0.55
Dividend per share	0.272	0.224	0.048	0.07	0.05	0.05
Major indicators of assets/ liabilities			Change (%)			
Total assets	274,531,145	206,787,015	32.8	156,163,478	127,339,915	108,325,519
Of which: loans and advances to customers, net	104,114,756	88,637,824	17.5	75,256,873	62,824,926	51,954,951
Total liabilities	258,628,122	193,307,744	33.8	147,905,128	120,886,751	103,295,598
Of which: customer deposits	167,932,436	148,801,045	12.9	114,043,185	89,306,554	73,856,470
Share capital	2,705,228	2,705,228	0.0	2,020,619	2,020,619	2,020,619
Equity attributable to shareholders of the Bank	15,903,023	13,479,271	18.0	8,258,350	6,453,164	5,029,921
Total equity	15,903,023	13,479,271	18.0	8,258,350	6,453,164	5,029,921

2.2 Financial Indicators

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,					
	2014	2013	Year-on-year change between 2014 and 2013	2012	2011	2010
Profitability indicators (%)			Change			
Average return on assets ⁽¹⁾	1.17	1.28	(0.11)	1.36	1.26	1.16
Average return on equity ⁽²⁾	19.2	21.4	(2.2)	26.2	25.9	24.3
Net interest spread ⁽³⁾	2.56	2.61	(0.05)	2.66	2.77	2.70
Net interest margin ⁽⁴⁾	2.81	2.81	0.00	2.85	2.92	2.78
Net fee and commission income to operating income	12.15	10.97	1.18	7.90	8.10	7.10
Cost-to-income ratio ⁽⁵⁾	31.02	32.37	(1.35)	34.07	34.22	33.78
Asset quality indicators (%)			Change			
Non-performing loan ratio ⁽⁶⁾	0.69	0.39	0.30	0.33	0.35	0.36
Provision for impairment to non-performing loans ⁽⁷⁾	318.87	526.36	(207.49)	537.70	526.74	534.04
Provision for impairment to total loans ⁽⁸⁾	2.19	2.06	0.13	1.80	1.87	1.91
Indicators of capital adequacy ratio (%)			Change			
Core capital adequacy ratio ⁽⁹⁾	9.63	10.82	(1.19)	8.18	9.26	9.17
Capital adequacy ratio ⁽⁹⁾	11.00	13.26	(2.26)	11.11	11.96	12.41
Total equity to total assets	5.79	6.52	(0.73)	5.29	5.07	4.64
Other indicators (%)			Change			
Loan-to-deposit ratio ⁽¹⁰⁾	63.39	60.82	2.57	67.20	71.69	71.72
Liquidity ratio ⁽¹¹⁾	52.53	56.98	(4.45)	42.20	44.20	45.61
Percentage of loans to the single largest customer ⁽¹²⁾	4.62	5.09	(0.47)	4.63	6.17	5.29
Percentage of loans to the top ten customers ⁽¹³⁾	25.21	22.84	2.37	30.09	40.47	47.43

Notes:

- (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (2) Represents net profit attributable to shareholders of the Bank as a percentage of the average balance of total equity at the beginning and at the end of the period.
- (3) Calculated by average return of interest-earning assets minus average interest rate of interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.

- (6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
- (7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
- (8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
- (9) Core capital adequacy ratio and capital adequacy ratio for 2014 and 2013 were calculated in accordance with the latest guidance promulgated by China Banking Regulatory Commission (the “CBRC”) (effective from January 1, 2013), while core capital adequacy ratio and capital adequacy ratio for 2012 were adjusted retroactively in accordance with the latest guidance effective from January 1, 2013. No retroactive adjustments were made to core capital adequacy ratio and capital adequacy ratio for 2011 and 2010, and they were original ratios for the respective periods.
- (10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Financial Review

In 2014, faced with complex and challenging economic and financial circumstances, the Bank proactively responded to major challenges including the restructuring of the domestic economy, economic growth slowdown, intensified competition and higher non-performing loan ratios in banking industry. The Bank also committed itself to addressing the challenges arising from the accelerated marketization of interest rates, the furtherance of financial regulation reform and the impact of online financial services on traditional banking, through accelerated transformation and development by integrating its operations and management to achieve strategic objectives. The Bank recorded a net profit of RMB2,827.14 million in 2014, representing an increase of 21.4% year-on-year, which ranks highly among listed PRC peers. The Bank’s performance not only delivered sound returns to its shareholders and investors, but also laid down a solid foundation for its sustainable development.

As of December 31, 2014, the total assets of the Bank amounted to RMB274,531.15 million, representing a year-on-year increase of 32.8% or RMB67,744.13 million. The Bank adhered to prudent and sustainable principles for credit management and risk control and rationally maintained a reasonable level of aggregate credit and lending pace based on changes in the regional and macroeconomic environment. As a result, net loans and advances to customers grew by 17.5%, or RMB15,476.93 million, to RMB104,114.76 million as compared to the end of the previous year, while the non-performing loan ratio remained low at 0.69%. While striving for stable growth in service networks and business volume, the Bank remained customer-oriented by continuously accelerating its business transformation and upgrading and actively exploring online banking, direct banking and other online financial products and services to keep abreast

of customers' increasing demand for diversification of asset allocation and professional management of deposits. The Bank adopted an innovative approach to deposit management and optimized its pricing practices of funding to meet the requirements for the marketization of interest rates. As of December 31, 2014, the amount of customer deposits increased by RMB19,131.39 million to RMB167,932.44 million, representing a year-on-year increase of 12.9%, and providing a stable source of funding for the rapid growth of the Bank's credit, inter-bank and other intermediate businesses. Alongside the increase in income from the main operations, the Bank strictly controlled its expenses and realized a continuous decline in its cost-to-income ratio which recorded a year-on-year decrease of 1.35 percentage points to 31.02%, representing a persistent rise in operating efficiency of the Bank.

As of December 31, 2014, the Bank's capital adequacy ratio and core capital adequacy ratio were 11.00% and 9.63% respectively, fulfilling 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,			
	2014	2013	Change in amount	Change in percentage (%)
Interest income	13,236,153	10,467,150	2,769,003	26.5
Interest expense	(7,004,455)	(5,288,532)	(1,715,923)	32.4
Net interest income	6,231,698	5,178,618	1,053,080	20.3
Net fee and commission income	908,846	644,581	264,265	41.0
Net trading gain/(loss)	160,189	(89,789)	249,978	NA
Net gain on investment securities	150,637	76,162	74,475	97.8
Other operating income	31,740	64,928	(33,188)	(51.1)
Operating income	7,483,110	5,874,500	1,608,610	27.4
Operating expenses	(2,805,275)	(2,282,772)	(522,503)	22.9
Impairment losses	(889,566)	(535,718)	(353,848)	66.1
Share of profit of associates	2,035	1,435	600	41.8
Profit before income tax	3,790,304	3,057,445	732,859	24.0
Income tax expense	(963,161)	(728,179)	(234,982)	32.3
Net profit	2,827,143	2,329,266	497,877	21.4

In 2014, our profit before income tax was RMB3,790.30 million, representing a year-on-year increase of 24.0%; net profit was RMB2,827.14 million, representing a year-on-year increase of 21.4%. Both profit before income tax and net profit recorded a high growth rate, mainly attributable to (1) the stable growth of interest-earning assets with net interest income achieving a year-on-year increase of RMB1,053.08 million or 20.3%; and (2) net fee and commission income recording a fast year-on-year growth of 41.0%.

3.2.1.1 Net interest income

In 2014, net interest income amounted to RMB6,231.70 million, representing a year-on-year increase of RMB1,053.08 million or 20.3%. Net interest income accounted for 83.28% of total operating income.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2014	2013		
Interest income	13,236,153	10,467,150	2,769,003	26.5
Interest expense	(7,004,455)	(5,288,532)	(1,715,923)	32.4
Net interest income	<u>6,231,698</u>	<u>5,178,618</u>	<u>1,053,080</u>	20.3

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or interest expense and average return of assets or average cost of liabilities for the years indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest income/ expense	Average yield/cost ratio (%)	Average balance	Interest income/ expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	99,669,642	7,173,596	7.20	85,952,995	6,106,800	7.10
Investment securities	53,093,497	3,481,119	6.56	41,936,012	2,466,897	5.88
Balances with central banks	31,733,898	484,995	1.53	27,347,052	430,482	1.57
Due from other banks and financial institutions	32,418,038	1,754,712	5.41	25,964,192	1,260,963	4.86
Financial assets at fair value through profit or loss	4,610,739	341,731	7.41	3,139,015	202,008	6.44
Total interest-earning assets	221,525,814	13,236,153	5.97	184,339,266	10,467,150	5.67
LIABILITIES						
Customer deposits	158,277,356	4,405,190	2.78	134,537,605	3,300,669	2.45
Due to other banks and financial institutions	43,010,762	2,380,842	5.54	34,273,399	1,779,260	5.19
Debts issued	4,049,315	218,423	5.39	3,802,734	208,603	5.49
Total interest-bearing liabilities	205,337,433	7,004,455	3.41	172,613,738	5,288,532	3.06
Net interest income		6,231,698			5,178,618	
Net interest spread⁽¹⁾			2.56			2.61
Net interest margin⁽²⁾			2.81			2.81

Notes:

- (1) Net interest spread is the difference between average return of interest-earning assets and average cost of interest-bearing liabilities.
- (2) Net interest margin is the ratio between net interest income and average balance of interest-earning assets.

In 2014, the average yield on interest-earning assets of the Bank increased slightly by 30 basis points to 5.97% compared to the previous year.

In 2014, the average cost ratio of customer deposits and the amounts due to other banks and financial institutions increased from the previous year while the average cost ratio of bonds issued decreased slightly, and the overall average cost ratio of interest-bearing liabilities increased by 35 basis points to 3.41% as compared to the previous year.

As a result of the overall impact of the above-mentioned factors, net interest spread of the Bank decreased by 5 basis points to 2.56% as compared to the previous year, while net interest margin of 2.81% remained the same as that of the previous year.

The following table sets forth the Bank's changes in interest income and interest expense due to changes in volume and interest rates. Changes in volume were calculated based on movements in average balance, while changes in interest rates were calculated based on movements in average 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
ASSETS			
Loans and advances to customers	987,238	79,558	1,066,796
Investment securities	731,550	282,672	1,014,222
Balances with central banks	67,045	(12,532)	54,513
Due from other banks and financial institutions	349,331	144,418	493,749
Financial assets at fair value through profit or loss	109,079	30,644	139,723
Change in interest income	<u>2,244,243</u>	<u>524,760</u>	<u>2,769,003</u>
LIABILITIES			
Customer deposits	660,727	443,794	1,104,521
Due to other banks and financial institutions	483,653	117,929	601,582
Debts issued	13,301	(3,481)	9,820
Change in interest expense	<u>1,157,681</u>	<u>558,242</u>	<u>1,715,923</u>

3.2.1.2 Interest income

In 2014, the Bank's interest income amounted to RMB13,236.15 million, representing a year-on-year increase of RMB2,769.00 million or 26.5%.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Loans and advances to customers	99,669,642	7,173,596	7.20	85,952,995	6,106,800	7.10
Investment securities	53,093,497	3,481,119	6.56	41,936,012	2,466,897	5.88
Balances with central banks	31,733,898	484,995	1.53	27,347,052	430,482	1.57
Due from other banks and financial institutions	32,418,038	1,754,712	5.41	25,964,192	1,260,963	4.86
Financial assets at fair value through profit or loss	4,610,739	341,731	7.41	3,139,015	202,008	6.44

(1) Interest income from loans and advances to customers

In 2014, the interest income from loans and advances to customers amounted to RMB7,173.60 million, representing a year-on-year increase of RMB1,066.80 million or 17.5%, primarily due to the significant increase in average yield on loans and advances to customers and the increase in average balance as compared to that of the previous year.

(2) Interest income from investment securities

In 2014, the Bank's interest income from investment securities amounted to RMB3,481.12 million, representing a significant year-on-year increase of RMB1,014.22 million or 41.1%, primarily due to the significant increase in average balance and average yield on investment securities as compared to those of the previous year.

(3) Interest income from balances with central banks

In 2014, the Bank's interest income from balances with central banks amounted to RMB485.00 million, representing a year-on-year increase of RMB54.51 million or 12.7%, primarily due to the year-on-year increase of 16.0% in average balance of balances with central banks as a result of the growth in customer deposits.

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Due from other banks and financial institutions for deposits and loans	3,099,455	85,804	2.77	3,089,700	67,280	2.18
Financial assets held under resale agreements	<u>29,318,583</u>	<u>1,668,908</u>	5.69	<u>22,874,492</u>	<u>1,193,683</u>	5.22
Total amounts due from other banks and financial institutions	<u>32,418,038</u>	<u>1,754,712</u>	5.41	<u>25,964,192</u>	<u>1,260,963</u>	4.86

In 2014, interest income from the Bank's amount due from other banks and financial institutions amounted to RMB85.80 million, representing a year-on-year increase of RMB18.52 million or 27.5%, primarily due to the increase in average yield on amount due from other banks and financial institutions by 59 basis points up to 2.77% as compared to that of the previous year.

