



重庆银行

BANK OF CHONGQING

BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code : 1963)



2017 INTERIM REPORT

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

CONTENTS

1. Corporate Information	2
2. Financial Highlights	3
3. Management Discussions and Analysis	6
3.1 Environment and Outlook	6
3.2 Development Strategy	8
3.3 Financial Review	9
3.4 Business Overview	39
3.5 Employees and Human Resources Management	50
3.6 Risk Management	51
3.7 Capital Management	57
4. Change in Share Capital and Shareholders	60
5. Directors, Supervisors and Senior Management	64
6. Significant Events	66
7. Report on Review of Interim Financial Information	68
8. Interim Condensed Consolidated Financial Information and Notes Thereto	69
9. Unaudited Supplementary Financial Information	123
10. Organizational Chart	126
11. List of Branch Outlets	127
12. Definitions	135

Corporate Information

Legal Name and Abbreviation in Chinese

重慶銀行股份有限公司 (Abbreviation: 重慶銀行)

Legal Name in English

Bank of Chongqing Co., Ltd.

Authorized Representatives

GAN Weimin (resigned on June 28, 2017)

ZHOU Wenfeng (resigned on March 21, 2017)

RAN Hailing (appointed on June 28, 2017)

WONG Wah Sing (appointed on March 21, 2017)

Acting Secretary to the Board

ZHOU Wenfeng (resigned on March 21, 2017)

WONG Wah Sing (appointed on March 21, 2017)

Joint Company Secretaries

ZHOU Wenfeng (resigned on March 21, 2017)

WONG Wah Sing (appointed on March 21, 2017)

HO Wing Tsz Wendy

Registered Address and Postal Code

No. 153 Zourong Road, Yuzhong District,
Chongqing, the PRC
400010

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

Corporate Website

<http://www.cqcbank.com>

E-mail

ir@bankofchongqing.com

Listing Exchange of H Shares

The Stock Exchange of Hong Kong Limited

Stock Name and Stock Code

Stock Name: BCQ

Stock Code: 1963

Date and Registration Authority of Initial Incorporation

September 2, 1996

Administration for Industry and
Commerce of Chongqing, the PRC

Unified Social Credit Code of Business License

91500000202869177Y

Financial License Registration Number

B0206H250000001

Auditors

International:

PricewaterhouseCoopers

22/F, Prince's Building, Central, Hong Kong

Domestic:

PricewaterhouseCoopers Zhong Tian LLP

11/F, PricewaterhouseCoopers Center,
2 Corporate Avenue, 202 Hu Bin Road,
Huangpu District, Shanghai, the PRC

Legal Advisor as to PRC Laws

Chongqing Jingsheng Law Firm

Legal Advisor as to Hong Kong Laws

Sullivan & Cromwell (Hong Kong) LLP

H Share Registrar

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

Domestic Share Registrar

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

Financial Highlights

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

With respect to the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference for the net profit attributable to shareholders of the Bank for the six months ended June 30, 2017 (the “Reporting Period”) and the equity attributable to shareholders of the Bank as at the end of the Reporting Period.

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change (%)
OPERATING RESULTS			
Interest income	9,010,705	8,158,593	10.4
Interest expense	(4,977,935)	(4,231,629)	17.6
Net interest income	4,032,770	3,926,964	2.7
Net fee and commission income	848,292	948,984	(10.6)
Other operating income, net trading (losses)/gains and net gains on investment securities	194,619	12,918	1,406.6
Operating income	5,075,681	4,888,866	3.8
Operating expenses	(1,126,873)	(1,147,367)	(1.8)
Impairment losses	(1,163,861)	(1,058,003)	10.0
Operating profit	2,784,947	2,683,496	3.8
Share of profit of associates	44,638	1,329	3,258.8
Profit before income tax	2,829,585	2,684,825	5.4
Income tax	(570,204)	(654,941)	(12.9)
Net profit	2,259,381	2,029,884	11.3
Net profit attributable to shareholders of the Bank	2,249,307	2,029,884	10.8
Calculated on a per share basis (RMB)			
Basic earnings per share	0.72	0.65	0.07
Major indicators of assets/liabilities			
(All amounts expressed in thousands of RMB unless otherwise stated)			
	June 30, 2017	December 31, 2016	Change (%)
Total assets	408,428,611	373,103,734	9.5
Of which: loans and advances to customers, net	159,805,673	146,789,046	8.9
Total liabilities	382,144,166	349,291,822	9.4
Of which: customer deposits	238,705,217	229,593,793	4.0
Share capital	3,127,055	3,127,055	–
Equity attributable to shareholders of the Bank	24,804,371	23,811,912	4.2
Total equity	26,284,445	23,811,912	10.4

Financial Highlights

2.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change
Profitability indicators (%)			
Average annualized return on assets ⁽¹⁾	1.17	1.23	(0.06)
Average annualized return on equity attributable to shareholders of the Bank ⁽²⁾	18.66	18.64	0.02
Net interest spread ⁽³⁾	1.93	2.26	(0.33)
Net interest margin ⁽⁴⁾	2.15	2.47	(0.32)
Net fee and commission income to operating income	16.71	19.41	(2.70)
Cost-to-income ratio ⁽⁵⁾	21.41	19.03	2.38
<hr/>			
(All amounts expressed in percentage unless otherwise stated)	June 30, 2017	December 31, 2016	Change
Asset quality indicators (%)			
Non-performing loan ratio ⁽⁶⁾	1.25	0.96	0.29
Impairment allowances to non-performing loans ⁽⁷⁾	213.89	293.35	(79.46)
Impairment allowances to total loans ⁽⁸⁾	2.68	2.80	(0.12)
Indicators of capital adequacy ratio (%)			
Core capital adequacy ratio ⁽⁹⁾	9.21	9.82	(0.61)
Capital adequacy ratio ⁽⁹⁾	12.88	11.79	1.09
Total equity to total assets	6.44	6.38	0.06
Other indicators (%)			
Loan-to-deposit ratio ⁽¹⁰⁾	68.79	65.78	3.01
Liquidity ratio ⁽¹¹⁾	80.05	60.05	20.00
Percentage of loans to the single largest customer ⁽¹²⁾	3.88	4.52	(0.64)
Percentage of loans to the top ten customers ⁽¹³⁾	24.76	29.24	(4.48)

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 equity attributable to shareholders of the Bank 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 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 impairment allowances on loans by balance of non-performing loans.*
- (8) *Calculated by dividing balance of impairment allowances 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 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.*

Management Discussions and Analysis

3.1 Environment and Outlook

In the first half of 2017, the world economy has continued its moderate recovery trend, with the international trade and investment picking up continuously and financial market growing steadily. Meanwhile, the economic growth of major developed economies also picked up. The U.S. economy continued its moderate growth, and the economy in the Eurozone, although showing a weaker growth momentum compared to that of the U.S., had a solid foundation of recovery. Japan has been experiencing the longest economic expansion since 2006. However, the risk of stagflation remained, and the Japanese economy lacked the foundation for continuous growth. Although the growing trend of emerging markets and developing economies continued to diversify, they were still the main contributors to the growth of the world economy.

In the first half of 2017, China's economy ran smoothly overall, contributing significantly to the steady growth of global economy. The PRC government continued to deepen the economic restructuring, and the "One Belt, One Road" strategy and measures for ensuring steady economic growth were further implemented, creating new impetus for economic growth. China's GDP was RMB38.15 trillion in the first half of 2017, increased by 6.9% year on year. The price level was maintained within a reasonable range, with consumer price index increased by 1.4% year on year. China's monetary, credit and financial markets operated smoothly as a whole: the balance of M2 increased by 9.4% to RMB163.13 trillion; the balance of M1 increased to RMB51.02 trillion with a year-on-year growth of 15.0%; the balance of M0 amounted to RMB6.7 trillion with a year-on-year growth of 6.6%. As of June 30, 2017, the RMB loan balance was RMB114.57 trillion with a year-on-year growth of 12.9%, among which the incremental RMB loans were RMB7.97 trillion, representing a year-on-year growth of RMB436.20 billion; and the RMB

deposit balance was RMB159.66 trillion with a year-on-year growth of 9.2%, among which the incremental RMB deposits were RMB9.07 trillion, representing a year-on-year decrease of RMB1.46 trillion. In the first half of the year, total imports and exports amounted to US\$1.91 trillion, representing a year-on-year increase of 13.0%, among which total exports amounted to US\$1.05 trillion with a year-on-year increase of 8.5% and total imports amounted to US\$0.86 trillion with a year-on-year increase of 18.9%.

In the first half of 2017, Chongqing continued to promote the supply-side structural reform and its economy has achieved a stable and improving performance with good momentum for growth. Its regional gross domestic product reached RMB914.36 billion, representing a year-on-year growth of 10.5%, which was 3.6 percentage points higher than the national average and leading other provinces, municipalities and autonomous regions across the country. In particular, the primary, secondary and tertiary industries grew by 3.9%, 10.7% and 10.8% respectively year on year. The city's per capita disposable income for urban residents was RMB16,913, representing a year-on-year increase of 8.6%. The city's total retail sales of consumer goods reached RMB391.44 billion, representing a year-on-year increase of 11.7%. As of June 30, 2017, the RMB loan balance from financial institutions in the city was RMB2,671.94 billion with a year-on-year growth of 11.3%; the RMB deposit balance was RMB3,299.25 billion with a year-on-year growth of 5.3%. The total imports and exports of the city increased by 4.7% year on year to RMB204.40 billion in the first half of the year, among which the total exports amounted to RMB131.42 billion with a year-on-year decrease of 5.2%, and the total imports amounted to RMB72.98 billion with a year-on-year increase of 28.9%.

In the second half of 2017, it is expected that the global economy will see a trend of continuous recovery. As global trading walks out of the economic downturn gradually, it may become a new highlight of the global economic growth. With these changes, the external demand of China's economy will be further improved. In the meantime, with the continuous implementation of "One Belt, One Road" strategy, the economic landscape will be optimized and the economic vitality will be enhanced continuously.

In respect of financial reform and innovation, the National Financial Work Conference will be held in the second half of 2017. Rectification of the disordered financial market and the prevention of risks from financial system will be the focus of the Chinese government and financial regulatory authorities in the second half of 2017. With the implementation of all the measures, there will be further enhancement of the innovation and optimization of the financial control, and the governance of financial enterprises and regulation of financial market will be reinforced and improved. By enforcing the establishment of the modern financial regulatory framework, accelerating the transformation of financial development, improving the rule of law in financial market and safeguarding the national financial system security, a better and more stable environment will be created for the development of the banking industry.

As China's largest municipality, the most developed urban center in Western China and the largest port city on the upper reaches of the Yangtze River, Chongqing enjoyed the geographical advantage of being situated at the hub between "One Belt, One Road" and Yangtze River Economy Zone, the two main national strategies of China. Chongqing has become a rapid growing and opened inland city. In the first half of 2017, Chongqing's regional gross domestic product (GDP) reached a growth of 10.5%, leading all other provinces,

cities and autonomous regions across the country, achieving an outstanding performance. In the second half of 2017, with the continuous implementation of regional economic development policy, as well as the implementation of measures for steady growth and structural adjustment, Chongqing is expected to maintain the momentum of rapid development in its economic growth.

In the second half of 2017, the Group will continue to implement the restructuring and upgrading of various businesses, further enhance its operational and management standards, deepen its reform of internal governance systems, improve its product systems and service methods and strive for sustainable innovations and breakthroughs in business development, by establishing and optimizing an efficient Internet financial platform, with an aim to provide the Group's customers with more comprehensive financial products and services.

Based on its strategic development objective of "professionalism, comprehensive management and information intelligence", the Group will push on adjustments in business and customer structure, and continue to enhance its capability of sustainable development. Leveraging a competitive advantage in small and micro business, corporate business, personal business and inter-bank financing, the Group will continue to improve operation and services in these areas. In the meantime, under the national policy and supervisory system, the Group will explore its business scope, enrich its business type and seek new profit growing areas. Based on analysis of the regional and macro-economic financial situation, the Group will enhance the forecast ability and initiative of operational management. By continuing to develop a comprehensive risk management system and striving to realize healthy, rapid and sustainable development objectives, the Group aims at generating better returns for its shareholders and investors.

Management Discussions and Analysis

3.2 Development Strategy

In light of the new “13th Five-Year” Plan, the Group will further adapt itself to the “New Normal” of economy and the transformation trend of financial institutions. With the support of “One Belt, One Road” strategy and under the operation philosophy of “scientific, harmonious and sustainable development”, the Bank will intensively explore regional features, transform traditional businesses, and initiate innovative businesses to achieve “bench-marking” profit, “first-class” management and “characteristic” businesses. Meanwhile, the Bank will also make constant efforts to realize the vision of becoming a “Leader in Western China and Benchmark of Listed Banks”.

For the business development strategy, the Bank will embark on the strategy of “mixed operations with banking as a core business and supported by mergers and acquisitions” during the period of the “13th Five-Year” Plan, to enhance its operational capacity on a comprehensive basis. Firstly, the Bank will promote the transformation under the customer-oriented model, improve its professional services, and accelerate the development of the existing primary businesses with retailing, small and micro, and asset management businesses as strategic sources of growth; secondly, the Bank, by taking into consideration new trends of the financial industry and favorable policies, will select new businesses with development potential, proactively develop mixed operation, foster new businesses and launch new pilot projects; thirdly, the Bank will promptly fill in the gaps in its business layout and address the weaknesses in its current operation to bolster the rapid growth in its overall asset and profit scale through mergers and acquisitions.

For the innovative development strategy, the Group will strive to deploy Internet financial services. By proactively cooperating with enterprises of related fields, the Bank strives to improve its professional services. Based on big data, the Bank will focus on its capabilities of analyzing and processing as well as external cooperation, so its Internet financial services will be able to penetrate into both traditional business lines (including retail and small and micro banking) and emerging businesses (including consumer finance). By integrating various Internet financial services through direct banking and multiple cooperative platforms, the Bank is gradually diversifying its Internet financial business. During the period of the “13th Five-Year” Plan, the Bank will promote its positioning on technology capability and promote its business development, model innovation and internal governance with technology.

3.3 Financial Review

In the first half of 2017, China's economy continued its trend of stabilization and improvement. All key economic indicators have rebounded and rallied, trend of enhancement in the economic structure was obvious, and the effect of structural reform of the supply side has gradually emerged. China's economy also showed a more obvious divergence in the process of rebounding, resulting in a greater challenge to the healthy development of economy. Faced with a number of challenges including complicated and volatile economic environment, strengthening regulation in the industry and increasingly fierce competition among peers, the Group proactively took various measures to accelerate its pace of business transformation, and integrate its operation and management to achieve its strategic objectives. The Group recorded a net profit of RMB2,259.38 million in the first half of 2017, representing a year-on-year increase of RMB229.50 million or 11.3%.

As of June 30, 2017, the total assets of the Group amounted to RMB408,428.61 million, representing an increase of 9.5% or RMB35,324.88 million as compared to the end of the previous year. The Group 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 macro-economic environment. As a result, net loans and advances to customers grew by 8.9%,

or RMB13,016.63 million, to RMB159,805.67 million as compared to the end of the previous year, while the non-performing loan ratio maintained at 1.25%, being at a relatively low level in the industry. While striving for stable growth in service networks and business volume, the Group remained customer-centric by actively exploring 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 Group 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, 2017, the amount of customer deposits increased by RMB9,111.42 million to RMB238,705.22 million, representing an increase of 4.0% as compared to the end of the previous year, providing a stable source of funds for the healthy development of the Group's credit, inter-bank and other intermediary businesses. The Group strictly controlled its expenses and its cost-to-income ratio was 21.41% in the first half of 2017. While it represents a slight year-on-year increase of 2.38 percentage points, the cost-to-income ratio still remained at a relatively low level, representing a relatively high operating efficiency of the Group.

As of June 30, 2017, the Group's capital adequacy ratio and core capital adequacy ratio were 12.88% and 9.21% respectively, fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

Management Discussions and Analysis

3.3.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in percentage (%)
Interest income	9,010,705	8,158,593	852,112	10.4
Interest expense	(4,977,935)	(4,231,629)	(746,306)	17.6
Net interest income	4,032,770	3,926,964	105,806	2.7
Net fee and commission income	848,292	948,984	(100,692)	(10.6)
Net trading (losses)/gains	(6,290)	835	(7,125)	NA
Net gains on investment securities	156,212	3,107	153,105	4,927.7
Other operating income	44,697	8,976	35,721	398.0
Operating income	5,075,681	4,888,866	186,815	3.8
Operating expenses	(1,126,873)	(1,147,367)	20,494	(1.8)
Impairment losses	(1,163,861)	(1,058,003)	(105,858)	10.0
Share of profit of associates	44,638	1,329	43,309	3,258.8
Profit before income tax	2,829,585	2,684,825	144,760	5.4
Income tax	(570,204)	(654,941)	84,737	(12.9)
Net profit	2,259,381	2,029,884	229,497	11.3

In the first half of 2017, the interest-earning assets of the Group grew steadily with net interest income achieving an increase of RMB105.81 million or 2.7% as compared to the corresponding period of last year; and net fee and commission income recorded a decrease of RMB100.69 million or 10.6% as compared to the corresponding period of last year; net gains on investment securities significantly increased by RMB153.11 million or 4,927.7% as compared to the corresponding period of last year; other operating income significantly increased by RMB35.72 million or 398.0%. The Group achieved a profit before income tax of RMB2,829.59 million, representing a year-on-year increase of RMB144.76 million or 5.4%; and net profit was RMB2,259.38 million, representing a year-on-year increase of RMB229.50 million or 11.3%.

3.3.1.1 Net interest income

In the first half of 2017, the Group's net interest income amounted to RMB4,032.77 million, representing a year-on-year increase of RMB105.81 million or 2.7%. Net interest income accounted for 79.45% of our total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in percentage (%)
Interest income	9,010,705	8,158,593	852,112	10.4
Interest expense	(4,977,935)	(4,231,629)	(746,306)	17.6
Net interest income	4,032,770	3,926,964	105,806	2.7

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	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	159,951,270	4,391,519	5.54	135,676,563	4,090,496	6.06
Investment securities	126,299,597	3,363,356	5.37	100,583,964	3,031,411	6.06
Balances with central bank	38,374,090	286,249	1.50	35,167,649	263,760	1.51
Due from other banks and financial institutions	51,887,270	933,455	3.63	45,798,346	682,209	3.00
Financial assets at fair value through profit or loss	1,453,236	36,126	5.01	2,367,138	90,717	7.71
Total interest-earning assets	377,965,463	9,010,705	4.81	319,593,660	8,158,593	5.13
LIABILITIES						
Customer deposits	226,644,378	2,622,514	2.33	202,844,425	2,558,740	2.54
Due to other banks and financial institutions	46,985,058	929,849	3.99	63,555,781	1,110,231	3.51
Debt securities issued	74,675,083	1,425,572	3.85	30,108,242	562,658	3.76
Total interest-bearing liabilities	348,304,519	4,977,935	2.88	296,508,448	4,231,629	2.87
Net interest income		4,032,770			3,926,964	
Net interest spread⁽¹⁾			1.93			2.26
Net interest margin⁽²⁾			2.15			2.47

Notes:

(1) Net interest spread is the difference between average yield on interest-earning assets and average 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 2017, the average balance of interest-earning assets of the Group increased by RMB58,371.80 million or 18.3% to RMB377,965.46 million as compared to the same period in the previous year. The average annualized yield on interest-earning assets of the Group decreased by 32 basis points to 4.81% as compared to the same period in the previous year.

Management Discussions and Analysis

In the first half of 2017, the average balance of interest-bearing liabilities of the Group increased by RMB51,796.07 million or 17.5% to RMB348,304.52 million as compared to the same period in the previous year. The average annualized cost ratio of interest-bearing liabilities of the Group increased by 1 basis point to 2.88% 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 spread decreased by 33 basis points to 1.93% as compared to the same period in the previous year, while net interest margin of the Group decreased by 32 basis points to 2.15% as compared to the same period in the previous year.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
ASSETS			
Loans and advances to customers	655,141	(354,118)	301,023
Investment securities	676,410	(344,465)	331,945
Balances with central bank	23,188	(699)	22,489
Due from other banks and financial institutions	107,650	143,596	251,246
Financial assets at fair value through profit or loss	(22,970)	(31,621)	(54,591)
Change in interest income	1,439,419	(587,307)	852,112
LIABILITIES			
Customer deposits	268,303	(204,529)	63,774
Due to other banks and financial institutions	(331,015)	150,633	(180,382)
Debt securities issued	849,238	13,676	862,914
Change in interest expense	786,526	(40,220)	746,306

3.3.1.2 Interest income

In the first half of 2017, the Group's interest income amounted to RMB9,010.71 million, representing a year-on-year increase of RMB852.11 million or 10.4%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
Loans and advances to customers	159,951,270	4,391,519	5.54	135,676,563	4,090,496	6.06
Investment securities	126,299,597	3,363,356	5.37	100,583,964	3,031,411	6.06
Balances with central bank	38,374,090	286,249	1.50	35,167,649	263,760	1.51
Due from other banks and financial institutions	51,887,270	933,455	3.63	45,798,346	682,209	3.00
Financial assets at fair value through profit or loss	1,453,236	36,126	5.01	2,367,138	90,717	7.71
Total interest-earning assets	377,965,463	9,010,705	4.81	319,593,660	8,158,593	5.13

(1) Interest income from loans and advances to customers

In the first half of 2017, the Group's interest income from loans and advances to customers amounted to RMB4,391.52 million, representing a year-on-year increase of RMB301.02 million or 7.4%, primarily due to the increase in average balance on loans and advances to customers by 17.9% offset by the decrease in average annualized yield by 52 basis points as compared to those of the previous year.

(2) Interest income from investment securities

In the first half of 2017, the Group's interest income from investment securities amounted to RMB3,363.36 million, representing a year-on-year increase of RMB331.95 million or 11.0%, primarily due to the increase of 25.6% in average balance offset by the decrease of 69 basis points in average annualized yield on investment securities as compared to those of the previous year.

(3) Interest income from balances with central bank

In the first half of 2017, the Group's interest income from balances with central bank amounted to RMB286.25 million, representing a year-on-year increase of RMB22.49 million or 8.5%, primarily due to the year-on-year increase of 9.1% in average balance offset by a slight year-on-year decrease of 1 basis point in average annualized yield on balances with central banks.

Management Discussions and Analysis

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	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	20,235,261	364,740	3.63	10,326,382	131,341	2.56
Financial assets held under resale agreements	31,652,009	568,715	3.62	35,471,964	550,868	3.12
Total amounts due from other banks and financial institutions	51,887,270	933,455	3.63	45,798,346	682,209	3.00

In the first half of 2017, the interest income from the Group's amounts due from other banks and financial institutions for deposits and loans amounted to RMB364.74 million, representing a year-on-year increase of RMB233.40 million or 177.7%, primarily due to the significant increase in average balance and 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 2017, the interest income from the Group's financial assets held under resale agreements amounted to RMB568.72 million, representing a year-on-year increase of RMB17.85 million or 3.2%, primarily attributable to the decrease of 10.8% in average balance offset by the increase of 50 basis points in average annualized yield on financial assets held under resale agreements as compared to those of the previous year.

As a result of the foregoing factors, the Group's total interest income due from other banks and financial institutions in the first half of 2017 increased by RMB251.25 million or 36.8% to RMB933.46 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 2017, the Group's interest income from financial assets at fair value through profit or loss amounted to RMB36.13 million, representing a year-on-year decrease of RMB54.59 million or 60.2%, primarily due to the decrease in average balance of financial assets at fair value through profit or loss by 38.6% and the significant decrease in average annualized yield by 270 basis points as compared to those of the previous year.

3.3.1.3 Interest expense

In the first half of 2017, the Group's interest expense amounted to RMB4,977.94 million, representing a year-on-year increase of RMB746.31 million or 17.6%.

(1) Interest expense on customer deposits

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Corporate deposits						
Demand	67,318,961	253,190	0.76	60,401,561	254,571	0.85
Time	85,336,277	1,249,827	2.95	79,250,952	1,421,602	3.61
Subtotal	152,655,238	1,503,017	1.99	139,652,513	1,676,173	2.41
Individual deposits						
Demand	10,483,677	20,315	0.39	10,043,931	19,536	0.39
Time	53,104,348	1,019,269	3.87	39,172,652	757,604	3.89
Subtotal	63,588,025	1,039,584	3.30	49,216,583	777,140	3.18
Other deposits	10,401,115	79,913	1.55	13,975,329	105,427	1.52
Total customer deposits	226,644,378	2,622,514	2.33	202,844,425	2,558,740	2.54

In the first half of 2017, the Group's interest expense on customer deposits was RMB2,622.51 million, representing a year-on-year increase of RMB63.77 million or 2.5%, primarily due to a year-on-year increase in the average balance of customer deposits by 11.7%, offset by a decrease in average annualized cost ratio of customer deposits by 21 basis points as compared to that of the previous year.

Management Discussions and Analysis

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

The average balance, interest expense and average cost ratio for each component of the Group's amount due to other banks and financial institutions are set forth as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Deposits and loans from other banks	35,166,461	754,473	4.33	39,899,207	774,093	3.90
Borrowings from central bank	1,707,838	25,705	3.04	3,313,923	48,928	2.97
Financial assets sold under repurchase agreements	10,110,759	149,671	2.99	20,342,651	287,210	2.84
Total borrowings from financial institutions	46,985,058	929,849	3.99	63,555,781	1,110,231	3.51

In the first half of 2017, the Group's total interest expense on borrowings from financial institutions was RMB929.85 million, representing a year-on-year decrease of RMB180.38 million or 16.2%, primarily due to the decrease in average balance of borrowings from financial institutions by 26.1% year on year, offset by the increase in average annualized cost ratio by 48 basis points year on year.

