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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 INTERIM RESULTS FOR
THE SIX MONTHS ENDED JUNE 30, 2016**

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the unaudited interim results (the “**Interim Results**”) of the Bank for the six months ended June 30, 2016 (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 Interim 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:	GAN Weimin 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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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 of 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 six months ended June 30, 2016 and net profit attributable to shareholders during the Reporting Period.

2.1 Financial Data

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

2.2 Financial Indicators

<i>(All amounts expressed in percentage unless otherwise stated)</i>	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change
Profitability indicators (%)			
Average annualized return on assets ⁽¹⁾	1.23	1.33	(0.10)
Average annualized return on equity ⁽²⁾	18.64	22.40	(3.76)
Net interest spread ⁽³⁾	2.26	2.33	(0.07)
Net interest margin ⁽⁴⁾	2.47	2.58	(0.11)
Net fee and commission income to operating income	19.41	17.97	1.44
Cost-to-income ratio ⁽⁵⁾	19.03	23.84	(4.81)
 <i>(All amounts expressed in percentage unless otherwise stated)</i>	 June 30, 2016	 December 31, 2015	 Change
Asset quality indicators (%)			
Non-performing loan ratio ⁽⁶⁾	0.96	0.97	(0.01)
Provision for impairment to non-performing loans ⁽⁷⁾	274.97	243.98	30.99
Provision for impairment to total loans ⁽⁸⁾	2.65	2.37	0.28
Indicators of capital adequacy ratio (%)			
Core capital adequacy ratio ⁽⁹⁾	10.31	10.49	(0.18)
Capital adequacy ratio ⁽⁹⁾	12.33	11.63	0.70
Total equity to total assets	6.55	6.66	(0.11)

<i>(All amounts expressed in percentage unless otherwise stated)</i>	June 30, 2016	December 31, 2015	Change
Other indicators (%)			
Loan-to-deposit ratio ⁽¹⁰⁾	63.92	62.60	1.32
Liquidity ratio ⁽¹¹⁾	56.76	55.32	1.44
Percentage of loans to the single largest customer ⁽¹²⁾	3.51	4.00	(0.49)
Percentage of loans to the top ten customers ⁽¹³⁾	30.13	30.79	(0.66)

- Notes:* (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.
- (2) Represents net profit attributable to shareholders of the Bank as a percentage of the average balance of total equity at the beginning and at the end of the period.
- (3) Calculated by average return of interest-earning assets minus average interest rate of interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing operating expense (less business tax and surcharges) by operating income.
- (6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
- (7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
- (8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
- (9) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by China Banking Regulatory Commission (the “CBRC”) (effective from January 1, 2013).
- (10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Financial Review

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

As of June 30, 2016, the total assets of the Bank amounted to RMB343,316.01 million, representing an increase of 7.4% or RMB23,508.02 million as compared to the end of the previous year. The Bank adhered to principles of prudent and sustainable credit management and risk control and rationally maintained a reasonable level of aggregate credit and lending pace and strictly controlled its business risks based on changes in the regional and macroeconomic environment and by taking advantage of the analysis tools of big data. As a result, net loans and advances to customers grew by 14.3%, or RMB17,389.64 million, to RMB139,206.09 million as compared to the end of the previous year, while the non-performing loan ratio maintained at 0.96%. While striving for stable growth in service networks and business volume, the Bank remained customer-centric by actively exploring online banking, direct banking and other online financial products and services and continuously accelerating its business transformation and upgrading to meet customers' increasing demands for diversification of asset allocation under the "New Normal". The Bank adopted an innovative approach to deposit management and optimized its pricing practices of funding to meet the requirements for the liberalization of interest rates. As of June 30, 2016, the amount of customer deposits increased by RMB24,416.92 million to RMB223,715.62 million, representing an increase of 12.3% as compared to the end of the previous year, providing a stable source of funds for the healthy development of the Bank's credit, inter-bank and other intermediary businesses. The Bank's net fee and commission income grew by RMB183.03 million or 23.9% to RMB948.98 million, accounting for 19.41% of total operating income, which recorded an increase of 1.44 percentage points as compared to the same period of the previous year. Alongside the increase in income from the main operations, the Bank strictly controlled its expenses and realized a continuous decline in its cost-to-income ratio which recorded a year-on-year decrease of 4.81 percentage points to 19.03% in the first half of 2016, representing a persistent improvement in the Bank's operating efficiency.