In 2014, the interest income from the Bank's financial assets held under resale agreements amounted to RMB1,668.91 million, representing a year-on-year increase of RMB475.23 million or 39.8%, primarily attributable to (1) the average annualized yield increased by 47 basis points to 5.69% year-on-year, and (2) the average balance increased by RMB6,444.09 million or 28.2% year-on-year.

As a result of the foregoing factors, the Bank's total amounts due from other banks and financial institutions in 2014 increased by RMB493.75 million or 39.2% to RMB1,754.71 million as compared to that of the previous year.

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

In 2014, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB341.73 million, representing a year-on-year increase of RMB139.72 million or 69.2%, primarily due to the significant increase in average balance and average yield on financial assets at fair value through profit or loss as compared to that of the previous year.

3.2.1.3 Interest expense

In 2014, the Bank's total interest expense amounted to RMB7,004.46 million, representing a year-on-year increase of RMB1,715.92 million or 32.4%.

(1) Interest expense on customer deposits

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	46,069,519	434,223	0.94	43,577,799	374,178	0.86
Time	60,702,755	2,625,671	4.33	51,905,355	1,964,384	3.78
Subtotal	106,772,274	3,059,894	2.87	95,483,154	2,338,562	2.45
Retail deposits						
Demand	8,311,856	33,328	0.40	7,986,171	31,266	0.39
Time	17,902,720	577,528	3.23	13,283,893	428,465	3.23
Subtotal	26,214,576	610,856	2.33	21,270,064	459,731	2.16
Other deposits	25,290,506	734,440	2.90	17,784,387	502,376	2.82
Total customer deposits	158,277,356	4,405,190	2.78	134,537,605	3,300,669	2.45

In 2014, the Bank's interest expense on customer deposits was RMB4,405.19 million, representing a year-on-year increase of RMB1,104.52 million or 33.5%, primarily due to an increase of 33 basis points in the average cost ratio of customer deposits, as well as the increase of average balance of customer deposits by 17.6% year on 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 Bank'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>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to other banks	28,141,151	1,596,263	5.67	18,509,624	1,041,416	5.63
Borrowings from central banks	2,190,645	56,996	2.60	1,927,630	48,813	2.53
Financial assets sold under repurchase agreements	<u>12,678,966</u>	<u>727,583</u>	5.74	<u>13,836,145</u>	<u>689,031</u>	4.98
Total borrowings from financial institutions	<u>43,010,762</u>	<u>2,380,842</u>	5.54	<u>34,273,399</u>	<u>1,779,260</u>	5.19

In 2014, the Bank's total interest expense on the amount due to other banks and financial institutions was RMB2,380.84 million, representing a year-on-year increase of RMB601.58 million or 33.8%, primarily due to the increase of 35 basis points in average cost ratio of the amount payable to other banks and financial institutions as compared to the previous year, as well as the increase of average balance by 25.5% year-on-year.

(3) Interest expense on issuance of bonds

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014			Year ended December 31, 2013		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated bonds	1,049,315	72,257	6.89	1,790,366	108,541	6.06
Financial bonds for small and micro enterprises	<u>3,000,000</u>	<u>146,166</u>	4.87	<u>2,012,368</u>	<u>100,062</u>	4.97
Subtotal	<u>4,049,315</u>	<u>218,423</u>	5.39	<u>3,802,734</u>	<u>208,603</u>	5.49

In 2014, the interest expense on subordinated bonds and financial bonds for small and micro enterprises amounted to RMB218.42 million, representing a slight year-on-year increase of RMB9.82 million or 4.7%, primarily due to the following reasons:

- (1) as for the RMB3,000.00 million 5-year financial bonds for small and micro enterprises issued by the Bank within China's inter-bank bond market in April 2013, the Bank covered all interest expense of such bonds for the whole year in 2014 as opposed to three quarters in 2013, so the interest expense on financial bonds for small and micro enterprises increased by RMB46.10 million compared with that of the previous year; and
- (2) on April 3, 2014, the Bank exercised its redemption right to redeem the subordinated bonds of RMB1,000.00 million issued within China's inter-bank bond market in April 2009, which resulted in a decrease of RMB36.28 million in interest expense for subordinated bonds 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 average cost of interest-bearing liabilities. Net interest margin represents the ratio of net interest income to the average balance of interest-earning assets.

In 2014, the Bank's net interest spread was 2.56%, representing a year-on-year decrease of 5 basis points. The decrease in net interest spread was primarily due to the increase in average cost ratio of interest-bearing liabilities exceeding the increase in average yield of interest-earning assets.

In 2014, the Bank's net interest margin was 2.81%, the same as that of the previous year, primarily due to: (1) the increase of RMB1,053.08 million or 20.3% in net interest income year on year, (2) the year-on-year increase of RMB37,186.55 million or 20.2% in average balance on interest-earning assets, and (3) the parallel increase in net interest income and average balance on interest-earning assets resulted in the net interest margin maintaining the same level as that of the previous year.

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		Change in amount	Change in percentage (%)
	December 31,			
	2014	2013		
Fee and commission income	974,857	694,318	280,539	40.4
Commission from financial advisory and consulting services	329,436	237,939	91,497	38.5
Commission from wealth management agency service	230,612	180,224	50,388	28.0
Commission from custodian service	214,271	128,348	85,923	66.9
Annual fees and commission from bank card services	111,007	72,466	38,541	53.2
Commission from guarantee and commitment services	45,313	37,991	7,322	19.3
Commission from settlement and agency services	44,218	37,350	6,868	18.4
Fee and commission expense	(66,011)	(49,737)	(16,274)	32.7
Net fee and commission income	908,846	644,581	264,265	41.0

In 2014, the Bank's net fee and commission income amounted to RMB908.85 million, representing a significant increase of RMB264.27 million or 41.0% as compared to the previous year and accounting for 12.15% of operating income, up by 1.18% as compared to that in the previous year, primarily due to the Bank's proactive adjustment of income structure, adoption of measures to expand the sources of non-interest income and increase in income from intermediary banking services, with a year-on-year increase of RMB85.92 million or 66.9% in commission from custodian service, an increase of RMB38.54 million or 53.2% in annual fees and commission income from bank card services, and a significant year-on-year growth of RMB91.50 million or 38.5% in commission income from financial advisory and consulting services.

Commission income from financial advisory and consulting services amounted to RMB329.44 million, representing a year-on-year increase of RMB91.50 million or 38.5%, primarily due to the substantial growth in the integrated financial advisory and consulting services provided by the Bank.

Commission income from wealth management agency service amounted to RMB230.61 million, representing a year-on-year increase of RMB50.39 million or 28.0%, primarily due to the continuous growth in wealth management agency services provided by the Bank.

Commission income from custodian service amounted to RMB214.27 million, representing a year-on-year increase of RMB85.92 million or 66.9%, primarily due to the substantial growth in custodian services.

Annual fees and commission income from bank card services amounted to RMB111.01 million, representing a year-on-year increase of RMB38.54 million or 53.2%, primarily due to the significant growth in amount of issued bank cards and credit cards, and growth in number of settled transactions through self service facilities.

Commission income from guarantee and commitment services amounted to RMB45.31 million, representing a year-on-year increase of RMB7.32 million or 19.3%, primarily due to the substantial growth in turnover of guarantee and commitment services.

Commission income from settlement and agency services amounted to RMB44.22 million, representing a year-on-year increase of RMB6.87 million or 18.4%, primarily due to the increase of settlement and agency services while the commission for these services basically remained stable.

(2) Net trading gain/(loss)

The net trading gain/(loss) mainly include gains and losses generated from foreign exchange spot transactions, gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi, and gains or losses generated from the changes in fair value of the trading securities. In 2014, the Bank's net trading gain was RMB160.19 million, a significant improvement from the net trading loss of RMB89.79 million in the previous year, primarily due to: (1) the increase in market value of the major currencies such as US dollars and Hong Kong dollars held by the Bank, and (2) gains arising from the fluctuation in interest rate due to the adjustment of bond-securities investment portfolio.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Change in percentage (%)
	December 31,			
	2014	2013		
Exchange gain/(loss)	23,825	(37,375)	61,200	NA
Net gain from interest rate products	136,364	(52,414)	188,778	NA
Total	160,189	(89,789)	249,978	NA

(3) Net gain on investment securities

In 2014, the Bank's net gain on investment securities amounted to RMB150.64 million, representing a dramatical year-on-year increase of RMB74.48 million or 97.8% compared to that of the previous year .

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Change in percentage (%)
	December 31,			
	2014	2013		
Net gains arising from de-recognition of held-for-trading financial assets	67,294	71,852	(4,558)	(6.3)
Net gains arising from de-recognition of available-for-sale financial assets	83,343	4,310	79,033	1,833.7
Total	150,637	76,162	74,475	97.8

3.2.1.6 Operating expenses

In 2014, the Bank's operating expenses was RMB2,805.28 million, representing a year-on-year increase of RMB522.50 million or 22.9%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2014	2013		
Staff costs	1,324,089	992,048	332,041	33.5
Business taxes and surcharges	483,663	381,018	102,645	26.9
Depreciation and amortisation	136,803	116,371	20,432	17.6
General and administrative expense	734,708	685,074	49,634	7.2
Others	126,012	108,261	17,751	16.4
Total operating expenses	<u>2,805,275</u>	<u>2,282,772</u>	<u>522,503</u>	22.9

(1) Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 47.20% and 43.46% of its total operating expenses for 2014 and 2013 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 (%)
	2014	2013		
Salaries and bonuses	956,556	665,965	290,591	43.6
Pension costs	127,313	109,667	17,646	16.1
Housing benefits and subsidies	61,780	54,001	7,779	14.4
Union and employee education fees	27,336	22,225	5,111	23.0
Other social security and welfare expenses	151,104	140,190	10,914	7.8
Total staff costs	<u>1,324,089</u>	<u>992,048</u>	<u>332,041</u>	33.5

In 2014, the Bank's total staff costs amounted to RMB1,324.09 million, representing a year-on-year increase of RMB332.04 million or 33.5%, primarily due to (1) the average increase of salaries and bonuses by 25.2% as compared to that in the previous year, and (2) the increase in headcount driven by the expansion of business scale and the increase in number of branches. As at December 31, 2014, the Bank had 3,581 full-time employees, representing an increase of 274 employees or 8.3% as compared to the previous year.

(2) Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In 2014, business taxes and surcharges were RMB483.66 million, representing a year-on-year increase of RMB102.65 million or 26.9%.

(3) Depreciation and amortisation

The depreciation and amortisation for 2014 increased by RMB20.43 million or 17.6% to RMB136.80 million from the previous year as the growth of our property and equipment remained stable during the Reporting Period.

(4) General and administrative expense

In 2014, the general and administrative expenses increased by RMB49.63 million or 7.2% to RMB734.71 million.

3.2.1.7 Impairment losses

In 2014, the provisions for impairment losses recorded RMB889.57 million, representing a year-on-year increase of RMB353.85 million or 66.1% as compared to RMB535.72 million in 2013. The increase in provisions for impairment was primarily due to (1) the increased volume of loans and the higher percentages of impairment loss for certain industries exposed to high risks; and (2) starting of recording provision for impairment losses for receivables investment required by CBRC rules since 2014.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Change in percentage (%)
	December 31,			
	2014	2013		
Impairment losses	<u>889,566</u>	<u>535,718</u>	<u>353,848</u>	66.1

3.2.1.8 Investment in associates

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2014	December 31, 2013
Balance at beginning of the year	24,370	22,935
Share of profit of associates	2,035	1,435
Balance at the end of the year	<u>26,405</u>	<u>24,370</u>

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20.0% of the registered capital of RMB110.00 million. In 2014, the Bank shared the profit after tax of RMB2.04 million, representing a 41.8% growth as compared to the previous year.

3.2.1.9 Income tax expense

The income tax rate applicable to the Bank was 25%. The effective tax rates of the Bank in 2014 and 2013 were 25.41% and 23.82% respectively.

The following table sets forth the profit before income tax and income tax expense for the years ended December 31, 2014 and 2013, 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 (%)
	2014	2013		
Profit before income tax	3,790,304	3,057,445	732,859	24.0
Tax calculated at applicable statutory tax rate of 25%	947,576	764,361	183,215	24.0
Add/(less) the tax effect of the following items:				
Non-taxable income	(49,332)	(44,077)	(5,255)	11.9
Non-deductible expenses	66,082	7,895	58,187	737.0
Differences from settlements for prior years	(1,165)	–	(1,165)	–
Income tax expense	<u>963,161</u>	<u>728,179</u>	<u>234,982</u>	<u>32.3</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 Bank's total assets for the dates indicated.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	106,448,851	38.8	90,504,316	43.8
Provision for impairment losses on loans and advances to customers	(2,334,095)	(0.9)	(1,866,492)	(0.9)
Net loans and advances to customers	104,114,756	37.9	88,637,824	42.9
Investment securities ⁽¹⁾	70,979,720	25.9	47,430,761	23.0
Investments in associates	26,405	0.0	24,370	0.0
Cash and balances with central banks	35,699,093	13.0	32,822,748	15.9
Due from other banks and financial institutions	54,409,453	19.8	32,143,462	15.5
Financial assets at fair value through profit or loss	4,798,210	1.7	2,009,537	1.0
Fixed assets	2,396,654	0.9	2,068,972	1.0
Deferred income tax assets	317,765	0.1	305,651	0.1
Other assets	1,789,089	0.7	1,343,690	0.6
Total assets	274,531,145	100.0	206,787,015	100.0

Note:

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

As at December 31, 2014, the Bank's total assets amounted to RMB274,531.15 million, representing an increase of RMB67,744.13 million or 32.8% as compared to the end of the previous year. An analysis of the breakdown of the Bank's total assets as at December 31, 2014 are as follows:

Total loans and advances to customers increased by RMB15,944.54 million to RMB106,448.85 million or 17.6% as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support to loans to SMEs and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development of Chongqing.

