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重庆农村商业银行
CHONGQING RURAL COMMERCIAL BANK

重慶農村商業銀行股份有限公司*

Chongqing Rural Commercial Bank Co., Ltd.*

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

(Stock Code: 3618)

RESULTS ANNOUNCEMENT FOR THE YEAR 2014

The board of directors (the "**Board**") of Chongqing Rural Commercial Bank Co., Ltd. 重慶農村商業銀行股份有限公司* (the "**Bank**") is pleased to announce the audited results of the Bank and its subsidiaries (the "**Group**") for the twelve months ended December 31, 2014 (the "**Annual Results**"). This results announcement contains the full text of the annual report of the Group for the twelve months ended December 31, 2014 and the contents were prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and the International Financial Reporting Standards. The Annual Results have been reviewed by the audit committee of the Bank. This results announcement is published on the websites of the Bank (www.cqrcb.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report for the twelve months ended December 31, 2014 will be despatched to shareholders of the Bank and will also be made available at the abovementioned websites in due course.

By Order of the Board
Chongqing Rural Commercial Bank Co., Ltd.*
重慶農村商業銀行股份有限公司*
Liu Jianzhong
Chairman and Executive Director

March 27, 2015

As at the date of this announcement, the executive directors of the Bank are Mr. Liu Jianzhong and Mr. Xie Wenhui; the non-executive directors of the Bank are Mr. Tao Jun, Mr. Sun Lida, Mr. Duan Xiaohua, Mr. Wang Yongshu, Mr. Wen Honghai, Mr. Gao Xiaodong and Mr. Li Zuwei; and the independent non-executive directors of the Bank are Mr. Sun Leland Li Hsun, Mr. Yin Mengbo, Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua.

* *The Bank holds a financial licence number B0335H250000001 approved by China Banking Regulatory Commission and was authorised by the Administration for Industry and Commerce of Chongqing to obtain a corporate legal person business licence with a registration number 500000000001239. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

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Financial Summary

The financial information of the Group set forth in this annual report is prepared on a consolidated basis in accordance with the International Financial Reporting Standards and expressed in RMB million unless otherwise stated.

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December					
	2014	2013	Comparison between 2014 and 2013	2012	2011	2010
Operating results			**Rate of Changes** *(%)*			
Net interest income	**18,348.7**	15,703.2	16.85	13,092.2	10,505.0	7,501.8
Net fee and commission income	**1,069.6**	679.7	57.36	435.7	635.4	285.8
Operating income	**19,802.4**	16,315.8	21.37	13,653.3	11,118.3	7,744.6
Operating expenses	**(8,400.8)**	(7,207.8)	16.55	(6,074.8)	(4,774.4)	(3,910.1)
(Impairment) reversals of impairment on assets	**(2,297.2)**	(1,181.3)	94.46	(511.4)	(848.0)	45.2
Profit before tax	**9,109.8**	7,916.7	15.07	7,067.8	5,496.9	3,986.1
Net profit	**6,813.1**	6,015.1	13.27	5,377.7	4,248.0	3,061.2
Net profit attributable to equity holders of the Bank	**6,828.5**	5,991.0	13.98	5,361.5	4,246.5	3,064.2
Based on per share *(RMB)*			**Changes**			
Net assets per share attributable to equity holders of the Bank	**4.45**	3.90	0.55	3.43	3.00	3.26
Basic earnings per share	**0.73**	0.64	0.09	0.58	0.46	0.45
Profitability indicators *(%)*			**Changes**			
Average return on assets[1]	**1.22**	1.28	(0.06)	1.38	1.35	1.26
Weighted average return on shareholders' equity[2]	**17.06**	17.27	(0.21)	17.81	16.84	19.02
Net interest spread[3]	**3.14**	3.19	(0.05)	3.26	3.13	2.97
Net interest margin[4]	**3.37**	3.41	(0.04)	3.50	3.36	3.07
Net fee and commission income to operating income	**5.40**	4.17	1.23	3.19	5.71	3.69
Cost-to-income ratio[5]	**35.74**	37.66	(1.92)	37.70	36.64	44.40

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014	2013	Comparison between 2014 and 2013	2012	2011	2010
Scale indicators			**Rate of changes** *(%)*			
Total assets	**618,889.0**	502,446.0	23.18	433,827.1	344,820.0	285,545.7
among which: Loans and advances to customers, net	**233,520.2**	198,150.6	17.85	167,614.9	138,821.8	117,114.0
Total liabilities	**576,040.6**	465,556.7	23.73	401,611.4	316,809.1	263,115.3
among which: Due to customers	**409,719.8**	347,883.4	17.78	294,510.5	246,141.4	205,563.0
Share capital	**9,300.0**	9,300.0	—	9,300.0	9,300.0	9,000.0
Equity attributable to equity holders of the Bank	**41,425.9**	36,251.4	14.27	31,906.9	27,855.5	22,345.2
Non-controlling interests	**1,422.5**	637.9	123.00	308.8	155.4	85.2
Total equity	**42,848.4**	36,889.3	16.15	32,215.7	28,010.9	22,430.4
Assets quality indicators[6] *(%)*			**Changes**			
Non-performing loan ratio	**0.78**	0.80	(0.02)	0.98	1.44	2.38
Allowances to non-performing loans	**459.79**	430.60	29.19	350.60	265.24	172.81
Allowances to total loans	**3.58**	3.46	0.12	3.42	3.83	4.12
Capital adequacy indicators *(%)*			**Changes**			
Core Tier 1 capital adequacy ratio[7]	**10.12**	11.85	(1.73)	11.30		
Tier 1 capital adequacy ratio[7]	**10.12**	11.85	(1.73)	11.30		
Capital adequacy ratio[7]	**12.45**	13.64	(1.19)	13.22		
Core capital adequacy ratio[8]	**10.95**	12.51	(1.56)	12.01	13.71	14.78
Capital adequacy ratio[8]	**12.25**	13.31	(1.06)	12.92	14.90	16.31
Total equity to total assets	**6.92**	7.34	(0.42)	7.43	8.12	7.86
Other indicators *(%)*			**Changes**			
Loan-to-deposit ratio[9]	**57.33**	58.28	(0.95)			
Loan-to-deposit ratio[10]	**59.11**	59.00	0.11	58.93	58.64	59.42

(1) Representing the net profit for the year (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets at the beginning and the end of the year.

(2) Representing the net profit attributable to equity holders of the Bank for the year as a percentage of the weighted average balance of shareholders' equity for the year, calculated according to the "Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share" (Revision 2010) issued by CSRC.

(3) Calculated as the difference between the average yield rate on total interest-earning assets and the average cost rate on total interest-bearing liabilities.

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

(5) Calculated by dividing total operating expenses (excluding business tax and surcharges) by operating income.

(6) Non-performing loan ratio, allowances to non-performing loans and allowances to total loans were calculated on basis of the contractual amount of loans.

(7) Calculated in accordance with the "Regulation Governing Capital of Commercial Banks (Provisional)" promulgated by the CBRC.

(8) Calculated in accordance with the "Management of Capital Adequacy Ratios of Commercial Banks (Amendments)" promulgated by CBRC. The calculation of capital adequacy ratio has taken into account of the impact of proposed dividend for 2013.

(9) In accordance with the requirements of the "Notice of the China Banking Regulatory Commission on Adjusting the Calculation Criteria of Loan-to-Deposit Ratio of Commercial Banks" (《中國銀監會關於調整商業銀行存貸比計算口徑的通知》), the calculation criteria of the loan-to-deposit ratio has been adjusted since 1 July 2014. The loan-to-deposit ratio was calculated on basis of the contractual amount of loans.

(10) The loan-to-deposit ratio was calculated on basis of the contractual amount of loans according to the old criteria.

Basis of preparation of certain financial indicators

Under the IFRSs, the restructuring of the Bank was accounted for as an acquisition of the business from the 39 Rural Credit Unions and Chongqing Rural Credit Cooperative Union (the "CRCU") by the Bank on 27 June 2008 instead of merger accounting due to the fact that there were no same party or parties ultimately controlling the 39 Rural Credit Unions, CRCU and the Bank before and after the restructuring. Therefore, certain disclosures in relation to loans and advances to customers and relevant assets quality indicators in the section entitled "Management Discussion and Analysis" in this report were prepared based on the contractual amount of relevant loans and advances for management discussion and analysis purpose, which are not the same as the carrying amount of these loans and advances to customers stated in the audited consolidated financial statements of the Group.

Company Information

Basic information

Legal name and abbreviation in Chinese	重慶農村商業銀行股份有限公司 (abbreviated as「重慶農村商業銀行」)
Legal name and abbreviation in English	Chongqing Rural Commercial Bank Co., Ltd. (abbreviated as Chongqing Rural Commercial Bank)
Legal Representative	LIU Jianzhong
Authorised Representatives	LIU Jianzhong PENG Yanxi
Secretary to the Board	PENG Yanxi
Joint Company Secretary	PENG Yanxi YUNG Mei Yee
Registered address and postcode	No. 10 East Yanghe Road, Jiangbei District, Chongqing, the PRC 400020
Principal place of business in Hong Kong	36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company's website	www.cqrcb.com
Email address	cqrcb@cqrcb.com
Listing stock exchange, stock name and stock code	The Stock Exchange of Hong Kong Limited Stock name: CQRC Bank Stock code: 3618

Date and authority of first incorporation	27 June 2008 Administration for Industry and Commerce of Chongqing, the PRC
Registration number of corporate legal person business license	500000000001239
Code of organisational structure	67612972-8
Financial license institution number	The Bank holds a financial license number [B0335H250000001] approved by CBRC
Taxation registration number	Yu Guo Shui Zi (渝國税字) No. 500105676129728 Yu Di Shui Zi (渝地税字) No. 500105676129728
Auditors	PricewaterhouseCoopers 22/F, Prince's Building, Central, Hong Kong PricewaterhouseCoopers Zhong Tian LLP 11/F, PricewaterhouseCoopers Center 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
Legal advisor as to PRC laws	Chongqing Jingsheng Law Firm Level 18, Business Tower, InterContinental Hotel, 101 Minzu Road, Yuzhong District, Chongqing City, the PRC
Legal advisor as to Hong Kong laws	Morrison & Foerster 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
H Share Registrar	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Domestic Share Registrar	China Securities Depository and Clearing Co., Ltd. No. 17 Taipingqiao Avenue, Xicheng District, Beijing, PRC

Ranking and Awards in 2014

Forbes

No. 1021 among the Top 2000 Global Enterprises (全球企業2000強排名第1021位)

No. 15 among the Chinese banks on the list (上榜中資銀行第15位)

The Banker

No. 178 among the Top 1,000 Global Banks (全球銀行1000強排名第178位)

No. 199 among the Top 500 Global Bank Brands (全球銀行品牌500強排名第199位)

財富 FORTUNE CHINA

No. 295 among the Top 500 Enterprises of China (中國企業500強排名第295位)

中国企业联合会 中国企业家协会

No. 181 among the Top 500 Service Enterprises of China (中國服務企業500強排名第181位)

重庆市人民政府 CHONGQING MUNICIPAL PEOPLE'S GOVERNMENT

Unit with Outstanding Financial Contribution to the Economic Development of Chongqing (支持重慶經濟發展金融貢獻突出單位)

中国人民银行 重庆营管部 THE PEOPLE'S BANK OF CHINA Chongqing Operations Office

First Prize Award of Contribution to Cross-bank ATM Transactions (ATM跨行交易貢獻獎一等獎)

Second Prize Award of Industry Application Development (行業應用拓展獎二等獎)

Second Prize Award of Contribution to Transactions and Proportion of UnionPay Debit Cards (銀聯借記卡交易貢獻及佔比獎二等獎)

CFCA 中国金融认证中心	Security Award of the Best Internet Banking of Regional Commercial Bank (區域性商業銀行最佳網上銀行安全獎)
重庆市企业联合会 重庆市企业家协会 重庆市工业经济联合会	No. 14 among the Top 100 Enterprises of Chongqing (重慶企業100強第14位) No. 3 among the Top 50 Enterprises with Efficiency (重慶企業效益50佳第3位)
重庆市银行业协会 CHONGQING BANKING ASSOCIATION	Financial Institution with the Greatest Social Responsibility (最具社會責任金融機構獎)
新金融世界 NEW FINANCE WORLD	Best Case of E-banking Innovation in China - WeChat Banking (中國電子銀行創新最佳案例 —— 微信銀行)
人民网 cq.people.cn 重庆视窗	Outstanding Contribution Award of Supporting the Construction of Five Functional Areas (支持五大功能區建設建設突出貢獻獎) Excellent Bank for "Sannong" Financial Services (卓越「三農」金融服務銀行) Excellent Personal Financial Service Bank (卓越個人金融服務銀行)
重慶晨報	The Bank with Brand Power (品牌影響力銀行) Award of Financial Services for SMEs (中小企業融資服務獎) Innovation Award of Internet Finance (互聯網金融創新獎)

重庆时报 CHONGQING TIMES

The Most Socially Responsible Bank (最具社會責任銀行)

Best Bank of Mobile Financial Services (最佳移動金融服務銀行)

Best Bank in Coordination of Financial Services in Chongqing (最佳重慶統籌金融服務銀行)

重慶商報 ECONOMIC TIMES

Innovation Award of Best Mobile Banking (最佳手機銀行創新獎)

Innovation Award of Best Loans to Small and Micro Enterprises (最佳小微貸款創新獎)

Innovation Award of Best Financial Services (最佳金融服務創新獎)

重慶晚報

Best Bank in General Planned Financial Services in Urban and Rural Areas (最佳城鄉統籌金融服務銀行)

The Most Socially Responsible Bank (最具社會責任銀行)

Best E-banking (最佳電子銀行)

都市热报 重庆轻轨、地铁免费报 METRO NEWS

Most Popular Wealth Management Product (最受歡迎理財產品)

Most Popular WeChat Banking (最受喜愛微信銀行)

The Most Socially Responsible Bank (最具社會責任銀行)

Most Popular Credit Card (最受歡迎信用卡)

Best Financial Service Institutions for Small Business (最佳小企業金融服務機構)

Chairman's Statement

Dear Shareholders,

In 2014, under the correct leadership of the Municipal Party Committee and the Municipal Government of Chongqing, the Bank thoroughly followed and executed the spirits raised by the 18th National Congress of the Communist Party of China ("CPC") and the Third and the Fourth Plenary Sessions of the 18th Central Committee of the CPC, and kept deepening reform and sped up innovation in line with the overall scheme made by the Board at the beginning of the year, delivered a satisfactory answer sheet to our investors with favourable operating results despite the complicated and changing economic situation. Total assets of the Group exceeded RMB600 billion; deposit balance exceeded RMB400 billion; net profit was RMB6.8 billion, representing a year-on-year increase of 13%; non-performing loan ratio was 0.78%, 0.02 percentage point lower than the end of last year; and our Bank was listed in the Top 200 Global Banking Brand and Top 500 Chinese Enterprise.

The year witnessed a slowdown in the economic growth of China, accelerated structural adjustment and deepening reform in financial disintermediation and market-oriented interest rate. With proactive understanding of the new era and taking initiative to adapt to it, we implemented the national decisions and arrangements and regulatory requirements of China in an all-round way, promoted the strategic arrangement of "Five Major Functional Regions" and adhered to the "Three-Transformation" strategy. In strict accordance with the working thoughts to "strengthen internal control, optimize structure, promote development and seek innovation" formulated at the beginning of the year, we laid emphasis on enhancing capabilities in management, service, coordination and team work to stride forward toward the goal to become the most competitive regional commercial bank.

Sound Operation with Reinforced Internal Control. As a part of our proper efforts in preparing medium- and long-term capital plan, our Bank successfully issued Tier 2 Capital Bonds of RMB5 billion; we advanced the implementation of the new capital accord in a steady manner and established internal rating approach for credit risks; the centralised operation system was officially launched and the post-event supervision system was established step by step to control over-the-counter operation risk; and with the enhancement of effectiveness of internal audit, the launch of "Year of Staff Behaviour Control" (員工行為管理年) activity to comprehensively identify non-compliance behaviours so as to establish a long-term and effective mechanism.

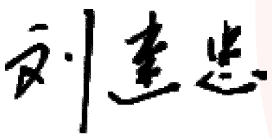
Better Growth Quality with Optimised Structure. With an aim to optimise asset structure, we actively catered for the construction of "Five Major Functional Regions" to support the regional featured economic development. Efforts were also made to phase out or cut down loans to industries with excess capacity or subject to capacity restrictions, curtail the ratio of real estate loans and exert differentiated control over loans to local government vehicles. We strived to optimise customer structure and reinforce our customer base, while increasing the proportion of medium- and high-end customers and scaling up the contribution from quality customers, so as to solidity our development base.

Highlight of Business Features with Boosted Development. With our corporate deposit balance exceeding RMB100 billion, we also build our presence in new businesses such as bonds underwriting. Specialised branches for small and micro enterprises resulted in satisfactory operations and we launched "weak guarantee" products such as "invoice loan" and "order loan" to make endeavour to support the development of small and micro enterprises. While retail deposits hit another new record, we organized a series of welfare activities such as "Spring Festival Transportation Welfare Trip" (春運公益行) and "Tonghua Painting China Dream" (童書中國夢), so as to build the unique brand of our Bank and achieve a "win-win" of social responsibility and corporate development. We launched various innovative loan application methods such as Wechat-based and mobile phone-based loan application, and launched the first "insurance + credit" finance product in China, thus consolidating and highlighting our differentiated competitiveness.

Move toward Integrated Operation with Innovation. We, as a promoter, established the first financial leasing company in middle-west China which is controlled by a local bank. With Qujing Branch setting up the Xuanwei sub-branch, the village and township banks were being set up in a steady manner, which further enhanced the regional coverage of our financial services. We were granted the qualification of bonds underwriting by the National Association of Financial Market Institutional Investors and thus obtained the qualification for dealing in basic derivative products. In addition, we expedited the business development in internet finance area, launched new channels such as Online Mall, Direct-sale Alliance and Jijinbao (基金寶) for fund retailing which resulted in a surge in the number of customers of mobile finance with substitution rate for e-banking account transactions reaching 82%. As a result, the diversified needs of customers could be well satisfied.

In 2014, there were a number of changes in the board of directors of our Bank. Mr. Wu Xiufeng, Mr. Hua Yusheng, Mr. Wu Qing, Mr. Chen Zhengsheng and Mr. Liu Weili resigned as directors, while Mr. Xie Wenhui was appointed as executive director, Mr. Duan Xiaohua, Mr. Li Zuwei and Mr. Sun Lida were appointed as non-executive directors and Mr. Yuan Zengting, Mr. Li Yao and Mr. Cao Guohua were appointed as independent non-executive directors. I would like to take this opportunity to extend sincere gratitude to the resigned directors for their contribution to our Bank and warm welcome to the new directors.

The year of 2015 is critical for our Bank to deepen reform. We will dialectically regard the changes in economic and financial environment with new normal way of thinking. Sticking to the "Three-Transformation" strategy and highlighting the "emphasizing basis, strengthening management and adjusting structure", we are to reinforce the foundations for development, strengthen internal management, expedite structural adjustment and strive to return the continuous trust and support from shareholders, investors and all sectors of the society with more excellent performance.



LIU Jianzhong
Chairman

27 March 2015

President's Statement

Dear Shareholders,

In 2014, our Bank earnestly implemented national policies and regulatory requirements and closely followed each decisions and deployment of the Board. On the basis of serving Sannong (三農) and the real economy, we accelerated the pace of transformation, upgrade and business innovation, strengthened risk management, enhanced service capability and thus accomplished each goal and task.

Steady Growth of Operating Results. The total assets of the Group have exceeded RMB600 billion, reaching an amount of RMB618.889 billion, representing an increase of RMB116.443 billion or 23.18%. Customer deposits exceeded RMB400 billion, reaching RMB409.720 billion, representing an increase of RMB61.836 billion, maintaining the first place among financial institutions in the banking industry of Chongqing in terms of both the balance and increased amount of deposits. Customer loans and advances amounted to RMB242.198 billion, representing an increase of RMB36.945 billion. The Group recorded net profit amounting to RMB6.813 billion, representing an increase of 13.27%. Net fee and commission income was RMB1.070 billion, representing an increase of 57.36%, 1.23 percentage points higher as a percentage of revenue and indicating further optimization in revenue structure. Net interest margin (NIM) was 3.37%, maintaining the leading position among comparable peers. As a result of the strengthened control over cost and expenses, the cost-to-income ratio declined by 1.92 percentage points year-on-year.

Continued to Deepen Support to Agricultural and Small Enterprises. Sticking to its market positioning of providing services to Sannong, small and medium enterprises and County Area economy, our Bank extended great support to our key customers such as leading enterprises in agricultural industrialisation and modernization, major farmers and family farms. The County Area deposits and loans increased by RMB35.064 billion and RMB13.575 billion respectively from the end of last year. Our Bank undertook as an agency the new type of pension insurance services in rural areas for all districts/counties throughout the Chongqing, with a coverage of over 11 million population. In an effort to optimise and improve the mechanism of specialised institutions for small and micro enterprises, we set up additional 4 specialised institutions for small and micro enterprises, making the total number of such specialised institutions to reach 7. In an effort to establish products portfolio unique to small and micro enterprises, we launched "weak guarantee" (弱擔保) products such as Order Credit for Small Businesses (小企業訂單貸), Invoice Financing Credit (發票貸), Easy Tax Loans (税易貸) and Guarantee-assistant Loan (助保貸). Loans to small and micro enterprises amounted to RMB76.013 billion, representing an increase of RMB16.026 billion or 26.72%.

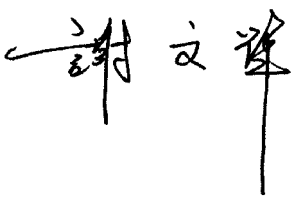
Continued Acceleration in Business Innovation. Through active research and development of finance service mode with the features of internet finance, we launched the e-commerce platforms such as Online Mall (網上商城), Direct-sale Bank Platform (直銷銀行平台) and the Nongxin Rural Commercial Bank Agency Alliance (農信農商行代銷聯盟), to provide account custody and settlement service for 6 P2P investment and financing platforms. We enriched the convenient functions of mobile finance such as card-free cash withdrawal at ATM and two-dimension code payment at POS. As a result, the number of active customers of the mobile finance increased by 73.06% to 2,222,800 with the transaction amount increased by 76.08% to RMB742.780 billion, standing at the first place among the peers in Chongqing in terms of total transaction amount. Our Bank saw relatively rapid development in new businesses. Our Bank launched the Jiangyu Express instalment credit card for large amount consumption (上線江渝捷分卡大額分期業務), with 89,608 new credit cards issued. The wealth management capital raised was RMB186.483 billion, representing an increase of 93.53%. Our Bank as an agency sold fund of RMB4.444 billion, representing an increase of 83.11%.

Concrete Efforts in Intensifying Risk Management. Facing the macro situation where various types of risk start to expose, our Bank persisted in sound operation as the bottom line in risk management and intensified the construction of all-rounded risk control system. Through promoting the implementation of the New Basel Capital Accord, our Bank strived to improve the risk measurement and refined management practice and intensify the threshold management of business continuity and liquidity risk. More efforts were put in inspection of credit risk in key areas such as the real estate sector and industries with high energy consumption, high pollution and overcapacity, and adjustment of the credit structure. We strengthened monitoring and management of overdue loans and special mention loans and made due efforts in disposal of non-performing assets and write-off of bad debts, so as to maintain the stability in assets quality as a whole. As such, the non-performing loan ratio declined by 0.02 percentage point from the end of last year to 0.78%; allowance to non-performing loans ratio increased 29.19 percentage points to 459.79%; and the allowances to total loans was 3.58%, up by 0.12 percentage point. The ability in risk resistance and mitigation was further enhanced.

Significant Improvement in Service Capability. In line with the economic structural adjustment and industrial transformation and upgrade policy of the State and the positioning of "Five Major Functional Regions" in Chongqing, our Bank laid focus on providing support to the development of the real economy and service sector, loans to sectors including manufacturing, wholesale and retail, water, environment and public utilities management increased by RMB13.587 billion, accounting for 65.42% of the total increase in corporate loans. Following closely with the "going out" strategy of our Bank and internationalization of RMB, we increased efforts in cultivating the capability of cross-border financial service and achieved USD3.499 billion of international transactions settlement, representing an year-on-year increase of 115.85%, making us one of the top 100 players in terms of transaction amounts at the China Foreign Exchange Trade System for two consecutive years. We made on-going improvements in customer experience and enriched value-added services for VIP customers. The number of medium to high-end customers increased by 190,000, bringing in deposit of RMB134.972 billion to us. In an effort to extend the reach of our financial services, we established 93 self-service centers, and had a total of over 4,000 ATMs and self-service inquiry machines, and the ratio of teller machines and tools to outlets reached 2.3 to 1.

Such achievements are impossible without the guidance and assistance of the Board, the board of supervisors, the support and trust of the shareholders and the customers and the diligent efforts of all the employees. I hereby would like to express my most sincere gratitude on behalf of the management!

Nowadays, Chinese economy has entered a stage of new era featuring gear-shifting, transformation and upgrade, while the development of financial industry also comes at a new stage where the reform is being deepened and innovation has become the driving force. Standing at the historical new starting point, our Bank will strengthen its analysis, study and judgement of the economic and financial situations and take actions from a macro perspective in line with the strategic requirement of the Board and the general trend. With the critical relationships such as those between the present and the long-term future and between risks and income being handled correctly, we will drive transformation and upgrade, stimulate innovation vitality, and with wisdom and courage, open up a new vista of sustainable, stable and healthy development of our Bank.



XIE Wenhui
President

27 March 2015

Management Discussion and Analysis

Financial Review

In 2014, the world's economy continued to see a slow recovery trend with a generally slower-than-expected growth and intensified differentiation in the growth speed among economies. The US economy saw a slowdown initially followed by a pickup with a strong growth momentum, far ahead of other economies such as the euro zone and Japan. With the continued decline in unemployment rate and the ending of quantitative easing policy, the US dollar index strengthened. The euro zone economy was greatly beset by deflation with much difficulty in recovery. The several interest cuts by the European Central Bank did not see visible effects on stimulating the economy and the uncertainty in geopolitics added difficulties in the recovery of the euro zone economy. As the stimulating effect of Abenomics on Japanese economy notably waned, the inner contradictions in Japan began to surface, leading to great fluctuations in the economic recovery of Japan. Emerging markets experienced a slowdown in economic growth viewing as a whole. In particular, impacted by the declining oil price, Russian economy faced greater crisis.

In 2014, confronted with complex and changing international environment, China, insisting on the keynote of seeking progress while maintaining stability, spared no efforts in deepening the reform and opening-up, laid emphasis on innovative macro control and endeavoured to cultivate innovative driving forces. As a result, the national economy operated in a steady manner amid the new normal environment with a favourable trend featuring stable growth, optimised structure, enhanced quality and improved livelihood. In 2014, GDP increased by 7.4% as compared to last year, representing a relatively rapid growth. CPI increased by 2.0% as compared to last year, indicating a basically stable consumer prices. In 2014, the central bank implemented asymmetric interest rate cut and two rounds of targeted cuts of reserve requirement ratio to promote market flexibility in pricing of interest rate and steering financing cost downwards, and the upper limit of the floating range for deposit interest rates was extended to be 1.2 times of the benchmark interest rate, indicating a further acceleration in the reform of interest rate liberalization. At the end of December, the balance of broad money (M2) amounted to RMB122.84 trillion, representing an increase of 12.2% as compared with the end of the previous year. The balance of narrow money (M1) amounted to RMB34.81 trillion, representing an increase of 3.2% as compared with the end of the previous year. At the end of December, the balance of RMB loan amounted to RMB81.68 trillion and the balance of RMB deposits amounted to RMB113.86 trillion. New RMB-denominated loans for the year amounted to RMB9.78 trillion, representing an increase of RMB890.0 billion as compared to that in last year. New RMB-denominated deposits amounted to RMB9.48 trillion, representing a decrease of RMB3.08 trillion as compared to that in last year.

In 2014, the economy of Chongqing witnessed a stable improvement, with stable progress and quality improvement achieved in economic structural adjustment. The GRP of Chongqing reached RMB1,426.540 billion, representing an increase of 10.9% as compared to last year and 3.5 percentage points higher than the national average level. The industrial structure continued to optimize with the proportion between the primary industry, secondary industry and tertiary industry was adjusted to 7.4:45.8:46.8, with the value-added of tertiary industry as a percentage of total GRP in Chongqing exceeding that of the secondary industry. Foreign trade saw a rapid growth. The total amount of import and export was US$95.45 billion, representing a growth of 39.0% and 35.6 percentage points higher than the national average level. Foreign capital actually utilized during the year amounted to USD10.629 billion, maintaining at the USD10 billion level for four consecutive years.

I. Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014	2013	Change in amount	Change (%)
Net interest income	**18,348.7**	15,703.2	2,645.5	16.85
Net fee and commission income	**1,069.6**	679.7	389.9	57.36
Net trading (losses) gain	**240.0**	(197.6)	437.6	(221.46)
Share of profit of an associate	**5.3**	0.3	5.0	1,666.67
Other operating income, net	**138.8**	130.2	8.6	6.61
Operating income	**19,802.4**	16,315.8	3,486.6	21.37
Operating expenses	**(8,400.8)**	(7,207.8)	(1,193.0)	16.55
Impairment on assets	**(2,297.2)**	(1,181.3)	(1,115.9)	94.46
Net (losses) gain on disposal of available-for-sale	**5.4**	(10.0)	15.4	(154.00)
Profit before tax	**9,109.8**	7,916.7	1,193.1	15.07
Income tax expense	**(2,296.7)**	(1,901.6)	(395.1)	20.78
Net Profit	**6,813.1**	6,015.1	798.0	13.27

In 2014, the profit before tax of the Group amounted to RMB9,110 million, representing an increase of 15.07% as compared to the previous year; net profit amounted to RMB6,813 million, representing an increase of 13.27% as compared to the previous year. The profit before tax and net profit continued to grow at over 10.00%, primarily attributable to the stable growth of interest-earning assets, which had driven the net interest income to increase by RMB2,646 million or 16.85% as compared with last year; an increase of RMB390 million or 57.36% in net fee and commission income as compared with last year as a result of strengthened efforts in product innovation and marketing; a decrease in cost to income ratio by 1.92 percentage points as compared with last year as a result of further intensified cost budget management.

(I) Net Interest Income

In 2014, the net interest income of the Group amounted to RMB18,349 million, representing an increase of RMB2,646 million or 16.85% as compared to the previous year and accounting for 92.66% of the total operating income, including an increase of RMB2,757 million of net interest income arising from changes in the average balance of various assets and liabilities, and a decrease of RMB111 million in net interest income attributable to the changes in the average yield or the average cost rate.

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

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change (%)
	2014	2013		
Interest income	**33,094.8**	27,179.8	5,915.0	21.76
Interest expense	**(14,746.1)**	(11,476.6)	(3,269.5)	28.49
Net interest income	**18,348.7**	15,703.2	2,645.5	16.85

The table below sets forth, for the years indicated, the average balances of our interest-earning assets and interest-bearing liabilities, related interest income or interest expense and average yields (for assets) or average costs rate (for liabilities). The analysis below excludes the impact of capital-preserve type of customer-driven wealth management products and non-capital-preserve type of customer-driven wealth management products included in the scope of accounts consolidation on the interest income/expense and average balances.

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	**223,466.9**	**16,057.9**	**7.19**	190,735.6	13,684.3	7.17
Debt securities investments	**116,319.9**	**7,042.3**	**6.05**	101,495.6	5,951.2	5.86
Balances with central bank	**72,711.6**	**1,158.1**	**1.59**	63,736.8	1,007.5	1.58
Due from banks and other financial institutions	**132,522.0**	**8,430.2**	**6.36**	104,395.9	6,239.6	5.98
Total interest-earning assets[1]	**545,020.4**	**32,688.5**	**6.00**	460,363.9	26,882.6	5.84
Liabilities						
Due to customers	**388,951.3**	**8,377.2**	**2.15**	331,990.5	6,700.7	2.02
Borrowings from central bank	**2,156.3**	**81.7**	**3.79**	141.8	4.5	3.17
Due to banks and other financial institutions	**105,089.4**	**5,587.9**	**5.32**	87,328.5	4,347.7	4.98
Subordinated bonds	**4,842.7**	**293.0**	**6.05**	2,300.0	126.5	5.50
Total interest-bearing liabilities[1]	**501,039.7**	**14,339.8**	**2.86**	421,760.8	11,179.4	2.65
Net interest income		**18,348.7**			15,703.2	
Net interest spread			**3.14**			3.19
Net interest margin			**3.37**			3.41

Note: (1) The impact of customer-driven wealth management products was excluded.

In 2014, the average yield on overall interest-earning assets increased by 16 basis points from the previous year to 6.00%. The average cost rate of the overall interest-bearing liabilities increased by 21 basic points from the previous year to reach 2.86%. The net interest spread decreased 5 basic points from the previous year to 3.14%, whereas the net interest margin dropped by 4 basis points from the previous year to 3.37%.

The following table sets forth the changes in the Group's interest income and interest expense due to changes in volume and rate. Changes in volume are measured by the movement of the average balance, while changes in the interest rate are measured by the movement of the average interest rate.

(Expressed in RMB million)	Volume factor	Rate factor	Changes in interest income/ expense
Assets			
Loans and advances to customers	2,353.4	20.2	2,373.6
Debt securities investments	896.9	194.2	1,091.1
Balances with central bank	142.7	7.9	150.6
Due from banks and other financial institutions	1,788.8	401.8	2,190.6
Changes in interest income	5,181.8	624.1	5,805.9
Liabilities			
Due to customers	1,224.7	451.8	1,676.5
Due to central bank, banks and other financial institutions	1,046.1	271.3	1,317.4
Subordinated bonds	153.8	12.7	166.5
Changes in interest expense	2,424.6	735.8	3,160.4

1. *Interest Income*

   In 2014, the interest income of the Group amounted to RMB33,095 million, representing an increase of RMB5,915 million or 21.76% as compared to the previous year. The analysis below does not take into account of the interest income generated from the capital-preserve type of customer-driven wealth management products and non-capital-preserve type of customer-driven wealth management products included in the scope of accounts consolidation.

(1) Interest Income from Loans and Advances to Customers

The average balance, interest income and average yield for each component of loans and advances to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	**128,548.1**	**9,069.4**	**7.06**	113,931.9	8,083.5	7.10
Retail loans	**90,391.2**	**6,707.5**	**7.42**	72,299.9	5,349.0	7.40
Discounted bills	**4,527.6**	**281.0**	**6.21**	4,503.8	251.8	5.59
Total loans and advances to customers	**223,466.9**	**16,057.9**	**7.19**	190,735.6	13,684.3	7.17

Interest income from loans and advances to customers increased by RMB2,374 million or 17.35% to RMB16,058 million as compared to the previous year, primarily attributable to the increase of RMB2,353 million in interest income driven by the increase in the average balance of loans and advances to customers on one hand, and the satisfactory yield of the new retail loans as a result of strengthened pricing management on the other hand.

(2) Interest Income from Debt Securities Investments

In 2014, the Group's interest income from debt securities investments increased by RMB1,091 million or 18.33% to RMB7,042 million as compared to the previous year, primarily attributable to the increase in both average balance and average yield of debt securities investment over the previous year as a result of the proper increase in investment in debt securities with higher yield by our Bank through timely grasping favourable market opportunities.

(3) Interest Income from Balances with Central Bank

In 2014, the Group's interest income from balances with central bank increased by RMB151 million or 14.95% to RMB1,158 million as compared to the previous year, primarily attributable to a 14.08% increase in the average balance of balances with central bank as compared to the previous year, which was driven by the increase in due to customers.

(4) Interest Income from Due from Banks and Other Financial Institutions

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

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Deposits and placements with banks and other financial institutions	**63,125.7**	**3,727.2**	**5.90**	41,564.5	2,214.7	5.33
Financial assets held under resale agreements	**69,396.3**	**4,703.0**	**6.78**	62,831.4	4,024.9	6.41
Total due from banks and other financial institutions	**132,522.0**	**8,430.2**	**6.36**	104,395.9	6,239.6	5.98

During the reporting period, the Group made rational adjustments to the structure of funds due from banks and other financial institutions with an aim to continue improving the efficiency of capital use. As a result, the average yield of funds due from banks and other financial institutions increased by 38 basis points as compared to the previous year.

In 2014, the interest income from deposits and placements with banks and other financial institutions of the Group increased by RMB1,513 million or 68.29% to RMB3,727 million as compared to the previous year, primarily attributable to the increases in the average balances and the average yield of deposits and placements with banks and other financial institutions as compared to the previous year.

In 2014, the interest income from financial assets held under resale agreements increased by RMB678 million or 16.85% to RMB4,703 million as compared to the previous year, primarily attributable to the increases of 10.45% and 37 basis points in the average balances and the average yield of financial assets held under resale agreements as compared to last year respectively.

2. *Interest Expense*

In 2014, the Group's interest expense increased by RMB3,270 million or 28.49% to RMB14,746 million as compared to the previous year. The analysis below does not take into account of the interest expense generated from the capital-preserve type of customer-driven wealth management products and non-capital-preserve type of customer-driven wealth management products included in the scope of accounts consolidation.

(1) Interest Expense on Due to Customers

The average balance, interest expense and average cost rate for each component of due to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits						
Demand	**70,949.7**	**467.7**	**0.66**	68,406.0	460.0	0.67
Time	**29,360.7**	**1,006.0**	**3.43**	20,161.8	565.6	2.81
Subtotal	**100,310.4**	**1,473.7**	**1.47**	88,567.8	1,025.6	1.16
Retail deposits						
Demand	**80,120.0**	**313.5**	**0.39**	69,788.6	274.0	0.39
Time	**208,520.9**	**6,590.0**	**3.16**	173,634.1	5,401.1	3.11
Subtotal	**288,640.9**	**6,903.5**	**2.39**	243,422.7	5,675.1	2.33
Total due to customers	**388,951.3**	**8,377.2**	**2.15**	331,990.5	6,700.7	2.02

In 2014, interest expense on due to customers of the Group amounted to RMB8,377 million, representing an increase of RMB1,677 million, or 25.02% as compared to last year, which was primarily due to the increase in the average balance of due to customers by 17.16% over the previous year as a result of more efforts in deposit-taking marketing with the advantage of our outlets on one hand, and the increase of 13 basis points in the average cost rate of due to customers to 2.15% in 2014 as compared to the previous year as a result of the higher proportion of corporate time deposits with higher interest cost and the increase in the average cost rate thereof on the other hand.

(2) Interest Expense on Due to Banks and Other Financial Institutions

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

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Deposits and placements from banks and other financial institutions	**61,601.3**	**3,379.8**	**5.49**	44,817.2	2,341.5	5.22
Financial assets sold under repurchase agreements	**43,488.1**	**2,208.1**	**5.08**	42,511.3	2,006.2	4.72
Total due to banks and other financial institutions	**105,089.4**	**5,587.9**	**5.32**	87,328.5	4,347.7	4.98

In 2014, the Group's interest expense on deposits and placements from banks and other financial institutions amounted to RMB3,380 million, representing an increase of RMB1,038 million, or 44.34% over the previous year, which was primarily due to the increase in the average balance and the interest cost of deposits and placements from banks and other financial institutions.

In 2014, the interest expense on financial assets sold under repurchase agreements of the Group increased by RMB202 million or 10.06% to RMB2,208 million as compared to the previous year, primarily due to the increase in the average balance and the interest cost of financial assets sold under repurchase agreements as compared to the previous year.

3. Net Interest Spread and Net Interest Margin

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

In 2014, the net interest spread of the Group decreased by 5 basis points to 3.14% as compared to the previous year, the decrease of which reflected a lower increase rate in the average yield of interest-earning assets over the previous year than that in the average cost rate of interest-bearing liabilities over the previous year.

In 2014, the net interest margin of the Group was 3.37%, representing a decrease of 4 basis points from the previous year.

(II) Non-interest Income

1. *Net Fee and Commission Income*

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014	2013	Change in amount	Change (%)
Fee and commission income	**1,143.3**	739.1	404.2	54.69
Settlement and clearing fees	**64.0**	51.6	12.4	24.03
Bank card fees	**286.5**	174.6	111.9	64.09
Agency and fiduciary service fees	**202.4**	228.8	(26.4)	(11.54)
Consultancy and advisory fees	**580.3**	269.3	311.0	115.48
Others	**10.1**	14.8	(4.7)	(31.76)
Fee and commission expense	**(73.7)**	(59.4)	(14.3)	24.07
Net fee and commission income	**1,069.6**	679.7	389.9	57.36

In 2014, the net fee and commission income amounted to RMB1,070 million, representing an increase of RMB390 million or 57.36% over the previous year, and its proportion to operating income increased by 1.23 percentage points to 5.40%.

Settlement and clearing fees income amounted to RMB64 million, representing a year-on-year increase of RMB12 million or 24.03%, primarily attributable to an increase in the volume of settlement. In particular, income from settlement and clearing fees of international business increased by 164.44% year-on-year.

Bank card fees amounted to RMB287 million, representing an increase of RMB112 million, or 64.09% over the previous year, which was primarily attributable to the stable increase in the number of credit card issued and the consumption using credit card as a result of increased efforts in product innovation and marketing which improved the profitability of our bank card business. In particular, the credit card fees amounted to RMB130 million, representing an increase of RMB83 million or 176.60% over the previous year.

Consultancy and advisory fees amounted to RMB580 million, representing a year-on-year increase of RMB311 million, or 115.48%, which was primarily attributable to the rapid growth in customer-driven wealth management business.

2. *Net Trading (Losses) Gain*

Net trading (losses) gain primarily comprises changes in the fair value of held-for-trading debt securities and (losses) gain arising from trading. In 2014, the Group's net trading gain was RMB240 million, representing an increase of RMB438 million year-on-year, primarily due to the recovery in the fair value of held-for-trading bond while influenced by the fluctuations in the market value.

