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, 2014

The board of directors (the "**Board**") of Bank of Chongqing Co., Ltd. (the "**Bank**" or "**Bank of Chongqing**") is pleased to announce the unaudited interim results (the "**Interim Results**") of the Bank for the six months ended June 30, 2014 (the "**Reporting Period**") prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**") promulgated by the International Accounting Standards Board. The Board and the audit committee of the Board have reviewed and confirmed the Interim Results.

1. CORPORATE INFORMATION

1.1 Basic Information

Legal Name and Abbreviation in Chinese:	重慶銀行股份有限公司 (Abbreviation: 重慶銀行)
Legal Name in English:	Bank of Chongqing Co., Ltd.
Legal Representative:	GAN Weimin
Authorized Representatives:	NI Yuemin ZHOU Wenfeng
Listing Exchange for 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

Secretary to the Board:	LI Zaining
Joint Company Secretaries:	ZHOU Wenfeng HO Wing Tsz Wendy
Corporate Website:	http://www.cqcbank.com
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Registered Address:	No. 153 Zourong Road, Yuzhong District, Chongqing, the PRC Postal Code: 400010
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

2. FINANCIAL HIGHLIGHTS

In respect of the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference between the net profit attributable to equity holders of the Bank for the six months ended June 30, 2014 and net profit attributable to shareholders of the Bank during the Reporting Period.

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	**Change** *(%)*
OPERATING RESULTS			
Interest income	**6,218,832**	4,929,693	26.2
Interest expense	**(3,235,147)**	(2,455,539)	31.7
Net interest income	**2,983,685**	2,474,154	20.6
Net fee and commission income	**454,761**	366,821	24.0
Other operating income, net trading income and net gains on investment securities	**169,453**	109,516	54.7
Operating income	**3,607,899**	2,950,491	22.3
Operating expenses	**(1,174,184)**	(993,939)	18.1
Provision for impairment of loans and advances to customers	**(238,068)**	(102,118)	133.1
Operating profit	**2,195,647**	1,854,434	18.4
Share of profits of an associate	**690**	791	(12.8)
Profit before income tax	**2,196,337**	1,855,225	18.4
Income tax expense	**(529,777)**	(444,593)	19.2
Net profit	**1,666,560**	1,410,632	18.1
Net profit attributable to shareholders of the Bank	**1,666,560**	1,410,632	18.1
Calculated on a per share basis ***(RMB)***			**Change**
Basic earnings per share	**0.62**	0.70	(0.08)

(All amounts expressed in thousands of RMB unless otherwise stated)	**June 30, 2014**	December 31, 2013	**Change** *(%)*
Major indicators of assets/liabilities			
Total assets	**226,176,136**	206,787,015	9.4
Of which: loans and advances to customers, net	**97,434,757**	88,637,824	9.9
Total liabilities	**211,558,028**	193,307,744	9.4
Of which: customer deposits	**168,002,212**	148,801,045	12.9
Share capital	**2,705,228**	2,705,228	0.0
Equity attributable to shareholders of the Bank	**14,618,108**	13,479,271	8.4
Total equity	**14,618,108**	13,479,271	8.4

2.2 Financial Indicators

(All amounts expressed in percentage unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	**Changes**
Profitability indicators *(%)*			
Annualized return on assets[(1)]	**1.55**	1.64	(0.09)
Annualized return on equity[(2)]	**23.92**	31.70	(7.78)
Net interest spread[(3)]	**2.61**	2.63	(0.02)
Net interest margin[(4)]	**2.86**	2.81	0.05
Net fee and commission income to operating income	**12.60**	12.43	0.17
Cost-to-income ratio[(5)]	**26.18**	27.43	(1.25)

(All amounts expressed in percentage unless otherwise stated)	**June 30, 2014**	December 31, 2013	**Changes**
Asset quality indicators *(%)*			
Non-performing loan ratio[(6)]	**0.54**	0.39	0.15
Provision for impairment to non-performing loans[(7)]	**390.38**	526.36	(135.98)
Provision for impairment to total loans[(8)]	**2.10**	2.06	0.04
Indicators of capital adequacy ratio *(%)*			
Core capital adequacy ratio[(9)]	**10.53**	10.82	(0.29)
Capital adequacy ratio[(9)]	**12.09**	13.26	(1.17)
Total equity to total assets	**6.46**	6.52	(0.06)

(All amounts expressed in percentage unless otherwise stated)	**June 30, 2014**	December 31, 2013	**Changes**
Other indicators *(%)*			
Loan-to-deposit ratio[10]	**59.24**	60.82	(1.58)
Liquidity ratio[11]	**59.91**	56.98	2.93
Percentage of loans to the single largest customer[12]	**5.09**	5.09	0.00
Percentage of loans to the top ten customers[13]	**24.29**	22.84	1.45

Note: (1) Calculated by dividing net profit by the average of total assets at the beginning and at the end of the period.

(2) Represents net profit attributable to shareholders of the Bank as a percentage of the average balance of total equity at the beginning and at the end of the period.

(3) Calculated by average return of interest-earning assets minus average interest rate of interest-bearing liabilities.

(4) Calculated by dividing net interest income by average interest-earning assets.

(5) Calculated by dividing operating expense (less business tax and surcharges) by operating income.

(6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.

(7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.

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

(9) Core capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by 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 DISCUSSION AND ANALYSIS

3.1 Financial Review

In the first half of 2014, faced with the slow-down in domestic economic growth and the challenging economic and financial environment where non-performing loans in the banking industry were on the rise, the Bank adopted proactive measures in response to the challenges, including the accelerated marketization of deposit interest rates and the furtherance of financial regulation reform, dedicated to accelerate transformation and development by integrating its management and operations, paving the way to achieve the strategic development goals of the Bank. As at June 30, 2014, the Bank recorded a net profit of RMB1,666.56 million, an increase of 18.1% compared to that in the same period last year, which ranked high among PRC listed banks. The Bank's performance not only delivered sound returns to its shareholders and investors, but also laid down a solid foundation for its sustainable development.

As at June 30, 2014, the Bank recorded a stable and sound growth in total assets, representing an increase of 9.4% from those at the end of 2013, reaching RMB226,176.14 million. The Bank adhered to prudent and sustainable principles for credit management and risk control, and rationally maintained a reasonable level of aggregate credit amount and lending pace, based on regional and macroeconomic environment. As a result, net loans and advances to customers grew by 9.9% compared to those at the end of 2013 to RMB97,434.76 million, while the non-performing loan ratio remained low at 0.54%, which was relatively low compared to its listed peers. While striving for stable growth in service network and business volume, the Bank remained customer-oriented by accelerating its business transformation and upgrading to keep abreast of customers' increasing demand for financial assets diversification, and professional management of deposits. The Bank adopted an innovative approach in deposit management and optimized its pricing practice to meet the requirements for the marketization of deposit interest rates. For the first half of 2014, the amount of customer deposits increased by RMB19,201.16 million to RMB168,002.21 million, representing an increase of 12.9% from those at the end of 2013, and providing a stable source of funding for the rapid growth of the Bank's credit, inter-bank and other intermediate businesses. While the income from its principal business kept stable increase, the Bank strictly controlled costs and expenses, resulting in a deduction of 1.25 percentage points in the cost-to-income ratio to 26.18%, compared to that in the same period last year.

As at June 30, 2014, the Bank's capital adequacy ratio and core capital adequacy ratio were 12.09% and 10.53%, respectively, which not only provided an adequate reserve for the furtherance of the Bank's asset size and business transformation, but also fulfilled the latest regulatory requirements on capital adequacy ratio 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 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Change in percentage *(%)*
Interest income	**6,218,832**	4,929,693	1,289,139	26.2
Interest expense	**(3,235,147)**	(2,455,539)	(779,608)	31.7
Net interest income	**2,983,685**	2,474,151	509,534	20.6
Net fee and commission income	**454,761**	366,821	87,940	24.0
Net trading gain	**99,223**	13,127	86,096	655.9
Net gain on investment securities	**56,483**	50,953	5,530	10.9
Other operating income	**13,747**	45,436	(31,689)	(69.7)
Operating income	**3,607,899**	2,950,491	657,408	22.3
Operating expenses	**(1,174,184)**	(993,939)	(180,245)	18.1
Provision for impairment of loans and advances to customers	**(238,068)**	(102,118)	(135,950)	133.1
Share of profits of an associate	**690**	791	(101)	(12.8)
Profit before income tax	**2,196,337**	1,855,225	341,112	18.4
Income tax expense	**(529,777)**	(444,593)	(85,184)	19.2
Net profit	**1,666,560**	1,410,632	255,928	18.1

For the first half of 2014, our profit before income tax was RMB2,196.34 million, representing a year-on-year increase of 18.4%; net profit was RMB1,666.56 million, representing a year-on-year increase of 18.1%. Both profit before income tax and net profit recorded a fairly high level of year-on-year growth, mainly attributable to the stable growth in interest-earning assets. Net interest income achieved a year-on-year increase of RMB509.53 million or 20.6%.

3.2.1.1 Net interest income

For the first half of 2014, net interest income amounted to RMB2,983.69 million, representing a year-on-year increase of RMB509.53 million or 20.6%. Net interest income accounted for 82.70% of the total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Change in percentage *(%)*
Interest income	**6,218,832**	4,929,693	1,289,139	26.2
Interest expense	**(3,235,147)**	(2,455,539)	(779,608)	31.7
Net interest income	**2,983,685**	2,474,151	509,534	20.6

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014** Average balance	Interest income/ expense	Average annualized yield/cost ratio (%)	For the six months ended 30 June 2013 Average balance	Interest income/ expense	Average annualized yield/cost ratio (%)
ASSETS						
Loans and advances to customers	**95,355,351**	**3,424,474**	**7.24**	82,293,299	2,878,629	7.05
Investment securities	**51,030,094**	**1,580,691**	**6.25**	38,232,360	1,109,888	5.85
Balances with central banks	**31,584,846**	**238,501**	**1.52**	26,203,800	198,570	1.53
Due from other banks and financial institutions	**27,362,879**	**801,529**	**5.91**	27,335,930	634,861	4.68
Financial assets at fair value through profit or loss	**4,797,210**	**173,637**	**7.30**	3,396,963	107,745	6.40
Total interest-earning assets	**210,130,380**	**6,218,832**	**5.97**	177,462,352	4,929,693	5.60
LIABILITIES						
Customer deposits	**153,683,763**	**2,128,447**	**2.79**	129,576,330	1,523,932	2.37
Due to other banks and financial institutions	**36,132,637**	**989,591**	**5.52**	34,529,305	851,155	4.97
Debts issued	**4,281,313**	**117,109**	**5.52**	2,812,647	80,452	5.77
Total interest-bearing liabilities	**194,097,713**	**3,235,147**	**3.36**	166,918,282	2,455,539	2.97
Net interest income		**2,983,685**			2,474,154	
Net interest spread(1)			**2.61**			2.63
Net interest margin(2)			**2.86**			2.81

Note: (1) Net interest spread is the difference between average return of interest-earning assets and average cost of interest-bearing liabilities.