Investment securities increased by RMB23,548.96 million to RMB70,979.72 million or 49.6% as compared to the end of the previous year, primarily due to the expansion of trust beneficiary rights and securities investment.

Cash and balances with central banks increased by RMB2,876.35 million to RMB35,699.09 million or 8.8% as compared to the end of the previous year, primarily due to the increase in statutory deposit reserves as a result of the increased customer deposits.

Total amount due from other banks and financial institutions increased by RMB22,265.99 million to RMB54,409.45 million or 69.3% as compared to the end of the previous year, primarily due to (1) the substantial increase of RMB25,102.74 million or 105.3% in financial assets held under resale agreements, and (2) the decrease of amounts due from other banks and financial assets by RMB2,836.74 million or 34.2%.

(1) Loans and advances to customers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans and advances to corporate entities				
– Corporate loans	69,031,229	64.9	60,083,587	66.4
– Discounted bills	4,866,911	4.6	5,245,372	5.8
Retail loans				
– Mortgage loans	17,339,942	16.3	15,790,408	17.4
– Personal consumer loans	3,876,509	3.6	2,233,591	2.5
– Credit card overdrafts	2,253,277	2.1	1,007,641	1.1
– Personal business loans	9,080,283	8.5	6,127,637	6.8
– Others	700	0.0	16,080	0.0
Total loans and advances to customers	<u>106,448,851</u>	<u>100.0</u>	<u>90,504,316</u>	<u>100.0</u>

As at December 31, 2014, the Bank's total loans and advances to customers amounted to RMB106,448.85 million, representing an increase of RMB15,944.54 million or 17.6% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB69,031.23 million, representing an increase of RMB8,947.64 million or 14.9% as compared to that at the end of the previous year, and accounting for 64.9% of total loans and advances to customers, down by 1.5 percentage points from the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure in support of the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the manufacturing industry, the retail and wholesale industry, the construction industry, the culture, sports and entertainment industry, the accommodation and catering industry amounted to RMB768.05 million, RMB4,421.43 million, RMB453.14 million, RMB109.43 million and RMB123.11 million respectively.

Discounted bills amounted to RMB4,866.91 million, representing a decrease of RMB378.46 million or 7.2% as compared to the end of the previous year, primarily due to weak market demand.

Retail loans amounted to RMB32,550.71 million, representing an increase of RMB7,375.35 million or 29.3% as compared to the end of the previous year, and accounting for 30.6% of total loans and advances to customers, up by 2.8 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB1,549.53 million or 9.8% as compared to the end of the previous year; personal consumer loans grew by RMB1,642.92 million or 73.6% as compared to the end of the previous year. Credit card overdrafts increased by RMB1,245.64 million or 123.6% as compared to the end of the previous year; and the personal business loans increased by RMB2,952.65 million or 48.2% as compared to the end of the previous year. During the Reporting Period, the Bank took active measures to manage credit risk, actively adjusted the credit structure, favored credit needs of premium personal customers and made more effort to expand personal credit consumption and credit business in the face of complex market changes.

Distribution of loans by type of collateral

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	54,197,524	50.9	41,959,416	46.4
Pledged loans	13,515,506	12.7	11,263,885	12.4
Guaranteed loans	34,350,040	32.3	32,529,589	35.9
Unsecured loans	4,385,781	4.1	4,751,426	5.3
Total loans and advances to customers	<u>106,448,851</u>	<u>100.0</u>	<u>90,504,316</u>	<u>100.0</u>

Movements on provision for impairment on loans and advances to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at beginning of the year	<u>1,750,942</u>	<u>115,550</u>	<u>1,233,628</u>	<u>143,660</u>
Impairment for loans and advances charged to profit or loss	394,100	514,349	609,529	95,156
Reversal of impairment for loans and advances	<u>(72,262)</u>	<u>(104,164)</u>	<u>(92,215)</u>	<u>(76,838)</u>
Net impairment for loans and advances charged to profit or loss	321,838	410,185	517,314	18,318
Unwinding discount on allowances	-	(28,975)	-	(9,570)
Loans written off during the year	-	(236,990)	-	(41,082)
Recoveries of doubtful debts written off in prior periods	-	1,545	-	4,224
Balance at the end of the year	<u>2,072,780</u>	<u>261,315</u>	<u>1,750,942</u>	<u>115,550</u>

In 2014, in strict accordance with the relevant requirements of accounting standards and the regulatory authorities, the Bank took into account of external economic dynamics and macro monitoring policies and strived to increase provision for impairment on loans and advances. As at December 31, 2014, the balance of provisions for impairment losses on loans and advances to customers was RMB2,334.10 million, representing an increase of RMB467.60 million as compared to the end of the previous year; and the provision for impairment to non-performing loans ratio decreased by 207.49 percentage points to 318.87% from that of the end of the previous year.

(2) Investment securities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate bonds	<u>4,798,210</u>	<u>6.3</u>	<u>2,009,537</u>	<u>4.1</u>
Subtotal	<u>4,798,210</u>	<u>6.3</u>	<u>2,009,537</u>	<u>4.1</u>
Investment Securities				
– loans and receivables				
– Trust companies	36,086,622	47.6	27,909,790	56.5
– Securities companies	14,737,000	19.5	5,407,537	10.9
– Commercial banks	2,718,927	3.6	1,683,233	3.4
Impairment	(154,172)	(0.2)	–	–
Subtotal	<u>53,388,377</u>	<u>70.5</u>	<u>35,000,560</u>	<u>70.8</u>
Investment securities – available-for-sale				
– Non-commercial bank bonds	3,737,961	4.9	2,901,170	5.8
– Corporate bonds	6,264,606	8.3	1,872,925	3.8
– Equity Investment at fair value	291,122	0.4	182,850	0.4
– Others	14	0.0	14	0.0
Subtotal	<u>10,293,703</u>	<u>13.6</u>	<u>4,956,959</u>	<u>10.0</u>
Investment securities – held-to-maturity				
– Government bonds	5,051,655	6.7	4,930,028	10.0
– Non-commercial bank bonds	1,779,985	2.3	1,947,214	3.9
– Commercial bank bonds	420,000	0.5	550,000	1.1
– Corporate bonds	46,000	0.1	46,000	0.1
Subtotal	<u>7,297,640</u>	<u>9.6</u>	<u>7,473,242</u>	<u>15.1</u>
Total	<u><u>75,777,930</u></u>	<u><u>100.0</u></u>	<u><u>49,440,298</u></u>	<u><u>100.0</u></u>

As at December 31, 2014, the Bank's total financial assets at fair value through profit or loss and other investment securities amounted to RMB75,777.93 million, representing an increase of RMB26,337.63 million or 53.3% as compared to the end of the previous year. Financial assets at fair value through profit or loss was RMB4,798.21 million, an increase by RMB2,788.67 million as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of corporate bonds to adapt to the market. Available-for-sale financial assets was RMB10,293.70 million, an increase by RMB5,336.74 million or 107.7% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of non-commercial bank bonds and quality corporate bonds to increase the Bank's liquidity reserves. Investment securities-receivables was RMB53,388.38 million, an increase by RMB18,387.82 million or 52.5% as compared to the end of the previous year, primarily due to increased holding of directional asset management plans with controllable risks and high yield, trust investment with relatively low risks and acquisition of wealth management products with high yields from other banks and financial institutions. At the same time, investment securities held-to-maturity decreased by RMB175.60 million as compared to the end of the previous year to RMB7,297.64 million, primarily due to that some non-commercial bank bonds matured in 2014 and some commercial bank bonds exercised the redemption right in 2014.

3.2.2.2 Liabilities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	81,635,724	31.6	33,749,572	17.5
Customer deposits	167,932,436	64.9	148,801,045	77.0
Other liabilities	5,056,289	1.9	5,804,219	3.0
Taxes payable	218,597	0.1	175,138	0.1
Bonds issued	3,785,076	1.5	4,777,770	2.4
Total liabilities	<u>258,628,122</u>	<u>100.0</u>	<u>193,307,744</u>	<u>100.0</u>

As at December 31, 2014, total liabilities amounted to RMB258,628.12 million, representing an increase of RMB65,320.38 million or 33.8% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB19,131.39 million or 12.9% as compared to the end of the previous year; amounts due to other banks and financial institutions increased by RMB47,886.15 million or 141.9% as compared to the end of the previous year; bonds issued decreased by RMB992.69 million or 20.8% due to the Bank's redemption of subordinated bonds in April 2014.

(1) Customer deposits

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	48,920,176	29.1	46,694,854	31.4
Corporate time deposits	64,523,802	38.4	56,788,904	38.2
Individual demand deposits	9,015,331	5.4	10,202,369	6.8
Individual time deposits	18,974,821	11.3	14,714,891	9.9
Other deposits	26,498,306	15.8	20,400,027	13.7
Total amount of customer deposits	167,932,436	100.0	148,801,045	100.0
Of which: Pledged deposits held as collateral	24,585,657	14.6	20,286,637	13.6

As at December 31, 2014, customer deposits amounted to RMB167,932.44 million, representing an increase of RMB19,131.39 million or 12.9% as compared to the end of the previous year. Corporate deposits balance were RMB113,443.98 million, representing an increase of RMB9,960.22 million or 9.6% as compared to the end of the previous year; individual deposits balance were RMB27,990.15 million, representing an increase of RMB3,072.89 million or 12.3% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB57,935.51 million, representing an increase of RMB1,038.28 million or 1.8% as compared to the end of the previous year; corporate and individual demand deposits balance amounted to RMB83,498.62 million, an increase by RMB11,994.83 million or 16.8% as compared to the end of the previous year.

(2) Bonds issued

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated bonds				
Fixed rate subordinated debt – 2019	–	0.0	995,856	20.8
Fixed rate subordinated debt – 2022	795,468	21.0	795,071	16.7
Financial bonds				
Fixed rate financial bonds – 2018	2,989,608	79.0	2,986,843	62.5
Total	3,785,076	100.0	4,777,770	100.0

Pursuant to a resolution of the extraordinary general meeting passed on November 11, 2008 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds”(《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued the RMB1,000.00 million subordinated bonds within the domestic inter-bank bond market of China in April 2009. Such subordinated bonds have a maturity of 10 years, with a coupon rate of 5.31% per annum for the first five years, payable annually. The Bank has exercised the redemption right to redeem all of the bonds at the par value on April 3, 2014.

Pursuant to a resolution of the extraordinary general meeting passed on August 12, 2011 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds” (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2011] No. 511) by the CBRC on November 18, 2011, the Bank issued the RMB800.00 million subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 2017.

The subordinated bonds are subordinated to all other claims on the assets of the Bank except for the Bank’s share capital. In the calculation of the Bank’s capital adequacy ratio, the subordinated bonds have been included as supplementary capital in accordance with relevant requirements of the CBRC.

Pursuant to a resolution of the extraordinary general meeting passed on November 25, 2011 and the “Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds” (《關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 21, 2012, the Bank issued the RMB3,000.00 million in financial bonds for small and micro enterprises within the domestic inter-bank bond market of China in April 2013. On April 25, 2013, the Bank issued 5-year financial bonds for small and micro enterprises with a principal amount of RMB3,000.00 million. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

As at December 31, 2014, 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, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to central banks	2,918,096	3.6	2,458,216	7.3
Deposits from banks	32,311,570	39.6	21,690,766	64.3
Deposits from other financial institutions	8,385,199	10.3	1,077,500	3.2
Placements from banks and other financial institutions	3,500,000	4.3	1,054,675	3.1
Notes sold under repurchase agreements	32,939,059	40.3	7,468,415	22.1
Securities sold under repurchase agreements	1,581,800	1.9	—	—
Total	<u>81,635,724</u>	<u>100.0</u>	<u>33,749,572</u>	<u>100.0</u>

As at December 31, 2014, the Bank's balance due to other banks and financial institutions amounted to RMB81,635.72 million, representing an increase of RMB47,886.15 million or 141.9% as compared to the end of the previous year. The Bank's due to central banks increased by RMB459.88 million or 18.7% as compared to the end of the previous year; its deposits from banks increased by RMB10,620.80 million or 49.0% as compared to the end of the previous year; deposits from other financial institutions increased by RMB7,307.70 million or 678.2% as compared to the end of the previous year; the Bank's placements from banks and other financial institutions increased by RMB2,445.33 million or 231.9%; notes sold under repurchase agreements increased by RMB25,470.64 million or 341.0%; and securities sold under repurchase agreements at the end of this year was RMB1,581.80 million.