3. *Other Operating Income, Net*

In 2014, other operating income of the Group, net, increased by RMB9 million to RMB139 million.

4. *Net Income (Losses) on Disposal of Available-for-sale Financial Assets*

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change (%)
	2014	2013		
Net income (losses) on disposal of available-for-sale financial assets	**5.4**	(10.0)	15.4	(154.00)

(III) Operating Expenses

In 2014, the operating expenses of the Group increased by RMB1,193 million, or 16.55% to RMB8,401 million as compared to the previous year.

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change (%)
	2014	2013		
Staff costs	**4,917.9**	4,373.8	544.1	12.44
Business tax and surcharges	**1,324.0**	1,063.0	261.0	24.55
Depreciation and amortisation	**581.3**	492.6	88.7	18.01
Others	**1,577.6**	1,278.4	299.2	23.40
Total operating expenses	**8,400.8**	7,207.8	1,193.0	16.55

1. *Staff Costs*

Staff costs are the largest component of operating expenses of the Group, accounting for 58.54% and 60.68% of its total operating expenses for the years ended 31 December 2014 and 2013 respectively.

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change (%)
	2014	2013		
Salaries, bonuses and allowances	**3,278.8**	3,088.8	190.0	6.15
Staff welfare, social insurance and housing funds	**1,199.2**	928.1	271.1	29.21
Others	**439.9**	356.9	83.0	23.26
Total staff costs	**4,917.9**	4,373.8	544.1	12.44

In 2014, staff costs of the Group increased by RMB544 million or 12.44% to RMB4,918 million as compared to the previous year, primarily due to the year-on-year increase of RMB271 million or 29.21% in social insurance and housing funds as a result of increased number of employees and the increase in average wage in general; and the year-on-year increase of RMB75 million or 29.44% in the actuarial benefits as a result of the rise in the standard of medical service costs for internal retirement employees.

2. *Business Tax and Surcharges*

Business tax 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 services. Business tax and surcharges increased by RMB261 million or 24.55% to RMB1,324 million in 2014 as compared to the previous year, primarily due to the increase in taxable income.

3. *Depreciation and Amortisation*

Depreciation and amortisation for 2014 increased by RMB89 million or 18.01% to RMB581 million over the previous year as the growth of our property and equipment remained stable during the year.

4. Others

For the year ended 31 December 2014, other general and administrative expenses increased by 23.40% to RMB1,578 million as compared to RMB1,278 million in 2013, primarily due to greater business expansion.

(IV) Impairment on Assets

Impairment on assets consists primarily of provisions charged on loans and advances to customers and other assets. Provisions charged for impairment on assets was RMB2,297 million for the year ended 31 December 2014, representing an increase of RMB1,116 million or 94.46% over the previous year.

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

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change (%)
	2014	2013		
Loans and advances to customers	**1,841.0**	973.4	867.6	89.13
Other assets	**456.2**	207.9	248.3	119.43
Total impairment on assets	**2,297.2**	1,181.3	1,115.9	94.46

In 2014, provisions for impairment on loans and advances to customers were RMB1,841 million, representing an increase of RMB868 million as compared with 2013, primarily due to an increase in loans and a strengthened portfolio of provisions on loans as the Group fully took account of the uncertainties hanging over the macro economy.

In 2014, the provisions for impairment on other assets were RMB456 million, representing an increase of RMB248 million as compared with 2013, primarily attributable to the increase in the provision of allowances after fully considering the macro environment and industrial risks.

(V) Income Tax Expense

The applicable income tax rate of the Group was 25%. The effective tax rate of the Group in 2014 and 2013 was 25.21% and 24.02% respectively. The effective tax rate increased by 1.19 percentage points over the previous year, primarily due to the increase in the permanent difference for income tax as a result of the increase in actuarial retirement benefit and a decrease in the interest income from government bonds.

The following table sets forth the profit before tax and income tax expense for the years ended 31 December 2014 and 2013.

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December		Change in amount	Change *(%)*
	2014	2013		
Profit before tax	**9,109.8**	7,916.7	1,193.1	15.07
Tax calculated at applicable statutory tax rate of 25%	**2,277.5**	1,979.2	298.3	15.07
Add/(less) the tax effect of the following items:				
Non-deductible expenses	**121.1**	55.6	65.5	117.81
Non-taxable income	**(101.9)**	(133.2)	31.3	(23.50)
Income tax expense	**2,296.7**	1,901.6	395.1	20.78

II. Analysis on Statement of Financial Position

(I) Assets

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount (Restated)	% of Total (%)
Loans and advances to customers, gross[1]	**242,197.9**	**39.13**	205,252.5	40.85
Allowances for impairment on loans and advances to customers[1]	**(8,677.7)**	**(1.40)**	(7,101.9)	(1.41)
Loans and advances to customers, net	**233,520.2**	**37.73**	198,150.6	39.44
Investment securities[2]	**117,736.1**	**19.02**	84,165.2	16.75
Investments in associates	**105.6**	**0.02**	100.3	0.02
Cash and balances with the central bank	**79,334.2**	**12.82**	68,782.1	13.69
Deposits with banks and other financial institutions	**28,249.6**	**4.56**	23,655.9	4.71
Placements with banks and other financial institutions	**75,973.8**	**12.28**	25,056.3	4.99
Financial assets held under resale agreements	**54,643.6**	**8.83**	70,828.9	14.10
Financial assets held for trading	**168.1**	**0.03**	2,691.0	0.54
Financial assets designated at fair value through profit or loss	**16,821.8**	**2.72**	19,127.5	3.81
Goodwill	**440.1**	**0.07**	440.1	0.09
Other assets[3]	**11,895.9**	**1.92**	9,448.1	1.86
Total assets	**618,889.0**	**100.00**	502,446.0	100.00

Notes:

(1) Loans and advances to customers, gross and allowances for impairment on loans and advances to customers were disclosed on basis of the contractual amount, resulting in discrepancies with those set out in the consolidated financial statements prepared under the IFRS.

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

(3) Other assets consist of properties and equipment, deferred tax assets, and other assets.

As at 31 December 2014, the Group's total assets amounted to RMB618,889 million, representing an increase of RMB116,443 million, or 23.18% as compared to the end of the previous year, among which:

The amount of gross loans and advances to customers increased by RMB36,945 million, or 18.00%, as compared to the end of the previous year. This was primarily due to the fact the Group, through further optimising credit resources allocation to exert reasonable control over the pace of loan growth, actively increased loans to support individual consumption upgrade, small and micro enterprises and Sannong (三農) and strictly controlled the "industries with high pollution, high energy consumption and resource sector" (兩高一資);

Investment securities increased by RMB33,571 million, or 39.89% as compared to the end of the previous year, primarily due to the increase in debt securities in an effort to optimise investment structure;

Cash and balances with the central bank increased by RMB10,552 million, or 15.34% as compared to the end of the previous year, primarily due to the increase in statutory deposit reserve, as a result of a substantial increase in due to customers;

The total amounts of deposits with banks and other financial institutions and placements with banks and other financial institutions increased by RMB55,511 million or 113.96% as compared to the end of the previous year, primarily due to the enhancement of utilisation efficiency of surplus funds under the premise of ensuring sufficiency of liquidity;

Financial assets held under resale agreements decreased by RMB16,185 million or 22.85% as compared to the end of the previous year.

1. Loans and Advances to Customers (Contractual Amount)

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Corporate loans	**139,585.3**	**57.63**	118,816.6	57.89
Short-term loans[1]	**56,653.3**	**23.39**	36,901.9	17.98
Medium- and long-term loans[2]	**82,932.0**	**34.24**	81,914.7	39.91
Retail loans	**97,151.4**	**40.11**	84,927.8	41.38
Residential mortgage and personal commercial property loans[3]	**45,898.9**	**18.95**	46,279.7	22.55
Personal business and re-employment loans[4]	**36,061.7**	**14.89**	28,854.7	14.06
Others[5]	**15,190.8**	**6.27**	9,793.4	4.77
Discounted bills	**5,461.2**	**2.26**	1,508.1	0.73
Loans and advances to customers, gross	**242,197.9**	**100.00**	205,252.5	100.00

Notes:

(1) Short-term loans primarily consist of loans with contractual maturities of one year or less.

(2) Medium- and long-term loans primarily consist of loans with contractual maturities over one year.

(3) Residential mortgage and personal commercial property loans primarily consist of personal mortgage loan, second mortgage and decoration loans, and loans to retail customers to acquire property for small business purposes, such as store premises.

(4) Personal business and re-employment loans primarily consist of personal loans for business purposes, personal working capital loans and small amount loans related to employment and re-employment.

(5) Others primarily consist of personal commercial property mortgage loans, personal residential maximum mortgage loans, credit card loans, personal car loans, loans for personal durable goods and personal education loans, rural cross-guaranteed loans and credit loans.

As at 31 December 2014, the amount of gross loans and advances to customers of the Group increased by RMB36,945 million, or 18.00% to RMB242,198 million as compared to the end of the previous year.

Corporate loans (excluding discounted bills) increased by RMB20,769 million, or 17.48% to RMB139,585 million as compared to the end of the previous year, and accounted for 57.63% of gross loans and advances to customers, 0.26 percentage point lower than that of the end of previous year. During the reporting period, the Group continued to actively adjust the credit structure, in line with the state's industrial policy to support the growth of real economies and adjustment of industrial structure, with a rational control over the targets and pace for extending loans. During the reporting period, additional loans to the manufacturing industry, the wholesale and retail industry, as well as the water, environment and public utilities management industry amounted to RMB5,864 million, RMB4,704 million and RMB3,019 million, respectively, in the aggregate accounting for 65.42% of the total amount of additional corporate loans.

The Group continued to reinforce credit structural adjustment and risk control by looking closely into the general direction and development trend of the industry whilst diligently drawing up loan extension plans, which adopt a differentiated approach based on different regions, customers and industries on the principle of "exerting control over the total amounts, advancing the superior while exiting the inferior, and adjusting structure"（總量控制、有進有退、調整結構）. Strict control was imposed on "industries with excess capacity, and industries with high pollution, high energy consumption and resource sector"（產能過剩、兩高一資）, and amount limits were set on loans for government platforms and the real estate industry. In particular, the percentage of outstanding balance of loans to the real estate industry to total corporate loans decreased by 1.03 percentage points as compared to the end of the previous year.

Our retail loans increased by RMB12,224 million or 14.39% to RMB97,151 million as compared to the end of the previous year, which accounted for 40.11% of total loans and advances to customers, representing a decrease of 1.27 percentage points as compared to the end of previous year. Among these retail loans, residential mortgage and personal commercial property loans decreased by RMB381 million, or 0.82% as compared to the end of the previous year; personal business and re-employment loans grew by RMB7,207 million, or 24.98% as compared to the end of the previous year; and other loans increased by RMB5,397 million, or 55.11% as compared to the end of the previous year. Confronted with complicated market changes, the Group took active measures to avoid systemic risks in markets, and focused on meeting credit needs of premium individual customers.

Discounted bills increased by RMB3,953 million to RMB5,461 million as compared to the end of the previous year, largely due to the support to short-term financing needs of key customers on the basis that the requirements on assets and liabilities management could be satisfied.

Distribution of Loans by Type of Collateral (Contractual Amount)

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Unsecured loans	**19,403.8**	**8.01**	18,058.6	8.80
Guaranteed loans	**43,016.5**	**17.76**	38,263.0	18.64
Collateralised loans	**155,160.4**	**64.07**	134,483.5	65.52
Pledged loans	**24,617.2**	**10.16**	14,447.4	7.04
Loans to customers, gross	**242,197.9**	**100.00**	205,252.5	100.00

Allowance for Impairment Losses on Loans and Advances to Customers (Contractual Amount)

The following table sets forth the Group's impairment on loans and advances to customers as at the dates indicated.

(Expressed in RMB million, unless otherwise stated)	Allowance for impairment losses on loans and advances which is collectively assessed[1]	Allowance for impairment losses on identified impaired loans and advances[2]		Total
		For which allowance is collectively assessed	For which allowance is individually assessed	
As at 1 January 2014	6,156.4	554.6	390.9	7,101.9
Charge for the year	3,729.4	590.8	710.2	5,030.4
Reverse for the year	(2,311.8)	(612.0)	(265.8)	(3,189.6)
Written off	(2.7)	(229.7)	(176.7)	(409.1)
Recovery of loans and advances previously written off	3.0	163.3	48.2	214.5
Unwinding of discount on allowance	—	(24.0)	(46.4)	(70.4)
The balance as at 31 December 2014	7,574.3	443.0	660.4	8,677.7

Notes:

(1) Loans and advances for which allowance is collectively assessed consist of loans and advances which have not been specifically identified as impaired.

(2) Identified impaired loans and advances include loans for which objective evidence of impairment exists and which have been identified as bearing an impairment loss and assessed either individually or collectively.

In 2014, the Group adhered to its prudent principle and was in strict compliance with the relevant requirements of accounting standards, so as to provide sufficient allowances for impaired loans and advances whilst fully taking into account of external economic dynamics and macro monitoring policies. As at 31 December 2014, balance of allowances for impairment losses on loans and advances to customers increased by RMB1,576 million to RMB8,678 million over the end of the previous year, and the allowances to non-performing loans increased by 29.19 percentage points to 459.79% as compared to the end of previous year.

2. *Investments*

The following table sets forth, as at the dates indicated, the composition of the Group's investments.

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Financial assets held for trading	**168.1**	**0.12**	2,691.0	2.54
Financial assets designated at fair value through profit or loss	**16,821.8**	**12.49**	19,127.5	18.05
Available-for-sale financial assets	**13,388.0**	**9.94**	5,168.3	4.88
Held-to-maturity investments	**62,843.3**	**46.65**	50,251.5	47.41
Debt securities classified as receivables	**41,504.8**	**30.81**	28,745.4	27.12
Total	**134,726.0**	**100.00**	105,983.7	100.00

As at 31 December 2014, total investments increased by RMB28,742 million or 27.12% to RMB134,726 million as compared to the end of the previous year. Financial assets held for trading decreased by RMB2,523 million as compared with the end of the previous year, mainly attributable to the Group's decrease in the holdings of corporate bonds as part of the efforts in adjusting the investment structure based on the market conditions. Financial assets designated at fair value through profit or loss decreased by RMB2,306 million compared to the end of the previous year, primarily due to the reduction of the holdings of wealth management products in light of the market trend. Available-for-sale financial assets increased by RMB8,220 million as compared to the end of previous year, primarily due to the increase in holdings of financial institution bonds with controllable risk and higher yield. Held-to-maturity investments increased by RMB12,592 million as compared to the end of previous year, primarily due to increased holdings of corporate bonds, public sector and quasi-government bonds with comparatively higher yields within the credit facility limits. Debt securities classified as receivables increased by RMB12,760 million as compared to the end of the previous year, primarily due to the increased investment in debt securities classified as receivables.

Debt Securities Investments

The following table sets forth, as at the dates indicated, the composition of debt securities investments of the Group.

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Government bonds	**7,539.3**	**5.60**	8,119.1	7.67
Public sector, and quasi-government bonds	**26,521.9**	**19.70**	24,720.5	23.34
Financial institution bonds	**6,759.1**	**5.02**	4,931.1	4.66
Corporate bonds	**50,813.1**	**37.73**	23,212.8	21.92
Debt instruments issued by financial institutions	**43,028.5**	**31.95**	44,928.0	42.41
Total	**134,661.9**	**100.00**	105,911.5	100.00

(II) Liabilities

The following table sets forth, as at the dates indicated, the composition of total liabilities of the Group.

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Due to customers	**409,719.8**	**71.13**	347,883.4	74.72
Deposits and placements from banks and borrowings from the central bank	**101,794.4**	**17.67**	66,529.9	14.29
Financial assets sold under repurchase agreements	**47,284.2**	**8.21**	37,240.6	8.00
Debt securities issued	**5,000.0**	**0.87**	2,300.0	0.49
Other liabilities[1]	**12,242.2**	**2.12**	11,602.8	2.50
Total liabilities	**576,040.6**	**100.00**	465,556.7	100.00

Note:

(1) Other liabilities consist of accrued staff costs, taxes payable, interest payable, other payables and financial liabilities designated as at fair value through profit or loss.

As at 31 December 2014, total liabilities increased by RMB110,484 million or 23.73% to RMB576,041 million as compared to the end of the previous year. Due to customers are our largest source of capital, which grew by RMB61,836 million or 17.78% as compared to the end of the previous year. Deposits and placements from banks and borrowings from the central bank increased by RMB35,265 million or 53.01% as compared to the end of the previous year. Financial assets sold under repurchase agreements increased by RMB10,044 million or 26.97% from the end of the previous year.

Due to Customers

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Corporate deposits	**99,096.8**	**24.19**	84,231.6	24.21
Demand deposits	**78,903.3**	**19.26**	71,788.8	20.63
Time deposits	**20,193.5**	**4.93**	12,442.8	3.58
Retail deposits	**302,584.6**	**73.85**	258,640.2	74.35
Demand deposits	**79,712.4**	**19.46**	71,691.5	20.61
Time deposits	**222,872.2**	**54.39**	186,948.7	53.74
Pledged deposits	**7,837.4**	**1.91**	4,923.5	1.42
Other deposits	**201.0**	**0.05**	88.1	0.02
Total due to customers	**409,719.8**	**100.00**	347,883.4	100.00

As at 31 December 2014, due to customers increased by RMB61,836 million or 17.78% to RMB409,720 million as compared to the end of the previous year. With respect to the Group's customer portfolio, corporate deposits (excluding pledged deposits) accounted for 24.19% of total due to customers, representing a decrease of 0.02 percentage point from the end of the previous year, while the retail deposits accounted for 73.85%, representing a decrease of 0.50 percentage point over the end of previous year. With respect to the maturity structure, demand deposits accounted for 38.72% of total due to customers, representing a decrease of 2.52 percentage points from the end of previous year, while the time deposits accounted for 59.32%, representing an increase of 2.00 percentage points over the end of the previous year.

(III) Shareholders' Equity

The following table sets forth, as at the dates indicated, the composition of shareholders' equity of the Group.

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total (%)	Amount	% of Total (%)
Share capital	**9,300.0**	**21.70**	9,300.0	25.21
Capital reserve	**9,201.9**	**21.48**	9,201.9	24.94
Investment revaluation reserve	**36.7**	**0.09**	(136.0)	(0.37)
Actuarial changes reserve	**(16.1)**	**(0.04)**	43.5	0.12
Surplus reserve	**7,079.3**	**16.52**	6,394.5	17.33
General reserve	**6,371.2**	**14.87**	5,497.3	14.90
Retained earnings	**9,452.9**	**22.06**	5,950.2	16.14
Equity attributable to equity holders of the Bank	**41,425.9**	**96.68**	36,251.4	98.27
Non-controlling interests	**1,422.5**	**3.32**	637.9	1.73
Total equity	**42,848.4**	**100.00**	36,889.3	100.00

As at 31 December 2014, total equity amounted to RMB42,848 million, representing an increase of RMB5,959 million as compared to the end of the previous year, mainly attributable to the increase in retained earnings. In particular, surplus reserve increased by RMB685 million as compared to the end of the previous year, primarily resulting from the provisions made for statutory surplus reserve. General reserve increased by RMB874 million as compared to the end of the previous year, as the general reserve was required to be not less than an amount equal to 1.5% of the balance of risk assets at the end of the previous year.

III. Loan Quality Analysis (the Group)

(I) Breakdown of Loans by the Five-Category Classification

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of Total *(%)*	Amount	% of Total *(%)*
Normal	**234,607.6**	**96.87**	198,350.8	96.64
Special mention	**5,703.0**	**2.35**	5,252.4	2.56
Substandard	**1,268.0**	**0.52**	811.8	0.40
Doubtful	**619.3**	**0.26**	837.5	0.40
Loss	**—**	**—**	—	—
Total loans and advances to customers	**242,197.9**	**100.00**	205,252.5	100.00
Amount of non-performing loans	**1,887.3**		1,649.3	
Non-performing loan ratio *(%)*		**0.78**		0.80

In 2014, facing the complex macro-economic and financial dynamics at home and abroad, the Group attached importance to the risk challenges and pressure arising from the "gear-shifting period for economic growth speed" (增長速度換擋期) and "pains associated with structural adjustment" (結構調整陣痛期) of China's economy, adhered to the bottom line thoughts, strengthened its efforts in restructuring its credit structure, conducted a roll-over risk surveillance of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as post-loan management, increased efforts in collection, disposal and write-off of non-performing loans. As a result, our Bank saw a stable quality in its credit assets with controllable risks. As at 31 December 2014, the balance of non-performing loans increased by RMB238 million from the end of the previous year to RMB1,887 million; while the non-performing loan ratio was 0.78%, 0.02 percentage point lower than that at the end of the previous year, indicating a continuous fall in non-performing loan ratio. The amount of special mention loans accounted for 2.35% of the total loans, 0.21 percentage point lower than that at the end of the previous year.

(II) Concentration of Loans

1. Concentration by Industry and Distribution of Non-performing Loans

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014				As at 31 December 2013			
	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	**139,585.3**	**57.64**	**1,285.6**	**0.92**	118,816.6	57.89	959.9	0.81
Manufacturing	**41,614.0**	**17.18**	**521.0**	**1.25**	35,749.7	17.42	251.9	0.70
Production and supply of electricity, gas and water	**8,665.1**	**3.58**	**3.8**	**0.04**	6,890.4	3.36	26.8	0.39
Real estate	**13,894.2**	**5.74**	**20.1**	**0.14**	13,897.2	6.77	43.8	0.32
Leasing and commercial services	**4,984.0**	**2.06**	**—**	**—**	3,744.7	1.82	5.8	0.15
Water, environment and public utilities management	**25,472.0**	**10.51**	**—**	**—**	22,453.5	10.94	—	—
Construction	**7,765.8**	**3.21**	**3.4**	**0.04**	6,803.2	3.31	22.5	0.33
Retail and wholesale	**13,981.6**	**5.77**	**36.9**	**0.26**	9,277.5	4.52	22.8	0.25
Others	**23,208.6**	**9.59**	**700.4**	**3.02**	20,000.4	9.75	586.3	2.93
Retail loans	**97,151.4**	**40.11**	**601.7**	**0.62**	84,927.8	41.38	689.4	0.81
Discounted bills	**5,461.2**	**2.25**	**—**	**—**	1,508.1	0.73	—	—
Total	**242,197.9**	**100.00**	**1,887.3**	**0.78**	205,252.5	100.00	1,649.3	0.80

In 2014, to cope with the tumultuous and ever-changing external economic conditions, the Group continued to optimise its industry-specific lending and exit criteria for customers, further refined the management of industry quotas and strictly implemented national control policies. The balance of loans, amount of non-performing loans and non-performing loan ratios of the real estate industry continued to trend downwards, evidenced by the decrease of RMB3 million in the outstanding balance of loans to the real estate industry as compared to the end of the previous year, the decrease of RMB24 million in non-performing loans as compared to the end of the previous year, and the decrease of 0.18 percentage point in non-performing loan ratios as compared to the end of the previous year.

2. *Concentration of Borrowers*

In 2014, the Group's total loans to its largest single borrower accounted for 5.49% of its net capital while total loans to its top ten clients accounted for 36.20% of its net capital, both of which were in compliance with regulatory requirements. As at 31 December 2014, the Group's loans to top ten largest single borrowers were not non-performing loans.

(1) Indicator of concentration

Major Regulatory Indicators	Regulatory standard	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Loan concentration ratio for the largest single borrower *(%)*	**≤10%**	**5.49**	5.72	6.27
Loan concentration ratio for a single group borrower *(%)*	**≤15%**	**5.87**	6.91	7.10

(2) Loans to top ten single borrowers

(Expressed in RMB million, unless otherwise stated)	Industry	As at 31 December 2014 Amount	As at 31 December 2014 Percentage of the total amount of loans *(%)*
Borrower A	Water, environmental and public utility management	3,018.0	1.25
Borrower B	Water, environmental and public utility management	2,824.1	1.17
Borrower C	Water, environmental and public utility management	2,336.5	0.96
Borrower D	Manufacturing	1,900.0	0.78
Borrower E	Real estate	1,723.0	0.71
Borrower F	Real estate	1,425.5	0.59
Borrower G	Leasing and commercial service	1,400.0	0.58
Borrower H	Water, environmental and public utility management	1,387.0	0.57
Borrower I	Construction	1,330.0	0.55
Borrower J	Production and supply of electricity, heat, gas and water	1,280.0	0.53

(III) Distribution of Loans and Non-performing Loans by Product Type

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014			As at 31 December 2013		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	**139,585.3**	**1,285.6**	**0.92**	118,816.6	959.9	0.81
Short-term loans	**56,655.3**	**125.5**	**0.22**	36,901.9	272.0	0.74
Medium- and long-term loans	**82,932.0**	**1,160.1**	**1.40**	81,914.7	687.9	0.84
Retail Loans	**97,151.4**	**601.7**	**0.62**	84,927.8	689.4	0.81
Residential mortgage and personal commercial property loans	**45,898.9**	**91.9**	**0.20**	46,279.7	71.8	0.16
Personal business and re-employment loans	**36,061.7**	**220.9**	**0.61**	28,854.7	226.4	0.78
Others	**15,190.8**	**288.9**	**1.90**	9,793.4	391.2	3.99
Discounted bill	**5,461.2**	**—**	**—**	1,508.1	—	—
Total	**242,197.9**	**1,887.3**	**0.78**	205,252.5	1,649.3	0.80

As at 31 December 2014, non-performing loan ratios of corporate loans increased by 0.11 percentage point to 0.92% as compared with the end of the previous year, whereas non-performing loan ratios of retail loans decreased by 0.19 percentage point to 0.62% as compared with the end of the previous year.

(IV) Rescheduled Loans and Advances to Customers

The following table sets forth, as at the dates indicated, the Group's rescheduled loans and advances to customers.

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of the total loans and advances (%)	Amount	% of the total loans and advances (%)
Rescheduled loans and advances to customers	**82.6**	**0.03**	146.9	0.07

(V) Overdue Loans and Advances to Customers

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

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	% of the total loans and advances (%)	Amount	% of the total loans and advances (%)
Past due within 3 months	**1,686.4**	**0.70**	1,544.3	0.75
Past due for 3 months to 1 year	**885.1**	**0.37**	197.2	0.10
Past due for over 1 year and within 3 years	**213.9**	**0.09**	217.5	0.11
Past due for more than 3 years	**234.4**	**0.09**	564.0	0.27
Total overdue loans and advances to customers	**3,019.8**	**1.25**	2,523.0	1.23

As at 31 December 2014, the total overdue loans amounted to RMB3,020 million, representing an increase of RMB497 million from the end of the previous year. Overdue loans accounted for 1.25% of the total loans and advances, representing a decrease of 0.02 percentage point from the end of the previous year.

IV. Analysis of Capital Adequacy Ratio

Since 1 January 2013, the Group has commenced the implementation of "Regulation Governing Capital of Commercial Banks (Provisional)" promulgated by the CBRC, which requires that commercial banks shall measure and disclose capital adequacy ratio in accordance with both "Regulation Governing Capital Adequacy Ratios of Commercial Banks" and "Regulation Governing Capital of Commercial Banks (Provisional)" during the transitional compliance period before the end of 2018.

The following table sets forth, as at the date indicated, the relevant information of the Group's capital adequacy ratio measured in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)".

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014	As at 31 December 2013
Core tier 1 capital adequacy ratio *(%)*	**10.12**	11.85
Tier 1 capital adequacy ratio *(%)*	**10.12**	11.85
Capital adequacy ratio *(%)*	**12.45**	13.64
Components of capital base		
Core tier 1 capital:		
Portion of paid-in capital that may be included	**9,300.0**	9,300.0
Portion of capital reserve that may be included	**9,222.5**	9,109.5
Surplus reserve and general risk reserve	**13,450.5**	11,891.8
Unappropriated profit	**9,452.9**	5,950.2
Non-controlling interests	**912.3**	531.0
Total core tier 1 capital	**42,338.2**	36,782.5
Deductible items:		
Goodwill, net of relevant deferred tax liabilities	**(440.1)**	(440.1)
Other intangible assets (excluding land use rights), net of relevant deferred tax liabilities	**(50.5)**	(51.2)
Core tier 1 capital, net	**41,847.6**	36,291.2
Other tier 1 capital:		
Non-controlling interests	**7.7**	2.8
Net tier 1 capital	**41,855.3**	36,294.0
Tier 2 capital:		
Tier 2 capital instruments and related premium that may be included	**5,000.0**	2,070.0
Excessive loan allowances	**4,559.5**	3,367.3
Non-controlling interests	**35.7**	16.7
Net capital	**51,450.5**	41,748.0
Total risk-weighted assets	**413,387.1**	306,158.6

The following table sets forth, as at the dates indicated, the relevant information of the Group's capital adequacy ratio measured in accordance with "Regulation Governing Capital Adequacy Ratios of Commercial Banks".

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014	As at 31 December 2013
Core capital adequacy ratio *(%)*	**10.95**	12.51
Capital adequacy ratio *(%)*	**12.25**	13.31
Components of capital base		
Core capital:		
Share capital	**9,300.0**	9,300.0
Portion of capital reserve that may be included	**9,072.2**	9,109.5
Surplus reserve and general reserve	**13,450.5**	11,891.8
Unappropriated profit	**9,452.9**	4,183.2
Non-controlling interests	**1,422.5**	637.9
Total core capital	**42,698.1**	35,122.4
Deductible items:		
Goodwill	**(440.1)**	(440.1)
Other deductible items	**(89.8)**	(86.2)
Net core capital	**42,168.2**	34,596.1
Supplementary capital:		
Long-term subordinated bonds	**5,000.0**	2,300.0
Other supplementary capital	**75.2**	0.0
Total capital base before deductions	**47,773.3**	37,422.4
Deductible items:		
Goodwill	**(440.1)**	(440.1)
Other deductible items	**(179.5)**	(172.3)
Total capital base after deductions	**47,153.7**	36,810.0
Risk-weighted assets and market risk capital adjustment	**384,970.9**	276,656.3

As at 31 December 2014, the capital adequacy ratio of the Group measured in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" decreased by 1.19 percentage points as compared with the end of the previous year to 12.45%, 1.95 percentage points higher than the 10.50% of the regulatory requirements. Both core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio were 10.12%, both decreased by 1.73 percentage points as compared with the end of the previous year. The decrease in the capital adequacy ratio of the Group in 2014 as compared with the beginning of the year was mainly due to two reasons. On one hand, the redemption of RMB2.3 billion subordinated bonds as scheduled in December 2009 slowed down the increase in capital. On the other hand, the collective promulgation of a serious of interbank regulatory policies in the first half of the year increased risk weightings of the Group's interbank assets. In order to adapt to the changes in market and regulatory policies, the Group proactively adjusted its asset structure and focused on strengthening the marketing and holding of assets with low risk weightings to reduce the consumption of capital.

According to the Regulatory Requirements 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 statements, detailed explanation on relevant items and the main characteristics of the capital instrument of the reporting period will be further disclosed in the investor relations column on the website of the Bank (http://www.cqrcb.com).

V. Segment Information

(I) Summary of Geographical Segment

	As at 31 December									
	2014		2013		2012		2011		2010	
(Expressed in percentage)	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area
Deposits	**66.30**	**33.70**	68.01	31.99	67.48	32.52	66.79	33.21	66.66	33.34
Loans	**50.18**	**49.82**	52.60	47.40	48.28	51.72	46.80	53.20	47.76	52.24
Assets	**44.86**	**55.14**	47.77	52.23	46.33	53.67	46.67	53.33	48.80	51.20
Loan-deposit ratio	**44.74**	**87.40**	45.63	87.43	42.16	93.74	41.09	93.94	42.57	93.09
Non-performing loan ratio	**1.30**	**0.26**	1.30	0.25	1.81	0.19	2.75	0.29	4.32	0.61

(Expressed in percentage)	For the year ended 31 December									
	2014		2013		2012		2011		2010	
	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area
Return on average total assets	**1.20**	**1.23**	1.29	1.28	1.43	1.34	1.34	1.35	1.31	1.20
Net fee and commission income to operating income	**4.18**	**6.62**	2.90	5.57	2.86	3.55	5.81	5.62	2.51	5.03
Cost-to-income ratio	**41.27**	**35.17**	41.46	33.47	40.46	34.73	38.61	34.69	44.46	44.34

County Area refers to regions other than the Urban Area of Chongqing City. The data of County Area also includes the data of ten subsidiaries, namely Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd. (江蘇張家港渝農商村鎮銀行股份有限公司), Sichuan Dazhu CQRC Village and Township Bank Co., Ltd. (四川大竹渝農商村鎮銀行股份有限公司), Yunnan Dali CQRC Village and Township Bank Co., Ltd. (雲南大理渝農商村鎮銀行有限責任公司), Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.(雲南祥雲渝農商村鎮銀行有限責任公司), Yunnan Heqing CQRC Village and Township Bank Co., Ltd. (雲南鶴慶渝農商村鎮銀行有限責任公司), Guangxi Luzhai CQRC Village and Township Bank Co., Ltd. (廣西鹿寨渝農商村鎮銀行有限責任公司), Fujian Shaxian CQRC Village and Township Bank Co., Ltd. (福建沙縣渝農商村鎮銀行有限責任公司), Fujian Fuan CQRC Village and Township Bank Co., Ltd. (福建福安渝農商村鎮銀行有限責任公司), Yunnan Shangri-La CQRC Village, Township Bank Co., Ltd. (雲南香格里拉渝農商村鎮銀行有限責任公司) and Fujian Pingtan CQRC Village and Township Bank Co., Ltd. (福建平潭渝農商村鎮銀行有限責任公司), and the data of Qujing Branch of Chongqing Rural Commercial Bank (重慶農村商業銀行曲靖分行).

(II) Summary of Business Segment

Operating Income

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December									
	2014		2013		2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Corporate banking business	**6,557.3**	**33.11**	5,992.4	36.73	5,491.1	40.22	4,479.6	40.29	3,284.3	42.41
Personal banking business	**6,120.8**	**30.91**	5,218.9	31.99	4,269.2	31.27	3,388.8	30.48	2,685.4	34.67
Treasury operations business	**7,106.4**	**35.89**	4,992.9	30.60	3,780.4	27.69	3,138.0	28.22	1,712.9	22.12
Unallocated	**17.9**	**0.09**	111.6	0.68	112.6	0.82	111.9	1.01	62.0	0.80
Total operating income	**19,802.4**	**100.00**	16,315.8	100.00	13,653.3	100.00	11,118.3	100.00	7,744.6	100.00

VI. Analysis of Off-balance-sheet Items

Off-balance-sheet items of the Group include acceptance, letters of credit issued, letters of guaranteed funds issued, receivables under export letters of credit, foreign exchange funds receivables collected, foreign exchange funds collected, foreign letters of credit by faith and wealth management. Among these items, acceptance, letters of guarantee issued and letters of credit issued were deemed as key business segments. As at 31 December 2014, the balances of acceptance, letters of guarantee issued and letters of credit issued were RMB9,560 million, RMB827 million and RMB182 million, respectively.

VII. Significant Accounting Estimates and Judgments

In determining the carrying amounts of some assets and liabilities and the related profit or loss during the reporting period in accordance with its accounting policies, the Group makes estimates and judgments in certain aspects. These estimates and judgments involve assumptions about items such as risk adjustment to cash flows or discount rates used, and future changes in prices affecting other costs. The Group makes estimates and assumptions based on historical experience and expectations of future events, and reviews them on a regular basis. In addition, the Group needs to make further judgments in respect of the application of accounting policies. The Group's management believes that the estimates and judgments made by the Group reflect appropriately the economic context which the Group was subject to. The major areas affected by the estimates and judgments include: provision for loans and advances to customers, supplementary retirement benefit and early retirement benefit obligation, fair value of financial instruments, held-to-maturity investments, provision for debt securities classified as receivables, and income taxes.

Business Operation

I. Corporate Banking Business

The following table sets forth the major operation figures of the corporate banking business and the changes thereof:

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014	For the year ended 31 December 2013	Changes (%)
Net interest income	**6,273.9**	5,732.3	9.45
Net fee and commission income	**252.6**	260.1	(2.88)
Other operating income, net	**30.8**	—	100.00
Operating income	**6,557.3**	5,992.4	9.43
Operating expenses	**(2,909.4)**	(3,131.8)	(7.10)
Impairment on assets	**(1,380.7)**	(754.4)	83.02
Profit before tax	**2,267.2**	2,106.2	7.64

	As at 31 December 2014	As at 31 December 2013	Changes (%)
Segment assets	**133,190.4**	116,706.3	14.12

In 2014, the total profit before tax from the corporate banking business increased by 7.64% over the previous year to RMB2,267 million, accounting for 24.89% of the Group's profit before tax. The overall growth in corporate loans of the Group had driven the net interest income of the corporate banking business to increase by 9.45% as compared with the end of the previous year.

1. Corporate Deposits

Corporate deposits maintained steady growth. The Group strived to capture the corporate deposit market and continued to maintain steady growth in corporate deposits. As at 31 December 2014, the balance of corporate deposits of the Group reached RMB107,135 million, ranking the fourth in Chongqing following Chongqing Branch of Industrial and Commercial Bank of China, Chongqing Branch of China Construction Bank and Chongqing Branch of the Agricultural Bank of China, one place up as compared with the beginning of the year, which accounted for 26.15% of the outstanding balance of total deposits of the Group whilst posting a growth of RMB17,892 million or 20.05% as compared with the end of the previous year, ranking the first in Chongqing in respect of increment.

2. *Corporate Loans*

The Group adopted a prudent and moderate credit policy for corporate loans. For the loan policy on extending loans, the Group persisted in operating in compliance with laws and abided by the principle of "promoting some loans while curtailing others". The Group effectively observed the macro economic control policy of the country and the local economic operation situation and expanded its corporate loan business in a prudent, steady and appropriate manner. As at 31 December 2014, the outstanding balance of corporate loans (including discounted bills) amounted to RMB145,047 million, representing an increase of RMB24,722 million or 20.55% as compared with the end of the previous year, ranking the first in Chongqing in respect of increment. Meanwhile, outstanding non-performing loans (excluding discounted bills) amounted to RMB1,286 million and the non-performing loan ratio was 0.92%, representing an increase of 0.11 percentage point as compared with the end of the previous year.

The structure of credit assets was further optimised. On industry structure, in adherence to the positioning of Chongqing's five functional areas with focus on the development of "ten strategic emerging industries" and speeding up the development of Chongqing's new industrialisation, the Group focused on extending loans to the industries such as manufacturing, water, environmental and public utility management, wholesale and retail industries, real estate, production and supply of electricity, gas and water, which accounted for 29.81%, 18.25%, 10.02%, 9.95% and 6.21% of the total amount of corporate loans of the Group (excluding discounted bills), respectively. In working on its customer profile, the Group remained committed to forging closer collaboration with quality enterprises among the top 500 enterprises in the world, top 500 enterprises of China, top 100 enterprises of Chongqing, industry leaders as well as government institutions whilst maintaining and strengthening its partnership with prime SME customers. As at 31 December 2014, the Bank had RMB103,974 million of outstanding loans (including discounted bills) from SME customers, accounting for 75.34% of the outstanding balance of total loans.

3. *Corporate Banking Products*

The support of corporate business products and platform for business development was further strengthened. In this year, the corporate customer relationship management system was put into use to strengthen the management, control and data support for marketing towards corporate customers; a property management funds online management product was developed based on the outlet advantages of the Bank to provide powerful support for management of government property management funds. Relying on this product, the Bank's marketing has successfully extended to district and county governments. In this year, while launching two new products, i.e. Loans for Land Used for Agricultural Facilities and Entrusted Discount, the Bank also strengthened product optimisation and made improvement in business such as factoring, Bank-Hospital Express business (銀醫通) and entrusted management of bills, and started the product development of domestic letter credit, cash management and entrusted discount. Such series of work will further perfect the product mix. Furthermore, the Bank will set out to further promote the overall application of products through product managers.

4. *Corporate Customer Managers*

The quality of corporate customer managers continued to improve. The Bank devoted to building a team of corporate customer managers with stronger market competitiveness and continuously improved the overall quality of corporate customer managers through holding multiform and all-rounded internal and external trainings of different levels for over 4,000 person-times; compiling various books, strengthening exchange and learning among customer managers, etc. The expansion of the team of corporate customer managers and improvement in their qualities will promote the development of the corporate business of the Bank.

5. *Channel Construction*

Channel construction continued to be enhanced. As at 31 December 2014, the Bank continued to strengthen its cooperation with competent authorities of the Chongqing Municipal Government and institutions at different levels. On one hand, the Bank was successively selected as a cooperation bank for providing social security bank IC cards and issued over 700,000 cards, and the first bank to issue resident's healthcare cards in the whole city in cooperation with Chongqing Health and Family Planning Commission (重慶市衛計委). On the other hand, it successfully opened an account of major repair funds for public rental housing of Chongqing, a regulatory account of property pre-sale funds and a regulatory account of project capital funds. The Bank was the only financial services bank to handle urban and rural social pension insurance for residents in Chongqing City. As at 31 December 2014, 11 million people in the city have already been paid and distributed pension insurance through the Bank, which generated an annual cash flow of more than RMB5,100 million, and the outstanding balance of deposit was over RMB8,800 million.

6. *Small and Micro Enterprise Business*

The Bank's business of providing loans to small and micro enterprises maintained a good growing trend. As at the end of 2014, according to specifications prescribed by CBRC, the outstanding balance of small enterprise loans of the Bank (including the sum of loans to small and micro enterprises, individual business owners, and the main operations of small and micro enterprises according to specifications prescribed by four ministries and commissions of the nation) amounted to RMB76,013 million, representing an increase of RMB16,026 million as compared to the end of the previous year and a growth rate of 26.72%. Such additional loans were increased by RMB931 million as compared to that of the previous year and the growth rate is 10.89 percentage points higher than the average loan growth rate of the Bank, which reached the "Two Minimum Thresholds" regulatory standard of CBRC.