(3) Interest expense on issuance of debt securities

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Average balance	Interest expense	Average annualized cost ratio (%)	Average balance	Interest expense	Average annualized cost ratio (%)
Subordinated debts	4,898,895	128,390	5.29	1,871,429	51,115	5.49
Financial bonds for small and micro enterprises	3,000,000	72,267	4.86	3,000,000	72,988	4.89
Inter-bank certificates of deposit	66,776,188	1,224,915	3.70	25,236,813	438,555	3.49
Subtotal	74,675,083	1,425,572	3.85	30,108,242	562,658	3.76

In the first half of 2017, the Group's interest expense on issuance of debts securities amounted to RMB1,425.57 million, representing a year-on-year increase of RMB862.91 million or 153.4%, primarily due to the following reasons:

- (1) In March 2017, the Bank issued Tier II capital bonds of RMB6.00 billion within China's inter-bank bond market;
- (2) In 2017, the Bank issued a total of 117 inter-bank certificates of deposit by discounting. As of June 30, 2017, 112 issued inter-bank certificates of deposit were outstanding with a total nominal value of RMB77.90 billion.

3.3.1.4 Net interest spread and net interest margin

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

In the first half of 2017, the Group's net interest spread was 1.93%, representing a year-on-year decrease of 33 basis points. The decrease in net interest spread was primarily due to a year-on-year decrease of 32 basis points in average annualized yield on interest-earning assets and a year-on-year increase of 1 basis point in average annualized cost ratio of interest-bearing liabilities.

In the first half of 2017, the Group's net interest margin was 2.15%, representing a year-on-year decrease of 32 basis points, primarily due to a year-on-year increase of RMB105.81 million or 2.7% in net interest income, a year-on-year increase of RMB58,371.80 million or 18.3% in average balance on interest-earning assets; and the increase in average balance on interest-earning assets exceeded the increase in net interest income.

3.3.1.5 Non-interest income

(1) Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in percentage (%)
Fee and commission income	939,893	990,047	(50,154)	(5.1)
Financial advisory and consulting services	41,330	59,064	(17,734)	(30.0)
Wealth management agency services	444,870	371,463	73,407	19.8
Custodian services	206,486	365,698	(159,212)	(43.5)
Bank card services	132,714	90,888	41,826	46.0
Credit commitments	75,147	71,374	3,773	5.3
Settlement and agency services	39,346	31,560	7,786	24.7
Fee and commission expense	(91,601)	(41,063)	(50,538)	123.1
Net fee and commission income	848,292	948,984	(100,692)	(10.6)

Management Discussions and Analysis

In the first half of 2017, the Group's net fee and commission income amounted to RMB848.29 million, representing a decrease of RMB100.69 million or 10.6% as compared to the same period in the previous year and accounting for 16.71% of operating income, down by 2.70 percentage points as compared to the same period in the previous year, primarily due to the significant decrease in commission from custodian services and commission from financial advisory and consulting services and the significant increase in fee and commission expense. In particular, the commission from custodian services decreased by RMB159.21 million or 43.5% as compared to the same period in the previous year; the commission from financial advisory and consulting services decreased by RMB17.73 million or 30.0% as compared to the same period in the previous year, while the fee and commission expense increased significantly by RMB50.54 million or 123.1% as compared to the same period in the previous year.

Commission income from financial advisory and consulting services amounted to RMB41.33 million, representing a year-on-year decrease of RMB17.73 million or 30.0%, primarily due to the decline in overall demand for such services under the dynamic macro-economic condition.

Commission income from wealth management agency services amounted to RMB444.87 million, representing a year-on-year increase of RMB73.41 million or 19.8%, primarily due to the continuous growth and scale expansion in wealth management services.

Commission income from custodian services amounted to RMB206.49 million, representing a year-on-year decrease of RMB159.21 million or 43.5%, primarily due to the decline in scale of such services.

Commission income from bank card services amounted to RMB132.71 million, representing a year-on-year increase of RMB41.83 million or 46.0%, primarily due to the significant increase in number of issued bank cards and volume of settled transactions.

Commission income from credit commitments amounted to RMB75.15 million, representing a year-on-year increase of RMB3.77 million or 5.3%, primarily due to the stable growth in such services.

Commission income from settlement and agency services amounted to RMB39.35 million, representing a year-on-year increase of RMB7.79 million or 24.7%, primarily due to the faster growth in entrusted agency business.

For fee and commission expense, commission expense from bank card services amounted to RMB10.87 million, representing a year-on-year increase of 30.7%, and a commission expense of RMB48.44 million was newly incurred for online products of third parties.

(2) Net trading gains/(losses)

The net trading gains/(losses) mainly consists of exchange gains/(losses) and net gains/(losses) from interest rate products. Exchange gains/(losses) mainly includes gains and losses generated from foreign exchange spot transactions and gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi. In the first half of 2017, the Group's exchange gains amounted to RMB1.84 million, mainly due to the appreciation of the major currencies such as US dollars and Hong Kong dollars held by the Group. Net gains/(losses) from interest rate products held for trading mainly includes gains or losses generated from the adjustment of the trading securities into fair value. In the first half of 2017, the Group's net losses from interest rate products amounted to RMB8.13 million, mainly due to losses arising from the fluctuation in interest rates due to adjustment of bond-securities investment portfolio. As a result of the above factors, in the first half of 2017, the Group's net trading losses amounted to RMB6.29 million.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Exchange gains	1,840	4,375	(2,535)	(57.9)
Net losses from interest rate products	(8,130)	(3,540)	(4,590)	129.7
Total	(6,290)	835	(7,125)	NA

(3) Net gains on investment securities

In the first half of 2017, the Group's net gains on investment securities amounted to RMB156.21 million, representing a significant increase of RMB153.11 million or 4,927.7% year on year.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Net (losses)/gains arising from de-recognition of held-for-trading financial assets	(14,472)	1,845	(16,317)	NA
Net gains arising from de-recognition of available-for-sale financial assets	170,684	1,262	169,422	13,424.9
Total	156,212	3,107	153,105	4,927.7

Management Discussions and Analysis

3.3.1.6 Operating expenses

In the first half of 2017, the Group's operating expenses were RMB1,126.87 million, representing a slight year-on-year decrease of RMB20.49 million or 1.8%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Staff costs	672,382	487,033	185,349	38.1
Tax and surcharges	40,214	216,911	(176,697)	(81.5)
Depreciation and amortization	90,842	83,551	7,291	8.7
General and administrative expense	256,626	304,654	(48,028)	(15.8)
Others	66,809	55,218	11,591	21.0
Total operating expenses	1,126,873	1,147,367	(20,494)	(1.8)

(1) Staff costs

Staff costs constitute the largest component of the Group's operating expenses, accounting for 59.67% and 42.45% of its total operating expenses for the first half of 2017 and 2016 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Salaries and bonuses	468,595	286,247	182,348	63.7
Pension costs	74,546	71,957	2,589	3.6
Housing benefits and subsidies	37,453	37,645	(192)	(0.5)
Labour union and staff education fees	10,854	8,229	2,625	31.9
Other social security and welfare expenses	80,934	82,955	(2,021)	(2.4)
Total staff costs	672,382	487,033	185,349	38.1

In the first half of 2017, the Group's total staff costs amounted to RMB672.38 million, representing a year-on-year increase of RMB185.35 million or 38.1%, primarily because (1) the average remuneration and benefit per staff increased by 30.8% as compared to the same period in the previous year; and (2) the number of staff increased due to the expansion of business scale and the increase in number of branches. As of June 30, 2017, the Group had 4,073 full-time employees, representing an increase of 181 employees or 4.7% as compared to the same period in the previous year.

(2) Tax and surcharges

Tax and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In the first half of 2017, tax and surcharges were RMB40.21 million, representing a significant year-on-year decrease of RMB176.70 million or 81.5%.

(3) Depreciation and amortization

The depreciation and amortization in the first half of 2017 increased by RMB7.29 million or 8.7% to RMB90.84 million from the same period in the previous year as the growth of our property and equipment was stable.

(4) General and administrative expense

In the first half of 2017, the general and administrative expenses decreased by RMB48.03 million or 15.8% year on year to RMB256.63 million.

3.3.1.7 Impairment losses

In the first half of 2017, the impairment allowances for recorded RMB1,163.86 million, representing a year-on-year increase of RMB105.86 million or 10.0%. The increase in provisions for impairment was primarily due to the increasing asset value and the migration ratio of risk classification of loans.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Loans and advances to customers	589,645	950,808	(361,163)	(38.0)
– Collectively assessed	(61,904)	590,860	(652,764)	NA
– Individually assessed	651,549	359,948	291,601	81.0
Loans and receivables	560,743	104,066	456,677	438.8
Others	13,473	3,129	10,344	330.6
Impairment losses	1,163,861	1,058,003	105,858	10.0

Management Discussions and Analysis

3.3.1.8 Investment in associates

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance at the beginning of the period/year	238,394	29,214
Additional investment in associates	563,298	205,270
Share of profit of associates	44,638	3,910
Balance at the end of the period/year	846,330	238,394

On May 5, 2011, the Group invested RMB22.00 million in Xingyi Wanfeng Village Bank Co., Ltd., and held 20% of equity interest of RMB110.00 million registered capital.

On June 15, 2015, the Group invested RMB54.00 million in Mashang Consumer Finance Co., Ltd. On August 14, 2016, the Group increased the investment to RMB205.27 million, accounting for 15.79% of equity interest of RMB1.30 billion registered capital.

Pursuant to the resolution of board meeting of Chongqing Three Gorges Bank Co., Ltd. ("Three Gorges Bank") on April 21, 2017, the Bank appointed a director to board of Three Gorges Bank on that day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of invested company is RMB4,406.30 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379.02 million.

3.3.1.9 Income tax

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in the first half of 2017 and 2016 were 20.15% and 24.39% respectively.

The following table sets forth the profit before income tax and income tax for the first half of 2017 and 2016, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change in Percentage (%)
Profit before income tax	2,829,585	2,684,825	144,760	5.4
Tax calculated at a tax rate of 25%	707,396	671,206	36,190	5.4
Tax effect arising from non-taxable income	(79,550)	(40,041)	(39,509)	98.7
Tax effect of expenses that are not deductible for tax purposes	19,009	21,483	(2,474)	(11.5)
Income tax adjustment for prior years	(76,651)	2,293	(78,944)	NA
Income tax	570,204	654,941	(84,737)	(12.9)

3.3.2 Analysis of the Statement of Financial Position

3.3.2.1 Assets

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	164,208,771	40.2	151,020,641	40.5
Impairment allowances for loans and advances to customers	(4,403,098)	(1.1)	(4,231,595)	(1.2)
Net loans and advances to customers	159,805,673	39.1	146,789,046	39.3
Investment securities ⁽¹⁾	136,443,662	33.4	119,430,754	32.0
Investments in associates	846,330	0.2	238,394	0.1
Cash and balances with central bank	42,040,281	10.3	42,813,488	11.5
Due from other banks and financial institutions	60,049,316	14.7	55,706,352	14.9
Financial assets at fair value through profit or loss	725,200	0.2	881,977	0.2
Property, plant and equipment	2,737,090	0.7	2,691,236	0.7
Deferred income tax assets	1,107,056	0.3	1,005,271	0.3
Other assets	4,674,003	1.1	3,547,216	1.0
Total assets	408,428,611	100.0	373,103,734	100.0

Note:

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

Management Discussions and Analysis

As at June 30, 2017, the Group's total assets amounted to RMB408,428.61 million, representing an increase of RMB35,324.88 million or 9.5% as compared to the end of the previous year, among which:

Total loans and advances to customers increased by RMB13,188.13 million or 8.7% to RMB164,208.77 million as compared to the end of the previous year. This was primarily because the Group 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 RMB17,012.91 million or 14.2% to RMB136,443.66 million as compared to the end of the previous year, primarily due to the Group's increased holdings of government bonds, bonds of policy banks and entrusted investment with controllable risk exposures and higher yield.

Cash and balances with central bank decreased by RMB773.21 million or 1.8% to RMB42,040.28 million as compared to the end of the previous year, primarily due to a slight increase of 3.0% in statutory deposit reserves as compared to the end of the previous year, while the surplus deposit reserves, cash and the fiscal deposits decreased by 17.3%, 14.5% and 13.0%, respectively, as compared to the previous year.

Total amount due from other banks and financial institutions increased by RMB4,342.96 million or 7.8% to RMB60,049.32 million as compared to the end of the previous year, primarily due to (1) the increase of net amounts due from other banks and financial assets by RMB11,120.02 million or 61.1%, and (2) the decrease of RMB6,777.06 million or 18.1% in financial assets held under resale agreements.

(1) Loans and advances to customers

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans to corporate entities	109,325,791	66.6	110,188,826	73.0
– Corporate loans	106,864,187	65.1	105,349,815	69.8
– Discounted bills	2,461,604	1.5	4,839,011	3.2
Retail loans	54,882,980	33.4	40,831,815	27.0
– Mortgage loans	18,955,654	11.5	18,331,192	12.1
– Personal consumer loans	20,662,107	12.6	7,161,329	4.8
– Credit card advances	3,799,048	2.3	3,395,551	2.2
– Personal business loans	11,466,171	7.0	11,943,743	7.9
Total loans and advances to customers	164,208,771	100.0	151,020,641	100.0

Management Discussions and Analysis

As at June 30, 2017, the Group's total loans and advances to customers amounted to RMB164,208.77 million, representing an increase of RMB13,188.13 million or 8.7% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB106,864.19 million, representing an increase of RMB1,514.37 million or 1.4% as compared to the end of the previous year, and accounting for 65.1% of total loans and advances to customers, decreased by 4.7 percentage points from the end of the previous year. During the Reporting Period, the Group actively adjusted the credit structure in response to the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the water conservancy, environment and public facility management industry, manufacturing industry, leasing and commercial services, health and social welfare, scientific research and technical services amounted to RMB5,145.98 million, RMB706.15 million, RMB487.39 million, RMB356.96 million and RMB167.97 million respectively.

Discounted bills amounted to RMB2,461.60 million, representing a decrease of RMB2,377.41 million or 49.1% as compared to the end of the previous year, primarily due to the decrease in market demand.

Retail loans amounted to RMB54,882.98 million, representing an increase of RMB14,051.17 million or 34.4% as compared to the end of the previous year, and accounting for 33.4% of total loans and advances to customers, up by 6.4 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB624.46 million or 3.4% as compared to the end of the previous year; personal consumer loans substantially increased by RMB13,500.78 million or 188.5% as compared to the end of the previous year, mainly because the Group optimized the product structure of individual consumer loans, actively explored Internet online loans, which realized the rapid growth of loan balance; personal business loans decreased by RMB477.57 million or 4.0% as compared to the end of the previous year; and credit card advances increased by RMB403.50 million or 11.9% as compared to the end of the previous year. During the Reporting Period, the Group took active measures to manage credit risk, actively adjusted the credit structure, satisfied credit demand of personal customers in priority and made more efforts to expand personal credit consumption and credit card business in view of complex market changes.

Distribution of loans by type of collateral

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralised loans	73,318,063	44.7	78,018,314	51.7
Pledged loans	14,810,019	9.0	16,179,930	10.7
Guaranteed loans	64,281,223	39.1	48,515,413	32.1
Unsecured loans	11,799,466	7.2	8,306,984	5.5
Total loans and advances to customers	164,208,771	100.0	151,020,641	100.0

Management Discussions and Analysis

Movements on impairment allowances for loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017		For the year ended December 31, 2016	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at the beginning of the period/year	3,501,050	730,545	2,492,792	460,142
Impairment allowances for loans and advances charged to profit or loss	197,953	868,541	1,344,786	1,320,137
Reversal of impairment allowances for loans and advances	(259,857)	(216,992)	(336,528)	(447,332)
Net impairment allowances for loans and advances charged to profit or loss	(61,904)	651,549	1,008,258	872,805
Unwinding discount on allowances during the period/year	–	(56,899)	–	(112,399)
Loans and advances written off during the period as uncollectible	–	(578,236)	–	(548,287)
Recoveries of loans and advances written off	–	216,993	–	58,284
Balance at the end of the period/year	3,439,146	963,952	3,501,050	730,545

For the first half of 2017, in strict accordance with the relevant requirements of accounting standards and the regulatory authorities, the Group took into account of the external economic dynamics and macro monitoring policies and continued to accrue impairment allowance for loans and advances. As of June 30, 2017, the balance of impairment allowance for loans and advances to customers was RMB4,403.10 million, representing an increase of RMB171.50 million or 4.1% as compared to the end of the previous year; and the impairment allowance for non-performing loans ratio decreased by 79.46 percentage points to 213.89% from that of the end of the previous year.

Management Discussions and Analysis

(2) Investment securities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate bonds	532,967	0.4	684,729	0.6
– Treasury bonds	192,233	0.1	197,248	0.1
Subtotal	725,200	0.5	881,977	0.7
Investment securities – loans and receivables				
– Trust company	31,314,659	22.8	35,237,101	29.3
– Securities company	25,988,828	18.9	14,455,970	12.0
– Fund company	201,726	0.2	151,023	0.1
– Commercial bank	6,039,307	4.4	8,423,514	7.0
– Assets management company	18,286,950	13.3	14,186,078	11.8
– Local government	5,622,900	4.1	4,096,900	3.5
Impairment allowances	(1,146,531)	(0.8)	(799,831)	(0.7)
Subtotal	86,307,839	62.9	75,750,755	63.0
Investment securities – available-for-sale				
– Policy bank	3,039,904	2.2	3,581,372	3.0
– Corporate entity	19,293,751	14.1	16,570,761	13.8
– Commercial bank	799,583	0.6	50,564	0.0
– Trust company	127,026	0.1	311,354	0.2
– Fund company	6,000,000	4.4	2,600,000	2.2
– Government	187,993	0.1	194,728	0.2
– Equity investment at fair value	8,600	0.0	576,664	0.5
– Others	14	0.0	14	0.0
Subtotal	29,456,871	21.5	23,885,457	19.9
Investment securities – held-to-maturity				
– Government	17,016,197	12.4	16,167,633	13.4
– Policy bank	3,212,755	2.4	3,176,909	2.7
– Commercial bank	420,000	0.3	420,000	0.3
– Corporate entity	30,000	0.0	30,000	0.0
Subtotal	20,678,952	15.1	19,794,542	16.4
Total	137,168,862	100.0	120,312,731	100.0

Management Discussions and Analysis

As at June 30, 2017, the Group's total financial assets at fair value through profit or loss and other investment securities amounted to RMB137,168.86 million, representing an increase of RMB16,856.13 million or 14.0% as compared to the end of the previous year. Financial assets at fair value through profit or loss was RMB725.20 million, representing a decrease of RMB156.78 million or 17.8% as compared to the end of the previous year, primarily due to repayment of principal from corporate bonds on schedule. Investment securities-loans and receivables was RMB86,307.84 million, representing an increase of RMB10,557.08 million or 13.9% as compared to the end of the previous year, primarily due to the increased holdings of entrusted and asset management products with controllable risk exposures and higher yield. Investment securities-available-for-sale was RMB29,456.87 million, representing an increase of RMB5,571.41 million or 23.3% as compared to the end of the previous year, primarily due to the additional holding of monetary funds and other bonds to increase the Group's return on investment. Investment securities-held-to-maturity was RMB20,678.95 million, representing an increase of RMB884.41 million or 4.5% as compared to the end of the previous year, primarily due to the increase of the Group's holdings of treasury bonds and policy bank financial bonds with low risks and stable income.

3.3.2.2 Liabilities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	49,756,511	13.0	60,350,785	17.3
Customer deposits	238,705,217	62.5	229,593,793	65.7
Other liabilities	6,546,378	1.7	4,453,933	1.3
Current tax liabilities	94,903	0.0	295,059	0.1
Debt securities issued	87,041,157	22.8	54,598,252	15.6
Total liabilities	382,144,166	100.0	349,291,822	100.0

As at June 30, 2017, the total liabilities of the Group amounted to RMB382,144.17 million, representing an increase of RMB32,852.34 million or 9.4% as compared to the end of the previous year. Customer deposits were the Group's largest source of capital, which increased by RMB9,111.42 million or 4.0% to RMB238,705.22 million as compared to the end of the previous year; amounts due to other banks and financial institutions decreased by RMB10,594.27 million or 17.6% to RMB49,756.51 million as compared to the end of the previous year; bonds issued increased by RMB32,442.91 million or 59.4% to RMB87,041.16 million as compared to the end of the previous year, primarily because: (1) in March 2017, the Group issued RMB6.00 billion Tier II Capital bonds within China's inter-bank bond market; (2) the Group issued a total of 117 interbank certificates of deposit in 2017 and 112 inter-bank certificates of deposit issued were outstanding as at June 30, 2017 with a nominal value of RMB77.90 billion in aggregate.

(1) Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	71,535,657	30.0	68,206,142	29.7
Corporate time deposits	84,967,986	35.6	86,326,675	37.6
Individual demand deposits	9,705,638	4.1	9,681,691	4.2
Individual time deposits	55,229,980	23.1	49,013,416	21.4
Other deposits	17,265,956	7.2	16,365,869	7.1
Total customer deposits	238,705,217	100.0	229,593,793	100.0
Of which: Security deposits	9,184,063	3.8	11,115,432	4.8

As at June 30, 2017, the customer deposits of the Group amounted to RMB238,705.22 million, representing an increase of RMB9,111.42 million or 4.0% as compared to the end of the previous year. Corporate deposits balance was RMB156,503.64 million, representing an increase of RMB1,970.83 million or 1.3% as compared to the end of the previous year; individual deposits balance was RMB64,935.62 million, representing an increase of RMB6,240.51 million or 10.6% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB81,241.30 million, representing an increase of RMB3,353.46 million or 4.3% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB140,197.97 million, representing an increase of RMB4,857.88 million or 3.6% as compared to the end of the previous year.

(2) Debt securities issued

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated debts				
Fixed rate subordinated debt – 2022	–	–	796,523	1.5
Fixed rate Tier II capital bond – 2026	1,497,278	1.7	1,497,168	2.7
Fixed rate Tier II capital bond – 2027	5,996,385	6.9	–	–
Financial debts				
Fixed rate financial debt – 2018	2,997,443	3.4	2,995,894	5.5
Inter-bank certificates of deposit	76,550,051	88.0	49,308,667	90.3
Total	87,041,157	100.0	54,598,252	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 million subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity, payable annually. The Bank has redeemed the above said bonds on March 21, 2017.

Management Discussions and Analysis

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 Group's capital adequacy ratio, the subordinated bonds have been included as Tier II Capital in accordance with relevant requirements of the CBRC.

Pursuant to a resolution of the general meeting passed on May 16, 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (《關於重慶銀行股份有限公司發行二級資本債券的批覆》) (Yu Yin Jian Fu [2015] No. 107) by the CBRC on September 21, 2015, the Bank issued the RMB1.50 billion Tier II Capital bonds within the domestic inter-bank bond market of China in February 2016. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on February 22, 2021.

Pursuant to a resolution of the general meeting passed on June 17, 2016 and "the Approval for Bank of Chongqing to Issue Tier II Capital Bonds" (《關於重慶銀行發行二級資本債券的批覆》) (Yu Yin Jian Fu [2016] No. 162) by the CBRC on November 30, 2016, the Bank issued the RMB6.00 billion Tier II Capital bonds within the domestic inter-bank bond market of China in March 2017. Such Tier II Capital bonds have a maturity of 10 years, with a fixed coupon rate of 4.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 2022.

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 financial bonds for small and micro enterprises with a principal amount of RMB3.00 billion in the domestic inter-bank bond market of China in April 2013. Such financial bonds have a maturity of 5 years, with a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

In 2017, the Bank issued a total of 117 inter-bank certificates of deposit by discounting with a tenor of one month to one year. As at June 30, 2017, 112 issued inter-bank certificates of deposit were outstanding with a total nominal value of RMB77.90 billion.

For the six months ended June 30, 2017, there were no defaults on principal and interest or other breaches with respect to these bonds since their issuances.

(3) Due to other banks and financial institutions

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Borrowings from central bank	2,000,000	4.0	1,957,148	3.2
Deposits from banks	32,969,415	66.3	28,190,198	46.7
Deposits from other financial institutions	9,508,018	19.1	12,126,278	20.1
Loans from other banks and financial institutions	7,667	0.0	2,585,950	4.3
Notes sold under repurchase agreements	302,511	0.6	12,506,491	20.7
Securities sold under repurchase agreements	4,968,900	10.0	2,984,720	5.0
Total	49,756,511	100.0	60,350,785	100.0

Management Discussions and Analysis

As at June 30, 2017, the Group's balance of due to other banks and financial institutions amounted to RMB49,756.51 million, representing a decrease of RMB10,594.27 million or 17.6% as compared to the end of the previous year. The Group's borrowings from central bank increased by RMB42.85 million or 2.2% to RMB2,000.00 million as compared to the end of the previous year; deposits from banks increased by RMB4,779.22 million or 17.0% to RMB32,969.42 million as compared to the end of the previous year; deposits from other financial institutions decreased by RMB2,618.26 million or 21.6% to RMB9,508.02 million as compared to the end of the previous year; the Group's loans from other banks and financial institutions decreased by RMB2,578.28 million or 99.7% to RMB7.67 million as compared to the end of the previous year; notes sold under repurchase agreements decreased by RMB12,203.98 million or 97.6% to RMB302.51 million as compared to the end of the previous year; and securities sold under repurchase agreements increased by RMB1,984.18 million or 66.5% to RMB4,968.90 million as compared to the end of the previous year.

