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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2017

The board of directors (the "**Board**") of Bank of Chongqing Co., Ltd.* (the "**Bank**" or "**Bank of Chongqing**") is pleased to announce the unaudited consolidated interim results (the "**Interim Results**") of the Bank and its subsidiary (the "**Group**") for the six months ended June 30, 2017 (the "**Reporting Period**"). The contents of this results announcement have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the International Financial Reporting Standards. The Board and its audit committee have reviewed and confirmed the Interim Results.

1. CORPORATE INFORMATION

1.1 Corporate Basic Information

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

1.2 Contact Persons and Contact Details

Acting Secretary to the Board:	WONG Wah Sing
Joint Company Secretaries:	WONG Wah Sing HO Wing Tsz Wendy
Corporate Website:	http://www.cqcbank.com
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Registered Address:	No. 153 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the "**PRC**") Postal Code: 400010
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

2. FINANCIAL HIGHLIGHTS

The financial information set out in the Interim Results 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 Reporting Period ended June 30, 2017 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)*			**Change**
Basic earnings per share	**0.72**	0.65	0.07

(All amounts expressed in thousands of RMB unless otherwise stated)	**June 30, 2017**	December 31, 2016	**Change (%)**
Major indicators of assets/liabilities			
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

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

(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
Provision for impairment to non-performing loans[7]	**213.89**	293.35	(79.46)
Provision for impairment 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

(All amounts expressed in percentage unless otherwise stated)	**June 30, 2017**	December 31, 2016	**Change**
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 provision for impairment on loans by balance of non-performing loans.

(8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.

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

(10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.

(11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.

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

(13) Calculated by dividing total loans to the top ten customers by net capital.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Financial Review

In the first half of 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 differentiation characteristics 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, stricter regulation in the industry and increasingly fierce competition among peers, the Group proactively took various measures to accelerated its pace of business transformation, and organize various operational and managerial tasks 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 macroeconomic 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 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 this represents a slight year-on-year increase of 2.38 percentage points , its cost-to-income ratio still maintained 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.

3.2 Analysis of the Financial Statements

3.2.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 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%.

3.2.1.1 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

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.

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

3.2.1.2 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.

(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.

3.2.1.3 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.

(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 debts for small and micro enterprises	**3,000,000**	**72,267**	**4.86**	3,000,000	72,988	4.89
Inter-bank certificates of deposits	**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 debts 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.

3.2.1.4 Net interest spread and net interest margin

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

In the first half of 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.

3.2.1.5 Non-interest income

(1) Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended June 30, 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)

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 macroeconomic 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

3.2.1.6 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.

3.2.1.7 *Impairment losses*

In the first half of 2017, the provisions for impairment losses 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

3.2.1.8 *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 5 May 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 15 June 2015, the Group invested RMB54.00 million in Mashang Consumer Finance Co., Ltd. On 14 August 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 21 April, 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 RMB933.46 million.

3.2.1.9 Income tax

The income tax rate applicable to the Group was 25%. The effective tax rates of the Group in the first half of 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)

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

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

(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
Provision for impairment losses on 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
Fixed assets	**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, debt securities classified as receivables.

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. An analysis of the breakdown of the Group's total assets as at June 30, 2017 is as follows:

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 and advances 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

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 customers (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 an 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 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

Movements on impairment allowance for loans and advances to customers

The following table sets forth movements on the Group's provision for impairment on 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	**–**	**(56,899)**	–	(112,399)
Loans and advances written off during the period/year 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.

(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** Amount	**As at June 30, 2017** Percentage of total *(%)*	As at December 31, 2016 Amount	As at December 31, 2016 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

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.

3.2.2.2 Liabilities

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

	As at June 30, 2017		As at December 31, 2016	
(All amounts expressed in thousands of RMB unless otherwise stated)	**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, total liabilities 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 are 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	21.3
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, customer deposits 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** Amount	Percentage of total *(%)*	As at December 31, 2016 Amount	Percentage of total *(%)*
Subordinated debts				
Fixed rate subordinated debt – 2022	**–**	**–**	796,523	1.5
Fixed rate Tier II Capital debt – 2026	**1,497,278**	**1.7**	1,497,168	2.7
Fixed rate Tier II Capital debt – 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.

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

As at June 30, 2017, the Group's balance 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.

3.2.2.3 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.

3.2.3 Loan quality analysis

3.2.3.1 Breakdown of loans by the five-category classification

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

(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.