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

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

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

3.2.1.1 Net interest income

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

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

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

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

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

Notes: (1) Net interest spread is the difference between average annualized yield on interest-earning assets and average annualized cost ratio of interest-bearing liabilities.

(2) Net interest margin is the ratio between net interest income and average balance of interest-earning assets.

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

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

As a result of the overall impact of the above-mentioned factors, the net interest margin decreased by 11 basis points to 2.47% as compared to the same period in the previous year, while net interest spread of the Bank decreased by 7 basis points to 2.26% as compared to the same period in the previous year.

The following table sets forth the Bank's changes in interest income and interest expense due to changes in volume and interest rates. Changes in volume were calculated based on movements in average balance, while changes in interest rates were calculated based on movements in average annualized yield/cost ratio:

<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	1,173,045	(861,093)	311,952
Investment securities	1,157,650	(671,710)	485,940
Balances with central banks	29,878	(11,492)	18,386
Due from other banks and financial institutions	332,440	(698,271)	(365,831)
Financial assets at fair value through profit or loss	(7,375)	(3,633)	(11,008)
Change in interest income	<u>2,685,638</u>	<u>(2,246,199)</u>	<u>439,439</u>
LIABILITIES			
Customer deposits	651,225	(551,375)	99,850
Due to other banks and financial institutions	414,749	(1,025,830)	(611,081)
Debt securities issued	510,509	(75,062)	435,447
Change in interest expense	<u>1,576,483</u>	<u>(1,652,267)</u>	<u>(75,784)</u>

3.2.1.2 Interest income

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

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

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

(1) Interest income from loans and advances to customers

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

(2) Interest income from investment securities

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

(3) Interest income from balances with central banks

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

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

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

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

As a result of the foregoing factors, the Bank's total interest income due from other banks and financial institutions in the first half of 2016 decreased by RMB365.83 million or 34.9% to RMB682.21 million as compared to that of the previous year.

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

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

3.2.1.3 Interest expense

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

(1) Interest expense on customer deposits

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

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

(2) Interest expense on amount due to other banks and financial institutions

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

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

(3) Interest expense on issuance of bonds

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

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

3.2.1.4 Net interest spread and net interest margin

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

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

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

3.2.1.5 Non-interest income

(1) Net fee and commission income

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

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

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

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

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

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

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

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

(2) Net trading gains

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

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

(3) Net gains/(losses) on investment securities

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

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

3.2.1.6 Operating expenses

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

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

(1) Staff costs

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

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

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

(2) Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. During the first half of 2016, business taxes and surcharges were RMB216.91 million, representing a year-on-year decrease of RMB58.62 million or 21.3%.

(3) Depreciation and amortisation

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

(4) General and administrative expense

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

3.2.1.7 Impairment losses on assets

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

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

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

3.2.1.8 Investment in an associate

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

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

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 the first half of 2016 and 2015 were 24.39% and 24.65% respectively.

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

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

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

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

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

Total loans and advances to customers increased by RMB18,230.25 million or 14.6% to RMB142,999.64 million as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support for loans to small and medium-sized enterprises and small and micro enterprises with good market potential and robust customer demand that is in line with the characteristics of the economic development of Chongqing.

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

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

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

(1) Loans and advances to customers

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

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

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

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

Retail loans amounted to RMB36,810.52 million, representing an increase of RMB438.58 million or 1.2% as compared to the end of the previous year, and accounting for 25.7% of total loans and advances to customers, down by 3.5 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB19.50 million or 0.1% as compared to the end of the previous year; personal consumer loans increased by RMB436.56 million or 11.3% as compared to the end of the previous year; personal business loans decreased by RMB111.55 million or 1.0% as compared to the end of the previous year; and credit card overdraft increased by RMB94.07 million or 3.2% as compared to the end of the previous year. During the Reporting Period, the Bank took active measures to manage credit risk, actively adjusted the credit structure and made more efforts to expand personal credit consumption and credit card business in the face of complex market changes.