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

For the first half of 2014, the average annualized yield on interest-earning assets of the Bank increased by 37 basis points to 5.97% as compared to that of the same period in the previous year.

For the first half of 2014, the average annualized cost ratio of customer deposits increased over that of the previous year, and the overall average annualized cost ratio of interest-bearing liabilities increased by 39 basis points to 3.36% as compared to that of the previous year.

As a result of the overall impact of the above-mentioned factors, the net interest margin increased by 5 basis points to 2.86% as compared to that of the previous year, and the net interest spread of the Bank decreased by 2 basis points to 2.61% as compared to that of the previous year.

The following table sets forth the Bank's changes in interest income and interest expense due to changes in volume and interest rates. Changes in volume were calculated based on movements in average balance, while changes in interest rates were calculated based on movements in the 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**	**Changes in interest income and expense**
ASSETS			
Loans and advances to customers	391,072	154,773	545,845
Investment securities	320,801	150,002	470,803
Balances with central banks	41,346	(1,415)	39,931
Due from other banks and financial institutions	(167,839)	334,507	166,668
Financial assets at fair value through profit or loss	35,221	30,671	65,892
Change in interest income	**639,146**	**649,993**	**1,289,139**
LIABILITIES			
Customer deposits	58,752	545,763	604,515
Due to other banks and financial institutions	(52,179)	190,615	138,436
Debts issued	43,748	(7,091)	36,657
Change in interest expense	**121,012**	**658,596**	**779,608**

3.2.1.2 Interest income

For the first half of 2014, the Bank's interest income amounted to RMB6,218.83 million, representing a year-on-year increase of RMB1,289.14 million or 26.2%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**			For the six months ended 30 June 2013		
	Average balance	**Interest income**	**Average annualized yield** *(%)*	Average balance	Interest income	Average annualized yield *(%)*
Loans and advances to customers	**95,355,351**	**3,424,474**	**7.24**	82,293,299	2,878,629	7.05
Investment securities	**51,030,094**	**1,580,691**	**6.25**	38,232,360	1,109,888	5.85
Balances with central banks	**31,584,846**	**238,501**	**1.52**	26,203,800	198,570	1.53
Due from other banks and financial institutions	**27,362,879**	**801,529**	**5.91**	27,335,930	634,861	4.68
Financial assets at fair value through profit or loss	**4,797,210**	**173,637**	**7.30**	3,396,963	107,745	6.40

(1) Interest income from loans and advances to customers

For the first half of 2014, interest income from loans and advances to customers amounted to RMB3,424.47 million, representing a year-on-year increase of RMB545.85 million or 19.0%, primarily due to the significant increase in average balance of loans and advances to customers as compared to that of the previous year and the increase in average yield.

(2) Interest income from investment securities

For the first half of 2014, the Bank's interest income from investment securities amounted to RMB1,580.69 million, representing a year-on-year increase of RMB470.80 million or 42.4%, primarily due to the significant increase in average balance and average yield on investment securities as compared to those of the previous year.

(3) Interest income from balances with central banks

For the first half of 2014, the Bank's interest income from balances with central banks amounted to RMB238.50 million, representing a year-on-year increase of RMB39.93 million or 20.1%, primarily due to the year-on-year increase of 20.5% in average balance of balances with central banks as a result of the growth in customer deposits.

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

The average balance, interest income and average yield for each component of the Bank's amounts receivable 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 30 June 2014**			For the six months ended 30 June 2013		
	Average balance	**Interest income**	**Average annualized yield *(%)***	Average balance	Interest income	Average annualized yield *(%)*
Due from other banks and financial institutions	**3,070,848**	**44,615**	**2.93**	2,966,881	32,305	2.20
Financial assets held under resale agreements	**24,292,031**	**756,914**	**6.28**	24,369,049	602,556	4.99
Total amounts receivable from other banks and financial institutions	**27,362,879**	**801,529**	**5.91**	27,335,930	634,861	4.68

For the first half of 2014, interest income from the Bank's amount due from other banks and financial institutions amounted to RMB44.62 million, representing an increase of RMB12.31 million or 38.1% as compared to that of the same period in the previous year, primarily due to the notable increase in both the average yield on amount due from other banks and that from financial institutions as compared to those of the same period in the previous year.

For the first half of 2014, interest income from the Bank's financial assets held under resale agreements amounted to RMB756.91 million, representing a year-on-year increase of RMB154.36 million or 25.6%, primarily due to the increase in average annualized yield of 130 basis points year-on-year, offsetting the impact of the year-on-year decrease in average balance of 0.3%.

Overall, for the first half of 2014, the Bank's total interest receivable from other banks and financial institutions amounted to RMB801.53 million, representing an increase of RMB166.67 million as compared to that of the previous year, or a year-on-year increase of 26.3%.

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

For the first half of 2014, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB173.64 million, representing a year-on-year increase of RMB65.89 million or 61.2%, primarily due to the significant increase in average balance and average yield of financial assets at fair value through profit or loss as compared to the same period of the previous year.

3.2.1.3 Interest expense

For the first half of 2014, the Bank's total interest expense was RMB3,235.15 million, representing a year-on-year increase of RMB779.61 million or 31.7%.

(1) Interest expense on customer deposits

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**			For the six months ended 30 June 2013		
	Average balance	**Interest expense**	**Average annualized cost ratio** *(%)*	Average balance	Interest expense	Average annualized cost ratio *(%)*
Corporate deposits						
Demand	**45,653,111**	**220,503**	**0.97**	43,135,828	209,037	0.98
Time	**59,009,469**	**1,276,534**	**4.36**	49,612,697	870,994	3.54
Subtotal	**104,662,580**	**1,497,037**	**2.88**	92,748,525	1,080,031	2.35
Retail deposits						
Demand	**8,348,727**	**16,194**	**0.39**	8,102,084	15,728	0.39
Time	**16,703,561**	**267,089**	**3.22**	11,898,242	192,325	3.26
Subtotal	**25,052,288**	**283,283**	**2.28**	20,000,326	208,053	2.10
Other deposits	**23,968,895**	**348,127**	**2.93**	16,827,479	235,848	2.83
Total customer deposits	**153,683,763**	**2,128,447**	**2.79**	129,576,330	1,523,932	2.37

For the first half of 2014, the Bank's interest expense on customer deposits was RMB2,128.45 million, representing a year-on-year increase of RMB604.52 million or 39.7%, primarily due to an increase in average cost ratio by 42 basis points and a year-on-year increase of 18.6% in average balance of customer deposits.

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

The average balance, interest expense and average cost ratio for each component of the Bank's amount payable 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 30 June 2014**			For the six months ended 30 June 2013		
	Average balance	**Interest expense**	**Average annualized cost ratio *(%)***	Average balance	Interest expense	Average annualized cost ratio *(%)*
Due to other banks	**26,294,528**	**723,860**	**5.55**	16,438,473	452,480	5.55
Borrowings from central banks	**1,858,198**	**21,589**	**2.34**	1,555,542	20,164	2.61
Sale of financial assets under repurchase agreements	**7,979,911**	**244,142**	**6.17**	16,535,290	378,511	4.62
Total borrowings from financial institutions	**36,132,637**	**989,591**	**5.52**	34,529,305	851,155	4.97

For the first half of 2014, the Bank's total interest expense on the amount due to other banks and financial institutions was RMB989.59 million, representing a year-on-year increase of RMB138.43 million or 16.3%, primarily due to the increase in average balance of the amount due to other banks and borrowings from central banks as compared to the previous year.

(3) Interest expense on issuance of bonds

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**			As at June 30, 2013		
	Average balance	**Interest expense**	**Average annualized cost ratio *(%)***	Average balance	Interest expense	Average annualized cost ratio *(%)*
Subordinated bonds	**1,293,885**	**44,625**	**6.95**	1,790,106	54,044	6.09
Financial bonds for small and micro enterprises	**2,987,428**	**72,484**	**4.89**	1,022,541	26,408	5.21
Subtotal	**4,281,313**	**117,109**	**5.52**	2,812,647	80,452	5.77

For the first half of 2014, interest expense on issued bonds amounted to RMB117.11 million, representing a year-on-year increase of RMB36.66 million or 45.6%, primarily due to the Bank's issuance of RMB3,000.00 million 5-year financial bonds for small and micro enterprises within China's inter-bank bond market on April 25, 2013, resulting in an increase of RMB46.08 million in interest expense on such bonds in the first half of 2014 as compared to the same period of 2013.

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.

For the first half of 2014, the Bank's net interest spread was 2.61%, representing a year-on-year decrease of 2 basis points. The slight decrease in net interest spread was primarily due to the increase in average cost of interest-bearing liabilities exceeding the increase in average yield of interest-earning assets.

For the first half of 2014, the Bank's net interest margin was 2.86%, representing a year-on-year increase of 5 basis points, primarily due to the year-on-year increase of RMB509.53 million or 20.6% in the Bank's net interest income to RMB2,983.69 million. Increase in average balance of interest-earning assets was 18.4%; the increase in net interest income was higher than the increase in average balance of interest-earning assets.

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 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Change in percentage *(%)*
Fee and commission income				
Commission income from financial advisory and consulting services	**211,678**	141,944	69,734	49.1
Commission income from wealth management agency service	**81,980**	116,343	(34,363)	(29.5)
Commission income from custodian service	**102,432**	46,362	56,070	120.9
Annual fees and commission income from bank card services	**43,303**	47,632	(4,329)	(9.1)
Commission income from guarantee and commitment services	**23,510**	19,306	4,204	21.8
Commission income from settlement and agency services	**19,228**	18,251	977	5.4
Fee and commission expense	**(27,370)**	(23,017)	(4,353)	18.9
Net fee and commission income	**454,761**	366,821	87,940	24.0

For the first half of 2014, net fee and commission income amounted to RMB454.76 million, representing a year-on-year increase of RMB87.94 million or 24.0% and accounting for 12.6% of operating income, up by 0.17 percentage point as compared to the same period of the previous year, primarily due to the Bank's adoption of measures to expand the sources of non-interest income and increase the income from intermediary banking services, such as the year-on-year increase of RMB69.73 million or 49.1% in commission income from financial advisory and consulting services, the year-on-year increase of RMB56.07 million or 120.9% in commission income from custodian service, and the year-on-year increase of RMB4.20 million or 21.8% in commission income from guarantee and commitment services.

Commission income from financial advisory and consulting services amounted to RMB211.68 million, representing a year-on-year increase of RMB69.73 million or 49.1%, primarily due to the substantial growth in the comprehensive financial services provided by the Bank.

Commission income from wealth management agency service amounted to RMB81.98 million, representing a year-on-year decrease of RMB34.36 million or 29.5%, primarily due to the decrease in wealth management agency service in the first half of the year pursuant to regulatory requirements.