3.2.2.3 Shareholders' equity

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	2,705,228	17.0	2,705,228	20.1
Capital reserve	2,444,623	15.4	2,444,623	18.1
Other reserves	3,798,252	23.9	2,653,606	19.7
Retained earnings	6,954,920	43.7	5,675,814	42.1
Total equity	<u>15,903,023</u>	<u>100.0</u>	<u>13,479,271</u>	<u>100.0</u>

As at December 31, 2014, the Bank had paid-in capital of RMB2,705.23 million, capital reserve of RMB2,444.62 million, other reserves of RMB3,798.25 million, and retained earnings were RMB6,954.92 million. Among other reserves, (1) surplus reserve increased by RMB282.71 million as compared to the end of the previous year, primarily due to the provisions made for discretionary surplus reserve and statutory surplus reserve; and (2) general reserve increased by RMB659.35 million as compared to the end of the previous year, as the general reserve was required to be not less than an additional reserve of 1.5% of balance or risk assets at the end of the previous year.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	103,463,491	97.20	89,545,465	98.94
Special mention	2,253,380	2.12	604,249	0.67
Substandard	535,969	0.50	233,872	0.26
Doubtful	137,392	0.13	95,104	0.10
Loss	58,619	0.05	25,626	0.03
Total loans and advances to customers	<u>106,448,851</u>	<u>100.00</u>	<u>90,504,316</u>	<u>100.00</u>
Amount of non-performing loans	731,980	0.69	354,602	0.39

In 2014, facing the economic slowdown and complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a throughout risk review of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as monitoring loan management, resulting in a continuous improvement in the quality of the Bank's credit assets. As at December 31, 2014, the balance of non-performing loans was RMB731.98 million, representing an increase of RMB377.38 million as compared to the previous year; non-performing loan ratio was 0.69%, representing an increase of 0.30 percentage point as compared to the previous year. The amount of loans under special mention category accounted for 2.12% of total loans, representing an increase of 1.45 percentage points as compared to that of the previous year.

3.2.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014				As at December 31, 2013			
	Amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan Amount	Percentage of total (%)	Amount of non-performing loans	Non-performing loan ratio (%)
Manufacturing	16,318,878	15.3	149,531	0.92	15,550,827	17.2	121,636	0.78
Wholesale and retail	15,018,762	14.1	269,930	1.80	10,597,333	11.7	80,323	0.76
Real estate	10,362,332	9.7	0	0.00	6,572,898	7.2	30,000	0.46
Construction	7,346,188	6.9	55,230	0.75	6,893,052	7.6	0	0.00
Water conservation, environment and public facility administration	4,960,790	4.7	0	0.00	4,155,130	4.6	0	0.00
Leasing and commercial services	3,283,354	3.1	0	0.00	4,599,200	5.1	1,854	0.04
Transportation, warehousing and postal service	1,945,510	1.8	22,666	1.17	2,738,775	3.0	0	0.00
Mining	2,399,014	2.3	100,000	4.17	2,630,498	2.9	0	0.00
Electricity, gas and water production and supply	1,733,604	1.6	0	0.00	1,412,688	1.6	0	0.00
Agriculture, forestry, animal husbandry and fishery	1,167,468	1.1	4,988	0.43	1,143,960	1.3	0	0.00
Household services and other services	621,921	0.6	0	0.00	853,643	0.9	0	0.00
Education	502,960	0.5	1,400	0.28	826,451	0.9	0	0.00
Financing	403,863	0.4	0	0.00	515,993	0.6	2,993	0.58
Science, technology and geological survey	376,190	0.3	0	0.00	477,196	0.5	0	0.00
Information transmission, computer services and software industries	272,192	0.3	0	0.00	382,263	0.4	8,597	2.25
Accommodation and catering	390,153	0.4	294	0.08	267,039	0.3	9	0.00
Culture, sports and entertainment	357,130	0.3	0	0.00	247,700	0.3	0	0.00
Public administration and social organization	1,197,700	1.1	0	0.00	150,000	0.2	0	0.00
Health, social security and welfare	373,220	0.3	0	0.00	68,941	0.1	0	0.00
Discounted bills	4,866,911	4.6	0	0.00	5,245,372	5.8	0	0.00
Individual loans	32,550,711	30.6	127,941	0.39	25,175,357	27.8	109,190	0.43
Total	106,448,851	100.0	731,980	0.69	90,504,316	100.0	354,602	0.39

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 2014, in response to the macro conditions of economic downturn and slower growth, the Bank continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas.

Certain industries with more periodic cycles were significantly affected by international and domestic economic fluctuations in 2014 and recorded a relatively fast growth in their non-performing loan ratio. Major industries experienced the following changes:

The amount of non-performing loans in the manufacturing industry increased by RMB27.90 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.14 percentage points, mainly due to natural growth of loan volume.

The amount of non-performing loans to the wholesale and retail industry increased by RMB189.61 million and the non-performing loan ratio increased by 1.04 percentage points as compared to the end of the previous year, with newly granted loans concentrating on the steel and coal trading industry. Affected by the overall economic down-turn in 2014, steel and coal prices continued to fall, and overstocking of inventory and difficulty in collecting account receivables had caused the capital chain of certain enterprises to stress or fracture, thereby resulting in the growth of the non-performing loan ratio.

The amount of non-performing loans to the construction industry increased by RMB55.23 million, with non-performing loan ratio increased by 0.75 percentage point, primarily due to a key corporate customer's bank acceptance bill having to be advanced in cash, and currently, the equity acquisition scheme is being processed.

The amount of non-performing loans to the mining industry increased by RMB100.00 million, with the non-performing loan ratio increasing by 4.17 percentage points. It was mainly due to a long and mid-term loan granted to a company, which is not due, and currently a restructuring scheme is being processed.

Among those industries affected less by the overall economic environment, the amount of non-performing loans to the information transmission, computer services and software industry decreased by RMB8.60 million with the non-performing loan ratio decreased by 2.25 percentage points, as compared to the end of the previous year; the amount of non-performing loans to the financial industry decreased by RMB2.99 million with the non-performing loan ratio increased by 0.58 percentage point, as compared to the end of the previous year; the amount of non-performing loans to the leasing and commercial service industry decreased by RMB1.85 million as compared to the end of the previous year with the non-performing loan ratio decreased by 0.04 percentage point.

Moreover, as a result of the Bank's prudent credit entry criteria for customers and sound risk management, the Bank's amount of non-performing loans and the non-performing loan ratio of the real estate industry continued to decline, with a decrease of 0.46 percentage points in non-performing loan ratio as compared to the end of the previous year, and as at the end of 2014, the non-performing loan ratio was 0%.

(2) Concentration of borrowers

In 2014, the Bank's total loans to its largest single borrower accounted for 4.62% of its net capital while total loans to its top ten customers accounted for 25.21% of its net capital, which were in compliance with regulatory requirements. As at December 31, 2014, none of the Bank's loans to top ten borrowers were non-performing loans.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As at December 31, 2014	As at December 31, 2013	As at December 31, 2012
Loan concentration ratio for the largest single customer (%)	≤10	4.62	5.09	4.63
Loan concentration ratio for the top ten customers (%)	≤50	25.21	22.84	31.95

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

b. Loans to top ten single borrowers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>		As at December 31, 2014	
	Industry	Amount	Percentage of total (%)
Customer A	Manufacturing	834,000	0.78
Customer B	Electricity, thermal power, gas and water production and supply	500,000	0.47
Customer C	Real estate	490,000	0.46
Customer D	Real estate	480,000	0.45
Customer E	Wholesale and retail	460,000	0.43
Customer F	Real estate	400,000	0.38
Customer G	Manufacturing	379,378	0.36
Customer H	Transportation, warehousing and postal service	340,000	0.32
Customer I	Construction	340,000	0.32
Customer J	Real estate	330,000	0.31

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2014			As at December 31, 2013		
	Loan amount	Amount of non-performing loans	Non-performing loan ratio (%)	Loan Amount	Amount of non-performing loans	Non-performing loan ratio (%)
Corporate loans	69,031,229	604,039	0.88	60,083,587	245,413	0.41
Short-term loans	45,885,258	502,639	1.10	40,891,142	242,360	0.59
Medium- and long-term loans	23,145,971	101,400	0.44	19,192,445	3,053	0.02
Retail loans	32,550,711	127,941	0.39	25,175,357	109,189	0.43
Residential mortgage and personal commercial property loans ⁽¹⁾	16,994,619	30,800	0.18	15,278,963	15,221	0.10
Personal business and re-employment loans	9,080,283	74,589	0.82	6,127,637	81,780	1.33
Others ⁽²⁾	6,475,809	22,552	0.35	3,768,757	12,188	0.32
Discounted bills	4,866,911	0	0.00	5,245,372	0	0.00
Total	106,448,851	731,980	0.69	90,504,316	354,602	0.39

Note:

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

As at December 31, 2014, non-performing loan ratio of corporate loans increased by 0.47 percentage point to 0.88% as compared to the end of the previous year, and non-performing loan ratio of personal loans decreased by 0.04 percentage point to 0.39% 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 Bank'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, 2014		As at December 31, 2013	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	835,969	56.49	150,730	33.87
Past due 90 days to 1 year	406,747	27.49	127,489	28.65
Past due over 1 year and within 3 years	237,008	16.02	120,714	27.12
Past due over 3 years	3	0.00	46,089	10.36
Total overdue loans and advances to customers	<u>1,479,727</u>	<u>100.00</u>	<u>445,022</u>	<u>100.00</u>

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

As at December 31, 2014, the total overdue loans amounted to RMB1,479.73 million, representing an increase of RMB1,034.71 million as compared to the end of the previous year. Overdue loans accounted for 1.39% of total loans, representing an increase of 0.90 percentage point as compared to the end of the previous year.

3.2.4 Analysis of capital adequacy ratio

In satisfying the regulatory requirements on capital management and with an aim to continuously enhancing its capital risk resistance and capital return, the Bank had reasonably set its capital adequacy objective, 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.

To facilitate sustainable development, change in growth modes, a balanced capital business and capital preservation in a coordinated manner, and further enhance capital preservation awareness of financial institutions, the Bank recently has given consideration to the capital consumption and earnings of various institutions in performance appraisal, and further improved its risk adjustment methods to refine the performance appraisal, and provided guidance to branches and management to focus on capital preservation operations and high capital yield operations. At the same time, capital budget management has been implemented, with proper capital distribution introduced and a sound balancing mechanism between capital occupancy and risk capital was established to ensure continuous compliance for capital adequacy.

3.2.4.1 Capital adequacy ratio

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2014	December 31, 2013
Core capital:		
Share capital	2,705,228	2,705,228
Counted part of capital surplus	2,535,235	2,316,711
Surplus reserve and general risk reserves	3,707,640	2,526,470
Counted part of retained earnings	6,954,920	5,916,348
Core Tier 1 Capital deductibles items:		
Full deductibles items	(84,564)	(81,476)
Threshold deduction items	-	-
Total Core Tier 1 Capital, net	<u>15,818,459</u>	<u>13,383,281</u>
Other Tier 1 Capital, net	<u>-</u>	<u>-</u>
Tier 2 Capital, net	<u>2,244,252</u>	<u>3,011,817</u>
Net capital	<u>18,062,711</u>	<u>16,395,098</u>
On-balance sheet risk-weighted assets	134,034,150	98,875,498
Off-balance sheet risk-weighted assets	13,996,784	13,861,718
Risk-weighted assets for exposure to counterpart credit risk	-	-
Total credit risk-weighted assets	<u>148,030,934</u>	<u>112,737,216</u>
Total market risk-weighted assets	<u>5,048,619</u>	<u>2,219,454</u>
Total operational risk-weighted assets	<u>11,158,260</u>	<u>8,723,417</u>
Total risk-weighted assets before applying capital base	164,237,813	123,680,087
Total risk-weighted assets after applying capital base	164,237,813	123,680,087
Core Tier 1 Capital adequacy ratio	<u>9.63%</u>	<u>10.82%</u>
Tier 1 Capital adequacy ratio	<u>9.63%</u>	<u>10.82%</u>
Capital adequacy ratio	<u>11.00%</u>	<u>13.26%</u>

As at the end of the Reporting Period, the Bank's capital adequacy ratio was 11.00%, representing a 2.26 percentage points decrease as compared to the end of the previous year, and Core Tier 1 Capital adequacy ratio was 9.63%, an decrease by 1.19 percentage points compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly due to: (1) the decrease of subordinated capital as a result of the redemption of the RMB1,000.00 million bonds of the Bank in April 2014; and (2) lower capital adequacy as a result of rapid development of various operations, and growth of total on- and off-weighting risk capital.