Distribution of loans by type of collateral

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	77,599,755	54.3	70,150,924	56.2
Pledged loans	19,352,412	13.5	12,562,758	10.1
Guaranteed loans	39,945,000	27.9	35,291,775	28.3
Unsecured loans	6,102,472	4.3	6,763,929	5.4
Total loans to customers	142,999,639	100.0	124,769,386	100.0

Movements on provision for impairment on loans to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended June 30, 2016		For the twelve months ended December 31, 2015	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at the beginning of the period	<u>2,492,792</u>	<u>460,142</u>	<u>2,072,780</u>	<u>261,315</u>
Impairment for loans charged to profit or loss	812,095	706,707	847,547	668,672
Reversal of impairment for loans	<u>(221,235)</u>	<u>(346,759)</u>	<u>(427,535)</u>	<u>(75,265)</u>
Net impairment for loans charged to profit or loss	590,860	359,948	420,012	593,407
Unwinding discount on allowances	—	(39,142)	—	(59,493)
Loans written off during the period	—	(109,463)	—	(345,552)
Recoveries of doubtful debts written off in prior years	—	<u>38,409</u>	—	<u>10,465</u>
Balance at the end of the period	<u>3,083,652</u>	<u>709,894</u>	<u>2,492,792</u>	<u>460,142</u>

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

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

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

3.2.2.2 Liabilities

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

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

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

(1) Customer deposits

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

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

(2) Bonds issued

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated bonds				
Fixed rate subordinated debt – 2022	796,206	1.8	795,902	4.3
Fixed rate Tier 2 Capital debt – 2026	1,496,971	3.4	–	–
Financial bonds				
Fixed rate financial bonds – 2018	2,994,153	6.9	2,992,474	16.2
Inter-bank certificates of deposits	38,403,031	87.9	14,702,366	79.5
Total	43,690,361	100.0	18,490,742	100.0

Pursuant to a resolution of the extraordinary general meeting passed on August 12, 2011 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds” (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2011] No. 511) by the CBRC on November 18, 2011, the Bank issued the RMB800.00 million subordinated bonds within the domestic inter-bank bond market of China in March 20, 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.

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

The subordinated bonds are subordinated to all other claims on the assets of the Bank except for the Bank’s share capital. In the calculation of the Bank’s capital adequacy ratio, the subordinated bonds have been included as Tier 2 Capital in accordance with relevant requirements of the CBRC.

Pursuant to a resolution of the extraordinary general meeting passed on November 25, 2011 and the “Approval for Bank of Chongqing to Issue Financial Bonds” (《關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 21, 2012, the Bank issued 5-year financial bonds for small and micro enterprises with a principal amount of RMB3,000.00 million in the domestic inter-bank bond market of China on April 25, 2013. 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 June 30, 2016, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

(3) Due to other banks and financial institutions

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

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

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

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

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

For the first half of 2016, facing the complex economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a throughout risk review of credit assets, actively prevented and mitigated risks, strengthened early risk warning, tracking and after-lending monitoring management, hence the quality of the Bank's credit assets remained stable. As at June 30, 2016, the balance of non-performing loans was RMB1,379.65 million, representing an increase of RMB169.32 million as compared to the end of the previous year; and non-performing loan ratio was 0.96%, representing an decrease of 1 basic point as compared to the end of the previous year. The amount of loans under special mention category accounted for 5.42% of total loans, representing an increase of 117 basic points as compared to the end of the previous year.

3.2.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

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

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

In the first half of 2016, in the face of the macro conditions of slower economic growth, the Bank continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas.

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

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

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

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

The non-performing personal loans increased by RMB57.68 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.15 percentage point, mainly due to suspension or closing down of some small and micro enterprises and the consequent failure in repayment of personal business loans and commercial mortgage loans by small and micro business owners.

Moreover, as a result of our prudent credit entry criteria for customers and sound risk management, the Bank continued to maintain a zero non-performing loan ratio in real estate loans while the size of loans to the real estate industry grew rapidly. Through our active management and collection of non-performing loans, the amount of non-performing loans in mining industry decreased by RMB75.86 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 2.99 percentage points as compared to the end of the previous year; the amount of non-performing loan in science, technology and geological survey industry decreased by RMB4.50 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.59 percentage points as compared to the end of the previous year; and the amount of non-performing loan in health, social security and welfare industry decreased by RMB4.84 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.97 percentage point as compared to the end of the previous year.

(2) Concentration of borrowers

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

a. Indicators of concentration

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

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

b. Loans to top ten single borrowers

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

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

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

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

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

Notes: (1) Personal commercial property loans only include mortgage loans and exclude the part of other consumer loans which is used to purchase commercial properties.