3.3.2.3 Shareholders' equity

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	11.9	3,127,055	13.1
Capital surplus	4,680,638	17.8	4,680,638	19.7
Other reserves	6,489,667	24.7	6,145,647	25.8
Retained earnings	10,507,011	40.0	9,858,572	41.4
Equity attributable to shareholders of the Bank	24,804,371	94.4	23,811,912	100.0
Non-controlling interests	1,480,074	5.6	–	–
Total equity	26,284,445	100.0	23,811,912	100.0

As at June 30, 2017, the Bank had paid-in capital of RMB3,127.06 million, capital surplus of RMB4,680.64 million, other reserves of RMB6,489.67 million, and retained earnings of RMB10,507.01 million. Among other reserves, general reserve increased by RMB690.90 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.

Management Discussions and Analysis

3.3.3 Loan quality analysis

3.3.3.1 Breakdown of loans by the five-category classification

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	155,394,212	94.64	143,592,658	95.08
Special mention	6,755,933	4.11	5,985,484	3.96
Substandard	1,224,593	0.75	780,628	0.52
Doubtful	697,512	0.42	590,655	0.39
Loss	136,521	0.08	71,216	0.05
Total loans and advances to customers	164,208,771	100.00	151,020,641	100.00
Amount of non-performing loans	2,058,626	1.25	1,442,499	0.96

For the first half of 2017, facing the difficult challenges posed by macro-economic dynamics, the Group accelerated the construction of a comprehensive risk management system, continued to strengthen the prevention and control of credit risk, conducted a throughout risk review of credit assets, actively prevented and mitigated risks, strengthened early risk warning, tracking and after-lending monitoring management, hence the quality of the Group's credit assets was relatively good compared to other banks. As at June 30, 2017, the balance of non-performing loans was RMB2,058.63 million, representing an increase of RMB616.13 million as compared to the end of the previous year; non-performing loan ratio was 1.25%, representing an increase of 0.29 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 4.11% of total loans, representing an increase of 0.15 percentage point as compared to that of the end of the previous year.

3.3.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017				As at December 31, 2016			
	Amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Manufacturing	19,297,748	11.8	516,550	2.68	18,591,598	12.3	451,802	2.43
Wholesale and retail	15,077,452	9.2	557,051	3.69	15,955,891	10.6	253,255	1.59
Construction	7,608,190	4.6	190,844	2.51	9,067,295	6.0	168,222	1.86
Real estate	15,449,961	9.4	35,000	0.23	17,168,657	11.4	35,000	0.20
Leasing and commercial services	13,840,807	8.4	16,414	0.12	13,353,418	8.8	13,333	0.10
Water conservation, environment and public facility administration	19,472,714	11.9	–	–	14,326,733	9.5	6,016	0.04
Transportation, warehousing and postal service	2,009,461	1.2	7,065	0.35	2,035,713	1.3	11,780	0.58
Mining	2,833,984	1.7	14,392	0.51	3,117,867	2.0	61,517	1.97
Electricity, gas and water production and supply	2,006,081	1.2	–	–	2,136,919	1.4	–	–
Agriculture, forestry, animal husbandry and fishery	1,475,180	0.9	35,488	2.41	1,613,366	1.1	26,247	1.63
Household services and other services	1,764,234	1.1	4,600	0.26	1,933,136	1.3	2,705	0.14
Education	728,584	0.5	–	–	783,484	0.5	–	–
Financing	218,273	0.1	–	–	238,061	0.2	–	–
Scientific research and technology services	561,636	0.4	435	0.08	393,669	0.3	–	–
Information transmission, software and information technology services	397,917	0.3	2,481	0.62	609,579	0.4	3,880	0.64
Accommodation and catering	549,456	0.3	4,965	0.90	572,051	0.4	11,465	2.00
Culture, sports and entertainment	219,491	0.1	–	–	261,315	0.2	–	–
Public administration, social security and social organizations	2,170,000	1.3	–	–	2,365,000	1.6	–	–
Health and social welfare	1,183,018	0.7	3,000	0.25	826,063	0.5	3,000	0.36
Discounted bills	2,461,604	1.5	–	–	4,839,011	3.2	–	–
Retail loans	54,882,980	33.4	670,341	1.22	40,831,815	27.0	394,277	0.97
Total	164,208,771	100.0	2,058,626	1.25	151,020,641	100.0	1,442,499	0.96

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

Management Discussions and Analysis

In the first half of 2017, in face of the macro conditions of slowdown in 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. Non-performing loan ratio in the first half of 2017 increased significantly as compared to the end of the previous year. Major industries experienced the following changes:

The amount of non-performing loans in the manufacturing industry increased by RMB64.75 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.25 percentage point, mainly because the metal smelting and rolling industry was greatly impacted by the market, thus leading to the increase in non-performing loan ratio in such industry;

The amount of non-performing loans in the wholesale and retail industry increased by RMB303.80 million as compared to the end of the previous year, and the non-performing loan ratio increased by 2.10 percentage points, mainly because the coal and steel trading enterprises and furniture selling enterprises were greatly impacted by the market, thus suffered difficulties in collecting account receivables;

The amount of non-performing loans in the construction industry increased by RMB22.62 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.65 percentage point, mainly because customers in this industry, affected by downstream enterprises, suffered difficulties in collecting account receivables;

The non-performing retail loans increased by RMB276.06 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.25 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, through our active management and collection of non-performing loans, the non-performing loan ratio in the transportation, warehousing and postal service industries dropped to 0.35% from 0.58% at the end of the previous year, the non-performing loan ratio in the mining industry also dropped to 0.51% from 1.97% at the end of the previous year, and the non-performing loan ratio in the accommodation and catering industries dropped to 0.90% from 2.00% at the end of the previous year.

(2) Concentration of borrowers

As at June 30, 2017, the Bank's total loans to its largest single borrower accounted for 3.88% of its net capital while total loans to its top ten customers accounted for 24.76% of its net capital, which were in compliance with regulatory requirements. As at June 30, 2017, all of the Bank's loans to top ten single borrowers were loans under pass category.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As at June 30, 2017	As at December 31, 2016
Loan concentration ratio for the largest single customer (%)	≤10	3.88	4.52
Loan concentration ratio for the top ten customers (%)	≤50	24.76	29.24

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

b. Loans to top ten single borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)		As at June 30, 2017	
		Amount	Percentage of total loans (%)
Customer A	Manufacturing	1,351,560	0.82
Customer B	Manufacturing	979,100	0.60
Customer C	Real estate	920,000	0.56
Customer D	Water conservation, environment and public facility administration	875,000	0.53
Customer E	Manufacturing	850,000	0.52
Customer F	Leasing and commercial services	770,000	0.47
Customer G	Real estate	760,000	0.46
Customer H	Manufacturing	718,086	0.44
Customer I	Wholesale and retail	711,951	0.43
Customer J	Real estate	700,000	0.43

Management Discussions and Analysis

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017			As at December 31, 2016		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Loans and advances to corporate entities	106,864,187	1,388,285	1.30	105,349,815	1,048,222	0.99
Short-term loans	36,343,471	1,126,307	3.10	40,877,943	868,726	2.13
Medium- and long-term loans	70,520,716	261,978	0.37	64,471,872	179,496	0.28
Retail loans	54,882,980	670,341	1.22	40,831,815	394,277	0.97
Residential mortgage and personal commercial property loans ⁽¹⁾	18,937,350	89,708	0.47	18,296,295	76,677	0.42
Personal business and re-employment loans	11,466,171	431,629	3.76	11,943,743	213,577	1.79
Others ⁽²⁾	24,479,459	149,004	0.61	10,591,777	104,023	0.98
Discounted bills	2,461,604	-	-	4,839,011	-	-
Total	164,208,771	2,058,626	1.25	151,020,641	1,442,499	0.96

Notes:

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

As at June 30, 2017, the balance of non-performing loans and advances to corporate entities was RMB1,388.28 million, representing an increase of RMB340.06 million as compared to the end of the previous year. Non-performing loan ratio of loans and advances to corporate entities increased by 0.31 percentage point to 1.30% as compared to the end of the previous year, and the balance of non-performing retail loans was RMB670.34 million, representing an increase of RMB276.06 million as compared to the end of the previous year. Non-performing loan ratio of retail loans increased by 0.25 percentage point to 1.22% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Past due within 90 days	4,482,052	53.52	3,310,940	59.22
Past due 90 days to 1 year	2,947,294	35.19	1,662,321	29.73
Past due over 1 year and within 3 years	891,282	10.64	567,092	10.14
Past due over 3 years	54,694	0.65	50,520	0.91
Total overdue loans and advances to customers	8,375,322	100.00	5,590,873	100.00

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

As at June 30, 2017, the total overdue loans and advances amounted to RMB8,375.32 million, representing an increase of RMB2,784.45 million as compared to the end of the previous year. Overdue loans and advances accounted for 5.10% of total loans, representing an increase of 1.40 percentage points as compared to the end of the previous year.

3.3.4 Segment information

3.3.4.1 Summary of geographical segment

(Expressed in percentage)	As at June 30, 2017		As at December 31, 2016	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Deposits	82.56	17.44	81.55	18.45
Loans	76.38	23.62	74.93	25.07
Assets	87.01	12.99	85.88	14.12
Loan-to-deposit ratio	60.75	88.95	58.73	86.84
Non-performing loan ratio	0.91	2.61	0.76	1.64
Impairment allowance to non-performing loans	291.09	123.28	372.68	183.92

(Expressed in percentage)	For the six months ended June 30, 2017		For the six months ended June 30, 2016	
	Chongqing	Other areas ⁽¹⁾	Chongqing	Other areas ⁽¹⁾
Annualized return on average total assets	1.35	(0.19)	1.24	0.72
Net fee and commission income to operating income	19.05	13.48	20.86	11.56
Cost-to-income ratio	19.96	33.42	17.99	25.24

Note:

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

Management Discussions and Analysis

3.3.4.2 Summary of business segment

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2016				
	Corporate banking	Retail banking	Treasury	Unallocated	Total
Net interest income/(expense) 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

3.3.5 Analysis of off-balance-sheet items

Off-balance-sheet items of the Group 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, 2017, the balance of unused credit card limits was RMB2,703.88 million, representing an increase of RMB137.70 million or 5.4% as compared to the end of the previous year; the balances of guarantees, acceptances and letters of credit were RMB21,600.60 million, representing a decrease of RMB6,554.96 million or 23.3% as compared to the end of the previous year; the balance of operating lease commitments was RMB169.31 million, representing a decrease of RMB1.98 million or 1.2% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB401.28 million, representing a decrease of RMB43.46 million or 9.8% as compared to the end of the previous year.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	2,703,877	–	–	2,703,877
Guarantees, acceptances and letters of credit	18,356,721	3,243,177	700	21,600,598
Operating lease commitments	46,992	90,135	32,178	169,305
Capital expenditure commitments	348,528	52,756	–	401,284
Total	21,456,118	3,386,068	32,878	24,875,064

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2016			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	2,566,179	–	–	2,566,179
Guarantees, acceptances and letters of credit	24,831,532	3,323,130	899	28,155,561
Operating lease commitments	51,925	94,905	24,459	171,289
Capital expenditure commitments	389,238	55,503	–	444,741
Total	27,838,874	3,473,538	25,358	31,337,770

3.4 Business Overview

3.4.1 Corporate Banking Business

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change (%)
Net interest income from external customers	1,809,668	1,633,293	10.8
Inter-segment net interest income	747,547	1,025,176	(27.1)
Net interest income	2,557,215	2,658,469	(3.8)
Net fee and commission income	118,306	123,569	(4.3)
Net trading gains	1,840	–	–
Other operating income	379	–	–
Asset impairment losses	(371,451)	(933,013)	(60.2)
Operating expenses	(631,804)	(582,126)	8.5
– Depreciation and amortisation	(50,933)	(42,390)	20.2
– Others	(580,871)	(539,736)	7.6
Profit before income tax	1,674,485	1,266,899	32.2
Capital expenditure	55,310	51,086	8.3
Segment assets	151,647,661	140,454,796	8.0
Segment liabilities	180,105,546	176,035,843	2.3

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

Management Discussions and Analysis

(I) Corporate Deposits

As at June 30, 2017, the balance of our corporate deposits (excluding security deposits) amounted to RMB156.50 billion, accounting for 65.6% of the balance of total deposits and representing a growth of RMB1.97 billion or 1.3% as compared with the end of the previous year. The balance of our corporate deposits (including security deposits) amounted to RMB165.69 billion, accounting for 69.4% of the balance of total deposits, remaining basically flat as compared with the end of the previous year.

According to Chongqing Administration of the PBOC, as at June 30, 2017, the balance of our RMB corporate deposits (including security deposits) in Chongqing amounted to RMB120.71 billion, ranking the fourth in Chongqing, following the Chongqing branch of Industrial and Commercial Bank of China, Chongqing Rural Commercial Bank Co., Ltd and the Chongqing branch of China Construction Bank. Our RMB corporate deposits in Chongqing accounted for a market share of 8.1%.

(II) Corporate Loans

Our corporate lending business was prudent and moderate. We carried out corporate lending business with combination of national macro control policies in a prudent, steady and moderate manner in line with the economic conditions and industry trend of the region where our customers operate. As at June 30, 2017, the balance of our corporate loans (excluding discount of bills) amounted to RMB106.86 billion, representing a growth of RMB1.51 billion or 1.4% as compared to the end of the previous year.

The Bank proactively fulfilled its social responsibility and supported the precise poverty alleviation of the country. It practically discharged its duties as the leading bank and created demonstration enterprises, projects and villages of financial poverty alleviation. More credit investment was made in poor counties including Pengshui, Shizhu and Qianjiang to promote the local economic development. The Bank was thus recognised by Chongqing Operations Office of the People's Bank of China and Chongqing Poverty Alleviation Office.

(III) Corporate Banking Products

Our corporate banking product portfolio achieved further improvement. Firstly, catering to the needs of our customers, we proactively tailored our financial products to their specific industry features, settlement practices and capital retention patterns with reference to regional economic and industry conditions. The Bank explored new source for deposits and strove to carry out bond issuing and asset monitoring businesses. As at June 30, 2017, the average daily retention amount of bonds issued exceeded RMB4 billion. Secondly, the Bank conducted profound innovation in respect of the model for cooperation among banks, governments and enterprises and promoted Innovative and Entrepreneurial Fund (雙創基金) products, for the purpose of catering to the needs of the governments at the district and county level for new urbanization and industry upgrading. As at June 30, 2017, the Bank had established 15 Innovative and Entrepreneurial Funds with the aggregate size of up to RMB13.5 billion, including investment of RMB11.7 billion by the Bank. Thirdly, as a proactive response to the national call, the Bank intensified support for the real economy and proactively marketed upstream and downstream customers and settlement funds, to achieve allied development of assets and liabilities and a win-win situation between the Bank and enterprises. Fourthly, the Bank heavily involved in the strategic China-Singapore (Chongqing) interconnection construction program to promote the cross-border financing, and strengthened the synergy between domestic and foreign currency businesses and products to improve its ability in integrated operation. In the first half of 2017, the number of China-Singapore programs reserved by the Bank was 11 with the aggregate amount of RMB5 billion. Fifthly, the Bank completed the construction of global trade and finance system, foreign exchange trade and finance business and derivatives management system and supply chain finance system to provide powerful system for business development.

3.4.2 Small and Micro Enterprise Banking Business

(I) Overview of Small and Micro Enterprise Banking Business as at June 30, 2017

As at June 30, 2017, according to the statistics of the four national ministries, the balance of our small and micro enterprise loans amounted to RMB64.32 billion, representing an increase of RMB5.29 billion (accounting for 52.1% of our total newly-raised loans) or 9.0% as compared with the end of the previous year. The number of small and micro enterprise loan customers was 20,984, increasing by 348 as compared with the end of the same period of the previous year. The approval rate for small and micro enterprises loans was 83.05%, representing an increase of 1.95 percentage points as compared with the same period of the previous year, in full compliance with the “three minimums” regulatory goals for small and micro enterprise banking business.

As regards to the customer structure, the Bank explored to develop a further business model of small, micro and grass-root enterprises. The small and micro enterprise loans with an individual lending amount of below RMB5 million recorded a balance of RMB21.30 billion, accounting for 33.12% of the total small and micro enterprise loans; and the number of customers reached 17,927, accounting for 85.43% of the total number of small and micro enterprise customers.

As regards to the risk management, the Bank constantly strengthened its ability in risk mitigation for small and micro enterprise banking business. The collateral loans for small and micro enterprises accounted for 51.89%, representing an increase of 1.89 percentage points as compared with 50% at the end of the previous year; the guaranteed loans accounted for 37.50%, representing a decrease of 0.45 percentage point as compared with 37.95% at the end of the previous year.

As regards to the business innovation, the Bank cracked the financing problem encountered by small and micro enterprises through driven development. By taking advantage of the Internet and big data tools, the Bank firstly launched the innovative product named “Hao Qi Dai (好企貸)” in the industry, the first pure online and credit scene marketing product of the Bank, and achieved “Immediate Approval (秒批)” and “Immediate Grant (秒放)” of loans.

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

(1) Continuously developing small and micro enterprise banking business centering on local economic transition

Firstly, further efforts were exerted to develop bulk small and micro enterprise banking business. Based on the economic features of the districts and counties of Chongqing, the Bank studied and analysed the characteristic industries of different districts, according to which corresponding support policies were adopted. The bulk business program was leveraged to create the financial model with operating institutions serving local economy to constantly enhance the Bank’s financial service brand. Secondly, the branches in other cities provided “industry chain” financial services for small and micro enterprises centering on provincial characteristic economy. Thirdly, featured products were launched as per the features of customers in the market to promote the sustainable development of business. For featured products mainly represented by “Cheng Zhang Dai (成長貸)”, “Nian Shen Dai (年審貸)” and “Renewal of Special Loans to Small and Micro Enterprises (小微專項續貸)”, the Bank prepared the marketing and promotion strategy and had gained regional competitive edge through unification of products, services and pricing. Operating institutions were encouraged to understand grassroots demands, deepen marketing and enlarge their customer base. As at the end of June 2017, the loan balance of the Bank’s three featured products reached RMB5.4 billion. Fourthly, the Bank adjusted and optimized the traditional business structure under the principle of assisting some business sectors while suppressing others and supporting some business sectors while curbing others. On the one hand, it continuously reduced the loans to overcapacity industries, strengthened management over the list system and adopted strict approval in respect of the usage of loans. On the other hand, the Bank enhanced efforts to its product research and development, model building and marketing in weak cyclical and non-cyclical industries, made great efforts to promote the development of green credit and support modern agriculture with distinctive features and efficiency. The Bank also proactively involved in major development strategies including “One Belt, One Road” strategy, Yangtze River Economy Zone, Free Trade Zone, National Innovation Demonstration Zone, China-Singapore demonstration projects and Innovation-driven Development, striving to provide perfect, special and professional services to small and micro enterprises and Sannong (三農).

Management Discussions and Analysis

(2) Tapping effective financing demands of small and micro enterprises relying on financial innovation

Firstly, the Bank enriched and improved the financial support of “big-data risk control model” for small and micro enterprises. An online loan platform was set up to intensify the support of science and technology for business. By continuously strengthening and enlarging “Hao Qi Dai (好企贷)”, a product self-developed by the Bank, the Bank completed the business upgrade from “Immediate Approval (秒批)” to “Immediate Lending (秒贷)” of loans. As at June 30, 2017, the balance and number of customers of the Bank’s “Hao Qi Dai (好企贷)” reached RMB787 million and 1,736, respectively, representing an increase of RMB484 million and 966 as compared with the end of last year, respectively. Secondly, the Bank increased efforts on exploration of the investment and loan linkage model. The Implementation Plan of Bank of Chongqing on Support for the Development of Scientific and Technological Innovation Based Small and Micro Enterprises was promulgated to encourage operating institutions to conduct innovation proactively provided that the risks were controllable and increase support for high-growth scientific and technological enterprises; the two models of “following loan lending (跟贷)” and cooperation with the equity investment institutions were applied to provide professional financial services for the financing, strategic consultation and commercial advisory and guide on equity investment to technology-oriented enterprises; the Bank proactively engaged in the business of venture capital pool compensation for technology technology-oriented enterprises and constructed an ecosystem for technology and finance in coordination with the government and scientific innovative enterprises.

(3) Enhancing ability and level in professional management of operating institutions

The Bank strove to improve the core competitiveness of small and micro enterprise banking business and build a professionalization channel for client managers of small and micro enterprise banking business by placing the focus on full coverage of the construction of a team for small and micro enterprise banking business in all branches. It was preliminarily determined to steadily carry out pilot work in 5 institutions as the first batch. The Bank exerted great efforts on team construction and strengthened the training on business skills of the client management teams through the 6 full-coverage special training sessions in the first half of the year. The Bank unceasingly promoted their professional level and improved their professional competence, so as to provide a human resource guarantee for opening up the business marketing channels and effective prevention and control of business risks. At the same time, the Bank had organization, product, workflow and assessment working in a coordinated manner, in a bid to improve the internal professional operation environment of the small and micro business and enhance the professional level of the small and micro business of the Bank, so as to provide a mechanism guarantee for sustainably supporting the development of the small and micro business.

(4) Highlighting the enhancement of credit check, supervision and management for key risk fields

The Bank continued to reduce outstanding guarantee balance of private guarantee companies, intensified management of state-owned guarantee companies in districts and counties, and conduct business risk review for businesses under guarantee one by one; moreover, the Bank evaluated the compensation willingness and capacity of guarantee companies in cooperation with the Bank and reinforced the management of guarantee companies by means of correction in a time limit, suspension of business cooperation, suspension of approval and authorisation of guarantee companies and other measures to practically reduce systematic risks of guarantee companies. On the basis of “334” regulatory inspection and review through “Two Enhancements and Two Containments”, the Bank implemented on-site and off-site inspection for its institutions, conducted rectification for the problems found in a prompt manner and executed accountability management in case of problems of compliance management. The Bank took the initiative in solving and transforming the existing questionable credits, in order to control risks effectively, and also, it strengthened the collection of non-performing loans, to reduce the balance of non-performing loans unceasingly and improve the quality of its assets in general.

3.4.3 Retail Banking Business

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change (%)
Net interest expense from external customers	(70,288)	(204,338)	(65.6)
Inter-segment net interest income	659,123	732,064	(10.0)
Net interest income	588,835	527,726	11.6
Net fee and commission income	104,895	97,281	7.8
Other operating income	11,843	1,245	851.2
Asset impairment losses	(218,195)	(17,795)	1,126.2
Operating expenses	(265,582)	(329,397)	(19.4)
– Depreciation and amortization	(21,410)	(23,986)	(10.7)
– Others	(244,172)	(305,411)	(20.1)
Profit before income tax	221,796	279,060	(20.5)
Capital expenditure	20,167	13,202	52.8
Segment assets	55,294,556	36,296,966	52.3
Segment liabilities	65,789,340	54,365,877	21.0

(I) Personal Deposits

Benefiting from the continued and rapid economic growth in Chongqing and full utilization of its regional brand advantages, the Bank adhered to integrating its brand value in services with key account sales under the guidance of “finance beneficial for general public”, constantly promoted the upgrading of our special time deposit products “Xing Fu Cun (幸福存)” and “Meng Xiang Cun (夢想存)”, a special service function named “Love from Bank of Chongqing (愛隨意送)” under the “Xing Fu Cun (幸福存)” products was newly launched, and at the same time, the Bank enriched the sales channels of the “Xing Fu Cun (幸福存)” products by conducting sales through mobile banking and direct banking channels. As at June 30, 2017, the balance of personal deposits continued to increase steadily by RMB6.24 billion or 10.6% as compared with the end of the previous year to RMB64.94 billion, and the local market share of which has been gradually increased.

(II) Personal Loans

It excluded personal business loans and credit card overdrafts.

Our personal consumption loans grew rapidly. The balance of our personal consumption loans increased by RMB14.13 billion or 55.4% to RMB39.62 billion as compared with the end of the previous year. The Bank proactively expanded online lending channels, constantly optimized the products and services of our personal consumption loans, and focused on enhancing customer experience, so as to promote the scale expansion, structural adjustments and efficiency improvement of our personal consumption loan business.

Management Discussions and Analysis

(III) Bank Cards

It excluded credit cards.

Bank card issuance and transaction volume of our bank card business recorded continuous growths. As at June 30, 2017, we had issued a total of 3,193,000 debit cards and the transaction volume amounted to RMB6.02 billion. The Bank has been committed to the expansion of functions such as consumption and settlement, improvement of the channels and enhancement of security. We began to issue debit IC cards with more security throughout the Bank, and we have conducted the activity for free replacing magnetic cards with financial IC cards for three consecutive years.

3.4.4 Treasury Operations

The following table sets forth the accounting information and changes of the treasury operations segment:

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change (%)
Net interest income from external customers	2,293,390	2,498,009	(8.2)
Inter-segment net interest expense	(1,406,670)	(1,757,240)	(20.0)
Net interest income	886,720	740,769	19.7
Net fee and commission income	625,091	728,134	(14.2)
Net trading (losses)/gains	(8,130)	835	NA
Net gains on investment securities	156,212	3,107	4,927.7
Share of profits of an associate	44,638	1,329	3,258.8
Other operating income	21,902	–	–
Asset impairment losses	(560,743)	(104,066)	438.8
Operating expense	(218,097)	(223,680)	(2.5)
– Depreciation and amortization	(17,581)	(16,288)	7.9
– Others	(200,516)	(207,392)	(3.3)
Profit before income tax	947,593	1,146,428	(17.3)
Capital expenditure	73,082	60,345	21.1
Segment assets	200,375,091	165,912,717	20.8
Segment liabilities	136,250,290	90,413,809	50.7

In the first half of 2017, addressing the increasingly stringent regulatory environment and complex economic situation, the Bank continued to strengthen risk management of its treasury operations under the principle of compliance in business operations. While ensuring adequate liquidity, the Bank steadily pushed forward its treasury operations.