(1) Specialized institutions

The construction of specialised institutions continued. In order to further implement the opinions of CBRC on deepening financial services for small and micro enterprises and the work deployment of establishment of specialised branches for small and micro enterprises by the Banking Regulatory Bureau of Chongqing. On the basis of summing up experience of the first batch of specialised branches for small and micro enterprises, the Bank selected four branch outlets including Banan Kaien branch outlet, Hechuan Chengxi branch outlet, Changshou Taohua New City branch outlet and Yuzhong Shanxi Road branch outlet as the second batch of specialised branches. So far, the Bank has established seven specialised branches for small and micro enterprises, all of which have obtained official approvals from CBRC. As at the end of December 2014, seven specialised branches for small and micro enterprises have 2,024 customers of loans to small and micro enterprises, representing an increase of 527 as compared with the end of the previous year; the balance of loans amounted to RMB3,902 million, representing an increase of RMB1,550 million, or 65.9%, as compared with the end of the previous year; the balance of deposits amounted to RMB4,004 million, representing an increase of RMB520 million, or 14.93%, as compared with the end of the previous year. The demonstration and benchmarking role of specialised branches for small and micro enterprises in the whole Bank have preliminarily emerged.

(2) Credit products

The product mix for small and micro enterprises was further optimised. Currently, credit products for small and micro enterprises have gradually switched from traditional mortgage and pledge as well as guarantees of guarantee companies into "weak guarantee" and credit mode. In order to enhance business competitiveness, the Bank worked very hard on product innovation and launched two industrial chain financing products, i.e. "Domestic Invoice Financing Credit for Small Businesses" (小企業國內發票融資貸), "Order Credit for Small Businesses" (小企業訂單貸), "Easy Tax Loans for Small Businesses" (小企業稅易貸) , Guarantee-assistant Loans for Scientific and Technological Enterprises in New North Zone" (北部新區科技型企業助保貸款), and "Easy Concessional Loans" (惠易貸). The abovementioned five products further enriched the Bank's product portfolio of "Easy Commercial Loans (商易貸)" for small and micro enterprises and enhanced the competitiveness of the Bank's products for small and micro enterprises.

(3) Customer manager team

The quality of customer managers significantly improved. First, comprehensive trainings were implemented in which three special trainings on credit approval investigation of small and micro enterprises were provided for 330 trainees, and all staff of the financial service line for small and micro enterprises attended the trainings to effectively improve frontline credit personnel's overall professional proficiency and credit approval efficiency in terms of credit approval investigation and analysis, risk identification, management and control, etc. Second, door-to-door trainings were provided. For the branches with more new staff lacking work experience in the team of credit for small and micro enterprises, the key business personnel of the headquarters went to these branches to provide independent trainings. Third, specialised trainings were carried out. The Bank gathered management personnel and customer managers of seven specialised branches to conduct trainings to promote products and marketing skills targeting at small and micro enterprises, which further improved professional skills of customer managers of specialised branches. Fourth, new product trainings were launched. The collective trainings focusing on features, targeted customers and operating essentials of new products newly introduced by the Bank including "Domestic Invoice Financing Credit for Small Businesses" (小企業國內發票融資貸), "Order Credit for Small Businesses" (小企業訂單貸) and "Easy Tax Loans for Small Businesses" (小企業稅易貸) were launched throughout the Bank, particularly pilot branches. In the year, the Bank organised 8 trainings on financial services for small and micro enterprises, with over 600 persons trained including all customer managers.

7. *International Business*

The growth of international business still maintained a strong momentum. The Bank, taking the decentralization of international business as an opportunity, implemented associated and coordinated operation, continuously increased the efforts in product innovation, solidly propelled the system reform of foreign exchange operation and strengthened the brand building of international business, thus maintaining a good market competitiveness. The size of foreign exchange continuously expanded. In 2014, the international settlement amounted to US$3,499 million, representing a year-on-year increase of 115.85%. Foreign exchange settlement amounted to US$1,378 million, representing an increase of 59.68% as compared to that of the last year, signifying a steady increase in market share. The network of correspondent banking continued to accelerate. The Bank has established correspondent banking relationship with 433 banks at home and abroad and has newly added a number of financial institution credit at home and abroad, thus broadening the channels for capital income and utilisation. The progress in product innovation is obvious with the approval and establishment of qualification for transaction of basic derivative products. The Bank carried out the first domestic guarantee for overseas loans (內保外貸), overseas guarantee for domestic loans (外保內貸), domestic guarantee for overseas debts (內保外債), IPO foreign exchange fund business. Foreign exchange fund business has undergone rapid growth, making the Bank into the list of top 100 in terms of transaction volume in China Foreign Exchange Trading System for two consecutive years with significantly improved fund-raising ability and capital operation ability.

8. *Assets Management Business*

The Bank's wealth management business maintained a strong momentum of growth. Adhering to the market as the guide, with customers as the center, the Bank has created a wealth management brand with its own characteristics to provide a stable and reliable channel for capital appreciation for investors. In 2014, the Bank issued 1,009 tranches of wealth management products in total and raised proceeds of RMB186,483 million, 93.53% higher than that of previous year. The outstanding balance of existing wealth management products amounted to RMB67,145 million, representing an increase of 132.54% over the end of the previous year, and was an important source of intermediate business income. Two major series of wealth management products targeting at the general public namely "Jiangyu Wealth - Building up your fortune" (「江渝財富 — 天添金」) and "Jiangyu Wealth - Happy life in the Ba-Yu Region" (「江渝財富 — 幸福巴渝」) of the Bank were developed with synergy. Through continuous enrichment of over-the-counter products, the Bank has created products with flexible terms and competitiveness to return investors. In accordance with regulatory requirements, the Bank has set up a specialised department for wealth management business and established the embryonic form of operation system for piloting business department.

II. Retail Banking Business

The table below sets forth the particulars of the major operating results and relevant changes of the retail banking segment:

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014	For the year ended 31 December 2013	Changes (%)
Net interest income	**5,771.2**	4,965.1	16.24
Net fee and commission income	**328.0**	253.8	29.24
Other operating income, net	**21.6**	—	100.00
Operating income	**6,120.8**	5,218.9	17.28
Operating expense	**(2,836.8)**	(2,489.8)	13.94
Impairment on assets	**(460.3)**	(218.9)	110.28
Profit before tax	**2,823.7**	2,510.2	12.49

	As at 31 December 2014	As at 31 December 2013	Changes (%)
Segment assets	**97,402.8**	81,954.1	18.85

The retail banking business of the Group recorded a profit before tax of RMB2,824 million, up 12.49% over the previous year, representing an increasing contribution to the Group's profit year-by-year. The steady increase of retail banking triggered a growth of 17.28% and 16.24% in operating income and net interest income of the retail banking business of the Group respectively as compared to the previous year. In addition, the rapid growth of personal bank card, agent businesses and retail loans has resulted in a relatively high profit growth of the retail banking business for the year.

1. *Retail Deposits*

Backed by the vibrant economic growth in Chongqing, the Bank took full advantage of its exceptional regional brand recognition and strived to align its brand value services with key marketing campaigns and social responsibility, with an emphasis on the business promotion and sales during key business hours of peak seasons, on high-end major customers and key projects in target markets. The Bank organised a large public campaign named "serving fellow townsman and delivering geniality along the way back home" (服務眾鄉親、情暖回鄉路) during the Spring Festival travel rush, "Come with Your Enough Love" (夠愛你就來), Financial Knowledge Enters Ten Thousand Households (金融知識進萬家), "Find the Most Beautiful Letter to Home", "Children's China Dream" (尋找最美家書、童書中國夢), and "630 Everyday" (天天630) in communities as part of the marketing campaigns and made an effort in unifying services for better reputation. It also constantly deepened the transformation of its branches with 61 newly added transformed model branches in an effort to improve the individual productivity for each branch. The retail deposits amounted to RMB302,585 million, representing an increase of RMB43,944 million or 16.99% over the end of the previous year. The Bank remained unrivalled among its regional counterparts in terms of the amount, annual growth and market share of retail deposits.

Customer structure is being improved. Through enriching the value-added services for VIP customers, holding customer activities on a regular basis, establishing a wealth management centre, facilitating the systematic establishment in customer relations management, the number of mid- to high-end customers of the Bank kept increasing. The number of customers increased by 190,000 or 33% as compared with the beginning of the year, with deposits amounting to RMB134,972 million.

2. *Retail Loans*

The Group achieved a solid growth in retail loans, taking the lead in the local financial market in terms of stock and increment together with a sharp increase in personal loans for business purposes. With a view to becoming the largest and the best local retail bank, the Group insisted on business for small and micro enterprises, optimised the credit structure, stressed product innovation, and implemented differentiated credit services. It constantly consolidated the advantageous position of retail loan business and created an internet financial platform based on the existing advantageous channels including retail loan centres and operation outlets, proactively explored new products including "Cloud Loans for Micro Enterprises" (雲微貸), automatic credit approval, etc. and took the initiative in launching the service of loan application to WeChat banking in the PRC.

The Group's retail loans amounted to RMB97,151 million, representing an increase of RMB12,224 million over the end of the previous year. In particular, the loans to private business and re-employment increased by RMB7,207 million to RMB36,062 million. Both the outstanding balance and increment of retail loans of the Bank ranked in the top tier in the local market.

The Bank supported the development of small and micro enterprises and adopted the "insurance + credit" mode with insurance companies to launch a series of credit loan products including "Convenient Insurance Loans for Business Promotion" (助業保捷貸) for the owners of small and micro enterprises and individual businesses. The problem of weak or no mortgage of the owners of small and micro enterprises and individual businesses in the earlier stage of development was solved by way of raising credit rating through mortgage, credit guarantee, etc. provided that insurance companies undertook all risks. As at the end of December 2014, the Bank has issued relevant loans amounting to RMB69.90 million, benefiting 147 enterprises and individual businesses.

3. Bank Cards

The number of new bank cards and the amount of spending in relation thereto continued to surge and the business of express installment card developed rapidly. As at 31 December 2014, the total number of debit cards issued by the Bank reached 14,799,200; the spending related thereto amounted to RMB77,531 million, representing a year-on-year increase of RMB13,916 million.

The scale of credit card issuance reached a preliminary stage. The Bank strived for engaging in credit card business with unique characteristics. Firstly, it consistently enriched the portfolio of credit card products, such as launching the key credit card product Jiangyu Express instalment credit card, and enhancing the development of the large amount instalment business with high revenue by promoting the motor instalment and parking space instalment business. Secondly, the Bank also strengthened the promotion of its products and services and optimized the establishment of product channels. Moreover, major marketing events such as Chongqing Yuelai International Motor Show (重慶悅來國際車展) and "Group Buy" (團團購) promoted the large amount instalment business, which made significant contributions to the increase in credit card intermediary business income. As at 31 December 2014, the aggregate number of credit card issuance reached 187,082, in which the number of new credit card issuance was 89,608, representing a year-on-year increase of 180.59%; credit card spending amount was RMB19,303 million, representing a year-on-year increase of 47.76% or RMB6,239 million; balance of credit card loans amounted to RMB3,887 million, representing an increase of 85.10% or RMB1,787 million as compared to the end of last year; credit card business income amounted to RMB168 million, representing a year-on-year increase of 137.44% or RMB97 million.

4. Agency Business

The Bank has been expanding its intermediary business product portfolio of retail banking and recorded stable increase in income. In 2014, the Bank's agency fund business developed rapidly and it served as the agent of 53 foundations throughout the year with annual sales of RMB4,444 million and an income of RMB2,171,100 from intermediary business. The operating income from the distribution business of physical rare metals was RMB35,138,100 and an income of RMB1,605,500 from intermediary business was recorded. The physical gold trading business effectively advanced at the Shanghai Gold Exchange. The turnover reached RMB147 million including 0.18 tonne of gold products and 28.17 tonnes of silver products.

III. Treasury Business

The following table sets forth the major operating figures of the treasury business of the Group and the changes thereof:

(Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2014	For the year ended 31 December 2013	Changes (%)
Net interest income	**6,303.6**	5,005.8	25.93
Fee and commission income	**515.1**	177.4	190.36
Fee and commission expense	**(26.1)**	(11.6)	125.00
Net fee and commission income	**489.0**	165.8	194.93
Net trading gain	**240.0**	(197.6)	(221.46)
Other operating income, net	**73.8**	18.9	290.48
Operating income	**7,106.4**	4,992.9	42.33
Operating expense	**(2,654.6)**	(1,586.2)	67.36
Impairment on assets	**(456.2)**	(208.0)	119.33
Net losses from disposal of available-for-sale financial assets	**5.4**	(10.0)	(154.00)
Profit before tax	**4,001.0**	3,188.7	25.47

	As at 31 December 2014	As at 31 December 2013	Changes (%)
Segment assets	**381,227.1**	297,139.4	28.30

In 2014, under the stringent supervisory policies and complicated economic conditions, the Bank coped with the changes in financial market in a flexible way, closely followed the trend of market interest rate, adjusted investment and transaction strategies at due time, and carried out refined investment management. The market interest rate developed stably with the liquidity demand ensured and risk under control.

In 2014, the treasury businesses recorded profit before tax of RMB4,001 million, representing an increase of RMB812 million or 25.47% as compared with the same period of the previous year.

1. *Segment Assets*

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt securities investments	**134,661.9**	**35.32**	105,911.5	35.64
Financial assets held under resale agreements	**54,643.6**	**14.33**	70,828.9	23.84
Cash and balances with central bank	**79,334.2**	**20.81**	68,782.1	23.15
Deposits and placements with banks and other financial institutions	**104,223.4**	**27.34**	48,712.2	16.39
Transfer of discounted bills and credit assets	**3,501.5**	**0.92**	468.7	0.16
Other assets	**4,862.5**	**1.28**	2,436.0	0.82
Total assets	**381,227.1**	**100.00**	297,139.4	100.00

As at 31 December 2014, the total size of operating assets was RMB381,227 million, representing an increase of RMB84,088 million or 28.30% as compared with the end of the previous year. In particular, debt securities investments increased by RMB28,750 million and in terms of percentage to total assets, it decreased by 0.32 percentage point as compared to the end of the previous year; cash and balances with central bank increased by RMB10,552 million and in terms of percentage to total assets, it decreased by 2.34 percentage points as compared to the end of the previous year; financial assets held under resale agreements decreased by RMB16,185 million and in terms of percentage to total assets, it decreased by 9.51 percentage points as compared to the end of the previous year; deposits and placements with banks and other financial institutions increased by RMB55,511 million and in terms of percentage to total assets, it increased by 10.95 percentage points as compared to the end of the previous year; transfer of discounted bills and credit assets increased by RMB3,033 million and in terms of percentage to total asset, it increased by 0.76 percentage point as compared to the end of the previous year.

2. *Debt Securities Investments*

(1) Distribution of Debt Securities Investments by Holding Purpose

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity debt securities	**62,843.3**	**46.67**	50,251.5	47.44
Debt securities classified as receivables	**41,504.9**	**30.82**	28,745.4	27.14
Debt securities at fair value	**16,989.9**	**12.62**	21,818.5	20.60
Available-for-sale debt securities	**13,323.8**	**9.89**	5,096.1	4.82
Total	**134,661.9**	**100.00**	105,911.5	100.00

In 2014, the Group has continued implementing the classification management of debt securities account. Apart from taking held-to-maturity investment as major investment target, the Group has moderately invested in certain receivables and investment at fair value with reference to market conditions. As at 31 December 2014, the Group saw an increase of RMB12,592 million in held-to-maturity debt securities or a decrease of 0.77 percentage point in proportion to total debt securities investments as compared to the end of the previous year; an increase of RMB12,760 million in investment classified as receivables or an increase of 3.68 percentage points in proportion to total debt securities investments as compared to the end of the previous year, as well as a decrease of RMB4,829 million in investment at fair value or a decrease of 7.98 percentage points in proportion to total debt securities investments as compared to the end of the previous year. The available-for-sale investments increased by RMB8,228 million or an increase of 5.07 percentage points in proportion to total available-for-sale investments as compared to the end of the previous year.

(2) Distribution of Debt Securities Investments by Credit Rating

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	**19,883.9**	**14.77**	18,632.1	17.59
AA	**32,597.7**	**24.21**	12,171.3	11.49
A	**—**	**—**	327.6	0.31
Unrated	**82,180.3**	**61.02**	74,780.5	70.61
Total	**134,661.9**	**100.00**	105,911.5	100.00

In 2014, the Group proactively leveraged on the trend of policies, further analyzed and formed judgment on the market and determined the bond investment strategy of "proactively taking position and profit at the right time" at the beginning of the year. With respect to operation, the main objective of the strategy was to obtain short- and mid-term bonds with higher coupon rate and AA and AA+ rating in the primary market and appropriately allocate bonds issued by policy banks as well as mid-term and corporate bonds with AAA rating. As at 31 December 2014, bonds with a rating of AA and above increased by RMB21,678 million and increased in proportion by 9.90 percentage points as compared to the end of last year, while unrated bonds increased by RMB7,400 million and decreased in proportion by 9.59 percentage points. Unrated bonds are mainly government bonds, bank notes issed by the PBOC, public sector bonds, quasi-government bonds, certificate treasury bonds and debt instruments issued by financial institutions.

(3) Distribution of Debt Securities Investments by Remaining Maturity

(Expressed in RMB million, unless otherwise stated)	As at 31 December 2014		As at 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 3 months	**20,941.4**	**15.55**	5,774.2	5.45
3 to 12 months	**25,097.4**	**18.64**	25,534.8	24.11
1 to 5 years	**60,297.2**	**44.78**	49,724.0	46.95
Over 5 years	**28,325.9**	**21.03**	24,878.5	23.49
Total	**134,661.9**	**100.0**	105,911.5	100.00

As at 31 December 2014, the Group's investments in debt securities with a remaining maturity of less than 12 months increased by RMB14,730 million and increased by 4.63 percentage points in proportion from the end of the previous year. Our investments in bonds with a remaining maturity of over 5 years increased by RMB3,447 million or decreased in proportion to the total by 2.46 percentage points as compared to the end of the previous year, mainly due to the Group's improvement in the maturity structure of the investment portfolio given a proper build-up of investments in short-term debt securities with higher coupon rates and relatively high investment value in accordance with the changes in the bond market and the reasonable allocation of the maturity and yield of its investment portfolio.

(4) Investment in Financial Bonds

Financial bonds refer to the marketable securities issued by policy banks, banks and other financial institutions that are to be repaid pursuant to a pre-determined schedule. As at 31 December 2014, the outstanding balance of financial bonds of the Group was RMB28,483 million, which was mainly financial bonds issued by policy banks. The table below sets out the top ten financial bonds held by the Group as at the dates indicated.

(Expressed in RMB million, except for percentages)

Name of debt securities	Nominal value	Interest rate per annum	Maturity date	Impairment
Debt securities issued by policy banks in 2013	1,000.00	4.02	2018/07/18	—
Debt securities issued by policy banks in 2013	950.00	4.07	2020/04/11	—
Debt securities issued by policy banks in 2010	700.00	3.59	2020/02/25	—
Debt securities issued by policy banks in 2005	650.00	3.60	2020/11/29	—
Debt securities issued by policy banks in 2014	600.00	5.10	2021/08/07	—
Debt securities issued by policy banks in 2012	590.00	3.97	2019/07/09	—
Debt securities issued by policy banks in 2006	570.00	3.79	2021/06/28	—
Debt securities issued by commercial banks in 2006	530.00	3.75	2016/12/19	—
Debt securities issued by policy banks in 2005	510.00	3.42	2015/08/02	—
Debt securities issued by policy banks in 2014	500.00	5.02	2024/08/21	—

IV. Distribution Channels

1. Physical outlets

Operating outlets are the primary distribution channels of the Bank. As at 31 December 2014, the Bank had 1,772 branches of various kinds, including one headquarter, one branch, one business department, 43 sub-branches, 14 tier-2 sub-branches and 1,712 branch outlets. The Qujing Branch of the Bank in Yunan is the first non-local branch of a rural commercial bank in the PRC. Our network of branches covers all the 38 administrative districts and counties in Chongqing. We have 1,458 distribution outlets with full coverage on townships and villages in Chongqing. We have established 312 outlets in the Chongqing urban areas. The number of our branches ranked first in both county areas and urban areas.

The Bank has strategically developed distribution channels, optimised the layout of outlets and stepped up restructuring to improve its service coverage, service capabilities and operational efficiency. In 2014, the Bank has established 3 branches, reallocated 75 existing branches and refurbished 169 existing branches. Since its establishment in June 2008, the number of refurbished outlets of the Bank has exceeded 1,500, reaching 85% of the total outlets under its administration and has resulted in a significant improvement in the overall appearance of outlets.

2. *Self-service banking*

In order to expand the scope of customer services and provide customers with more convenient services, as at 31 December 2014, the Bank established 93 24-hour self-service centers and the number of ATMs and self-service inquiry terminals increased to 4,000. The proportion of machine to outlet exceeded 2.3:1, among which the number of ATMs put into use increased by 535 units to 2,878 units over the end of the previous year and self-service inquiry terminals put into use increased by 190 units to 897 units over the end of the previous year.

The pace of putting convenient rural financial self-service terminals in use was under reasonable control and the exit mechanism was strengthened. As at 31 December 2014, 694 convenient rural financial self-service centers had been established and commenced on-line operation. As such, the Bank extended its financial service coverage whilst bringing convenience and benefits to the people in the rural area. The service won widespread recognition from the local government and the general public, with both social and economic benefits well-received.

3. *E-banking*

In 2014, the Bank, being fully aware of the significance of the supporting role of E-channel business, leveraged its comprehensive E-banking business to build an all-rounded E-banking service system with full coverage, in the hope of extending the scope of financial services to match the customers' interests. In the meantime, through setting up an internet financial platform, the Bank continuously raised the awareness and influence of the brand for E-banking to further improve customers' satisfaction to its services.

(1) Internet banking

Corporate internet banking

The Bank successfully launched functions such as corporate mobile banking, enquiry version of corporate E-banking, bank-enterprise reconciliation, etc. and further enhanced the comprehensive service level for the corporate customers; launched a new mode of direct connection between the Bank and the enterprises through "direct connection between the Bank and the enterprises +payment gateway+ online member account management" represented by Chongqing Medicine Exchange (重慶藥品交易所) and effectively expanded the scope of financial services of e-commerce business; set up a general payment platform system for schools, which can satisfy the business demand of students of various schools on collective payment and effectively reduce the corporate management costs while giving consideration to the requirements on operation flexibility and risk control. As at 31 December 2014, the number of corporate internet banking customers of the Bank increased by 65.05% over the end of the previous year to 17,000; 2,413,200 financial transactions occurred in the year, representing an increase of 50.62% over the previous year; the total amount of transactions was RMB879.017 billion, representing a growth of 99.21% over the previous year.

Personal internet banking

The Bank has been actively engaged in improving customers' experiences. It has strengthened security for E-banking to improve the security in using E-banking. In the meantime, the Bank has been enriching the functions of the products and adding services such as payment of cable bill, water bill and electric charge, purchase of welfare lottery tickets and sports lottery tickets, etc, in order to meet the multi-layered and diversified needs for financial services. As at 31 December 2014, number of personal E-banking customers was 1,363,900, representing an increase of 132.00% over the previous year. 22,315,800 financial transactions have occurred in the year, representing an increase of 178.04% over the previous year; the total amount of transactions was RMB92,111 million, representing an increase of 70.28% over the previous year.

E-banking was recognised by customers and professional institutions, and the Bank has won the "Gold List of E-banking in China - Security Award of the Best Internet Banking of Regional Commercial Bank 2014" (中國電子銀行金榜獎 — 2014年區域性商業銀行最佳網上銀行安全獎) awarded by China Financial Certification Authority.

Online payment

The development achievement of online payment was pleasurable. As at 31 December 2014, there had been 19,631,000 financial transactions in the year which were settled through online payment, representing an increase of 193.09% over the previous year. The transaction amount was RMB5,248 million, representing an increase of 359.54% over the previous year. The Bank ranked the 20th among the 162 banks in cooperation with Alipay in terms of numbers of users, 2 places up as compared with the beginning of the year.

(2) Mobile banking

The Bank continued to innovate its mobile banking and launched services and functions for the convenience of the customers including ATM card-free cash withdrawal, payment of cable bill, water bill and electric charge, "Great Wisdom" (大智慧) platform for enquiry and analysis of stock market quotation, POS QR code payment, outlet reservation and queuing, as well as online appointment register and payment, etc. to continuously improve customers' experience. As at 31 December 2014, the number of mobile banking customers of the Bank reached 2,222,800, representing an increase of 938,400 new customers or 73.06% as compared to the end of the previous year. The number of financial transactions for the year aggregated to 58,497,300, representing an increase of 72.48% as compared to the previous year. The amount of transactions was RMB742.78 billion, representing an increase of 76.08% as compared to the previous year, putting the bank in the first place among all financial institutions of Chongqing.

(3) WeChat banking

WeChat banking led the trend. As at 31 December 2014, WeChat banking has attracted the attention of 84,800 customers, with 3.64 million messages received. In 2014, the Bank's WeChat banking was rated as the "Best Case of E-banking Innovation in China for the year 2014" (2014年度中國電子銀行創新最佳案例) by the New Finance World magazine. In order to create a three-dimensional loan application channel, the Bank carried out green credit services including loan applications via WeChat and telephone. The WeChat Banking received 5,937 loan applications via WeChat and released loans amounting to RMB124 million.

(4) Telephone and SMS banking

The service capacity of telephone banking continuously strengthened. The service quality of telephone banking was enhanced through establishing the function of 360°-view system of customer services, implementing the on-duty leader system, strengthening telephone data monitoring and analysis, intensifying site management, etc. and thus strengthened the business. In 2014, the Bank had offered services to 7,559,100 customers via telephone and SMS banking. The growth of SMS banking is promising. As at 31 December 2014, the accounts of SMS of the Bank had been accumulated to 7.7554 million, representing an increase of 2.2547 million or 40.99% as compared with the end of last year, while contracts signed by high-end customers accounted for 73.93%, an increase of 6.41 percentage points as compared with the end of the previous year.

(5) Internet finance platform

Platform of commissioned sales alliance of rural credit cooperatives and rural commercial banks

In order to cope with the development of internet finance and deeply tapping into retail banking business, the Bank, on the basis of advocating the establishment of the alliance of rural credit cooperatives and rural commercial banks, set up the platform of commissioned sales alliance of rural credit cooperatives and rural commercial banks. The platform adopts the mode of internet finance to carry out trans-regional sales of bank products through cooperation with the rural credit cooperatives in various regions. The platform of commissioned sales alliance is a milestone of the Bank's internet finance and is able to adjust the income structure and increase income from intermediary business.

Direct sales banking platform

Direct sales banking platform is a platform utilizing internet to carry out integration of direct sales business of banks' financial products. It is a breakthrough of banks' reliance on outlet expansion to expand business scale and adopts the mode of internet finance for trans-outlet and trans-regional sales of bank products. The Bank's direct sales banking provides customers with "Jiangyu FOF" (江渝基金寶) product, intelligent deposits product, payment of living expenses, loan application, credit card application and other financial services through its official website, mobile banking client, WeChat banking, and other channels.

P2P investment and financing platform supported by the background account management and settlement services provided by the Bank.

Six investment and financing platforms supported by the background account management and settlement services provided by the Bank including "Joint Guarantee Express" (聯保通) of Chongqing United Assets and Equity Exchange and "Huirontong" (惠融通) of Chongqing Agricultural Commodity Exchange were successfully put into operation. The Bank becomes the first bank in the west that directly participates in the process of putting internet investment and financing platform into operation. As at 31 December 2014, there were 585 financing products on the platform, the turnover amounted to RMB1,304 million and there were 9,792 electronic accounts opened by customers of other banks with the balance of deposits amounting to RMB11.96 million. The successful launch of the innovative service marks a solid step of the Bank towards internet finance.

(6) Marketing campaign

All-rounded large scale marketing campaigns were carried out for E-banking business including "Come with Your Enough Love" (夠愛你就來) charity activity of assisting students in mountainous areas, "Return Cash for Registration, Gift Credits for Recommendation" (註冊返現金，推薦送積分) of mobile banking, "Have An Interesting Trip" (牛人走出趣) carried out in cooperation with Tuniu.com, and "You make transactions, I give gifts - easy to get credits, exchange credits with shopping mall with a pleasant surprise" (你交易，我有禮 — 積分輕鬆拿，商城驚喜兑), to boost business development. In particular, the "Come with Your Enough Love" (夠愛你就來) large scale charity activity strengthened the Bank's sense of social responsibility, enhanced the popularity of E-banking brand and received good social response.

The E-banking of the Bank achieved sustainable and efficient development through unremitting efforts and bold innovations. As at 31 December 2014, the substitution rate of E-banking account transactions reached 81.56%, representing an increase of 11.35 percentage points as compared to the end of the previous year.

V. Principal Subsidiaries and Associates

1. Principal Subsidiaries

CQRC village and township bank is a general name for the village and township banks established by the Bank as a major promoter. The establishment of village and township banks is of great significance to the performance of social responsibility, broadening and deepening the service to development of new rural areas, exploring the development of business growth and establishing a sustainable model for the growth of profit of the Bank. During the reporting period, the Bank steadily propelled the institutional establishment of village and township banks. Xiangyun CQRC Village and Township Bank established 2 branches in Xiazhuang and Yunnanyi. A CQRC village and township bank was prepared to be established in Shishi, Fujian. As at the end of the reporting period, the Bank has established ten CQRC village and township banks with aggregate capital amounting to RMB4.131 billion and the outstanding balance of deposits and loans amounting to RMB1.386 billion and RMB3.202 billion, respectively.

In September 2014, CQRC Financial Leasing Co., Ltd. was incorporated with the registered capital of RMB2.5 billion to be mainly engaged in financial leasing related business. The Bank was the major promoter and held 68.00% of its shares.

2. Associates

The associated company of the Bank, Chongqing Auto Finance Co., Ltd. (重慶汽車金融有限公司), was registered and incorporated in Chongqing in August 2012 with a registered capital of RMB500 million and is primarily engaged in automotive finance business. As at 31 December 2014, the Group held 20.00% of its equity interest.

VI. Information Technology

In 2014, the Group's information technology was closely focused on business development. Major efforts were made in terms of business process reengineering, operational risk prevention and control, construction of channel and intermediary business system, and promotion of emergency treatment capacity. The Group proactively promoted the business development of internet finance.

The Group continuously optimized counter and payment system, and supported the business process reengineering of accounting. In addition, it completed the development of the core new monitoring project, optimised and transformed core communication and re-built ESB and a core efficient, stable and safe communication mechanism using the long link mode. Furthermore, the Group finished the system improvement of recording counter services according to the teller's transaction sequence involving nearly 600 counter transactions, implemented the voucher visualization project, supported electronization of accounting files and accomplished the construction of the second generation of China National Advanced Payment" (人行二代支付) system and the "Nongxinyin Payment Second Edition system" (農信二代支付系統).

The development of collective operation, post supervision and other systems were accelerated to improve the operational risk prevention capacity. The collective operation system improved and optimised intra-bank transfer to corporate accounts, local clearing business, exchange, bill of exchange, and abnormal business of current accounts. The post supervision system was officially put into operation. The collective operation and treatment of "credit card submission" (信用卡進件) was completed.

Channel building was improved to boost the development of intermediary business. For E-banking system, the Bank completed the bid of construction committee, second generation of UKEY, bank-enterprise reconciliation of E-banking, Bank-Business Express (銀商通) of Chongqing Agricultural Commodity Exchange, tobacco B2C payment, and other project construction. In respect of mobile banking, the Bank completed the building of corporate version of mobile banking; as to mobile financing, "Nongshangbao" (農商寶) service was newly added and the construction of payment function of credit card APP was completed. Moreover, it completed the project of social security bank IC cards, the project of computerization management of centralized fiscal payment and realized payment, refund and clearing among the Bureau of Finance, People's Bank of China and commercial banks based on the electronic voucher vault. It also completed the ETC project.

The Group revised the special emergency plan of business continuity and improved emergency treatment capacity. In 2014, it revised and improved the special emergency plan of business continuity for 58 business systems, and conducted emergency exercise of switching to the backup for disaster recovery of core system.

Scientific and technical innovation was strengthened to promote the development of internet financial business. Five investment and financing platform systems including P2P internet investment and financing platform and "Joint Guarantee Express (聯保通)" of Chongqing United Assets and Equity Exchange were put into use. The innovative cooperation in respect of internet financial service of direct sales alliance was carried out and a platform of direct sales alliance was set up in April 2014, laying a foundation for the development strategy of integrating products and resources of alliance members (rural credit cooperatives) and sharing service channels. The Bank completed the buildling of the system of automatic credit approval for small loans based on the application of big data.

VII. Employees and Human Resources Management

1. Basic Information on Employees

As at 31 December 2014, the Bank had 15,740 regular employees, 9,804 of whom held Bachelor's degrees or above, representing 62.29% of all the Bank's regular employees. In addition, the Bank had 705 dispatch workers, 1,363 internally retired employees and 4,802 retired employees.

2. *Overview of Human Resources Management*

In 2014, the Bank insisted on taking the implementation of "three transformation" development strategy as the core, centering on boosting transformation and upgrading and stressing the enhancement of "four capacities". It spared no effort to implement the strategy of building a strong bank relying on talents, set internal organizations in a scientific and standard way, and continuously optimised staff structure. The team construction has obtained significant achievements in which position reform was in steady progress, training effects showed obvious promotion and the human capital management efficiency was significantly improved.

In respect of team development, the Bank promulgated the "Guiding Opinions on Cultivation of Young Talents" (《青年人才培養指導意見》), "Guiding Opinions on Further Speeding Up the Structural Adjustment and Improvement of Team Quality" (《關於進一步加快結構調整提升隊伍素質的指導意見》), "Talent Development Plan (2014-2018)" (《人才發展規劃(2014-2018年)》) for the purpose of cultivating and building an inter-disciplinary talent team with a reasonable structure and all-rounded qualities, to provide systematic guarantee for the Bank's fundamental cultivation and strategic development of talents. The Bank promoted the "One Thousand Talents Plan" (千人計劃), organised talent selection, established a "One Thousand Talents Plan" (千人計劃) talent pool. It vigorously promoted the team construction of operation and management talents, scarce professional talents in urgent need by key fields, professional and technical talents of high professional qualification, innovative talents and grassroots practical talents through cultivation and exercise on the basis of proper selection and employment under the guarantee of strict management, to construct the Bank's talent development echelon.

In respect of education and training, the Bank was devoted to the career development and the improvement of the quality of the staff, enhancing staff training with continuous efforts, integrating and optimising training resources, innovating education and training mode, and introducing professional management institution to implement "totally enclosed and paramilitary" management. Adhering to the principle that the head office and the branches are "responsible for their own obligations and implement layered management", the Bank has achieved comprehensive trainings for different levels and categories. Staff's comprehensive quality was completely upgraded. In 2014, the Bank held 1,470 sessions of training of all various types with attendances of 115,000, with an average of 7.31 trainings per personnel.

FINANCIAL BUSINESS IN COUNTY AREA

The banking business in County Area has been a long-term strategic focus, and also one of the Group's major sources of revenue. The Group provides diversified financial services for customers in County Area through one branch, 32 sub-branches, five secondary sub-branches and their 1,422 distribution outlets as well as ten village and township banks located in County Area. During the reporting period, the Group took advantage of interactive linkage between urban and rural areas (城鄉聯動優勢), deepened internal reforms, stimulated financial innovation, and kept on increasing the total financial supply in County Area, all of which have led to the comparatively rapid growth of financial services in County Area.

As at 31 December 2014, the loan balance of the banking business of the Group in County Area amounted to RMB121,531 million, representing an increase of RMB13,575 million or 12.57% over the end of the previous year; non-performing loan ratio stood at 1.30% and remaining flat over the end of the previous year; the deposit balance amounted to RMB271,659 million, representing an increase of RMB35,064 million or 14.82% over the end of the previous year. In particular, the corporate loan balance of the banking business of the Group in County Area amounted to RMB54,174 million which accounted for 39.00% of the corporate loan balance of the Group, representing an increase of RMB4,991 million or 10.15% over the end of the previous year. The retail loan balance of the banking business in the County Area amounted to RMB67,357 million, representing an increase of RMB8,584 million or 14.61% over the end of the previous year, accounting for 70.43% of the retail loan balance of the Group.

I. Reform and Innovation

1. Strengthening the Management

During the reporting period, the Bank further optimised its management structure of financial service in rural areas. Guided by Sannong Financial Service Committee (三農金融服務委員會), the leading position and services of the Sannong Business Management Department (三農業務管理部) was further strengthened and secondary departments and professional positions were specially established in the Bank's Business Department, Personal Business Department, Small Enterprise Business Department and International Business Department, being responsible for the specific guidance, line management, sales and marketing services, and innovation of products for Sannong business. In such regard, the procedures concerning the examination and approval of agriculture-related credit were further regulated and optimized and quality of service was be enhanced.

2. Strengthening Incentives

The Bank further enhanced the capacity of the financial services in County Area, solely prepared the credit plan for the financial services in County Area and implemented differentiated incentives policy. Resources including staff, funds, self-service machines and others were shifted towards the sub-branches providing the financial services in County Area to ensure that the financial services in County Area could become fast and convenient, timely, effective and satisfying.

3. Product Innovation

During the reporting period, the Bank created credit products for supporting agriculture in respect of beautiful village housing, family farm and facility and land for agricultural use. Meanwhile, the Bank established a tracking system regarding the operation of the credit products. Based on the new circumstances, new changes and new features of villages, together with the experience, reflections and changes in demand of customers during the process of using the products, the Bank amended the existing Sannong Credit Management Measures (「三農」信貸管理辦法) and operating procedures, facilitating the integration of the products with the market.

II. Corporate Banking Business in County Area

During the reporting period, centered on the key banking businesses in County Area such as the industrialisation and modernisation of agriculture, countryside urbanisation and commodity circulation of County Area, the Bank continued to, with leading enterprises in the industry as its main target customers, tighten classified management of corporate customers, energetically intensify marketing efforts and strive to foster core customer groups. For flagship companies of relevant industries, the Group developed integrated banking services plans, improved its banking services, consolidated and deepened the cooperative relations between banks and enterprises.

III. Personal Banking Business in County Area

During the reporting period, the Bank devised and implemented special marketing plans in a bid to drive the growth of personal banking business in County Area. Targeting at the county's individual and private business owners, farmer entrepreneurs and wealthy people, the Bank vigorously developed personal products for specific areas and promoted loans secured by forest property rights, rural residential housing, contractual management rights of rural lands and loans for individual consumption and employment assistance at a steady pace in order to satisfy diversified credit needs in County Area effectively.

As the only bank in Chongqing offering the new type of pension insurance services in rural areas, the Bank carried out social pension insurance agency services for urban and rural residents in all districts/counties throughout the city, with coverage of over 11 million people. Departments of finance and social insurance of the city and district/county have opened 124 social insurance accounts with the Bank, with a capital balance of RMB8,868 million as at 31 December 2014. In 2014, the number of individual pensions withheld by the Bank amounted to 5,161,500, totalling RMB897 million; the number of individual pensions paid by the Bank as an agent amounted to 43,319,000, totalling RMB4,205 million. These services provided the Bank with an extensive customer base and helped stabilise the customer resources and facilitate the development of the Bank's businesses.

The Bank made greater efforts in the construction of electronic channels in County Area and vigorously marketed the Jiangyu Card, the Jiangyu Xiangqing Card, the Farmer's Fortune Card (福農卡), credit card, personal internet banking and mobile banking. As at 31 December 2014, the Bank had 2,110 ATMs online, and 728 multi-media enquiry machines in county area and established and had 694 convenient rural financial self-service centres in operation. The number of debit cards issued by the Bank in County Area was 11,621,300, accounting for 78.53% of the debit cards issued by the Bank and representing an increase of 1,559,500 over the end of the previous year. The number of credit cards issued by the Bank in County Area was 143,400, accounting for 76.64% of the credit cards issued by the Bank and representing an increase of 67,700 over the end of the previous year. 1,819,300 customers in County Area opened for mobile phone banking service, accounting for 81.85% of the number of customers opening for mobile phone banking service of the Bank and representing an increase of 730,000 customers over the end of the previous year. With the gradual enhancement in electronic equipment and so the increase in the number of cards, and with the advertisements and marketing launched for the electronic banking products, the Bank is well poised to keep expanding its customer base in County Area and increase the penetration of banking business in County Area, and build good business relationship with customers.

IV. Summary of Information on Geographical Segments

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording gains. The table below sets forth the total operating income attributable to County Area branches and urban area branches for the periods indicated.

	For the year ended 31 December					
	2014			2013		
(Expressed in RMB million, unless otherwise stated)	County Area	Urban Area	Total	County Area	Urban Area	Total
Net interest income	**3,510.3**	**14,838.4**	**18,348.7**	2,973.7	12,729.5	15,703.2
Net fee and commission income	**413.9**	**655.7**	**1,069.6**	248.1	431.6	679.7
Net trading (losses) gain	**—**	**240.0**	**240.0**	—	(197.6)	(197.6)
Share of profit of an associate	**—**	**5.3**	**5.3**	—	0.3	0.3
Other operating income, net	**93.8**	**45.0**	**138.8**	119.8	10.4	130.2
Total operating income	**4,018.0**	**15,784.4**	**19,802.4**	3,341.6	12,974.2	16,315.8
Internal transfer of income and expense	**6,115.9**	**(6,115.9)**	**—**	5,222.2	(5,222.2)	—
Gain after adjustment	**10,133.9**	**9,668.5**	**19,802.4**	8,563.8	7,752.0	16,315.8

For the year ended 31 December 2014, the gain as adjusted for the County Area segment was RMB10,134 million, representing an increase of 18.33% as compared to the previous year, which was mainly attributable to rapid growth in the net interest income and in net fee and commission income.