(2) Other loans include Yangtze Card revolving credit lines, Yangtze Quick and Easy Loan (長江快易貸), margin loans for overseas study, personal consumer automobile mortgage loans (intermediate type), personal consumer automobile mortgage loans (direct type), personal commercial automobile mortgage loans, special loans for non-agricultural migration (農轉非專項貸款) and other personal loans for general consumption needs.

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

(4) Overdue loans and advances to customers

The following table sets forth the aging analysis of the 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 June 30, 2016		As at December 31, 2015	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	3,646,028	64.57	1,911,506	54.56
Past due 90 days to 1 year	1,407,572	24.93	1,079,629	30.82
Past due over 1 year and within 3 years	494,006	8.75	413,682	11.81
Past due over 3 years	98,763	1.75	98,486	2.81
Total overdue loans and advances to customers	5,646,369	100	3,503,303	100.00

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

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

3.2.4 Analysis of capital adequacy ratio

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-weighted assets are measured with standard measuring, and the operational risk-weighted assets are measured with basic indication measuring. During the Reporting Period, the Bank was in strict compliance with CBRC's requirements for minimum capital, capital reserve and counter-cyclicality capital during the transition period.

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

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

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

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

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

3.2.5 Segment information

3.2.5.1 Summary of geographical segment

<i>(Expressed in percentage)</i>	June 30, 2016		December 31, 2015	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Deposits	82.20	17.80	81.19	18.81
Loans	75.63	24.37	75.82	24.18
Assets	86.80	13.20	83.37	16.63
Loan to deposit ratio	57.22	85.34	56.99	78.43
Non-performing loan ratio	0.84	1.44	0.65	2.02
Provision for impairment to non-performing loans	<u>326.88</u>	<u>181.10</u>	<u>347.34</u>	<u>136.75</u>
	January to June 2016		January to June 2015	
<i>(Expressed in percentage)</i>	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Annualized return on average total assets	1.24	0.72	1.48	0.67
Net fee and commission income to operating income	20.86	11.56	18.44	14.96
Cost-to-income ratio	<u>17.99</u>	<u>25.24</u>	<u>30.54</u>	<u>28.80</u>

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

3.2.5.2 Summary of business segment

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended June 30, 2016				
	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Net interest income from external customers	1,633,293	(204,338)	2,498,009	-	3,926,964
Inter-segment net interest income/(expense)	1,025,176	732,064	(1,757,240)	-	-
Net interest income	2,658,469	527,726	740,769	-	3,926,964
Net fee and commission income	123,569	97,281	728,134	-	948,984
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the six months ended June 30, 2015				
	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Net interest income from external customers	1,281,658	259,853	1,870,230	-	3,411,741
Inter-segment net interest income/(expense)	1,073,898	168,372	(1,242,270)	-	-
Net interest income	2,355,556	428,225	627,960	-	3,411,741
Net fee and commission income	236,500	83,247	446,212	-	765,959

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

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

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

3.3 Risk Management

3.3.1 Credit risk management

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

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

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

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

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

3.3.3 Market risk management

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

3.3.3.1 Interest rate risk

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

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

Since the beginning of 2016, China continued its efforts in interest rate liberalization. Various financial innovations emerged and led to intensified market competition and strengthened market supervision. Facing the interest rate liberalization and intensified competition in the financial market, the Bank constantly improved the management of interest pricing, adjusted the pricing of capital in due time and effectively guided the lending rates and re-pricing frequency, controlled the interest costs and enhanced the perspective in interest rate risk management by the implementation of the pricing policy of interest rate and proper use of the internal funds transfer pricing system, to ensure that our revenue and market value were maintained at a relatively stable level.