3.4.4.1 Breakdown of securities investment by holding purpose (excluding equity securities)

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity	20,678,952	15.08	19,794,542	16.53
Loans and receivables	86,307,839	62.92	75,750,755	63.26
Held for trading	725,200	0.53	881,977	0.74
Available-for-sale	29,448,257	21.47	23,308,779	19.47
Total	137,160,248	100.00	119,736,053	100.00

As at June 30, 2017, the Bank's held-to-maturity bonds increased by RMB884.41 million from the end of the previous year, with the proportion decreasing by 1.45 percentage points; loans and receivables increased by RMB10,557.08 million from the end of the previous year, with the proportion decreasing by 0.34 percentage point; held-for-trading bonds decreased by RMB156.78 million from the end of the previous year, with the proportion decreasing by 0.21 percentage point; and available-for-sale bonds increased by RMB6,139.48 million from the end of the previous year, with the proportion increasing by 2.00 percentage points.

3.4.4.2 Breakdown of securities investment by credit rating (excluding equity securities)

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	1,075,464	0.79	1,005,210	0.84
AA- to AA+	3,996,000	2.91	7,286,986	6.09
A-1	150,000	0.11	149,906	0.12
Unrated	131,938,784	96.19	111,293,951	92.95
Total	137,160,248	100.00	119,736,053	100.00

Taking into account the market liquidity, the Bank increased the holdings of highly liquid book-entry government bonds and non-commercial bank bonds in the first half of 2017. As at June 30, 2017, the Bank's unrated securities investment increased by RMB20,644.83 million from the end of the previous year, with the proportion increasing by 3.24 percentage points. The unrated securities investment mainly comprised loans and receivables and government bonds.

Management Discussions and Analysis

3.4.4.3 Breakdown of securities investment by remaining maturity (excluding equity securities)

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 3 months	18,050,121	13.16	26,000,508	21.71
3 to 12 months	30,349,413	22.13	25,177,274	21.03
1 to 5 years	63,785,100	46.50	52,439,645	43.80
Over 5 years	24,975,614	18.21	16,118,626	13.46
Total	137,160,248	100.00	119,736,053	100.00

As at June 30, 2017, the Bank's securities investment with remaining maturity within 12 months decreased by RMB2,778.25 million from the end of the previous year, with the proportion decreasing by 7.45 percentage points.

3.4.4.4 Holdings of financial bonds

Financial bonds are marketable securities issued by policy banks and other financial institutions with a debt service term as agreed upon. As at June 30, 2017, the balance of our financial bonds was RMB7.21 billion in nominal value, mainly comprising financial bonds issued by policy banks. Set out below are the top 10 financial bonds in terms of nominal value held by the Bank as at the dates indicated.

Name of bond	Par value in RMB	Interest rate	Maturity date
2015 Policy Bank Financial Bond	1,100,000	2.98%	November 4, 2018
2016 Policy Bank Financial Bond	1,000,000	3.18%	April 5, 2026
2015 Policy Bank Financial Bond	500,000	3.59%	July 17, 2018
2012 Policy Bank Financial Bond	500,000	3.87%	June 28, 2019
2016 Policy Bank Financial Bond	500,000	3.18%	September 5, 2026
2015 Policy Bank Financial Bond	500,000	3.54%	June 18, 2018
2012 Policy Bank Financial Bond	500,000	4.21%	June 29, 2019
2013 Policy Bank Financial Bond	460,000	5.04%	October 24, 2023
2006 Policy Bank Financial Bond	380,000	3.79%	June 28, 2021
2008 Policy Bank Financial Bond	230,000	3.68%	October 23, 2018

3.4.5 Distribution Channels

(I) Physical Outlets

As at June 30, 2017, we operated our business and marketed our retail banking products and services through 138 sub-units, including the business department of our Head Office, our small enterprise loan center, four primary branches, and 84 offsite self-service banking centers, and through our extensive distribution channels, such as mobile banking, online banking and direct banking, which cover all 38 districts and counties of Chongqing as well as three provinces in western China namely Sichuan Province, Shaanxi Province and Guizhou Province.

(II) Self-Service Banking Centers

Our offsite self-service banking centers and self-service terminals provide safe and convenient services to our customers, and also enhance our input-output ratio. As at June 30, 2017, we had 84 offsite self-service banking centers, 132 onsite self-service banking centers and 803 self-service terminals, including 250 ATMs, 390 self-service deposit and withdrawal machines and 163 multi-media self-service terminals that offer withdrawal, account inquiry, bill payment, deposit, passcode changing and/or fund transfer services. In the first half of 2017, we processed approximately 3.45 million self-service banking transactions, with a total transaction volume of RMB7.37 billion.

(III) Electronic Banking

Mobile Banking and Online Banking

(1) Personal Customers

As at June 30, 2017, we had 909,700 personal mobile banking and online banking customers in aggregate, including 441,900 mobile banking customers and 467,800 online banking customers, representing an increase of 174,400 customers or 23.7% as compared with the end of the previous year. In the first half of the year, the total number of transactions amounted to 2.03 million, including 1.62 million transactions through mobiles phone and 0.41 million through online banking. The total transaction volume amounted to RMB122.87 billion, representing an increase of 104.2% as compared with the same period of the previous year, including RMB66.42 billion through online banking and RMB56.46 billion through mobile banking.

(2) Corporate Entities

As at June 30, 2017, we had 15,741 corporate online banking customers, representing an increase of 1,619 customers or 11.5% as compared with the end of the previous year. In the first half of the year, the total number of transactions amounted to 0.64 million, and the total transaction volume amounted to RMB190.78 billion.

Third Party Payment

As at June 30, 2017, 15 merchants in aggregate accessed to third party payment. In the first half of the year, the total number of transactions amounted to 7.55 million, and the total transaction volume amounted to RMB3.35 billion.

Direct Banking

In an effort to proactively arrange in the development of Internet finance and establish Internet-based direct sales channel to overcome geographic restrictions, the Bank launched its direct banking business in July 2014 and gathered a certain scale of groups in a short time, which realized cross-regional business expansion initially. In February 2017, the Bank initiated all-round upgrade and transformation of Direct Banking, aiming at building a comprehensive service platform integrating investment, financing and life for customers, including launching a new brand “Qian Cheng You Yu (錢承有餘)”, and realised highly frequent iteration of once a month in terms of products, functions and services. Firstly, the Bank enriched its product portfolio and combined proprietary products with products sold on a commission basis by successfully launched products sold on a commission basis including Fu Ying (富盈) series and intra-bank proprietary deposit products including “Xing Fu You Yu (幸福有餘)”. Secondly, the Bank optimised functional services, improved payment scenarios and achieved 24-hours online verification as well as authentication of inter-bank card binding and withholding of funds. In addition, featured merchants were introduced to enrich life services. As at June 30, 2017, the number of registered users of “Qian Cheng You Yu (錢承有餘)” exceeded 150,000 and the total transaction volume thereof exceeded RMB83 million.

Management Discussions and Analysis

Online Lending Business

As at June 30, 2017 the accumulated amount of loans granted under “Hao Qi Dai (好企貸), a Big Data Internet financing product, reached RMB808 million, among which 1,790 loans were granted. The loans balance of “Hao Qi Dai” was RMB787 million and the loans were granted to 1,736 customers.

(IV) Information Technology

In the first half of 2017, the Bank promoted the information technology construction in an orderly manner.

We continued to strengthen internal control on information technology to enhance risk prevention and control capability based on information technology. Firstly, we continued our works on establishment of IT internal control system, and completed the modification of six IT internal control systems in the first half of 2017. Secondly, we staged IT risk screening campaign to identify and eliminate risks in areas such as the server room facilities, network, servers and storage devices in both our head office and branch outlets, with proper corrective measures. Thirdly, we engaged a third party professional company to implement a safety evaluation of the electronic banking system. Based on the requirements of PBOC, CBRC and the Ministry of Public Security, we conducted a comprehensive evaluation and penetration test for information safety management, information safety technology implementation and other aspects of our electronic banking system and made correction in time when issues were identified.

With the stable operation of our information systems, we strengthened our efforts on the establishment and improvement of production environment and actively carried out the construction of key projects. Firstly, we developed a digital system for server room management, realizing a real-time simulation operation and management in a visualized way for server room of data center. With operating information of basic facilities and equipment, we could enhance the management level and security capability of the server room. Secondly, we achieved the planning and design of “Two Sites and Three Centers” based on the model of “Intra-city Dual-active Data Centers and Remote Disaster Backup” and completed the planning and design of new intra-city and remote disaster backups, Intra-city dual-active data center and network construction and design. Thirdly, we achieved the network construction for new buildings, including network facility for the removal of the business department of the Head Office, connection and adjustment of optical fiber between the new building and data centers in Shangding and Linjiang, adjustment of network requests from different departments and promotion of network construction of new buildings.

Management Discussions and Analysis

We accelerated the innovation and integration of technology and business, facilitated the application of new technologies and promoted the upgrading and updating of information system. Firstly, we fully promoted the construction of new generation of our core system. We completed the preliminary work and procurement bidding arrangement smoothly in the first half of 2017, which has been put into operation, and completed part of the analysis tasks as requested. Secondly, new generation of risk management system has been put into operation smoothly, which laid a solid foundation for implementing the risk management of the Bank comprehensively. Thirdly, we fully supported the construction of internet financial business system: (1) we cooperated with the financial division of Ping An Bank to achieve the implementation of direct banking 2.0 project, connecting the platforms of the Bank and Ping An Bank and diversifying the internet financial products of the Bank; (2) we accomplished the construction of internet loan granting system, utilizing big data and internet technology to realize online application and granting of “Hao Qi Dai (好企貸)”; (3) we continued to optimize our mobile banking system and to explore new models and new business such as two to three types of accounts and free-style wealth management based on personal wealth management and personal loan version 3.0; (4) we accomplished the implementation and launch of Kuai I Dai (快1貸), an online loan product for general public of Ping An; (5) we accomplished the optimization of electronic seal system and realized online signature for electronic documents such as electronic contracts, online authorization, IOU, certificate, and online agreement.

3.4.6 Particulars of Principal Associates

On May 5, 2011, the Group invested RMB22.00 million in Xingyi Wanfeng Village Bank Co., Ltd., and held 20% of equity interest of RMB110.00 million registered capital.

On June 15, 2015, the Group invested RMB54.00 million in Mashang Consumer Finance Co., Ltd. On August 14, 2016, the Group increased the investment to RMB205.27 million, accounting for 15.79% of equity interest of RMB1.30 billion registered capital.

Pursuant to the resolution of board meeting of Three Gorges Bank on April 21, 2017, the Bank appointed a director to board of Three Gorges Bank on that day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of invested company is RMB4,406.30 million and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379.02 million.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the six months ended 30 June, 2017	For the year ended 31 December, 2016
Balance at beginning of the period/year	238,394	29,214
New investment in associates	563,298	205,270
Share of profit after tax of the associates	44,638	3,910
Balance at the end of the period/year	846,330	238,394

Management Discussions and Analysis

3.5 Employees and Human Resources Management

3.5.1 Details of the employees

(1) Composition of employees

As at June 30, 2017, there were 4,073 employees on-duty, of which 760 or 18.66% were management personnel while 141 or 3.46% were marketing personnel, both worked at the Head Office, and 2,256 or 55.39% worked at branch outlets in Chongqing while 916 or 22.49% worked at branches in other cities.

(2) Range of their ages

The average age of the employees of the Bank was 34 years old. 313 or 7.69% of them were up to 25 years old while 1,367 or 33.56% aged between 26 to 30 years old. 1,073 or 26.34% of them aged between 31 to 35 years old while 402 or 9.87% of them aged between 36 to 40 years old. 514 or 12.62% of them aged between 41 to 45 years old while 296 or 7.27% of them aged between 46 to 50 years old and 108 or 2.65% of them aged above 50 years old.

(3) Educational background

424 or 10.41% of the employees of the Bank possessed a post-graduate qualification or above, and 5 of which were doctors. 2,937 or 72.11% of them were educated to undergraduate degree level while 712 or 17.48% of them received associate degrees or below.

(4) Composition of gender

The Bank had 1,778 male employees and 2,295 female employees, with the proportion of 43.65% and 56.35% respectively.

3.5.2 Overall management of human resources

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

3.5.3 Remuneration policy of the employees

The Bank has established its wide-range remuneration system based on market rates. It determined the remuneration and performance allocations of the employees based on their value of positions, individual ability, categories of positions and performance results. The Bank also varied the remuneration reasonably based on their respective duties and contributions of different positions, so as to ensure the competitiveness of our remuneration and retain the existing talents in the Bank. Meanwhile, with a view to further improve the incentive and restraint mechanism, the Bank has formulated a policy to defer payment of performance-based remunerations to the management and key employees, and has made an innovation to allow some employees to use such remunerations to buy shares of the Bank on a voluntary basis for the organic unification of the medium- and long-term incentives and restraints.

3.5.4 Training and development of the employees

Focusing on the strategies of “professionalism, comprehensive management and Internet banking” and the objectives of “13th Five-Year” Plan, the Bank, through talent review, fully implemented “3A” talent strategy, focused on key positions and core talents to improve the quality and efficiency of talent and employee training, and establish a talent team with the recognition of “Five Haves” culture of the Bank and consistent with strategic development requirements. Currently the Bank has preliminarily established a multi-dimensional training system with various levels and types, and established the qualification and training credits system in relation with the career development of employees, and introduced a variety of mixed training skills through the establishment of E-learning and M-learning platforms, to innovate the training system, measures and methods, continuously improve the overall quality of employees and form the talent competitive advantage of the Bank.

3.6 Risk Management

3.6.1 Credit risk management

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

Promoting the optimization and adjustment on its credit structure continuously. The Bank conducted an in-depth study on macro-economic and industry policies, based on which to optimize and adjust its credit structure through setting up risk limits and implementing differentiated assessment and incentive policies. Support will be focused on the financing demands of industries such as education, culture, medical treatment and health, modern logistics and environmental protection and enterprises engaged in such industries, and the credit allocation of the Bank will be optimized through increasing loans and improving the loans lent. At the same time, the Bank steadily tightened the credit granting to steel, cement, coal, polysilicon, plate glass, ship building industries and other industries with overcapacity and credit guaranteed by private enterprises, so as to ensure that the risk of the existing assets was generally controllable.

Strictly preventing the risks arising from the newly arising credit granting business. The Bank focused on, inter alia, shell-based financing, affiliated enterprise financing and industrial chain financing, and maintained strict management over granting credit to non-resident clients. The Bank promulgated the Administrative Measures for Group Customers of Bank of Chongqing to improve its group customer credit mechanism, further strengthen the identification, management and control of the credit risks in relation to group customers, and determine the credit limits reasonably, thus preventing the lending to the same customer by several branches and excessive credit granting in essence.

Establishing a sound credit risk resolution management mechanism. The management structure and roles and responsibilities were clearly defined, and under this structure, the departments and offices of the Head Office were responsible for overall planning and guidance, and branch outlets assumed primary responsibilities. The Bank strengthened its planning and management, made innovation on performance appraisal, and balanced incentives and restraints. More efforts were put on the collection of non-performing loans and external asset recovery institutions were introduced. The Bank developed more ways of collecting non-performing loans, among which professional law firms were engaged to participate in the collection of non-performing loans.

Management Discussions and Analysis

Promoting the establishment and application of management tools of credit risk. In respect of the non-retail internal rating system, the Bank focused on establishing a rating application system and initially established the core rating applications including access administration, approval authorization and credit limit for a single customer while continued to conduct model monitoring and optimization. The retail internal rating system has initially formed a risk measurement system centered on card A, card B and risk assignment model and its supporting rating system (phase I) was also put online and rated applications submitted by the retail business.

3.6.2 Operational risk management

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

During the Reporting Period, the Group further improved operational risk management system and continued to promote the implementation and application of the three management tools for operational risk. The Bank improved its operational risk policies and systems and issued the Administrative Measures for the Operational Risk Reporting of Bank of Chongqing which developed the report template and determined the reporting process. With the support of operational risk management systems, the Bank further summarised and assessed the reporting process, monitored key risk indicators and collected loss data. More efforts were put on supervision and inspection; problems discovered during the special inspection named “two enhancements and two containments” were rectified; and the primary responsibility of security work was determined. The Bank continued to strengthen its business continuity management, promoted the construction of three business centers in two places and upgraded its system backup equipment to ensure the business continuity.

3.6.3 Market risk management

3.6.3.1 Interest rate risk

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

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

The interest rate marketization in China continued with increasing frequency and range of interest rate fluctuation from 2017. Market supervision was strengthened, which narrowed the interest spreads among commercial banks. Facing the interest rate marketization and intensified competition in the financial market, the Group constantly improved the management of interest pricing and the interest rate risk management of bank accounts, adjusted the pricing strategies and the interest rate risk management strategies of bank accounts in due time and effectively guided the structure adjustment on re-pricing term and enhanced the perspective in interest rate risk management by the implementation of the pricing policy of interest rate and appraisal and proper use of the FTP and other tools, to ensure that revenue and market value were maintained at a relatively stable level.

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
June 30, 2017							
Assets							
Cash and balances with central bank	41,494,467	-	-	-	-	545,814	42,040,281
Due from other banks and financial institutions	39,235,065	11,124,086	9,690,165	-	-	-	60,049,316
Financial assets at fair value through profit or loss	-	-	18,121	514,846	192,233	-	725,200
Loans and advances to customers	13,272,258	810,209	61,124,534	74,615,547	9,983,125	-	159,805,673
Investment securities							
– Loans and receivables	1,530,197	6,959,423	23,005,756	40,269,587	14,276,049	266,827	86,307,839
– Available-for-sale	6,542,136	943,817	7,087,926	12,576,437	2,294,211	12,344	29,456,871
– Held-to-maturity	60,000	160,000	120,000	11,643,839	8,695,113	-	20,678,952
Investment in associates	-	-	-	-	-	846,330	846,330
Other financial assets	-	-	-	-	-	4,338,422	4,338,422
Total assets	102,134,123	19,997,535	101,046,502	139,620,256	35,440,731	6,009,737	404,248,884
Liabilities							
Due to other banks and financial institutions	(10,659,007)	(11,010,000)	(28,010,000)	-	(77,504)	-	(49,756,511)
Customer deposits	(100,366,111)	(9,891,635)	(50,893,524)	(76,539,745)	(1,004,484)	(9,718)	(238,705,217)
Debt securities issued	(6,931,661)	(27,771,486)	(44,844,405)	-	(7,493,605)	-	(87,041,157)
Other financial liabilities	-	-	-	-	-	(5,881,267)	(5,881,267)
Total liabilities	(117,956,779)	(48,673,121)	(123,747,929)	(76,539,745)	(8,575,593)	(5,890,985)	(381,384,152)
Total interest rate sensitivity gap	(15,822,656)	(28,675,586)	(22,701,427)	63,080,511	26,865,138	118,752	22,864,732

Management Discussions and Analysis

(All amounts expressed in thousands of RMB unless otherwise stated)	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
December 31, 2016							
Assets							
Cash and balances with central bank	42,175,420	-	-	-	-	638,068	42,813,488
Due from other banks and financial institutions	25,339,217	15,282,140	14,431,665	653,330	-	-	55,706,352
Financial assets at fair value through profit or loss	5,003	30,090	-	649,637	197,247	-	881,977
Loans and advances to customers	58,066,663	13,669,250	40,142,175	33,132,633	1,778,325	-	146,789,046
Investment securities							
– Loans and receivables	5,606,339	14,857,784	20,214,483	30,310,437	4,761,712	-	75,750,755
– Available-for-sale	3,816,583	1,264,724	4,532,791	12,126,913	1,567,782	576,664	23,885,457
– Held-to-maturity	-	419,985	430,000	9,352,658	9,591,899	-	19,794,542
Investment in associates	-	-	-	-	-	238,394	238,394
Other financial assets	-	-	-	-	-	3,408,140	3,408,140
Total assets	135,009,225	45,523,973	79,751,114	86,225,608	17,896,965	4,861,266	369,268,151
Liabilities							
Due to other banks and financial institutions	(37,357,565)	(7,543,096)	(15,368,931)	-	(81,193)	-	(60,350,785)
Customer deposits	(91,971,381)	(12,739,587)	(53,443,380)	(71,397,462)	(41,983)	-	(229,593,793)
Debt securities issued	(5,092,875)	(10,144,666)	(34,071,126)	(2,995,894)	(2,293,691)	-	(54,598,252)
Other financial liabilities	-	-	-	-	-	(3,778,250)	(3,778,250)
Total liabilities	(134,421,821)	(30,427,349)	(102,883,437)	(74,393,356)	(2,416,867)	(3,778,250)	(348,321,080)
Total interest rate sensitivity gap	587,404	15,096,624	(23,132,323)	11,832,252	15,480,098	1,083,016	20,947,071

At the end of June 2017, the Group's accumulated gap for all maturities amounted to RMB22,864.73 million, representing an increase of RMB1,917.66 million as compared to the end of the previous year.

3.6.3.2 Exchange rate risk

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

3.6.4 Liquidity risk management

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

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

The Group continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade our capability in liquidity risk measurement and forecast and 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. Meanwhile, the Group also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through system construction and active application of scientific and technological means.

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

In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weakness in the procedure of its liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk control capability. The results of the quarterly stress tests in the first half of 2017 indicated that the liquidity risk remained within an acceptable range even under stressful conditions. Meanwhile, the Group established contingency plan for liquidity risk, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of the first half of 2017, all of the major indicators of the Group's liquidity position met the regulatory requirements.

Management Discussions and Analysis

The Group uses liquidity gap analysis to assess liquidity risk. As at the end of the first half of 2017, the liquidity gap of the Group calculated from our net assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date was as follows:

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
June 30, 2017									
Net Liquidity gap	(77,560,001)	23,545,637	(20,358,930)	(49,371,758)	56,375,594	42,363,002	37,099,539	14,191,362	26,284,445

(All amounts expressed in thousands of RMB unless otherwise stated)	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2016									
Net Liquidity gap	(75,590,728)	(3,474,522)	8,351,923	(18,993,241)	33,277,095	38,708,315	36,647,708	4,885,362	23,811,912

At the end of June 2017, the Group's cumulative gap for all maturities was RMB26,284.45 million. Although there was a shortfall in on-demand repayment of RMB77,560.00 million, there were still higher deposit settlement rates and stable funding sources with extensive and solid customer basis. Therefore, impact of the shortfall on the Group's real liquidity was not significant.

Liquidity coverage ratio of the Group

(All amounts expressed in thousands of RMB unless otherwise stated)	30 June, 2017	December 31, 2016
Qualified high-quality liquid assets	52,209,692	54,146,110
Net cash outflow in the next 30 days	16,612,265	56,680,289
Liquidity coverage ratio (%)	314.28	95.53

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 Group 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 October 1, 2015. As of June 30, 2017, the Group's liquidity coverage ratio was 314.28%, representing an increase of 218.75 percentage points as compared to the end of the previous year, which was in line with the regulatory requirements of the CBRC.

3.7 Capital Management

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

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

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

Management Discussions and Analysis

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

(All amounts expressed in thousands of RMB unless otherwise stated)	June 30, 2017	December 31, 2016
Core capital:		
Share capital	3,127,055	3,127,055
Counted part of capital surplus	4,564,558	4,911,433
Surplus reserve and general risk reserves	6,605,747	5,914,852
Counted part of retained earnings	10,506,577	9,858,572
Minority interest recognized in Core capital	215,341	–
Others	–	–
Core Tier I Capital deductibles items:		
Full deductibles items	(76,191)	(96,014)
Threshold deduction items	–	–
Core Tier I Capital, net	24,943,087	23,715,898
Other Tier I Capital, net	28,712	–
Tier II Capital, net	9,902,149	4,752,209
Net capital	34,873,948	28,468,107
On-balance sheet risk-weighted assets	245,341,942	214,620,993
Off-balance sheet risk-weighted assets	8,770,888	9,927,931
Risk-weighted assets for exposure to counterparty credit risk	–	–
Total credit risk-weighted assets	254,112,830	224,548,924
Total market risk-weighted assets	591,145	905,495
Total operational risk-weighted assets	16,041,466	15,946,736
Total risk-weighted assets before applying capital base	270,745,441	241,401,155
Total risk-weighted assets after applying capital base	270,745,441	241,401,155
Core Tier I Capital adequacy ratio (Expressed in percentage)	9.21	9.82
Tier I Capital adequacy ratio (Expressed in percentage)	9.22	9.82
Capital adequacy ratio (Expressed in percentage)	12.88	11.79

Management Discussions and Analysis

As at the end of the Reporting Period, the Group's capital adequacy ratio was 12.88%, Tier I Capital adequacy ratio was 9.22% and Core Tier I Capital adequacy ratio was 9.21%. 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 the successful issuance of RMB6,000 million Tier II capital bond in March 2017; (2) a decline in capital adequacy ratio as a result of the one-off redemption of the whole 2012 subordinated bonds of Bank of Chongqing Co., Ltd. of RMB800 million in March 2017; (3) a decline in Core Tier I Capital adequacy ratio as a result of the Bank's investment of RMB1,530 million for the establishment of Chongqing Xinyu Financial Leasing Co., Ltd., a new controlling subsidiary of the Bank; and (4) a decline in capital adequacy ratio to certain extent as a result of sound development of various operations and growth of total risk-weighted risk assets on and off 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 Group has disclosed its capital composition, relevant items, and capital tools, details of which are available at "Investors Relation – Capital Regulation" ("投資者關係 – 監管資本") on the official website of the Bank (www.cqcbank.com).