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

3.2.4.2 Leverage ratio

As at December 31, 2014, the Bank's leverage ratio was 5.00%, above the regulatory requirement of the CBRC.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2014	December 31, 2013
Leverage ratio (%)	5.00	5.47
Tier 1 Capital	15,903,023	13,464,757
Deductions from Tier 1 Capital	84,564	81,476
Tier 1 Capital, net	15,818,459	13,383,281
On-balance sheet assets after adjustment	274,531,145	206,787,015
Off-balance sheet assets after adjustment	41,560,327	38,000,510
On- and off-balance sheet assets after adjustment	316,091,472	244,787,525

The leverage ratio is calculated in accordance with relevant regulatory requirements. Tier 1 Capital, net is consistent with that used in the calculation of capital adequacy ratio by the Bank. On-balance sheet assets after adjustment include derivatives calculated by using the current risk exposure approach and other on-balance sheet assets. Off-balance sheet assets after adjustment include unconditionally cancellable commitments with a conversion factor of 10% and other off-balance sheet items. On- and off-balance sheet assets after adjustment equal to on-balance sheet assets after adjustment plus off-balance sheet items after adjustment.

3.2.5 Segment information

3.2.5.1 Summary of geographical segment

<i>(Expressed in percentage)</i>	For the year ended December 31,							
	2014		2013		2012		2011	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Deposits	77.49	22.51	77.81	22.19	79.85	20.15	82.82	17.18
Loans	74.00	26.00	73.83	26.17	73.85	26.15	79.41	20.59
Assets	81.40	18.60	77.72	22.28	80.13	19.87	85.14	14.86
Loan to deposit ratio	59.21	71.60	57.71	71.74	62.14	87.24	68.74	85.92
Non-performing loan ratio	0.31	1.80	0.26	0.75	0.24	0.59	0.40	0.17
Provision for impairment to non-performing loans	<u>704.36</u>	<u>128.30</u>	<u>787.84</u>	<u>268.30</u>	<u>748.91</u>	<u>294.96</u>	<u>476.47</u>	<u>978.26</u>

<i>(Expressed in percentage)</i>	For the year ended December 31,							
	2014		2013		2012		2011	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Return on average total assets	1.24	0.94	1.47	0.58	1.62	0.11	1.19	1.74
Net fee and commission income to operating income	13.25	7.65	10.88	11.48	7.05	13.74	7.49	11.03
Cost-to-income ratio	<u>30.60</u>	<u>31.85</u>	<u>30.51</u>	<u>42.15</u>	<u>31.13</u>	<u>54.51</u>	<u>34.15</u>	<u>34.77</u>

Note: Other areas refer to those areas other than Chongqing including three branches in Chengdu, Guiyang and Xi'an.

3.2.5.2 Summary of business segment

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

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

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

	Year ended December 31, 2013				Total
	Corporate banking	Personal banking	Treasury operations	Others	
Net interest income from external customers	2,193,720	612,410	2,372,488	–	5,178,618
Inter-segment net interest income/(expense)	1,670,275	384,039	(2,054,314)	–	–
Net interest income	3,863,995	996,449	318,174	–	5,178,618
Net fee and commission income	466,427	178,154	–	–	644,581

3.2.6 Analysis of off-balance-sheet items

Off-balance-sheet items of the Bank mainly include contingent liabilities and commitments, such as the credit commitments, capital expenditure commitments and operating lease commitments. Credit commitments, the main component of off-balance-sheet items, comprise bank acceptances, credit card commitments, issuance of letters of credit and issuance of letters of guarantee, among which credit card commitments, bank acceptances, and issuance of letters of credit are the main components. As at December 31, 2014, the balances of credit card commitments and bank acceptances and issuance of letters of credit were RMB1,078.07 million and RMB40,482.26 million, increasing by 34.3% and 8.8% as compared to the end of the previous year respectively, and the balance of capital expenditure commitment increased significantly by 73.9%.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	802,728	–	–	802,728
Guarantees, acceptances and letters of credit	37,102,049	95,733	–	37,197,782
Operating lease commitments	50,842	97,025	2,164	150,031
Capital expenditure commitments	300,318	18,383	–	318,701
Total	<u>38,255,937</u>	<u>211,141</u>	<u>2,164</u>	<u>38,469,242</u>

3.3 Risk Management

3.3.1 Credit risk

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

In 2014, the Bank carefully implemented national macro-control policy, actively responded to changes in macro-economic conditions, continued to support structural adjustments in the economy, and continuously improved risk management and control mechanisms to hold the bottom line of risks.

A risk management reform designed to cope with the Bank's business lines was implemented to strengthen credit risk management. A risk center, which is responsible for the risk management that covers all of our procedures, was established in the business line at the head office. In order to prevent credit risks and enhance the Bank's risk management capabilities, each line adopted risk control measures that were specifically designed to address risks in this line and promoted the optimization of risk management.

The Bank promptly assessed risks and continuously adjusted its credit structure. With attention to macro control policies, the Bank enhanced studies and researches on key industry policies, and appropriately revised the guidelines on annual extension of credit which was released earlier this year. The Bank launched "Routine Management of Credit Extension", analyzing loans extended to corporate customers on a quarterly basis, promulgating entry criteria for credit clients and credit projects in certain industries and strengthening guidance in respect of industries.

The Bank, with a focus on key risk areas, strengthened risk prevention and control efforts. The Bank, in prompt response to new management measures of local government debts, strictly controlled the amount of loans extended to government investment platforms and optimized the loan structure. The Bank exercised strict control over the proportion of loans to real estate projects in its total loan portfolio, selected the superior projects, limited the number of inferior projects, supported credit demands of first-home buyers. The Bank also enhanced investigation of risks involved in commercial premises transactions and effectively identified and prevented false mortgages. In relation to risk exposure to industries with overcapacity, market fluctuations and high sensitivity to industrial policies, the Bank took control from the source. In addition to implementation of rigorous credit policies, the Bank carried out recovery and disposal activities in a timely manner when there is a risk signal, and responded more effectively to the pressure of changes in asset quality.

3.3.2 Operational risk management

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

In line with the changes of supervision requirements and risks, the Bank continued to strengthen the construction of the operational risk management system, progressively improve risk prevention and control mechanisms and enhance operational risk management. An operational risk management system, which promotes the utilization of three operational risk management tools, namely the tool for operational risk and control self-assessment, the tool for key risk indicator monitoring, and the tool for loss data collection, was established. The Bank enhanced risk examinations to prevent operational risk and conducted annual inspections that focused on operational risks associated with credit business, counter business, new products and new services. The inspections covered all the branches of the Bank. For issues identified in the inspections, responsible personnel should take rectification measures within a time limit and keep internal records to effectively eliminate the potential risks. The Bank refined the business continuity management system, formulated management policies of continuous operations, and carried out ongoing business and risk analyses, optimized resources allocation, implemented contingency plans for operational emergencies and organized drills for the purpose of continuous operations to ensure a safe and stable environment for the Bank's operation.

3.3.3 Market risk

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

3.3.3.1 Interest rate risk of trading accounts

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

In 2014, the Bank paid close attention to movements in financial markets and continued to improve the market risk management system and the risk exposure limit system. The Value at Risk (VaR) method was gradually put in place to identify, monitor and control market risks.

3.3.3.2 Exchange rate risk

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

3.3.4 Liquidity risk management

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

The Board of the Bank formulated policies, strategies, procedures, limits and contingency plans in line with the overall management of liquidity risks in accordance with its risk preference. The Assets and Liabilities Management Committee under the senior management carries out day-to-day management of liquidity risks. The Assets and Liabilities Management Department, the Treasury Department and other operational departments and offices, each bears distinct responsibilities and works closely with each other to develop a well-organized and fully functional liquidity risk management system.

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

The Bank continues to improve liquidity management strategies, upgrade liquidity risk measurement and forecasting capability, establish coordinate system meetings for asset-liability management and step up the building of systems and related liquidity management policies in order to enhance capability for liquidity risk control. Additionally, it actively applies scientific and technological means to improve liquidity management related information systems. By establishing such systems, the precision of liquidity risk monitoring and measurement, and the level of automation is increased.

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

As at the end of 2014, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

In 2014, China's inter-bank liquidity was sufficient, but market-based interest rates and deposit growth rates fell which necessitates a higher standard of liquidity management. The Bank has been committed to improving its liquidity risk management, and adheres to a prudent liquidity risk management philosophy. It has also formulated and implemented real-time monitoring, a weekly coordination system, liquidity quota management, money market management, active liabilities, liquidity reserves, stress tests, contingency plans and other policies measures. To date, there has been no liquidity risk to the Bank and no instances of high cost financing.

The Bank uses liquidity gap analysis to assess liquidity risk. As at the end of 2014, the liquidity gap analysis of the Bank was as follows:

Undiscounted contractual cash flows categorised by contractual maturities

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

	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2014									
Liquidity gap net worth	<u>(56,910,723)</u>	<u>8,100,572</u>	<u>(4,402,242)</u>	<u>(212,423)</u>	<u>20,747,938</u>	<u>49,294,762</u>	<u>31,353,689</u>	<u>1,325,341</u>	<u>49,296,914</u>

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

	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2013									
Liquidity gap net worth	<u>(55,854,045)</u>	<u>12,250,117</u>	<u>(5,111,781)</u>	<u>17,885,466</u>	<u>(3,363,167)</u>	<u>43,255,413</u>	<u>28,141,503</u>	<u>300,511</u>	<u>37,504,017</u>

At the end of 2014, the Bank's cumulative gap for all maturities was RMB49,296.91 million, an increase of RMB11,792.90 million over the previous year-end. Although there is a shortfall in on-demand repayment of RMB56,910.72 million, the Bank's deposit base is extensive and solid. Current deposit settlement rates are higher and funding sources are stable, so the impact of the shortfall on the Bank's real liquidity is low.

Liquidity coverage ratio of the Bank

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2014	December 31, 2013
Qualified high-quality liquid assets	30,051,064	24,764,492
Net cash outflow in the next 30 days	31,902,646	26,675,841
liquidity coverage ratio (%)	94.20	92.83

As at December 31, 2014, the Bank's liquidity coverage ratio is 94.2%, representing an increase of 1.37 percentage points as compared to the previous year, fully complying with the regulatory requirements by the CBRC.

The Bank measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks issued by the CBRC which came into effect as of March 1, 2014 (the "Measures"). The latest Measures requires that commercial banks' liquidity coverage ratios must reach 100% by 2018. For the transition period before that, the liquidity coverage ratios shall reach 60%, 70%, 80% and 90% by 2014, 2015, 2016 and 2017 respectively.

Qualified high-quality liquid assets represent those assets that can be readily realized in the financial market incurring zero or minimal loss by selling or securing (pledging) the same, under the stress conditions prescribed for the required liquidity coverage ratio. The assets include cash, reserves placed in the central bank under stress conditions and bonds held by the Bank after discounted by risk weightings.

Net cash outflow in the next 30 days = cash outflow – MIN (cash inflow, 75% of cash outflow)

The cash outflow reflects the expected losses or withdrawals from the balances of related liabilities and off-balance sheet items under the stress conditions prescribed for the required liquidity coverage ratio, including liabilities or off-balance sheet items with unspecified maturities, maturing in 30 days or which may be withdrawn in 30 days.

The cash inflow reflects contracted cash inflows to be occurred in the next 30 days.

3.3.5 Market risk management

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

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

3.3.5.1 Analysis of interest rate risk

Interest rate risk is the risk of fluctuations in fair values or future cash flows of financial assets and liabilities due to movement in market interest rates. Cash flow interest rate risk is the risk of fluctuations arising from the fact that future cash flows of financial instruments change along with market interest rates. Fair value interest rate risk refers to the risk of fluctuations arising because the value of certain financial instruments change with market interest rates. The Bank’s interest rate risk encompasses fair value risk and cash flow interest rate risk resulting from major interest rate movement in the market.

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

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

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

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

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

At the end of 2014, the Bank's accumulated interest sensitivity gap amounted to RMB13,621.69 million, an increase of RMB1,910.27 million as compared to the previous year.

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

3.3.5.2 Interest rate sensitivity analysis

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Estimated changes of net interest income	
	December 31, 2014	December 31, 2013
+ 100 basis points parallel move in all yield curves	161,435	150,527
- 100 basis points parallel move in all yield curves	(161,435)	(150,527)
	Change of other comprehensive income	
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2014	December 31, 2013
+ 100 basis points parallel move in all yield curves	(281,050)	(54,736)
- 100 basis points parallel move in all yield curves	289,543	56,926

3.3.5.3 Exchange rate sensitivity analysis

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Estimated pre-tax profit/(loss) change	
	December 31, 2014	December 31, 2013
+1.0% upward change of foreign exchange rate	3,660	12,334
-1.0% downward change of foreign exchange rate	(3,660)	(12,334)

3.4 Outlook

In 2015, China's economic growth is expected to maintain stable development under the "new normal". Stable progress, enhanced quality and increased efficiency will be the focus. Under complex international and domestic circumstances, the Chinese government and the Chinese monetary and regulatory authorities will implement sound fiscal policy oriented towards a relaxed monetary policy. They will ensure the smooth and stable transition of the Chinese economy, so as to bring about healthy development, social harmony and stability.

In respect of China's financial sector's reforms and innovation, initial steps in reforms such as deposit interest rate marketization and a deposit insurance system have already been undertaken, and competition in the financial market has become increasingly fierce. The emergence of internet banking presents an enormous challenge to the traditional banking business model. Many private banks have won approval and commenced business operations so competition is becoming more intense. The Chinese government has introduced a series of economic reform measures to reduce administrative interventions in the market. Price and resource allocation are both determined by the market, producing new opportunities for a healthy development of the banking industry.