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
June 30, 2016							
Assets							
Cash and balances with central banks	41,956,971	-	-	-	-	565,009	42,521,980
Due from other banks and financial institutions	13,725,622	20,683,513	7,029,078	-	-	-	41,438,213
Financial assets at fair value through profit or loss	100,078	-	451,516	1,922,140	103,428	-	2,577,162
Loans and advances to customers	37,019,837	13,209,992	62,250,786	25,564,180	1,161,298	-	139,206,093
Securities investment							
- Loans and receivables	1,413,768	1,124,342	36,752,590	31,801,750	1,949,255	-	73,041,705
- Available-for-sale	1,672,703	2,688,605	3,178,164	12,054,879	802,209	417,406	20,813,966
- Held-to-maturity	90,000	129,988	620,932	8,057,567	8,320,014	-	17,218,501
Investment in an associate	-	-	-	-	-	30,543	30,543
Other financial assets	-	-	-	-	-	2,339,729	2,339,729
Total assets	95,978,979	37,836,440	110,283,066	79,400,516	12,336,204	3,352,687	339,187,892
Liabilities							
Due to other banks and financial institutions	(10,498,250)	(13,268,803)	(23,612,818)	-	(90,144)	-	(47,470,015)
Customer deposits	(99,156,474)	(14,962,080)	(59,954,358)	(49,638,928)	(3,784)	-	(223,715,624)
Debt securities issued	(1,770,178)	(6,539,825)	(30,093,028)	(2,994,153)	(2,293,177)	-	(43,690,361)
Other financial liabilities	-	-	-	-	-	(4,286,604)	(4,286,604)
Total liabilities	(111,424,902)	(34,770,708)	(113,660,204)	(52,633,081)	(2,387,105)	(4,286,604)	(319,162,604)
Total interest rate sensitivity gap	(15,445,923)	3,065,732	(3,377,138)	26,767,435	9,949,099	(933,917)	20,025,288

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

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

3.3.3.2 Exchange rate risk

Exchange rate risk refers to the risk arising from mismatches in the currency denominations of assets and liabilities. Through exposure limit management and the 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 a commercial bank failing to obtain sufficient funds at a reasonable cost in a timely manner to pay maturing debts, fulfill other payment obligations or meet other funding needs undertaken in normal business. The liquidity risk management of the Bank aims to fully identify, effectively measure, constantly monitor and properly control the overall liquidity risk of the Bank and the liquidity risks within its products, business lines, business links, and branches, keep the liquidity risk affordable, make sure the Bank has sufficient fund for assets growth and repayment of debts due under both normal and stressful operational circumstances, and coordinate and standardize security, liquidity and profitability of our operation and development by establishing and constantly optimizing liquidity risk management strategies, policies and procedures, clearly defining the responsibilities of related departments and establishing a liquidity risk management system.

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

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

In addition, the Bank continuously carries out liquidity risk stress tests (at least once a quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk control capability. The results of the stress tests for the first half of 2016 indicated that the liquidity risks remained within an acceptable range even under stressful conditions. Meanwhile, the Bank established the Contingency Plan for Liquidity Risk of Bank of Chongqing, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

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

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2015									
Net Liquidity gap	<u>(65,332,161)</u>	<u>8,389,772</u>	<u>(7,108,045)</u>	<u>(19,432,689)</u>	<u>39,540,134</u>	<u>32,098,818</u>	<u>30,277,998</u>	<u>2,859,168</u>	<u>21,292,995</u>

At the end of June 2016, the Bank's cumulative gap for all maturities was RMB22,501.76 million, a decrease of RMB1,208.76 million over the previous year-end. Although there was a shortfall in on-demand repayment of RMB71,273.29 million, the Bank's deposit base is extensive and solid. Thus, the current deposit settlement rates were higher and funding sources were stable, so the impact of the shortfall on the Bank's real liquidity was not significant.

Liquidity coverage ratio of the Bank

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	30 June, 2016	December 31, 2015
Qualified high-quality liquid assets	54,009,783	42,132,802
Net cash outflow in the next 30 days	49,139,977	41,906,971
Liquidity coverage ratio (%)	109.91	100.54

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

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

3.4 Outlook

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

With respect to China’s financial reform and innovation, the accelerated liberalization of interest rate, continuous improvement in financial regulation and rapid pace of exchange rate reform will lead to intensified competition in the financial market. The central bank will continue to implement prudent and flexible monetary policies to properly manage the market and flexibly employ various monetary policy tools to maintain appropriate liquidity in order to achieve reasonable growth of credit and financing in the society. In addition, adjustment and optimization of industry regulatory policies and the gradual opening up of financial service qualification licenses will effectively enhance the autonomy and flexibility of the banking sector, creating a new source of growth.