Change in Share Capital and Shareholders

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

	As at December 31, 2016		Changes during the Reporting Period			As at June 30, 2017	
	Number	Percentage	Issue of new shares	Others	Sub-total	Number	Percentage
1. Shareholding of Domestic Shares							
legal persons	1,491,146,246	47.68%	-	-	-	1,491,146,246	47.68%
Of which: Shareholding of state-owned legal persons ⁽¹⁾	1,031,861,471	33.00%	-	149,250	149,250	1,032,010,721	33.00%
Shareholding of private legal persons	459,284,775	14.68%	-	(149,250)	(149,250)	459,135,525	14.68%
2. Shareholding of Domestic Shares natural persons	56,887,747	1.82%	-	-	-	56,887,747	1.82%
Of which: Shareholding of employee natural persons	34,873,052	1.12%	-	-	-	34,873,052	1.12%
Shareholding of natural persons other than employees	22,014,695	0.70%	-	-	-	22,014,695	0.70%
3. H Shares	1,579,020,812	50.50%	-	-	-	1,579,020,812	50.50%
Total	3,127,054,805	100.00%	-	-	-	3,127,054,805	100.00%

Note: (1) Domestic Shares of the Bank are owned by 72 state-owned legal person shareholders, including Chongqing Yufu Assets Management Group Co., Ltd., Chongqing Land Group and Chongqing Water Conservancy Investment Group Co., Ltd.

Change in Share Capital and Shareholders

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

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

Change in Share Capital and Shareholders

4.2 Interests and Short Positions of Substantial Shareholders and Other Persons

As at June 30, 2017, to the best knowledge of the Bank, the interests of substantial shareholders (as defined under the SFO), other than Directors and Supervisors of the Bank, in H Shares and the underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of H Shares held	Percentage of the total number of H Shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited ⁽¹⁾	Beneficial owner	458,574,853 (long position)	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
HSBC International Trustee Limited ⁽⁵⁾	Interest of a trustee	458,574,853 (long position)	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853 (long position)	29.04	14.66
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	240,463,650 (long position)	15.23	7.69
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	240,463,650 (long position)	15.23	7.69
Lifan International (Holdings) Limited (力帆國際(控股)有限公司) ⁽³⁾	Beneficial owner	172,634,000 (long position)	10.93	5.52
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. (重慶力帆實業(集團)進出口有限公司) ⁽³⁾	Interest of a controlled corporation	172,634,000 (long position)	10.93	5.52
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,634,000 (long position)	10.93	5.52
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,634,000 (long position)	10.93	5.52
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,634,000 (long position)	10.93	5.52
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	172,634,000 (long position)	10.93	5.52
CHEN Qiaofeng ⁽³⁾	Interest of spouse	172,634,000 (long position)	10.93	5.52
Funde Sino Life Insurance Co., Ltd. ⁽⁴⁾	Beneficial owner	150,000,000 (long position)	9.50	4.80
	Interest of a controlled corporation	67,570,150 (long position)	4.28	2.16
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	5.37	2.71
Fund Resources Investment Holding Group Company Limited ⁽⁴⁾	Beneficial owner	67,570,150 (long position)	4.28	2.16

Change in Share Capital and Shareholders

Notes:

- (1) Dah Sing Bank, Limited held 458,574,853 H Shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.48% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 40.97% of the issued share capital of Dah Sing Financial Holdings Limited and Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. For the purpose of the SFO, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Mr. David Shou-Yeh WONG and Ms. Christine Yen WONG are deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited.
- (2) SAIC Motor HK Investment Limited held 240,463,650 H Shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the Shares of the Bank held by SAIC Motor HK Investment Limited.
- (3) As confirmed by Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at June 30, 2017, Lifan International (Holdings) Limited held 172,634,000 H Shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd. which is wholly owned by Lifan Industry (Group) Co., Ltd. Lifan Industry (Group) Co., Ltd. is owned as to 49.40% by Chongqing Lifan Holdings Co., Ltd., which is in turn owned as to 72% by Chongqing Huiyang Holdings Co., Ltd. Mr. YIN Mingshan is the beneficial owner of approximately 51% of the interests of Chongqing Huiyang Holdings Co., Ltd. and Ms. CHEN Qiaofeng is the spouse of Mr. YIN Mingshan. For the purpose of the SFO, Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the Shares of the Bank held by Lifan International (Holdings) Limited.

- (4) Funde Sino Life Insurance Co., Ltd. held 150,000,000 H Shares of the Bank and Fund Resources Investment Holding Group Company Limited held 67,570,150 H Shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the Shares of the Bank held by Fund Resources Investment Holding Group Company Limited.
- (5) HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of the family members of Mr. David Shou-Yeh Wong (the grantor), held 37.66% interests in Dah Sing Financial Holdings Limited indirectly. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the Shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).

4.3 Shareholders Holding over 5% of the Total Share Capital

At the end of the Reporting Period, Chongqing Yufu Assets Management Group Co., Ltd., Dah Sing Bank, Limited, Lifan Industry (Group) Co., Ltd., SAIC Motor Corporation Limited, Funde Sino Life Insurance Co., Ltd. and Chongqing Road & Bridge Co., Ltd. held 461,260,187 Shares, 458,574,853 Shares, 302,198,932 Shares, 240,463,650 Shares, 217,570,150 Shares and 171,339,698 Shares of the Bank respectively, representing 14.75%, 14.66%, 9.66%, 7.69%, 6.96% and 5.48% of the Bank's total share capital respectively, and are substantial shareholders (as defined under the SFO) of the Bank. Except for the aforesaid shareholders, there were no other legal person shareholders holding 5% or more of total share capital of the Bank, nor were there any other employees or natural persons (other than employees) holding 5% or more of Shares of the Bank.

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

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

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

Directors, Supervisors and Senior Management

5.1 The Bank's Directors, Supervisors and Senior Management

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

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

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

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

As at June 30, 2017, the interests of the Directors, the chief executives and the Supervisors of the Bank and their associates in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules are as follows:

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

Save as disclosed above, none of the Directors, the chief executives or the Supervisors of the Bank or their associates held any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations as at June 30, 2017.

Directors, Supervisors and Senior Management

5.2 Changes in Directors, Supervisors and Senior Management

On February 3, 2017, Mr. CHEN Zhengsheng resigned from the position as an external Supervisor of the Bank due to work re-designation. The resignation of Mr. CHEN Zhengsheng will not come into effect until a new Supervisor is elected at the Bank's general meeting to fill the vacancy.

On May 26, 2017, the Board of Supervisors approved Mr. LIN Min's resignation as employee supervisor of the Bank due to work re-designation.

On June 9, 2017, the CBRC Chongqing Bureau approved the qualification of Mr. SUI Jun for serving as the vice president of the Bank. The term of office of Mr. SUI Jun has become effective from the date of approval.

On June 28, 2017, the Board approved Mr. GAN Weimin's resignation as executive director, chairman of the Board, chairman of the Strategic Committee of the Board, chairman of the Information Technology Guidance Committee of the Board, member of Risk Management Committee of the Board and authorized representative (as defined under Rule 3.05 of the Listing Rules) due to work re-designation. Mr. GAN Weimin's resignation became effective on the same day.

On August 18, 2017, the appointment of Ms. LIN Jun as an executive director of the Bank was considered and passed at the first extraordinary general meeting of 2017 of the Bank. Ms. LIN Jun's qualification of directorship is subject to the approval of the CBRC Chongqing Bureau. On the same day, the Board proposed and approved the election of Ms. LIN Jun as the chairman of the Board. Ms. LIN Jun's qualification of directorship and the appointment of Ms. LIN as the chairman of the Board will take effect from the date of approval of the CBRC Chongqing Bureau.

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

5.3 Securities Transactions by Directors and Supervisors

In respect of securities transactions by directors, supervisors and senior management, the Bank has adopted the Administrative Measures on the Holding and Change of Holding of Shares by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd. (the "Administrative Measures") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors, all directors and supervisors of the Bank have confirmed that they have complied with such code of conduct and the Administrative Measures during the six months ended June 30, 2017.

Significant Events

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

6.2 Profits and Dividends

The Group's revenue for the six months ended June 30, 2017 and the Group's financial position as at the same date are set out in the financial report of this interim report.

A final dividend of RMB0.291 per share (tax inclusive) for the year ended December 31, 2016 ("2016 Final Dividend"), amounting to a total dividend of RMB909,972,948.26 (tax inclusive) based on the profit and number of shares issued for the year ended December 31, 2016, was distributed by the Bank to all Shareholders upon consideration and approval at the 2016 annual general meeting on May 26, 2017. The 2016 Final Dividend was distributed to holders of H Shares and domestic shares on July 21, 2017.

The Group will not distribute any interim dividend for 2017 or convert any capital reserve into share capital.

6.3 Related Party Transactions

No material related party transaction that has an adverse impact on the Bank's operating results and financial position occurred during the Reporting Period.

6.4 Material Litigation and Arbitration

As at June 30, 2017, the Group had 12 outstanding legal claims amounting to RMB274.1 million (as at December 31, 2016: the Group had 9 outstanding legal claims amounting to RMB15.6 million) arising from the ordinary course of business of the Group. After consulting legal advisers, the Group believes that, at the current stage, these legal proceedings and arbitrations will not have a material adverse impact on the financial position or operation results of the Group.

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

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

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

At the end of the Reporting Period, the Bank or its shareholders holding over 5% of the Shares was not involved in any undertaking.

6.7 Material Contracts and their Performance

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

6.8 Major Asset Purchase, Sales And Mergers

On December 29, 2016, the CBRC approved the Bank to make preparatory work for establishing Chongqing Xinyu Financial Leasing Co., Ltd (the “Financial Leasing Company”). On March 22, 2017, the CBRC Chongqing Bureau approved the establishment of the Financial Leasing Company. The registered capital of the Financial Leasing Company is RMB3 billion, in which the Bank holds 51% equity interests. The Financial Leasing Company has become a subsidiary of the Bank and its results have been consolidated in the financial statement of the Bank. For details of the establishment of the Financial Leasing Company, please refer to the Bank’s announcements dated January 3 and March 23, 2017 as published on the website of the Hong Kong Stock Exchange.

Save for the establishment of the Financial Leasing Company, the Bank did not conduct any other major asset acquisitions, disposals or mergers during the Reporting Period.

6.9 Review of the Interim Financial Statements

The interim financial statements for 2017 prepared by the Bank in accordance with the IFRSs have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

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

6.10 Publication of Interim Report

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

6.11 Others

According to paragraph 40 of Appendix 16 Disclosure of Financial Information of the Listing Rules, save as disclosed herein, the Bank confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Company’s 2016 annual report.

Report on Review of Interim Financial Information

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

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

Introduction

We have reviewed the interim financial information set out on pages 69 to 122, which comprises the condensed consolidated statement of financial position of Bank of Chongqing Co., Ltd. (the "Bank") and its subsidiary (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2017

Interim Condensed Consolidated Statement of Comprehensive Income

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

	Note	For the six months ended 30 June	
		2017 (Unaudited)	2016 (Unaudited)
Interest income		9,010,705	8,158,593
Interest expense		(4,977,935)	(4,231,629)
Net interest income	4	4,032,770	3,926,964
Fee and commission income		939,893	990,047
Fee and commission expense		(91,601)	(41,063)
Net fee and commission income	5	848,292	948,984
Net trading (losses)/gains	6	(6,290)	835
Net gains on investment securities	17	156,212	3,107
Other operating income	7	44,697	8,976
Operating income		5,075,681	4,888,866
Operating expenses	8	(1,126,873)	(1,147,367)
Impairment losses	10	(1,163,861)	(1,058,003)
Operating profit		2,784,947	2,683,496
Share of profit of associates	18	44,638	1,329
Profit before income tax		2,829,585	2,684,825
Income tax	11	(570,204)	(654,941)
Net profit for the period		2,259,381	2,029,884
Net profit attributable to:			
Shareholders of the Bank		2,249,307	2,029,884
Non-controlling interests		10,074	–
		2,259,381	2,029,884
Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)			
Basic and diluted	12	0.72	0.65

Interim Condensed Consolidated Statement of Comprehensive Income

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

	Note	For the six months ended 30 June	
		2017 (Unaudited)	2016 (Unaudited)
Net profit for the period		2,259,381	2,029,884
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Revaluation reserve for AFS recognised in other comprehensive (loss)/income		(417,379)	6,710
Less: Related income tax impact		69,793	(1,677)
Subtotal		(347,586)	5,033
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement benefits/(losses)		948	(820)
Less: Related income tax impact		(237)	205
Subtotal		711	(615)
Total other comprehensive (loss)/income, net of tax	33	(346,875)	4,418
Total comprehensive income for the period		1,912,506	2,034,302
Total comprehensive income attributable to:			
Shareholders of the Bank		1,902,432	2,034,302
Non-controlling interests		10,074	–
		1,912,506	2,034,302
Dividends			
Dividends declared during the period	29	909,973	825,542

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

Interim Condensed Consolidated Statement of Financial Position

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

	Note	30 June 2017 (Unaudited)	31 December 2016 (Audited)
ASSETS			
Cash and balances with central bank	13	42,040,281	42,813,488
Due from other banks and financial institutions	14	60,049,316	55,706,352
Financial assets at fair value through profit or loss	15	725,200	881,977
Loans and advances to customers	16	159,805,673	146,789,046
Investment securities	17		
– Loans and receivables		86,307,839	75,750,755
– Available-for-sale(“AFS”)		29,456,871	23,885,457
– Held-to-maturity (“HTM”)		20,678,952	19,794,542
Investment in associates	18	846,330	238,394
Property, plant and equipment	19	2,737,090	2,691,236
Deferred income tax assets	24	1,107,056	1,005,271
Other assets	20	4,674,003	3,547,216
Total assets		408,428,611	373,103,734
LIABILITIES			
Due to other banks and financial institutions	21	49,756,511	60,350,785
Customer deposits	22	238,705,217	229,593,793
Other liabilities	23	6,546,378	4,453,933
Current tax liabilities		94,903	295,059
Debt securities issued	26	87,041,157	54,598,252
Total liabilities		382,144,166	349,291,822
EQUITY			
Share capital	27	3,127,055	3,127,055
Capital surplus	27	4,680,638	4,680,638
Other reserves	28	6,489,667	6,145,647
Retained earnings		10,507,011	9,858,572
Equity attributable to shareholders of the Bank		24,804,371	23,811,912
Non-controlling interests		1,480,074	–
Total equity		26,284,445	23,811,912
Total liabilities and equity		408,428,611	373,103,734

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

Ran Hailing
Executive Director And
President

Wong Wah Sing
Executive Director

Yang Shiyin
Vice President

Li Cong
Head Of Finance
Department

Interim Condensed Consolidated Statement of Changes in Equity

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

	Other reserves								Total
	Share capital	Capital surplus	Surplus reserve	General Reserve	Revaluation	Remeasurement	Retained earnings	Non-controlling interests	
					reserve for AFS	of retirement benefits			
	Note 27	Note 27	Note 28	Note 28	Note 28	Note 28			
Balance at 1 January 2017	3,127,055	4,680,638	1,872,431	4,042,421	233,262	(2,467)	9,858,572	-	23,811,912
Net profit for the period	-	-	-	-	-	-	2,249,307	10,074	2,259,381
Other comprehensive income	-	-	-	-	(347,586)	711	-	-	(346,875)
Total comprehensive income	-	-	-	-	(347,586)	711	2,249,307	10,074	1,912,506
Contribution of non-controlling shareholders	-	-	-	-	-	-	-	1,470,000	1,470,000
Dividends (Note 29)	-	-	-	-	-	-	(909,973)	-	(909,973)
Transfer to other reserves	-	-	-	690,895	-	-	(690,895)	-	-
Balance at 30 June 2017 (Unaudited)	3,127,055	4,680,638	1,872,431	4,733,316	(114,324)	(1,756)	10,507,011	1,480,074	26,284,445
Balance at 1 January 2016	3,127,055	4,680,638	1,522,214	3,426,582	390,730	(2,227)	8,148,003	-	21,292,995
Net profit for the period	-	-	-	-	-	-	2,029,884	-	2,029,884
Other comprehensive income	-	-	-	-	5,033	(615)	-	-	4,418
Total comprehensive income	-	-	-	-	5,033	(615)	2,029,884	-	2,034,302
Dividends (Note 29)	-	-	-	-	-	-	(825,542)	-	(825,542)
Transfer to other reserves	-	-	-	615,839	-	-	(615,839)	-	-
Balance at 30 June 2016 (Unaudited)	3,127,055	4,680,638	1,522,214	4,042,421	395,763	(2,842)	8,736,506	-	22,501,755

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

Interim Condensed Consolidated Statement of Cash Flow

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

	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Cash flows from operating activities:		
Profit before income tax	2,829,585	2,684,825
Adjustments:		
Depreciation and amortisation	90,842	83,551
Impairment losses on loans	589,645	950,808
Impairment losses on other assets	574,216	107,195
Net (gains)/losses on disposal of property, plant and equipment and foreclosed assets	(379)	9
Fair value losses	8,130	3,540
Net gains arising from financial investments	(178,114)	(3,107)
Share of profit of associates	(44,638)	(1,329)
Interest income arising from investment securities	(3,399,482)	(3,122,128)
Interest expense arising from debt securities issued	1,425,572	562,658
Net increase in operating assets:		
Net increase in restricted deposits with central bank	(972,366)	(2,337,268)
Net increase in due from and placements with banks and other financial institutions	(4,568,194)	(2,132,415)
Net decrease in financial assets held under resale agreement	6,777,060	8,180,127
Net increase in loans and advances to customers	(13,766,366)	(18,230,253)
Net increase in other operating assets	(992,204)	(615,154)
Net decrease in operating liabilities:		
Net increase/(decrease) in borrowings from central bank	42,852	(1,320,355)
Net decrease in due to and loans from banks and other financial institutions	(417,326)	(13,400,174)
Net decrease in financial assets sold under repurchase agreement	(10,219,801)	(11,045,011)
Net increase in customer deposits	9,111,424	24,416,919
Net increase/(decrease) in other operating liabilities	1,252,401	(2,367,487)
Income tax paid	(756,283)	(773,501)
Net cash outflows from operating activities	(12,613,426)	(18,358,550)

Interim Condensed Consolidated Statement of Cash Flow

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

	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Cash flows from investing activities:		
Dividends received	21,902	–
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	19,063	12,247
Purchase of property, plant and equipment, intangible assets and other long-term assets	(148,964)	(124,869)
Proceeds from sale and redemption of investments	166,652,418	147,055,285
Purchase of securities investments	(181,477,402)	(149,573,787)
Net cash outflows from investing activities	(14,932,983)	(2,631,124)
Cash flows from financing activities:		
Capital contribution by non-controlling interests of a subsidiary	1,470,000	–
Proceeds from issuance of debt securities and inter-bank certificates of deposit	85,732,823	37,658,945
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	(54,520,000)	(12,900,000)
Interest paid in relation to debt securities issued	(263,800)	(197,800)
Dividends paid to shareholders	(3,726)	(431)
Net cash inflows from financing activities	32,415,297	24,560,714
Impact from exchange rate changes on cash and cash equivalents	(62,630)	41,672
Net increase in cash and cash equivalents	4,806,258	3,612,712
Cash and cash equivalents at the beginning of the period	24,788,329	18,118,269
Cash and cash equivalents at the end of the period (Note 34)	29,594,587	21,730,981

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

Notes to the Unaudited Condensed Interim Financial Information

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

1 GENERAL INFORMATION

Bank of Chongqing Co., Ltd. (“the Bank”) was formerly known as Chongqing Urban Cooperative Bank (重慶城市合作銀行), which was established by consolidating 37 urban credit cooperatives and one urban credit union in Chongqing with the approval of Yinfu [1996] No. 140 by the People’s Bank of China (“PBOC”). On 30 March 1998, the Bank was renamed as “Commercial Bank of Chongqing Co., Ltd.” (重慶市商業銀行股份有限公司) with the approval of Yuyinfu [1998] No. 48 by the PBOC Chongqing Branch. On 1 August 2007, the Bank was further renamed as “Bank of Chongqing Co., Ltd.” (重慶銀行股份有限公司) with the approval of Yinjianfu [2007] No. 325 by the China Banking Regulatory Commission (“CBRC”). On 6 November 2013, the Bank was listed on the Stock Exchange of Hong Kong Limited.

Headquartered in Chongqing, the Bank operates in Chongqing, Sichuan Province, Guizhou Province and Shaanxi Province in the People’s Republic of China (the “PRC”).

As at 30 June 2017, the Bank operated its business through 138 sub-branches including Head Office Business Department, a small enterprise credit centre, and 4 primary branches covering all 38 districts and counties of Chongqing as well as three provinces in western China, namely Sichuan province, Shaanxi province and Guizhou province.

The principal activities of the Bank and its subsidiary (together, “the Group”) include deposit taking, loan lending, settlement services, financial leasing and other services as approved by the respective regulators.

This interim condensed consolidated financial information were approved by the Board of Directors of the Bank on 18 August 2017.

The condensed consolidated financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2017 as comparative information does not constitute the Group’s annual financial statements.

2 BASIS OF PRESENTATION, PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

(a) Basis of presentation

The condensed consolidated interim financial information of the Group has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” and disclosure requirements of “the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited”. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

(b) Principal accounting policies

Except as described below, the Group's accounting policies applied in preparing this condensed consolidated interim financial information is consistent with those policies applied in preparing the financial statements for the year ended 31 December 2016.

New and revised IFRSs effective by 1 January 2017 applied by the Group

Amendments to IAS 7	Statement of cash flows
Amendments to IAS 12	Income taxes
Amendments to IFRS 12	IASB Annual Improvements 2014-2016 cycle

Amendments to IFRSs effective for the forward year ended 31 December 2017 do not have a material impact to the Group.

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

		Effective for annual period beginning on or after
Amendments to IAS 40	Transfer of investment property	1 January 2018
Amendments to IAS 28	IASB Annual Improvements 2014-2016 cycle	1 January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Lease	1 January 2019
IFRS 17	Insurance contracts	1 January 2021

IFRS 9 will have an impact on the Group's financial statements. The Group has set up a project team to carry out preparatory work in phases. The Group will establish new financial asset classification standards, revise the financial asset impairment model and related disclosures in the financial statements in accordance with IFRS 9. The Group will also update the internal controls and policies and upgrade the relevant IT system to meet the IFRS 9 implementation requirements. The Group anticipates the overall implementation preparation to be completed by the end of 2017. Currently the Group is carrying out the preparatory work as planned, and in the process of evaluating the impact of IFRS 9 implementation on the Group's consolidated financial statements.

The Group is considering the impact of IFRS 16 on the Group's consolidated financial statements.

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

(b) Principal accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and subsidiary (including structured entities) controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Bank and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the shareholders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

3 SUBSIDIARY

As at 30 June 2017, details of the Bank's subsidiary are set out below:

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

	Assets	Liabilities	Revenue	Profit
Chongqing Xinyu Financial Leasing Co., Ltd.	3,161,450	140,890	72,240	20,560

4 NET INTEREST INCOME

	For the six months ended 30 June	
	2017	2016
Interest income		
Loans and advances to customers	4,391,519	4,090,496
Investment securities	3,363,356	3,031,411
Due from other banks and financial institutions	933,455	682,209
Balances with central bank	286,249	263,760
Financial assets at fair value through profit or loss	36,126	90,717
	9,010,705	8,158,593
Interest expense		
Customer deposits	(2,622,514)	(2,558,740)
Debt securities issued	(1,425,572)	(562,658)
Due to other banks and financial institutions	(929,849)	(1,110,231)
	(4,977,935)	(4,231,629)
Net interest income	4,032,770	3,926,964

	For the six months ended 30 June	
	2017	2016
Interest income accrued on loans and advances to customers individually impaired	56,899	39,142

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

5 NET FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2017	2016
Fee and commission income		
Custodian services	206,486	365,698
Financial advisory and consulting services	41,330	59,064
Wealth management agency services	444,870	371,463
Bank card services	132,714	90,888
Settlement and agency services	39,346	31,560
Credit commitments	75,147	71,374
	939,893	990,047
Fee and commission expense		
Settlement and agency services	(25,275)	(25,155)
Bank card services	(10,865)	(8,312)
Third party online product services	(48,439)	–
Others	(7,022)	(7,596)
	(91,601)	(41,063)
Net fee and commission income	848,292	948,984

6 NET TRADING (LOSSES)/GAINS

	For the six months ended 30 June	
	2017	2016
Foreign exchange	1,840	4,375
Interest rate instruments	(8,130)	(3,540)
	(6,290)	835

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 2017, foreign exchange gains/(losses) referred to gains from spot exchange, amounting to RMB6,114 thousand (for the six months ended 30 June 2016: losses of RMB8,823 thousand).

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

7 OTHER OPERATING INCOME

	For the six months ended 30 June	
	2017	2016
Dividend income from unlisted AFS investments	21,902	–
Compensation on breach of contract and penalty ^(a)	11,843	726
Government grants ^(b)	7,786	3,261
Gains on sale of foreclosed assets	379	–
Rental income from investment properties	234	578
Gains on sale of property, plant and equipment	–	2
Other miscellaneous income	2,553	4,409
	44,697	8,976

(a) Compensation on breach of contract and penalty is mainly from the amount of deposits withheld against non-performance of contract by counterparties.