Commission income from custodian service amounted to RMB102.43 million, representing a year-on-year increase of RMB56.07 million or 120.9%, primarily due to the substantial growth in the Bank's custodian service for bond funds.

Annual fees and commission income from bank card services amounted to RMB43.30 million, representing a year-on-year decrease of RMB4.33 million or 9.1%, primarily due to regulatory requirement on lower rates and the competitiveness of the market, causing the year-on-year decrease in income against the increase in the number of issued bank cards and credit cards and the growth in amount of settled transactions.

Commission income from guarantee and commitment services amounted to RMB23.51 million, representing a year-on-year increase of RMB4.20 million or 21.8%, primarily due to the substantial growth of guarantee and commitment services.

Commission income from settlement and agency services amounted to RMB19.23 million, representing a year-on-year increase of RMB0.98 million or 5.4%, primarily due to the increase of transaction volume on top of the fundamentally stable rate of commission for settlement and agency services.

(2) Net trading gain

Net trading gain mainly include gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi, and gains or losses generated from the changes in fair value of the trading securities. In the first half of 2014, the Bank's net trading gain was RMB99.22 million, representing a significant year-on-year increase of 655.9%, primarily due to: (1) the foreign exchange gain arising from the fluctuation in exchange rate of Renminbi to Hong Kong dollars during the foreign currency settlement of proceeds in the first half of 2014 from initial public offering of H Shares in 2013; and (2) the gain arising from the fluctuation in exchange rate when adjusting bond-based securities portfolio.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Foreign exchange gain/(loss)	**24,455**	(1,201)	25,656	N/A
Net gain on interest rate instruments	**74,768**	14,328	60,440	421.8
Total	**99,223**	13,127	86,096	655.9

(3) Net gain on investment securities

In the first half of 2014, the Bank's net gain on investment securities amounted to RMB56.48 million, representing an increase of RMB5.53 million or 10.9% as compared to the same period of 2013.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Net gains arising from de-recognition of held-for-trading financial assets	**2,455**	51,003	(48,548)	(95.2)
Net gains arising from de-recognition of available-for-sale financial assets	**54,028**	(50)	54,078	N/A
Total	**56,483**	50,953	5,530	10.9

3.2.1.6 *Operating expenses*

In the first half of 2014, the Bank's operating expenses were RMB1,174.18 million, representing a year-on-year increase of RMB180.25 million or 18.1%.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Staff costs	**569,775**	457,389	112,386	24.6
Business taxes and surcharge	**229,514**	184,682	44,832	24.3
Depreciation and amortization	**63,505**	55,776	7,729	13.9
General and administrative expenses	**256,713**	253,626	3,087	1.2
Others	**54,677**	42,466	12,211	28.8
Total operating expenses	**1,174,184**	993,939	180,245	18.1

(1) Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 48.5% and 46.0% of its total operating expenses for the first half of 2014 and 2013 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Salaries and bonuses	**401,706**	316,368	85,338	27.0
Pension costs	**61,168**	47,465	13,703	28.9
Housing benefits and subsidies	**28,175**	22,992	5,183	22.5
Union and employee education fees	**10,364**	7,836	2,528	32.3
Other social security and welfare expenses	**68,362**	62,728	5,634	9.0
Total staff costs	**569,775**	457,389	112,386	24.6

In the first half of 2014, the Bank's total staff costs amounted to RMB569.78 million, representing a year-on-year increase of RMB112.39 million or 24.6%, primarily due to: (1) the year-on-year increase of 9.7% in the average level of staff salaries and benefits; and (2) the increase in headcounts driven by the expansion of business scale and the increase in the number of branches. As at June 30, 2014, the Bank had 3,467 full-time employees, representing an increase of 14.9% as compared to the same period of 2013.

(2) Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our provision of financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In the first half of 2014, business taxes and surcharges were RMB229.51 million, representing a year-on-year increase of RMB44.83 million or 24.3%.

(3) Depreciation and amortization

Depreciation and amortization for the first half of 2014 increased by RMB7.73 million or 13.9% to RMB63.51 million over the previous year as the growth of our property and equipment remained stable during the Reporting Period.

(4) General and administrative expenses

General and administrative expenses increased to RMB256.71 million in the first half of 2014, representing a slight year-on-year increase of 1.2%.

3.2.1.7 Provisions for impairment of loans and advances to customers

Provisions for impairment losses recorded RMB238.07 million for the first half of 2014, representing a year-on-year increase of RMB135.95 million or 133.1% as compared to RMB102.12 million in 2013. The increase in provisions for impairment losses was primarily due to the increased volume of loans and the higher percentages of impairment loss for certain industries.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Provisions for impairment of loans and advances to customers	**238,068**	102,118	135,950	133.1

3.2.1.8 *Investment in an associate*

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013
Balance at beginning of the period	**24,370**	22,935
Share of profit after tax	**690**	791
Balance at the end of the period	**25,060**	23,726

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110.00 million. For the first half of 2014, profit after tax was RMB0.69 million, representing a year-on-year decrease of 12.8%.

3.2.1.9 *Income tax expense*

The applicable income tax rate of the Bank was 25%. The effective tax rates of the Bank in the first half of 2014 and 2013 were 24.12% and 23.96% respectively.

The following table sets forth the profit before income tax and income tax expense for the first half of 2014 and 2013.

(All amounts expressed in thousands of RMB unless otherwise stated)	**For the six months ended 30 June 2014**	For the six months ended 30 June 2013	Change in amount	Rate of change *(%)*
Profit before income tax	**2,196,337**	1,855,225	341,112	18.4
Tax calculated at applicable statutory tax rate of 25%	**549,084**	463,806	85,278	18.4
Add/(less) the tax effect of the following items:				
Non-taxable income	**(22,201)**	(23,454)	1,253	(5.3)
Non-deductible expenses	**4,059**	4,241	(182)	(4.3)
Difference from settlements for prior years	**(1,165)**	–	(1,165)	–
Income tax expense	**529,777**	444,593	85,184	19.2

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Total loans and advances to customers	**99,523,757**	**44.0**	90,504,316	43.8
Provision for impairment losses on loans and advances to customers	**(2,089,000)**	**(0.9)**	(1,866,492)	(0.9)
Net loans and advances to customers	**97,434,757**	**43.1**	88,637,824	42.9
Investment securities[1]	**50,730,344**	**22.4**	47,430,761	22.9
Investment in associates	**25,060**	**0.0**	24,370	0.0
Cash and balances with central banks	**38,221,211**	**16.9**	32,822,748	16.0
Due from other banks and financial institutions	**29,834,015**	**13.2**	32,143,462	15.5
Financial assets at fair value through profit or loss	**5,996,769**	**2.6**	2,009,537	1.0
Fixed assets	**2,157,241**	**1.0**	2,068,972	1.0
Deferred income tax assets	**301,473**	**0.1**	305,651	0.1
Other assets	**1,475,266**	**0.7**	1,343,690	0.6
Total assets	**226,176,136**	**100.0**	206,787,015	100.0

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

As at June 30, 2014, the Bank's total assets amounted RMB226,176.14 million, representing an increase of RMB19,389.12 million or 9.4% as compared to the end of the previous year. An analysis of the breakdown of the Bank's total assets as at June 30, 2014 is as follows.

Total loans and advances to customers increased by RMB9,019.44 million or 10.0% as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support to loans to SMEs and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development of Chongqing.

Investment securities increased by RMB3,299.58 million or 7.0% as compared to the end of the previous year, primarily due to the expansion of directional asset management plans and securities investment.

Cash and balances with central banks increased by RMB5,398.46 million or 16.4% as compared to the end of the previous year, primarily due to the increase in statutory deposit reserves as a result of the increased customer deposits.

Total amount due from other banks and financial institutions decreased by RMB2,309.45 million or 7.2% as compared to the end of the previous year, primarily due to the decrease in the amount due from other banks and financial institutions.

(1) Loans and advances to customers (Contractual amount)

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total (%)**	Amount	Percentage of total (%)
Loans and advances to corporate entities				
– Corporate loans	**64,991,469**	**65.3**	60,083,587	66.4
– Discounted bills	**6,091,555**	**6.1**	5,245,372	5.8
Retail loans				
– Mortgage loans	**16,470,196**	**16.6**	15,790,408	17.4
– Personal consumer loans	**3,219,671**	**3.2**	2,233,591	2.5
– Credit card overdrafts	**1,338,300**	**1.4**	1,007,641	1.1
– Personal business loans	**7,410,268**	**7.4**	6,127,637	6.8
– Others	**2,298**	**0.0**	16,080	0.0
Total loans and advances to customers	**99,523,757**	**100.0**	90,504,316	100.0

As at June 30, 2014, the Bank's total loans and advances to customers amounted to RMB99,523.76 million, representing an increase of RMB9,019.44 million or 10.0% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB64,991.47 million, representing an increase of RMB4,907.88 million or 8.2% as compared to the end of the previous year and accounting for 65.3% of total loans and advances to customers, down by 1.1 percentage points as compared to the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure in support of the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the wholesale and retail industry, the construction industry, the culture, education and entertainment industry, the accommodation and catering industry amounted to RMB2,904.98 million, RMB742.62 million, RMB157.18 million and RMB147.36 million respectively.

Discounted bills amounted to RMB6,091.56 million, representing an increase of RMB846.18 million or 16.1% as compared to the end of the previous year, primarily due to the stronger market demand.

Personal loans amounted to RMB28,440.73 million, representing an increase of RMB3,265.37 million or 13.0% as compared to the end of the previous year and accounting for 28.6% of total loans and advances to customers, up by 0.8 percentage point from the beginning of the year. Specifically, mortgage loans, mainly to finance residential home purchases, increased by RMB679.79 million or 4.3% as compared to the end of the previous year; personal consumer loans increased by RMB986.08 million or 44.1% as compared to the end of the previous year; personal loans for business purposes increased by RMB1,282.63 million or 20.9% as compared to the end of the previous year; credit card overdraft increased by RMB330.66 million or 32.8% as compared to the end of the previous year. The increase was because that the Bank took active measures to avoid systemic risks arising from the credit business and primarily met credit needs of premium personal customers in the face of complex market changes.