As China’s largest municipality, the most developed urban center in Western China and the largest port city on the upper reaches of the Yangtze River, Chongqing will embrace new opportunities of development under the “New Normal” with the implementation of China’s “One Belt, One Road” and Yangtze River Economy Zone strategies. In the first half of 2016, the regional gross domestic product growth of Chongqing reached 10.6%, leading the nation’s other provinces, municipalities and autonomous regions. In the second half of 2016, with the accelerated pace of reform and opening up, as well as the implementation of policies and measures for steady growth and structural adjustment, Chongqing is expected to maintain a favourable momentum of rapid development in its economic growth.

In the second half of 2016, the Bank will continue to implement the restructuring and upgrading of various businesses. The Bank will further enhance its operational and management standards, deepen its reform of internal governance systems, improve product and services, and strive for breakthroughs in consumer credit, asset management, and other service areas. At the same time, the Bank will also actively establish and optimize an efficient Internet financial platform, and provide the Bank’s customers with more comprehensive financial products and services.

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

4. MAJOR ASSET PURCHASE, SALES AND MERGERS

During the Reporting Period, the Bank did not conduct any major asset purchase, sales and 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 to safeguard shareholders' interests and enhance its enterprise 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 experienced senior management. The members of the Board and board of supervisors of the Bank, except for employee supervisors, are all elected by shareholders at the shareholders' general meeting.

During the Reporting Period, the Bank had 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 had also strictly abided by the applicable laws, regulations and Listing Rules in respect of the management of inside information.

5.2 The Bank's Directors, Supervisors and Senior Management

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

The Board comprised a total of 12 directors, including three executive directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President) and Mr. LIU Jianhua; four non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

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

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

5.3 Changes in Directors, Supervisors and Senior Management

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

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

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

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

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

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

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

5.4 Securities Transactions by Directors and Supervisors

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

5.5 Profits and Dividends

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

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

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

5.6 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.

5.7 Review of the Interim Financial Statements

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

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

6. INTERIM FINANCIAL REPORT

6.1 Unaudited Condensed Statement of Comprehensive Income

(All amounts in RMB'000 Yuan unless otherwise stated)

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

6.1 Unaudited Condensed Statement of Comprehensive Income (continued)

(All amounts in RMB'000 Yuan unless otherwise stated)

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

6.2 Unaudited Condensed Statement of Financial Position

(All amounts in RMB'000 Yuan unless otherwise stated)

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

6.3 Unaudited Condensed Statement of Changes in Equity

(All amounts in RMB'000 Yuan unless otherwise stated)

	Share capital	Capital surplus	Surplus reserve	Other reserves			Undistributed profits	Total
				General reserve	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits		
Balance at 1 January 2016	3,127,055	4,680,638	1,522,214	3,426,582	390,730	(2,227)	8,148,003	21,292,995
Net profit for the period	-	-	-	-	-	-	2,029,884	2,029,884
Other comprehensive income	-	-	-	-	5,033	(615)	-	4,418
Total comprehensive income	-	-	-	-	5,033	(615)	2,029,884	2,034,302
Dividends	-	-	-	-	-	-	(825,542)	(825,542)
Transfer to other reserves	-	-	-	615,839	-	-	(615,839)	-
Balance at 30 June 2016	<u>3,127,055</u>	<u>4,680,638</u>	<u>1,522,214</u>	<u>4,042,421</u>	<u>395,763</u>	<u>(2,842)</u>	<u>8,736,506</u>	<u>22,501,755</u>
Balance at 1 January 2015	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023
Net profit for the period	-	-	-	-	-	-	1,837,817	1,837,817
Other comprehensive income	-	-	-	-	185,452	(1,430)	-	184,022
Total comprehensive income	-	-	-	-	185,452	(1,430)	1,837,817	2,021,839
Dividends	-	-	-	-	-	-	(735,821)	(735,821)
Transfer to other reserves	-	-	-	924,150	-	-	(924,150)	-
Balance at 30 June 2015	<u>2,705,228</u>	<u>2,444,623</u>	<u>1,205,208</u>	<u>3,426,582</u>	<u>275,822</u>	<u>(1,188)</u>	<u>7,132,766</u>	<u>17,189,041</u>

6.4 Unaudited Condensed Statements of Cash Flows
(All amounts in RMB'000 Yuan unless otherwise stated)

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

6.4 Unaudited Condensed Statements of Cash Flows (continued)

(All amounts in RMB'000 Yuan unless otherwise stated)

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

7. NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

(All amounts in RMB'000 Yuan unless otherwise stated)

7.1 Basis of Presentation and Accounting Estimates and Judgments

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

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

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

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

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

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

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

7.3 Net Fee and Commission Income

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

7.4 Net Trading Income

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

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

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

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

7.5 Other Operating Income

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

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

Other miscellaneous income mainly comprises cashier surplus, compensation for breach of contract, income from writing off other payables, etc.