The city of Chongqing is China's largest municipality, Western China's most developed urban center, and the largest port city on the upper reaches of the Yangtze River. With the implementation of China's "One Belt, One Road" and Yangtze River Economy Zone strategies, the "new normal" has ushered in new opportunities for development. Along with the implementation of the penetrating advance and deepening reform tasks of Chongqing city's "Five major functional area" strategy, the city of Chongqing's economic growth rate will maintain at a relatively high level.

In 2014, Chongqing City's Regional GDP growth reached 10.9 %, leading the nation's other provinces, cities and autonomous regions. In 2015, Chongqing's target increase in GDP is around 10%, higher than that of the Yangtze River Delta, the Pearl River Delta, and the central provinces.

In 2015, the Bank of Chongqing will continue to implement business restructuring and upgrading of infrastructure, further enhance operational and management standards, deepen reform of internal governance systems, improve product systems and service methods, and strive for breakthroughs in consumer credit, asset management, and other service areas. At the same time, the Bank will also actively build and improve on an efficient internet financial platform, and provide the Bank's customers with an even more comprehensive range of financial products and services.

The Bank has a competitive advantage in small business, corporations, personal business, inter-bank financing and other service areas, and will improve its management and service standards to increase the Bank's market share in the Chongqing region. By adopting an analytical approach to the regional and macro-economic financial situation, the forecast ability and initiative of operations management will be enhanced. By continuing to develop a comprehensive risk management system, and striving to realize advantageous, timely and sustainable development objectives, we aim at generating more returns for our shareholders and investors.

4. MAJOR ASSET PURCHASES, SALES AND MERGERS

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

5. OTHER INFORMATION

5.1 Corporate Governance Code

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

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

During the Reporting Period, the Bank fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

5.2 Securities Transactions by Directors, Supervisors and Senior Management

The organizational structure of the Bank's board of directors, board of supervisors and senior management is as follows:

As of the end of the Reporting Period, the board of directors of the Bank had a total of fourteen directors, of which there were four executive directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President), Ms. NI Yuemin (Vice President and the person in charge of finance) and Mr. ZHAN Wanghua (Chief Risk Officer); five non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The board of supervisors of the Bank had a total of eight supervisors, of which there were three staff supervisors, namely Mr. HUANG Changsheng, Ms. WAN Jiayu and Mr. LIN Min; two shareholder supervisors, namely Mr. CHEN Yan and Mr. TANG Jun; and three external supervisors, namely Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong.

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

5.3 Changes in Directors, Supervisors and Senior Management

5.3.1 Changes in Directors

Mr. YIN Mingshan's term as a director expired and he retired as a non-executive director of the Bank at the Bank's second extraordinary general meeting of 2014 held on March 7, 2014. He also ceased to be a member of each of the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic Committee.

Mr. YANG Jun was elected as a non-executive director at the Bank's second extraordinary general meeting of 2014 held on March 7, 2014. On March 20, 2014, he was also appointed as a member of each of the Strategic Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board. His qualification of directorship was approved by the CBRC Chongqing Bureau on April 28, 2014.

Mr. KONG Xiangbin was elected as an independent non-executive director at the Bank's second extraordinary general meeting of 2014 held on March 7, 2014. On March 20, 2014, he was also appointed as a member of each of the Connected Transactions Control Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board. His qualification of directorship was approved by the CBRC Chongqing Bureau on April 28, 2014.

Mr. WANG Pengguo was elected as an independent non-executive director at the Bank's second extraordinary general meeting of 2014 held on March 7, 2014. On March 20, 2014, he was also appointed to be a member of each of the Connected Transactions Control Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board. His qualification of directorship was approved by the CBRC Chongqing Bureau on April 28, 2014.

Dr. JIN Jingyu was elected as an independent non-executive director at the Bank's second extraordinary general meeting of 2014 held on March 7, 2014. On March 20, 2014, he was also appointed to be a member of each of the Connected Transactions Control Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Information Technology Guidance Committee of the Board. His qualification of directorship was approved by the CBRC Chongqing Bureau on April 28, 2014.

Dr. ZHANG Weiguo's term as an independent non-executive director expired and he did not participate in the election at the second extraordinary general meeting held on March 7, 2014. In accordance with the applicable laws and articles of association, Dr. ZHANG Weiguo continued to serve as an independent non-executive director and members of various committees until Dr. JIN Jingyu received his qualification of directorship from the CBRC Chongqing Bureau on April 28, 2014. Upon Dr. JIN Jingyu receiving the relevant qualification, Dr. ZHANG Weiguo ceased to hold his positions as independent non-executive director, Chairman of the Nomination Committee, as well as the Remuneration and Appraisal Committee, and member of the Information Technology Guidance Committee and the Connected Transactions Control Committee.

Dr. SUN Fangcheng's term as an independent non-executive director expired and he did not participate in the election at the second extraordinary general meeting held on March 7, 2014. In accordance with the applicable laws and articles of association, Dr. SUN Fangcheng continued to serve as an independent non-executive director and members of various committees until Mr. WANG Pengguo received his qualification of directorship from the CBRC Chongqing Bureau on April 28, 2014. Upon Mr. WANG Pengguo receiving the relevant qualification, Dr. SUN Fangcheng ceased to hold his positions as independent non-executive director, Chairman of the Audit Committee, as well as member of the Remuneration and Appraisal Committee, the Nomination Committee and the Connected Transactions Control Committee.

Mr. HAN Deyun's term as an independent non-executive director expired and he did not participate in the election at the second extraordinary general meeting held on March 7, 2014. In accordance with the applicable laws and articles of association, Mr. HAN Deyun continued to serve as an independent non-executive director as well as members of various committees until Mr. KONG Xiangbin received his qualification of directorship from the CBRC Chongqing Bureau on April 28, 2014. Upon Mr. KONG Xiangbin receiving the relevant qualification, Mr. HAN Deyun ceased to hold his positions as independent non-executive director, Chairman of the Connected Transactions Control Committee, as well as member of the Remuneration and Appraisal Committee and the Nomination Committee.

Due to a job change, Mr. XIANG Li resigned from his positions as a non-executive director and a member of the Strategic Committee, with effect from December 30, 2014.

5.3.2 Changes in Supervisors

At the second extraordinary general meeting held on March 7, 2014, Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong were elected as external supervisors of the fifth session of the board of supervisors and Mr. CHEN Yan and Mr. TANG Jun were elected as shareholder supervisors of the fifth session of the board of supervisors. On the same day, Ms. WEN Yuping retired from her position as an external supervisor of the board of supervisors and Mr. SI Houchun and Mr. LIU Xingyu retired from their positions as shareholder supervisors.

Having reached retirement age, Ms. MA Qianzhen retired from her position as the chairperson of the board of supervisors on May 27, 2014 and resigned from her position as an employee supervisor on May 29, 2014. In light of such change, the board of supervisors of the Bank resolved that, effective from May 27, 2014, Mr. HUANG Changsheng, an employee supervisor, shall exercise the duties and functions of the chairperson board of supervisors until a new chairperson is elected.

5.3.3 Changes in Senior Management

Due to a job change, Mr. NIU Yueqiang resigned as Vice President on February 28, 2014, whose resignation was approved by the Board on March 20, 2014.

Mr. ZUO Xiaobo resigned as the Chief Information Officer on March 11, 2014 due to personal reasons, and obtained Board approval for his resignation on March 20, 2014. The duties of the Chief Information Officer is temporarily being exercised by Mr. ZHOU Guohua (Chief Operation Officer).

Mr. LI Zaining retired from the position of the Secretary of the Board on December 25, 2014. Mr. ZHOU Wenfeng has been appointed to serve as the Acting Secretary of the Board, with effect from December 30, 2014.

5.4 Securities Transactions by Directors and Supervisors

In respect of securities transactions by directors, supervisors and senior management, the Bank has adopted a code of conduct 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 throughout the Reporting Period.

5.5 Profits and Dividends

The Bank's revenue for the year ended December 31, 2014 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this results announcement.

Pursuant to the resolutions of the 2013 annual general meeting of the Bank, on May 16, 2014, the Bank distributed to all shareholders a final dividend for 2013 of RMB0.224 per share (tax inclusive) in aggregate amount of RMB605,970,961.12 (tax inclusive) based on the annual profit and number of issued shares as of December 31, 2013. The final dividends for year 2013 were distributed to holders of domestic shares and holders of H Shares on July 16, 2014.

The Board of the Bank has proposed a cash dividend of RMB0.272 per share (tax inclusive) for the year ended December 31, 2014 in aggregate amount of RMB735,821,881.36 (tax inclusive) to all shareholders of the Bank. The dividend distribution proposal will be submitted to the 2014 annual general meeting for approval. If the proposal is approved, 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, 2015. 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 (being June 12, 2015, inclusive) as announced by the People's Bank of China. The register of members of the Bank will be closed from Tuesday, June 23, 2015 to Tuesday, June 30, 2015 (both days inclusive), during such period no transfer of domestic share or H Share 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, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, June 22, 2015.

The Board of the Bank will distribute dividends on Monday, July 20, 2015. 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 of the Bank for the past three years are as follows:

(All amounts expressed in millions of RMB except percentages, unless otherwise stated)

	2013	2012	2011
Cash dividend (tax inclusive)	605.97	141.44	101.03
As a percentage of profit for the year	26.02%	7.35%	6.79%

5.6 Annual General Meeting of 2014 and Closure of Register of Members

The Bank's 2014 annual general meeting will be held on Friday, June 12, 2015. In order to determine the holders of H Shares who are eligible to attend and vote at the annual general meeting, the register of members of the Bank will be closed from Tuesday, May 12, 2015 to Friday, June 12, 2015 (both days inclusive), 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 annual general meeting must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, May 11, 2015.

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 of 2014

The 2014 financial report prepared in accordance with the IFRS has been audited by PricewaterhouseCoopers in accordance with International Standards on Auditing.

The Board and the audit committee of the Board have reviewed and confirmed the Annual Results.

6. FINANCIAL REPORT

BANK OF CHONGQING CO., LTD. STATEMENTS OF COMPREHENSIVE INCOME

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

	2014	2013
Interest income	13,236,153	10,467,150
Interest expense	<u>(7,004,455)</u>	<u>(5,288,532)</u>
Net interest income	6,231,698	5,178,618
Fee and commission income	974,857	694,318
Fee and commission expense	<u>(66,011)</u>	<u>(49,737)</u>
Net fee and commission income	908,846	644,581
Net trading gains/(losses) income	160,189	(89,789)
Net gains/(losses) on investment securities	150,637	76,162
Other operating income	<u>31,740</u>	<u>64,928</u>
Operating income	7,483,110	5,874,500
Operating expenses	(2,805,275)	(2,282,772)
Impairment losses	<u>(889,566)</u>	<u>(535,718)</u>
Operating profit	3,788,269	3,056,010
Share of profits of associates	<u>2,035</u>	<u>1,435</u>
Profit before income tax	3,790,304	3,057,445
Income tax expense	(963,161)	(728,179)
Net profit	<u>2,827,143</u>	<u>2,329,266</u>
Net profit for the year attributable to shareholders of the Bank	<u>2,827,143</u>	<u>2,329,266</u>
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	<u>1.05</u>	<u>1.10</u>

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

	2014	2013
Net profit for the year attributable to shareholders of the Bank	2,827,143	2,329,266
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Available-for-sale ('AFS') securities		
Changes in fair value recorded in equity	271,884	(127,416)
Less: Related income tax impact	<u>(67,971)</u>	<u>31,854</u>
Subtotal	203,913	(95,562)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Surplus on remeasurement of retirement benefits	(1,777)	304
Less: Related income tax impact	<u>444</u>	<u>(76)</u>
Subtotal	(1,333)	228
Total other comprehensive income, net of tax	<u>202,580</u>	<u>(95,334)</u>
Total comprehensive income for the year attributable to shareholders of the Bank	<u>3,029,723</u>	<u>2,233,932</u>
Dividends		
Dividends declared during the year	<u>605,971</u>	<u>141,443</u>

BANK OF CHONGQING CO., LTD.
STATEMENTS OF FINANCIAL POSITION

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

	Year End 31 December	
	2014	2013
ASSETS		
Cash and balances with central banks	35,699,093	32,822,748
Due from other banks and financial institutions	54,409,453	32,143,462
Financial assets at fair value through profit or loss	4,798,210	2,009,537
Loans and advances to customers	104,114,756	88,637,824
Investment securities		
– Loans and receivables	53,388,377	35,000,560
– Available-for-sale ('AFS')	10,293,703	4,956,959
– Held-to-maturity ('HTM')	7,297,640	7,473,242
Investment in associates	26,405	24,370
Property, plant and equipment	2,396,654	2,068,972
Deferred income tax assets	317,765	305,651
Other assets	1,789,089	1,343,690
	<hr/>	<hr/>
Total assets	<u>274,531,145</u>	<u>206,787,015</u>
LIABILITIES		
Due to other banks and financial institutions	81,635,724	33,749,572
Customer deposits	167,932,436	148,801,045
Other liabilities	5,056,289	5,804,219
Current tax liabilities	218,597	175,138
Debts issued	3,785,076	4,777,770
	<hr/>	<hr/>
Total liabilities	<u>258,628,122</u>	<u>193,307,744</u>
EQUITY		
Capital and reserves attributable to the		
Bank's shareholders		
Share capital	2,705,228	2,705,228
Capital surplus	2,444,623	2,444,623
Other reserves	3,798,252	2,653,606
Retained earnings	6,954,920	5,675,814
	<hr/>	<hr/>
Total equity	<u>15,903,023</u>	<u>13,479,271</u>
	<hr/>	<hr/>
Total liabilities and equity	<u>274,531,145</u>	<u>206,787,015</u>