Distribution of loans by type of collateral (Contractual amount)

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Collateral loans	**47,269,817**	**47.5**	41,959,416	46.4
Pledged loans	**13,592,771**	**13.7**	11,263,885	12.4
Guaranteed loans	**34,155,882**	**34.3**	32,529,589	35.9
Unsecured loans	**4,505,287**	**4.5**	4,751,426	5.3
Total loans and advances to customers	**99,523,757**	**100.0**	90,504,316	100.0

Movements on provision for impairment on loans and advances to customers (contractual amount)

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Collective impairment	**Individual impairment**	Collective impairment	Individual impairment
Balance at beginning of the period	**1,750,942**	**115,550**	1,233,628	143,660
Impairment for loans and advances charged to profit or loss	**183,897**	**115,735**	609,529	95,156
Reversal of impairment for loans and advances	**(22,095)**	**(39,469)**	(92,215)	(76,838)
Net impairment for loans and advances charged to profit or loss	**161,802**	**76,266**	517,314	18,318
Unwinding discount on allowances during the period	**–**	**(7,064)**	–	(9,570)
Loans written off during the year	**–**	**(9,456)**	–	(41,082)
Recoveries of doubtful debts written off in previous years	**–**	**960**	–	4,224
Balance at end of the period	**1,912,744**	**176,256**	1,750,942	115,550

In the first half of 2014, the Bank was in strict compliance with the relevant requirements of accounting standards, so as to provide sufficient allowances for impaired loans and advances whilst fully considering external economic dynamics and macro monitoring policies. As at June 30, 2014, the balance of provisions for impairment losses on loans and advances to customers was RMB2,089.00 million, representing an increase of RMB222.51 million as compared to the end of the previous year; and the allowances to non-performing loans decreased by 135.98 percentage points to 390.38% as compared to the beginning of the year.

(2) Securities investment

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Financial assets at fair value through profit or loss				
– Corporate bonds	**5,996,769**	**10.6**	2,009,537	4.1
Subtotal	**5,996,769**	**10.6**	2,009,537	4.1
Investment securities – Loans and receivables				
– Trust investments	**24,021,085**	**42.3**	27,909,790	56.5
– Wealth management products purchased from financial institutions	**1,384,731**	**2.4**	1,683,233	3.4
– Directional asset management plans	**13,819,169**	**24.4**	5,407,537	10.9
Subtotal	**39,224,985**	**69.1**	35,000,560	70.8
Investment securities – Available-for-sale				
– Government bonds	**–**		–	
– Non-commercial bank bonds	**3,161,696**	**5.6**	2,901,170	5.8
– Corporate bonds	**640,119**	**1.1**	1,872,925	3.8
– Equity investment at fair value	**182,850**	**0.3**	182,850	0.4
– Others	**14**	**0.0**	14	0.0
Subtotal	**3,984,679**	**7.0**	4,956,959	10.0
Investment securities – Held-to-maturity				
– Government bonds	**5,213,612**	**9.2**	4,930,028	10.0
– Non-commercial bank bonds	**1,811,068**	**3.2**	1,947,214	3.9
– Commercial bank bonds	**450,000**	**0.8**	550,000	1.1
– Corporate bonds	**46,000**	**0.1**	46,000	0.1
Subtotal	**7,520,680**	**13.3**	7,473,242	15.1
Total	**56,727,113**	**100.0**	49,440,298	100.0

As at June 30, 2014, the total amount of securities investment was RMB56,727.11 million, representing an increase of RMB7,286.82 million or 14.7% as compared to the end of the previous year. Financial assets held for trading at fair value through profit or loss increased by RMB3,987.23 million as compared to the end of the previous year, primarily due to the increased holding of corporate bonds with higher yields based on the accurate estimation of the trend of interest rates by the Bank. Available-for-sale financial assets decreased by RMB972.28 million as compared to the end of the previous year, primarily due to the decreased holding of corporate bonds with lower interest rates. Investment securities-loans and receivables increased by RMB4,224.43 million as compared to the end of the previous year, primarily due to the increased holding of directional asset management plans with controllable risks and higher yields, the decreased holding of trust investment with higher risks and the purchase of wealth management products from financial institutions.

3.2.2.2 *Liabilities*

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Due to other banks and financial institutions	**34,418,103**	**16.3**	33,749,572	17.5
Customer deposits	**168,002,212**	**79.4**	148,801,045	77.0
Other liabilities	**5,041,340**	**2.4**	5,804,219	3.0
Taxes payable	**305,267**	**0.1**	175,138	0.1
Deferred tax liabilities	**7,631**	**0.0**	–	0.0
Debts issued	**3,783,475**	**1.8**	4,777,770	2.4
Total liabilities	**211,558,028**	**100.0**	193,307,744	100.0

As at June 30, 2014, total liabilities amounted to RMB211,558.03 million, representing an increase of RMB18,250.28 million or 9.4% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB19,201.17 million or 12.9% as compared to the end of the previous year; amount due to other banks and financial institutions increased by RMB668.53 million or 2.0% as compared to the end of the previous year; debts issued decreased by RMB994.30 million or 20.8% due to redemption of subordinates debts of RMB1,000 million by the Bank in April, 2014.

(1) Customer deposits

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014** Amount	**Percentage of total** *(%)*	As at December 31, 2013 Amount	Percentage of total *(%)*
Corporate demand deposits	**49,165,528**	**29.3**	46,694,854	31.4
Corporate time deposits	**61,765,755**	**36.8**	56,788,904	38.2
Individual demand deposits	**10,154,341**	**6.0**	10,202,369	6.8
Individual time deposits	**19,473,382**	**11.6**	14,714,891	9.9
Other deposits	**27,443,206**	**16.3**	20,400,027	13.7
Total customer deposits	**168,002,212**	**100.0**	148,801,045	100.0
Of which: Pledged deposits held as collateral	**27,051,605**	**16.1**	20,286,637	13.6

As at June 30, 2014, customer deposits amounted to RMB168,002.21 million, representing an increase of RMB19,201.17 million or 12.9% as compared to the end of the previous year. Corporate deposits increased by RMB7,447.53 million or 7.20% as compared to the end of the previous year; individual deposits increased by RMB4,710.46 million or 18.9% as compared to the end of the previous year. Corporate and individual time deposits amounted to RMB59,319.87 million, representing an increase of RMB2,422.65 million or 4.3% as compared to the end of the previous year, while corporate and individual demand deposits amounted to RMB81,239.14 million, representing an increase of RMB9,735.34 million or 13.6% as compared to the end of the previous year.

(2) Debts issued

(All amounts are expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Subordinated debts				
Fixed rate subordinated debt-2019	**–**		995,856	20.8
Fixed rate subordinated debt-2022	**795,260**	**21.0**	795,071	16.7
Financial debt				
Fixed rate financial debt-2018	**2,988,215**	**79.0**	2,986,843	62.5
Total	**3,783,475**	**100.0**	4,777,770	100.0

Pursuant to a resolution of the extraordinary general meeting passed on November 11, 2008 and the "Approval for Bank of Chongqing to Issue Subordinated Bonds" (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued RMB1 billion in subordinated bonds within the domestic inter-bank bond market of China in April 2009. Such subordinated bonds have a maturity of 10 years, with a coupon rate of 5.31% per annum for the first five years, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on April 3, 2014. If the Bank does not exercise this option, the annual coupon rate for the second 5-year period shall be the original coupon rate plus 3.0% per annum, and shall remain fixed through to the maturity date. On April 3, 2014, the Bank exercised the option to redeem all of the bonds at par value.

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 RMB800 million in subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 2017.

The subordinated bonds are subordinated to all other claims on the assets of the Bank except for the Bank's share capital. In the calculation of the Bank's capital adequacy ratio, the subordinated bonds qualify for inclusion as supplementary capital.

Pursuant to the "CBRC Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds" (《中國銀監會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 20, 2012 and the "Administrative Approval from the People's Bank of China" (《中國人民銀行准予行政許可決定書》) (Yin Shi Chang Xu Zhun Yu [2013] No. 15) by the PBOC, the Bank, for the first time, issued small and micro enterprises financial bonds for supporting development of small and micro enterprises with the principal of RMB3,000.00 million. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

As at June 30, 2014, there were no defaults of principal and interest or other breaches with respect to these bonds since the issue of these debt securities.

(3) Due to other banks and financial institutions

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014** Amount	**As at June 30, 2014** Percentage of total *(%)*	As at December 31, 2013 Amount	As at December 31, 2013 Percentage of total *(%)*
Loans from the PBOC	**1,710,301**	**5.0**	2,458,216	7.3
Deposits from other banks	**19,646,208**	**57.1**	21,690,766	64.3
Deposits from other financial institutions	**3,620,142**	**10.5**	1,077,500	3.2
Loans from other banks and financial institutions	**632,630**	**1.8**	1,054,675	3.1
Notes sold under repurchase agreements	**8,808,822**	**25.6**	7,468,415	22.1
Total	**34,418,103**	**100.0**	33,749,572	100.0

As at June 30, 2014, the amount due to other banks and financial institutions reached RMB34,418.10 million, representing an increase of RMB668.53 million or 2.0% as compared to the end of the previous year. Loans from the PBOC decreased by RMB747.92 million or 30.4% as compared to the end of the previous year; deposits from other banks decreased by RMB2,044.56 million or 9.4% as compared to the end of the previous year; deposits from other financial institutions increased by RMB2,542.64 million or 236.0% as compared to the end of the previous year; loans from other banks and financial institutions decreased by RMB422.05 million or 40.0% as compared to the end of the previous year; notes sold under repurchase agreements increased by RMB1,340.41 million or 17.9% as compared to the end of the previous year.

3.2.2.3 *Shareholders' equity*

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Share capital	**2,705,228**	**18.5**	2,705,228	20.1
Capital reserve	**2,444,623**	**16.7**	2,444,623	18.1
Other reserves	**3,391,206**	**23.2**	2,653,606	19.7
Retained earnings	**6,077,051**	**41.6**	5,675,814	42.1
Total equity	**14,618,108**	**100.0**	13,479,271	100.0

As at June 30, 2014, the Bank had paid-in capital of RMB2,705.23 million, capital reserve of RMB2,444.62 million, other reserves of RMB3,391.21 million and retained earnings of RMB6,077.05 million. Among other reserves, general reserve increased by RMB659.35 million as compared to the end of the previous year, as the general reserve was required to be not less than an additional reserve of 1.5% of balance or risk assets at the end of the previous year.

3.2.3 Loan quality analysis

3.2.3.1 Breakdown of loans by the five-category classification

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage of total** *(%)*	Amount	Percentage of total *(%)*
Normal	**97,962,249**	**98.43**	89,545,465	98.94
Special mention	**1,026,390**	**1.03**	604,249	0.67
Substandard	**388,086**	**0.39**	233,872	0.26
Doubtful	**99,949**	**0.10**	95,104	0.10
Loss	**47,083**	**0.05**	25,626	0.03
Total loans and advances to customers	**99,523,757**	**100.00**	90,504,316	100.00
Amount of non-performing loans	**535,118**	**0.54**	354,602	0.39

In the first half of 2014, facing complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a whole risk surveillance of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as monitoring loan management, which resulted in continuous improvement in the quality of the Bank's credit assets. As at June 30, 2014, balance of non-performing loans was RMB535.12 million, representing an increase of RMB180.52 million as compared to the previous year; non-performing loan ratio was 0.54%, representing an increase of 0.15 percentage point as compared to the end of the previous year. The special mention loans accounted for 1.03% of total loans, representing an increase of 0.36 percentage point as compared to the previous year.