7.6 Operating Expenses

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

7.7 Staff Costs (Including Directors' And Supervisors' Emoluments)

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

7.8 Asset Impairment Losses

	For the six months ended 30 June	
	2016	2015
Loans and advances to customers		
– Collective impairment allowances	590,860	220,796
– Individually impairment allowances	359,948	271,714
Investments classified as receivables	104,066	39,496
Others	3,129	808
	<u>1,058,003</u>	<u>532,814</u>

7.9 Income Tax

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

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

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

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

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

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

7.10 Basic and Diluted Earnings per Share

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

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

(b) Diluted earnings per share

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

7.11 Investment in Securities

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

The movement in provision for impairment of investment in securities:

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

Investment in securities are analysed by issuer as follows:

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

(1) *Trust investments:*

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

(2) *The directional asset management plans:*

	30 June 2016	31 December 2015
The asset management plan purchased from securities companies		
– Guaranteed by other banks	1,108,000	2,727,000
– Guaranteed by guarantee companies	–	120,000
– Guaranteed by third-party companies	1,050,000	864,000
– Pledged by certificates of deposit	3,249,579	2,811,212
– Collateralised by properties	580,000	580,000
– Credit guarantee	1,063,086	423,025
	<hr/>	<hr/>
Subtotal	7,050,665	7,525,237
	<hr/>	<hr/>
The asset management plan purchased from commercial banks		
– Guaranteed by other banks	3,336,480	5,886,480
	<hr/>	<hr/>
Subtotal	3,336,480	5,886,480
	<hr/>	<hr/>

	30 June 2016	31 December 2015
The asset management plans purchased from asset management company		
– Guaranteed by third-party companies	380,000	–
– Guaranteed by fund companies	104,969	104,969
– Credit guarantee	300,000	–
	<hr/>	<hr/>
Subtotal	784,969	104,969
	<hr/>	<hr/>
Total	11,172,114	13,516,686
	<hr/> <hr/>	<hr/> <hr/>

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

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

7.12 Investment in an Associate

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

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

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

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Shareholding
As at 30 June 2016						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬丰村鎮銀行有限責任公司)	PRC	<u>1,088,495</u>	<u>937,823</u>	<u>30,401</u>	<u>6,644</u>	<u>20%</u>
As at 31 December 2015						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬丰村鎮銀行有限責任公司)	PRC	<u>1,402,697</u>	<u>1,257,963</u>	<u>49,921</u>	<u>14,043</u>	<u>20%</u>

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

7.13 Financial Guarantees and Credit Related Commitments, Other Commitments and Contingent Liabilities

Financial guarantees and credit related commitments

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

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

Capital expenditure commitments

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

Operating lease commitments

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

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

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. As at 30 June 2016, the bank had 11 cases in total to be responded amounting to RMB13,900 thousand (as at 31 December 2015: the Bank had one outstanding legal claim for loan of RMB6,000 thousand). After consulting legal professionals, management of the Bank believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operations of the Bank.

7.14 Dividends

	For the six months ended	
	30 June	
	2016	2015
Dividends declared during the year	<u>825,542</u>	<u>735,821</u>
Dividend per share (in RMB Yuan) (Based on prior year shares)	<u>0.264</u>	<u>0.272</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 PRC Generally Accepted Accounting Principles and (ii) the retained profit determined in accordance with IFRS.

A dividend of RMB0.264 per share in respect of profit for the year ended 31 December 2015 (2014:RMB0.272 per share), amounting to a total dividend of RMB825,542 thousand based on the number of shares issued as at 31 December 2015, has been approved at the Annual General Meeting on 17 June 2016.

7.15 Segment Analysis

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

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

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

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

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

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

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

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

8. RELEASE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement was published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com). The 2016 interim report prepared in accordance with the IFRSs will be released on the website of The Stock Exchange of Hong Kong Limited (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, August 19, 2016

As of the date of this announcement, the executive directors of the Bank are Mr. GAN Weimin, Mr. RAN Hailing and Mr. LIU Jianhua; the non-executive directors are Mr. WONG Hon Hing, 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.*