BANK OF CHONGQING CO., LTD.
STATEMENTS OF CHANGES IN EQUITY

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

	Share capital	Capital surplus	Surplus reserve	General reserve	Other reserves	Surplus on remeasurement of retirement benefits	Retained earnings	Total
					Revaluation reserve for AFS securities			
Balance at 1 January 2014	2,705,228	2,444,623	922,494	1,843,080	(113,543)	1,575	5,675,814	13,479,271
Net profit for the year	-	-	-	-	-	-	2,827,143	2,827,143
Changes taken to other comprehensive income	-	-	-	-	203,913	(1,333)	-	202,580
Total comprehensive income	-	-	-	-	203,913	(1,333)	2,827,143	3,029,723
Shares issued	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(605,971)	(605,971)
Transfer to other reserves	-	-	282,714	659,352	-	-	(942,066)	-
Balance at 31 December 2014	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023
Balance at 1 January 2013	2,020,619	800	689,567	1,010,330	(17,981)	1,347	4,553,668	8,258,350
Net profit for the year	-	-	-	-	-	-	2,329,266	2,329,266
Changes taken to other comprehensive income	-	-	-	-	(95,562)	228	-	(95,334)
Total comprehensive income	-	-	-	-	(95,562)	228	2,329,266	2,233,932
Shares issued	684,609	2,443,823	-	-	-	-	-	3,128,432
Dividends	-	-	-	-	-	-	(141,443)	(141,443)
Transfer to other reserves	-	-	232,927	832,750	-	-	(1,065,677)	-
Balance at 31 December 2013	2,705,228	2,444,623	922,494	1,843,080	(113,543)	1,575	5,675,814	13,479,271

BANK OF CHONGQING CO., LTD.
STATEMENTS OF CASH FLOWS

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

	2014	2013
Cash flows from operating activities		
Profit before income tax	3,790,304	3,057,445
Adjustments:		
Depreciation and amortisation	136,803	116,371
Impairment losses on loans	732,023	535,632
Impairment losses on other assets	157,543	86
Net gains on disposal of property, plant and equipment	(650)	(9,929)
Net gains on de-recognition of investment securities	(150,637)	(76,162)
Share of results of associates	(2,035)	(1,435)
Interest income arising from investment securities	(3,822,850)	(2,668,905)
Interest expense arising from bonds issued	218,423	208,603
	<hr/>	<hr/>
Net increase in operating assets:		
Net increase in restricted deposit balances with central banks	(3,334,802)	(5,030,031)
Net (increase)/decrease in due from and placements with and loans to banks and other financial institutions	829,532	(723,581)
Net increase in financial assets held under resale agreements	(25,102,735)	(7,541,671)
Net increase in loans and advances to customers	(16,210,817)	(13,911,237)
Net increase in other operating assets	(13,157)	(55,624)
Net increase in operating liabilities:		
Net increase in borrowings from central banks	459,880	961,361
Net increase in due to and placements from banks and other financial institutions	20,373,828	9,951,644
Net decrease in financial assets sold under repurchase agreements	27,052,444	(4,822,574)
Net increase in customer deposits	19,131,391	34,757,860
Net increase in other operating liabilities	2,359,355	4,022,685
Income tax paid	(999,787)	(828,752)
	<hr/>	<hr/>
Net cash inflows from operating activities	25,604,056	17,941,786

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

	2014	2013
Cash flows from investing activities:		
Dividends received	10,000	8,659
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	4,918	12,897
Purchase of property and equipment, intangible assets and other long-term assets	(471,697)	(745,527)
Proceeds from sale and redemption of investments	101,535,297	64,199,230
Purchase of investment securities	(127,465,628)	(79,197,040)
Net cash (outflows)/inflows from investing activities	(26,387,110)	(15,721,781)
Cash flows from financing activities:		
Proceeds from issuance of shares	–	3,098,370
Proceeds from issuance of bonds	–	2,985,000
Cash paid to redeem the issued bonds	(1,000,000)	–
Interest paid in relation to issued bonds	(70,654)	(110,384)
Dividend paid to shareholders of the Bank	(605,157)	(147,244)
Net cash (outflows)/inflows from financing activities	(1,675,811)	5,825,742
Effect of exchange rate changes on cash and cash equivalents	(6,804)	(150,212)
Net (decrease)/increase in cash and cash equivalents	(2,465,669)	7,895,535
Cash and cash equivalents at beginning of the year	14,220,581	6,325,046
Cash and cash equivalents at end of the year	11,754,912	14,220,581

BANK OF CHONGQING CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS

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

1 BASIS OF PRESENTATION

The financial statements of the Bank has been prepared in accordance with the International Financial Reporting Standards ('IFRS') and disclosure requirements of the Hong Kong Companies Ordinance and the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited.

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

The financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Bank has adopted the following new or revised IFRSs effective for the current year as listed below:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Assets impairment-Recoverable amount disclosures for non-financial assets
New interpretations to IFRIC 21	Levies
Amendments to IAS 19 (Revised)	Defined benefit plans
IFRS (Revised)	Annual Improvements to IFRSs 2010-2012 Cycle
IFRS (Revised)	Annual Improvements to IFRSs 2011-2013 Cycle

Amendments to IFRS 10, IFRS 12 and IAS 27

By virtue of this amendment, many funds and other similar entities are exempted from consolidating of most of their subsidiaries. Instead, their subsidiaries are measured at fair value through profit and loss. This amendment introduces exemptions for those entities which fulfills the definition of "Investment entities". The disclosure requirements in IFRS 12 'Disclosure of interest in other entities' are included.

1 BASIS OF PRESENTATION (CONTINUED)

Amendments to IAS 32

This amendment acts as a practice note to IAS 32, 'Financial instruments: Presentation'. It clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

Amendments to IAS 36

This amendment has made changes to the disclosures required by IAS 36, impairment of assets when recoverable amount is determined based on fair value less costs of disposal.

IFRIC 21

IFRIC 21 is the interpretation of IAS 37 provisions, contingent liabilities and contingent assets). IAS 37 states the criteria of liability recognition which includes current liability occurring from past transaction of the entity (called liability affairs).

Amendments to IAS 19 (Revised)

The amendments to IAS 19(Revised) clarify how an entity should account for contributions made by employees or third parties to defined benefit plans that are either constructive or set out in the formal terms of the plan based on whether those contributions are linked to service or not linked to service. Such contributions that are not linked to service would affect the remeasurement of net defined benefit liability (or asset). For contributions that are linked to service, they would reduce service cost as follows:

- Contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method;
- Contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Annual Improvements to IFRSs 2010-2012 Cycle

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non- financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

1 BASIS OF PRESENTATION (CONTINUED)

Annual Improvements to IFRSs 2010-2012 Cycle (Continued)

The amendments to IFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortization when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

Annual Improvements to IFRSs 2011-2013 Cycle

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

1 BASIS OF PRESENTATION (CONTINUED)

Annual Improvements to IFRSs 2011-2013 Cycle (Continued)

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of IAS 40; and
- (b) the transaction meets the definition of a business combination under IFRS 3.

The adoption of these new standards and amendments does not have a significant impact on the operating results, comprehensive income, or financial position of the Bank.

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

		Effective for annual period beginning on or after
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
IAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Changes from the 2012-2014 cycle of the annual improvements project	1 January 2016
Amendments to IFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 9	Financial Instruments	1 January 2018
New Hong Kong Companies Ordinance (Cap.622)	Accounts and Audit	31 March 2014

1 BASIS OF PRESENTATION (CONTINUED)

Amendment to IFRS 11

The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in IFRS/HKFRS 3, Business combinations). Specifically, an investor will need to:

- measure identifiable assets and liabilities at fair value;
- expense acquisition-related costs;
- recognise deferred tax; and
- recognise the residual as goodwill.

All other principles of business combination accounting apply unless they conflict with IFRS 11.

The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.

IFRS 14

IFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with IFRS14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

IFRS 14 permits eligible first- time adopters of IFRS to continue their previous GAAP rate-regulated accounting policies, with limited changes. IFRS 14 requires separate presentation of regulatory deferral account balances in the balance sheet and of movements in those balances in the statement of comprehensive income. Disclosures are required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IAS 16 and IAS 38 (Revised)

The amendments clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

1 BASIS OF PRESENTATION (CONTINUED)

IFRS 10 and IAS 28 (Revised)

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.

IAS 27

The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Annual improvements 2012-2014 Cycle

The amendments include changes from the 2012-2014 cycle of the annual improvements project that affect 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations'
- IFRS 7, 'Financial instruments: Disclosures'
- IAS 19, 'Employee benefits'
- IAS 34, 'Interim financial reporting'

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: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract (3) Determine the transaction price (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. 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 licence 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. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition:

IFRIC/HK(IFRIC) 13 Customer Loyalty Programmes, IFRIC/HK(IFRIC) 15 Agreements for the Construction of Real Estate, IFRIC/HK(IFRIC) 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services.

1 BASIS OF PRESENTATION (CONTINUED)

IFRS 9

IFRS 9 (2014), “Financial instruments” replaces the whole of IAS 39.

IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more “rule-based” approach of IAS 39.

The Bank is considering the impact of IFRS 9 on the consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Bank’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Bank is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

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

2 NET INTEREST INCOME*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2014	2013
Interest income		
Balances with central banks	484,995	430,482
Due from other banks and financial institutions	1,754,712	1,260,963
Loans and advances to customers	7,173,596	6,106,800
Investment securities	3,481,119	2,466,897
Financial assets at fair value through profit or loss	341,731	202,008
	<u>13,236,153</u>	<u>10,467,150</u>
Interest expense		
Due to other banks and financial institutions	(2,380,842)	(1,779,260)
Customer deposits	(4,405,190)	(3,300,669)
Bonds issued	(218,423)	(208,603)
	<u>(7,004,455)</u>	<u>(5,288,532)</u>
Net interest income	<u>6,231,698</u>	<u>5,178,618</u>
	2014	2013
Interest income accrued on loans and advances to customers individually impaired	<u>28,975</u>	<u>9,570</u>
	2014	2013
Interest income on listed investments	470,205	234,726
Interest income on unlisted investments	3,352,645	2,434,179
	<u>3,822,850</u>	<u>2,668,905</u>

3 NET FEE AND COMMISSION INCOME*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2014	2013
Fee and commission income		
Commission income from financial advisory and consulting services	329,436	237,939
Commission income from wealth management agency service	230,612	180,224
Commission income from custodian service	214,271	128,348
Commission income from bank card services	111,007	72,466
Commission income from credit commitments	45,313	37,991
Commission income from settlement and agency services	44,218	37,350
	<u>974,857</u>	<u>694,318</u>
Fee and commission expense		
Commission expense from settlement and agency services	(43,792)	(32,658)
Commission expense from bank card services	(14,781)	(14,122)
Other commission expense	(7,438)	(2,957)
	<u>(66,011)</u>	<u>(49,737)</u>
Net fee and commission income	<u><u>908,846</u></u>	<u><u>644,581</u></u>

4 NET TRADING GAINS/(LOSSES) INCOME

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

	2014	2013
Foreign exchange	23,825	(37,375)
Interest rate instruments	136,364	(52,414)
	<u>160,189</u>	<u>(89,789)</u>

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

The retranslation of foreign currency monetary assets and liabilities amounted to income of RMB12,274 thousand, losses of RMB15,509 thousand for the years ended 31 December 2014 and 2013.

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

5 OTHER OPERATING INCOME

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

	2014	2013
Profit on sale of land use rights and buildings and investment properties	–	5,897
Profit on sale of foreclosed assets and other assets	5,726	32,672
Dividend income from unlisted available-for-sale investments	12,589	8,659
Government grants (i)	4,821	2,082
Rental income from investment property	1,484	1,441
Income from dormant account	1,531	3,155
Other miscellaneous income (ii)	5,589	11,022
	<u>31,740</u>	<u>64,928</u>

(i) Government grants

Government grant in 2013 was reward for outstanding financial institutions to support local economic development.

Government grant in 2014 was reward for financial interaction issued by Finance Bureau: RMB3,433 thousand, and subsidies and incentives for the social security center, industrial and commercial administrative bureau, Liupanshui people's government.

(ii) Other miscellaneous income mainly comprises cashier surplus, compensation on breach of contract, incomes from writing off other payables etc.