RISK MANAGEMENT

In 2014, guided by the New Basel Capital Accord and the comprehensive risk management the Group continuously amended and improved the policy, system and procedures related to risk management and designed such risk management system and mechanism that were compatible with business development. It implemented the establishment of internal assessment regarding non-retail credit risk and enhanced the level of risk measurement and sophisticated management. It strengthened the monitoring of credit asset risk and advance warning. It implemented classification of assets and endeavoured great efforts in commencing the investigation and examination regarding the risk of key ares. It did a good job in the write-off of non-performing loans. It implemented the risk prevention and control responsibility system. It explored and implemented the management of liquidity risk limit; and prepared for the establishment of the information system regarding the liquidity risk limit. It strengthened the business continuity management and started to develop the activities for "The Year of Staff's Behavioural Management", and strengthened the consolidated management. It successfully issued Tier 2 capital bonds of RMB5.0 billion. During the reporting period, the Group had sufficient funds with assets of stable quality. The Group's capability in relieving its risk had become stronger and its liquidity was good. The measures regarding the prevention and controlling for cases and internal control were implemented effectively. Comprehensive risk management was further promoted.

I. Credit Risk Management

Credit risks refer to the risk of economic loss arising from the failure of the borrower of a bank or the counter party to a transaction to fulfil its relevant obligations due to various reasons.

Confronted with macro-economic and financial changes in 2014, the Group responded by adhering to the operational principle of "foundation consolidation, restructuring, and risk control". It conscientiously adhered to the PRC macro control policy thoroughly and continued to optimise the regime and system development of credit-risk management. It adjusted the credit policy timely and strengthened the risk management and control in key areas, especially the governmental financing platforms, the real estate sector, industries with high-energy consumption, high pollution and overcapacity as well as key industries, with reference to both the macro changes and the trend of industry restructuring. It also reinforced the identification and rectification of risks. New means of non-site surveillance were introduced for the Group to actively identify and resolve potential risks. The capital flow of enterprises was monitored closely and greater efforts were made to terminate loans to customers with potential risks and to recover, dispose of and write off non-performing loans. The loan portfolio was thus gradually improved and the functions and scope of applications of the credit business management system were optimised continuously, resulting in stronger credit risk management on all fronts.

II. Liquidity Risk Management

Liquidity risk refers to the risk of inability in getting sufficient funds at reasonable costs in a timely manner to meet the due liabilities or other obligations for payments or other capital needs required for the conduction of normal business. The objective of liquidity risk management of the Bank is to meet the liquidity needs of asset, liability and off-balance sheet activities and meet its payment obligation to external parties on a timely basis and to effectively balance fund profitability and security no matter during the normal operation or at a highly stressed condition through the development of a scientific and comprehensive liquidity risk management mechanism and the implementation of effective identification, measurement, monitoring and reporting measures on liquidity risk.

The Asset and Liability Management Committee of the Group is responsible for establishing policies and strategies relating to the Group's overall management of liquidity risk. The Risk Management Department, Financial Planning Department, Fund Operating Department and Assets Management Department of the Group are responsible for implementing the liquidity risk management policies and strategies, monitoring and evaluating the liquidity risks. Each business line cooperated with each other in active engagement in liquidity management.

In 2014, the Group insisted on the business ideology of prudence and compliance, prioritised asset safety and mobility in its operation and adopted a series of measures to improve its asset and liability structure. The Group formulated working opinions on liquidity risk management, facilitating various indices of liquidity risk management to be met. It explored and implemented liquidity risk limit management, facilitating active liquidity management for the relevant lines. It also actively prepared for the establishment of the information system regarding liquidity risk management, facilitating the realization of intelligentized liquidity risk management. In addition, the sophisticated and professional level of the liquidity risk management could be enhanced thoroughly.

The Group, continuously leveraging on its unremitting efforts in strengthening liquidity monitoring and forecast as well as the application of the FTP, a system for internal fund transfer pricing, had improved the management of internal fund allocation under the system. The Group carried out liquidity pressure tests regularly to examine the ability of the Group to stand risks under extreme pressure, and the results showed that the management of liquidity risks under pressure, though more difficult, was controllable after taking into consideration of the external and internal remedies.

Liquidity Risk Analysis

During 2014, the economy in the PRC still encountered the downward risk. Since the price of market funds fluctuated in unusual manner over the same period of the previous year, the market worried about the tight liquidity at the key timing this year. However, PBOC announced targeted RRR cuts twice in April and June respectively. PBOC used MFL to release liquidity to the market in October and reduced the interest rate in November. Owing to the continuous release of funds, the market liquidity was quite loose when compared to that of the previous year and the liquidity of the Bank was relatively loose when compared to that of the previous year.

The Group appraised the liquidity risk conditions by means of liquidity gap analysis. At the end of December 2014, the liquidity gap analysis of the Group is as follows:

Undiscounted contractual cash flows categorised by contractual maturities:

	As at 31 December 2014							
(Unless otherwise stated, expressed in RMB million)	Past due/ Undated	On demand	1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Net position of assets and liabilities	**74,927.9**	**(167,198.9)**	**1,533.5**	**(4,579.1)**	**(13,726.1)**	**112,505.9**	**125,155.4**	**128,618.6**

	As at 31 December 2013							
(Unless otherwise stated, expressed in RMB million)	Past due/ Undated	On demand	1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Net position of assets and liabilities	64,276.2	(151,378.7)	(402.7)	(12,124.4)	(51,073.2)	137,181.9	135,818.2	122,297.3

Note: Please refer to "Notes to the Consolidated Financial Statements: 52. Financial Risk Management. Liquidity Risk"

III. Market Risk Management

Market risk refers to the risk of losses from on-balance-sheet and off-balance-sheet businesses of the Group arising from adverse changes in the market price (i.e. interest rate, exchange rate, stock price and commodity price, etc.).

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

(I) Interest Rate Risk

Interest Rate Risk Analysis

The major market risk for bank account is interest rate risk. The Group 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, the reform on interest rate liberalization in China was conducted in depth. While PBOC announced that the benchmark interest rate was adjusted downwards, it expanded the upward floating range for deposit interest rate. Moreover, a new financial market price formation and transmission mechanism was further improved. More efforts were continuously put into regulation and monitoring. The banking industry was frequently undergoing business standardization. In response to the complex and changing market situation, the Group kept a close eye on changes in macro monetary policy and domestic and foreign financial markets. By applying the FTP internal fund transfer pricing system properly, the Group gradually improved the management of interest rate pricing, duly adjusted the pricing of funds and effectively controlled the fall of interest rates for loans and interest costs for deposits with a view to improving the proactive risk management and ensuring the sustained growth in the profit and market value of the Group.

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

(Unless otherwise stated, expressed in RMB million)	As at 31 December 2014						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Interest rate gap	**(80,199.0)**	**4,168.3**	**(53,793.0)**	**145,368.0**	**22,275.7**	**2,244.9**	**40,064.9**

(Unless otherwise stated, expressed in RMB million)	As at 31 December 2013						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Interest rate gap	(79,129.9)	51,735.0	(82,873.4)	117,421.0	26,049.1	1,356.7	34,558.5

As at the end of December 2014, the Group's accumulated gaps of interest rate for all maturities amounted to RMB40,065 million, representing an increase of RMB5,506 million over the end of the previous year.

The following table illustrates the interest rate sensitivity analysis of the Group on the assumption that the overall interest rate in the market moves in parallel and not considering any risk management actions the management may take to mitigate interest rate risk:

Interest rate sensitivity analysis

In millions of RMB

Change in basis points	The Group As at 31 December 2014		The Group As at 31 December 2013	
	Changes in net profit	Changes in other comprehensive income	Changes in net profit	Changes in other comprehensive income
Increase in 100 basis points	**438.4**	**63.4**	565.5	(158.1)
Decrease in 100 basis points	**(438.4)**	**(63.4)**	(565.5)	168.9

Note: The impact to yield curves movement on interest expenses related to demand deposits has been excluded. Please refer to "Notes to the Consolidated Financial Statements: 52. Financial Risk Management. Market Risk. Interest Rate Risk".

(II) Exchange Rate Risk

Exchange rate risk

Exchange rate risk primarily results from mismatches in the currency denomination of the Group's assets and liabilities and currency position mismatches caused by currency mismatch between capitals and foreign currency transactions. The Group mainly adopts foreign exchange exposure analysis and sensitivity analysis to measure exchange rate risk. The Group is mainly engaged in the RMB business with certain transactions related to US dollars and HK dollars but seldom conducts transactions in other currencies, whereas transactions in foreign currencies are mainly the Group's business of agency sale and purchase of foreign exchange.

In the first quarter of 2014, PBOC announced the expansion of the range for the fluctuation of RMB exchange rate. This meant the two-way floating flexibility of RMB exchange rate was strengthened and the system of floating exchange rate based on market supply and demand with management would further be established. The regime of liberalising RMB exchange rate would gradually be improved. RMB exchange rate experienced its first annual depreciation since 2010 and was expected to be fluctuating and weakening towards the end of the year. The Group strengthened its management of its exposure to foreign exchange risks and the management standard of assets and liabilities in foreign exchange by enhancing the dynamic management of the deposits and loans of foreign exchange and arranging the utilisation of foreign exchange assets reasonably. It also explored the usage of exchange rate financial instruments to hedge against exchange rate risk.

As at the end of December 2014, the position of foreign currencies on the Group's balance sheet denominated in RMB is as follows:

	As at 31 December 2014				
(Unless otherwise stated, expressed in RMB million)	RMB	U.S. dollars RMB equivalent	HK dollars RMB equivalent	Other currencies RMB equivalent	Total
Net position	**39,511.5**	**623.1**	**17.5**	**(87.2)**	**40,064.9**

	As at 31 December 2013				
(Unless otherwise stated, expressed in RMB million)	RMB	U.S. dollars RMB equivalent	HK dollars RMB equivalent	Other currencies RMB equivalent	Total
Net position	34,014.9	519.2	8.5	15.9	34,558.5

The following table illustrates the exchange rate sensitivity analysis of the Group on the assumption that the USD overall exchange rate in the market moves in parallel and not considering any risk management actions the management may take to mitigate exchange rate risk:

Exchange rate sensitivity analysis

In millions of RMB

Exchange rate change	As at 31 December 2014 Changes in net profit	As at 31 December 2013 Changes in net profit
USD 5% appreciation	**(23.4)**	(20.4)
USD 5% depreciation	**23.4**	20.4

Changes in net profit are determined based on the assumption that the Group's net foreign exchange as at the end of the reporting period remains unchanged. Based on the judgment of the management over the trend of foreign exchange movements, the Group actively adjusted its foreign exchange position to lower foreign exchange risks. Therefore, there may be discrepancy between the sensitivity analysis above and the actual conditions.

IV. Operational Risk Management

Operational risk refers to the risk of loss resulting from incompleteness or faults in internal procedures, human error and system failure, or external events. The operational risk of the Group mainly comprises internal and external risks. Internal risks mainly include risks arising from human error, inappropriate procedures and operation flow and IT system failure. External risks include risks arising from external contingencies.

With a view to meeting the demands of the New Basel Capital Accord and the establishment of process-based banking as well as working towards the long-term target necessary for a comprehensive risk management, the Group further strengthened its internal control and improved its control and management over operational risks. Firstly, the Group set up and consolidated the "Bottom-line Thinking"(「底線思維」) and "Forward Thinking" (「前瞻思維」), implemented the system of primary responsibility for risk prevention and control throughout the Bank, prevented and resolved operational risk and safeguarded secure and steady operation by endeavouring its best efforts. Secondly, by focusing on the general strategy of "Transformation and Upgrading, Implementation of the "Three-Transformation" strategy, the operational risk management system could be optimized and managerial capacity for operational risk could be facilitated to be enhanced thoroughly. Thirdly, business continuity management throughout the Bank was strengthened and contingency plan regarding business continuity of information system could be revised and improved; and the Group would strive to diminish or eliminate the impact produced by abnormal service of information system on the suspension of major business operation. Fourthly, the risk investigation and planning designed for major equipment were strengthened, and change in management and contingency disposal regarding infrastructure was improved, and the entire Bank's information system was safeguarded to operate safely, nicely and steadily. Fifthly, identification, monitoring and advance warning of operational risk were strengthened, and more efforts were put on verification of implementing the job duties regarding the prevention and control of operational risks for various line departments, and the ability to actively prevent and control risk was enhanced. Sixthly, the system of appraisals made by experts and post-evaluating system were to be continuously implemented and all internal control systems were ensured to comply with the laws, regulations and regulatory requirements, and the implementation of risk control measures was facilitated from the origin of the systems.

V. Implementation of New Basel Capital Accord

The Group implemented preliminary preparation of the new capital accord systematically in accordance with the requirements of regulatory authorities. In the year, the Group commenced the establishment of the project regarding internal appraisal of non-retailing credit risk, hired a consultancy firm to conduct differential analysis and planning and design of the appraisal system, defined the structure of the managerial and controlling organization regarding internal appraisal of non-retailing credit risk, optimized and improved the procedures and systematic functions of the appraisal system, formulated and established the model regarding internal appraisal of non-retailing credit risk, and designed the internal appraisal system of non-retailing credit risk and the requirements for data market construction. The transfer of project knowledge was significant and effective, laying a sound foundation for continuous operation of the internal appraisal system of non-retail credit risk.

VI. Anti-money Laundering

The Bank thoroughly implemented the risk-oriented approach of anti-money laundering and endeavoured its efforts to enhance the level of corporate governance and risk management and control regarding anti-money laundering and effectively prevented and threatened money laundering and criminal activities under the guidance that a legal person was subject to imprisonment of three years for anti-money laundering. During the reporting period, the establishment of the organization and system was strengthened and the risk management and control of money laundering was placed into the scope of corporate governance while the job duties of management and supervision at the level of the Board of Directors and the board of supervisors were well defined; upgrading of anti-money laundering system was completed and suspicious cases could be rolled over and combined for submission, and reporting procedures of large-amount cases and the number of double back-tracking was reduced significantly, diminishing the work load of personnel at front desk and guaranteeing the truthfulness and completeness of the data of back-tracking; the establishment of the System of Classifying Customers' Risks Grades (客戶風險等級劃分系統) was completed and the new customers' risk evaluating system included two evaluating methods, namely, accumulated scores and formulae. Such system would be equipped with flexible configuration and maintenance on quantitative and qualitative basis coping with different standards. The scientific rating for customers' risks was flexible and highly efficient and effective. The Group insisted on the principle of prioritization, combined the establishment and development of systems, and timely amended and improved the anti-money laundering measures (反洗錢管理辦法), the Classification and Management of the Customers' Risks Grades (客戶風險等級劃分管理辦法) and operating procedures. The Bank prevented money laundering risks starting from the systems, guided business organizations to develop and commenced the division of work in respect of the evaluating and rating of customers' risks. It strengthened access training for positions of anti-money laundering. In accordance with the overall planning and work deployment of central bank's headquarters, to actively organized personnel of anti-money laundering on full-time or part-time basis to attend 2014 First Access Training for Positions of Anti-money laundering in Finance Industry (2014年第一期金融業反洗錢崗位准入培訓). 4,229 personnels obtained the Anti-money Laundering Qualification Certificate and the overall quality of the anti-money laundering team was highly enhanced.

Internal Audit

The Bank has established an independent internal audit system. An audit committee was established by the Board and reported to the Board. The internal audit department was reported to the Board and the audit committee. The purpose of the internal audit department is to achieve effective internal control, risk management, perfect corporate governance and to increase the value to the organization. It carried out independent audit and supervision on the revenue and expenditure and the economic activities of the Bank. It also conducted consolidated evaluations on the effectiveness of internal control and risk management, and the effects of governance procedure. The internal audit department reported regularly to the Board and the senior management concerning the audit status.

During the reporting period, closely focusing on the Bank's strategic goal of "Three-Transformation" strategy, the internal control department defined its goal of striving to achieve good internal control within the domestic banking industry. It insisted on the scientific auditing concept, continuously optimized the function of the information system for auditing, and facilitated the reform on the mode of internal control. By accelerating the transformation of internal control, it promoted renovation of internal control. The internal control department insisted on the problem-based approach, thoroughly developed special in depth auditing investigation and study. It unified the auditing standard and promoted the examination and handling of auditing quality. It completely enhanced the internal control personnel's capability in respect of management, coordination, servicing and teamwork and improved the quality and efficiency of the work of internal control to a large extent. As for all branches, sub-branches and holding rural banks, it commenced risk investigation, rating of internal control, thorough auditing, and the auditing for the truthfulness of accomplishing the business goals and other key auditing projects. It created special method of checking and enhancing the effectiveness of combating violations of laws. It concerned about the risk control of fund operation department(資金營運部), asset management department (資產管理部), international business department (國際業務部), electronic banking department (電子銀行部), technological information department and others (科技信息部). In the meantime, it developed auditing of key risk control and prevention and of emerging business, including special project for coping with acts prohibited by CBRC and electronic banking industry. It also effectively enhanced the capacity of preventing and controlling various risks. As a result, the monitoring of the auditing was significant and the internal control department continued to facilitate the improvement of the standard of internal control.

Outlook

In 2015, global economy will experience recovery in different extent. The U.S. is leading strong momentum in recovery and Europe is launching full-blown quantitative easing policy for stimulating the economy. The economy of Japan fell and will continue into recession. BRICs and other emerging economies are entering into the stage of adjustment. Petroleum-based energy production will produce a serious impact on the recovery progress of the global economy. 2015 is the crucial year in which China is thoroughly intensifying its reform and is also the harvesting year for the complete accomplishment of the Twelfth Five-Year Plan wherein the economy of China has been striving to maintain stable growth and China is implementing the strategy of Silk Road Economic Belt (「絲綢之路經濟帶」) and 21st Century Maritime Silk Road (「21世紀海上絲綢之路」)(hereinafter referred to as "One Road and One Belt")(「一路一帶」) externally while domestically, it is initiating the construction of Yangtze River Economic Belt (長江經濟帶建設), whereby new development of urbanization and adjustment is made to the industry structure, and the new normality of China's economy is formed. Since Chongqing is located at the strategic nodal points of "One Road and One Belt" and Yangtze River Economic Belt, the motivation of transformation is accelerated, and the developmental strategy for "Five Major Functional Areas" (「五大功能區域」) will be implemented thoroughly. Moreover, new industrialization, informatization, urbanization, and modernization of agriculture are coordinated and promoted. The new three major pillars of motivation including reform, open-up and innovation are strengthened. In such regard, the economic growth will continue to maintain its higher level of acceleration in China. In 2015, the Bank will consistently grasp and implement the "Three-Transformation" strategy, facilitate, in a down-to-earth manner, the reform and innovation, continue to speed up the structural adjustment, strengthen the management and prevention of risks, and implement "Focusing on the Base, Strengthening the Management and Adjusting the Structure" (「重基礎、強管理、調結構」) in outstanding manner, grasp the key points, motivate the whole region, facilitate the steady and health development and the secure and stable operation of the business, and further support the local economic development in Chongqing.

Corporate Social Responsibility

The past year of 2014 is an unusual year, which marks a prominent and fruitful year in which the Bank intensified its reform and achieved important progress in its transformation and upgrading. Facing the complicated and changing situation of the macroscopic economy and the ever-changing operating environment, the Bank firmly adhered to its mission of "Excellent Services to Customers, Maximum Returns to Shareholders, Real Success for Our People, Great Contribution to Community", conducted financial inclusion, promoted green-credit policy, devoted ourselves to community activities. In so doing, we realized the scientific combination of social responsibilities and its own development and also gained wide recognition of the society.

Being dedicated to serve the real economy and shouldering the responsibility of economic development. The Bank took the initiative and adapted to the "new era" of the economy of China and actively connected with the developmental strategy of "Five Major Functional Regions" (「五大功能區」) of Chongqing, positioned itself by serving "Sannong" and created rural financial services and products and methods of delivery, with an outstanding balance of the agriculture-related loans, being positioned number one in the entire city. It took the turning point by facilitating the growth of small and micro-sized enterprises, established sub-branches which were specially operated, provided key support to small and micro-sized enterprises of technological type, innovative type and livelihood type, and continued to optimize the credit structure; took the responsibility of supporting the local economy, specially safeguarded the loan requirements regarding the reconstruction of shanty towns (棚戶區), construction of public rental housing, and livelihood projects involving migrant workers' setting up of businesses, and obtained both well-received social and economic benefits.

Implementing the green credit and strengthening the construction of ecological civilization. The Bank continuously made greater contribution towards credit loan business of industries related to energy saving, environmental protection and pollution treatment. It implemented the mechanism of "Exercising Veto by One Vote for Environmental Protection" (「環保一票否決」) and strictly controlled and steadily launched "Two Highs and One Surplus" (「兩高一剩」) and other aspects so as to solve the surplus in production capacity by means of financial leveraging and to set up a long lasting and effective mechanism for environmental protection. It speeded up the establishment of information technology in banking with the replacement rate of making transactions through electronic banking business exceeding 80%. It also strengthened employees' awareness of the ecology and launched video-conference and paperless office, aiming at setting up a "Green Bank" of energy saving and successfully combining the upgrading of transformed business development with the construction of ecological civilization.

Being actively dedicated to community activities and being more than happy to enjoy a harmonious community with the public. Adhering to the guidelines for being a socially responsible enterprise and focusing on benefiting and returning to the public, the Bank organized community activities with prominent themes and in new forms, and **by taking real action, it established a development path that combined value creation and social responsibilities**. The Bank continuously enriched its corporate culture, cared about the growth of its staff, helped develop agriculture-related enterprises, jointly created harmonious living and creating an image of a responsible enterprise citizen.

A Report on Social Responsibility is an inventory of our work over a year and is also our commitment made for the future. In 2015, the Bank will seriously implement the spirit of the 3rd and 4th Plenary Session of 18th CPC Central Committee. It will also make greater and better contribution towards the construction of a beautiful China and the transformation of a well-off society through strengthening the management and solidifying the developmental base and through accelerating the reform and innovation for gaining the developmental profits.

Changes in Share Capital and Particulars of Shareholders

MOVEMENT IN SHARES

Unit: share, %

	January 1, 2014		Increase/(Decrease) +/(-) during the reporting period						31 December 2014	
	Number of shares	Percentage	Private placement	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage
(I) Shares not subject to trading restrictions										
1. Non-overseas listed shares held by legal persons	5,227,930,059	56.21					328,500	—	5,228,258,559	56.21
Including: (1) Shares held by state-owned legal person shareholders[1]	2,084,033,959	22.41					328,500	—	2,084,362,459	22.41
(2) Shares held by private legal person shareholders	3,143,896,100	33.80					—	—	3,143,896,100	33.80
2. Non-overseas listed shares held by natural persons	1,558,733,900	16.76					(328,500)	(328,500)	1,558,405,400	16.76
Including: (1) Shares held by employee natural persons	147,965,390	1.59					(362,200)	(362,200)	147,603,190	1.59
(2) Shares held by natural persons other than employees	1,409,544,555	15.16					45,950	45,950	1,409,590,505	15.16
(3) Shares held by shareholders without affirmed ownership[2]	1,223,955	0.01					(12,250)	(12,250)	1,211,705	0.01
3. Overseas listed foreign shares	2,513,336,041	27.03					—	—	2,513,336,041	27.03
(II) Total number of shares	9,300,000,000	100.00					—	—	9,300,000,000	100.00

Notes: 1. Shareholding of state-owned legal person refers to non-overseas listed shares of the Bank held by 13 state-owned legal person shareholders including Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and Chongqing Transport and Travel Investment Group Company Limited (重慶交通旅遊投資集團有限公司).

2. Shareholders without affirmed ownership refer to untraceable shareholders of the Bank. Share interests held by them are shares of the former rural credit cooperatives, and they have not affirmed their ownership in the shares of the Bank. (Note: During the reporting period,12,250 shares held at the time of the former rural credit cooperatives have their ownership affirmed in the shares of the Bank, whereby leaving 1,211,705 shares held by shareholders without affirmed ownership).

ISSUE, PURCHASE, SALE AND REDEMPTION OF SECURITIES

Upon approval by CBRC and the PBOC, the Bank successfully issued Tier 2 Capital bonds with a total of RMB5.0 billion to national inter-bank bond market on 19 June 2014. These bonds were 10-year fixed rate bonds, attached with redemption right of the issuer at the end of the 5th year and the coupon rate by tenders was finally confirmed to be 6.38%. The proceeds raised by these bonds shall supplement Tier 2 Capital bonds pursuant to the applicable laws and upon approval by the regulatory authorities.

On 30 December 2014, the Bank exercised its redemption right in full regarding the subordinated debentures of 2.3 billion issued in December 2009.

PARTICULARS OF SHAREHOLDINGS

At the end of the reporting period, the Bank had a total of 9,300,000,000 shares, comprising 6,786,663,959 non-overseas listed shares and 2,513,336,041 overseas listed H shares.

PARTICULARS OF SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS OF NON-OVERSEAS LISTED SHARES

Unit: share, %

No.	Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage	Numbers of shares pledged	Type of share
01	Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司)	state-owned	629,304,418	6.77	—	non-overseas listed shares
02	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	state-owned	621,435,221	6.68	—	non-overseas listed shares
03	Loncin Holding Co., Ltd (隆鑫控股有限公司)	private enterprise	570,000,000	6.13	470,000,000	non-overseas listed shares
04	Chongqing Transport and Travel Investment Group Company Limited (重慶交通旅遊投資集團有限公司)	state-owned	423,431,972	4.55	—	non-overseas listed shares
05	Beijing Jiuding Real Estate Co., Ltd. (北京九鼎房地產開發有限責任公司)	private enterprise	300,000,000	3.23	122,700,000	non-overseas listed shares
06	Xiamen Laierfu Trading Co., Ltd. (廈門來爾富貿易有限責任公司)	private enterprise	200,000,000	2.15	180,000,000	non-overseas listed shares
07	Chongqing Emperor Science & Technology Co., Ltd. (重慶愛普科技有限公司)	private enterprise	190,000,000	2.04	170,000,000	non-overseas listed shares
08	Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司)	private enterprise	150,000,0000	1.61	150,000,000	non-overseas listed shares
09	Jiangsu Huaxi Group Corporation (江蘇華西集團公司)	private enterprise	150,000,0000	1.61	120,000,000	non-overseas listed shares
10	Chongqing Water Group Co.,Ltd (重慶水務集團股份有限公司)	state-owned	125,000,000	1.34	—	non-overseas listed shares
Total			3,359,171,611	36.11	1,212,700,000	

Notes: 1. As at 31 December 2014, the aforesaid shareholding percentage of non-overseas listed shares is based on the total share capital of the Bank of 9.3 billion.

2. Chongqing Tianqi Industry Management Company Limited (重慶天麒產業管理有限公司) was originally positioned the 8th shareholder on the list and held 160,000,000 non-overseas listed shares of the Bank, and during the reporting period, it transferred 90,000,000 non-overseas listed shares of the Bank to Chongqing New City Construction Company (重慶市新城開發建設股份有限公司). Chongqing Tianqi Industry Management Company Limited (重慶天麒產業管理有限公司) is currently holding 70,000,000 non-overseas listed shares of the Bank and is no longer one of the top ten shareholders of non-overseas listed shares of the Bank.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS

As at 31 December 2014, to the knowledge of the Bank, the interests and short positions of substantial shareholders other than directors and supervisors (within the meaning of the Securities and Futures Ordinance) in the shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance of Hong Kong were as follows:

Domestic Shares

Unit: share, %

Name of shareholder	Capacity	Number of domestic shares held (long position)	% of the total issued domestic share capital of the Bank	% of the total share capital of the Bank
Chongqing Yufu Assets Management Group Company Limited(重慶渝富資產經營管理集團有限公司)	Beneficial Owner	629,304,418	9.27	6.77
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Beneficial Owner	621,435,221	9.16	6.68
Loncin Holding Co., Ltd (隆鑫控股有限公司)	Beneficial Owner	570,000,000	8.40	6.13
Chongqing Transport and Travel Investment Group Company Limited (重慶交通旅遊投資集團有限公司)	Beneficial Owner	423,431,972	6.24	4.55

H Shares

Unit: share, %

Name of shareholder	Capacity	Number of H shares held	% of the total issued H share capital of the Bank	% of the total share capital of the Bank
Blackrock, Inc.	Interest of controlled corporations	179,863,675(L)	7.16	1.93
		260,000(S)	0.01	0.003
Citigroup, Inc.	Interest of controlled corporations	125,886,436(L)	5.00	1.35
		37,809,006(S)	1.50	0.41
		87,634,824(P)	3.48	0.94

Note: (L) — Long position, (S) — Short position, (P) — Shares available for borrowing

MAJOR SHAREHOLDERS OF THE BANK

As at the end of the reporting period, Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and Loncin Holding Co., Ltd (隆鑫控股有限公司) held 629,304,418 shares, 621,435,221 shares and 570,000,000 shares of the Bank, respectively, representing 6.77%, 6.68% and 6.13% of total share capital of the Bank respectively, and are major shareholders of the Bank.

Except for the aforesaid shareholders, there were no other legal person shareholders holding 5% or more of total share capital of the Bank, nor were there any other employees or natural persons other than employees holding 5% or more of shares of the Bank.

Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司) (formerly known as Chongqing Yufu Assets Management Company Limited (重慶渝富資產經營管理有限公司)) which was established on March 18, 2004, is a solely state-owned comprehensive assets operation and management company organised under the approval of Chongqing Municipal Government. It was under supervision of Chongqing State-owned Assets Supervision and Administration Commission as a municipal state-owned key enterprise. Under the approval of the Administration for Industry and Commerce of Chongqing, it was renamed as its current name on 28 June 2011, with a current registered capital of RMB10 billion.

Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) (formerly known as Chongqing City Construction Investment Company (重慶市城市建設投資公司)) is a solely state-owned enterprise established under the approval of Chongqing Municipal Government in April 1994 and authorised to raise and manage capital for city construction. Under the approval of the Administration for Industry and Commerce of Chongqing, it was renamed as its current name on 7 January 2011, with a current registered capital of RMB6 billion.

Loncin Holding Co., Ltd (隆鑫控股有限公司) is a key private enterprise in Chongqing city. It was established on 22 January 2003 and currently has a registered capital of RMB1 billion. It has been listed among “Top 500 Chinese Enterprises”.

As at the end of the reporting period, there were no substantial shareholders holding 10% or more of the shares (as defined under the Hong Kong Listing Rules) of the Bank.

DIRECTORS', SUPERVISORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK

As at 31 December 2014, the interests or short positions of the directors, supervisors and the chief executive of the Bank or their associates in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance of Hong Kong or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules were as follows:

Domestic Shares

Unit: share, %

Name	Capacity	Number of domestic shares held (long position)	% of the total issued domestic share capital of the Bank	% of the total issued share capital of the Bank
Supervisors				
Zuo Ruilan	Beneficial Owner	11,900	0.00017	0.00013
Zhu Yuzhou	Beneficial Owner	37,600	0.00055	0.00040

Other than as disclosed above, none of the directors, supervisors and the chief executive of the Bank or their associates had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations as at 31 December 2014.

DIVIDENDS

Under the approval at the 2013 annual general meeting of the Bank, final dividend of 2013 had been distributed by the Bank to the shareholders of H shares and domestic shares whose names appeared on the register of members of the Bank as at 13 June 2014 after close of trading. The dividends of RMB0.19 per share (tax inclusive), totalling RMB1,767 million (tax inclusive) had been distributed in the form of cash.

Corporate Governance Report

The Bank puts forth effort to improve its transparency and accountability of corporate governance, ensuring high standard of corporate governance practices to safeguard the interests of shareholders and to enhance corporate value.

The Bank has strictly complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Hong Kong Listing Rules and also most of the recommended best practices therein. The Bank strictly abides by the applicable laws and regulations, and the Hong Kong Listing Rules in respect of management of inside information.

To the best of the directors' knowledge, there is no reasonable information indicating that the Bank is or was in violation of the CG Code during the year ended 31 December 2014.

The Bank will continue to review and enhance its corporate governance to ensure that it will continue to meet the requirements of the CG Code and the rising expectations of shareholders and investors.

GENERAL MEETINGS

Details of the General Meetings

During the year of 2014, the Bank held two general meetings. Details are as follows:

On 30 May 2014, the Bank held the 2013 annual general meeting, at which 15 resolutions mainly regarding the 2013 work report of the board of directors, the 2013 work report of the board of supervisors, the 2013 profit appropriation plan, the 2014 financial budget proposal, the appointment of accounting firm for 2014 and the amendments to Articles of Association of the Bank were approved. The above general meeting was held in compliance with relevant legal procedures. During the reporting period, 11 directors of the Bank, namely executive director Mr. Liu Jianzhong, non-executive directors Messrs Tao Jun, Hua Yusheng, Wang Yongshu, Wen Honghai and Gao Xiaodong, independent non-executive directors Messrs Sun Leland Li Hsun, Yin Mengbo, Wu Qing, Chen Zhengsheng and Liu Weili, all attended the 2013 annual general meeting of the Bank in person or through electronic means, and the attendance rate was 100%.

On 31 October 2014, the Bank held the 2014 first extraordinary general meeting, at which six resolutions mainly regarding the election of three independent non-executive directors and three external supervisors. The above general meeting was held in compliance with relevant legal procedures. During the reporting period, 14 directors of the Bank, namely executive directors Messrs Liu Jianzhong and Xie Wenhui, non-executive directors Messrs Tao Jun, Sun Lida, Duan Xiaohua, Wang Yongshu, Wen Honghai, Gao Xiaodong and Li Zuwei, independent non-executive directors Messrs Sun Leland Li Hsun, Yin Mengbo, Wu Qing, Chen Zhengsheng and Liu Weili, all attended the 2014 first extraordinary general meeting of the Bank in person or through electronic means, and the attendance rate was 100%

BOARD OF DIRECTORS AND SPECIAL COMMITTEES

The Board of Directors' Implementation of Resolutions of the General Meeting

In 2014, the board of directors of the Bank strictly implemented the resolutions passed at the general meeting, earnestly implemented the resolutions regarding 2013 profit appropriation, financial budget for 2014, appointment of accounting firm for 2014 and amendments to Articles of Association of the Bank.

Composition of the Board of Directors

As at the end of the reporting period, the board of directors comprised 14 directors, including 2 executive directors, namely, Mr. Liu Jianzhong (chairman of the board of directors) and Mr. Xie Wenhui (president); 7 non-executive directors, namely, Messrs Tao Jun, Sun Lida, Duan Xiaohua, Wang Yongshu, Wen Honghai, Gao Xiaodong and Li Zuwei; and 5 independent non-executive directors, namely, Messrs Sun Leland Li Hsun, Yin Mengbo, Li Yao, Yuan Zengting and Cao Guohua.

During the reporting period, Mr. Wu Xiufeng, the non-executive director of the Bank, resigned from the position of the non-executive director of the Bank on 10 March 2014. Mr. Hua Yusheng, the non-executive director of the Bank, resigned from the position of the non-executive director of the Bank on 30 May 2014. Messrs Wu Qing, Chen Zhengsheng and Liu Weili, the independent non-executive directors of the Bank, resigned from the position of the independent non-executive director of the Bank on 1 December 2014.

During the reporting period, Mr, Xie Wenhui was appointed as an executive director of the Bank on 21 August 2014. Messrs Duan Xiaohua and Li Zuwei were appointed as non-executive directors of the Bank on 21 August 2014. Mr. Sun Lida was appointed as a non-executive director of the Bank on 28 October 2014. Messrs Li Yao, Yuan Zengting and Cao Guohua were appointed as independent non-executive directors of the Bank on 1 December 2014.

The list of directors (by category) is disclosed in all corporate communications issued by the Bank pursuant to the Hong Kong Listing Rules.

The board of directors is responsible for establishing the company management system, monitoring the Group's decision-making regarding business activities, financial strategies and business performance, as well as reporting them to shareholders at the general meeting. The board of directors has delegated the management with the power and responsibilities to manage the Group. In addition, the board of directors has designated the audit committee, nomination committee and remuneration committee to perform their respective responsibilities. Details of the aforesaid committees are further described in this report.

The board of directors is also responsible for the performance of the functions of corporate governance. For the year ended 31 December 2014, the board of directors performed the functions of corporate governance as set out in code provision D.3.1 in the CG Code.

Operation of the Board of Directors

The board of directors convenes meetings on a regular basis, generally not less than 4 times a year, and holds extraordinary meetings when necessary. Board meetings may be convened by means of on-site conference or written resolutions. The agenda for regular board meetings are scheduled upon consultation with directors. Board papers and relevant materials are usually circulated to all directors and supervisors 14 days in advance of the board meetings. All directors maintain communication with the secretary to the board of directors so as to ensure the compliance with board procedures and all applicable rules and regulations. Detailed minutes of the board meetings are kept, and minutes are circulated to all attending directors for review after the meeting. Directors that have attended the meetings will provide comments for modification after receiving the minutes. The minutes will be circulated to all directors as soon as it is finalised. Minutes of the board meetings are kept according to the requirements of documents management stipulated by the Bank, and are available for inspection by directors at any time. Communication and reporting mechanism has been established between the board of directors, directors and senior management. The president of the Bank reports his work to the board of directors on a regular basis, and under its supervision. Relevant senior management are invited to attend board meetings from time to time to give explanations or reply to enquiries. At board meetings, directors can put forward their opinions freely, and major decisions are made after detailed discussions. If any director has material interests in a proposal to be reviewed by the board of directors, the director concerned must abstain from discussion and voting on the relevant proposal, and is not counted in the quorum of the relevant proposal.

The board of directors has set up an office as its acting agency, which is responsible for preparation of the general meetings, board meetings, and meetings of the special committees under the board of directors, information disclosure and other daily work.

Board Meetings

According to the CG Code, the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. A regular meeting does not include obtaining board consent by way of written resolutions.

During the reporting period, the Bank convened a total of 22 board meetings including written resolutions. 59 resolutions were considered and passed at such meetings included those regarding 2014 outlets organisation plan, reports of 2013 annual results and 2014 interim results.

Attendance records of each of the directors at meetings of the board of directors and the special committee under the board of directors (directors who involved in connected transactions and required to be abstained from the meeting are also deemed as attending directors) in 2014 are set out as follows:

Actual attendance/meetings required to attend during the term of office

		Board Committees					
	Board of Directors	Strategic Development Committee	Risk Management Committee	Related Party Transaction Supervision Committee	Nomination Committee	Remuneration Committee	Audit Committee
Directors							
Liu Jianzhong	22/22	3/3	2/2	—	2/2	—	—
Xie Wenhui	7/7	1/1	—	—	—	1/1	—
Tao Jun	22/22	3/3	—	—	—	—	4/4
Sun Lida	5/5	—	—	3/3	—	—	—
Duan Xiaohua	7/7	—	—	—	—	1/1	—
Wang Yongshu	22/22	—	2/2	8/8	—	—	—
Wen Honghai	22/22	—	—	8/8	—	—	—
Gao Xiaodong	22/22	—	—	—	—	—	4/4
Li Zuwei	7/7	—	—	—	—	—	—
Sun Leland Li Hsun	22/22	—	2/2	—	—	1/1	4/4
Yin Mengbo	22/22	1/1	—	—	2/2	1/1	—
Li Yao	2/2	—	—	2/2	—	—	—
Yuan Zengting	2/2	1/1	—	2/2	—	—	—
Cao Guohua	2/2	—	—	—	—	—	—
Resigned Directors							
Hua Yusheng	10/10	—	—	2/2	—	—	—
Wu Xiufeng	4/4	—	—	—	—	—	—
Wu Qing	20/20	2/2	2/2	6/6	2/2	—	—
Chen Zhengsheng	20/20	—	—	6/6	2/2	—	4/4
Liu Weili	20/20	—	—	—	—	1/1	4/4

Independent Non-executive Directors

For the year ended 31 December 2014, the board of directors at all times met the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board of directors, with at least one independent non-executive director possessing appropriate professional qualifications of accounting or related financial management expertise.

The independent non-executive directors of the Bank do not have any business or financial interests in the Bank and its subsidiaries, nor do they hold any management positions in the Bank. All of the existing independent non-executive directors of the Bank are elected for a term of three years. They are eligible for re-election as the Bank's independent non-executive directors upon expiry of the three-year term of office, provided that their terms of office shall not exceed six consecutive years.

Directors' Responsibility for the Preparation of Financial Reports

The directors acknowledge their responsibility for preparing the financial statements of the Bank for the year ended 31 December 2014.

Directors are responsible for monitoring financial reports of each accounting or fiscal period to make sure such financial reports give a true and fair view of the Bank's financial conditions, operation results and cash flows. The directors adopted and implemented the applicable accounting policies and exercised prudent and reasonable judgement when preparing financial reports for the year ended 31 December 2014.

Continuous Professional Development Programme for Directors

Each newly appointed director should be given official, comprehensive and tailor made information for his respective appointment upon his first appointment for the assurance of his appropriate understanding on the business and operation of the Bank and sufficient knowledge of the duties and responsibilities under the Hong Kong Listing Rules, laws and relevant regulatory requirements.

The training for directors shall be carried out on an on-going basis. The Bank encourages directors to participate continuous professional development for developing and updating their knowledge and skills. During the reporting period, 14 directors, namely executive directors Messrs Liu Jianzhong and Xie Wenhui, non-executive directors Messrs Tao Jun, Sun Lida, Duan Xiaohua, Wang Yongshu, Wen Honghai, Gao Xiaodong and Li Zuwei, independent non-executive directors Messrs Sun Leland Li Hsun, Yin Mengbo, Li Yao, Yuan Zengting and Cao Guohua, all received relevant trainings on the Guidelines for the Corporate Governance of Commercial Banks (《商業銀行公司治理指引》), directors' duties, accountability for violations and requirements regarding inside information organised by the Bank. The Bank also from time to time provided information to the directors on the latest development of the Hong Kong Listing Rules and the other applicable regulatory requirements, so as to ensure the directors are equipped with comprehensive information and are in line with the actual needs for their contribution to the board of directors and satisfactorily comply with the CG Code, as well as to enhance their sense of the corporate governance practices.