3.2.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

(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.

In the first half of 2017, in the face of the macro conditions of slower economic growth, the Bank continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas. 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)

	Industry	**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

(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 basic 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 basic 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.

3.2.4 Analysis of Capital adequacy ratio

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.

3.2.4.1 Capital adequacy ratio

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.

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 recognised 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

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 debt 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; (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).

3.2.5 Segment information

3.2.5.1 *Summary of geographical segment*

	As at June 30, 2017		As at December 31, 2016	
(Expressed in percentage)	**Chongqing**	**Other areas**	**Chongqing**	**Other areas**
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

	January to June 2017		January to June 2016	
(Expressed in percentage)	**Chongqing**	**Other areas**	**Chongqing**	**Other areas**
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: Other areas refer to the Bank's operations outside Chongqing, which include the Chengdu Branch, Guiyang Branch and Xi'an Branch.

3.2.5.2 Summary of business segment

(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

3.2.6 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

3.3 Risk Management

3.3.1 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. Our credit risks mainly come from our loan portfolios, investment portfolios and guarantees and commitments, as well as other payment commitments.

Promoting the optimization and adjustment on its credit structure continuously. The Bank conducted an in-depth study on macroeconomic 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 occurrence of 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, during which professional law firms were engaged to participate in the collection of non-performing loans.

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.

3.3.2 Operational risk management

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

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 introduced 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 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.

3.3.3 Market risk management

3.3.3.1 Interest rate risk

Interest rate risk refers to the risk of losses suffering by the commercial banks arising from the uncertain fluctuation of market interest rate, namely, the possibility of losses suffered by commercial 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.

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

(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.

3.3.3.2 *Exchange rate risk*

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

3.3.4 Liquidity risk management

The liquidity risk management of the Group aims to fully identify, effectively measure, constantly monitor and properly control the overall liquidity risk of the Group and the liquidity 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, money market balances, market conditions, and relevant monitoring targets. By means of quota management, internal funds transfer pricing and other management methods, proactive adjustments to the assets and liabilities maturity structure can be achieved, which provide security against liquidity risk.

In addition, the Group continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the 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.

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.

3.4 Outlook

In the second half of 2017, it is expected that the global economy will see a trend of continuous recovery. Global trading walks out of the economic downturn gradually and 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 prevent 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 projects, there will be further enhancement of the innovation and optimization of the financial control, and the systems of financial enterprises as well as system of financial market will be reinforced and improved. By enforcing the establishment of a 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 connecting point of "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 improvement of regional economic development policy, as well as the implementation of measures for steady growth and structural adjustment, Chongqing is expected to maintain a favourable momentum of rapid development in its economic growth.

In the second half of 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 Internet banking, 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 points. By adopting an analytical approach to 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.

4. 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, of which the Bank holds 51% equity. The Financial Leasing Company has become a subsidiary of the Bank and whose 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.

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.

5. OTHER INFORMATION

5.1 Corporate Governance Code

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

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

During the Reporting Period, the Bank 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.

5.2 Directors, Supervisors and Senior Management of the Bank

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

The Board comprised a total of 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 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.

5.3 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 vice president of the Bank, the term of office of Mr. SUI Jun as vice president 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.

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

5.4 Securities Transactions by Directors and Supervisors

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

5.5 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 announcement.

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

5.6 Purchase, Sale and Redemption of 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.

5.7 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 Bank have reviewed and approved the interim results of the Group.

6. INTERIM FINANCIAL INFORMATION

6.1 Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Interest income	**9,010,705**	8,158,593
Interest expense	**(4,977,935)**	(4,231,629)
Net interest income	**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	**848,292**	948,984
Net trading (losses)/gains	**(6,290)**	835
Net gains on investment securities	**156,212**	3,107
Other operating income	**44,697**	8,976
Operating income	**5,075,681**	4,888,866
Operating expenses	**(1,126,873)**	(1,147,367)
Impairment losses	**(1,163,861)**	(1,058,003)
Operating profit	**2,784,947**	2,683,496
Share of profit of associates	**44,638**	1,329
Profit before income tax	**2,829,585**	2,684,825
Income tax	**(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	**0.72**	0.65