3.2.3.2 Concentration of loans

(1) Concentration by industry and non-performing loans

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, 2014**				As at December 31. 2013			
	Amount	**Percentage of total** *(%)*	**Non-performing loan amount**	**Non-performing loan ratio** *(%)*	Amount	Percentage of total *(%)*	Non-performing loan amount	Non-performing loan ratio *(%)*
Manufacturing	**16,117,481**	**16.2**	**130,136**	**0.81**	15,550,827	17.2	121,636	0.78
Wholesale and retail	**13,502,310**	**13.6**	**148,749**	**1.10**	10,597,333	11.7	80,323	0.76
Construction	**7,635,670**	**7.7**	**49,230**	**0.64**	6,893,052	7.6	0	0.00
Real estate	**8,741,788**	**8.8**	**30,000**	**0.34**	6,572,898	7.2	30,000	0.46
Leasing and commercial service	**3,527,332**	**3.5**	**1,854**	**0.05**	4,599,200	5.1	1,854	0.04
Water conservation, environmental public facility administration	**3,807,455**	**3.8**	**0**	**0.00**	4,155,130	4.6	0	0.00
Transportation, warehousing and postal service	**2,589,412**	**2.6**	**22,666**	**0.88**	2,738,775	3.0	0	0.00
Mining	**2,671,130**	**2.7**	**0**	**0.00**	2,630,498	2.9	0	0.00
Electricity, gas and water production and supply	**1,568,841**	**1.6**	**0**	**0.00**	1,412,688	1.6	0	0.00
Agriculture, forestry, animal husbandry and fishery	**1,248,638**	**1.2**	**0**	**0.00**	1,143,960	1.3	0	0.00
Household services and other services	**572,640**	**0.6**	**0**	**0.00**	853,643	0.9	0	0.00
Education	**658,137**	**0.7**	**1,400**	**0.21**	826,451	0.9	0	0.00
Financing	**567,064**	**0.6**	**2,064**	**0.36**	515,993	0.6	2,993	0.58
Science, technology and geological survey	**369,490**	**0.4**	**0**	**0.00**	477,196	0.5	0	0.00
Information transmission, computer services and software industries	**340,986**	**0.3**	**0**	**0.00**	382,263	0.4	8,597	2.25
Accommodation and catering	**414,394**	**0.4**	**304**	**0.07**	267,039	0.3	9	0.00
Culture, education, entertainment	**404,880**	**0.4**	**0**	**0.00**	247,700	0.3	0	0.00
Public administration and social organization	**150,000**	**0.1**	**0**	**0.00**	150,000	0.2	0	0.00
Health, social security and welfare	**103,821**	**0.1**	**0**	**0.00**	68,941	0.1	0	0.00
Discounted bills	**6,091,555**	**6.1**	**0**	**0.00**	5,245,372	5.8	0	0.00
Individual loans	**28,440,733**	**28.6**	**148,715**	**0.52**	25,175,357	27.8	109,190	0.43
Total	**99,523,757**	**100.0**	**535,118**	**0.54**	90,504,316	100.0	354,602	0.39

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

In the first half of 2014, in response to tumultuous and ever-changing external economic conditions, the Bank continued to optimize its industry-specific lending and exit criteria for customers and further refined the management of industry quotas. The amount of non-performing loans in the construction sector increased by RMB49.23 million as compared to the end of the previous year, representing an increase of 0.64 percentage point in non-performing loan ratio, primarily due to the advances made for certain bank accepted bills issued to a corporate client.

The amount of non-performing loans in the transportation, warehouse and postal service sector increased by RMB22.67 million as compared to the end of the previous year, representing an increase of 0.88 percentage point in non-performing loan ratio, primarily due to overdue of debts repayment from a corporate client which encountered difficulty in working capital turnover.

The amount of non-performing loans in the wholesale and retail sector increased by RMB68.43 million as compared to the end of the previous year, representing an increase of 0.34 percentage point in non-performing loan ratio, with the newly added non-performing loans mainly arose from the steel trading and coal trading businesses. The industry profit earned by manufacturers and distributors were definitely compromised by the ongoing downtrend of steel prices and coal prices under the influence of recent macro-economic volatility, while the over-reliance on supply chain financing by certain clients within the industry elevated the risk exposure. Tension, or even breakage, of the funding chain is more likely to occur in the context of overall downtrend of the prospected profit within the industry, led to a higher non-performing loan ratio.

The non-performing loan ratio in the real estate sector continued to decline and was 0.12 percentage point lower than the previous year.

(2) Concentration of borrowers

In the first half of 2014, the Bank's total loans to its single largest borrower accounted for 5.09% of its net capital while total loans to its top ten customers accounted for 24.29% of its net capital, which were in accordance with regulatory requirements. As at June 30, 2014, none of the Bank's loans to top ten borrowers were non-performing loans.

a. Indicators of concentration

Major regulatory indicators	**Regulatory standard**	**As at June 30, 2014**	As at December 31, 2013
Loan concentration ratio for the single largest customer *(%)*	<=10	**5.09**	5.09
Loan concentration ratio for the top ten customers *(%)*	<=50	**24.29**	22.84

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

b. Loans to top ten borrowers

(All amounts expressed in thousands of RMB unless otherwise stated)		As at June 30, 2014	
	Industry	**Amount**	**Percentage of total loans** *(%)*
Customer A	Manufacturing	**850,000**	**0.85**
Customer B	Wholesale and retail	**480,000**	**0.48**
Customer C	Transportation, warehousing and postal service	**400,000**	**0.40**
Customer D	Real estate	**350,000**	**0.35**
Customer E	Real estate	**350,000**	**0.35**
Customer F	Water conservation, environment and public facility administration	**340,000**	**0.34**
Customer G	Transportation, warehousing and postal service	**340,000**	**0.34**
Customer H	Water conservation, environment and public facility administration	**320,000**	**0.32**
Customer I	Real estate	**320,000**	**0.32**
Customer J	Leasing and commercial services	**305,000**	**0.31**

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

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**			As at December 31, 2013		
	Loan amount	**Non-performing loan amount**	**Non-performing loan ratio (%)**	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	**64,991,469**	**386,403**	**0.59**	60,083,587	245,412	0.41
Short-term loans	**44,808,616**	**382,879**	**0.85**	40,891,142	242,360	0.59
Medium- and long-term loans	**20,182,853**	**3,524**	**0.02**	19,192,445	3,052	0.02
Retail loans	**28,440,733**	**148,715**	**0.52**	25,175,357	109,190	0.43
Residential mortgage and personal commercial property loans (1)	**16,012,278**	**26,264**	**0.16**	15,278,964	15,221	0.41
Personal business and re-employment loans	**7,410,268**	**104,001**	**1.40**	6,127,637	81,780	1.33
Others (2)	**5,018,187**	**18,450**	**0.37**	3,768,756	12,189	0.32
Discounted bills	**6,091,555**	**0**	**0.00**	5,245,372	0	0.00
Total	**99,523,757**	**535,118**	**0.54**	90,504,316	354,602	0.39

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

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

As at June 30, 2014, non-performing loan ratio of corporate loans increased by 0.18 percentage point to 0.59% as compared to the end of the previous year, and non-performing loan ratio of personal loans increased by 0.09 percentage point to 0.52% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**		As at December 31, 2013	
	Amount	**Percentage *(%)***	Amount	Percentage *(%)*
Past due within 3 months	**155,222**	**24.87**	150,730	33.87
Past due for 3 months to 1 year	**246,123**	**39.43**	127,489	28.65
Past due for over 1 year and within 3 years	**185,844**	**29.78**	120,714	27.12
Past due for more than 3 years	**36,947**	**5.92**	46,089	10.36
Total overdue loans and advances to customers	**624,136**	**100.00**	445,022	100.00

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

As at June 30, 2014, the total overdue loans amounted to RMB624.14 million, representing an increase of RMB179.11 million as compared to the end of the previous year. Overdue loans accounted for 0.63% of total loans, representing an increase of 0.14 percentage point as compared to the same period of 2013.

3.2.4 Analysis of capital adequacy ratio

3.2.4.1 Capital adequacy ratio

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

(All amounts expressed in thousands of RMB unless otherwise stated)	**June 30, 2014**	December 31, 2013
Core capital:		
Share capital	**2,705,228**	2,705,228
Counted part of capital surplus	**2,410,902**	2,316,711
Surplus reserve and general risk reserves	**3,424,926**	2,526,470
Counted part of retained earnings	**6,077,051**	5,916,348
Core Tier 1 Capital deductibles items:		
Full deductibles items	**(82,810)**	(81,476)
Threshold deduction items	**–**	–
Total Core Tier 1 Capital, net	**14,535,297**	13,383,281
Other Tier 1 Capital, net	**–**	–
Tier 2 Capital, net	**2,155,755**	3,011,817
Net capital	**16,691,052**	16,395,098
On-balance sheet risk-weighted assets	**107,420,189**	98,875,498
Off-balance sheet risk-weighted assets	**15,355,981**	13,861,718
Risk-weighted assets for exposure to counterpart credit risk	**–**	–
Total credit risk-weighted assets	**122,776,170**	112,737,216
Total market risk-weighted assets	**6,503,898**	2,219,454
Total operational risk-weighted assets	**8,723,418**	8,723,417
Total risk-weighted assets before applying capital base	**138,003,486**	123,680,087
Total risk-weighted assets after applying capital base	**138,003,486**	123,680,087
Core Tier 1 Capital adequacy ratio	**10.53%**	10.82%
Tier 1 Capital adequacy ratio	**10.53%**	10.82%
Capital adequacy ratio	**12.09%**	13.26%

Note: Core Tier 1 Capital adequacy ratio and capital adequacy ratio for the first half of 2014 were calculated in accordance with the latest guidance published by the CBRC (effective from January 1, 2013).

As at the end of the Reporting Period, the Bank's capital adequacy ratio and Core Tier 1 Capital adequacy ratio were 12.09% and 10.53%, respectively, 1.17 percentage points and 0.29 percentage point lower than those at the beginning of the year respectively. The change of capital adequacy ratio in the Reporting Period was mainly due to: (i) the decrease of Tier 2 Capital as the Bank redeemed the 09 Chongqing Bank bonds amounting to RMB1 billion in April, 2014; (ii) the decrease of Core Tier 1 Capital as the Bank made provision for the annual dividend of 2013; and (iii) the normal business development, together with the increase in on- and off- balance sheet risk-weighted assets, resulting in the decrease of its capital adequacy ratio.

In accordance with the "Regulatory Requirement on the Information Disclosure Regarding the Capital Composition of the Commercial Banks" (《關於商業銀行資本構成信息披露的監管要求》), the information concerning the capital composition, detailed explanation on relevant items and the main characteristics of the capital instrument of the Bank will be further disclosed in the "Investor Relation-Capital Regulation" (「投資者關係－資本監管」) column on the website of the Bank (www.cqcbank.com).