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

8 OPERATING EXPENSES

	Note	For the six months ended 30 June	
		2017	2016
Staff costs (including emoluments of directors and supervisors)	9	672,382	487,033
General and administrative expenses		256,626	304,654
Depreciation of property, plant and equipment	19	62,149	58,079
Tax and surcharges		40,214	216,911
Payments under operating lease		39,143	33,757
Professional fees		19,331	11,199
Amortisation of intangible assets	20(c)	13,735	11,264
Amortisation of long-term prepaid expenses		12,370	11,620
Amortisation of land use rights	20(b)	2,432	2,432
Donations		1,800	9,150
Depreciation of investment properties	20(d)	156	156
Others		6,535	1,112
		1,126,873	1,147,367

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

9 STAFF COSTS (INCLUDING EMOLUMENTS OF DIRECTORS AND SUPERVISORS)

	Note	For the six months ended 30 June	
		2017	2016
Salaries and bonuses		468,595	286,247
Pension expenses	25	74,546	71,957
Housing benefits and subsidies		37,453	37,645
Labour union and staff education expenses		10,854	8,229
Other social security and benefit expenses		80,934	82,955
		672,382	487,033

10 IMPAIRMENT LOSSES

	Note	For the six months ended 30 June	
		2017	2016
Loans and advances to customers			
– Collectively assessed	16(b)	(61,904)	590,860
– Individually assessed	16(b)	651,549	359,948
Loans and receivables	17	560,743	104,066
Others		13,473	3,129
		1,163,861	1,058,003

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

11 INCOME TAX

	Note	For the six months ended 30 June	
		2017	2016
Current income tax		556,127	797,670
Deferred income tax	24	14,077	(142,729)
		570,204	654,941

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

The difference between the actual income tax charge in the condensed consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2016: 25%) to profit before income tax can be reconciled as follows:

	For the six months ended 30 June	
	2017	2016
Profit before income tax	2,829,585	2,684,825
Tax calculated at a tax rate of 25%	707,396	671,206
Tax effect arising from non-taxable income ^(a)	(79,550)	(40,041)
Tax effect of expenses that are not deductible for tax purposes ^(b)	19,009	21,483
Income tax adjustment for prior years	(76,651)	2,293
Income tax	570,204	654,941

(a) The non-taxable income mainly represents interest income arising from treasury bonds, which is tax free in accordance with the PRC tax regulation.

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

12 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	
	2017	2016
Net profit attributable to shareholders of the Bank (in RMB'000)	2,249,307	2,029,884
Weighted average number of ordinary shares(thousand)	3,127,055	3,127,055
Basic earnings per share (in RMB)	0.72	0.65

- (b) Diluted earnings per share

For the six months ended 30 June 2017 and 2016, there were no potential diluted ordinary shares. Therefore, the diluted earnings per share are the same as the basic earnings per share.

13 CASH AND BALANCES WITH CENTRAL BANK

	30 June 2017	31 December 2016
Cash	545,813	638,068
Statutory reserve deposits	33,562,154	32,587,061
Surplus reserve deposits	7,914,026	9,567,344
Fiscal deposits	18,288	21,015
	42,040,281	42,813,488

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

As at the end of the reporting period, the statutory reserve deposits rates of the Group were as follows:

	30 June 2017	31 December 2016
Statutory reserve rate for RMB deposits	14.5%	14.5%
Statutory reserve rate for foreign currencies deposits	5%	5%

Statutory reserve deposits with central bank are not available for the Group in its daily business.

Balances other than statutory reserve deposits with the central bank are mainly for clearing.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

14 DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2017	31 December 2016
Deposits with other banks and financial institutions	24,279,223	10,540,603
Notes held under resale agreements	24,302,409	37,510,169
Securities held under resale agreements	6,430,700	–
Placements with other banks and financial institutions	5,036,984	7,655,580
	60,049,316	55,706,352

As at 30 June 2017, there was no individually impaired due from other banks and financial institutions (as at 31 December 2016: nil).

For the six months ended 30 June 2017, there is no impairment allowance on amounts due from other banks and financial institutions and no write-off amount (for the year ended at 31 December 2016: nil).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017	31 December 2016
Government debt securities		
– Unlisted	192,233	197,248
Other debt securities – Corporate bonds		
– Listed outside Hong Kong	376,326	520,525
– Unlisted	156,641	164,204
	725,200	881,977

All the unlisted trading debt securities are traded in the inter-bank bond market in Mainland China.

As at 30 June 2017, the trading securities of the Group pledged to third parties under repurchase agreements amounted to RMB99,000 thousand (as at 31 December 2016: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	30 June 2017	31 December 2016
Loans and advances to corporate entities		
– Corporate loans	106,864,187	105,349,815
– Discounted bills	2,461,604	4,839,011
Subtotal	109,325,791	110,188,826
Retail loans		
– Personal consumption loans	20,662,107	7,161,329
– Mortgage loans	18,955,654	18,331,192
– Personal business loans	11,466,171	11,943,743
– Credit cards advances	3,799,048	3,395,551
Subtotal	54,882,980	40,831,815
Total	164,208,771	151,020,641
Less: Allowance for impairment losses		
– Collectively assessed	(3,439,146)	(3,501,050)
– Individually assessed	(963,952)	(730,545)
Total	(4,403,098)	(4,231,595)
Carrying amount	159,805,673	146,789,046

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

Analysed by collective or individual impairment:

	For the six months ended 30 June 2017	
	Collective impairment	Individual impairment
Balance at the beginning of the period	3,501,050	730,545
Impairment allowances for loans and advances charged to profit or loss	197,953	868,541
Reversal of impairment allowances for loans and advances	(259,857)	(216,992)
Net impairment allowances for loans and advances charged to profit or loss (note 10)	(61,904)	651,549
Unwind of discount on allowances	–	(56,899)
Loans and advances written off during the period as uncollectible	–	(578,236)
Recoveries of loans and advances written off in prior periods	–	216,993
Balance at the end of the period	3,439,146	963,952
	For the year ended 31 December 2016	
	Collective impairment	Individual impairment
Balance at the beginning of the year	2,492,792	460,142
Impairment allowances for loans and advances charged to profit or loss	1,344,786	1,320,137
Reversal of impairment allowances for loans and advances	(336,528)	(447,332)
Net impairment allowances for loans and advances charged to profit or loss	1,008,258	872,805
Unwind of discount on allowances	–	(112,399)
Loans and advances written off during the year as uncollectible	–	(548,287)
Recoveries of loans and advances written off in prior years	–	58,284
Balance at the end of the year	3,501,050	730,545

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

Analysed by corporate or retail loans:

	For the six months ended 30 June 2017	
	Corporate	Retail
Balance at the beginning of the period	3,253,544	978,051
Impairment allowances for loans and advances charged to profit or loss	640,802	425,692
Reversal of impairment allowances for loans and advances	(350,012)	(126,837)
Net impairment allowances for loans and advances charged to profit or loss	290,790	298,855
Unwind of discount on allowances	(43,229)	(13,670)
Loans and advances written off during the period as uncollectible	(554,659)	(23,577)
Recoveries of loans and advances written off in prior periods	207,430	9,563
Balance at the end of the period	3,153,876	1,249,222
	For the year ended 31 December 2016	
	Corporate	Retail
Balance at the beginning of the year	2,042,541	910,393
Impairment allowances for loans and advances charged to profit or loss	1,953,453	711,470
Reversal of impairment allowances for loans and advances	(343,726)	(440,134)
Net impairment allowances for loans and advances charged to profit or loss	1,609,727	271,336
Unwind of discount on allowances	(84,366)	(28,033)
Loans and advances written off during the year as uncollectible	(351,420)	(196,867)
Recoveries of loans and advances written off in prior years	37,062	21,222
Balance at the end of the year	3,253,544	978,051

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2017		31 December 2016	
	Impaired loans	Specific provision	Impaired loans	Specific provision
Corporate	1,388,285	647,189	1,048,222	546,847
Retail	670,341	316,763	394,277	183,698
	2,058,626	963,952	1,442,499	730,545

	30 June 2017	31 December 2016
Individually impaired loans ratio	1.25%	0.96%

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) The composition of loans and advances to customers by industry or nature is analysed as follows

	30 June 2017		31 December 2016	
	Amount	%	Amount	%
Corporate loans				
Water conservation, environment and public facility administration	19,472,714	17.81	14,326,733	13.00
Manufacturing	19,297,748	17.65	18,591,598	16.87
Real estate	15,449,961	14.13	17,168,657	15.58
Wholesale and retail	15,077,452	13.79	15,955,891	14.48
Leasing and commercial services	13,840,807	12.66	13,353,418	12.12
Construction	7,608,190	6.96	9,067,295	8.23
Mining	2,833,984	2.59	3,117,867	2.83
Public administration, social security and social organizations	2,170,000	1.99	2,365,000	2.15
Transportation, storage and postal service	2,009,461	1.84	2,035,713	1.85
Electricity, gas and water production and supply	2,006,081	1.84	2,136,919	1.94
Household services and other services	1,764,234	1.61	1,933,136	1.75
Agriculture, forestry, animal husbandry and fishery	1,475,180	1.35	1,613,366	1.46
Health and social welfare	1,183,018	1.08	826,063	0.75
Education	728,584	0.67	783,484	0.71
Scientific research and technology services	561,636	0.51	393,669	0.36
Accommodation and catering	549,456	0.50	572,051	0.52
Information transmission, software and information technology services	397,917	0.37	609,579	0.55
Culture, sports and entertainment	219,491	0.20	261,315	0.24
Financing	218,273	0.20	238,061	0.22
Discounted bills	2,461,604	2.25	4,839,011	4.39
Total corporate loans	109,325,791	100.00	110,188,826	100.00
Retail loans				
Personal consumption loans	20,662,107	37.65	7,161,329	17.54
Mortgage loans	18,955,654	34.54	18,331,192	44.89
Personal business loans	11,466,171	20.89	11,943,743	29.25
Credit card advances	3,799,048	6.92	3,395,551	8.32
Total retail loans	54,882,980	100.00	40,831,815	100.00
Gross amount of loans and advances	164,208,771		151,020,641	

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2017	31 December 2016
Collateralised loans	73,318,063	78,018,314
Guaranteed loans	64,281,223	48,515,413
Pledged loans	14,810,019	16,179,930
Unsecured loans	11,799,466	8,306,984
Total	164,208,771	151,020,641

(f) Credit quality of loans and advances to customers

	30 June 2017		31 December 2016	
	Loans and advances to customers	Discounted bills and trade finance	Loans and advances to customers	Discounted bills and trade finance
Neither past due nor impaired ⁽ⁱ⁾	151,876,162	3,937,627	139,774,288	5,598,856
Past due but not impaired ⁽ⁱⁱ⁾	6,336,356	–	4,204,998	–
Individually impaired ⁽ⁱⁱⁱ⁾	2,058,626	–	1,442,499	–
Gross	160,271,144	3,937,627	145,421,785	5,598,856
Less: Collective impairment allowances	(3,395,045)	(44,101)	(3,438,343)	(62,707)
Individual impairment allowances	(963,952)	–	(730,545)	–
Total allowances	(4,358,997)	(44,101)	(4,168,888)	(62,707)
Net	155,912,147	3,893,526	141,252,897	5,536,149

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Credit quality of loans and advances to customers (Continued)

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

The Group oversees the credit risk of corporate loans and advances neither past due nor impaired by customer grading system.

30 June 2017	Internal rating		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	92,943,969	2,563,470	95,507,439
– Financial lease	3,047,150	–	3,047,150
– Discounted bills	2,461,604	–	2,461,604
– Trade finance	1,476,023	–	1,476,023
Subtotal	99,928,746	2,563,470	102,492,216
Retail loans	53,015,490	306,083	53,321,573
Total	152,944,236	2,869,553	155,813,789
<hr/>			
31 December 2016	Internal rating		
	Pass	Special mention	Total
Corporate entities			
– Commercial loans	97,034,563	2,858,474	99,893,037
– Discounted bills	4,839,011	–	4,839,011
– Trade finance	759,845	–	759,845
Subtotal	102,633,419	2,858,474	105,491,893
Retail loans	39,476,271	404,980	39,881,251
Total	142,109,690	3,263,454	145,373,144

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Credit quality of loans and advances to customers (Continued)

(ii) *Loans and advances past due but not impaired*

	30 June 2017				Total
	Past due up to 30 days	Past due 31 – 60 days	Past due 61 – 90 days	Past due over 90 days	
Corporate customers	2,455,874	561,736	686,573	1,741,107	5,445,290
Retail customers	420,194	135,897	80,207	254,768	891,066
Total	2,876,068	697,633	766,780	1,995,875	6,336,356

	31 December 2016				Total
	Past due up to 30 days	Past due 31 – 60 days	Past due 61 – 90 days	Past due over 90 days	
Corporate customers	2,130,849	427,338	350,826	739,698	3,648,711
Retail customers	279,291	48,666	39,069	189,261	556,287
Total	2,410,140	476,004	389,895	928,959	4,204,998

(iii) *Loans and advances individually assessed for impairment*

As at 30 June 2017, loans and advances individually assessed for impairment before taking into consideration of the collateral held amounted to RMB2,058,626 thousand (as at 31 December 2016: RMB1,442,499 thousand).

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

	30 June 2017	31 December 2016
Loans and advances individually assessed for impairment		
Corporate customers	1,388,285	1,048,222
Retail customers	670,341	394,277
Total	2,058,626	1,442,499
Fair value of collaterals		
Corporate customers	900,914	507,181
Retail customers	537,135	256,676
Total	1,438,049	763,857

Note: The fair value of collaterals is estimated based on the latest available external valuations, the realisation experience of the current collaterals and the market conditions. The fair value of the collaterals listed above does not exceed the credit risk exposure of the corresponding loan and advances.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Package disposal of loans and advances to customers

For the six months ended 30 June 2017, the Group disposed of packaged loans to the third parties with a gross amount of RMB1,914,013 thousand (for the year ended 30 June 2016: 983,819 thousand) and collected cash totalling RMB876,000 thousand. The difference between the gross carrying amount and cash collected had already been written off. The Bank derecognised these loans accordingly.

17 INVESTMENT SECURITIES

	30 June 2017	31 December 2016
Investment securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust investments ^(a)	37,377,914	35,231,091
– Directional asset management plans ^(b)	38,414,249	28,793,071
– Wealth management products purchased from financial institutions	6,039,307	8,423,514
– Local government bonds	5,622,900	4,096,900
– Asset-Backed Securities	–	6,010
Impairment allowances	(1,146,531)	(799,831)
Loans and receivables (net)	86,307,839	75,750,755
Investment securities – AFS		
Debt securities – at fair value		
– Listed outside Hong Kong	4,926,880	4,976,026
– Unlisted	24,521,377	18,332,753
Debt securities	29,448,257	23,308,779
Equity securities – at fair value		
– Unlisted	8,600	576,664
Equity securities	8,600	576,664
Others	14	14
AFS (Total)	29,456,871	23,885,457
Investment securities – HTM		
Debt securities – at amortised cost		
– Listed outside Hong Kong	13,369,041	13,750,809
– Unlisted	7,309,911	6,043,733
HTM (Total)	20,678,952	19,794,542

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

17 INVESTMENT SECURITIES (Continued)

Movement of impairment allowance for investment securities:

	Loans and receivables	AFS	HTM	Total
As at 1 January 2017	799,831	–	–	799,831
Provision in the period (Note 10)	560,743	–	–	560,743
Written off in the period	(214,043)	–	–	(214,043)
As at 30 June 2017	1,146,531	–	–	1,146,531
As at 1 January 2016	271,286	–	–	271,286
Provision in the year	541,021	–	–	541,021
Reversal in the year	(12,476)	–	–	(12,476)
As at 31 December 2016	799,831	–	–	799,831

Investment securities are analysed by issuer as follows:

	30 June 2017	31 December 2016
Investment securities – loans and receivables		
– Trust company	31,314,659	35,237,101
– Securities company	25,988,828	14,455,970
– Asset management company	18,286,950	14,186,078
– Commercial bank	6,039,307	8,423,514
– Local government	5,622,900	4,096,900
– Fund company	201,726	151,023
Impairment allowances	(1,146,531)	(799,831)
	86,307,839	75,750,755
Investment securities – AFS		
– Corporate entity	19,293,751	16,570,761
– Fund company	6,000,000	2,600,000
– Policy bank	3,039,904	3,581,372
– Commercial bank	799,583	50,564
– Government	187,993	194,728
– Trust company	127,026	311,354
– Equity investment at fair value	8,600	576,664
– Others	14	14
	29,456,871	23,885,457
Investment securities – HTM		
– Government	17,016,197	16,167,633
– Policy bank	3,212,755	3,176,909
– Commercial bank	420,000	420,000
– Corporate entity	30,000	30,000
	20,678,952	19,794,542

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

17 INVESTMENT SECURITIES (Continued)

(a) Trust investments:

	30 June 2017	31 December 2016
Trust investments purchased from trust company		
– collateralised by properties	17,503,292	17,785,743
– guaranteed by third-party company	13,315,274	7,461,000
– guaranteed by other bank	1,000,000	1,000,000
– pledged by certificates of deposit	871,300	1,220,300
– unsecured	463,048	468,048
– guaranteed by guarantee company	125,000	565,000
Subtotal	33,277,914	28,500,091
Trust investments purchased from commercial bank		
– guaranteed by other bank	4,100,000	6,731,000
Total	37,377,914	35,231,091

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

17 INVESTMENT SECURITIES (Continued)

(b) Directional asset management plans:

	30 June 2017	31 December 2016
The asset management plan purchased from security company		
– guaranteed by third-party company	11,586,550	2,539,010
– unsecured	4,946,063	6,382,672
– collateralised by properties	1,880,000	880,000
– pledged by certificates of deposit	646,480	2,076,808
– guaranteed by other bank	–	721,000
Subtotal	19,059,093	12,599,490
The asset management plan purchased from commercial bank		
– guaranteed by other bank	866,480	1,856,480
The asset management plans purchased from asset management company		
– unsecured	15,159,048	13,447,176
– guaranteed by third-party company	2,670,000	380,000
– guaranteed by fund company	367,902	358,902
– guaranteed by guarantee company	90,000	–
Subtotal	18,286,950	14,186,078
Asset management plans purchased from fund company		
– unsecured	201,726	151,023
Total	38,414,249	28,793,071

Net gains on investment securities include:

	For the six months ended 30 June	
	2017	2016
Net (losses)/gains arising from de-recognition of held-for-trading financial assets	(14,472)	1,845
Net gains arising from de-recognition of AFS financial assets	170,684	1,262
	156,212	3,107

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

18 INVESTMENT IN ASSOCIATES

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Balance at the beginning of the period/year	238,394	29,214
Additional investment in associates	563,298	205,270
Share of profit of associates	44,638	3,910
Balance at the end of the period/year	846,330	238,394

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

As at 15 June 2015, the Group invested RMB54,000 thousand in Mashang Consumer Finance Co., Ltd. (“Mashang Finance”). As at 14 August 2016, the Group increased the investment to RMB205,270 thousand accounting for 15.79% of equity interest of RMB1.3 billion registered capital.

Since two of eleven directors of Mashang Finance are appointed by the Group, the Group has significant influence on Mashang Finance. Therefore Mashang Finance is regarded as an associate of the Group.

Pursuant to the resolution of board meeting of Chongqing Three Gorges Bank Co., Ltd. (“Three Gorges Bank”) on 21 April 2017, the Bank appointed a director to board of Three Gorges Bank that day, and therefore, the Group had significant influence on Three Gorges Bank. Three Gorges Bank became the associated company of the Group. The registered capital of invested company is RMB4,406,304 thousand and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB379,024 thousand.

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

	Place of Incorporation	Assets	Liabilities	Revenue	Profit	Shareholding
As at 30 June 2017						
Xingyi Wanfeng	PRC	2,009,436	1,839,700	36,911	5,105	20%
Mashang Finance	PRC	20,932,012	19,505,023	1,266,150	133,556	15.79%
Three Gorges Bank	PRC	184,088,795	171,692,990	1,728,678	789,142	4.97%
As at 31 December 2016						
Xingyi Wanfeng	PRC	1,531,825	1,367,062	65,165	20,734	20%
Mashang Finance	PRC	7,629,866	6,336,434	157,911	6,522	15.79%

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

19 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2017	2,096,422	18,923	359,471	122,171	849,443	3,446,430
Additions	12,436	950	21,528	6,476	73,490	114,880
Construction in progress transfer in/(out)	10,893	–	–	–	(10,893)	–
Disposals	–	–	(20,238)	(1,628)	–	(21,866)
Transfer to amortisation of long-term prepaid expenses	–	–	–	–	(197)	(197)
As at 30 June 2017	2,119,751	19,873	360,761	127,019	911,843	3,539,247
Accumulated depreciation						
As at 1 January 2017	(408,644)	(17,436)	(242,636)	(86,478)	–	(755,194)
Depreciation in the period (Note 8)	(33,229)	(432)	(21,458)	(7,030)	–	(62,149)
Disposals	–	–	13,611	1,575	–	15,186
As at 30 June 2017	(441,873)	(17,868)	(250,483)	(91,933)	–	(802,157)
Net book value						
As at 30 June 2017	1,677,878	2,005	110,278	35,086	911,843	2,737,090
Cost						
As at 1 January 2016	1,906,962	18,478	316,984	115,446	907,708	3,265,578
Additions	8,931	445	42,995	6,769	122,837	181,977
Construction in progress transfer in/(out)	180,624	–	–	–	(180,624)	–
Disposals	(95)	–	(508)	(44)	–	(647)
Transfer to amortisation of long-term prepaid expenses	–	–	–	–	(478)	(478)
As at 31 December 2016	2,096,422	18,923	359,471	122,171	849,443	3,446,430
Accumulated depreciation						
As at 1 January 2016	(344,645)	(16,535)	(205,377)	(72,014)	–	(638,571)
Depreciation in the period	(64,090)	(901)	(37,762)	(14,507)	–	(117,260)
Disposals	91	–	503	43	–	637
As at 31 December 2016	(408,644)	(17,436)	(242,636)	(86,478)	–	(755,194)
Net book value						
As at 31 December 2016	1,687,778	1,487	116,835	35,693	849,443	2,691,236

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

20 OTHER ASSETS

	30 June 2017	31 December 2016
Interest receivable ^(a)	2,461,592	2,238,064
Other receivables	1,454,628	547,601
Less: Impairment allowances	(10,665)	(6,086)
Fee and commission receivable	402,274	360,966
Land use rights ^(b)	155,888	158,320
Intangible assets ^(c)	76,891	74,013
Leasehold improvement	58,628	58,587
Prepaid rental expenses	29,343	24,740
Foreclosed assets	22,775	24,812
Settlement fund	7,997	51,310
Investment properties ^(d)	4,247	4,403
Other	10,405	10,486
	4,674,003	3,547,216

(a) *Interest receivable*

	30 June 2017	31 December 2016
Investment securities	1,655,714	1,499,795
Loans and advances to customers	694,860	635,384
Due from and placements with central bank, other banks and financial institutions	111,018	102,885
	2,461,592	2,238,064

(b) *Land use rights*

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Cost		
Balance at the beginning and the end of the period/year	194,165	194,165
Accumulated amortisation		
Balance at the beginning of the period/year	(35,845)	(30,982)
Additions (Note 8)	(2,432)	(4,863)
Balance at the end of the period/year	(38,277)	(35,845)
Net book value		
Balance at the end of the period/year	155,888	158,320

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

20 OTHER ASSETS (Continued)

(c) *Intangible assets*

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Cost		
Balance at the beginning of the period/year	180,983	153,175
Additions	16,613	27,808
Balance at the end of the period/year	197,596	180,983
Accumulated amortisation		
Balance at the beginning of the period/year	(106,970)	(83,746)
Additions (Note 8)	(13,735)	(23,224)
Balance at the end of the period/year	(120,705)	(106,970)
Net book value		
Balance at the end of the period/year	76,891	74,013

(d) *Investment properties*

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Cost		
Balance at the beginning and the end of the period/year	9,868	9,868
Accumulated depreciation		
Balance at the beginning of the period/year	(5,465)	(5,154)
Additions (Note 8)	(156)	(311)
Balance at the end of the period/year	(5,621)	(5,465)
Net book value		
Balance at the end of the period/year	4,247	4,403

21 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 June 2017	31 December 2016
Deposits from other banks	32,969,415	28,190,198
Deposits from other financial institutions	9,508,018	12,126,278
Securities sold under repurchase agreements	4,968,900	2,984,720
Borrowings from central bank	2,000,000	1,957,148
Notes sold under repurchase agreements	302,511	12,506,491
Loans from other banks and financial institutions	7,667	2,585,950
	49,756,511	60,350,785

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

22 CUSTOMER DEPOSITS

	30 June 2017	31 December 2016
Corporate time deposits	84,967,986	86,326,675
Corporate demand deposits	71,535,657	68,206,142
Individual time deposits	55,229,980	49,013,416
Individual demand deposits	9,705,638	9,681,691
Other deposits	17,265,956	16,365,869
	238,705,217	229,593,793
Including:		
Security deposits	9,184,063	11,115,432

23 OTHER LIABILITIES

	30 June 2017	31 December 2016
Interest payable ^(a)	2,881,604	2,502,862
Wealth management products	1,322,700	480,119
Dividends payable	926,034	16,259
Other payables	574,914	481,999
Employee benefits payable	471,937	558,066
Value-added tax and other taxes payable	132,625	249,478
Deferred income	122,390	70,000
Promissory notes issued	998	67,003
Others	113,176	28,147
	6,546,378	4,453,933

(a) *Interest payable*

	30 June 2017	31 December 2016
Customer deposits	2,495,930	2,042,368
Deposits from other banks and financial institutions	256,633	263,143
Debt securities issued	129,041	197,351
Total	2,881,604	2,502,862

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

24 DEFERRED INCOME TAX

Deferred income tax was calculated on all temporary differences under the liability method using an effective tax rate of 25% for the six months ended 30 June 2017 (for the year ended 31 December 2016: 25%) for transactions.