Board Committees

There are six committees established under the board of directors: namely the strategic development committee, risk management committee, related party transaction supervision committee, nomination committee, remuneration committee and audit committee. Compositions of these committees are set out as follows:

(I) Strategic Development Committee

At present the strategic development committee of the Bank comprised 5 directors with Mr. Liu Jianzhong as the chairman and Messrs Xie Wenhui, Tao Jun, Yin Mengbo and Yuan Zengting being its committee members.

The primary responsibilities of the strategic development committee include:

1. to review the strategies and development plans of the Bank and give advice to the board of directors;

2. to review the annual operation plans and financial budgets of the Bank and submit the same to the board of directors for consideration;

3. to review significant reorganisations and agency arrangement of the Bank as well as the structure plan for its controlled subsidiaries, and give advice to the board of directors;

4. to review significant investment and financing projects and give advice to the board of directors;

5. to review the acquisition and merger plans of the Bank and give advice to the board of directors;

6. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

7. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the strategic development committee convened three in total at which three proposals regarding the 2014 outlets organisation plan, the 2014 financial budget proposal and the structure plan for internal organisations were considered. All the then members of the strategic development committee were present at the three meetings mentioned above.

(II) Risk Management Committee

At present the risk management committee of the Bank comprised 5 directors, with Mr. Xie Wenhui as the chairman, and Messrs Wang Yongshu, Li Zuwei, Sun Leland Li Hsun and Yuan Zengting being its committee members.

The primary responsibilities of the risk management committee include:

1. to review the risk management policy, risk preference and overall structure of risk management of the Bank based on the overall strategy of the Bank, and give advice to the board of directors;

2. to guide the construction of risk management and compliance management system;

3. to monitor and evaluate the risk management, risk resistance, consumer protection and anti-money laundering of the Bank, and provide advice on improvement;

4. to review the risk management and compliance management reports of the Bank, carry out regular assessment on the risks and compliance of the Bank, and provide advice on improvement of the risk and compliance management of the Bank;

5. to review the general precaution policy on risky cases of the Bank, carry forward the construction of risky case management system, and ensure that necessary measures are adopted by senior management to effectively supervise, warn and deal with risky cases;

6. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

7. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the risk management committee convened two meetings in total at which three proposals including 2013 risks management assessment report and 2013 compliance management assessment report were considered. All the then members of the risk management committee were present at the two meetings mentioned above.

(III) Related Party Transaction Supervision Committee

At present the related party transaction supervision committee of the Bank comprised 5 directors, with Mr. Yuan Zengting as the chairman, Messrs Sun Lida, Wang Yongshu, Wen Honghai and Li Yao being its committee members.

The primary responsibilities of the related party transaction supervision committee include:

1. to review the fundamental system of related transaction management and give advice to the board of directors;

2. to identify the related parties of the Bank and report to the board of directors and the board of supervisors;

3. to conduct preliminary examination on major related party transactions of the Bank and submit the same to the board of directors for approval, and to the board of supervisors in a timely manner after obtaining the approval from the board of directors;

4. to receive filings of general related party transactions;

5. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

6. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the related party transaction supervision committee convened eight meetings in total at which nine resolutions regarding the connected transactions on the new credit and loans granted in favor of Chongqing Yufu Assets Management Co. Ltd.* (重慶渝富資產經營管理集團有限公司), Chongqing Huayu Property Service Co., Ltd. (重慶華宇物業(集團)有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)股份有限公司) and Chongqing General Trading (Group) Co., Ltd (重慶商社(集團)有限公司) were considered. All the then members of the related party transaction supervision committee were present at the eight meetings mentioned above.

(IV) Nomination Committee

At present the nomination committee of the Bank comprised 5 directors, with Mr. Yin Mengbo (independent non-executive director) as the chairman, and Mr. Liu Jianzhong (executive director), Mr. Xie Wenhui (executive director), Mr. Li Yao (independent non-executive director) and Mr. Cao Guohua (independent non-executive director) being its committee members. Majority of the members are independent non-executive directors.

The primary responsibilities of the nomination committee include:

1. to assess the structure, size and composition of the board of directors and make recommendations on any proposed changes to the board of directors to complement the Bank's corporate strategies;

2. to formulate the criteria and procedures for the selection of directors and senior management of the Bank, as well as submit the same to the board of directors for consideration; to identify individuals suitably qualified to become board members and select or make recommendations to the board of directors on the selection of individuals nominated for directorship;

3. to identify suitable candidates with relevant qualifications for directors, and make recommendation to the board of directors in respect of the candidates for directors, president and secretary to the board of directors;

4. to assess the independence of independent non-executive directors;

5. to review the candidates of other members of senior management nominated by the president and provide opinions thereof to the board of directors;

6. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

7. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the nomination committee held two meetings in total at which three proposals regarding the nomination of the candidates for executive directors, non-executive directors and independent non-executive directors were considered. All the then members of the nomination committee were present in person at the two meetings mentioned above.

Diversity Policy on the Composition of the Board of Directors

On 27 August 2013, the Bank adopted the Diversity Policy on the Composition of the Board of directors, the details of which are set out as follows:

1. Purpose

   In accordance with the amendments to the CG Code as set out in Appendix 14 of the Hong Kong Listing Rules, to achieve objectives of diversity of the composition of the board of directors of the Bank, the policy was thereby formulated.

2. Prospect

   The Bank adhered to the Diversity Policy on the Composition of the Board of Directors, which was beneficial to the improvement of the good corporate governance of the Bank.

3. Policy Statement

   (1) With a view to achieve the development strategy of characteristic operation, streamlining the management and fostering good corporate culture, the Bank regarded the Diversity Policy on the Composition of the Board of Directors as a key factor to support strategic objectives and maintain sustainable development. In determining the composition of members, the board of directors of the Bank considers the diversity of members from various aspects, including but not limited to gender, age, cultural and educational background, nation, professional experience, skills and knowledge.

(2) The board of director of the Bank consists of executive directors, non-executive directors and independent non-executive directors, proportion of which shall satisfy domestic laws and regulations, administrative rules and the requirements of the Hong Kong Listing Rules.

(3) The qualifications, standards and terms of the board of directors shall be in accordance with the requirements of regulatory authorities and regulations of the Articles of Association and take effect upon the qualification approval by the supervisory organisation(s) of the banking industry.

4. Measurable Objectives

(1) Based on a range of diversified categories, selection of board candidates shall be carried out from various perspectives such as gender, age, cultural and educational background, professional experience, skills, knowledge and so forth, pursuant to nomination ways and procedures of directors specified in the Articles of Association. The final decision of selection will be made according to advantages of candidates and contributions one can bring to the board of directors as well as the regulations of the Articles of Association of the Bank.

(2) The composition of the board of directors (including gender, age and service tenure) will be disclosed in the corporate governance report each year.

5. Monitoring and Reporting of the Policy

The nomination committee will report the composition of the board of directors on diversity level in the corporate governance report and supervise the implementation of the policy.

6. Review and Revision of the Policy

The nomination committee will examine and review the policy to ensure the effectiveness of the policy. The nomination committee will discuss any necessary revisions and propose such revisions to the board of directors for consideration and approval.

7. Policy to take effect

(1) The policy will take effect from the date of approval by the board of directors and the board of directors reserves the right of interpretation under the policy.

(2) The summary of the policy and the measurable objectives for implementation of such policy will be disclosed in the corporate governance report each year.

The board of directors of the Bank will review such measurable objectives from time to time if necessary to ensure their suitability and confirm the progress towards achieving such objectives.

(V) Remuneration Committee

At present the remuneration committee of the Bank comprised 5 directors, with Mr. Sun Leland Li Hsun (independent non-executive director) as the chairman and Mr. Xie Wenhui (executive director), Mr. Duan Xiaohua (non-executive director), Mr. Yin Mengbo (independent non-executive director) and Mr. Cao Guohua (independent non-executive director) being its committee members. Majority of the members are independent non-executive members.

The primary responsibilities of the remuneration committee include:

1. to review the Bank's fundamental system and policy of remuneration management and submit the same to the board of directors for consideration;

2. to prepare the appraisal measures on performance of duties of directors and the remuneration package for directors and supervisors, and submit the same to the board of directors for consideration;

3. to organise appraisal of performance of duties of directors, and propose remuneration allocation of directors in accordance with the appraisal measures;

4. to propose remuneration allocation of supervisors according to the appraisal of performance of duties of supervisors carried out by the board of supervisors;

5. to review the remuneration allocation of senior management and submit the same to the board of directors for approval;

6. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

7. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the remuneration committee convened one meeting in total at which one proposal regarding the remuneration of the directors, supervisors and senior management of the Bank was considered. All the then members of the remuneration committee were present in person at the meeting.

(VI) Audit Committee

At present the audit committee of the Bank comprised 5 directors, with Mr. Li Yao (independent non-executive director) as the chairman, and Mr. Tao Jun (non-executive director), Mr. Gao Xiaodong (non-executive director), Mr. Sun Leland Li Hsun (independent non-executive director), and Mr. Cao Guohua (independent non-executive director) being its committee members and the majority of the members are independent non-executive directors, which is in compliance with the requirement under Rule 3.21 of the Hong Kong Listing Rules.

The primary responsibilities of the audit committee include:

1. to supervise the internal control of the Bank, and examine and evaluate the compliance of significant operating activities of the Bank;

2. to review the major financial policies of the Bank and their implementation, supervise the financial operation, monitor the truthfulness of financial reports and the effectiveness of implementing the financial report procedure by the management;

3. to supervise and evaluate the internal audit work of the Bank as well as the internal audit system of the Bank and its implementation;

4. to propose to appoint or change the external auditor, adopt appropriate measures to supervise the performance of the external auditor and ensure the independence of the audit work;

5. to review the annual audit report, interim report on financial review and other financial and accounting reports a of the Bank and other discloseable financial information prepared by the external auditor, and make a judgement report on the truthfulness, accuracy and completeness of such reports and information and submit such judgement report to the board of directors for consideration;

6. to coordinate between the internal audit department and the external auditor;

7. to ensure that attention will be drawn to the improprieties of the employees of the Bank that may occur in financial reporting, internal control or other areas, and procure the Bank to carry out fair and independent investigation and take appropriate actions in respect of such matters;

8. to perform relevant duties and powers stipulated by the securities supervision and administration institutions and relevant laws and regulations of the places where the Bank's shares are listed; and

9. to perform such other duties and powers as authorised by the board of directors.

During the reporting period, the audit committee held four meetings in total, at which eight proposals regarding 2013 annual report and results announcement, 2013 internal audit assessment report, 2014 interim report and results announcement, 2014 first quarterly report and third quarterly report as well as the appointment of accounting firm for 2014 were considered. All the then members of the audit committee were present in person at the four meetings mentioned above. In addition, the Bank also convened two meetings for audit committee and auditors in accordance with the provisions of Corporate Governance Code.

BOARD OF SUPERVISORS

Composition of the board of supervisors

At the end of the reporting period, the board of supervisors of the Bank comprised 8 supervisors, including 2 shareholder representative supervisors, namely Mr. Zeng Jianwu and Ms. Zuo Ruilan, 3 external supervisors, namely Messrs Hu Shuchun, Pan Like and Wang Hong; 3 employee representative supervisors, namely Ms. Yang Mingping (chairman of the board of supervisors), Mr. Zheng Yi and Mr. Zhu Yuzhou.

During the reporting period, Ms. Dong Yunling, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the member of internal control review committee under the board of supervisors on 31 October 2014. Mr. Chen Huiming, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of audit committee under the board of supervisors on 31 October 2014. Mr. Zhang Xinyu, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of due diligence supervisory committee under the board of supervisors on 31 October 2014. Mr. Shi Bentong, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of nomination committee under the board of supervisors on 31 October 2014.

During the reporting period, Mr. Hu Shuchun, the external supervisor of the Bank, was appointed as an external supervisor of the Bank and the chairman of internal control review committee under the board of supervisors on 31 October 2014. Mr. Pan Like, the external supervisor of the Bank, was appointed as an external supervisor of the Bank and the chairman of audit committee under the board of supervisors on 31 October 2014. Mr. Wang Hong, the external supervisor of the Bank, was appointed as an external supervisor of the Bank and the chairman of nomination committee under the board of supervisors on 31 October 2014. Ms. Yang Mingping, the employee representative supervisor of the Bank, was appointed as the chairman of due diligence supervisory committee under the board of supervisors on 31 October 2014.

Chairwoman of the board of supervisors

Ms. Yang Mingping serves as the chairwoman of the board of supervisors of the Bank and is responsible for organisation and performance of duties of the board of supervisors.

Meetings of the board of supervisors

In 2014, the board of supervisors of the Bank held nine meetings at which 25 proposals including the 2013 work report of the board of supervisors, report on centralized supervision and inspection for 2013, various types of special investigation reports, and regular quarterly reports for 2014 were mainly considered and approved.

Attendance records of the supervisors at meetings of the board of supervisors during the reporting period are set out as follows:

Actual attendance/meetings required to attend during the term of office

	Board of Supervisors
Supervisors	
Yang Mingping	9/9
Hu Shuchun	1/1
Pan Like	1/1
Wang Hong	1/1
Zeng Jianwu	9/9
Zuo Ruilan	9/9
Zheng Yi	9/9
Zhu Yuzhou	9/9
Resigned Supervisors	
Dong Yunling	8/8
Chen Huiming	8/8
Zhang Xinyu	8/8
Shi Bentong	8/8

CHAIRMAN AND PRESIDENT

The roles and functions of the chairman and the president of the Bank are carried out by different individuals.

The chairman of the board of directors is the legal representative of the Bank, and is responsible for planning the overall strategies of the Bank and leading the board of directors so as to ensure that it functions efficiently and discusses all material matters in a timely manner. The president of the Bank is responsible for the Bank's business development and the management and operation of overall business. The president is appointed by and is accountable to the board of directors and discharges his duties in accordance with the Articles of Association and the authorisation of the board of directors. The roles of the chairman and the president are separate and their duties are clearly defined. The management takes charge of the daily operation and management.

Appointment

The term of office of directors of the Bank (including non-executive directors) is three years, and directors may be re-elected upon expiration of their term of office. The term of office of independent non-executive directors is three years, and they are eligible for serving as independent non-executive directors of the Bank upon expiration of their term of office, provided that their terms of office shall not exceed six consecutive years.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted, in respect of securities transactions by directors, supervisors and relevant employees, the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Hong Kong Listing Rules. Having made specific enquiries with all directors and supervisors, all directors and supervisors confirmed that they have complied with the Model Code for the year ended 31 December 2014.

EXTERNAL AUDITORS REMUNERATION

The audit opinion of the external auditors engaged by the Bank and their responsibilities are set out in the "Independent Auditor's Report" on pages 143 to 304.

Deloitte Touche Tohmatsu CPA LLP and Deloitte Touche Tohmatsu, the external auditors of the Bank for 2013, retired as the auditors of the Bank after the close of 2013 annual general meeting of the Bank held on 30 May 2014.

It was the first year that PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers provided audit services to the Bank. The fees paid by the Bank to PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers for the audit of financial statements for the year ended 31 December 2014 were RMB2.40 million. Other fees were RMB1.40 million which mainly included the service fee for the review of financial statements.

INTERNAL CONTROL

The board of directors of the Bank shall be responsible for establishing a sound and effective internal control system, while the board of supervisors shall supervise the establishment and implementation of internal control by the board of directors and senior management, and the senior management shall be accountable to daily operation of internal control across the bank. Meanwhile, the board of directors of the Bank has set up the audit committee, risk management committee and related party transaction supervision committee to discharge respective duties on the management of internal control and evaluate the effectiveness thereof.

The board of directors of the Bank placed utmost emphasis on the establishment of internal control. The Bank adhered to internal control rules such as the Basic Rules on Enterprise Internal Control promulgated by five ministries and commissions including the Ministry of Finance, the Internal Control Guidelines for Commercial Banks (商業銀行內部控制指引) issued by the CBRC, together with the Outline of Internal Control Management (內部控制管理大綱) ("Outline") formulated by itself as the underlying basis and framework for effecting internal control across the Bank, as well as the guiding principles for carrying out various kinds of business and managerial activities. The Outline constitutes the layout of the internal control system of the Bank and sets out the objectives, policies and principles thereof. It maps out five constituents of the internal control system which include internal control environment, risks identification and assessment, internal control measures, monitoring feedbacks and rectification as well as the principles and requirement for information exchange and feedbacks. In addition, it laid out principles in controlling specifically in the areas of credit, capital, deposits, card business, account management, financial activities and information system.

While actively pushing ahead with restructuring, optimisation of system, procedures and IT system, the board of directors, the board of supervisors and the senior management of the Bank will maintain its ongoing focus on the efficiency of internal control to enhance capabilities of its functional departments and branches in terms of risk aversion and control, whereby boosting operation effectiveness and results.

For the year ended 31 December 2014, the board of directors have assessed the effectiveness of the internal control system of the Bank. The assessment covered all the major control of the Group, including financial control, operation control and compliance control as well as the functions of risk management. The board of directors believe that, the staff in charge of the Bank's accounting and financial reporting functions are equipped with sufficient resources, qualifications and experience, their training and budget are also sufficient. No major issues should be concerned with during the year.

COMPANY SECRETARY

Ms. Yung Mei Yee, the joint company secretary of the Bank, is engaged from external service provider. Ms. Peng Yanxi, secretary to the board of directors of the Bank, is the chief contact person for external company secretary. They have complied with the requirements of Rule 3.29 of the Hong Kong Listing Rules of receiving relevant professional training for not less than 15 hours during the reporting period.

RIGHTS OF SHAREHOLDERS

Request for Convening Extraordinary General Meeting

Shareholders can refer to the existing Articles of Association of the Bank posted on the websites of Hong Kong Exchanges and Clearing Limited and the Bank for the procedures of requesting to convene extraordinary general meetings.

Proposals in General Meeting

Shareholders can also refer to the existing Articles of Association of the Bank posted on the websites of Hong Kong Exchanges and Clearing Limited and the Bank for the procedures of putting forward proposals at general meetings.

Shareholders can refer to the Procedures for Nominating Candidates for Directors (《提名候選董事程序》) and the prevailing Articles of Association of the Bank posted on the websites of Hong Kong Exchanges and Clearing Limited and the Bank for the procedures of nominating directors.

SHAREHOLDERS' ENQUIRIES

Any enquiries related to the shareholding of H shares, including the transfer of shares, change of address, loss of share certificates and dividend warrants, should be sent in writing to the following address:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Telephone: (852) 2862 2863
Facsimile: (852) 2865 0990/(852) 2529 6087

Any enquiries related to the shareholding of domestic shares, including the transfer of shares, change of address, loss of share certificates and dividend warrants, should be sent in writing to the following address:

Office of the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.
No. 10 East Yanghe Road, Jiangbei District, Chongqing, China
Telephone: (8623) 6763 7616
Facsimile: (8623) 6763 7932

INFORMATION DISCLOSURE

The Bank places great emphasis on the communications with its shareholders and strives to enhance understanding and communication through many channels such as general meetings, results announcement meetings, roadshows, receiving visitors and answering telephone enquiries.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The amendments to the Articles of Association of the Bank were approved at the 2013 annual general meeting of the Bank on 30 May 2014. Please refer to the relevant circular of the Bank dated 15 April 2014 in relation to the 2013 annual general meeting for details of the amendments. The full text of the amended Articles of Association of the Bank is published on the website of the Bank (www.cqrcb.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

INVESTOR RELATIONS

Shareholders and investors may send enquiries to the board of directors to the following:

Office of the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.
No. 10 East Yanghe Road, Jiangbei District, Chongqing, China
Telephone: (8623) 6763 7981
Facsimile: (8623) 6763 7932
Email: ir@cqrcb.com

Principal Place of Business in Hong Kong of Chongqing Rural Commercial Bank Co., Ltd.:

36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

This annual report is available on the websites of the Bank (www.cqrcb.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

OTHER PARTICULARS

The Bank holds a financial license number B0335H250000001 approved by China Banking Regulatory Commission, and was authorised by the Administration for Industry and Commerce of Chongqing to obtain a corporate legal person business license with a registration number 500000000001239. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking and deposit-taking business in Hong Kong.

INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Name	Position	Gender	Age	Term of office
Liu Jianzhong	Chairman of the Board of Directors, Executive Director	Male	51	June 2008 —
Xie Wenhui	Executive Director, President(Note)	Male	42	March 2014 —
Tao Jun	Non-executive Director	Male	48	June 2008 —
Sun Lida	Non-executive Director	Male	59	October 2014 —
Duan Xiaohua	Non-executive Director	Male	40	August 2014 —
Wang Yongshu	Non-executive Director	Male	57	June 2008 —
Wen Honghai	Non-executive Director	Male	49	June 2008 —
Gao Xiaodong	Non-executive Director	Male	52	June 2008 —
Li Zuwei	Non-executive Director	Male	52	August 2014 —
Sun Leland Li Hsun	Independent Non-executive Director	Male	53	December 2011 —
Yin Mengbo	Independent Non-executive Director	Male	59	December 2011 —
Li Yao	Independent Non-executive Director	Male	44	December 2014 —
Yuan Zengting	Independent Non-executive Director	Male	39	December 2014 —
Cao Guohua	Independent Non-executive Director	Male	47	December 2014 —

Supervisors

Name	Position	Gender	Age	Term of office
Yang Mingping	Chairwoman of the Board of Supervisors, Employee Representative Supervisor	Female	61	June 2008 —
Hu Shuchun	External Supervisor	Male	45	October 2014 —
Pan Like	External Supervisor	Male	41	October 2014 —
Wang Hong	External Supervisor	Male	48	October 2014 —
Zeng Jianwu	Shareholder Representative Supervisor	Male	39	June 2008 —
Zuo Ruilan	Shareholder Representative Supervisor	Female	39	June 2008 —
Zheng Yi	Employee Representative Supervisor	Male	49	November 2011 —
Zhu Yuzhou	Employee Representative Supervisor	Male	49	November 2011 —

Senior Management

Name	Position	Gender	Age	Term of office
Xie Wenhui	Executive Director, President[1]	Male	42	August 2014 —
Bai Guiting	Vice President	Male	59	June 2008 —
Wang Rong	Vice President	Male	58	June 2008 —
Yang Xiaotao	Vice President[2]	Male	51	June 2008 —
Ling Jiaquan	Chief Controller	Male	59	February 2009 —
Yuan Xiaobo	Deputy Secretary to the Party Committee and Secretary to the Disciplinary Committee	Male	51	December 2008 —
Dong Lu	Vice President	Female	39	June 2011 —
Peng Yanxi	Secretary to the Board and Joint Company Secretary	Female	38	June 2013 —

Notes:

(1) Mr. Xie Wenhui was appointed as the president of the Bank by the Board of Directors of the Bank in December 2013 and his qualification for the position was approved by the China Banking Regulatory Authority in March 2014.

(2) Mr. Yang Xiaotao has resigned as the vice president of the Bank with effect from March 2015.

MAJOR WORK EXPERIENCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors of the Bank

LIU Jianzhong

Chairman, Executive Director

Mr. Liu has been the Chairman of the board of directors, executive director and the secretary to the Party committee of the Bank since June 2008 and the chairman of CQRC Financial Leasing Co., Ltd. since December 2014. Mr. Liu is a deputy to the 12th National People's Congress and an alternate member of the 4th municipal committee and a deputy to the 3rd People's Congress of Chongqing. He also serves as the chairman of the strategic development committee and a member of the nomination committee. Between November 2002 and June 2008, Mr. Liu held a number of positions at the Chongqing Rural Credit Cooperative Union, including director-general, secretary and deputy secretary to the Party committee, director-general and deputy director-general. Prior to joining the Bank and between October 1992 and November 2002, Mr. Liu held several positions at the Chongqing business management department of the PBOC Chongqing Operations Office, including division director and deputy division director of the Cooperative Financial Institution Regulatory Division and deputy division director of the Administration Office. Mr. Liu worked for the frontier inspection station at the Chongqing Airport between March 1984 and September 1992. Mr. Liu received a master's degree in Industrial Engineering from Chongqing University in 2005. He is currently a senior economist accredited by Chongqing Municipal Government.

XIE Wenhui

Executive Director, President

The board of directors of the Bank has appointed Mr. Xie as the president since December 2013. He is also the deputy secretary to the Party committee, whose qualification for the positions was approved by the China Banking Regulatory Authority in March 2014. Mr. Xie has been served as an executive director of the Bank since August 2014. He also serves as the chairman of the risk management committee, a member of the strategic development committee, the nomination committee and the remuneration committee. Mr. Xie had been a deputy president of the Bank from June 2011 to December 2013. Mr. Xie was a general manager of the Information Technology Department at the headquarters of the Bank from January 2010 to October 2011, deputy general manager (in charge of work) of the Technology Department at the headquarters of the Bank from August 2008 to January 2010. Mr. Xie held several positions in Chongqing Rural Credit Cooperative Union from February 2007 to August 2008, including the deputy general manager and assistant to general manager at the Technology Department. Prior to joining the Bank, Mr. Xie served as a deputy director of the Technology Division at the Chongqing Branch of Industrial and Commercial Bank of China from March 1998 to February 2007. Mr. Xie worked in Zhuhai Software Development Centre of Industrial and Commercial Bank of China from July 1997 to March 1998. Mr. Xie obtained a master's degree in engineering from Chongqing University in July 1997 and is currently an economist and engineer.

TAO Jun

Non-Executive Director

Mr. Tao has been a non-executive director of the Bank since June 2008. He is also a member of the audit committee and the strategic development committee. Mr. Tao has served as a director and the chairman of Ancheng Property & Casualty Insurance Co., Ltd since September 2014. He had been a director and the general manager of Chongqing Yufu Assets Management (Group) Company Limited, our substantial shareholder and one of our state-owned shareholders from November 2004 to September 2014. Mr. Tao was the Director of Yangtze River Economy United Development (Group) Co., Ltd. from March 2007 to October 2010. From March 2004 to November 2004, Mr. Tao was deputy general manager (take charge of work) of Chongqing Yufu Assets Management (Group) Company Limited. From February 2004 to March 2004, Mr. Tao was a director of the credit union at Bishan County under the Chongqing Rural Credit Cooperative Union. From June 1998 to February 2004, he assumed positions such as the office director and president of Zou Rong Road Branch of the Commercial Bank of Chongqing. From September 1996 to June 1998, he served as deputy director at the Security Department of Chongqing Urban Cooperative Bank and from May 1995 to September 1996, he worked at the Top Sales Department (第一營業部) of the Chongqing Urban Cooperative Union.; from December 1991 to May 1995, Mr. Tao was the assistant director of Chongqing Magnet Wire Plant, the deputy plant director of Chongqing Mining Machinery Factory and was also the secretary of General Office of Chongqing Machinery and Industrial Bureau. From July 1987 to December 1991, Mr. Tao was a technician and the deputy secretary of Youth League committee of Chongqing Tool Factory (take charge of work). Mr. Tao obtained a master's degree in Industrial and Senior Commercial Management from Chongqing University in 2008.

SUN Lida

Non-Executive Director

Mr. Sun has served as a non-executive director of the Bank since October 2014. He is also a member of related party transaction supervision committee of the Bank. He has served as the chairman and secretary to the Party Committee of Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) from August 2013. From May 2014 to December 2014, he concurrently served as the chairman of Ancheng Property & Casualty Insurance., Ltd. (安誠財產保險股份有限公司). From January 2011 to August 2013, he served as the chairman and deputy secretary to the Party Committee of Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司). From June 2006 to January 2011, he served in a number of positions in Chongqing City Construction Investment Company Limited (重慶市城市建設投資公司), including general manager, director, chairman and deputy secretary to the Party Committee. From July 2001 to June 2006, he served as the general manager and secretary to the Party Committee of Chongqing City Construction Investment Company (重慶市建設投資公司). During the period, he has also been the director and vice-chairman of Chongqing Jiulong Power Company Limited (重慶九龍電力股份有限公司). From June 1997 to July 2001, he served in a number of positions in Energy and Transportation Office of Chongqing Planning Committee (重慶市計委能源交通處), including deputy chief and chief. From April 1979 to June 1997, he served in a number of positions in the Planning Committee of Chongqing City, Sichuan Province, including the division clerk of the Consolidated Division (綜合處科員), deputy chief clerk, chief clerk and deputy chief of the Energy and Transportation Office. From February 1979 to April 1979, he worked in Finance and Trade Cadre School in Nanchong Area, Sichuan Province (四川省南充地區財貿幹部學校). He is currently a senior economist.

DUAN Xiaohua

Non-Executive Director

Mr. Duan has served as a non-executive director of the Bank since August 2014. He is also a member of the remuneration committee of the Bank. Mr. Duan has served as a non-executive director of Hanhua Financial Holding Co., Ltd. (瀚華金控股份有限公司) since June 2013 and a director and financial controller of Shanghai Fenghwa Group Co., Ltd. (上海豐華(集團)股份有限公司) since October 2012. From March 2012 to October 2012, he served as the financial controller of Loncin Holdings Limited (隆鑫控股有限公司). From March 2008 to March 2012, he served in a number of positions in Chengdu Fudi Property Co., Ltd. (成都複地置業有限公司), including the financial manager, vice financial president and financial president. From May 2007 to March 2008, he served as the finance assistant manager of Hutchison Whampoa Property (Xi'an) Co., Ltd. (和記黃埔地產西安公司). From June 2003 to May 2007, he served as the chief of the Finance Department of Taiji Industry (Group) Co., Ltd. (太極集團有限公司). From June 2000 to June 2003, he served as the deputy director of the Finance Department of Taiji Group Sales General Company (太極集團銷售總公司). From April 1999 to June 2000, he served as the deputy head of the Finance Division of Taiji Industry (Group) Co., Ltd. (太極集團有限公司). From July 1998 to April 1999, he served as a clerk in the Finance Department of Taiji Industry (Group) Co., Ltd.. He currently holds an MBA degree, and he is an accountant and a certified internal auditor.

WANG Yongshu

Non-Executive Director

Mr. Wang has been a non-executive director of the Bank since June 2008. He is also a member of the risk management committee and the related party transaction supervision committee of the Bank. Mr. Wang has been the chairman of the board of directors and the secretary to the Party committee of Chongqing Travel Investment Group Co., Ltd. (重慶旅遊投資集團有限公司) since September 2013. Mr. Wang was the chairman of the board of directors of Chongqing Travel Investment Group Co., Ltd. from September 2011 to September 2013. He held a number of positions in Chongqing Transport and Travel Investment Group Co., Ltd. between November 2006 and September 2011, including vice chairman of the board of directors and general manager and chairman of the board of directors. Mr. Wang was the chairman of the board and the secretary of the Party committee for Chongqing Yangtze Agriculture Industry and Commerce Holding Group Co., Ltd. from September 2000 to November 2006; from January 1999 to September 2000, Mr. Wang was the deputy general manager, general manager and the secretary of the Party committee of Chongqing Yangtze Agriculture Industry and Commerce Union Main Office; from April 1998 to January 1999, Mr. Wang was the vice chairman of Qianjiang Development Area Administration Committee; from August 1994 to April 1998, Mr. Wang was the deputy commissioner of Qianjiang Area Administration Commission; from August 1988 to August 1994, Mr. Wang was deputy director-general, director-general and secretary of the Party committee of the Qianjiang Area Finance Bureau; from February 1980 to August 1988, Mr. Wang was an office clerk, chief and deputy director-general of the Finance Bureau of Pengshui County. Mr. Wang graduated from College of Chongqing Municipal Party Committee majoring in Politics and Economics in 1998 and is currently a senior accountant accredited by the competent authority and a certified public accountant.

WEN Honghai

Non-Executive Director

Mr. Wen has been a non-executive director of the Bank since June 2008. He is also a member of the related party transaction supervision committee of the Bank. Mr. Wen has also been the director and vice president of the Huaxin Century Investment Group Co., Ltd. (one of our shareholders) since March 2001 and served as deputy finance manager and finance manager of Huaxin Century Investment Group Co., Ltd. from June 2000 to March 2001. From November 1996 to June 2000, Mr. Wen was the finance manager of China Enterprise International Investment Co. Ltd. From April 1992 to November 1996, Mr. Wen worked as the manager of the China Rural Development Trust and Investment Company and lectured in Renmin University of China during the period from September 1988 to April 1992. Mr Wen obtained a bachelor's degree in Economics and Finance from Renmin University of China in 1988.

GAO Xiaodong

Non-Executive Director

Mr. Gao has been a non-executive director of the Bank since June 2008. He is also a member of the audit committee of the Bank. Mr. Gao has been the chairman of Chongqing Emperor Science & Technology Co., Ltd, one of our shareholders since May 2000, the chairman of Chongqing Guangyuan Investment & Development Co., Ltd since 1997 and the chairman of Chongqing New City Develop Build Co., Ltd since October 2006, and is currently the chairman of Chongqing Sun Kingdom International Golf Club Co., Ltd and the chairman of Chongqing Tengxiang Industrials Co., Ltd. Between February 1992 and June 1997, Mr. Gao worked for Chongqing Municipal committee as the secretary to mayor of deputy department level, the secretary to the committee's secretary, the secretary of deputy department level to the municipal committee office and the deputy director of the standing committee office of Chongqing municipal committee; from November 1988 to February 1992, Mr. Gao worked at the office of China Silian Instrument Group; from August 1983 to November 1988, Mr. Gao worked for Sichuan Instrument General Factory. Mr. Gao obtained a bachelor's degree in Precision Equipment and Construction from Shanghai School of Mechanical Engineering in 1983.

LI Zuwei

Non-Executive Director

Mr. Li has served as a non-executive director of the Bank since August 2014. He is also a member of the risk management committee of the Bank. Mr. Li has served as the chairman and secretary to the Party Committee of Chongqing Water Assets Management Co., Ltd. (重慶市水務資產經營有限公司) since September 2013 and a director and the chairman of Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司) since October 2013. He has been a deputy to the 12th National People's Congress since October 2013. From October 2009 to August 2013, he served as the chairman and secretary to the Party Committee of Chongqing Expressway Group Co., Ltd. (重慶高速公路集團有限公司). From May 2009 to October 2009, he served as the chairman of Chongqing Expressway Group Co., Ltd.. From November 2002 to May 2009, he served in a number of positions in Chongqing Expressway Development Co., Ltd. (重慶高速公路發展有限公司), including general manager, director and chairman. From December 2000 to November 2002, he served as the chairman and general manager of Chongqing North Expressway Co., Ltd. (重慶北方高速公路有限公司) and concurrently held the position of the general manager of Yulin Expressway Company (渝鄰高速公路公司). From July 1983 to December 2000, he served as, among other positions, an engineer of the No.1 Highway Survey, Planning and Design Institute of the Ministry of Communications (交通部第一公路勘察設計院工程師), the deputy executive of the engineering management office in the Highway Engineering Supervisory Office in Chongqing City, Sichuan Province (Representative Office of the Eastern Section of Chengyu Expressway) (四川省重慶市公路工程監理處(成渝高速公路東段代表處)), the deputy director of the Chongqing Highgrade Expressway Construction Headquarter (重慶高等級公路建設指揮部), a deputy general manager and general engineer of Chongqing Expressway Construction Co., Ltd. (重慶高速公路建設有限責任公司). He currently holds a doctorate degree in engineering and is a senior engineer.

SUN Leland Li Hsun

Independent Non-Executive Director

Mr. Sun has been an independent non-executive director of the Bank since December 2011. He also serves as the chairman of the remuneration committee, a member of the audit committee and risk management committee of the Bank. Mr. Sun has been an independent non-executive director of Mizuho Securities Asia Limited (瑞穗證券亞洲有限公司) since December 2014. From November 2005 to June 2014, he had served as an independent non-executive director of New Heritage Holdings Ltd. (Stock Code: 95). He has also been the managing director of Pan Asian Mortgage Company Limited since December 1999. Mr. Sun was the consultant of Merrill Lynch Asia Pacific Limited (美林亞洲有限公司) between April 1998 and December 1999, and was appointed by the Financial Secretary of the Government of the Hong Kong Special Administrative Region as the first Chief Operating Officer of The Hong Kong Mortgage Corporation between February 1997 and April 1998. Mr. Sun was the managing director of ARCH Fixed Income Management Limited between March 1996 and February 1997, a senior managing director of Bear Stearns Asia Limited between October 1994 and February 1996, and executive director of GS (Asia) Securities Limited between July 1986 and September 1994. Mr. Sun obtained a master's degree in Business Administration.

YIN Mengbo

Independent Non-Executive Director

Mr. Yin has been an independent non-executive director of the Bank since December 2011. He also serves as the chairman of the nomination committee and a member of the strategic development committee and the remuneration committee. Mr. Yin has been a lecturer of Southwestern University of Finance and Economics since July 1982, the chairman of the Professor Committee of the School of Finance of Southwestern University of Finance and Economics since June 2013, the dean of the Research Institute of Southwestern University of Finance and Economics (西南財經大學研究生院院長) from November 2011 to June 2013, the head of the graduate department of Southwestern University of Finance and Economics (西南財經大學研究生部主任) from September 2007 to November 2011 and the dean of the School of Finance of Southwestern University of Finance and Economics between September 1997 and September 2007. Mr. Yan graduated from the department of finance of Southwestern University of Finance and Economics in 1982 and currently holds a master's degree and a doctorate degree, serving as professor and doctoral supervisor.

LI Yao

Independent Non-Executive Director

Mr. Li has served as an independent non-executive director of the Bank since December 2014. He is also a member of the audit committee, the nomination committee and the related party transaction supervision committee of the Bank. Mr. Li has served as a member of Professor Committee, School of Finance, Shanghai University of Finance and Economics since February 2014. He also serves as a dean of the Corporate Finance Department, School of Finance, Shanghai University of Finance and Economics since January 2009. He teaches at the School of Finance, Shanghai University of Finance and Economics since April 2000, as an associate professor, professor and PhD tutor successively. From August 2009 to January 2010, he served as a visiting scholar sponsored by China scholarship at the Management Buyout and Private Equity Research Centre of the University of Nottingham in Britain. From September 2002 to September 2003, he served as a visiting CCSEP scholar exchanged between Chinese and Canadian governments at Rotman School of Management, University of Toronto in Canada. He once served as a postdoctoral researcher of applied economics postdoctoral workstation, Shanghai University of Finance and Economics from September 1998 to July 2000. Mr. Li Yao obtained a master's degree in economics at Zhejiang University in July 1995. He also obtained a PhD degree in economics in the Department of International Finance, East China Normal University in July 1998.

YUAN Zengting

Independent Non-Executive Director

Mr. Yuan has served as an independent non-executive director of the Bank since December 2014. He is also the chairman of the related party transaction supervision committee and a member of the strategic development committee and the risk management committee of the Bank. Mr. Yuan is currently the deputy director and associate research fellow of the Financial Laboratory of the Institute of Finance and Banking, Chinese Academy of Social Sciences, and a master tutor of MBA Center and Department of Finance, Chinese Academy of Social Sciences since October 2013. He once served as a deputy director of the Structured Finance Research Department of the Institute of Finance and Banking, Chinese Academy of Social Sciences, and deputy director of the Financial Product Center, Chinese Academy of Social Sciences from October 2009 to September 2013. He served as an assistant researcher at the Structured Finance Research Department of the Institute of Finance and Banking, Chinese Academy of Social Sciences from July 2005 to September 2009; from September 2006 to July 2008, he served as a postdoctoral researcher at Tehua Investment Holding Co., Ltd. (特華投資控股有限公司). Mr. Yuan served as a senior analyst at the Research Division of China Cheng Xin International Credit Rating Co. Ltd. (中誠信國際信用評級公司) from September 2004 to June 2005.

CAO Guohua

Independent Non-Executive Director

Mr. Cao has served as an independent non-executive director since December 2014. He is also a member of the audit committee, the nomination committee and the remuneration committee of the Bank. Mr. Cao has been a professor and PhD tutor of the Department of Finance, School of Economics and Business Management, Chongqing University since September 2007 until now, during which he has served as an independent director of Chongqing Jian Feng Chemical Co., Ltd. (重慶建峰化工股份有限公司) since January 2015, an outside director of Chongqing Tourism Investment Group Co., Ltd. (重慶旅遊投資集團有限公司) since June 2014, an independent director of Chongqing Yukaifa Co., Ltd. since August 2012 and an independent director of Chengde Nanjiang Co., Ltd. (承德南江股份有限公司) since April 2012. He once served as an independent director of Balance Automobile Insurance Co., Ltd. (天平汽車保險股份有限公司) from March 2010 to March 2013. Mr. Cao served as an independent director of Guizhou Bailing Group Pharmaceutical Co., Ltd. (貴州百靈企業集團製藥股份有限公司) from December 2007 to December 2013. He once served as an associate professor and professor of the Department of Finance, School of Economics and Business Management, Chongqing University from December 2000 to September 2007. From April 1993 to December 2000, he served as an assistant lecturer and lecturer of the School of Economics and Business Management, Chongqing University. From July 1992 to April 1993, he served as an assistant lecturer of the Department of Mathematics, Chongqing University. Mr. Cao obtained a bachelor's degree in the Department of Mathematics, Anhui Normal University in July 1989. He obtained a master's degree in the Department of Mathematics, Sichuan University in July 1992 and obtained a PhD degree in the School of Economics and Business Management, Chongqing University in December 1999.