3.2.5 Segment information

3.2.5.1 *Summary of geographical segment*

(Expressed in percentage)	**June 30, 2014** **Chongqing**	**Other areas [(1)]**	December 31, 2013 Chongqing	Other areas [(1)]
Deposits	**76.52**	**23.48**	77.81	22.19
Loans	**73.91**	**26.09**	73.83	26.17
Assets	**77.46**	**22.54**	77.72	22.28
Loan-to-deposit ratio	**56.02**	**64.45**	57.71	71.74
Non-performing loan ratio	**0.37**	**1.04**	0.26	0.75
Allowance to non-performing loans ratio	**570.22**	**204.99**	787.84	268.30

(Expressed in percentage)	**For the six months ended 30 June 2014** Chongqing	**Other areas [1]**	For the six months ended 30 June 2013 Chongqing	Other areas [1]
Return on average total assets	**0.76**	**0.79**	0.94	0.43
Net fee and commission income to operating income	**13.11**	**10.60**	11.86	15.86
Cost-to-income ratio	**31.14**	**38.15**	31.02	49.77

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)	**As at June 30, 2014** Corporate banking	**Personal banking**	**Treasury operations**	**Others**	**Total**
Net interest income from external customers	**972,280**	**323,747**	**1,687,658**	**–**	**2,983,685**
Inter-segment net interest income/(expense)	**988,898**	**224,409**	**(1,213,307)**	**–**	**–**
Net interest income	**1,961,178**	**548,156**	**474,351**	**–**	**2,983,685**
Net fee and commission income	**363,705**	**91,056**	**–**	**–**	**454,761**

(All amounts expressed in thousands of RMB unless otherwise stated)	As at June 30, 2013				
	Corporate banking	Personal banking	Treasury operation	Others	Total
Net interest income from external customers	978,253	230,262	1,265,639	–	2,474,154
Inter-segment net interest income/(expense)	695,852	149,011	(844,863)	–	–
Net interest income	1,674,105	379,273	420,776	–	2,474,154
Net fee and commission income	215,425	151,396	–	–	366,821

3.2.6 Analysis of off-balance-sheet items

Off-balance-sheet items of the Bank mainly include contingent liabilities and commitments, such as the credit commitments, capital expenditure commitments and operating lease commitments. Credit commitments, the major component of off-balance-sheet items, comprise bank acceptances, credit card commitments, issuance of letters of credit and issuance of letters of guarantee, among which credit card commitments, bank acceptances, and issuance of letters of credit are the major components. As at June 30, 2014, the balances of credit card commitments and bank acceptances and issuance of letters of credit were RMB1,357.82 million and RMB47,325.32 million, respectively, 69.2% and 27.2% higher than those at the end of the previous year respectively. The balance of capital expenditure commitments grew at a rapid pace by 209.8%.

(All amounts expressed in thousands of RMB unless otherwise stated)	**As at June 30, 2014**	As at December 31, 2013	Change in amount	Rate of change *(%)*
Unused credit card limits	**1,357,822**	802,728	555,094	69.2
Guarantees, acceptances and letters of credit	**47,325,319**	37,197,782	10,127,537	27.2
Operating lease commitments	**174,538**	150,031	24,507	16.3
Capital expenditure commitments	**987,193**	318,701	668,492	209.8
Total	**49,844,872**	38,469,242	11,375,630	29.6

3.3 Risk management

3.3.1 Credit risk management

Credit risk is the risk of losses resulting from the default, rating downgrade, or decline in repayment ability of a borrower or counterparty. The Bank is exposed to credit risk primarily through our loan portfolio, investment portfolio, guarantees and commitments, and other payment commitments.

The Bank managed its credit risk in various aspects including organizational structure, system construction, market access, risk exposure limits, measurement tools, dynamic authorization, credit review and approval, post-disbursement management and collection of non-performing loans.

In the first half of 2014, the Bank formulated policy guidelines on annual credit facilities, and issued differentiated and specific policies in respect of four aspects including industrial, customer, product and regional policies in accordance with the prevailing macroeconomics and business development, further enhancing credit operation and value creation through proactive selection of customers and risk arrangement. The Bank continued to mitigate the pressure from local government financing platform by strictly controlling the government platform loan amount and setting up monitoring system to optimize government platform loan repayment. As results, government platform loan balance continues to decrease. The Bank continued to improve risk control on mortgage loan by strengthening credit-list management and intensifying its risk monitoring efforts. The Bank also strictly controlled loan for related parties to prevent exposure from false mortgage. In addition, the Bank took active measures to resolve potential default risks and further strengthened the unified credit management for financial institutions, standardized innovative business management for cooperation with financial institutions and reinforced control over the credit ratings and cash flows of its partners.

3.3.2 Operational Risk Management

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

In the first half of 2014, in line with the New Basel Capital Accord and under the guidelines on building a comprehensive risk management system, the Bank continued to improve its operational risk management system and upgraded its operational risk management standard. It proactively promoted the utilization of operational risk management tools, and enhanced the effectiveness of self-assessment, indicator monitoring and collection of loss data through the construction of an operational risk management information system. The Bank continuously improved its banking process model, optimized its governance structure, streamlined its business processes, and identified and solved problems within its business processes to enhance the efficiency of process execution and reduce process risks. Staff management was further refined to improve staff quality through continued training and learning while intensifying staff risk screening, optimizing procedures for handling employee misconduct and emphasizing accountability and penalization. The Bank also reinforced monitoring of IT-related risks, optimized risk monitoring indicators, extended the range of risk information collection, strengthened its risk information analysis efforts and activated warning of potential risks in a timely manner.

3.3.3 Market Risk Management

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

3.3.3.1 Interest Rate Risk

The interest rate risk refers to the risk arising from changes in the fair value of financial assets and financial liabilities or future cash flows as a result of the fluctuation of market interest rates. The interest rate risk of cash flow refers to the risk arising from fluctuation of the future cash flows of the financial instruments caused by changes in market interest rates. The interest rate risk of fair value is the risk arising from fluctuation of the value of a certain financial instrument caused by the changes in market interest rates. The Bank's interest rate is exposed to fair value risks and cash flow interest rate risks which are mainly caused by changes in the principal market interest rates.

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

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

3.3.3.2 Exchange rate risk

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

3.3.4 Liquidity risk management

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

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

The Bank proactively utilized technological measures to continuously improve its information technology system utilization expertise in respect of liquidity management, which enable the Bank to conduct real-time monitoring of liquidity indicators and liquidity risk exposure so as to develop an automated measuring device and regular monitoring system for liquidity exposure. The Bank organized its assets and liabilities business according to the liquidity exposure status while actively adjusting the maturity timeframe of assets and liabilities through internal fund transfer pricing. The Bank also continuously upgrades its liquidity management methods, such as the establishment of a weekly asset liability management coordination system, the acceleration furtherance of system construction and timely policy adjustments, so as to reinforce the liquidity management.

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

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

3.4 Outlook

China's economic growth is expected to remain stable in the second half of 2014 and the rate of growth is expected to be slightly higher than that of the first half of 2014. China's government and regulators are expected to continue to implement targeted quantitative easing monetary policies and prudent fiscal policies to ensure a smooth economic restructuring and stable transition, so as to ensure long term, healthy and sustainable economic development. Located in western China, Chongqing is the largest municipality directly under the PRC central government. It is well positioned to enjoy market and regional advantages, while benefiting from the government policies on industrial restructuring and industrial transformation. As a result, the economic growth of Chongqing is expected to remain substantially higher than the national average level.

In the first half of 2014, the growth of Chongqing's GDP reached 10.9%, which was among the top in the nation. It is expected that the GDP growth in this region is still targeted at 11.0% or above for 2014, exceeding that of the Yangtze River Delta, Pearl River Delta as well as provinces and regions in central China.

On the front of financial reforms, the procedures and implementation measures regarding marketization of deposit rates and the establishment of the deposit insurance system are approaching finalization, and market competition has intensified. The establishment of private banks was approved by regulators. The Chinese government has introduced a series of measures on economic reform to reduce government intervention in the market, and such measures encourage the liberalization of price and resource allocation, thereby providing the banking sector with new opportunities.

Looking forward into the second half of 2014, Bank of Chongqing will further enhance its operation and management standards, advance its internal governance system reform and improve its product structure and service channels while continuing to push forward its business transformation. The Bank will also strive for a breakthrough in business development in areas such as consumer credit and asset management, and actively explore and build an efficient Internet banking platform to provide customers with more comprehensive financial products and financial services.

The Bank will strengthen customized operation and service standards in cutting-edge business areas, including its small and micro enterprise banking business, corporate banking business, personal banking business and inter-bank financing business, so as to strengthen the Bank's market share in the Chongqing region. The Bank will adopt a more forward-looking and proactive approach in its operation and management by conducting more in-depth analyses to gain a better understanding of the regional and macro-economic financial circumstances. The overall risk management system will be reinforced to achieve healthy, rapid and sustainable development of the Bank, thereby maximizing the returns to its shareholders and investors.

4. MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER

During the Reporting Period, the Bank was not engaged in any material acquisition or disposal of assets or merger.

5. OTHER INFORMATION

5.1 Corporate Governance Code

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

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

During the six months ended June 30, 2014, the Bank fully complied with the code provisions set out in the Corporate Governance Code ("**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and adopted the recommended best practices as specified therein, where appropriate. The Bank also strictly abided by the applicable laws and regulations and the Listing Rules in respect of management of inside information.

5.2 Directors, Supervisors and Senior Management of the Bank

The compositions of the Board, Board of Supervisors and senior management of the Bank are as follows:

The Board of the Bank comprised a total of 15 directors, including four executive directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President), Ms. NI Yuemin (Vice President) and Mr. ZHAN Wanghua (Chief Risk Officer); six non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. XIANG Li, Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The Board of Supervisors comprised a total of 8 supervisors, including three employee supervisors, namely Mr. Huang Changsheng, Ms. Wan Jiayu and Mr. Lin Min; two shareholder supervisors, namely Mr. CHEN Yan and Mr. TANG Jun; three external supervisors, namely Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong.

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

5.3 Changes in Directors, Supervisors and Senior Management

Mr. YANG Jun was elected as a non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Mr. KONG Xiangbin was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Mr. WANG Pengguo was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Dr. JIN Jingyu was elected as an independent non-executive director at the second extraordinary general meeting of 2014 of the Bank on March 7, 2014. Chongqing Bureau of China Banking Regulatory Commission approved his qualification of directorship on April 28, 2014.

Dr. ZHANG Weiguo, Mr. HAN Deyun and Dr. SUN Fangcheng retired as independent non-executive directors of the Bank with effect from April 28, 2014.

Ms. MA Qianzhen tendered her resignation, as the chairperson of the board of supervisors and an employee supervisor of the Bank on May 27, 2014 and May 29, 2014, respectively, upon reaching the age of retirement.