Movements in the deferred income tax account is as follows:

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Balance at the beginning of the period/year	1,005,271	505,920
Charge to profit or loss (Note11)	(14,077)	446,862
Fair value changes of AFS	115,862	52,489
Balance at the end of the period/year	1,107,056	1,005,271

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

	30 June 2017	31 December 2016
Deferred income tax assets		
Assets impairment allowances	968,419	863,642
Fair value losses	38,167	–
Others	166,051	230,422
	1,172,637	1,094,064
Deferred income tax liabilities		
Fair value gains	(5,572)	(85,300)
Profit of investment in associates	(60,009)	–
Others	–	(3,493)
	(65,581)	(88,793)
Net deferred income tax assets	1,107,056	1,005,271

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

	For the six months ended 30 June	
	2017	2016
Assets impairment allowances	104,777	184,132
Fair value losses	2,033	885
Profit of investment in associates	(60,009)	–
Others	(60,878)	(42,288)
	(14,077)	142,729

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

25 RETIREMENT BENEFIT OBLIGATIONS

The Group provides supplementary retirement benefits to employees in Mainland China who retired before 30 June 2011. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of future benefits that the Group is committed to paying to the employees after their retirement using actuarial techniques. Such benefits are discounted to determine their present values. The discount rate is the yield on government bonds at the balance sheet date, the maturity dates of which approximate to the terms of the Group's obligations. Actuarial gains and losses, changes in actuarial assumptions and amendments to pension plan are charged to the statement of comprehensive income as they occur. The amounts recognised in the statement of financial position represent the present value of unfunded obligations plus any unrecognised actuarial gains and losses net of any unrecognised past service cost.

Since 1 January 2010, employees of the Group voluntarily participate in an annuity plan set up by the Group in accordance with state's corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary in previous year, which is recognised in the statement of comprehensive income.

	For the six months ended 30 June	
	2017	2016
Expenses incurred for retirement benefit plan	53,075	50,942
Expenses incurred for supplementary retirement benefits	440	383
Expenses incurred for corporate annuity plan	21,031	20,632
Total (Note 9)	74,546	71,957

	30 June 2017	31 December 2016
Statement of financial position obligations for:		
– Retirement benefits	21,454	22,745

	For the six months ended 30 June	
	2017	2016
Statement of comprehensive income charge for:		
– Retirement benefits	440	383

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

	30 June 2017	31 December 2016
Present value of unfunded obligations	21,454	22,745
Unrecognised past service cost	–	–
Net liabilities in the statement of financial position	21,454	22,745

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

26 DEBT SECURITIES ISSUED

	30 June 2017	31 December 2016
Subordinated debts		
Fixed rate subordinated debt – 202 ^{2(a)}	–	796,523
Fixed rate Tier II capital bond – 202 ^{6(b)}	1,497,278	1,497,168
Fixed rate Tier II capital bond – 202 ^{7(c)}	5,996,385	–
Financial debts		
Fixed rate financial debt – 201 ^{8(d)}	2,997,443	2,995,894
Inter-bank certificates of deposit ^{1(e)}	76,550,051	49,308,667
	87,041,157	54,598,252

- (a) Pursuant to a resolution at the extraordinary general meeting passed on 12 August 2011 and the Approval for Bank of Chongqing to Issue Subordinated Bonds (Yin Jian Fu [2011] No. 511) by the CBRC on 18 November 2011, the Bank issued RMB800 million subordinated bonds within the domestic inter-bank bond market of China on 20 March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 21 March 2017.

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 II capital in accordance with relevant requirements of the CBRC.

- (b) Pursuant to a resolution at the general meeting passed on 16 May 2014 and the Approval for Bank of Chongqing Co., Ltd. to Issue Tier II Capital Bonds (Yu Yin Jian Fu [2015] No. 107) by the CBRC on 21 September 2015, the Bank issued RMB1.5 billion Tier II capital bonds within the domestic inter-bank bond market of China on 19 February 2016. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 4.4% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on 22 February 2021.

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

26 DEBT SECURITIES ISSUED (Continued)

(d) Pursuant to a resolution at the extraordinary general meeting passed on 25 November 2011 and the Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds (Yin Jian Fu [2012] No. 526) by the CBRC on 21 September 2012, the Bank issued RMB3 billion 5-year financial bonds for small and micro enterprises within the domestic inter-bank bond market of China on 25 April 2013. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

(e) For the six months ended 30 June 2017, the Bank issued 117 inter-bank certificates of deposit at discounts with maturities from one month to one year. As at 30 June 2017, 112 items of them are not yet due with a total par value of RMB77.9 billion (as at 31 December 2016: RMB50 billion).

For the six months ended 30 June 2017, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuance (for the year ended 31 December 2016: nil).

27 SHARE CAPITAL AND CAPITAL SURPLUS

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

	30 June 2017	31 December 2016
Number of shares at the end of the period/year (in thousands)	3,127,055	3,127,055

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

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

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

As at 30 June 2017 and 31 December 2016, the Group's capital surplus was shown as follows:

	30 June 2017	31 December 2016
Share premium	4,679,838	4,679,838
Donations received from shareholders	800	800
	4,680,638	4,680,638

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

28 OTHER RESERVES

	Surplus reserve ^(a)	General reserve ^(b)	Revaluation reserve for AFS	Remeasurement of retirement benefits	Total
Balance at 1 January 2017	1,872,431	4,042,421	233,262	(2,467)	6,145,647
Other comprehensive income	–	–	(347,586)	711	(346,875)
Additions	–	690,895	–	–	690,895
Balance at 30 June 2017	1,872,431	4,733,316	(114,324)	(1,756)	6,489,667
Balance at 1 January 2016	1,522,214	3,426,582	390,730	(2,227)	5,337,299
Other comprehensive income	–	–	(157,468)	(240)	(157,708)
Additions	350,217	615,839	–	–	966,056
Balance at 31 December 2016	1,872,431	4,042,421	233,262	(2,467)	6,145,647

(a) *Surplus reserve*

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

The Group's statutory reserve as at 30 June 2017 amounted to RMB1,872,431 thousand (as at 31 December 2016: RMB1,872,431 thousand).

(b) *General reserve*

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

The Board of Directors of the Bank recommended appropriation of a general reserve of RMB690,895 thousand based on 1.5% of the balance of risk assets as at 31 December 2016, which has been approved at the Annual General Meeting of Shareholders on 26 May 2017. For the six months ended 30 June 2017, the Group appropriated a general reserve of RMB690,895 thousand from undistributed profits (for the six months ended 30 June 2016: RMB615,839 thousand). As at 30 June 2017, the ending balance of general reserve was RMB4,733,316 thousand (as at 31 December 2016: RMB4,042,421 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

29 DIVIDENDS

	For the six months ended 30 June	
	2017	2016
Dividends declared during the year	909,973	825,542
Dividend per share (in RMB yuan) (Based on prior year shares)	0.291	0.264

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

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

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

A dividend of RMB0.291 per share in respect of profit for the year ended 31 December 2016 (2015: RMB0.264 per share), amounting to a total dividend of RMB909,973 thousand based on the number of shares issued as at 31 December 2016, was approved at the Annual General Meeting on 26 May 2017.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

30 STRUCTURED ENTITY

(a) Consolidated structured entity

The Group has consolidated certain structured entities which mainly are wealth management products where the Group provides financial guarantee. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. For those wealth management products where the Group provides financial guarantee, the Group therefore has obligation to fund the losses, if any, in accordance with the guarantee agreements although the Group does not have any investment in those products. The Group concludes that these structured entities shall be consolidated.

As at 30 June 2017, the wealth management products managed and consolidated by the Group amounted to RMB7,855,703 thousand (as at 31 December 2016: RMB5,046,598 thousand). The financial impact of any individual wealth management products on the Group's financial performance is not significant. Interests held by other interest holders are included in customer deposits and due to other banks and financial institutions.

(b) Unconsolidated structured entity

(i) *Unconsolidated structured entities managed by the Group*

The unconsolidated structure entities managed by the Group were mainly wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designed and sold capital investment and management plan to specific targeted clients, and the raised funds were then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Group gained from investment. The Group received corresponding wealth management commission fee income as the asset manager. The Group has recognised net commission income from unsecured wealth management products with the amount of RMB390,582 thousand for the six months ended 30 June 2017 through provision of asset management service (2016: RMB637,719 thousand). The Group regarded that the variable return was insignificant as to the structured entities. As at 30 June 2017 and 31 December 2016, the maximum risk exposure of the unconsolidated structured entities was the commission fees of the wealth management product, the amount was insignificant. The group has not provided any liquidity support to the wealth management products during the six months ended 30 June 2017.

As at 30 June 2017, the balance of the unconsolidated wealth management product issued and managed by the Group was RMB48,847,532 thousand (as at 31 December 2016: RMB36,944,566 thousand). For the six months ended 30 June 2017, the Group has recognised net commission income from unsecured wealth management products with the amount of RMB390,582 thousand through provision of asset management service (for the six months ended 30 June 2016: RMB262,956 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

30 STRUCTURED ENTITY (Continued)

(b) Unconsolidated structured entity (Continued)

(ii) Unconsolidated structured entities invested by the Group

In order to make better use of capital for profit, the unconsolidated structured entities invested by the Group for the six months ended 30 June 2017 mainly included the wealth management products, trust schemes and directed asset management plans issued and managed by third parties. The Group classified the unconsolidated structured entities as loans and receivables.

The table below lists the book value and maximum loss risk exposure of the asset due to the holdings of gains from unconsolidated structured entities (including interest receivable).

30 June 2017	Book value	Maximum risk exposure
Investment securities – Loans and receivables	80,742,502	80,742,502
		Maximum risk
31 December 2016	Book value	exposure
Investment securities – Loans and receivables	71,653,855	71,653,855

For the six months ended 30 June 2017 and 30 June 2016, the interest income and fee and commission income from the above unconsolidated structured entities were:

	For the six months ended 30 June	
	2017	2016
Interest income	2,460,777	2,388,611
Fee and commission income	581,249	628,654
	3,042,026	3,017,265

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

For the six months ended 30 June 2017, there was no related loss from the above unconsolidated structured entities (for the six months ended 30 June 2016: nil).

For the six months ended 30 June 2017, the Group had not provided any financial or other support plan for unconsolidated structured entities (for the six months ended 30 June 2016: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

Financial guarantees and credit related commitments

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

	30 June 2017	31 December 2016
Acceptances	12,197,790	19,704,807
Letters of credit	5,489,189	4,223,832
Guarantees	3,913,619	4,226,922
Other commitments with an original maturity of		
– Within 1 year	2,703,877	2,566,179
	24,304,475	30,721,740

Capital expenditure commitments

	30 June 2017	31 December 2016
Contracted but not provided for:		
– Capital expenditure commitments for buildings	182,642	161,235
– Acquisition of IT system	85,963	104,007
	268,605	265,242
Authorised but not contracted for:		
– Capital expenditure commitments for buildings	132,679	179,499

Operating lease commitments

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

	30 June 2017	31 December 2016
Within 1 year	46,992	51,925
1 year to 5 years	90,135	94,905
Over 5 years	32,178	24,459
	169,305	171,289

External investment commitment

According to the capital increase and subscription agreement signed with other shareholders of Mashang Finance, on 28 June 2017, the Group promised to subscribe for 133,076,175 ordinary shares out of the total additional 910,293,653 shares to be issued by the Mashang Finance in cash, with a total subscription price of RMB133,076 thousand. Up to 30 June 2017, the Group had not made the payment yet.

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

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

Legal proceedings

Legal proceedings are initiated by third parties against the Group as defendant. As at 30 June 2017, the Group had 12 outstanding legal claim amounting to RMB274,146 thousand (as at 31 December 2016: the Group had 9 outstanding legal claim amounting to RMB15,615 thousand). After consulting legal professionals, management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operation results of the Group.

32 COLLATERAL

(a) Asset pledged

The carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	30 June 2017	31 December 2016
Debt securities	4,968,900	2,984,720
Notes held under resale agreements	–	11,447,635
Discounted bills	301,836	358,830
Total	5,270,736	14,791,185

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

	30 June 2017	31 December 2016
Loans	4,294,190	4,294,190
Debt securities	1,122,222	–
Total	5,416,412	4,294,190

As at 30 June 2017, repurchase agreements, refinance agreements and standing lending facility are primarily due within 12 months from the effective dates of these agreements (as at 31 December 2016: due within 12 months).

(b) Collateral accepted

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

As at 30 June 2017, the Group has accepted collateral that can be resold or re-pledged with a carrying amount of RMB24,301,926 thousand (as at 31 December 2016: RMB32,775,458 thousand). The Group has no re-pledged collateral which has to be returned upon maturity as at 30 June 2017 (as at 31 December 2016: RMB11,447,635 thousand).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

33 OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD

	Before tax amount	Income tax	Net of tax amount
For the six months ended 30 June 2017			
<i>Items that may be reclassified to profit or loss</i>			
Revaluation reserve for AFS recognised in other comprehensive income	(417,379)	69,793	(347,586)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of retirement benefits	948	(237)	711
Other comprehensive income/(loss) for the period	(416,431)	69,556	(346,875)
For the six months ended 30 June 2016			
<i>Items that may be reclassified to profit or loss</i>			
Revaluation reserve for AFS recognised in other comprehensive income	6,710	(1,677)	5,033
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of retirement benefits	(820)	205	(615)
Other comprehensive income/(loss) for the period	5,890	(1,472)	4,418

34 NOTES TO THE STATEMENT OF CASH FLOW

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

	30 June 2017	30 June 2016
Cash and balances with central bank	8,459,840	11,371,538
Deposits with other banks and financial institutions	19,949,227	9,895,259
Placements with other banks	1,185,520	464,184
	29,594,587	21,730,981

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

35 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

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

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

(b) Related party transactions and balances

Transactions and balances with associates

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

Transaction amounts:

	For the six months ended 30 June	
	2017	2016
Interest income	14,006	–
Interest expense	5	–

Balances at the end of the reporting period:

	30 June	31 December
	2017	2016
Due to other banks and financial institutions	826	220
Due from other banks and financial institutions	1	–
Placements with other banks	500,000	500,000

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions and balances (continued)

Related party transactions and balances (besides associates)

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

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

	30 June 2017	31 December 2016
Due to other banks and financial institutions	16,662	27,263
Loans and advances to customers	118,854	395,292
Other receivables	48,193	284,000
Customer deposits	784,571	328,038
Bank acceptance	86,736	–

	30 June 2017	31 December 2016
Due to other banks and financial institutions	0.385%	0.385%
Loans and advances to customers	4.17%-5.66%	4.165%-7.04%
Customer deposits	0.385%-3.575%	0.385%-5.225%

Transaction amounts:

	For the six months ended 30 June	
	2017	2016
Interest income	2,629	23,817
Interest expense	1,662	11,242

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

35 RELATED PARTY TRANSACTIONS (Continued)

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

	30 June 2017	31 December 2016
Chongqing Export-Import Credit Guarantee Co., Ltd.	105,000	111,000
Chongqing Sanxia Guarantee Group Corporation	853,366	963,242
Chongqing Xingnong Financing Guarantee Group Co., Ltd.	2,423,331	2,568,393
Chongqing Reguarantee Co., Ltd.	95,000	–
Chongqing Blue Ocean Financing Guarantee Co., Ltd.	–	154,747
	3,476,697	3,797,382

(d) Transactions between the Bank and its subsidiary

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

For the six months ended 30 June 2017, transactions between the Bank and its subsidiary only include due to other financial institutions (for the year ended 31 December 2016: nil).

As at 30 June 2017, the Bank's deposits from its subsidiary amounted to RMB126,356 thousand (as at 31 December 2016: nil). For the six months ended 30 June 2017, the interest expense of the Bank's transactions with subsidiary amounted to RMB17,130 thousand (for the six months ended at 30 June 2016: nil).

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior management. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2017 and the year ended 31 December 2016, there were no material transactions and balances with key management personnel on an individual basis.

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

36 SEGMENT ANALYSIS

The Group's operating segments are business units providing different financial products and services and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently. The Group has four operating segments. They are corporate banking, retail banking, treasury business and unallocated classes of business.

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

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

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

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

36 SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2016				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net interest income/(expense)					
from external customers	1,633,293	(204,338)	2,498,009	–	3,926,964
Intersegment net interest income/(expense)	1,025,176	732,064	(1,757,240)	–	–
Net interest income	2,658,469	527,726	740,769	–	3,926,964
Net fee and commission income	123,569	97,281	728,134	–	948,984
Net trading gains	–	–	835	–	835
Net gains on investment 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

37 FIDUCIARY ACTIVITIES

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

	30 June 2017	31 December 2016
Assets held in investment custody accounts	60,385,740	31,222,279
Entrusted loans	9,753,038	6,228,987

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets (excluding loans and advances to customers) and liabilities not presented on the Group's statement of financial position at their fair value.

	30 June 2017				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Loans and receivables	86,307,839	–	–	89,768,636	89,768,636
– HTM	20,678,952	–	20,573,874	–	20,573,874
Financial liabilities					
Debt securities issued	87,041,157	–	86,928,153	–	86,928,153
31 December 2016					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment securities					
– Loans and receivables	75,750,755	–	6,010	77,900,949	77,906,959
– HTM	19,794,542	–	20,234,757	–	20,234,757
Financial liabilities					
Debt securities issued	54,598,252	–	54,688,829	–	54,688,829

Investment securities

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

Debt securities issued

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy

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

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

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

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

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

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

Assets and liabilities measured at fair value:

30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	725,200	–	725,200
	–	725,200	–	725,200
AFS				
– Debt securities	–	29,448,271	–	29,448,271
– Equity securities	–	–	8,600	8,600
	–	29,448,271	8,600	29,456,871
Total	–	30,173,471	8,600	30,182,071
<hr/>				
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	881,977	–	881,977
	–	881,977	–	881,977
AFS				
– Debt securities	–	23,308,793	–	23,308,793
– Equity securities	–	–	576,664	576,664
	–	23,308,793	576,664	23,885,457
Total	–	24,190,770	576,664	24,767,434

For the six months ended 30 June 2017, there were no transfers between level 1 and 2 during the period (for the year ended 31 December 2016: nil).

As at 30 June 2017, there were no financial instruments in level 1 during the period (as at 31 December 2016: nil).

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Fair value hierarchy (Continued)

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

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

Specific valuation techniques used to value financial instruments include:

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

Changes in level 3 financial assets are analysed below:

	AFS	Total assets
Balance at 1 January 2017	576,664	576,664
Total gains or losses		
– Other comprehensive income	(4,766)	(4,766)
Transfer out	(563,298)	(563,298)
Balance at 30 June 2017	8,600	8,600
Total gains for the period included in statement of comprehensive income for financial assets/liabilities held at 30 June 2017	21,902	21,902
Balance at 1 January 2016	492,416	492,416
Total gains or losses		
– Other comprehensive income	42,986	42,986
Addition	41,262	41,262
Balance at 31 December 2016	576,664	576,664
Total gains for the period included in statement of comprehensive income for financial assets/liabilities held at 31 December 2016	21,193	21,193

Notes to the Unaudited Condensed Interim Financial Information (Continued)

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

39 FINANCIAL RISK MANAGEMENT

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

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

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

40 SUBSEQUENT EVENTS

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

Unaudited Supplementary Financial Information

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

1. Liquidity Ratios

(Expressed in percentage)	As at June 30, 2017	As at December 31, 2016
RMB current assets to RMB current liabilities	78.58	60.16
Foreign currency current assets to foreign currency current liabilities	135.98	67.37

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

2. Cross-border Claims

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

Cross-border claims include amounts due from other banks and financial institutions.

Cross-border claims have been disclosed by different countries or geographical areas. A country or geographical area is reported separately where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017	As at December 31, 2016
Asia Pacific excluding Mainland China	12,470	17,186
– of which attributed to Hong Kong	5,616	16,310
Europe	7,091	547,791
North America	1,712,234	429,923
Oceania	314	121
Total	1,732,109	995,021

Unaudited Supplementary Financial Information

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

3. Currency Concentrations

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			Total
	US Dollar	HK Dollar	Others	
As at June 30, 2017				
Spot assets	9,250,489	2,534	98,833	9,351,856
Spot liabilities	(9,115,267)	(2,538)	(100,779)	(9,218,584)
Net long/(short) position	135,222	(4)	(1,946)	133,272

(All amounts expressed in thousands of RMB unless otherwise stated)	Equivalent in RMB			Total
	US Dollar	HK Dollar	Others	
As at December 31, 2016				
Spot assets	6,770,872	5,431	585,249	7,361,552
Spot liabilities	(6,626,496)	(5,431)	(585,250)	(7,217,177)
Net long/(short) position	144,376	–	(1)	144,375

4. Overdue and Rescheduled Assets

(a) Total overdue loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017		As at December 31, 2016	
	Total overdue loans	Percentage (%)	Total overdue loans	Percentage (%)
Within 3 months	4,483,370	53.54	3,313,201	59.26
Between 3 and 6 months	1,293,330	15.44	844,768	15.11
Between 6 and 12 months	1,652,646	19.73	815,292	14.58
Over 12 months	945,976	11.29	617,612	11.05
Total	8,375,322	100.00	5,590,873	100.00

Unaudited Supplementary Financial Information

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

4. Overdue and Rescheduled Assets (Continued)

(b) Overdue and rescheduled loans

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2017	As at December 31, 2016
Gross amount of overdue and rescheduled loans	1,371,976	723,912

(c) Type of collateral of overdue loans

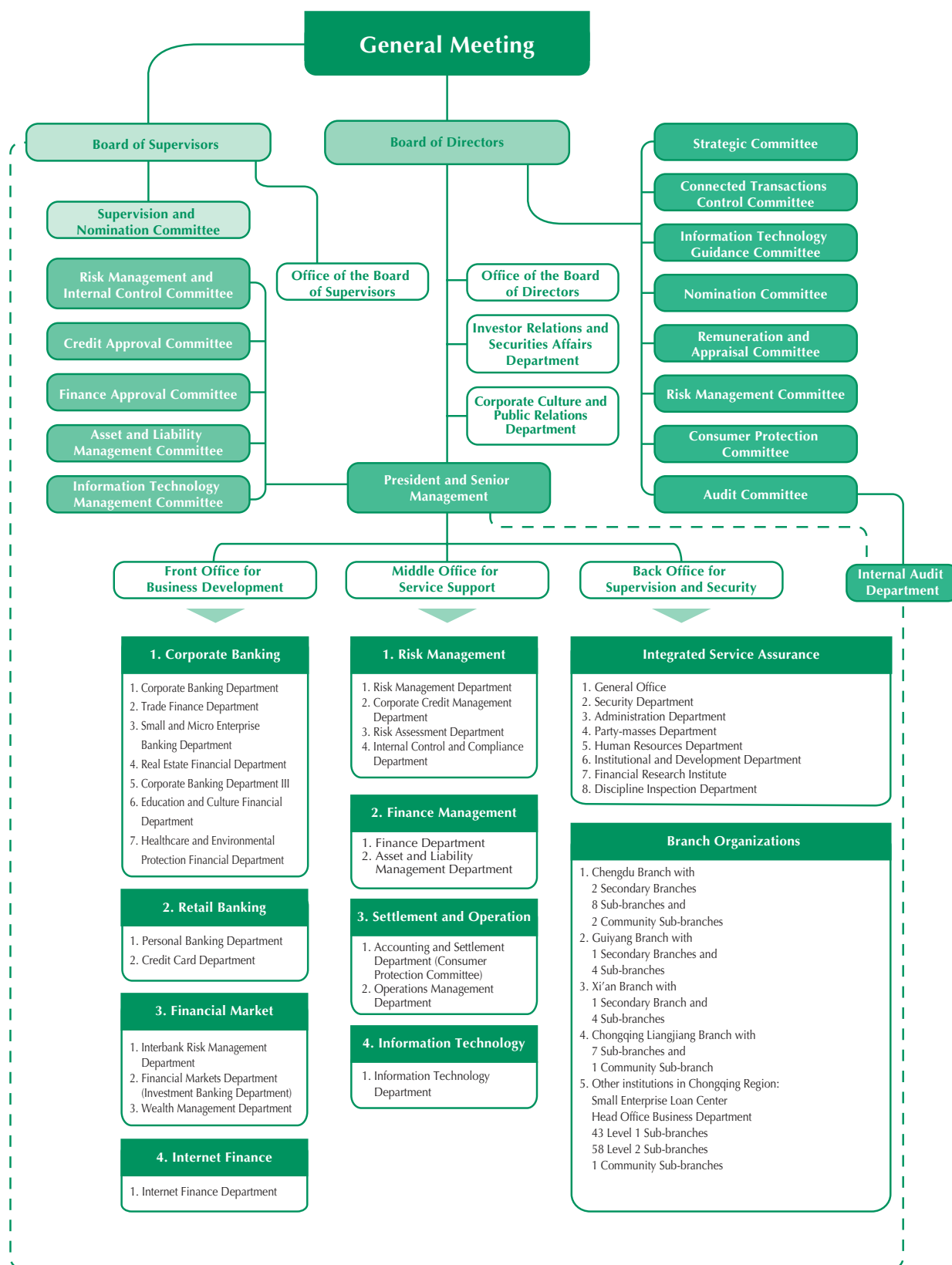
(All amounts expressed in thousands of RMB unless otherwise stated) As at June 30, 2017	Past due 1-90 days (including 90 days)	Past due 90 days- 1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	71,202	43,731	59,076	275	174,284
Guaranteed loans	2,571,415	1,162,370	332,945	530	4,067,260
Collateralised loans	1,675,304	1,432,480	409,261	53,431	3,570,476
Pledged loans	164,132	308,712	90,000	458	563,302
Total	4,482,053	2,947,293	891,282	54,694	8,375,322

(All amounts expressed in thousands of RMB unless otherwise stated) As at December 31, 2016	Past due 1-90 days (including 90 days)	Past due 90 days- 1 year (including 1 year)	Past due 1-3 years (including 3 years)	Past due over 3 years	Total
Unsecured loans	67,173	36,689	41,125	–	144,987
Guaranteed loans	1,725,638	633,599	54,207	425	2,413,869
Collateralised loans	1,375,696	916,817	391,438	49,637	2,733,588
Pledged loans	142,433	75,216	80,322	458	298,429
Total	3,310,940	1,662,321	567,092	50,520	5,590,873

5. Geographical Information

The Bank mainly operates its business in Mainland China, and most of its loans and advances are granted to the clients from the city of Chongqing.