2. Supervisors of the Bank

YANG Mingping

Chairwoman of the board of supervisors, Employee Representative Supervisor

Ms. Yang has been the chairwoman of the board of supervisors and an employee representative supervisor of the Bank since June 2008. She was also a member of the Due Diligence Supervisory Committee and a member of nomination committee under the board of supervisors. From June 2008 to March 2010, Ms. Yang served several positions in the Bank such as the deputy secretary of the Party committee and secretary of the Party disciplinary committee. From June 2000 to June 2008, Ms. Yang served in several positions in Chongqing Rural Credit Cooperative Union, including deputy secretary of the Party committee, secretary of the Party disciplinary committee and chairwoman of the board of supervisors. Prior to joining the Bank, Ms. Yang served as the deputy director of Officer Inspection Division of Chongqing Municipal Party Committee Organisation Department from February 1998 to June 2000 and was an organizer (Deputy Division Director level) and Party Branch secretary for Party and Administrative Cadres Division of Chongqing Municipal Party Committee Organisation Department from May 1985 to February 1998. Ms. Yang was an instructor and a member of Party branch at the Party School of Chongqing Iron and Steel Company from August 1982 to May 1985. Ms. Yang obtained a bachelor's degree in Philosophy in July 1982 from the University of Yunnan and is a senior economist accredited by Chongqing Municipal Government.

ZENG Jianwu

Shareholder Representative Supervisor

Mr. Zeng has been a shareholder representative supervisor of the Bank since May 2008. He is also a member of the audit committee under the board of supervisors of the Bank. Mr. Zeng is currently the deputy general manager of Xiamen Laierfu Trading Co., Ltd. (廈門來爾富貿易有限責任公司) Mr. Zeng has been serving as the manager of the Sunshine Private Placement Fund (陽光私募基金) under Xiamen Septwolves Wealth Management Co., Ltd. (廈門七匹狼財富管理有限公司) since February 2015, a director of Xiamen Siming Baiying Microcredit Co., Ltd.* (廈門思明百應小額貸款有限公司) since May 2014, a director and the general manager of Jinjiang Baiying Microcredit Co., Ltd. (晉江市百應小額貸款有限責任公司) since January 2014, a director of Quanzhou Septwolves Private Capital Management Co., Ltd (泉州市七匹狼民間資本管理有限公司), director of Xiamen Baiying Finance Leasing Co., Ltd. (廈門市百應融資租賃股份有限公司) since May 2011 and the deputy general manager of Xiamen Laierfu Trading Co., Ltd since May 2001. Mr. Zeng has obtained a PhD in Applied Economics (Financial Engineering) from Xiamen University in June 2008 and a master degree of Science from Xiamen University in July 2000.

ZUO Ruilan

Shareholder Representative Supervisor

Ms. Zuo has been a shareholder representative supervisor of the Bank since June 2008. She is also a member of the nomination committee under the board of supervisors of the Bank. Ms. Zuo has been the chairman of Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司) since January 2006 and the chairman of Chongqing Huayu Property Service Co., Ltd. (重慶華宇物業服務有限公司) from July 2000 to March 2006. Ms. Zuo worked at the Chongqing Jiangjin Branch office of the Construction Bank of China (中國建設銀行重慶江津支行辦公室) from February 1998 to July 2000 and worked at the Saving Agency of Chongqing Jiangjin Branch of the Construction Bank of China (中國建設銀行重慶江津支行東門儲蓄所) from July 1995 to February 1998. Ms. Zuo graduated in December 1999 from Southwest University majoring in Economics Management.

HU Shuchun

External Supervisor

Mr. Hu has served as an external supervisor of the Bank since October 2014. He is also the chairman of the internal control review committee under the board of supervisors of the Bank. Mr. Hu has served as the director of Chongqing Da Neng Law Firm (重慶達能律師事務所) and an arbitrator of the Chongqing Arbitration Commission since March 2013. From July 2003 to March 2013, he served as an attorney and partner of Chongqing Zhi Yuan Law Firm (重慶智圓律師事務所). From December 2002 to July 2003, he served as an attorney of Chongqing Jing Bo Law Firm. He served as an attorney of Chongqing Jing Sheng Law Firm from (重慶靜升律師事務所) October 2001 to December 2002. Mr. Hu also served as a procurator of the People's Procuratorate of Chongqing from July 1998 to October 2001. From September 1995 to July 1998, Mr. Hu studied at the graduate faculty of Southwest University of Political Science & Law and obtained a master's degree in economic law. He served as a law teacher at the Party School of the CPC Hegang Municipal Committee from July 1992 to September 1995. he is currently a CPC member and a holder of master's degree in law.

PAN Like

External Supervisor

Mr. Pan has served as an external supervisor of the Bank since October 2014. He is also the director of the audit committee under the board of supervisors of the Bank. Mr. Pan has served as a salaried partner and partner of Pan-China Certified Public Accountants Co., Ltd. (天健會計師事務所) since December 2011. He served as a salaried partner of Pan-China (Zhengxin) Certified Public Accountants Co., Ltd. (天健正信會計師事務所) from December 2009 to December 2011. He served as a salaried partner of Pan-China (Guanghua) Certified Public Accountants Co., Ltd. (天健光華會計師事務所) from December 2008 to December 2009. Mr. Pan served as a department manager and director of office and senior manager of Pan-China (Chongqing) Certified Public Accountants Co., Ltd. (重慶天健會計師事務所) from August 2000 to December 2008, during which he enrolled in graduate courses at Shanghai University of Finance and Economics majoring in accounting as a part-time student from September 1999 to July 2001 and served as a project manager, a deputy director of the Office of Director and a deputy department manager of Chongqing Huayuan Certified Public Accountants Co., Ltd. (重慶華源會計師事務所) from December 1998 to August 2000. He once served as an assistant of audit services department of Chongqing Certified Public Accountants Co., Ltd. (重慶會計師事務所) from June 1995 to December 1998. He is currently a CPC member, a postgraduate, a senior accountant, a Chinese certified public accountant, a certified public valuer, a certified real estate appraiser and a certified land valuer.

WANG Hong

External Supervisor

Mr. Wang has served as an external supervisor of the Bank since October 2014. He is also the chairman of the nomination committee of the board of supervisors of the Bank. Mr. Wang has served as a professor and PhD tutor of the Civil and Commercial Law School, Southwest University of Political Science & Law since September 2009. He serves as a professor and PhD tutor of the Civil and Commercial Law School, Southwest University of Political Science & Law since September 2009 and an independent director of Guizhou Bailing Group Pharmaceutical Co., Ltd. (貴州百靈企業集團製藥股份有限公司) since December 2013. From September 2005 to September 2009, Mr. Wang served as a professor and master tutor of the Civil and Commercial Law School, Southwest University of Political Science & Law. From September 2000 to September 2005, he served as an associate professor and master tutor of the Civil and Commercial Law School, Southwest University of Political Science & Law, during which he studied at the graduate faculty of the Civil and Commercial Law School, Southwest University of Political Science & Law from September 2001 to June 2005 and obtained a doctorate degree. From April 1991 to September 2000, he served as a teacher of the Division of Civil Law, Department of Law, Southwest University of Political Science & Law. Mr. Wang is currently a member of China Democratic National Construction Association, a doctor of Civil Law and Commercial Law and an arbitrator of the China International Economic and Trade Arbitration Commission and the Arbitration Commissions of Chongqing, Chengdu, Nanning and Hohhot.

ZHENG Yi

Employee Representative Supervisor

Mr. Zheng has been an employee representative supervisor of the Bank since November 2011. He is also a member of the audit committee and the Internal Control Review Committee under the board of supervisors of the Bank. Mr. Zheng currently serves as the General Manager of Credit Management Department of the Bank. Mr. Zheng has been the General Manager of Compliance Department of the Bank from August 2008 to April 2011. Mr. Zheng had served as the general manager of Operation Management Department of the Chongqing Rural Credit Cooperative Union from July 2007 to August 2008. Mr. Zheng had served as the vice general manager of Operation Management Department of the Chongqing Rural Credit Cooperative Union from January 2007 to July 2007. Mr. Zheng had been the vice general manager of Risk Management Department of the Chongqing Rural Credit Cooperative Union from December 2006 to January 2007. Mr. Zheng had served as the deputy director of the Credit Management Division of the Chongqing Rural Credit Cooperative Union from June 2004 to December 2006. Mr. Zheng had been engaged in the credit management work of Chongqing Rural Credit Cooperative Union from March 2000 to June 2004. From August 1998 to March 2000, he worked at the Leading Group for Reform of Chongqing Rural Financial System. From April 1984 to August 1998, he engaged in credit work at Chongqing Hechuan Rural Credit Cooperative Union (重慶市合川農村信用聯社). Mr. Zheng graduated from the Correspondence College of Chongqing Municipal Party Committee in December 1999, majoring in Economics and Management, and is currently an economist.

ZHU Yuzhou

Employee Representative Supervisor

Mr. Zhu has been an employee representative supervisor of the Bank since November 2011. He is also a member of the Due Diligence Supervisory Committee and the Internal Control Review Committee under the board of supervisors of the Bank. Mr. Zhu currently serves as the Director of Security Monitoring Department of the Bank. Mr. Zhu had worked as the General Manager of Small Enterprise Business Department of the Bank from April 2011 to October 2011. Mr. Zhu had been the General Manager of Small Enterprises Credit Department of the Bank from January 2010 to April 2011. Mr. Zhu had served as the General Manager of Real Estate Business Department of the Bank from August 2008 to January 2010, the chairman, secretary to the Party committee of Fuling Rural Credit Cooperative Union (涪陵農村信用合作聯社) from June 2002 to August 2008 and the chairman, director and secretary to the Party committee of Fengdu Rural Credit Cooperative Union (豐都縣農村信用合作聯社) from June 1998 to May 2002. From October 1992 to June 1998, he worked as the deputy director and director of the Sales Department of Fuling Rural Credit Cooperative Union (涪陵農村信用合作聯社). From July 1983 to October 1992, he worked at Fuling Rural Credit Cooperative Union. Mr. Zhu graduated from College of Chongqing Municipal Party Committee (中共重慶市委黨校) in June 2001, majoring in regional economics, and is currently an economist.

3. Senior Management of the Bank

XIE Wenhui

Executive Director, President

Please refer to the section headed “Directors of the Bank” for biographic details of Mr. Xie Wenhui.

BAI Guiting

Vice President

Mr. Bai has been a vice president and member of the Party committee of the Bank since June 2008. He was the deputy director and a member of the Party committee of the Chongqing Rural Cooperative Union from February 2000 to June 2008. Prior to joining the Bank, Mr. Bai was the deputy director of the Cooperative Financial Institutions Supervision Section of the PBOC Chongqing Operations Office from January 1999 to February 2000; the deputy division director of the Agricultural Financing Division of the PBOC Chongqing Operations Office from November 1997 to January 1999; an assistant to the director at the Leading Group for Reform of Chongqing Rural Financial System from October 1996 to November 1997; and deputy division director of the Credit Cooperative Division of Agricultural Bank of China Chongqing branch and the director of suburban sales department of the Chongqing Rural Credit Cooperative from May 1995 to October 1996. Mr. Bai was the director of the suburban sales department of the Chongqing Rural Credit Cooperative from October 1993 to May 1995. Mr. Bai worked for the Chongqing branch credit cooperative of the Agricultural Bank of China from September 1985 to October 1993, during which he studied at the department of the agricultural credit management of the Changchun Cadre Institute of the Agricultural Bank general headquarters from September 1988 to July 1989 before graduation. From October 1975 to September 1985, Mr. Bai worked at several banks and credit cooperatives as an accountant and cashier. Mr. Bai graduated from the Correspondence College of Chongqing Municipal Party Committee, majoring in Economics and Management in 1998 and is currently a senior economist accredited by Agricultural Bank of China Limited.

WANG Rong

Vice President

Mr. Wang has been a vice president and member of the party committee of the Bank since June 2008. He was the deputy director and a member of the Party committee of the Chongqing Rural Credit Cooperative Union from May 2004 to June 2008, and was the chairman, director and secretary of the Party committee of Chongqing Jiulongpo Rural Credit Cooperative Union from October 1996 to May 2004. Prior to joining the Bank, Mr. Wang served as the leader of Agricultural Bank of China Chongqing Jiulongpo branch Discipline Inspection Team of the Party Organisation from August 1994 to October 1996. Mr. Wang graduated from the Correspondence College of Chongqing Municipal Party Committee majoring in Public Finance in 1998 and is currently a senior economist accredited by Chongqing Municipal Government.

YANG Xiaotao *(Note)*

Vice President

Mr. Yang has been a vice president and member of the Party committee of the Bank since June 2008. From July 2003 to June 2008, Mr. Yang held a number of positions in the Chongqing Rural Credit Cooperative Union, including the deputy director-general, member of the Party committee, the director and secretary of the Party committee of Chongqing Changshou District Rural Credit Cooperative Union. Prior to joining the Bank, Mr. Yang held a number of positions at Agricultural Bank of China from November 1979 to July 2003. In that time, he has served as vice president for Chongqing Fuling Branch; president and secretary of the party committee of the Wulong County branch; vice president of the Wulong County branch. Mr. Yang graduated from the Correspondence College of Chongqing Municipal Party Committee majoring in law in 1998. Mr. Yang graduated from Xiamen University in July 2011 with a major in finance and obtained an EMBA from Xiamen University in June 2013. He is currently a senior economist accredited by Chongqing Municipal Government.

LING Jiaquan

Chief Controller

Mr. Ling has been the chief controller and a member of the Party committee of the Bank since February 2009. Prior to joining the Bank, Mr. Ling assumed a number of positions as division director of the 3rd Site Inspection Division, division director of the 2nd State-owned Bank Regulation Division and Agricultural Bank Regulation Division at Banking Regulatory Commission Chongqing Bureau from October 2003 to December 2008. Mr. Ling also held a number of positions at the Chongqing business management department of the PBOC Chongqing Operations Office from August 1988 to October 2003 including, the division director and deputy division director of the Regulation Division of Agricultural Banks as well as deputy division director of the 1st Bank Regulation Division (銀行監管一處) and deputy division director of the 2nd Bank Regulation Division (銀行監管二處). Mr. Ling worked for the Chongqing Yuzhong sub-branch of the Industrial and Commercial Bank of China from June 1984 to August 1988. Mr. Ling worked for the Chongqing Yuzhong sub-branch of the PBOC from December 1972 to June 1984. Mr. Ling graduated from the Correspondence College of Centre Party Committee in 1998 majoring in economic management and is currently an accountant.

Note: Mr. Yang Xiaotao has resigned as the vice president of the Bank with effect from March 2015.

YUAN Xiaobo

Deputy Secretary to the Party committee, secretary to the Discipline committee

Mr. Yuan has been a deputy secretary to the Party committee of the Bank since December 2008. Mr. Yuan is currently the deputy secretary to the Party committee and secretary to the discipline committee of the Bank. Prior to joining the Bank, Mr. Yuan was the division director (training division, human resources division) of Entrepreneur administration Division of Chongqing State-owned Assets Supervision from October 2003 and December 2008. Mr. Yuan was principal staff member, research assistant and deputy division director of the Cadres Division and the principal member of the Working Committee of Industrial Transport and the Cadres Division of Enterprise Executive Committee of Chongqing Municipal Party Committee from June 1998 to October 2003. Mr. Yuan worked for the Chongqing Electronics Industry Authority from March 1992 to June 1998. Mr. Yuan worked at the State-owned 907 Factory from July 1984 to March 1992. Mr. Yuan obtained a Master's degree in Project Management from Chongqing University in 2008 and is currently a senior administration engineer and an economist.

DONG Lu

Vice President

Ms. Dong has been the vice president of the Bank since June 2011. Ms. Dong was the general manager of the Treasury Operation Department at headquarters of the Bank from August 2008 to October 2011 and assumed a number of positions in Chongqing Rural Credit Cooperative Union from October 2004 to August 2008 including general manager, vice general manager of the Business Department and deputy head of the Financial Planning Division. Prior to joining the Bank, Ms. Dong worked in the Financial Planning Department at Chongqing Branch of the China Everbright Bank from December 2000 to October 2004, business manager of the Customer Manager Department at Yuzhong Sub-branch of China Everbright Bank from March 1998 to December 2000 and worked in Business Department at Yuzhong Sub-branch of China Everbright Bank from June 1997 to March 1998. Ms. Dong obtained a master's degree in engineering from Chongqing University in December 2011 and is currently an economist.

PENG Yanxi

Secretary to the Board and Joint Company Secretary

Ms. Peng has been appointed as the Secretary to the Board of the Bank since June 2013 and a joint company secretary of the Bank since July 2013. Ms. Peng was the chief of the Board office from March 2012 to September 2013 and the chief of the office of the Bank from October 2011 to January 2015. Ms. Peng has held various positions in the Bank including deputy general manager of the human resources department (in charge of work), general manager of the human resources department, head of the listing office from August 2008 to March 2012. Ms. Peng held several positions in Chongqing Rural Credit Cooperative Union including deputy division chief of the retail banking department and deputy chief of the office from January 2003 to August 2008. Ms. Peng served in business department and the office of Chongqing Rural Credit Cooperative Union (Nan'an Branch) from July 1998 to January 2003. Ms. Peng graduated from Southwest China Normal University with a bachelor's degree in economics in July 1998. She is a senior economist at present.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, Mr. Wu Xiufeng, the non-executive director of the Bank, resigned from the position of the non-executive director of the Bank on 10 March 2014; Mr. Hua Yusheng, the non-executive director of the Bank, resigned from the position of the non-executive director of the Bank on 30 May 2014; Mr. Wu Qing, Mr. Chen Zhengsheng and Mr. Liu Weili, the independent non-executive directors of the Bank, resigned from the positions of the independent non-executive director of the Bank on 1 December 2014.

During the reporting period, Mr, Xie Wenhui was appointed as an executive director of the Bank on 21 August 2014; Mr. Duan Xiaohua and Mr. Li Zuwei were appointed as non-executive directors of the Bank on 21 August 2014; Mr. Sun Lida was appointed as a non-executive director of the Bank on 28 October 2014; Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua were appointed as independent non-executive directors of the Bank on 1 December 2014.

During the reporting period, Ms. Dong Yunling, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of the internal control review committee under the board of supervisors on 31 October 2014; Mr. Chen Huiming, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of the audit committee under the board of supervisors on 31 October 2014; Mr. Zhang Xinyu, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of the due diligence supervisory committee under the board of supervisors on 31 October 2014; Mr. Shi Bentong, the external supervisor of the Bank, resigned from the positions of the external supervisor of the Bank and the chairman of the nomination committee under the board of supervisors on 31 October 2014.

During the reporting period, Mr. Hu Shuchun, was appointed as an external supervisor of the Bank and the chairman of internal control review committee under the board of supervisors on 31 October 2014; Mr. Pan Like was appointed as an external supervisor of the Bank and the chairman of audit committee under the board of supervisors on 31 October 2014; Mr. Wang Hong was appointed as an external supervisor of the Bank and the chairman of nomination committee under the board of supervisors on 31 October 2014; Ms. Yang Mingping was appointed as the chairman of the due diligence supervisory committee under the board of supervisors on 31 October 2014.

During the reporting period, other than the approval of the qualification of Mr. Xie Wenhui for his position of the president of the Bank by the China Banking Regulatory Authority in March 2014, there was no change in the senior management of the Bank.

REMUNERATION FOR DIRECTORS OF THE BANK IN 2014

Unit: RMB'000

Name	Position	Paid remuneration (before tax) (1)	Social insurance, housing funds, the portion of supplementary health insurance contributed by the Bank (2)	Part-time fees (3)	Total remuneration before tax in 2014 (4)=(1)+(2)+(3)
Liu Jianzhong	Chairman of the Board of Directors, Executive Director	1,218	86	—	1,304
Xie Wenhui	Executive Director, President	708	86	—	794
Tao Jun	Non-executive Director	—	—	60	60
Sun Lida	Non-executive Director	—	—	15	15
Duan Xiaohua	Non-executive Director	—	—	25	25
Wang Yongshu	Non-executive Director	—	—	60	60
Wen Honghai	Non-executive Director	—	—	60	60
Gao Xiaodong	Non-executive Director	—	—	60	60
Li Zuwei	Non-executive Director	—	—	25	25
Sun Leland Li Hsun	Independent Non-executive Director	—	—	120	120
Yin Mengbo	Independent Non-executive Director	—	—	120	120
Li Yao	Independent Non-executive Director	—	—	10	10
Yuan Zengting	Independent Non-executive Director	—	—	10	10
Cao Guohua	Independent Non-executive Director	—	—	10	10
Retired Directors					
Hua Yusheng	Non-executive Director	—	—	25	25
Wu Xiufeng	Non-executive Director	—	—	15	15
Wu Qing	Independent Non-executive Director	—	—	110	110
Chen Zhengsheng	Independent Non-executive Director	—	—	110	110
Liu Weili	Independent Non-executive Director	—	—	110	110

REMUNERATION FOR SUPERVISORS AND SENIOR MANAGEMENT

For the year ended 31 December 2014, the total remuneration before tax paid by the Bank to its supervisors and senior management amounted to RMB2,694 million and RMB6,926 million, respectively, details of which are set out below:

Remuneration for Supervisors of the Bank in 2014

Unit: RMB'000

Name	Position	Paid remuneration (before tax) (1)	Social insurance, Housing funds, the portion of supplementary health insurance contributed by the Bank (2)	Part-time fees (3)	Total remuneration before tax in 2014 (4)=(1)+(2)+(3)
Yang Mingping	Chairwoman of the Board of Supervisors, Employee Representative Supervisor	—	6	—	6
Zeng Jianwu	Shareholder Representative Supervisor	—	—	50	50
Zuo Ruilan	Shareholder Representative Supervisor	—	—	50	50
Wang Hong	External Supervisor	—	—	13	13
Hu Shuchun	External Supervisor	—	—	13	13
Pan Like	External Supervisor	—	—	13	13
Zheng Yi	Employee Representative Supervisor	1,207	86	—	1,293
Zhu Yuzhou	Employee Representative Supervisor	902	86	—	988
Retired Supervisors					
Dong Yunling	External Supervisor	—	—	67	67
Chen Huiming	External Supervisor	—	—	67	67
Zhang Xinyu	External Supervisor	—	—	67	67
Shi Bentong	External Supervisor	—	—	67	67

Remuneration for senior management was within following ranges:

	Number of individuals Year ended 31 December 2014
RMB nil — RMB1,000,000	2
RMB1,000,001 — RMB1,500,000	5
RMB1,500,001 — RMB2,000,000	—
RMB2,000,001 — RMB2,500,000	—
RMB2,500,001 — RMB3,000,000	—
RMB3,000,001 — RMB3,500,000	—
RMB3,500,001 — RMB4,000,000	—

Report of the Board of Directors

The board of directors of the Bank is pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group is principally engaged in a range of banking services and related financial services in China.

PROFIT AND DIVIDENDS

The income of the Group for the year ended 31 December 2014 and the Group's financial position as at that date are set out in the section entitled "Financial Statements" of this annual report.

Pursuant to the resolutions passed at the annual general meeting of 2013 on 30 May 2014, the Bank recommended a distribution of cash dividends of RMB1,767 million (tax inclusive) for 2013 to all the shareholders at a par value of RMB0.19 per share (tax inclusive). Such dividend was distributed to holders of domestic shares and holders of H shares whose names appeared on the register of members on 13 June 2014. Such proposed dividends were denominated in RMB. Dividends payable to holders of domestic shares were paid in RMB, whereas dividends payable to holders of H shares were paid in HKD. The exchange rate of RMB to HKD adopted was the average middle rates of the five business days preceding the date of declaration of such dividends at the 2013 annual general meeting of the Bank (30 May 2014, including the date thereof) as announced by the People's Bank of China. The abovementioned dividends were distributed on 15 July 2014.

The board of directors of the Bank recommended a distribution of cash dividends of RMB1,860 million (tax inclusive) for 2014 to all the shareholders at a par value of RMB0.20 per share (tax inclusive). The dividend distribution plan will be submitted to the annual general meeting of 2014 for consideration and approval. If such proposal obtains approval from the annual general meeting of 2014, the dividend will be distributed on 12 August 2015 to holders of domestic shares and holders of H shares whose names appear on the register of members on 30 June 2015. Such proposed dividends will be denominated in RMB. Dividends payable to holders of domestic shares shall be paid in RMB, whereas dividends payable to holders of H shares shall be paid in HKD. The exchange rate of RMB to HKD to be adopted shall be the average middle rates of the five business days preceding the date of declaration of such dividends at the 2014 annual general meeting of the Bank (19 June 2015, including the date thereof) as announced by the People's Bank of China.

The amounts of cash dividends and ratios of cash dividends to profit for the year of the Bank for the previous three years are as follows:

(RMB, in million)	2013	2012	2011
Cash dividends	1,767.0	1,581.0	1,302.0
As a percentage of profit for the year	29.60%	29.40%	30.66%

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Bank for the year 2014 will be held on Friday, 19 June 2015. In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting, the register of members of the Bank will be closed from Wednesday, 20 May 2015 to Friday, 19 June 2015, both days inclusive, during which period no transfer of shares will be registered. Holders of H shares of the Bank who wish to attend and vote at the Annual General Meeting for 2014 must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 19 May 2015.

RESERVES

Please refer to the consolidated statement of changes in equity for details of the movements in the reserves of the Group for the year ended 31 December 2014.

SUMMARY OF FINANCIAL INFORMATION

Please refer to the "Financial Summary" of this annual report for the summary of the operating results, assets and liabilities of the Group for the five years ended 31 December 2014.

DONATIONS

During the year ended 31 December 2014, the Group made charitable and other donations amounting to approximately RMB6,973,800.

PROPERTY AND EQUIPMENT

Please refer to Note 27 "Property and Equipment" to the section entitled "Financial Statements" of this annual report for details of movements in the property and equipment of the Group during the year ended 31 December 2014.

RETIREMENT BENEFITS

Please refer to Note 36 "Accrued Staff Costs" to the section entitled "Financial Statements" of this Annual Report for details of the retirement benefits provided to employees of the Group.

ULTIMATE PARENT COMPANY AND SUBSIDIARIES

Please refer to "Major Shareholders of the Bank" in the section entitled "Changes in Share Capital and Particulars of Shareholders" and the related notes to the section entitled "Financial Statements" of this annual report for details of the Bank's ultimate parent company and subsidiaries as at 31 December 2014.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

Neither the Bank nor its subsidiaries had purchased, sold or redeemed any listed securities of the Bank during the reporting period.

PRE-EMPTIVE RIGHTS

Neither the Articles of Association of the Bank nor relevant PRC laws has such provisions under which the Bank's shareholders have pre-emptive rights. The Articles of Association of the Bank provide that if the Bank wishes to increase its capital, it may issue new shares to non-specified investors, may place or allot new shares to existing shareholders, issue new shares to target investors, convert new shares from capital reserve, or through other means as permitted by laws or administrative regulations.

MAJOR CUSTOMERS

In 2014, the aggregate amount of interest income and other operating income generated from the five largest customers of the Bank represented an amount not exceeding 30% of the total interest income and other operating income of the Bank.

SHARE CAPITAL

Please refer to Note "Share Capital" to the "Financial Statements" of this annual report for details of the movement in share capital of the Bank during the reporting period.

TOP TEN SHAREHOLDERS AND THEIR SHAREHOLDINGS

The top ten shareholders of the Bank and their respective shareholdings at the end of 2014 are stated in "Changes in Share Capital and Particulars of Shareholders" of this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The directors of the Bank during the year and up to the date of this report were:

As of the end of the reporting period, the board of directors the Bank comprised 14 directors in total, including 2 executive directors, namely Mr. Liu Jianzhong (chairman), Mr. Xie Wenhui (president); 7 non-executive directors, namely Mr. Tao Jun, Mr. Sun Lida, Mr. Duan Xiaohua, Mr. Wang Yongshu, Mr. Wen Honghai, Mr. Gao Xiaodong and Mr. Li Zuwei; 5 independent non-executive directors, namely Mr. Sun Leland Li Hsun, Mr. Yin Mengbo, Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua.

During the reporting period, Mr. Wu Xiufeng, the non-executive director of the Bank, resigned as a non-executive director of the Bank on 10 March 2014; Mr. Hua Yusheng, the non-executive director of the Bank, resigned as a non-executive director of the Bank on 30 May 2014.

Mr. Xie Wenhui was appointed as an executive director of the Bank on 21 August 2014. Mr. Li Zuwei and Mr. Duan Xiaohua were appointed as non-executive directors of the Bank on 21 August 2014; Mr. Sun Lida was appointed as a non-executive director of the Bank on 28 October 2014.

Mr. Wu Qing, Mr. Chen Zhengsheng and Mr. Liu Weili resigned as independent non-executive directors of the Bank on 1 December 2014.

Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua were appointed as independent non-executive directors of the Bank on 1 December 2014.

During the reporting period, Ms. Dong Yunling, Mr. Chen Huiming, Mr. Zhang Xinyu and Mr. Shi Bentong resigned as external supervisors of the Bank on 31 October 2014.

Mr. Wang Hong, Mr. Hu Shuchun and Mr. Pan Like were appointed as external supervisors of the Bank on 31 October 2014.

Please refer to the “Profiles of Directors, Supervisors and Senior Management” of this annual report for details of directors, supervisors and senior management of the Bank.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received from each of the independent non-executive directors an annual confirmation of his independence. The Bank considers that all of the independent non-executive directors are in compliance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are independent accordingly.

DIRECTORS', THE CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK

As at 31 December 2014, the interests of the directors, the chief executive and supervisors of the Bank and their associates in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules were as follows:

Domestic Shares

Unit: share, %

Name	Capacity	Number of domestic shares held (long position)	% of the total issued domestic shares of the Bank	% of the total issued share capital of the Bank
Supervisors				
Zuo Ruilan	Beneficial owner	11,900	0.00017	0.00013
Zhu Yuzhou	Beneficial owner	37,600	0.00055	0.00040

Other than as disclosed above, none of the directors, the chief executive or supervisors of the Bank or their associates had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations as at 31 December 2014.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS

There are no relationships among the directors, supervisors and senior management of the Bank, including financial, business, family or other material relationships.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the reporting period was the Bank, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors and supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

Save for those continuing connected transactions which can be exempted from the reporting annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules, no director or supervisor of the Bank had a material interest, whether directly or indirectly, in material contracts in relation to the Group's businesses to which the Bank, its holding company, any of its subsidiaries or fellow subsidiaries was a party at any time during the year (excluding service contracts).

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE CONTRACTS

None of the directors and supervisors of the Bank entered into service contracts with the Bank that cannot be terminated by the Bank or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

For the year ended 31 December 2014, there was no management and administrative contract in respect of all or any of the principal activities being entered into by or existed in the Bank.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

None of the directors and supervisors of the Bank had any interest in businesses that constitutes or may compete, directly or indirectly, with the business of the Bank.

SUBSTANTIAL SHAREHOLDERS

To the knowledge of the Bank, as at 31 December 2014, the interests and short positions of substantial shareholders (within the meaning of the Securities and Futures Ordinance), other than directors and supervisors, in the shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance were as follows:

Domestic Shares

Unit: share, %

Name of shareholder	Capacity	Number of domestic shares held	% of the total issued domestic share capital of the Bank	% of the total share capital of the Bank
Chongqing Yufu Assets Management Group Company Limited (重慶渝富資產經營管理集團有限公司)	Beneficial Owner	629,304,418(L)	9.27	6.77
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Beneficial Owner	621,435,221(L)	9.16	6.68
Loncin Holding Co., Ltd (隆鑫控股有限公司)	Beneficial Owner	570,000,000(L)	8.40	6.13
Chongqing Transport and Travel Investment Group Company Limited (重慶交通旅遊投資集團有限公司)	Beneficial Owner	423,431,972(L)	6.24	4.55

H Shares

Unit: share, %

Name of shareholder	Capacity	Number of H shares held	% of the total issued H share capital of the Bank	% of the total share capital of the Bank
Blackrock, Inc.	Interest of controlled corporations	179,863,675(L)	7.16	1.93
		260,000(S)	0.01	0.003
Citigroup Inc.	Interest of controlled corporations	125,886,436(L)	5.00	1.35
		37,809,006(S)	1.50	0.41
		87,634,824(P)	3.48	0.94

Note: (L) — long position, (S) — short position, (P) — lending pool

CORPORATE GOVERNANCE

The Bank is committed to maintaining a high level of corporate governance. The manner in which the principles and code provisions in the Corporate Governance Code are applied and implemented by the Bank is set out in details in the "Corporate Governance Report" of this annual report.

CONNECTED TRANSACTIONS

Transactions between the Bank and the Bank's connected persons (as defined under the Hong Kong Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Hong Kong Listing Rules. However, the relevant connected transactions can be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the IASB. The related party transactions set out in Note 48 to the consolidated financial statements did not constitute connect transaction for the Company under Chapter 14A of the Hong Kong Listing Rules.

REMUNERATION POLICY FOR THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has endeavored to improve its remuneration management measures and performance assessment systems for its directors, supervisors and senior management.

The Bank's remuneration policy for directors, supervisors and senior management is based on the principle of combining incentives and disciplines, short-term incentives and long-term incentives, and market adjustment and governmental regulation, and has defined a structured remuneration system comprising basic annual salary, performance annual salary, mid-term and long-term incentives, allowances and welfare income. The Bank participates in the relevant PRC mandatory retirement schemes for its employees including directors, supervisors and senior management. Since the state has not issued relevant policies, the Bank does not implement mid-term and long-term incentive plan for directors, supervisors and senior management.

SUFFICIENCY OF PUBLIC FLOAT

The Hong Kong Stock Exchange exercised its discretion under Rule 8.08(1)(d) of the Hong Kong Listing Rules and accepted the minimum percentage of shares held (from time to time) by the public in the issued share capital of the Bank be reduced to the relevant percentage of shares listed on the Hong Kong Stock Exchange in the form of H shares upon completion of the global offering (representing no less than 24% of the Bank's enlarged share capital immediately upon the global offering), provided that the value of H Shares held by the public shall not be less than HK$1.5 billion. As at 31 December 2014, the public float of the Bank was 27.03%.

Based on information that is publicly available to the Bank and to the knowledge of the directors, the Bank has maintained sufficient public float as required by the Hong Kong Stock Exchange as at the date of this report.

Tax Relief (H Share Holders)

Non-resident Enterprise Shareholders

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its relevant implementation rules which came into effect on January 1, 2008, the Bank withholds the enterprise income tax at the rate of 10% for non-resident enterprise shareholders whose name appear on the register of members in respect of H shares of the Bank on 13 June 2014.

Non-resident Individual Shareholders

According to Guoshuihan [2011] No. 348 documents issued by the State Administration of Taxation, PRC, the Bank is required to withhold individual income tax for non-resident individual H Share Holders, who are entitled to relevant preferential tax arrangement pursuant to the taxation agreements between the countries where they are residing with China and the regulation on taxation arrangement between the Mainland and Hong Kong (Macau).

1. As for non-resident individual H Share Holders in countries which have entered into an agreement with China in respect of a tax rate lower than 10%, the Bank applies for the relevant entitlements thereunder on their behalf, according to the provision under the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No.124) (國家税務總局關於印發〈非居民享受税收協議待遇管理辦法(試行)〉的通知)(國税發[2009]124號)).

2. As for Hong Kong/Macau residents and other non-resident individual H Share Holders in countries and regions which have entered into an agreement with China in respect of a 10% tax rate, the Bank withholds individual income tax at the rate of 10%.

3. As for non-resident individual H Share Holders in countries which have entered into an agreement with China in respect of a tax rate between 10% and 20%, the Bank withholds individual income tax at the actual rate agreed thereunder.

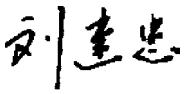
4. As for non-resident individual H Share Holders in countries which have entered into a 20% tax agreement with China or have no tax agreement with China or are under any other circumstances, the Bank withholds individual income tax at the tax rate of 20%.

AUDITORS

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers have been the Bank's domestic and overseas auditors for 2014.

The Bank's financial report for the year 2014 prepared in accordance with International Financial Reporting Standards had been audited by PricewaterhouseCoopers, who had issued an unqualified audit report.

On behalf of the Board



Liu Jianzhong
Chairman

27 March 2015

Report of the Board of Supervisors

MAJOR WORK

Supervision on Meetings

In accordance with the responsibilities authorised by the Articles of Association, the board of supervisors convened nine supervisory meetings in total, including three on-site conferences and six off-site conferences, at which 25 resolutions were considered and approved. The board of supervisors convened five meetings of the special committees, at which nine items were considered. The supervisors attended two general meetings as observers and attended five on-site board meetings as observers, at which they performed on-site supervision on the convening of the board meetings, the duty performance of directors and the discussion process of relevant resolutions, and presented supervisory comments on the relevant issues, which improved the supervisory efficiency.

Daily Supervision

In addition to attending on-site board meetings, the board of supervisors also participated in the annual audit, consulted financial information and audited regular reports. They also organised operation interviews, carried out researches at grassroots level and listened to institution reports. All of the above methods helped them to dynamically supervise the material financial condition, asset operation, asset quality as well as the behaviours of the operation management, etc. in 2014.

Concentrated Supervision

The concentrated supervision mainly focused on the execution of national policies, laws, regulations and the state-owned assets supervision system for 2013. All of the supervisors duly performed their duties with focus on examining the construction of internal control system, the operation development and financial condition of the Bank, the legality and compliance of investment and financing activities as well as risk management. Through the annual concentrated supervision and inspection on the above matters, the board of supervisors continuously followed the reform and correction of the disclosed problems and suggestions to conduct assessment on the results.

Special Inspection

The board of supervisors focused on the major domains and latest business of operation management to conduct their supervisions. They carried out three special inspections on credit risk management, newly launched e-banking products and corporate culture cultivation to identify hidden risks, deepen business development and enhance supervision results. They continuous followed the reform and correction evaluation of the disclosed problems during 2013 special inspection. As a result, the supervision results were used effectively.

Self-establishment of the board of supervisors

With importance attached to valued self-establishment, the board of supervisors continuously improved itself in terms of structure, composition and specialties, to effectively enhance work standard. Firstly, it established a vertical work structure of "board of supervisors - supervisory office - relevant staff" to proceed with work and address problems of board of supervisors at all levels in an effective manner. Secondly, certain supervisors were replaced. Pursuant to relevant requirements stipulated by the Organisation Department of the Municipal Party Committee and the Municipal Commission of State-owned Assets Supervision and Administration Commission, four external supervisors who were no longer qualified to being a supervisor were replaced by three newly elected external supervisors with relevant professional experience to perform their respective duties in the board of supervisors. Thirdly, supervisors, especially newly elected supervisors, were organised to take part in the knowledge trainings regarding to listing on Hong Kong Stock Exchange provided by the Bank and the training courses on enhancing duty performance of supervisors provided by the Municipal Commission of State-owned Assets Supervision and Administration Commission, in a bid to consolidate their knowledge of corporate governance and supervisor's duty performance. Fourthly, the management of supervisors' duty performance files was further improved while comprehensive evaluation on supervisors' duty performance was carried out, in which all the supervisors were assessed as "qualified" according to the results of self-assessment and mutual evaluation by supervisors and the examination and evaluation by the board of supervisors. Throughout the year, the board of supervisors constantly improved itself, enhanced its performance and strengthen supervision, which vigorously propelled the development of corporate governance of the Bank and facilitated the management and development of business and the improvement of management standard.

INDEPENDENT OPINIONS ON RELEVANT MATTERS OF THE BANK

Operations in Compliance with Laws and Regulations

During the reporting period, the Bank had been operating in compliance with relevant laws and regulations. Its decision making procedures complied with the provisions of laws, regulations and the Articles of Association of the Bank. The directors and senior management were faithful and honest, and diligent in carrying out their duties. They were not found to have contravened any laws, regulations or the articles of association of the Bank; neither did they commit any acts detrimental to the interests of the Bank.

Financial Reporting

The 2014 financial report of the Bank gave a true and fair view of the financial position and operating results of the Bank.

Acquisition and Disposal of Assets

During the reporting period, the board of supervisors was not aware of any insider transactions or any acts in acquisition or disposal of assets that were detrimental to the interests of the shareholders or leading to a drain on the Bank's assets.

Related Party Transactions

During the reporting period, the Bank's related party transactions had been conducted in accordance with relevant regulations and systems and the board of supervisors was not aware of any actions in the transactions that were detrimental to the interests of the Bank.

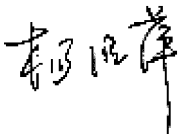
Internal Control

During the reporting period, the Bank continued to intensify and improve its internal control. The board of supervisors was not aware of any material defect in the Bank's internal control system and its implementation.

Social Responsibility

During the reporting period, the Bank vigorously undertook social responsibilities. The board of supervisors has no disagreement with the 2014 Report on Social Responsibilities of Corporate (2014年度企業社會責任報告) of the Bank.

On behalf of the board of supervisors



YANG Mingping
Chairman of the board of supervisors

27 March 2015

Major Events

CORPORATE GOVERNANCE

During the reporting period, the Bank continued to strengthen the construction of corporate governance mechanism, actively improved various systems such as internal control, and constantly enhanced corporate governance capability in strict compliance with laws and regulations as well as regulatory documents of regulatory authorities including the Company Law of the People's Republic of China and the Commercial Banking Law of the People's Republic of China and in line with actual conditions of the Bank.

Corporate governance documents were optimised. During the reporting period, in accordance with the relevant laws and regulations and the Hong Kong Listing Rules, and in line with corporate governance practices of the Bank, the Bank revised documents of policies including the Articles of Association of Chongqing Rural Commercial Bank Co. Ltd. (《重慶農村商業銀行股份有限公司章程》), the Rules of Procedure of General Meeting of Chongqing Rural Commercial Bank Co. Ltd. (《重慶農村商業銀行股份有限公司股東大會議事規則》), the Rules of Procedure of Board Meeting of Chongqing Rural Commercial Bank Co. Ltd. (《重慶農村商業銀行股份有限公司董事會議事規則》), the Rules of Procedure of Supervisory Meeting of Chongqing Rural Commercial Bank Co. Ltd. (《重慶農村商業銀行股份有限公司監事會議事規則》) and the working rules of special committees under the board of directors and the board of supervisors, etc..