5.4 Securities Transactions by Directors and Supervisors

The Bank has adopted the "Administrative Measures on Holding of Shares and Change of Shareholdings by Directors, Supervisors and Senior Management of Bank of Chongqing Co., Ltd." regarding securities transactions by directors, supervisors, senior management and relevant employees on terms not less exacting than the required standard 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 the directors and supervisors, all the directors and supervisors of the Bank confirmed that they have complied with the above codes during the six months ended June 30, 2014.

5.5 Earnings and Dividend

The Bank's revenue for the six months ended June 30, 2014 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this results announcement.

A final dividend of RMB0.224 per share for the year 2013 (2012: RMB0.07 per share), amounting to a total dividend of RMB605,970,961.21 based on the profit and number of shares issued for the year ended December 31, 2013, was distributed by the Bank upon consideration and approval at the annual general meeting on May 16, 2014. The final dividend for year 2013 was distributed to holders of H Shares and domestic shares on July 16, 2014.

The Bank will not distribute any interim dividend for the first six months of 2014 or convert any capital reserve into share capital.

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

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

5.7 Review of the Interim Report

The interim financial statements for 2014 prepared by the Bank in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board have been reviewed by PricewaterhouseCoopers Zhong Tian LLP in accordance with the International Standard on Review Engagements.

The Board and the audit committee of the Board have reviewed and approved the Interim Results of the Bank.

6. INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2014

6.1 Unaudited Condensed Statement of Comprehensive Income

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

	Six months ended 30 June	
	2014	2013
Interest income	**6,218,832**	4,929,693
Interest expense	**(3,235,147)**	(2,455,539)
Net interest income	**2,983,685**	2,474,154
Fee and commission income	**482,131**	389,838
Fee and commission expense	**(27,370)**	(23,017)
Net fee and commission income	**454,761**	366,821
Net trading income	**99,223**	13,127
Net gains on investment securities	**56,483**	50,953
Other operating income	**13,747**	45,436
Operating income	**3,607,899**	2,950,491
Operating expenses	**(1,174,184)**	(993,939)
Impairment losses on loans and advances to customers	**(238,068)**	(102,118)
Operating profit	**2,195,647**	1,854,434
Share of profits of an associate	**690**	791
Profit before income tax	**2,196,337**	1,855,225
Income tax expense	**(529,777)**	(444,593)
Net profit	**1,666,560**	1,410,632
Net profit for the period attributable to shareholders of the Bank	**1,666,560**	1,410,632
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	**0.62**	0.70

6.1 Unaudited Condensed Statement of Comprehensive Income (continued)

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

	Six months ended 30 June	
	2014	2013
Net profit for the period attributable to shareholders of the Bank	**1,666,560**	1,410,632
Other comprehensive income		
Items that may be reclassified to profit or loss		
Available-for-sale ('AFS') securities		
Changes in fair value recorded in equity	**105,120**	2,360
Less: Related income tax impact	**(26,280)**	(590)
Subtotal	**78,840**	1,770
Items that will not be reclassified to profit or loss		
Loss on remeasurement of retirement benefits	**(790)**	(29)
Less: Related income tax impact	**198**	7
Subtotal	**(592)**	(22)
Total other comprehensive income, net of tax	**78,248**	1,748
Total comprehensive income for the period attributable to shareholders of the Bank	**1,744,808**	1,412,380
Dividends		
Dividend declared during the period	**605,971**	141,443

6.2 Unaudited Condensed Statements of Financial Position

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

	30 June 2014	31 December 2013
ASSETS		
Cash and balances with central banks	**38,221,211**	32,822,748
Due from other banks and financial institutions	**29,834,015**	32,143,462
Financial assets at fair value through profit or loss	**5,996,769**	2,009,537
Loans and advances to customers	**97,434,757**	88,637,824
Investment securities		
– Loans and receivables	**39,224,985**	35,000,560
– Available-for-sale ('AFS')	**3,984,679**	4,956,959
– Held-to-maturity ('HTM')	**7,520,680**	7,473,242
Investment in an associate	**25,060**	24,370
Property, plant and equipment	**2,157,241**	2,068,972
Deferred income tax assets	**301,473**	305,651
Other assets	**1,475,266**	1,343,690
Total assets	**226,176,136**	206,787,015
LIABILITIES		
Due to other banks and financial institutions	**34,418,103**	33,749,572
Customer deposits	**168,002,212**	148,801,045
Other liabilities	**5,041,340**	5,804,219
Current tax liabilities	**305,267**	175,138
Deferred income tax liabilities	**7,631**	–
Debt issued	**3,783,475**	4,777,770
Total liabilities	**211,558,028**	193,307,744
EQUITY		
Capital and reserves attributable to the Bank's shareholders		
Share capital	**2,705,228**	2,705,228
Capital surplus	**2,444,623**	2,444,623
Other reserves	**3,391,206**	2,653,606
Retained earnings	**6,077,051**	5,675,814
Total equity	**14,618,108**	13,479,271
Total liabilities and equity	**226,176,136**	206,787,015

6.3 Unaudited Condensed Statements of Changes in Equity

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

					Other reserves			
	Share capital	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits	Retained earnings	Total
Balance at 1 January 2014	**2,705,228**	**2,444,623**	**922,494**	**1,843,080**	**(113,543)**	**1,575**	**5,675,814**	**13,479,271**
Net profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**1,666,560**	**1,666,560**
Changes taken to other comprehensive income	**–**	**–**	**–**	**–**	**78,840**	**(592)**	**–**	**78,248**
Total comprehensive income	**–**	**–**	**–**	**–**	**78,840**	**(592)**	**1,666,560**	**1,744,808**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(605,971)**	**(605,971)**
Transfer to other reserves	**–**	**–**	**–**	**659,352**	**–**	**–**	**(659,352)**	**–**
Balance at 30 June 2014	**2,705,228**	**2,444,623**	**922,494**	**2,502,432**	**(34,703)**	**983**	**6,077,051**	**14,618,108**
Balance at 1 January 2013	2,020,619	800	689,567	1,010,330	(17,981)	1,347	4,553,668	8,258,350
Net profit for the period	–	–	–	–	–	–	1,410,632	1,410,632
Changes taken to other comprehensive income	–	–	–	–	1,770	(22)	–	1,748
Total comprehensive income	–	–	–	–	1,770	(22)	1,410,632	1,412,380
Dividends	–	–	–	–	–	–	(141,443)	(141,443)
Transfer to other reserves	–	–	–	832,750	–	–	(832,750)	–
Balance at 30 June 2013	2,020,619	800	689,567	1,843,080	(16,211)	1,325	4,990,107	9,529,287

6.4 Unaudited Condensed Statements of Cash Flows

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

	Six months ended 30 June	
	2014	2013
Cash flows from operating activities		
Profit before income tax	**2,196,337**	1,855,225
Adjustments:		
Depreciation and amortization	**63,505**	55,776
Impairment losses on loans and advances to customers	**238,068**	102,118
Impairment losses/(gains) on other assets	**291**	(199)
Net gains on disposal of property, plant and equipment	**(966)**	(26,565)
Net gains on de-recognition of investment securities	**(56,483)**	(50,953)
Share of results of an associate	**(690)**	(791)
Interest income arising from investment securities	**(1,754,328)**	(1,217,633)
Interest expense arising from bonds issued	**117,109**	80,452
Net increase in operating assets:		
Net increase in restricted deposit balances with central banks	**(2,601,378)**	(3,675,529)
Net increase in due from and placements with banks and other financial institutions	**(1,664,091)**	(5,732,373)
Net increase in loans and advances to customers	**(9,028,897)**	(8,308,820)
Net (increase)/decrease in other operating assets	**(83,480)**	304,477
Net increase in operating liabilities:		
Net (decrease)/increase in borrowings from central banks	**(747,915)**	847,466
Net increase in due to and placements from banks and other financial institutions	**1,416,446**	1,496,534
Net increase in customer deposits	**19,201,167**	25,570,794
Net increase in other operating liabilities	**265,784**	773,494
Income tax paid	**(414,119)**	(376,301)
Net cash inflows from operating activities	**7,146,360**	11,697,172

6.4 Unaudited Condensed Statements of Cash Flows *(continued)*

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

	Six months ended 30 June	
	2014	2013
Cash flows from investing activities:		
Dividends received	**10,000**	7,791
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	**3,687**	38,973
Purchase of property and equipment, intangible assets and other long-term assets	**(149,801)**	(425,973)
Proceeds from disposal/maturity of investment securities	**48,393,472**	3,385,993
Purchase of investment securities	**(55,470,196)**	(14,430,045)
Net cash outflows from investing activities	**(7,212,838)**	(11,423,261)
Cash flows from financing activities:		
Proceeds from issuance of a bond	**–**	2,985,000
Cash paid to redeem the issued bonds	**(1,000,000)**	–
Interest paid in relation to issued bonds	**(70,654)**	(108,490)
Dividend paid to shareholders of the Bank	**(27,822)**	(119,314)
Net cash (outflows)/inflows from financing activities	**(1,098,476)**	2,757,196
Effect of exchange rate changes on cash and cash equivalents	**(11,498)**	(15,179)
Net (decrease)/increase in cash and cash equivalents	**(1,176,452)**	3,015,928
Cash and cash equivalents at beginning of the period	**14,220,581**	6,325,046
Cash and cash equivalents at end of the period	**13,044,129**	9,340,974

7. NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2014

7.1 Basis of Presentation and Critical Accounting Policies

The unaudited condensed interim financial information of the Bank has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” and disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

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

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those adopted in the preparation of the Bank’s annual financial statements for the year ended 31 December 2013.

The Bank has adopted the following new or revised IFRSs effective for the current year. There is no early adoption of any new IFRSs not yet effective for the six months ended 30 June 2014.

IAS 32, Financial instruments: Presentation
Amendment to IFRS 10, IFRS 12 and IAS 27, Investment entities

IAS 32 Amendment provides additional application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

IFRS 10, IFRS 12 and IAS 27 Amendments apply to a particular class of business that qualifies as investment entities. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.

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

	Effective for annual periods beginning on or after
IFRS 9, Financial instruments- classification of financial assets and financial liabilities	January 1, 2015

IFRS 9 and IFRS 9 Amendments replaced those parts of IAS 39 relating to the classification, measurement and de-recognition of financial assets and financial liabilities with key changes mainly related to the classification and measurement of financial assets and certain types of financial liabilities. Together with the amendments to IFRS 9, IFRS 7 – Financial Instruments: Disclosures is also amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The Bank is in the process of assessing the impact of IFRS 9 on the financial statements.