6.1 Interim Condensed Consolidated Statement of Comprehensive Income (continued)

(All amounts in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Net profit for the period	**2,259,381**	2,029,884
Other comprehensive income		
Items that may be reclassified to profit or loss:		
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
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits/(loss)	**948**	(820)
Less: Related income tax impact	**(237)**	205
Subtotal	**711**	(615)
Total other comprehensive (loss)/income, net of tax	**(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	**909,973**	825,542

6.2 Interim Condensed Consolidated Statement of Financial Position

(All amounts in thousands of RMB unless otherwise stated)

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
ASSETS		
Cash and balances with central bank	**42,040,281**	42,813,488
Due from other banks and financial institutions	**60,049,316**	55,706,352
Financial assets at fair value through profit or loss	**725,200**	881,977
Loans and advances to customers	**159,805,673**	146,789,046
Investment securities		
– 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	**846,330**	238,394
Property, plant and equipment	**2,737,090**	2,691,236
Deferred income tax assets	**1,107,056**	1,005,271
Other assets	**4,674,003**	3,547,216
Total assets	**408,428,611**	373,103,734
LIABILITIES		
Due to other banks and financial institutions	**49,756,511**	60,350,785
Customer deposits	**238,705,217**	229,593,793
Other liabilities	**6,546,378**	4,453,933
Current tax liabilities	**94,903**	295,059
Debt securities issued	**87,041,157**	54,598,252
Total liabilities	**382,144,166**	349,291,822
EQUITY		
Share capital	**3,127,055**	3,127,055
Capital surplus	**4,680,638**	4,680,638
Other reserves	**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

6.3 Interim Condensed Consolidated Statement of Changes in Equity

(All amounts in thousands of RMB unless otherwise stated)

			Other reserves						
	Share capital	Capital surplus	Surplus reserve	General Reserve	Revaluation reserve for AFS securities	Remeasurement of retirement benefits	Retained earnings	Non-controlling interests	Total
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	**–**	**–**	**–**	**–**	**–**	**–**	**(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	–	–	–	–	–	–	(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

6.4 Interim Condensed Consolidated Statements of Cash Flows

(All amounts in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(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)

6.4 Interim Condensed Consolidated Statements of Cash Flows

(All amounts in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(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 end of the period	**29,594,587**	21,730,981

7. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2017
(All amounts in thousands of RMB unless otherwise stated)

7.1 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.

(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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and subsidiaries (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 subsidiaries 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 subsidiaries 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.

7.2 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

7.3 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

7.4 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

7.5 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.

7.6 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.

7.7 Operating Expenses

	For the six months ended 30 June	
	2017	2016
Staff costs (including emoluments of directors and supervisors)	**672,382**	487,033
General and administrative expenses	**256,626**	304,654
Depreciation of property, plant and equipment	**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	**13,735**	11,264
Amortisation of long-term prepaid expenses	**12,370**	11,620
Amortisation of land use rights	**2,432**	2,432
Donations	**1,800**	9,150
Depreciation of investment properties	**156**	156
Others	**6,535**	1,112
	1,126,873	1,147,367

7.8 Staff Costs (Including Emoluments of Directors and Supervisors)

	For the six months ended 30 June	
	2017	2016
Salaries and bonuses	**468,595**	286,247
Pension expenses	**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

7.9 Impairment Losses

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

7.10 Income Tax

	For the six months ended 30 June	
	2017	2016
Current income tax	**556,127**	797,670
Deferred income tax	**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.

7.11 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.

7.12 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

Movement of impairment allowance for investment securities:

	Loans and receivables	**AFS financial assets**	**HTM investments**	**Total**
As at 1 January 2017	**799,831**	**–**	**–**	**799,831**
Provision in the period	**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

	30 June 2017	31 December 2016
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

(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

(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 in 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

7.13 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 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 RMB 4,406,304 thousand and 4.97% of equity interest is held by the Group. The investment cost of the Group amounted to RMB 379,024 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%

7.14 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.

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 claims amounting to RMB274,146 thousand (as at 31 December 2016: the Group had 9 outstanding legal claims 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.

7.15 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 RMB909,937 thousand based on the number of shares issued as at 31 December 2016, was approved at the Annual General Meeting on 26 May 2017.

7.16 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

	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

8. RELEASE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement was published on the website "HKEXnews" of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com). The 2017 interim report prepared in accordance with the IFRSs will be released on the website "HKEXnews" of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com), and will be dispatched to the holders of H Shares in due course.

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

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

Chongqing, the PRC, August 18, 2017

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

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