During the reporting period, the Bank had been observing and complying with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Bank commenced training for the Directors and published discloseable documents and information on the websites of the Bank and HKEx pursuant to the code provisions. Meanwhile, the Bank also complied with most of the recommended best practices in the aforementioned code. For details, please refer to Corporate Governance Report.

MATERIAL RELATED PARTY TRANSACTIONS

As of the end of the reporting period, the loan balance of material related party transactions with related parties amounted to RMB7,267 million, accounting for 3% of the total loan of the Bank. Loans under the material related party transactions between the Bank and related parties have no negative impact on operating results and the financial position of the Bank.

MATERIAL LEGAL PROCEEDINGS AND ARBITRATIONS

During the reporting period, there were no material legal proceedings or arbitrations which had substantial impact on the operating activities of the Bank.

As of the end of the reporting period, pending legal proceedings in which the Bank was a defendant or a third party involved an amount of RMB23,379,000. In the opinion of the Bank, it will not have any material effect on the Bank's operating activities.

PENALTIES IMPOSED ON THE BANK AND DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

During the reporting period, the Bank, all directors, supervisors and senior management had no record of being subject to inspections, administrative penalties and circulating criticisms by China Securities Regulatory Commission or public censures by stock exchanges, or penalties by relevant regulatory bodies that posed significant impact on the Bank's operation.

PERFORMANCE OF UNDERTAKINGS BY THE BANK OR SHAREHOLDERS HOLDING 5% OR MORE OF THE SHARES

As of the end of the reporting period, neither the Bank nor the shareholders holding more than 5% of the total shares in issue gave any undertakings.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the reporting period, the Group had no material contracts to be performed.

ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the reporting period, the Group had no material acquisition and disposal of assets and merger of enterprises.

Independent Auditor's Report

TO THE SHAREHOLDERS OF CHONGQING RURAL COMMERCIAL BANK CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Chongqing Rural Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (together, the "Group") set out on pages 145 to 304, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Other matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
27 March 2015

Consolidated Statement Of Profit Or Loss

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	2014	2013
Interest income	5	33,094,794	27,179,811
Interest expense	5	(14,746,078)	(11,476,618)
Net interest income		18,348,716	15,703,193
Fee and commission income	6	1,143,313	739,079
Fee and commission expense	6	(73,668)	(59,399)
Net fee and commission income		1,069,645	679,680
Net trading gains/(losses)	7	239,990	(197,640)
Share of profit of an associate	26	5,295	268
Other operating income, net	8	138,791	130,248
Operating income		19,802,437	16,315,749
Operating expenses	9	(8,400,821)	(7,207,796)
Impairment on financial assets	11	(2,297,229)	(1,181,279)
Net gains/(losses) from disposals of available-for-sale financial assets		5,443	(9,952)
Profit before tax		9,109,830	7,916,722
Income tax expense	12	(2,296,772)	(1,901,605)
Profit for the year		6,813,058	6,015,117
Attributable to:			
Equity holders of the Bank		6,828,456	5,991,048
Non-controlling interests		(15,398)	24,069
		6,813,058	6,015,117
Earnings per share *(Expressed in RMB Yuan per share)*			
— Basic and diluted	13	0.73	0.64

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	2014	2013
Profit for the year	6,813,058	6,015,117
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial (losses)/gains on defined benefit plans	(79,490)	61,830
Income tax relating to actuarial gains/(losses)on defined benefit plans	19,873	(4,592)
	(59,617)	57,238
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on available-for-sale financial assets	230,218	(163,712)
Income tax relating to available-for-sale financial assets	(57,555)	40,928
	172,663	(122,784)
Other comprehensive income for the year, net of tax	113,046	(65,546)
Total comprehensive income for the year	6,926,104	5,949,571
Total comprehensive income attributable to:		
Equity holders of the Bank	6,941,502	5,925,502
Non-controlling interests	(15,398)	24,069
Total comprehensive income for the year	6,926,104	5,949,571

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement Of Financial Position

As at 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	2014	2013
ASSETS			
Cash and balances with central bank	15	79,334,179	68,782,134
Deposits with banks and other financial institutions	16	28,249,550	23,655,929
Placements with banks and other financial institutions	17	75,973,768	25,056,277
Financial assets held for trading	18	168,102	2,690,994
Financial assets designated at fair value through profit or loss	19	16,821,846	19,127,488
Derivative financial assets		—	455
Financial assets held under resale agreements	20	54,643,579	70,828,936
Loans and advances to customers	21	233,520,181	198,150,565
Available-for-sale financial assets	22	13,388,013	5,168,334
Held-to-maturity investments	23	62,843,254	50,251,518
Debt securities classified as receivables	24	41,504,852	28,745,383
Interest in an associate	26	105,563	100,268
Property and equipment	27	4,352,912	3,574,211
Goodwill	28	440,129	440,129
Deferred tax assets	38	2,150,823	1,866,903
Other assets	30	5,392,239	4,006,448
Total assets		618,888,990	502,445,972
LIABILITIES			
Borrowings from central bank		6,776,000	185,000
Deposits from banks and other financial institutions	31	82,470,939	63,557,058
Placements from banks	32	12,547,414	2,787,829
Financial liabilities designated at fair value through profit or loss	33	500,000	1,040,000
Derivative financial liabilities		—	239
Financial assets sold under repurchase agreements	34	47,284,190	37,240,636
Deposits from customers	35	409,719,844	347,883,413
Accrued staff costs	36	3,482,779	3,071,804
Tax payable		772,109	980,797
Debt securities issued	37	5,000,000	2,300,000
Other liabilities	39	7,487,306	6,509,891
Total liabilities		576,040,581	465,556,667

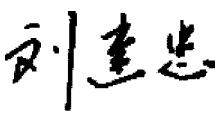
Consolidated Statement Of Financial Position (Continued)

As at 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

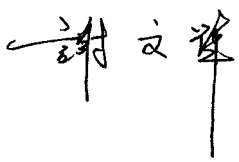
	NOTES	2014	2013
EQUITY			
Share capital	40	9,300,000	9,300,000
Capital reserve	41	9,201,954	9,201,954
Investment revaluation reserve	42	36,718	(135,945)
Actuarial changes reserve		(16,157)	43,460
Surplus reserve	43	7,079,309	6,394,534
General reserve	44	6,371,219	5,497,269
Retained earnings	45	9,452,907	5,950,176
Equity attributable to equity holders of the Bank		41,425,950	36,251,448
Non-controlling interests		1,422,459	637,857
Total equity		42,848,409	36,889,305
Total equity and liabilities		618,888,990	502,445,972

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 27 March 2015.



Liu Jianzhong
CHAIRMAN



Xie Wenhui
EXECUTIVE DIRECTOR AND PRESIDENT

Statement Of Financial Position

As at 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	2014	2013
ASSETS			
Cash and balances with central bank	15	79,063,894	68,556,217
Deposits with banks and other financial institutions	16	28,792,167	24,200,834
Placements with banks and other financial institutions	17	77,553,768	25,056,277
Financial assets held for trading	18	168,102	2,690,994
Financial assets designated at fair value through profit or loss	19	16,821,846	19,127,488
Derivative financial assets		—	455
Financial assets held under resale agreements	20	54,643,579	70,828,936
Loans and advances to customers	21	226,100,549	195,453,208
Available-for-sale financial assets	22	13,388,013	5,168,334
Held-to-maturity investments	23	62,843,254	50,251,518
Debt securities classified as receivables	24	41,407,732	28,745,383
Investments in subsidiaries	25	2,363,000	663,000
Interest in an associate	26	105,563	100,268
Property and equipment	27	4,232,722	3,497,417
Goodwill	28	440,129	440,129
Deferred tax assets	38	2,142,617	1,854,921
Other assets	30	5,344,109	3,977,076
Total assets		615,411,044	500,612,455
LIABILITIES			
Borrowings from central bank		6,400,000	—
Deposits from banks and other financial institutions	31	82,691,901	63,766,159
Placements from banks	32	12,547,414	2,787,829
Financial liabilities designated at fair value through profit or loss	33	500,000	1,040,000
Derivative financial liabilities		—	239
Financial assets sold under repurchase agreements	34	47,284,190	37,240,636
Deposits from customers	35	408,083,629	346,746,592
Accrued staff costs	36	3,455,861	3,043,754
Tax payable		763,516	974,870
Debt securities issued	37	5,000,000	2,300,000
Other liabilities	39	7,276,895	6,498,538
Total liabilities		574,003,406	464,398,617

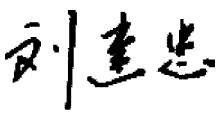
Statement Of Financial Position (Continued)

As at 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

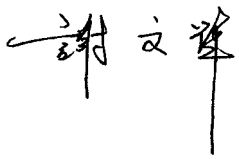
	NOTES	2014	2013
EQUITY			
Share capital	40	9,300,000	9,300,000
Capital reserve	41	9,201,954	9,201,954
Investment revaluation reserve	42	36,718	(135,945)
Actuarial changes reserve		(16,157)	43,460
Surplus reserve	43	7,079,309	6,394,534
General reserve	44	6,371,219	5,497,269
Retained earnings	45	9,434,595	5,912,566
Total equity		41,407,638	36,213,838
Total equity and liabilities		615,411,044	500,612,455

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 27 March 2015.



Liu Jianzhong
CHAIRMAN



Xie Wenhui
EXECUTIVE DIRECTOR AND PRESIDENT

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank									
		Share capital	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at 1 January 2014		9,300,000	9,201,954	(135,945)	43,460	6,394,534	5,497,269	5,950,176	36,251,448	637,857	36,889,305
Profit for the year		–	–	–	–	–	–	6,828,456	6,828,456	(15,398)	6,813,058
Other comprehensive income		–	–	172,663	(59,617)	–	–	–	113,046	–	113,046
Total comprehensive income for the year		–	–	172,663	(59,617)	–	–	6,828,456	6,941,502	(15,398)	6,926,104
Contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	800,000	800,000
Appropriation to surplus reserve	43	–	–	–	–	684,775	–	(684,775)	–	–	–
Appropriation to general reserve	44	–	–	–	–	–	873,950	(873,950)	–	–	–
Dividend distribution	14	–	–	–	–	–	–	(1,767,000)	(1,767,000)	–	(1,767,000)
As at 31 December 2014		9,300,000	9,201,954	36,718	(16,157)	7,079,309	6,371,219	9,452,907	41,425,950	1,422,459	42,848,409
As at 1 January 2013		9,300,000	9,201,954	(13,161)	(13,778)	5,797,650	2,847,848	4,786,433	31,906,946	308,788	32,215,734
Profit for the year		–	–	–	–	–	–	5,991,048	5,991,048	24,069	6,015,117
Other comprehensive income		–	–	(122,784)	57,238	–	–	–	(65,546)	–	(65,546)
Total comprehensive income for the year		–	–	(122,784)	57,238	–	–	5,991,048	5,925,502	24,069	5,949,571
Contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	305,000	305,000
Appropriation to surplus reserve	43	–	–	–	–	596,884	–	(596,884)	–	–	–
Appropriation to general reserve	44	–	–	–	–	–	2,649,421	(2,649,421)	–	–	–
Dividend distribution	14	–	–	–	–	–	–	(1,581,000)	(1,581,000)	–	(1,581,000)
As at 31 December 2013		9,300,000	9,201,954	(135,945)	43,460	6,394,534	5,497,269	5,950,176	36,251,448	637,857	36,889,305

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	2014	2013
Cash flows from operating activities		
Profit before tax	9,109,830	7,916,722
Adjustments for:		
Depreciation and amortisation	581,336	492,611
Impairment losses	2,297,229	1,181,279
Interest income arising from debt securities	(5,754,776)	(4,762,465)
Unwinding of discount	(70,374)	(34,546)
Interest expense arising from debt securities issued	293,011	126,500
Net (gains)/losses on disposal of investment securities	(5,443)	9,952
Share of profit of an associate	(5,295)	(268)
Dividends income from investment securities	(7,039)	(1,700)
Net gains on disposal of property and equipment	(47,542)	(70,381)
Net (gains)/losses on financial assets held for trading	(180,967)	182,065
Exchange gain	(6,560)	(12,946)
Operating cash flows before movements in working capital	6,203,410	5,026,823
Increase in balances with central bank, deposits with banks and other financial institutions	(12,428,505)	(15,827,316)
(Increase)/Decrease in placements with banks and other financial institutions	(43,079,607)	8,628,587
Decrease/(Increase) in financial assets held under resale agreements	26,433,174	(21,453,678)
Decrease in financial assets held for trading	2,703,859	901,466
Increase in loans and advances to customers	(37,140,261)	(31,792,760)
Decrease/(Increase) in financial assets designated at fair value through profit or loss	2,305,642	(1,014,883)
Increase/(Decrease) in financial assets sold under repurchase agreements	10,043,554	(5,398,655)
Increase in deposits from customers, deposits from banks and other financial institutions	80,750,312	74,870,739
Increase in borrowings from central bank	6,591,000	75,000
Increase/(Decrease) in placements from banks	9,759,585	(4,241,641)
Decrease in financial liabilities designated at fair value through profit or loss	(540,000)	(4,036,419)
(Decrease)/Increase in other operating assets	(640,508)	153,763
Decrease in other operating liabilities	949,686	2,346,236
Cash generated by operating activities	51,911,341	8,237,262
Income tax paid	(2,618,374)	(1,946,587)
Net cash flows from operating activities	49,292,967	6,290,675

Consolidated Statement Of Cash Flows (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	2014	2013
Cash flows from investing activities			
Cash received from disposal and redemption of investment securities		44,405,109	22,017,066
Cash received from disposal of property and equipment and other assets		427,603	231,236
Cash paid for purchase of investment securities		(78,201,986)	(23,490,621)
Cash paid for purchase of property and equipment and other assets		(1,630,919)	(1,180,940)
Interest income received from investment securities		4,904,501	4,486,513
Dividends income from investment securities		7,039	1,700
Net cash flows (used in)/from investing activities		(30,088,653)	2,064,954
Cash flows from financing activities			
Contribution from non-controlling shareholders		800,000	305,000
Debt securities issued		5,000,000	—
Redemption of bonds issued		(2,300,000)	—
Dividends paid to shareholders of the Bank		(1,765,746)	(1,580,197)
Interest paid on debt securities issued		(126,500)	(126,500)
Cash payments for transaction cost of bonds issued		(13,250)	—
Net cash flows from/(used in) financing activities		1,594,504	(1,401,697)
Net increase in cash and cash equivalents		20,798,818	6,953,932
Cash and cash equivalents as at 1 January		34,280,325	27,353,070
Effect of foreign exchange rate changes		4,044	(26,677)
Cash and cash equivalents as at 31 December	46	55,083,187	34,280,325

	2014	2013
Net cash from operating activities include:		
Interest received	26,855,973	22,097,058
Interest paid	(13,681,936)	(10,367,638)
Net interest received from operating activities	13,174,037	11,729,420

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

1. GENERAL INFORMATION

Chongqing Rural Commercial Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in the People's Republic of China ("PRC") on 27 June 2008. Prior to its incorporation, the business acquired by the Bank (the "Business") was carried out by 38 rural credit cooperative unions and Chongqing Wulong Rural Cooperative Bank in Chongqing of the PRC (collectively, the "39 Rural Credit Unions"). All of them were managed by the Chongqing Rural Credit Cooperative Union (the "CRCCU") at the municipal level of Chongqing, the PRC.

Pursuant to the promoters' agreement among the promoters of the Bank, the Bank acquired all the assets and liabilities of the 39 Rural Credit Unions and the CRCCU on 27 June 2008, and the Business was transferred to the Bank.

The Bank was listed on The Stock Exchange of Hong Kong Limited on 16 December 2010.

The Bank has financial services certificate No. B0335H250000001 issued by the China Banking Regulatory Commission (the "CBRC"), and business license No.500000000001239 issued by the Chongqing Administration of Industry and Commerce.

The principal activities of the Bank and its subsidiaries (together referred to as the "Group") comprise the provision of financial services, which includes deposits taking, lending, payment settlement services, financial leasing and other services as approved by the CBRC.

The consolidated financial services statements are presented in Renminbi ("RMB"), which is also the functional currency of the Bank and its subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New standards, amendments and interpretations adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Group's financial statements.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group's financial statements as a result.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following as set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through P&L. The basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess full impact of IFRS9.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 53.

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale is accounted for using the equity method.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

Upon disposal or partial disposal of the Group's interest in an associate in which the Group lost significant influence and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate at the date, and the proceeds from disposing of such interest (or partial interest) in the associate and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence over the investee.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement of the previously held interest or the retained interest to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When an entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the Bank's statement of financial position, its investment in an associate is stated at cost, less impairment losses, if any.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The chief operating decision-maker allocates resources and assesses performance of the operating segments, according to the segment reporting.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Specific recognition criteria for different nature of revenue are disclosed below.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within “interest income” and “interest expense” in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount on initial recognition. When calculating the effective interest rate, the Group estimates cash flows after considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Fee and commission income

The Group earns fee and commission income from a range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income are accrued over that period when the services are rendered. For other services, fee and commission income are recognised when the transactions are completed.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits

In the period in which an employee has rendered services, the Group recognises the employee benefits payable for those services as a liability.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the Government, including social insurance, housing funds and other social welfare contributions. The Group contributes on a monthly basis to these funds based on certain percentage of the salaries of the employees and the contributions are recognised in profit or loss for the year in which they are incurred. The Group's liabilities in respect of these funds are limited to the contribution payable in the relevant periods.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

The Group provides supplementary retirement benefits to its employee classified as defined benefit retirement plans. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in equity and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "Operating expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Early retirement benefits

The Group provides early retirement benefits to those employees who accept the early retirement arrangement.

Obligations of early retirement benefits are calculated by an independent actuary using the projected unit credit method at the end of the reporting period. All resulting gains or losses are charged or credited to profit or loss immediately as "Operating expenses" when they occur.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss; or
- those that the Group designates as available-for-sale; or
- those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

Impairment of financial assets carried at amortised cost

For all other financial assets, the objective evidence of impairment could include:

- significant financial difficulty of the issuer or obligor;
- breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

Notes to the Consolidated Financial Statements (Continued)

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets carried at amortised cost *(Continued)*

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  — adverse changes in the payment status of borrowers in the portfolio; and

  — national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the assets are impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For financial assets with variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collaterised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

The carrying amount of the financial asset is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognised in the profit or loss. When a financial asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit to profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets carried at amortised cost *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of available-for-sale financial assets

A decline in the fair value of an available-for-sale financial asset is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve. Where there is objective evidence that asset is impaired, the cumulative loss that had been recognised directly in the investment revaluation reserve is reclassified to profit or loss.

Impairment loss on available-for-sale equity investments at fair value is not reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated as at FVTPL on initial recognition.

The criteria for a financial liability to be classified as held for trading and designated as at FVTPL are the same as those for a financial asset to be classified as held for trading and designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Group for cash are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivative financial instruments, including foreign currency forward, etc. are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Repurchase agreements and agreements to resell

Financial assets sold subject to repurchase agreements continue to be recognised, and are recorded as "available-for-sale financial assets", "debt securities classified as receivables", "held-to-maturity investments" or "loans and advances to customers" as appropriate. The corresponding liability is included in "financial assets sold under repurchase agreements". Financial assets held under agreements to resell are recorded as "financial assets held under resale agreements".

The difference between purchase and sales price is recognised as interest expense or income in profit or loss over the life of the agreements using the effective interest method.

Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Classes	Estimated useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20 years	3%	4.85%
Electronic equipment	5 years	3%	19.40%
Motor vehicles	5 years	3%	19.40%
Furniture and fixtures	5 years	3%	19.40%

Notes to the Consolidated Financial Statements (Continued)

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and equipment *(Continued)*

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and other directly attributable costs. Such properties are classified to the appropriate category of property and equipment when completed and ready for its intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Land use rights

Land use rights are classified in other assets and amortised over a straight-line basis over their authorised useful lives.

Foreclosed assets

Foreclosed assets are initially recognised at fair value and subsequently measured at lower of its carrying amount and fair value less costs to sell at the end of the reporting period. When the fair value less costs to sell is lower than the foreclosed asset's carrying amount, an impairment loss is recognised in profit or loss.

Any gain or loss arising from disposal of the foreclosed asset is included in profit or loss in the year in which the item is disposed.

A foreclosed asset used by the Group is transferred to property and equipment at carrying amount.

Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessor

When the Group is the lessor in a finance lease, an amount representing the minimum lease payment receivables and unguaranteed residual value, net of initial direct costs, all discounted at the implicit lease rate (the "net lease investment") is recorded in the consolidated statement of financial position as Loans and Advances to Customers. The difference between the net lease investment and the undiscounted amount is recorded as unearned finance income, amortizing over the term of the lease using the effective interest method and recognised in the consolidated income statement. Impairment losses on lease receivables are accounted for in accordance with the accounting policies as financial instruments impairment.

When the Group is the lessor in an operating lease, the assets subject to the operating lease continue to be recognised as the Group's property and equipment. Rental income from operating leases is recognised as Other Operating Income in the consolidated income statement on a straight-line basis over the term of the related lease.

The Group as lessee

When the Group is a lessee under finance leases, the leased assets are capitalised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in Other Liabilities. Finance charges are charged over the term of the lease using the effective interest method and recognised in the consolidated income statement. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned.

When the Group is the lessee in an operating lease, operating lease payments are recognised as an expense and charged to Operating Expenses in the consolidated income statement on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as expenses in the periods in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are considered in determining the amount to be recognised over the lease term.

Fiduciary activities

The Group commonly acts as appointees, trustees, agents and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the instruction of its customers who are the lenders providing the entrusted loans. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the economic risks and rewards of the entrusted loans and the funding for the corresponding entrusted funds, they are not recognized as assets and liabilities of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Renminbi (RMB), which is the Bank's functional and the Group's presentation currency.

Transactions and balances

Transactions in currencies other than the functional currency of the Bank (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency at the spot exchange rates at that date.

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key estimation uncertainty that the directors of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements and/or in the next twelve months.

Impairment losses on financial assets

The Group reviews its loan portfolio, debt securities and other debt instruments issued by financial institutions to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is an objective evidence of impairment which will have a measurable decrease in the estimated future cash flows from a portfolio. When the decrease may not have been identified individually or the individual financial asset is not significant, the Group uses estimates based on historical loss experience on a collective basis with similar credit risk characteristics to assess the impairment loss while estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity were classified as held-to-maturity investments. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to hold these investments to maturity other than for specific circumstances (such as selling an insignificant amount close to maturity), it will be required to reclassify the entire portfolio of assets as available-for-sale financial assets.

Fair value of financial instruments

The directors of the Bank use the valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis or other valuation methods as appropriate. To the extent practical, models use only observable data, however areas such as the credit risk of the Group and counterparties, volatilities and correlations require the Group to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Supplementary retirement benefit and early retirement benefit obligation

The Group recognises liabilities in connection with retirement benefits of employees using the projected unit credit method based on various assumptions, including the discount rate and average medical expense increase rate for early retirement and other factors. Actual results may differ from the result of the projected amount. Any difference between the actual result or changes in assumptions may affect the amount of other comprehensive income for supplementary retirement benefit obligation and expense recognised in profit or loss for early retirement benefit obligation, and the corresponding liabilities.

Taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the year during which such a determination is made.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

5. NET INTEREST INCOME

	2014	2013
Interest income		
Loans and advances to customers	16,057,882	13,684,255
Including: Corporate loans and advances	9,069,426	8,083,469
Retail loans and advances	6,707,462	5,348,977
Discounted bills	280,994	251,809
Financial assets held under resale agreements	4,702,971	4,024,872
Placements with banks and other financial institutions	3,046,599	1,929,378
Debt securities classified as receivables	2,771,524	2,253,219
Held-to-maturity investments	2,668,910	2,187,343
Financial assets designated at fair value through profit or loss	1,287,655	1,024,603
Balances with central bank	1,158,123	1,007,516
Deposits with banks and other financial institutions	950,516	503,344
Available-for-sale financial assets	314,342	321,903
Financial assets held for trading	136,272	243,378
Subtotal	33,094,794	27,179,811
Interest expense		
Deposits from customers	(8,388,444)	(6,774,946)
Deposits from banks and other financial institutions	(3,534,743)	(2,237,952)
Financial assets sold under repurchase agreements	(2,208,128)	(2,006,148)
Debt securities issued	(293,011)	(126,500)
Placements from banks	(240,094)	(326,546)
Borrowings from central bank	(81,658)	(4,526)
Subtotal	(14,746,078)	(11,476,618)
Net interest income	18,348,716	15,703,193
Included: interest income from impaired financial assets *(Note 21(3))*	70,374	34,546
Included in interest income		
Interest income on listed investments	3,865,671	2,804,999
Interest income on unlisted investments	3,313,032	3,225,447
	7,178,703	6,030,446

Listed investments include debt securities traded on the China Domestic Interbank Bond Market and stock exchange.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

6. NET FEE AND COMMISSION INCOME

	2014	2013
Fee and commission income		
Consultancy and advisory fees	580,271	269,251
Bank card fees	286,516	214,179
Agency service fees	182,680	174,635
Settlement and clearing fees	64,000	51,601
Custodian and other fiduciary service fees	19,713	14,610
Others	10,133	14,803
Subtotal	1,143,313	739,079
Fee and commission expense		
Bank card fees	(46,503)	(37,683)
Settlement and clearing fees	(19,063)	(16,451)
Others	(8,102)	(5,265)
Subtotal	(73,668)	(59,399)
Total	1,069,645	679,680

7. NET TRADING GAINS/(LOSSES)

	2014	2013
Net gains/(losses) on held-for-trading debt securities	239,990	(197,856)
Net gains on derivatives	—	216
Total	239,990	(197,640)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

8. OTHER OPERATING INCOME, NET

	2014	2013
Net gain on disposal of property and equipment	47,542	70,381
Government subsidy	45,038	12,411
Rental income	14,617	10,011
Penalty and compensation income	10,379	7,106
Dividend income from listed available-for-sale investments	7,039	580
Dividend income from unlisted available-for-sale investments	—	1,120
Net foreign exchange gain	6,776	18,940
Net gain on disposal of foreclosed assets	1,524	10,181
Others	5,876	(482)
Total	138,791	130,248

9. OPERATING EXPENSES

	2014	2013
Staff costs *(Note)*	4,917,872	4,373,763
Business tax and surcharges	1,323,974	1,062,987
General operating and administrative expenses	1,249,840	1,038,088
Depreciation and amortisation	581,336	492,611
Auditor's remuneration	4,033	3,930
Others	323,766	236,417
Total	8,400,821	7,207,796

Note

Staff costs	2014	2013
Salaries, bonuses and allowances	3,278,761	3,088,794
Social insurance	792,863	574,405
Housing funds	298,528	249,959
Labour union fees and staff education expenses	111,502	103,174
Staff welfare	107,788	103,741
Supplementary retirement benefits *(Note 36)*	282,950	181,620
Early retirement benefits *(Note 36)*	45,480	72,070
Total	4,917,872	4,373,763

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

10. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the directors' and supervisors' emoluments are as follows:

THE GROUP AND THE BANK

2014

Name	Fees	Paid basic salaries, bonuses, allowances and benefits in kind	Contribution to pension schemes	Total
Executive directors				
Liu Jianzhong	—	1,218	86	1,304
Xie Wenhui[1]	—	708	86	794
Non-executive directors				
Tao Jun	60	—	—	60
Wang Yongshu	60	—	—	60
Wen Honghai	60	—	—	60
Gao Xiaodong	60	—	—	60
Duan Xiaohua[1]	25	—	—	25
Li Zuwei[1]	25	—	—	25
Sun Lida[1]	15	—	—	15
Independent non-executive directors				
Sun Leland Li Hsun	120	—	—	120
Yin Mengbo	120	—	—	120
Li Yao[2]	10	—	—	10
Yuan Zengting[2]	10	—	—	10
Cao Guohua[2]	10	—	—	10
Supervisors				
Yang Mingping	—	—	6	6
Zeng Jianwu	50	—	—	50
Zuo Ruilan	50	—	—	50
Zheng Xi	—	1,207	86	1,293
Zhu Yuzhou	—	902	86	988
Wang Hong[3]	13	—	—	13
Pan Like[3]	13	—	—	13
Hu Shuchun[3]	13	—	—	13
Non-executive directors resigned				
Wu Xiufeng[4]	15	—	—	15
Hua Yusheng[5]	25	—	—	25
Independent non-executive directors resigned				
Wu Qing[6]	110	—	—	110
Chen Zhengsheng[6]	110	—	—	110
Liu Weili[6]	110	—	—	110
Supervisors resigned				
Dong Yunling[7]	67	—	—	67
Chen Huiming[7]	67	—	—	67
Zhang Xinyu[7]	67	—	—	67
Shi Bentong[7]	67	—	—	67
Total	1,352	4,035	350	5,737

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

10. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(Continued)*

Details of the directors' and supervisors' emoluments are as follows: *(Continued)*

THE GROUP AND THE BANK *(Continued)*

2013

Name	Fees	Paid basic salaries, bonuses, allowances and benefits in kind	Contribution to pension schemes	Total
Executive directors				
Liu Jianzhong	—	1,118	99	1,217
Non-executive directors				
Tao Jun	60	—	—	60
Hua Yusheng[5]	60	—	—	60
Wang Yongshu	60	—	—	60
Wen Honghai	60	—	—	60
Gao Xiaodong	60	—	—	60
Wu Xiufeng	60	—	—	60
Independent non-executive directors				
Sun Leland Li Hsun	120	—	—	120
Yin Mengbo	120	—	—	120
Wu Qing[6]	120	—	—	120
Chen Zhengsheng[6]	120	—	—	120
Liu Weili[6]	120	—	—	120
Supervisors				
Yang Mingping	—	960	99	1,059
Zeng Jianwu	50	—	—	50
Zuo Ruilan	50	—	—	50
Dong Yunling[7]	80	—	—	80
Chen Huiming[7]	80	—	—	80
Zhang Xinyu[7]	80	—	—	80
Shi Bentong[7]	80	—	—	80
Zheng Yi	—	688	99	787
Zhu Yuzhou	—	917	99	1,016
Resigned directors				
Tan Yuansheng	—	1,118	99	1,217
Sui Jun	—	683	72	755
Non-executive directors resigned				
Tu Minghai	—	—	—	—
Total	1,380	5,484	567	7,431

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

10. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(Continued)*

Details of the directors' and supervisors' emoluments are as follows: *(Continued)*

THE GROUP AND THE BANK *(Continued)*

(1) Upon the election at the 2013 General Meeting of the Bank, Mr. Xie Wenhui commenced his position as an executive director of the Bank from August 2014, Mr. Duan Xiaohua and Mr. Li Zuwei commenced their positions as non-executive directors of the Bank from August 2014, and Mr. Sun Lida commenced his position as a non-executive director of the Bank from October 2014. CBRC Chongqing Bureau approved qualifications of the aforementioned directors.

(2) Upon the election at the 2014 Extraordinary General Meeting of the Bank, Mr. Li Yao, Mr. Yuan Zengting, and Mr. Cao Guohua commenced their positions as independent non-executive directors of the Bank from December 2014. CBRC Chongqing Bureau approved the qualifications of the aforementioned directors.

(3) Upon the election at the 2014 Extraordinary General Meeting of the Bank, Mr. Wang Hong, Mr. Pan Like, and Mr. Hu Shuchun commenced their positions as external supervisors of the Bank from October 2014.

(4) In March 2014, Mr. Wu Xiufeng resigned as non-executive directors of the Bank as he reached the age of retirement.

(5) In May 2014, Mr. Hua Yusheng resigned as non-executive directors of the Bank as he reached the age of retirement.

(6) In December 2014, Mr. Wu Qing, Mr. Chen Zhengsheng, and Mr. Liu Weili resigned as independent non-executive directors of the Bank due to personal reasons.

(7) In October 2014, Ms. Dong Yunling, Mr. Chen Huiming, Mr. Zhang Xinyu and Mr. Shi Bentong resigned as external supervisors of the Bank due to personal work arrangement.

The total compensation packages for the directors, supervisors and senior management are determined based on the performances.

The total compensation package for certain directors and supervisors for the current year are subject to approval by relevant authorities in the PRC and have not been finalised. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group for the year ended 31 December 2014. The amount of final remuneration will be announced after approval.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

10. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(Continued)*

Five highest paid individuals

Of the five individuals with the highest emoluments, none of them are directors or supervisors whose emoluments are disclosed above.

The emoluments payable to the five individuals whose emoluments were the highest in the Group during the year are as follows:

	2014	2013
Basic salaries, bonuses and allowances	8,289	5,743
Contributions to pension schemes	559	498
Total	8,848	6,241

Emoluments of the individuals were within the following bands:

	Number of individuals	
	2014	2013
RMB1,000,001 – RMB2,000,000	4	5
RMB2,000,001 – RMB3,000,000	1	—

During the years end 31 December 2014 and 2013, no emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors waived any emoluments during both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

11. IMPAIRMENT ON ASSETS

	2014	2013
Loans and advances to customers		
Provisions	1,872,873	1,309,103
Recovery of loans	(31,854)	(335,778)
Subtotal	1,841,019	973,325
Held-to-maturity investments	248,660	3,360
Debt securities classified as receivables	226,160	204,594
Available-for-sale investments	(18,610)	—
Total	2,297,229	1,181,279

12. INCOME TAX EXPENSE

(1) Income tax expense

	2014	2013
Income tax expense comprises:		
Current income tax		
— PRC Enterprise Income Tax	2,618,374	2,275,627
Deferred tax *(Note 38)*	(321,602)	(374,022)
Total	2,296,772	1,901,605

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for the current and prior years.

(2) Reconciliation between income tax expense and accounting profit:

	2014	2013
Profit before tax	9,109,830	7,916,722
Tax calculated at applicable statutory tax rate of 25%	2,277,458	1,979,181
Tax effect of expenses not deductible for tax purpose	121,198	55,567
Tax effect of income not taxable for tax purpose *(Note)*	(101,884)	(133,143)
Income tax expense	2,296,772	1,901,605

Note: Income not taxable for tax purpose mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

13. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	2014	2013
Earnings:		
Profit for the year attributable to equity holders of the Bank	6,828,456	5,991,048
Numbers of shares:		
Weighted average number of shares in issue *(thousand)*	9,300,000	9,300,000
Basic and diluted earnings per share *(RMB Yuan)*	0.73	0.64

There were no potential dilutive ordinary shares outstanding during the current and prior years. Accordingly, diluted earnings per share were same as basic earnings per share.

14. DIVIDENDS

	2014	2013
Dividends recognised as distribution during the year		
2013 Final — RMB19 cents per share	1,767,000	—
2012 Final — RMB17 cents per share	—	1,581,000

A dividend of RMB20 cents per share (tax inclusive) in respect of the year ended 31 December 2014 in total of RMB1,860 million has been proposed by the directors on 27 March 2015 and is subject to approval by the shareholders in the forthcoming annual general meeting.

A final dividend of RMB19 cents per share (tax inclusive) in respect of the year ended 31 December 2013 in total of RMB1,767 million was approved by the 2013 annual general meeting held on 30 May 2014.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

15. CASH AND BALANCES WITH CENTRAL BANK

		THE GROUP	
	NOTES	As at 31 December 2014	As at 31 December 2013
Cash		3,526,976	3,363,889
Mandatory reserve deposits with central bank	(1)	71,310,833	62,388,225
Surplus reserve deposits with central bank	(2)	3,094,521	2,282,698
Other deposits with central bank	(3)	1,401,849	747,322
Total		79,334,179	68,782,134

		THE BANK	
	NOTES	As at 31 December 2014	As at 31 December 2013
Cash		3,508,825	3,352,311
Mandatory reserve deposits with central bank	(1)	71,086,931	62,230,330
Surplus reserve deposits with central bank	(2)	3,066,289	2,226,254
Other deposits with central bank	(3)	1,401,849	747,322
Total		79,063,894	68,556,217

Note:

(1) The Group places mandatory reserve deposits with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at 31 December 2014, mandatory reserve deposits with the PBOC were calculated at 17.5% (31 December 2013: 18%) of eligible RMB deposits of the Bank, while for the subsidiaries at 14% or 13% (31 December 2013: 14% or 13%); and 5% for foreign currency deposits from customers (31 December 2013: 5%). The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

(2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

(3) This mainly represents the required fiscal deposits placed with the PBOC, which are non-interest bearing.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

16. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Deposits with:		
Domestic banks and other financial institutions	28,124,256	23,616,351
Overseas banks	125,294	39,578
Total	28,249,550	23,655,929

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Deposits with:		
Domestic banks and other financial institutions	28,666,873	24,161,256
Overseas banks	125,294	39,578
Total	28,792,167	24,200,834

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

17. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Placements with:		
Other domestic financial institutions	71,543,784	21,955,167
Domestic banks	4,429,984	3,101,110
Total	75,973,768	25,056,277

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Placements with:		
Other domestic financial institutions	73,123,784	21,955,167
Domestic banks	4,429,984	3,101,110
Total	77,553,768	25,056,277

18. FINANCIAL ASSETS HELD FOR TRADING

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Debt securities issued by:		
Corporations	168,102	2,502,116
Financial institutions	—	188,878
Total	168,102	2,690,994

All held-for-trading debt securities are traded on the China Interbank Bond Market.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

19. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Unlisted debt instruments issued by financial institutions	16,321,846	18,087,488
Principal guaranteed wealth management products	500,000	1,040,000
Total	16,821,846	19,127,488

There were no significant changes in the fair value of the debt instruments that were attributable to changes in the credit risk during the year ended 31 December 2014 and 31 December 2013.

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Analysed by collated types:		
Trust beneficial rights and assets management plans *(Note)*	38,305,836	55,960,227
Bills	16,337,743	14,648,809
Debt securities	—	219,900
Total	54,643,579	70,828,936

Note: The underlying investments were debt instruments with fixed or determinable return and fixed maturity.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS

(1) Analysis of loans and advances to customers

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Gross loans and advances	242,197,910	205,167,956
Less: Allowance for impairment losses		
— Collectively assessed	(8,017,304)	(6,662,050)
— Individually assessed	(660,425)	(355,341)
Allowance for impairment losses	(8,677,729)	(7,017,391)
Net loans and advances to customers	233,520,181	198,150,565

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Gross loans and advances	234,546,033	202,398,777
Less: Allowance for impairment losses		
— Collectively assessed	(7,813,520)	(6,592,338)
— Individually assessed	(631,964)	(353,231)
Allowance for impairment losses	(8,445,484)	(6,945,569)
Net loans and advances to customers	226,100,549	195,453,208

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Analysis of allowance for impairment losses by collective and individual assessments

THE GROUP

		Identified impaired loans and advances [b]				
	Loans and advances for which allowance is collectively assessed [a]	For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total	Total	Identified impaired loans and advances as a % of total gross loans and advances
As at 31 December 2014						
Gross loans and advances	240,310,599	601,694	1,285,617	1,887,311	242,197,910	0.78
Allowance for impairment losses	(7,574,300)	(443,004)	(660,425)	(1,103,429)	(8,677,729)	
Loans and advances to customers, net	232,736,299	158,690	625,192	783,882	233,520,181	
As at 31 December 2013						
Gross loans and advances	203,602,966	653,986	911,004	1,564,990	205,167,956	0.76
Allowance for impairment losses	(6,156,144)	(505,906)	(355,341)	(861,247)	(7,017,391)	
Loans and advances to customers, net	197,446,822	148,080	555,663	703,743	198,150,565	

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Analysis of allowance for impairment losses by collective and individual assessments *(Continued)*

THE BANK

		Identified impaired loans and advances [b]				
	Loans and advances for which allowance is collectively assessed [a]	For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total	Total	Identified impaired loans and advances as a % of total gross loans and advances
As at 31 December 2014						
Gross loans and advances	232,736,180	569,103	1,240,750	1,809,853	234,546,033	0.77
Allowance for impairment losses	(7,396,623)	(416,897)	(631,964)	(1,048,861)	(8,445,484)	
Loans and advances to customers, net	225,339,557	152,206	608,786	760,992	226,100,549	
As at 31 December 2013						
Gross loans and advances	200,852,989	639,225	906,563	1,545,788	202,398,777	0.76
Allowance for impairment losses	(6,092,239)	(500,099)	(353,231)	(853,330)	(6,945,569)	
Loans and advances to customers, net	194,760,750	139,126	553,332	692,458	195,453,208	

(1) Loans and advances for which allowance is collectively assessed consist of loans and advances which have not been specifically identified as impaired.

(2) Identified impaired loans and advances include loans for which objective evidence of impairment exists and which have been identified as bearing an impairment loss and assessed either individually or collectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(3) Movements of allowance for impairment losses

THE GROUP

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	355,341	6,662,050	7,017,391
Charge for the year	710,196	4,320,149	5,030,345
Reverse for the year	(252,371)	(2,905,101)	(3,157,472)
Written off	(106,334)	(35,827)	(142,161)
Unwinding of discount	(46,407)	(23,967)	(70,374)
As at 31 December 2014	660,425	8,017,304	8,677,729

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2013	449,611	5,383,073	5,832,684
Charge for the year	205,892	5,065,464	5,271,356
Reverse for the year	(251,122)	(3,711,131)	(3,962,253)
Written off	(22,218)	(67,632)	(89,850)
Unwinding of discount	(26,822)	(7,724)	(34,546)
As at 31 December 2013	355,341	6,662,050	7,017,391

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(3) Movements of allowance for impairment losses *(Continued)*

THE BANK

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	353,231	6,592,338	6,945,569
Charge for the year	640,046	4,135,771	4,775,817
Reverse for the year	(251,069)	(2,854,795)	(3,105,864)
Written off	(63,837)	(35,827)	(99,664)
Unwinding of discount	(46,407)	(23,967)	(70,374)
As at 31 December 2014	631,964	7,813,520	8,445,484

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2013	449,611	5,374,025	5,823,636
Charge for the year	203,782	4,997,705	5,201,487
Reverse for the year	(251,122)	(3,704,036)	(3,955,158)
Written off	(22,218)	(67,632)	(89,850)
Unwinding of discount	(26,822)	(7,724)	(34,546)
As at 31 December 2013	353,231	6,592,338	6,945,569

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	NOTES	THE GROUP AND THE BANK As at 31 December 2014	 As at 31 December 2013
Debt securities issued by:			
Corporations		12,814,760	4,984,884
Financial institutions		509,011	111,250
Subtotal		13,323,771	5,096,134
Equity instruments			
At fair value		56,242	64,200
At cost	(1)	8,000	8,000
Subtotal		64,242	72,200
Total		13,388,013	5,168,334
Analysed as:			
Listed outside Hong Kong	(2)	13,323,771	5,112,795
Listed in Hong Kong		56,242	47,539
Unlisted		8,000	8,000
Total		13,388,013	5,168,334

Notes:

(1) The unlisted equity securities are measured at cost because their fair values cannot be reliably measured.