7.2 Notes to the Unaudited Condensed Interim Financial Information

7.2.1 Net Interest Income

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

	Six months ended 30 June	
	2014	2013
Interest income		
Balances with central banks	**238,501**	198,570
Due from other banks and financial institutions	**801,529**	634,861
Loans and advances to customers	**3,424,474**	2,878,629
Investment securities	**1,580,691**	1,109,888
Financial assets at fair value through profit or loss	**173,637**	107,745
	6,218,832	4,929,693
Interest expense		
Due to other banks and financial institutions	**(989,591)**	(851,155)
Customer deposits	**(2,128,447)**	(1,523,932)
Debts issued	**(117,109)**	(80,452)
	(3,235,147)	(2,455,539)
Net interest income	**2,983,685**	2,474,154

	Six months ended 30 June	
	2014	2013
Interest income accrued on loans and advances to customers individually impaired	**7,064**	3,437

7.2.2 *Net Fee and Commission Income*

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

	Six months ended 30 June	
	2014	2013
Fee and commission income		
Commission income from financial advisory and consulting services	**211,678**	141,944
Commission income from wealth management agency service	**81,980**	116,343
Commission income from settlement and agency services	**19,228**	18,251
Commission income from bank card services	**43,303**	47,632
Commission income from credit commitments	**23,510**	19,306
Commission income from custodian services	**102,432**	46,362
	482,131	389,838
Fee and commission expense		
Commission expense from settlement and agency services	**(18,325)**	(14,895)
Commission expense from bank card services	**(7,109)**	(6,603)
Other commission expenses	**(1,936)**	(1,519)
	(27,370)	(23,017)
Net fee and commission income	**454,761**	366,821

7.2.3 *Net Trading Income*

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

	Six months ended 30 June	
	2014	2013
Net gains/(losses) on:		
– foreign exchange	**24,455**	(1,201)
– interest rate instruments	**74,768**	14,328
	99,223	13,127

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

The retranslation of foreign currency monetary assets and liabilities amounted to gains of RMB 12,994 thousand for the six months ended 30 June 2014 (for the six months ended 30 June 2013: losses of RMB 2,306 thousand).

Net gains/(losses) on interest rate instruments mainly include gains or losses generating from the fair value adjustment of the trading securities, which represent the financial assets at fair value through profit or loss.

7.2.4 *Other Operating Income*

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

	Six months ended 30 June	
	2014	2013
Profit on sale of land use rights and buildings and investment properties	**1,161**	3,857
Profit on sale of foreclosed assets and other assets	**290**	22,755
Dividend income from unlisted available-for-sale investments	**10,000**	7,791
Government grants	**–**	50
Rental income from investment properties	**588**	456
Income from dormant account	**–**	1,014
Other miscellaneous income	**1,708**	9,513
	13,747	45,436

7.2.5 *Operating Expenses*

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

	Six months ended 30 June	
	2014	2013
Staff costs (including directors' and supervisors' emoluments)	**569,775**	457,389
General and administrative expenses	**256,713**	253,626
Business tax and surcharges	**229,514**	184,682
Depreciation of property, plant and equipment	**42,377**	38,398
Amortization of intangible assets	**8,749**	5,474
Amortization of land use rights	**2,432**	2,449
Depreciation of investment properties	**107**	218
Amortization of long-term prepaid expenses	**9,840**	9,237
Rental expenses	**43,204**	29,509
Professional fees	**5,935**	8,739
Donations	**2,170**	4,208
Provision on foreclosed assets	**34**	4,248
Impairment loss/(reversal) on other receivables	**257**	(4,447)
Others	**3,077**	209
	1,174,184	993,939

7.2.6 *Impairment Allowances on Loans and Advances to Customers*

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

	Six months ended 30 June	
	2014	2013
Loans and advances to customers		
– Collectively assessed	**161,802**	81,929
– Individually assessed	**76,266**	20,189
	238,068	102,118

7.2.7 *Income Tax Expense*

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

	Six months ended 30 June	
	2014	2013
Current income tax	**544,248**	440,932
Deferred income tax	**(14,471)**	3,661
	529,777	444,593

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

The difference between the actual income tax charge in the statement of comprehensive income and the amounts which would result from applying the enacted tax rate 25% (For the six months ended 30 June 2013: 25%) to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2014	2013
Profit before income tax	**2,196,337**	1,855,225
Tax calculated at a tax rate of 25%	**549,084**	463,806
Tax effect arising from income not subject to tax [(a)]	**(22,201)**	(23,454)
Tax effect of expenses that are not deductible for tax purposes [(b)]	**4,059**	4,241
Tax filing differences for previous years	**(1,165)**	–
Income tax expense	**529,777**	444,593

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

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

7.2.8 *Basic and Diluted Earnings Per Share*

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

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

	Six months ended 30 June	
	2014	2013
Net profit attributable to shareholders of the Bank (in RMB thousands)	**1,666,560**	1,410,632
Weighted average number of ordinary shares in issue (thousands)	**2,705,228**	2,020,619
Basic earnings per share (expressed in RMB yuan)	**0.62**	0.70

(b) *Diluted earnings per share*

For the six months ended 30 June 2014, there were no potential diluted ordinary shares, therefore the diluted earnings per share were the same as the basic earnings per share (for the six months ended 30 June 2013: nil).

7.2.9 *Other Comprehensive Income for the Period*

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

	Before tax amount	**Tax expense**	**Net of tax amount**
As at 30 June 2014			
Items that may be reclassified to profit or loss			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	**105,120**	**(26,280)**	**78,840**
Items that will not be reclassified to profit or loss			
Revaluation of pension scheme	**(790)**	**198**	**(592)**
Other comprehensive income/(loss) for the period	**104,330**	**(26,082)**	**78,248**
As at 30 June 2013			
Items that may be reclassified to profit or loss			
Available-for-sale securities			
Changes in fair value taken to other comprehensive income	2,360	(590)	1,770
Items that will not be reclassified to profit or loss			
Revaluation of pension scheme	(29)	7	(22)
Other comprehensive income/(loss) for the period	2,331	(583)	1,748

7.2.10 *Financial Guarantees and Credit Related Commitments, Other Commitments and Contingent Liabilities*

7.2.10.1 *Financial Guarantees and Credit Related Commitments*

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

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

	30 June 2014	31 December 2013
Guarantees	**493,608**	182,396
Letters of credit	**2,124,105**	686,209
Acceptances	**44,707,606**	36,329,177
Other commitments with an original maturity of		
– Under 1 year	**1,357,822**	802,728
	48,683,141	38,000,510

7.2.10.2 *Capital Expenditure Commitments*

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

	30 June 2014	31 December 2013
Contracted but not provided for:		
Capital expenditure commitments for buildings	**331,228**	245,192
Acquisition of IT system	**77,756**	62,748
	408,984	307,940
Authorized but not contracted for:		
Capital expenditure commitments for buildings	**578,209**	10,761

7.2.10.3 *Operating Lease Commitments*

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

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

	30 June 2014	31 December 2013
Not later than 1 year	**52,163**	50,842
Later than 1 year and not later than 5 years	**101,559**	97,025
Later than 5 years	**20,816**	2,164
	174,538	150,031

7.2.10.4 *Legal Proceedings*

As at 30 June 2014, the Bank has been involved in some legal proceedings arising from its normal business operation as the defendant. After consulting with PRC legal counsel, the management of the Bank believes that such legal proceedings or arbitration are unlikely to have a significant impact on the Bank's financial condition or business operation.

7.2.11 ***Dividends***

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

	Six months ended 30 June	
	2014	2013
Dividend declared during the year	**605,971**	141,443
Dividend per share (in RMB yuan) (Based on prior year shares)	**0.224**	0.07

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

(i) Making up prior year's cumulative losses, if any;

(ii) Allocations to the non-distributable statutory accumulation reserve of 10% of the net profit of the Bank.

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

A dividend of RMB0.224 per share in respect of profit for the year ended 31 December 2013 (2012: RMB0.07 per share), amounting to a total dividend of RMB605,971,000 based on the number of the issued shares as at 31 December 2013, has been approved at the annual general meeting held on 16 May 2014.

7.2.12 *Segment Analysis*

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

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

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

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

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

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

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

	For the six months ended 30 June 2014				
	Corporate Banking	**Retail Banking**	**Treasury**	**Unallocated**	**Total**
Net Interest income from external customers	972,280	323,747	1,687,658	–	2,983,685
Intersegment net interest income/(expense)	988,898	224,409	(1,213,307)	–	–
Net interest income	1,961,178	548,156	474,351	–	2,983,685
Net fee and commission income	363,705	91,056	–	–	454,761
Net trading income	–	–	99,223	–	99,223
Net gains on investment securities	–	–	56,483	–	56,483
Share of profits of an associate	–	–	690	–	690
Other operating income	829	332	10,000	2,586	13,747
Impairment losses on loans and advances to customers	(173,794)	(64,274)	–	–	(238,068)
Operating expense	(753,507)	(265,140)	(148,814)	(6,723)	(1,174,184)
– Depreciation and amortization	(45,756)	(16,198)	(1,466)	(85)	(63,505)
– Others	(707,751)	(248,942)	(147,348)	(6,638)	(1,110,679)
Profit before income tax	1,398,411	310,130	491,933	(4,137)	2,196,337
Capital expenditure	72,969	18,979	57,650	203	149,801
Segment assets	110,171,734	28,655,471	87,042,266	306,665	226,176,136
Segment liabilities	142,784,378	30,162,901	38,603,692	7,057	211,558,028

	For the six months ended 30 June 2013				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	978,253	230,262	1,265,639	–	2,474,154
Intersegment net interest income/(expense)	695,852	149,011	(844,863)	–	–
Net interest income	1,674,105	379,273	420,776	–	2,474,154
Net fee and commission income	215,425	151,396	–	–	366,821
Net trading income	–	–	13,127	–	13,127
Net gains on investment securities	–	–	50,953	–	50,953
Share of profits of an associate	–	–	791	–	791
Other operating income	–	–	7,791	37,645	45,436
Impairment losses on loans and advances to customers	(48,999)	(53,119)	–	–	(102,118)
Operating expense	(703,505)	(165,069)	(119,960)	(5,405)	(993,939)
– Depreciation and amortization	(42,737)	(10,213)	(2,773)	(53)	(55,776)
– Others	(660,768)	(154,856)	(117,187)	(5,352)	(938,163)
Profit before income tax	1,137,026	312,481	373,478	32,240	1,855,225
Capital expenditure	211,252	54,018	160,290	413	425,973
Segment assets	93,447,011	23,894,772	70,904,124	182,407	188,428,314
Segment liabilities	120,126,633	23,681,241	35,079,269	11,884	178,899,027

8. PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement was published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com). The 2014 interim report prepared in accordance with the IFRSs will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com), and will be dispatched to the holders of H Shares of the Bank in due course.

This results announcement was prepared in both Chinese and English versions. In the event that there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Bank of Chongqing Co., Ltd.*
GAN Weimin
Chairman

Chongqing, the PRC, August 19, 2014

As at the date of this announcement, the Executive Directors of the Bank are Mr. GAN Weimin, Mr. RAN Hailing, Ms. NI Yuemin and Mr. ZHAN Wanghua; the Non-Executive Directors are Mr. WONG Hon Hing, Mr. XIANG Li, Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and the Independent Non-Executive Directors are Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin,Mr. WANG Pengguo and Dr. JIN Jingyu.

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