6 OPERATING EXPENSES*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2014	2013
Staff costs (including directors and supervisors' emoluments)	1,324,089	992,048
General and administrative expenses	734,708	685,074
Business tax and surcharges	483,663	381,018
Depreciation of property, plant and equipment	93,620	79,120
Amortization of intangible assets	17,392	12,904
Amortization of land use rights	4,863	4,897
Depreciation of investment properties	235	429
Amortization of long-term prepaid expenses	20,693	19,021
Rental expenses	88,859	68,537
Professional fees	19,337	32,174
Donations	5,720	5,968
Others	12,096	1,582
	<u>2,805,275</u>	<u>2,282,772</u>

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

	2014	2013
Salaries and bonuses	956,556	665,965
Pension costs	127,313	109,667
Housing benefits and subsidies	61,780	54,001
Labor union and staff education expenses	27,336	22,225
Other social security and benefit costs	151,104	140,190
	<u>1,324,089</u>	<u>992,048</u>

8 IMPAIRMENT LOSSES*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2014	2013
Loans and advances to customers		
– Collectively assessed	321,838	517,314
– Individually assessed	410,185	18,318
Loans and receivables	154,172	–
Others	3,371	86
	<u>889,566</u>	<u>535,718</u>

9 INCOME TAX EXPENSE

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

	2014	2013
Current income tax	1,043,246	831,064
Deferred income tax	(80,085)	(102,885)
	<u>963,161</u>	<u>728,179</u>

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

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% (2013: 25%), to profit before income tax can be reconciled as follows:

	2014	2013
Profit before income tax	3,790,304	3,057,445
Tax calculated at a tax rate of 25%	947,576	764,361
Tax effect arising from income not subject to tax ^(a)	(49,332)	(44,077)
Tax effect of expenses that are not deductible for tax purposes ^(b)	66,082	7,895
Tax filing differences for previous years	(1,165)	–
Income tax expense	<u>963,161</u>	<u>728,179</u>

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

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

10 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2014	2013
Net profit attributable to shareholders of the Bank (in RMB thousands)	<u>2,827,143</u>	<u>2,329,266</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>2,705,228</u>	<u>2,124,534</u>
Basic earnings per share (expressed in RMB yuan)	<u>1.05</u>	<u>1.10</u>

(b) Diluted earnings per share

For the years ended 31 December 2014 and 2013, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

11 INVESTMENT SECURITIES

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

	Year ended 31 December	
	2014	2013
Investment securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust scheme ⁽¹⁾	35,989,622	27,909,790
– Wealth management product purchased from financial institutions	2,718,927	1,683,233
– Directional asset management plan ⁽²⁾	14,737,000	5,407,537
– Financial institutions bond with inactive market	97,000	–
Impairment	(154,172)	–
Loans and receivables – Total	53,388,377	35,000,560
Investment securities – available-for-sale		
Debt securities – at fair value		
– Listed outside Hong Kong	4,137,372	1,143,432
– Unlisted	5,865,195	3,630,663
Debt securities	10,002,567	4,774,095
Equity securities – at fair value		
– Unlisted	291,122	182,850
Equity securities	291,122	182,850
Others	14	14
Available-for-sale – Total	10,293,703	4,956,959
Investment securities – held-to-maturity		
Debt securities-at amortized cost		
– Listed outside Hong Kong	4,708,824	4,584,645
– Unlisted	2,588,816	2,888,597
Held-to-maturity – Total	7,297,640	7,473,242

11 INVESTMENT SECURITIES (CONTINUED)

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

Investment securities' impairment movement:

	Loans and receivables	Available for sale financial assets	Held-to-maturity investments	Total
Year ended 1 Jan 2014	–	–	–	–
Charge for the year	154,172	–	–	154,172
Reversal of the Year	–	–	–	–
Year ended 31 Dec 2014	<u>154,172</u>	<u>–</u>	<u>–</u>	<u>154,172</u>

Investment securities are analysed by issuer as follows:

	Year ended 31 December	
	2014	2013
Investment Securities – loans and receivables		
– Trust companies	36,086,622	27,909,790
– Securities companies	14,737,000	5,407,537
– Commercial banks	2,718,927	1,683,233
Impairment	(154,172)	–
	<u>53,388,377</u>	<u>35,000,560</u>
Investment Securities – available-for-sale		
– Political bank bonds	3,737,961	2,901,170
– Corporate bonds	6,264,606	1,872,925
– Equity Investment at fair value	291,122	182,850
– Others	14	14
	<u>10,293,703</u>	<u>4,956,959</u>
Investment Securities – held-to-maturity		
– Government bonds	5,051,655	4,930,028
– Political bank bonds	1,779,985	1,947,214
– Commercial bank bonds	420,000	550,000
– Corporate bonds	46,000	46,000
	<u>7,297,640</u>	<u>7,473,242</u>

11 INVESTMENT SECURITIES (CONTINUED)*(All amounts expressed in thousands of RMB unless otherwise stated)*

(1) The trust schemes:

	Year ended 31 December	
	2014	2013
The trust schemes purchased from trust companies		
– guaranteed by third-party banks	4,724,400	15,206,829
– guaranteed by guarantee companies	4,518,900	2,841,900
– collatered by properties	9,354,632	–
– guaranteed by third-party companies	2,463,490	300,000
– Pledged by certificates of deposit	5,545,700	50,836
	<hr/>	<hr/>
Subtotal	26,607,122	18,399,565
	<hr/>	<hr/>
The trust schemes purchased from commercial banks		
– guaranteed by third-party banks	9,142,500	8,340,225
– guaranteed by guarantee companies	240,000	270,000
	<hr/>	<hr/>
Subtotal	9,382,500	8,610,225
	<hr/>	<hr/>
The trust schemes purchased from third-party companies		
– guaranteed by third-party companies	–	900,000
	<hr/>	<hr/>
Subtotal	–	900,000
	<hr/>	<hr/>
Total	35,989,622	27,909,790
	<hr/> <hr/>	<hr/> <hr/>

11 INVESTMENT SECURITIES (CONTINUED)*(All amounts expressed in thousands of RMB unless otherwise stated)*

(2) The directional asset management plans:

	Year ended 31 December	
	2014	2013
The asset management plan purchased from securities companies		
– guaranteed by third-party banks	12,172,000	4,837,000
– guaranteed by guarantee companies	140,000	150,000
– guaranteed by third-party companies	425,000	300,000
– Pledged by certificates of deposit	–	120,537
	<hr/>	<hr/>
Subtotal	12,737,000	5,407,537
	<hr/>	<hr/>
The asset management plan purchased from commercial banks		
– guaranteed by third-party banks	2,000,000	–
	<hr/>	<hr/>
Subtotal	2,000,000	–
	<hr/>	<hr/>
Total	14,737,000	5,407,537
	<hr/> <hr/>	<hr/> <hr/>

Net gains/(losses) on investment securities include:

	Year ended 31 December	
	2014	2013
Net gains arising from de-recognition of held-for-trading financial assets	67,294	71,852
Net gains arising from de-recognition of available-for-sale financial assets	83,343	4,310
	<hr/>	<hr/>
	150,637	76,162
	<hr/> <hr/>	<hr/> <hr/>

12 INVESTMENT IN ASSOCIATES

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

	Year ended 31 December	
	2014	2013
Beginning of the year	24,370	22,935
Share of profit of associates	<u>2,035</u>	<u>1,435</u>
End of the year	<u><u>26,405</u></u>	<u><u>24,370</u></u>

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

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

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Interest held
As of/for the year ended						
31 December 2014						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	<u>761,272</u>	<u>630,581</u>	<u>36,482</u>	<u>10,175</u>	<u>20%</u>
As of/for the year ended 31 December 2013						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	<u>540,028</u>	<u>419,354</u>	<u>24,564</u>	<u>7,178</u>	<u>20%</u>

* The English names of the associate represented the best efforts by management of the Bank in translating the Chinese name as the associate does not have an official English name.

13 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 Bank's financial guarantees and credit related commitments which the Bank commits to extend to customers:

	Year ended 31 December	
	2014	2013
Guarantees	543,404	182,396
Letters of credit	1,711,865	686,209
Acceptances	38,226,993	36,329,177
Other commitments with an original maturity of – Under 1 year	<u>1,078,065</u>	<u>802,728</u>
	<u><u>41,560,327</u></u>	<u><u>38,000,510</u></u>

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

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

Capital expenditure commitments

	Year ended 31 December	
	2014	2013
Contracted but not provided for:		
– Capital expenditure commitments for buildings	283,952	245,192
– Acquisition of IT system	66,633	62,748
	350,585	307,940
Authorized but not contracted for:		
– Capital expenditure commitments for buildings	203,716	10,761
	203,716	10,761

Operating lease commitments

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

	Year ended 31 December	
	2014	2013
Not later than 1 year	51,549	50,842
Later than 1 year and not later than 5 years	85,366	97,025
Later than 5 years	18,796	2,164
	155,711	150,031

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. The Bank had one outstanding claims of RMB23,000 thousand as at 31 December 2014 (2013: two outstanding claims of RMB5,300 thousand and 920 thousand). After consulting legal professionals, management of the Bank believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operations of the Bank.

14 DIVIDENDS

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

	2014	2013
Dividend declared during the year	<u>605,971</u>	<u>141,443</u>
Dividend per share (in Rmb yuan) (Based on prior year shares)	<u>0.224</u>	<u>0.07</u>

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

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

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

A dividend of RMB0.272 per share in respect of profit for the year ended 31 December 2014 (2013: RMB0.224 per share), amounting to a total dividend of RMB735,822 thousand based on the number of shares issued as at 31 December 2014, will be proposed for approval at the Annual General Meeting. These financial statements do not reflect this dividend payable in liabilities.

15 SEGMENT ANALYSIS

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

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

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

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

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

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

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

15 SEGMENT ANALYSIS (CONTINUED)

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

	For the year ended 31 December 2014				Total
	Corporate Banking	Retail Banking	Treasury	Unallocated	
Net Interest income from external customers	2,089,251	679,154	3,463,293	–	6,231,698
Inter-segment net interest income/ (expense)	2,130,299	493,782	(2,624,081)	–	–
Net interest income	4,219,550	1,172,936	839,212	–	6,231,698
Net fee and commission income	742,196	166,650	–	–	908,846
Net trading income	–	–	160,189	–	160,189
Net gains on investment securities	–	–	150,637	–	150,637
Share of profits of associate(s)	–	–	2,035	–	2,035
Other operating income	5,366	3,378	12,589	10,407	31,740
Impairment losses	(459,757)	(272,266)	(154,172)	(3,371)	(889,566)
Operating expense	(1,806,118)	(613,970)	(364,950)	(20,237)	(2,805,275)
– Depreciation and amortization	(88,078)	(29,941)	(17,797)	(987)	(136,803)
– Others	(1,718,040)	(584,029)	(347,153)	(19,250)	(2,668,472)
Profit before income tax	2,701,237	456,728	645,540	(13,201)	3,790,304
	31 December 2014				
Capital expenditure	189,321	56,333	225,489	554	471,697
Segment assets	110,186,011	32,786,014	131,236,323	322,797	274,531,145
Segment liabilities	(143,750,589)	(28,811,408)	(86,066,886)	761	(258,628,122)

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

	For the year ended 31 December 2013				Total
	Corporate Banking	Retail Banking	Treasury	Unallocated	
Net Interest income from external customers	2,193,720	612,410	2,372,488	–	5,178,618
Inter-segment net interest income/ (expense)	1,670,275	384,039	(2,054,314)	–	–
Net interest income	3,863,995	996,449	318,174	–	5,178,618
Net fee and commission income	466,427	178,154	–	–	644,581
Net trading income	–	–	(89,789)	–	(89,789)
Net gains on investment securities	–	–	76,162	–	76,162
Share of profits of associate(s)	–	–	1,435	–	1,435
Other operating income	35,762	4,288	8,659	16,219	64,928
Impairment losses	(203,938)	(331,694)	–	(86)	(535,718)
Operating expense	(1,649,309)	(433,281)	(189,492)	(10,690)	(2,282,772)
– Depreciation and amortization	(91,095)	(23,762)	(1,339)	(175)	(116,371)
– Others	(1,558,214)	(409,519)	(188,153)	(10,515)	(2,166,401)
Profit before income tax	2,512,937	413,916	125,149	5,443	3,057,445
	31 December 2013				
Capital expenditure	357,027	91,587	295,783	1,130	745,527
Segment assets	99,028,672	25,403,594	82,041,460	313,286	206,787,015
Segment liabilities	(129,009,036)	(25,352,437)	(38,942,492)	(3,779)	(193,307,744)

7. RELEASE OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com). The 2014 annual report prepared in accordance with the IFRSs will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com), and will be dispatched to the holders of H Shares of the Bank 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.*
GAN Weimin
Chairman

Chongqing, the PRC, March 20, 2015

As of the date of this announcement, the Executive Directors of the Bank of Mr. GAN Weimin, Mr. RAN Hailing, Ms. NI Yuemin and Mr. ZHAN Wanghua; the Non-Executive Directors are Mr. WONG Hon Hing, Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and the Independent Non-Executive Directors are Mr. LI He, Mr. TO Koon Man Henry, 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 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.*