Organizational Chart



List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
1	Business Department of Bank of Chongqing Co., Ltd.	Lot A04-1/03, Outline Zoning A, Jiangbeicheng, Jiangbei District, Chongqing	400010
2	Small Enterprise Loan Centre of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
3	Liangjiang Branch of Bank of Chongqing Co., Ltd.	No. 52 Middle Section of Huangshan Avenue, Yubei District, Chongqing	401121
4	Chengdu Branch of Bank of Chongqing Co., Ltd.	North Building, New Tianfu International Centre, No. 99 Tianfu Second Street, Hi-Tech District, Chengdu, Sichuan	610059
5	Guiyang Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building II, Shengshi Huating, No. 51 Jiefang Road, Nanming District, Guiyang, Guizhou	550002
6	Xi'an Branch of Bank of Chongqing Co., Ltd.	1/F to 3/F, Building 2, Yinhe Xinzuo Biao Building, No. 25 Tangyan Road, Xi'an, Shaanxi	710075
7	Guang'an Secondary Branch of Bank of Chongqing Co., Ltd.	1/F and 15/F, Guang'an Power Administration Building, No. 9 Siyuan Avenue, Guang'an District, Guang'an, Sichuan	638000
8	Leshan Secondary Branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 438-454 Baiyang Middle Road and (Even No.) No. 206-214 Jiaying Road, Central District, Leshan, Sichuan	614001
9	Bijie Secondary Branch of Bank of Chongqing Co., Ltd.	1-4/F, Block 5, Qizhong Aolai International Plaza, Qixingguan District, Bijie, Guizhou	551700
10	Yan'an Secondary Branch of Bank of Chongqing Co., Ltd.	No. 1 Nanshi Street, Baota District, Yan'an, Shaanxi	716000
11	Wenhua Gong Sub-branch of Bank of Chongqing Co., Ltd.	No. 131 Zhongshan Er Road, Yuzhong District, Chongqing	400014
12	Qixinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 148 Zhongshan Yi Road, Yuzhong District, Chongqing	400013
13	Bayi Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 258 Bayi Road, Yuzhong District, Chongqing	400010
14	The Great Hall Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Xuetianwan Zheng Street, Yuzhong District, Chongqing	400015
15	Renhe Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 89 Renhe Street, Yuzhong District, Chongqing	400015
16	Shangqingsi Sub-branch of Bank of Chongqing Co., Ltd.	No. 38-4, 5, 6, and 7 Zhongshan Si Road, Yuzhong District, Chongqing	400015
17	Jiefangbei Sub-branch of Bank of Chongqing Co., Ltd.	No. 101 Minzu Road, Yuzhong District, Chongqing	400010
18	Minsheng Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 153 Zourong Road, Yuzhong District, Chongqing	400010
19	Dayanggou Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage), Oupeng Building, No. 216 Xinhua Road, Yuzhong District, Chongqing	400010

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
20	Chaotianmen Sub-branch of Bank of Chongqing Co., Ltd.	No. 7 Datong Street, Yuzhong District, Chongqing	400011
21	Zongbucheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 44 and 46 Huxie Road, Yuzhong District, Chongqing	400011
22	Hualongqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 162 and 164 Ruitian Road, Yuzhong District, Chongqing	400043
23	Renmin Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 129 Renmin Road, Yuzhong District, Chongqing	400015
24	Shidai Tian Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 16-2-35 and 16-2-36 Shidai Tian Street, Yuzhong District, Chongqing	400014
25	Daping Sub-branch of Bank of Chongqing Co., Ltd.	No. 121 Daping Changjiang Er Road, Yuzhong District, Chongqing	400042
26	Minxinjiayuan Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 530-15, Minxin Road, Beibu New District, Chongqing	401147
27	Xiaolongkan Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Xiaolongkan New Street, Shapingba District, Chongqing	400030
28	Shazheng Street Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-6 Shazheng Street, Shapingba District, Chongqing	400030
29	Sanxia Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 339-3, Xiaolongkan Zheng Street, Shapingba District, Chongqing	400030
30	Tianxingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 40-28 Tianxingqiao Zheng Street, Shapingba District, Chongqing	400030
31	Chongda Sub-branch of Bank of Chongqing Co., Ltd.	No. 83 Shabei Street, Shapingba District, Chongqing	400044
32	University City Sub-branch of Bank of Chongqing Co., Ltd.	No. 125-127 and 149-152, No. 17 University City West Road, Huxi Town, Shapingba District, Chongqing	400044
33	Dadukou Sub-branch of Bank of Chongqing Co., Ltd.	No. 37-18 Cuibai Road, Chunhui Road Subdistrict, Dadukou District, Chongqing	400084
34	Ganghua Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 1 Shuangshan Road, Dadukou District, Chongqing	400084
35	Jiulong Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 36 Yangjiaping Xijiao Road, Jiulongpo District, Chongqing	400050
36	Baishiyi Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3, 4, 5, and 6, Unit 1, Building 1, No 23 Bai Xin Road, Baishiyi Town, Jiulongpo District, Chongqing	401329
37	High-Tech Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	No. 1409 Jingwei Avenue, High-Tech Development Zone, Chongqing	400039
38	Yangjiaping Sub-branch of Bank of Chongqing Co., Ltd.	(Jianye Building) Yangjiaping Labour Village 3, Jiulongpo District, Chongqing	400050
39	Yuzhou Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Yuzhou Road, Jiulongpo District, Chongqing	400039

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
40	Nanping Sub-branch of Bank of Chongqing Co., Ltd.	2-2, 1/F, No. 199 Nancheng Avenue, Nanping Sub-district, Nan'an District, Chongqing	400060
41	Chayuan New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-8 Tongjiang Avenue, Chayuan New District, Nan'an District, Chongqing	401336
42	Danzishi Sub-branch of Bank of Chongqing Co., Ltd.	No. 52 Danzishi New Street, Nan'an District, Chongqing	400061
43	Huilongwan Sub-branch of Bank of Chongqing Co., Ltd.	No. 37, 1/F, No. 29, Nanhu Road, Nan'an District, Chongqing	400060
44	Banan Sub-branch of Bank of Chongqing Co., Ltd.	No. 60-1 Xinshi Street, Banan District, Chongqing	401320
45	Jieshi Sub-branch of Bank of Chongqing Co., Ltd.	No. 137, 139, 141 and 143 Jiemei Road, Jieshi Town, Banan District, Chongqing	401346
46	Lijiatuo Sub-branch of Bank of Chongqing Co., Ltd.	Shop 5 No. 5, Mawangping Zheng Street, Lijiatuo, Banan District, Chongqing	400054
47	Beibei Sub-branch of Bank of Chongqing Co., Ltd.	No. 453, 455 and 457 Yunqing Road, Beibei District, Chongqing	400700
48	Beibeichaoyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 73 Zhongshan Road, Beibei District, Chongqing	400700
49	Southwest University Sub-branch of Bank of Chongqing Co., Ltd.	No. 18 Shigang Village, Beibei District, Chongqing	400700
50	Tianshengqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 85-3 Huangshu Village, Beibei District, Chongqing	400716
51	Beibei District Shuitu Sub-branch of Bank of Chongqing Co., Ltd.	No. 98-27 Fangzheng Avenue, Beibei District, Chongqing	400700
52	Jianxin North Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-4 Jianxin North Road, Jiangbei District, Chongqing	400020
53	Ranjiaba Sub-branch of Bank of Chongqing Co., Ltd.	No. 433 and 435 Longshan Road, Nanqiao Temple, Yubei District, Chongqing	400020
54	Wulidian Sub-branch of Bank of Chongqing Co., Ltd.	No. 292 Jianxin East Road, Jiangbei District, Chongqing	400023
55	Jianxin East Road Sub-branch of Bank of Chongqing Co., Ltd.	Baiyexing Building, No. 3-1 Jianxin East Road, Jiangbei District, Chongqing	400020
56	Bonded Port Sub-branch of Bank of Chongqing Co., Ltd.	2-1, 2-2, 2-3, and 2-4, Building 2, No. 153 Jinyu Avenue, Jiangbei District, Chongqing	400025
57	Longtousi Sub-branch of Bank of Chongqing Co., Ltd.	No. 331 Donghu South Road, Yubei District, Chongqing	401147
58	Jinkai Sub-branch of Bank of Chongqing Co., Ltd.	No. 11-1 Jintong Road, Beibu New District, Chongqing	401122
59	Yanghe Sub-branch of Bank of Chongqing Co., Ltd.	No. 383 Honghuang Road, Longxi Sub-district, Yubei District, Chongqing	401147
60	Yuanyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 119, Building G8, No. 1122 Jinkai Avenue, Beibu New District, Chongqing	401147

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
61	Liangjiang New District Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-3 Xingguang Avenue, Gaoxin Park, Beibu New District, Chongqing	401121
62	Fenglinxiushui Sub-branch of Bank of Chongqing Co., Ltd.	No. 52, 54, 56 and 58 Xihu Road, Yubei District, Chongqing	401120
63	Songshuqiao Sub-branch of Bank of Chongqing Co., Ltd.	District A, Shanghai Building, No. 71 Wuling Road, Longxi Sub-district, Yubei District, Chongqing	401147
64	Renhe Sub-branch of Bank of Chongqing Co., Ltd.	No. 50 Renhe Jile Avenue, Yubei District, Chongqing	401121
65	Jiazhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 115 Jiazhou Road, Yubei District, Chongqing	401147
66	Yuzui Sub-branch of Bank of Chongqing Co., Ltd.	No. 14, 15 and 16, 1/F, Building B2, Tuoxin • Liangjiang Qibocheng, No. 47 Yonghe Road, Yuzui, Liangjiang New District, Chongqing	401133
67	Chang'an Jinxiucheng Community Sub-branch of Bank of Chongqing Co., Ltd.	Shop 1027, Second District, No. 109 Songpai Road (Chang'an Jinxiucheng), Longxi Sub-district, Yubei District, Chongqing	401147
68	Red Star Plaza Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2, and 1-3, Building 4, No. 42 Golden State Avenue, Beibu New District, Chongqing	401120
69	Yubei Sub-branch of Bank of Chongqing Co., Ltd.	Shops 1-1 and 2-1 of Integrated Commercial Complex of Shengjing Tianxia, No. 9 Baiguo Road, Shuanglonghu Sub-district, Yubei District, Chongqing	401120
70	Lianglu Sub-branch of Bank of Chongqing Co., Ltd.	No. 86 Shuanglong Avenue, Shuanglonghu Sub-district, Yubei District, Chongqing	401120
71	Fuling Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2, 2-2, 3-1, 3-4, Basement, Block 2, Xiangjiang Garden, No. 8-1 Zhongshan Road, Fuling District, Chongqing	408000
72	Fuling Stadium Sub-branch of Bank of Chongqing Co., Ltd.	Xinghua Middle Road (Stadium South Road), Fuling District, Chongqing	408000
73	Lidu Sub-branch of Bank of Chongqing Co., Ltd.	No. 88 Julong Avenue, Lidu Sub-district, Fuling District, Chongqing	408100
74	Changshou Sub-branch of Bank of Chongqing Co., Ltd.	No. 10 Taoyuan West Road, Changshou District, Chongqing	401220
75	Yanjia Sub-branch of Bank of Chongqing Co., Ltd.	No. 33 Yucai Road, Yanjia Sub-district, Changshou District, Chongqing	401221
76	Fengcheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 2 Xiangyang Road, Changshou District, Chongqing	401220
77	Hechuan Sub-branch of Bank of Chongqing Co., Ltd.	1-2, 2-1, No. 402, 400 Jiangcheng Avenue, South Office, Hechuan District, Chongqing	401520
78	Hechuan District Zhaojia Sub-branch of Bank of Chongqing Co., Ltd.	No. 47, 49, 51 Jiaotong Street and No. 210, 212, 214, 216 Zuofu Road, Joint Office, Hechuan District, Chongqing	401520
79	Wanzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 193 Baiyan Road, Wanzhou District, Chongqing	404000

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
80	Wanzhou District Wuqiao Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Building A, Shanghai Grand World, No. 55 Shanghai Avenue, (Wuqiao) Wanzhou District, Chongqing	404020
81	Qianjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 555 Xinhua Avenue (West Section), Chengxi Sub-district, Qianjiang District, Chongqing	409000
82	Dashizi Sub-branch of Bank of Chongqing Co., Ltd.	No. 296 Jiefang Road, Chengdong Sub-district, Qianjiang District, Chongqing	409000
83	Jiangjin Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-2 and 2-1, Building 1, Xiangrui Building, No. 518 Dingshan Avenue, Dingshan Sub-district, Jiangjin District, Chongqing	402260
84	Jiangjin District Shuangfu Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1, 1-2 and 1-3, Basement, Block 1, Meifang Mansion, Shui'an Huadu, No. 95, 93 and 91 Shuangfu Avenue, Shuangfu Sub-district, Jiangjin District, Chongqing	402260
85	Jiangjin District Luohuang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-8, Block Commercial, Century Huacheng, No. 23 Luohuang Industrial Park Avenue, Luohuang Town, Jiangjin District, Chongqing	402283
86	Tongliang Sub-branch of Bank of Chongqing Co., Ltd.	2-1, No. 2, No. 2 Jiefang East Road, Bachuan Sub-district, Tongliang District, Chongqing	402560
87	Tongliang District Xincheng Sub-branch of Bank of Chongqing Co., Ltd.	(Even No.) No. 198-206 and 206-1-8 Zhongxing East Road, Dongcheng Sub-district, Tongliang District, Chongqing	402560
88	Yongchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 78 Renmin South Road, Yongchuan District, Chongqing	402160
89	Yongchuan District Yuxi Square Sub-branch of Bank of Chongqing Co., Ltd.	No. 101-1-5 and 101-10 Xuanhua Road, Yongchuan District, Chongqing	402160
90	Liangping Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 4, 6 and 8 Shuncheng Street, Liangshan Town, Liangping County, Chongqing	405200
91	Nanchuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-12 and No. 2-14, Block 1 (Chamber of Commerce Building), No. 12 Longhua Avenue, Xi Cheng Sub-district, Nanchuan District, Chongqing	408400
92	Nanchuan District Heping Road Sub-branch of Bank of Chongqing Co., Ltd.	No. 18-1 Heping Road, Nan Cheng Sub-district, Nanchuan District, Chongqing	408400
93	Rongchang Sub-branch of Bank of Chongqing Co., Ltd.	1-3 and 2-3, No. 43-2 Changlong Avenue, Changzhou Sub-district, Rongchang County, Chongqing	402460
94	Rongchang County Changyuan Sub-branch of Bank of Chongqing Co., Ltd.	No. 199-205 Binhe Middle Road, Changyuan Town, Rongchang County, Chongqing	402460

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
95	Zhong County Sub-branch of Bank of Chongqing Co., Ltd.	No. 3-1 Zhongbo Avenue, Zhongzhou Town, Zhong County, Chongqing	404300
96	Bishan Sub-branch of Bank of Chongqing Co., Ltd.	No. 205 (3 to 5) Jinjian Road, Bishan County, Chongqing	402760
97	Qinggang Sub-branch of Bank of Chongqing Co., Ltd.	No. 190, 192 and 194 Zhong Street, Qinggang Sub-district, Bishan County, Chongqing	402760
98	Qijiang Sub-branch of Bank of Chongqing Co., Ltd.	Sub No. 1-40 and Sub No. 2-225 to 229, Podium Building, Rongrun Kaixuan Mingcheng, No. 47 Jiulong Avenue, Wenlong Sub-district, Qijiang District, Chongqing	401420
99	Wansheng Sub-branch of Bank of Chongqing Co., Ltd.	No. 23-1 Wansheng Avenue, Wansheng District, Chongqing	400800
100	Xiushan Sub-branch of Bank of Chongqing Co., Ltd.	No. 46 Fengxiang Road, Zhonghe Town, Tujia Autonomous County, Xiushan County, Chongqing	409900
101	Xiushan County Wuyue Plaza Sub-branch of Bank of Chongqing Co., Ltd.	Shops 15, 16 and 17, 1/F, Building 1, Wuyue Plaza (South Zone), Yuxiu Avenue, Xiushan County, Chongqing	409900
102	Kaizhou Sub-branch of Bank of Chongqing Co., Ltd.	Market Square, Kaizhou Avenue (Middle Section), Kaizhou County, Chongqing	405400
103	Kaizhou County Pingqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 500 Kaizhou Avenue West, Yunfeng Street, Kaizhou County, Chongqing	405499
104	Dazu Sub-branch of Bank of Chongqing Co., Ltd.	No. 257 Wuxing Avenue, Tangxiang Sub-district, Dazu County, Chongqing	402360
105	Shuangqiao Sub-branch of Bank of Chongqing Co., Ltd.	No. 10-39 Xihu Avenue, Shuangqiao District, Chongqing	400900
106	Dazu County Longshui Sub-branch of Bank of Chongqing Co., Ltd.	1-8, 1-7-1, 1-7-2 and 1-6-2, Block G, Wujin Lvyou Cheng, Longshui Town, Dazu District, Chongqing	402368
107	Tongnan Sub-branch of Bank of Chongqing Co., Ltd.	No. 2, 1/F, No. 86-92 Xingtong Avenue, Guilin Sub-district, Tongnan County, Chongqing	402660
108	Tongnan Waitan Sub-branch of Bank of Chongqing Co., Ltd.	Shops 9, 10, 11, 27 and 28, 1/F, Building 4, No. 3 Waitan West Road, Zitong Sub-district, Tongnan District, Chongqing	402660
109	Fengdu Sub-branch of Bank of Chongqing Co., Ltd.	No. 184 and 186 Pingdu Avenue (West Section), Sanhe Town, Fengdu County, Chongqing	408200
110	Shizhu Sub-branch of Bank of Chongqing Co., Ltd.	No. 100-6 Wanshou Avenue, Nanbin Town, Shizhu Tujia Autonomous County, Chongqing	409100
111	Dianjiang Sub-branch of Bank of Chongqing Co., Ltd.	Unit 1-1, Building B51 Fengshan West Road, Guixi Town, Dianjiang County, Chongqing	408300
112	Yunyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 1299 Yunjiang Avenue, Shuangjiang Town, Yunyang County, Chongqing	404500
113	Wuxi Sub-branch of Bank of Chongqing Co., Ltd.	Entertainment and Sports Building, Chunshen Avenue, Chengxiang Town, Wuxi County, Chongqing	405800

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
114	Wulong Sub-branch of Bank of Chongqing Co., Ltd.	No. 117 Furong West Road, Xiangkou Town, Wulong County, Chongqing	408500
115	Wulong County Nancheng Sub-branch of Bank of Chongqing Co., Ltd.	Unit 8-11, No.2 Jianshe Middle Road, Xiangkou Town, Wulong County, Chongqing	408500
116	Youyang Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 Chengbei New District, Zhongduo Town, Youyang County, Chongqing	409800
117	Pengshui Sub-branch of Bank of Chongqing Co., Ltd.	G/F (street frontage) Binjiang Community, Hanjia Town, Pengshui County, Chongqing	409699
118	Wushan Sub-branch of Bank of Chongqing Co., Ltd.	Complex Building 1-1, No. 329 Guangdong East Road, Gaotang Sub-district, Wushan County, Chongqing	404700
119	Chengkou Sub-branch of Bank of Chongqing Co., Ltd.	Commercial Building One, Block 1, Chongyang • Yicheng International Commercial Podium, No. 18 Dongda Street, Gecheng Sub-district, Chengkou County, Chongqing	405900
120	Fengjie Sub-branch of Bank of Chongqing Co., Ltd.	No. 4 Qiaomu Street, Yong'an Town, Fengjie County, Chongqing	404600
121	Chongzhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 353-367 Yangci Street and No. 79 South Section 1, Binhe Road, Chongyang Town, Chongzhou, Sichuan	611230
122	Chengdu Binjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 65 Shangchi Zheng Street, Qingyang District, Chengdu, Sichuan	610015
123	Chengdu Wuhou Sub-branch of Bank of Chongqing Co., Ltd.	No. 17 South Section 4, Yihuan Road Gaosheng Bridge, Wuhou District, Chengdu, Sichuan	610000
124	Chengdu Economic Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	(Odd No.) 1-19 Yiju Road, and (Even No.) 620-626 Beiquan Road, Longquanyi District, Chengdu, Sichuan	610100
125	Chengdu Jinsha Sub-branch of Bank of Chongqing Co., Ltd.	No. 171 Jinze Road, and No. 246 Shuhui Road, Qingyang District, Chengdu, Sichuan	610074
126	Chengdu Kehua Sub-branch of Bank of Chongqing Co., Ltd.	Libao Building, No. 62 Kehua North Road, Wuhou District, Chengdu, Sichuan	610040
127	Chengdu Jinjiang Sub-branch of Bank of Chongqing Co., Ltd.	No. 79-93, 79-95 and 79-97 Section 1, Jinhua Road, Jinjiang District, Chengdu, Sichuan	610023
128	Chengdu Feicuicheng Community Sub-branch of Bank of Chongqing Co., Ltd.	No.13, 1/F, Building No.15, Phase II, Jade City, No.2 Huarun Road, Jinjiang District, Chengdu, Sichuan	610023
129	Chengdu Zhonghai Mansion No.9 Community Sub-branch of Bank of Chongqing Co., Ltd.	No. 470 Jinshang West Er Road, Hi-Tech Development Zone, Chengdu, Sichuan	610094
130	Chengdu Xindu Sub-branch of Bank of Chongqing Co., Ltd.	No. 470, 472 and 474 Yuying Road, Chengdu, Sichuan	610599
131	Guiyang Chengdong Sub-branch of Bank of Chongqing Co., Ltd.	No. 116 Baoshan North Road, Yunyan District, Guiyang, Guizhou	550001

List of Branch Outlets

No.	Name of Banking Institution	Address	Postal Code
132	Zunyi Sub-branch of Bank of Chongqing Co., Ltd.	No. 1-1 Building 1, Jinxucheng Shangcheng Community, Nanjing Road, Huichuan District, Zunyi, Guizhou	563000
133	Liupanshui Zhongshan Middle Road Sub-branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Longcheng Plaza, No. 81 Zhongshan Middle Road, Zhongshan District, Liupanshui, Guizhou	553000
134	Guiyang Guanshanhu Sub-branch of Bank of Chongqing Co., Ltd.	1st to 3rd Floor, Commercial Building One, Circle Y1 and Y2, Shijicheng, Guanshanhu District, Guiyang, Guizhou	550081
135	Xi'an Economic & Technological Development Zone Sub-branch of Bank of Chongqing Co., Ltd.	1/F, 1 Fenglu, No. 19 Wenjing Road, Xi'an Economic and Technological Development Zone, Xi'an, Shaanxi	710015
136	Xi'an Qujiang New District Sub-branch of Bank of Chongqing Co., Ltd.	1/F and 2/F, Unit 6, Building 1, Longmai South Zone Tianlunyu Cheng, East Section of the South Second Ring Road, Xi'an, Shaanxi	710018
137	Xi'an International Trade and Logistics Park Sub-branch of Bank of Chongqing Co., Ltd.	1/F, Qihang Garden Commercial Street, No. 6 Port Avenue, International Trade and Logistics Park, Xi'an, Shaanxi	710026
138	Xi'an Peidong Sub-branch of Bank of Chongqing Co., Ltd.	No. 10101 1/F and No. 10201 2/F Building 2, MIX City Phase-I, Peidong New City, Xixian New District, Xi'an, Shaanxi	710116

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank” or “Bank of Chongqing”	Bank of Chongqing Co., Ltd. (重慶銀行股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
“Board” or “Board of Directors”	the board of Directors of the Bank
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBRC Chongqing Bureau”	China Banking Regulatory Commission Chongqing Bureau (中國銀行業監督管理委員會重慶監管局)
“Chongqing Road & Bridge”	Chongqing Road & Bridge Co., Ltd., a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code:600106), and holds approximately 5.48% of the total issued share capital of the Bank as at the Latest Practicable Date
“Dah Sing Bank”	Dah Sing Bank, Limited, a licensed bank incorporated in Hong Kong, holds approximately 14.66% of the total issued share capital of the Bank as at the Latest Practicable Date
“Director(s)”	director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“Group”	the Bank and its subsidiary
“HKD” or “HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“H Shares”	overseas-listed foreign shares issued by the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange

Definitions

“IFRS(s)”	International Financial Reporting Standard(s)
“Latest Practicable Date”	September 14, 2017, the latest practicable date prior to printing of this interim report
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	the six months ended June 30, 2017
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shares”	the Domestic Shares and the H Shares
“Shareholder(s)”	the shareholders of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“Yufu”	Chongqing Yufu Assets Management Group Co., Ltd., a company incorporated in the PRC with limited liability, holds approximately 14.75% of the total issued share capital of the Bank as at the Latest Practicable Date