(2) All available-for-sale debt securities traded on the China Domestic Interbank Bond Market are included in "Listed outside Hong Kong".

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

23. HELD-TO-MATURITY INVESTMENTS

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Debt securities issued by:		
Public sector and quasi-governments	26,473,629	24,672,542
Corporations	23,856,716	13,763,412
Government	7,539,287	8,011,431
Financial institutions	5,286,792	3,868,643
Subtotal	63,156,424	50,316,028
Less: Collectively assessed allowance for impairment losses	(313,170)	(64,510)
Total	62,843,254	50,251,518

All held-to-maturity investments are traded on the China Domestic Interbank Bond Market.

Movements of allowance for impairment losses:

	THE GROUP AND THE BANK	
	Collectively assessed allowance	Total
As at 1 January 2014	64,510	64,510
Provisions	248,660	248,660
As at 31 December 2014	313,170	313,170

	Collectively assessed allowance	Total
As at 1 January 2013	61,150	61,150
Provisions	3,360	3,360
As at 31 December 2013	64,510	64,510

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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24. DEBT SECURITIES CLASSIFIED AS RECEIVABLES

	NOTES	THE GROUP	
		As at 31 December 2014	As at 31 December 2013
Debt instruments issued by financial institutions	(1)	26,903,412	26,452,542
Corporate bonds		14,474,442	2,033,170
Financial institution bonds		963,243	762,319
Debt securities issued by public sector and quasi-governments		48,255	47,983
Certificate treasury bonds		—	107,709
Subtotal		42,389,352	29,403,723
Less: Collectively assessed allowance for impairment losses		(884,500)	(658,340)
Total		41,504,852	28,745,383
Analysed as:			
Unlisted		26,206,632	25,908,221
Listed outside Hong Kong	(2)	15,298,220	2,837,162
Total		41,504,852	28,745,383

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

24. DEBT SECURITIES CLASSIFIED AS RECEIVABLES *(Continued)*

		THE BANK	
	NOTES	As at 31 December 2014	As at 31 December 2013
Debt instruments issued by financial institutions	(1)	26,803,412	26,452,542
Corporate bonds		14,474,442	2,033,170
Financial institution bonds		963,243	762,319
Debt securities issued by public sector and quasi-governments		48,255	47,983
Certificate treasury bonds		—	107,709
Subtotal		42,289,352	29,403,723
Less: Collectively assessed allowance for impairment losses		(881,620)	(658,340)
Total		41,407,732	28,745,383
Analysed as:			
Unlisted		26,109,512	25,908,221
Listed outside Hong Kong	(2)	15,298,220	2,837,162
Total		41,407,732	28,745,383

Notes:

(1) The debt instruments issued by financial institutions are non-callable before maturity with fixed interest rate and not quoted in active market.

(**2**) Debt securities classified as receivables included bonds with fixed or determinable payments that are not quoted in an active market. They traded on the China Domestic Interbank Bond Market are included in "Listed outside Hong Kong".

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

24. DEBT SECURITIES CLASSIFIED AS RECEIVABLES *(Continued)*

Movements of allowance for impairment losses:

	THE GROUP	
	Collectively assessed allowance	Total
As at 1 January 2014	658,340	658,340
Provisions	226,160	226,160
As at 31 December 2014	884,500	884,500

	Collectively assessed allowance	Total
As at 1 January 2013	453,746	453,746
Provisions	204,594	204,594
As at 31 December 2013	658,340	658,340

	THE BANK	
	Collectively assessed allowance	Total
As at 1 January 2014	658,340	658,340
Provisions	223,280	223,280
As at 31 December 2014	881,620	881,620

	Collectively assessed allowance	Total
As at 1 January 2013	453,746	453,746
Provisions	204,594	204,594
As at 31 December 2013	658,340	658,340

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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25. INVESTMENT IN SUBSIDIARIES

	THE BANK	
	As At 31 December 2014	As At 31 December 2013
Investment cost	2,363,000	663,000

As at 31 December 2014, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Place of incorporation	Registered and paid-in capital	Proportion of equity interest	Proportion of voting power on the board of directors	Principal activities
Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.	23 April 2010	Jiangsu	RMB200 million	51.00	51.00	Banking
Sichuan Dazhu CQRC Village and Township Bank Co., Ltd.	12 November 2010	Sichuan	RMB100 million	51.00	51.00	Banking
Yunnan Dali CQRC Village and Township Bank Co., Ltd.	14 December 2010	Yunnan	RMB200 million	51.00	51.00	Banking
Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.	4 December 2012	Yunnan	RMB100 million	51.00	51.00	Banking
Yunnan Heqing CQRC Village and Township Bank Co., Ltd.	9 January 2013	Yunnan	RMB100 million	51.00	51.00	Banking
Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.	9 January 2013	Guangxi	RMB100 million	51.00	51.00	Banking
Fujian Shaxian CQRC Village and Township Bank Co., Ltd.	4 February 2013	Fujian	RMB100 million	51.00	51.00	Banking
Fujian Fu'an CQRC Village and Township Bank Co., Ltd.	5 February 2013	Fujian	RMB200 million	51.00	51.00	Banking
Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd.	23 April 2013	Yunnan	RMB62 million	82.26	82.26	Banking
Fujian Pingtan CQRC Village and Township Bank Co., Ltd.	9 August 2013	Fujian	RMB100 million	51.00	51.00	Banking
CQRC Financial Leasing Co., Ltd. (Note)	19 December 2014	Chongqing	RMB2,500 million	68.00	68.00	Financial Leasing

Note: CQRC Financial Leasing Co., Ltd. was established on 19 December 2014, with registered capital of RMB2,500 million. The Bank holds 68% of its equity. The business scope of CQRC Financial Leasing Co., Ltd. includes financial leasing, transferring financial leasing assets, investing in fixed income securities, taking lessees' security deposits, accepting non-bank investors' fixed deposits (no less than three months), interbank lending, borrowings from financial institutions, overseas borrowings, financial leasing assets disposals and provision of consulting services.

Notes to the Consolidated Financial Statements (Continued)

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25. INVESTMENT IN SUBSIDIARIES *(Continued)*

From the establishment date on to the reporting date, the proportion of equity interest and proportion of voting power of the board of directors remained the same as above.

As at 31 December 2014 and 2013, for the subsidiary with non-controlling interests, the amount of non-controlling interests is not material to the Group. Hence no further information is presented.

There are no significant restrictions on the Bank's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

26. INTEREST IN AN ASSOCIATE

During the year ended 31 December 2012, pursuant to CBRC's approval (Yin Jian Fu [2011] No.518), the Bank participated in the establishment of Chongqing Auto Finance Co., Ltd. ("CAF") and contributed capital of RMB100 million, representing its 20% equity interest in CAF. The voting power of the Bank in CAF is the same as its equity interest. CAF is incorporated in Chongqing, with registered capital of RMB500 million, and its principal business activity is auto financing business.

Details of the Group's interests in an associate are as follows:

	At 31 December 2014	At 31 December 2013
Cost of investment in an associate:		
Unlisted	100,000	100,000
Share of post-acquisition profits and other comprehensive income, net of dividends received	5,563	268
	105,563	100,268

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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26. INTEREST IN AN ASSOCIATE *(Continued)*

Summarised financial information of the CAF is set out below:

	At 31 December 2014	At 31 December 2013
Assets	1,486,494	564,079
Liabilities	958,677	62,737
Net assets	527,817	501,342

	2014	2013
Profit before tax	32,027	1,626
Net profit	26,475	1,342

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate in the consolidated financial statements:

	As at 31 December 2014	As at 31 December 2013
Net assets of the associate	527,817	501,342
Proportion of the Group's equity interest	20.00%	20.00%
Carrying amount of the Group's interest in the CAF	105,563	100,268

There are no significant restrictions on the ability of the associate to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

Notes to the Consolidated Financial Statements (Continued)

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27. PROPERTY AND EQUIPMENT

THE GROUP	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost						
As at 1 January 2013	2,750,726	570,521	91,938	299,253	594,618	4,307,056
Additions	145,819	179,330	21,197	130,020	520,321	996,687
Transferred in	462,086	120	—	3,250	(465,456)	—
Transferred to other assets	—	—	—	—	(57,326)	(57,326)
Disposals	(85,925)	(26,511)	(7,757)	(13,052)	—	(133,245)
As at 31 December 2013	3,272,706	723,460	105,378	419,471	592,157	5,113,172
Additions	92,333	223,550	16,066	152,404	1,198,792	1,683,145
Transferred in	821,425	1,627	—	4,473	(827,525)	—
Transferred to other assets	—	—	—	—	(164,265)	(164,265)
Disposals	(129,769)	(88,189)	(8,944)	(52,511)	—	(279,413)
As at 31 December 2014	4,056,695	860,448	112,500	523,837	799,159	6,352,639
Accumulated depreciation						
As at 1 January 2013	(721,966)	(267,226)	(47,654)	(116,387)	—	(1,153,233)
Charge for the year	(262,986)	(107,232)	(13,629)	(61,090)	—	(444,937)
Disposals	20,007	21,336	6,940	10,926	—	59,209
As at 31 December 2013	(964,945)	(353,122)	(54,343)	(166,551)	—	(1,538,961)
Charge for the year	(286,937)	(131,317)	(16,218)	(86,942)	—	521,414
Disposals	13,828	27,504	6,759	12,557	—	60,648
As at 31 December 2014	(1,238,054)	(456,935)	(63,802)	(240,936)	—	(1,999,727)
Carrying amount						
As at 31 December 2014	2,818,641	403,513	48,698	282,901	799,159	4,352,912
As at 31 December 2013	2,307,761	370,338	51,035	252,920	592,157	3,574,211

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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27. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amounts of buildings are located on land use rights with the following remaining leases terms:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Held in the PRC		
over 50 years	13,768	14,516
10-50 years	1,857,487	1,752,822
less than 10 years	947,386	540,423
Total	2,818,641	2,307,761

The land use rights are under long or medium term leases.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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27. PROPERTY AND EQUIPMENT *(Continued)*

THE BANK	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost						
As at 1 January 2013	2,730,851	568,602	90,031	296,326	593,200	4,279,010
Additions	95,965	174,545	17,930	123,571	503,715	915,726
Transferred in	457,379	120	—	3,250	(460,749)	—
Transferred out	—	—	—	—	(47,415)	(47,415)
Disposals	(77,261)	(25,383)	(7,166)	(12,291)	—	(122,101)
As at 31 December 2013	3,206,934	717,884	100,795	410,856	588,751	5,025,220
Additions	88,603	221,624	15,508	149,274	1,143,531	1,618,540
Transferred in	818,651	1,627	—	4,473	(824,751)	—
Transferred out	—	—	—	—	(158,800)	(158,800)
Disposals	(123,156)	(87,933)	(8,692)	(52,341)	—	(272,122)
As at 31 December 2014	3,991,032	853,202	107,611	512,262	748,731	6,212,838
Accumulated depreciation						
As at 1 January 2013	(719,435)	(266,265)	(47,124)	(115,530)	—	(1,148,354)
Charge for the year	(258,826)	(106,420)	(12,914)	(59,784)	—	(437,944)
Disposals	19,293	21,336	6,940	10,926	—	58,495
As at 31 December 2013	(958,968)	(351,349)	(53,098)	(164,388)	—	(1,527,803)
Charge for the year	(282,467)	(130,022)	(15,324)	(85,116)	—	(512,929)
Disposals	13,797	27,475	6,760	12,584	—	(60,616)
As at 31 December 2014	(1,227,638)	(453,896)	(61,662)	(236,920)	—	(1,980,116)
Carrying amount						
As at 31 December 2014	2,763,394	399,306	45,949	275,342	748,731	4,232,722
As at 31 December 2013	2,247,966	366,535	47,697	246,468	588,751	3,497,417

Notes to the Consolidated Financial Statements (Continued)

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27. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amounts of buildings are located on land use rights with the following remaining leases terms:

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Held in the PRC		
over 50 years	13,768	14,516
10-50 years	1,820,902	1,699,382
less than 10 years	928,724	534,068
Total	2,763,394	2,247,966

The land use rights are under long or medium term leases.

28. GOODWILL

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Cost and carrying amount	440,129	440,129

Particulars regarding impairment testing on goodwill are disclosed in Note 29.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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29. IMPAIRMENT TESTING ON GOODWILL

For the purpose of impairment testing, goodwill set out in Note. 28 has been allocated to three individual cash generating units (CGUs), including corporate banking, personal banking and treasury operations. The carrying amounts of goodwill as at 31 December 2014 and 31 December 2013 allocated to these units are as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Corporate banking (Unit A)	234,934	234,934
Personal banking (Unit B)	108,019	108,019
Treasury operations (Unit C)	97,176	97,176
Total	440,129	440,129

During the years ended 31 December 2014 and 31 December 2013, the directors of the Bank determine that there is no impairment of any of its CGUs containing goodwill, as the recoverable amount is higher than the carrying amount and no impairment is considered necessary.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amount of corporate banking unit, personal banking unit and treasury operations unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 8.52% at 31 December 2014 and 9% at 31 December 2013. The discount rate used reflects specific risks relating to the relevant CGUs. Cash flows beyond the five-year period are extrapolated using a 3% steady growth rate. This growth rate is based on the relevant domestic industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Notes to the Consolidated Financial Statements (Continued)

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30. OTHER ASSETS

		THE GROUP	
	NOTES	As at 31 December 2014	As at 31 December 2013
Interest receivable	(1)	4,179,026	2,844,706
Land use rights	(2)	494,440	605,473
Foreclosed assets	(3)	118,086	121,706
Intangible assets	(4)	50,506	51,209
Others	(5)	550,181	383,354
Total		5,392,239	4,006,448

		THE BANK	
	NOTES	As at 31 December 2014	As at 31 December 2013
Interest receivable	(1)	4,162,794	2,834,651
Land use rights	(2)	494,440	605,473
Foreclosed assets	(3)	118,086	121,706
Intangible assets	(4)	50,456	51,126
Others	(5)	518,333	364,120
Total		5,344,109	3,977,076

Notes to the Consolidated Financial Statements (Continued)

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30. OTHER ASSETS *(Continued)*

(1) Interest receivable

Analysed by type

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Held-to-maturity investments	1,439,203	1,008,833
Placements with banks and other financial institutions	892,632	216,942
Debt securities classified as receivables	777,094	331,292
Loans and advances to customers	552,368	480,809
Financial assets held under resale agreements	179,030	439,295
Financial assets designated at fair value through profit or loss	115,479	52,150
Deposits with banks and other financial institutions	103,702	88,447
Available-for-sale financial assets	75,132	101,029
Balances with central bank	35,939	31,620
Financial assets held for trading	8,447	94,289
Total	4,179,026	2,844,706

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Held-to-maturity investments	1,439,203	1,008,833
Placements with banks and other financial institutions	892,632	216,942
Debt securities classified as receivables	776,915	331,292
Loans and advances to customers	537,205	472,087
Financial assets held under resale agreements	179,030	439,295
Financial assets designated at fair value through profit or loss	115,479	52,150
Deposits with banks and other financial institutions	102,825	87,125
Available-for-sale financial assets	75,132	101,029
Balances with central bank	35,926	31,609
Financial assets held for trading	8,447	94,289
Total	4,162,794	2,834,651

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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30. OTHER ASSETS *(Continued)*

(2) Land use rights

The carrying value of land use rights is analysed based on the remaining terms of the leases as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Held in the PRC		
over 50 years	21,080	19,189
10-50 years	464,770	577,222
less than 10 years	8,590	9,062
Total	494,440	605,473

The land use rights are under long or medium term lease.

(3) Foreclosed assets

Analyse by type

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2014
Land use rights and buildings	126,975	130,915
Others	1,348	1,348
Subtotal	128,323	132,263
Allowance for impairment losses	(10,237)	(10,557)
Total	118,086	121,706

(4) Intangible assets

Intangible assets include computer software which are amortised over 10 years.

(5) The amounts mainly represent deposits paid for purchase of properties/premises.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

31. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Deposits from domestic banks	70,058,091	59,466,306
Deposits from other domestic financial institutions	12,412,848	4,090,752
Total	82,470,939	63,557,058

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Deposits from domestic banks	70,260,405	59,675,407
Deposits from other domestic financial institutions	12,431,496	4,090,752
Total	82,691,901	63,766,159

Deposits from banks and other financial institutions are interest bearing at prevailing market interest rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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32. PLACEMENTS FROM BANKS

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Placements from domestic banks	12,262,562	2,448,191
Placements from overseas banks	284,852	339,638
Total	12,547,414	2,787,829

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Placements from domestic banks	12,262,562	2,448,191
Placements from overseas banks	284,852	339,638
Total	12,547,414	2,787,829

33. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Principal guaranteed wealth management products	500,000	1,040,000

The Group designates certain amounts received through the principal protected guaranteed return wealth management products sold to their customers as financial liabilities at FVTPL. As at 31 December 2014 and 31 December 2013, the fair value of these products issued by the Group approximates the contractual amount payable upon maturity to the holders of these products.

There were no significant changes in the Group's credit risk and therefore there were no significant gains or losses attributed to changes in credit risk for those financial liabilities designated at fair value through profit or loss during the years ended 31 December 2014 and 2013.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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34. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Analysed by collateral types:		
Debt securities	43,513,598	34,870,963
Bills	3,770,592	2,369,673
Total	47,284,190	37,240,636

35. DEPOSITS FROM CUSTOMERS

	NOTE	THE GROUP	
		As at 31 December 2014	As at 31 December 2013
Demand deposits			
Corporate customers		78,903,291	71,788,827
Individual customers		79,712,351	71,691,531
Time deposits			
Corporate customers		20,193,512	12,442,809
Individual customers		222,872,223	186,948,749
Pledged deposits	(1)	7,837,400	4,923,462
Others (Including outward remittance and remittance outstanding)		201,067	88,035
Total		409,719,844	347,883,413

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

35. DEPOSITS FROM CUSTOMERS *(Continued)*

	NOTE	THE BANK	
		As at 31 December 2014	As at 31 December 2013
Demand deposits			
Corporate customers		78,676,196	71,581,041
Individual customers		79,517,634	71,503,804
Time deposits			
Corporate customers		19,395,301	12,188,342
Individual customers		222,696,768	186,823,709
Pledged deposits	(1)	7,598,999	4,572,583
Others (Including outward remittance and remittance outstanding)		198,731	77,113
Total		408,083,629	346,746,592

Note:

(1) Analysed by products for which deposit is required:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Acceptances	4,999,502	3,164,133
Loans and receivables	1,144,763	1,658,231
Letters of guarantee	79,907	49,328
Letters of credit	38,573	23,104
Others	1,574,655	28,666
Total	7,837,400	4,923,462

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Acceptances	4,999,502	2,913,988
Loans and receivables	964,392	1,557,497
Letters of guarantee	79,907	49,328
Letters of credit	25,513	23,104
Others	1,529,685	28,666
Total	7,598,999	4,572,583

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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36. ACCRUED STAFF COSTS

		THE GROUP	
	NOTES	As at 31 December 2014	As at 31 December 2013
Salaries, bonuses and allowances		1,664,755	1,498,861
Supplementary retirement benefits	(1)	1,301,460	1,024,560
Early retirement benefits	(2)	390,246	436,840
Labor union fees and staff education expenses		126,318	111,543
Total		3,482,779	3,071,804

		THE BANK	
	NOTES	As at 31 December 2014	As at 31 December 2013
Salaries, bonuses and allowances		1,638,861	1,471,968
Supplementary retirement benefits	(1)	1,301,460	1,024,560
Early retirement benefits	(2)	390,246	436,840
Labor union fees and staff education expenses		125,294	110,386
Total		3,455,861	3,043,754

Notes:

(1) Supplementary retirement benefits

The Group sponsors unfunded defined benefit plans for qualified employees. The defined benefit plans include supplementary retirement benefits.

The plans mainly expose the Group to actuarial risks such as: interest rate risk, longevity risk and employee benefit risk.

- Interest risk: A decrease in the bond interest rate will increase the plan liability.
- Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality or survival ages of the participants both during and after their employment. An increase in the life expectancy of the participants will increase the plan's liability.
- Employee benefit risk: The present value of the defined benefit plan liabilities are calculated by reference to the future benefits of the participants. As such, an increase in the benefit of the participants will increase the plan's liability.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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36. ACCRUED STAFF COSTS *(Continued)*

(1) Supplementary retirement benefits *(Continued)*

The Group's obligation in respect of the supplementary retirement benefits at the end of the reporting period was calculated using the projected accumulated unit credit method by Towers Watson Management Consulting (Shenzhen) Co., Ltd., an external independent actuary.

Supplementary retirement benefits include supplementary pension and medical benefits.

The principal assumptions used for the purpose of the actuarial valuations for supplementary retirement benefits were as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Discount rate	3.75%	5.00%
Annual average medical expenses inflation rate	7.00%	7.00%
Expected increase rate of cost of living for beneficiary	4.50%	4.50%
Mortality rate	China Insurance Industry Experience Mortality Table 2000-2003	

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Service cost:		
— Past service cost	234,160	144,730
Net interest expense	48,790	36,890
Components of supplementary retirement benefit costs recognised in profit or loss	282,950	181,620
Re-measurement on the net defined benefit liability included in staff costs:		
— Actuarial gain arising from changes in financial assumptions	79,490	(61,830)
Components of supplementary retirement benefit cost recognised in other comprehensive income	79,490	(61,830)
Total	362,440	119,790

Notes to the Consolidated Financial Statements (Continued)

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36. ACCRUED STAFF COSTS *(Continued)*

(1) Supplementary retirement benefits *(Continued)*

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its supplementary retirement benefit is as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Accrued staff costs		
— supplementary retirement benefit	1,301,460	1,024,560

Movement in the present value of the supplementary retirement benefit obligation in the current year were as follows:

	As at 31 December 2014	As at 31 December 2013
Defined benefit obligation at beginning of the year	1,024,560	981,450
Interest cost	48,790	36,890
Losses/(Gains) arising from re-measurement on the defined benefit liability:		
— Actuarial Losses/(Gains) arising from changes in financial assumptions	79,490	(61,830)
Past service cost	234,160	144,730
Benefits paid	(85,540)	(76,680)
Defined benefit obligation at end of the year	1,301,460	1,024,560

A sensitivity analyse on the discount rate below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by RMB25 million (increase by RMB25 million).

(2) Early retirement benefits

Early retirement benefits include basic salary and allowance paid monthly/annually, social insurance contribution and housing fund, and supplemental medical benefits in excess of the statutory level paid by the government-mandated basic medical program to original and new retired staff until they reach their normal retirement age.

For the year ended 31 December 2014, the Group recognised RMB45 million (2013: RMB72 million) as staff costs and paid RMB92 million (2013: RMB114 million) in respect of the early retirement benefits plan.

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37. DEBT SECURITIES ISSUED

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Subordinated bonds issued	5,000,000	2,300,000

As approved by the PBOC and CBRC, the Bank issued callable subordinated fixed rate bonds of RMB5,000 million on 19 June 2014.

The subordinated fixed rate bonds issued in June 2014 have a maturity of 10 years, with a fixed coupon rate of 6.38%, payable annually. The Bank has an option to redeem all of the bonds at par value on 22 June 2019. If the Bank does not exercise this option, the coupon rate of the bonds will remain the same.

As approved by the PBOC and CBRC, the Bank issued callable subordinated fixed rate bonds of RMB2,300 million on 29 December 2009.

The subordinated fixed rate bonds issued in December 2009 have a maturity of 10 years, with a fixed coupon rate of 5.5%, payable annually. The Group had an option to redeem all of the bond at par value on 30 December 2014. If the Bank does not exercise this option, the coupon rate of the bonds will increase by 3% to 8.5% per annum from 30 December 2014 for the next five years. The Group redeemed all the bonds on 30 December 2014.

Notes to the Consolidated Financial Statements (Continued)

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38. DEFERRED TAXATION

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets	2,176,033	1,938,091
Deferred tax liabilities	(25,210)	(71,188)
Total	2,150,823	1,866,903

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets	2,167,827	1,926,109
Deferred tax liabilities	(25,210)	(71,188)
Total	2,142,617	1,854,921

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset.

Notes to the Consolidated Financial Statements (Continued)

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38. DEFERRED TAXATION *(Continued)*

The followings are the major deferred tax assets and liabilities recognised and movements thereon:

THE GROUP

	Allowances of impairment losses	Retirement benefits	Accrued salaries, bonuses and allowances	Provision	Fair value changes of financial instruments	Government grant	Interest income/ expense	Fair value changes of net assets including debt securities investment property and equipment and other assets relating to acquisition of business	Total
As at 1 January 2014	1,213,360	109,210	372,259	438	91,024	—	—	80,612	1,866,903
Credit/(Charge) to profit or loss	300,244	(13,437)	41,513	7,383	(45,242)	23,457	—	7,684	321,602
Charge to other comprehensive income	—	19,873	—	—	(57,555)	—	—	—	(37,682)
As at 31 December 2014	1,513,604	115,646	413,772	7,821	(11,773)	23,457	—	88,296	2,150,823
As at 1 January 2013	987,249	124,332	287,323	555	4,580	—	(43,481)	95,987	1,456,545
Credit/(Charge) to profit or loss	226,111	(10,530)	84,936	(117)	45,516	—	43,481	(15,375)	374,022
Charge to other comprehensive income	—	(4,592)	—	—	40,928	—	—	—	36,336
As at 31 December 2013	1,213,360	109,210	372,259	438	91,024	—	—	80,612	1,866,903

THE BANK

	Allowances of impairment losses	Retirement benefits	Accrued salaries, bonuses and allowances	Provision	Fair value changes of financial instruments	Government grant	Interest income/ expense	Fair value changes of net assets including debt securities investment property and equipment and other assets relating to acquisition of business	Total
As at 1 January 2014	1,201,987	109,210	371,650	438	91,024	—	—	80,612	1,854,921
Credit/(Charge) to profit or loss	300,551	(13,437)	44,982	7,383	(45,242)	23,457	—	7,684	325,378
Charge to other comprehensive income	—	19,873	—	—	(57,555)	—	—	—	(37,682)
As at 31 December 2014	1,502,538	115,646	416,632	7,821	(11,773)	23,457	—	88,296	2,142,617
As at 1 January 2013	987,249	124,332	286,288	555	4,580	—	(43,481)	95,987	1,455,510
Credit/(Charge) to profit or loss	214,738	(10,530)	85,362	(117)	45,516	—	43,481	(15,375)	363,075
Charge to other comprehensive income	—	(4,592)	—	—	40,928	—	—	—	36,336
As at 31 December 2013	1,201,987	109,210	371,650	438	91,024	—	—	80,612	1,854,921

Notes to the Consolidated Financial Statements (Continued)

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39. OTHER LIABILITIES

		THE GROUP	
	NOTES	As at 31 December 2014	As at 31 December 2013
Interest payable	(1)	4,603,792	3,666,150
Other payables	(2)	2,156,063	2,416,494
Business and other tax payables		371,149	300,778
Deferred income	(3)	301,068	101,985
Dividends payable		23,953	22,734
Provision		31,281	1,750
Total		7,487,306	6,509,891

		THE BANK	
	NOTES	As at 31 December 2014	As at 31 December 2013
Interest payable	(1)	4,589,431	3,657,759
Other payables	(2)	2,152,114	2,418,044
Business and other tax payables		365,494	298,496
Deferred income	(3)	114,622	99,755
Dividends payable		23,953	22,734
Provision		31,281	1,750
Total		7,276,895	6,498,538

Notes to the Consolidated Financial Statements (Continued)

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39. OTHER LIABILITIES *(Continued)*

(1) Interest payable

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Due to customers	3,157,952	2,622,381
Deposits from banks and other financial institutions	717,312	483,033
Financial assets sold under repurchase agreements	428,052	524,336
Debt securities issued	166,511	—
Placements from banks	100,431	36,272
Borrowings from central bank	33,534	128
Total	4,603,792	3,666,150

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Due to customers	3,147,189	2,618,640
Deposits from banks and other financial institutions	714,439	478,511
Financial assets sold under repurchase agreements	428,052	524,336
Debt securities issued	166,511	—
Placements from banks	99,881	36,272
Borrowings from central bank	33,359	—
Total	4,589,431	3,657,759

Notes to the Consolidated Financial Statements (Continued)

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39. OTHER LIABILITIES *(Continued)*

(2) Other payables

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Payables from providing agency services	969,097	1,296,855
Items in process of clearing and settlement	507,021	515,944
Grant payable on behalf of government	238,937	237,045
Dormant accounts	51,904	55,982
Long term loan *(Note)*	43,109	46,444
Others	345,995	264,224
Total	2,156,063	2,416,494

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Payables from providing agency services	969,093	1,301,490
Items in process of clearing and settlement	507,021	515,944
Grant payable on behalf of government	238,937	237,045
Dormant accounts	51,816	55,937
Long term loan *(Note)*	43,109	46,444
Others	342,138	261,184
Total	2,152,114	2,418,044

Note:

The amounts represent special purpose loans from International Fund for Agriculture Development ("IFAD") to support the micro financing in the PRC.

As at 31 December 2014 and 2013, the loans carried fixed interest of 0.75% per annum. At 31 December 2014, the remaining maturity of the loans is about 32 years. The terms are similar to the related loans granted to customers.

Notes to the Consolidated Financial Statements (Continued)

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39. OTHER LIABILITIES *(Continued)*

(3) Deferred income

Deferred income mainly represents government grants and deferred financial leasing income, for which the income will be amortised and recognised over the periods necessary to match them with the related costs.

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Deferred leasing income	186,330	—
Government grants	94,061	94,650
Consultancy and advisory fees	15,562	2
Other deferred income	5,115	7,333
Total	301,068	101,985

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Government grants	93,947	94,537
Consultancy and advisory fees	15,562	2
Other deferred income	5,113	5,216
Total	114,622	99,755

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40. SHARE CAPITAL

	Number of shares *(in thousands)*	Amount
As at 1 January 2013, 31 December 2013 and 31 December 2014	9,300,000	9,300,000

41. CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in the capital reserve after deducting direct issue costs which mainly included underwriting fees and professional fees.

42. INVESTMENT REVALUATION RESERVE

	The Group and the Bank		
	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount
As at 1 January 2013	(17,548)	4,387	(13,161)
Losses on fair value changes of available-for-sale financial assets	(173,664)	43,416	(130,248)
Amount reclassified to the profit or loss upon disposal of available-for-sale financial assets	9,952	(2,488)	7,464
As at 31 December 2013	(181,260)	45,315	(135,945)
Gains on fair value changes of available-for-sale financial assets	235,661	(58,916)	176,745
Amount reclassified to the profit or loss upon disposal of available-for-sale financial assets	(5,443)	1,361	(4,082)
As at 31 December 2014	48,958	(12,240)	36,718

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43. SURPLUS RESERVE

Under relevant PRC Laws, the Group is required to appropriate 10% of its net profit to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserves has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the generally accepted accounting principles of the PRC ("PRC GAAP") to the discretionary surplus reserve upon approval by the shareholders in the general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

For the year ended 31 December 2014, the Board of Directors proposed to appropriate approximately RMB685 million to the statutory surplus reserve (2013: RMB597 million). The Bank does not propose any appropriations to discretionary surplus reserve, which is pursuant to the apporval by the shareholders in the forthcoming general meeting (2013: RMB nil).

44. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the MOF, in addition to the individual and collective allowances for impairment losses, the Bank and subsidiaries are required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures.

During the year ended 31 December 2014, the Group appropriated RMB874 million to general and regulatory reserve pursuant to regulatory requirement in the PRC (2013: RMB2,649 million).

Notes to the Consolidated Financial Statements (Continued)

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45. RETAINED EARNINGS

The movements of retained earnings of the Bank are set out below:

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
As at 1 January	5,912,566	4,771,041
Profit for the year	6,847,754	5,968,830
Appropriation to surplus reserve	(684,775)	(596,884)
Appropriation to general reserve	(873,950)	(2,649,421)
Dividends recognised as distribution	(1,767,000)	(1,581,000)
As at 31 December	9,434,595	5,912,566

46. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Cash	3,526,976	3,363,889
Surplus reserve deposits with central bank	3,094,521	2,282,698
Deposits with banks and other financial institutions	16,015,603	14,273,352
Placements with banks and other financial institutions	16,492,877	8,654,993
Financial assets held under resale agreements	15,953,210	5,705,393
Total	55,083,187	34,280,325

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47. SEGMENT ANALYSIS

The Group operates its business mainly in Chongqing area. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of the directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group operates mainly in Chongqing, PRC. Majority of its customers and non-current assets are located in Chongqing, PRC. The Group's chief operating decision maker reviews financial information based on business activities for the purpose of allocating resources and performance assessment.

The measurement of segment assets and liabilities, segment income and results is based on the Group's accounting policies in accordance with accounting rules and financial regulations applicable to PRC enterprises. There is no significant difference between the segment accounting policy and the policies applied in preparing the consolidated financial statements.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from third parties are referred to as "external interest income/expense".

The Group has no major customers which contribute 10 percent or more of the Group's income.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating Segment

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organized into three operating segments:

Corporate banking

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

Personal banking

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

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions and debt instruments investment for its own account or on behalf of customers.

Notes to the Consolidated Financial Statements (Continued)

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47. SEGMENT ANALYSIS *(Continued)*

Operating Segment *(Continued)*

THE GROUP

	For the year ended 31 December 2014					
	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	9,391,562	7,824,442	15,878,790	33,094,794	—	33,094,794
External interest expense	(1,544,173)	(6,833,960)	(6,367,945)	(14,746,078)	—	(14,746,078)
Inter-segment interest (expense)/income	(1,573,471)	4,780,806	(3,207,335)	—	—	—
Net interest income	6,273,918	5,771,288	6,303,510	18,348,716	—	18,348,716
Fee and commission income	299,141	329,090	515,082	1,143,313	—	1,143,313
Fee and commission expense	(46,509)	(1,048)	(26,111)	(73,668)	—	(73,668)
Net fee and commission income	252,632	328,042	488,971	1,069,645	—	1,069,645
Net trading gains	—	—	239,990	239,990	—	239,990
Share of profits of an associate	—	—	—	—	5,295	5,295
Other operating income, net	30,811	21,582	73,807	126,200	12,591	138,791
Operating income	6,557,361	6,120,912	7,106,278	19,784,551	17,886	19,802,437
Operating expenses	(2,909,391)	(2,836,838)	(2,654,592)	(8,400,821)	—	(8,400,821)
Impairment on financial assets	(1,380,702)	(460,316)	(456,211)	(2,297,229)	—	(2,297,229)
Net gains on disposal of available-for-sale financial assets	—	—	5,443	5,443	—	5,443
Profit before tax	2,267,268	2,823,758	4,000,918	9,091,944	17,886	9,109,830
Income tax expense						(2,296,772)
Profit for the year						6,813,058
Depreciation and amortisation included in operating expenses	201,330	196,309	183,697	581,336	—	581,336
Capital expenditure	564,824	550,738	515,357	1,630,919	—	1,630,919
	As at 31 December 2014					
Segment assets	133,190,403	97,402,758	381,227,136	611,820,297	7,068,693	618,888,990
Segment liabilities	112,011,971	303,412,838	158,937,059	574,361,868	1,678,713	575,976,581
Supplementary information						
Credit commitments	10,568,357	4,595,196	—	15,163,553	—	15,163,553

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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47. SEGMENT ANALYSIS *(Continued)*

Operating Segment *(Continued)*

THE GROUP *(Continued)*

	For the year ended 31 December 2013					
	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	8,260,470	5,348,977	13,570,364	27,179,811	—	27,179,811
External interest expense	(1,047,992)	(5,726,954)	(4,701,672)	(11,476,618)	—	(11,476,618)
Inter-segment interest (expense) income	(1,480,222)	5,343,016	(3,862,794)	—	—	—
Net interest income	5,732,256	4,965,039	5,005,898	15,703,193	—	15,703,193
Fee and commission income	269,508	292,149	177,422	739,079	—	739,079
Fee and commission expense	(9,434)	(38,368)	(11,597)	(59,399)	—	(59,399)
Net fee and commission income	260,074	253,781	165,825	679,680	—	679,680
Net trading losses	—	—	(197,640)	(197,640)	—	(197,640)
Share of profit of an associate	—	—	—	—	268	268
Other operating income, net	—	—	18,940	18,940	111,308	130,248
Operating income	5,992,330	5,218,820	4,993,023	16,204,173	111,576	16,315,749
Operating expenses	(3,131,740)	(2,489,829)	(1,586,227)	(7,207,796)	—	(7,207,796)
Impairment on financial assets	(754,454)	(218,871)	(207,954)	(1,181,279)	—	(1,181,279)
Net losses on disposal of available-for-sale financial assets	—	—	(9,952)	(9,952)	—	(9,952)
Profit before tax	2,106,136	2,510,120	3,188,890	7,805,146	111,576	7,916,722
Income tax expense						(1,901,605)
Profit for the year						6,015,117
Depreciation and amortisation included in operating expenses	212,811	174,449	105,351	492,611	—	492,611
Capital expenditure	510,172	418,209	252,559	1,180,940	—	1,180,940
	As at 31 December 2013					
Segment assets	116,706,314	81,954,111	297,139,355	495,799,780	6,646,192	502,445,972
Segment liabilities	93,100,082	262,953,512	108,397,557	464,451,151	1,105,516	465,556,667
Supplementary information						
Credit commitments	6,026,090	2,261,078	—	8,287,168	—	8,287,168

Unallocated assets mainly include property and equipment, equity investments, goodwill and deferred tax assets of the Group. Unallocated liabilities mainly include tax liabilities and dividends payable.

Notes to the Consolidated Financial Statements (Continued)

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48. RELATED PARTY TRANSACTIONS

Related parties of the Group

The directors of the Bank consider that the following shareholders are related parties of the Group:

	Percentage of shares holding of the Bank *(%)*	
Name of shareholders	As at 31 December 2014	As at 31 December 2013
Chongqing Yufu Assets Management Group Company Limited	6.77	6.77
Chongqing City Investment (Group) Co., Ltd.	6.68	6.68
Loncin Holding Co., Ltd.	6.13	6.13

There are several entities controlled or jointly controlled by the shareholders above and member of the key management personnel of the Group which are considered as related parties of the Group ("other related parties").

Related party transactions

During the year, the Group and the Bank entered into the following material transactions with related parties:

THE GROUP AND THE BANK

	Interest Income		Interest expense	
	2014	2013	2014	2013
Shareholders of the Bank	167,614	151,545	1,530	1,746
Other related parties	130,081	140,644	13,747	25,767

	Operating expense	
	2014	2013
Shareholders of the Bank	6,850	5,700

Notes to the Consolidated Financial Statements (Continued)

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48. RELATED PARTY TRANSACTIONS *(Continued)*

Related party transactions *(Continued)*

Material outstanding balances with related parties as at 31 December:

	Loans and advances to related parties		Customer deposits from related parties	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Shareholders of the Bank	4,236,510	2,691,500	167,391	543,065
Other related parties	3,030,672	2,755,469	872,074	2,329,014

	Interest receivable to related parties		Interest payable to related parties	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Shareholders of the Bank	7,589	5,209	25	64
Other related parties	6,392	5,614	2,600	5,548

	Guarantee provided by related parties	
	As at 31 December 2014	As at 31 December 2013
Other related parties	3,176,326	4,510,298

As at 31 December 2014, the debt instruments issued by financial institutions of RMB2,000 million (31 December 2013: RMB1,335 million) included in debt securities classified as receivables were used to grant entrusted loans to a shareholder of the Bank and other related parties.

Transactions between the Bank and its associate

The Group entered into various transactions with its associate. These transactions are based on the market price, at arm's length in the ordinary course of business. As at 31 December 2014, the Bank has placements with its associate, CAF, totaling RMB320 million (31 December 2013: RMB50 million), with interest receivable and interest income of RMB3 million (31 December 2013: RMB0.05 million) and RMB17 million (31 December 2013: RMB0.09 million) respectively.

Notes to the Consolidated Financial Statements (Continued)

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48. RELATED PARTY TRANSACTIONS *(Continued)*

Transactions between the Bank and subsidiaries

The Group entered into various transactions with its subsidiaries. These transactions are based on the market price, at arm's length in the ordinary course of business. At 31 December 2014, the Bank's deposits with subsidiaries and from subsidiaries amounted to RMB1,005 million and RMB221 million respectively (31 December 2013: RMB1,090 million and RMB209 million respectively), with the Bank's interest income and expense totaling RMB85 million and RMB1.54 million respectively (2013: RMB24 million and RMB0.1 million respectively).

Key management personnel

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Bank or the Group.

The remuneration of directors and other members of key management during the year were as follows:

	THE GROUP	
	2014	2013
Basic salaries, bonuses and allowances	10,359	13,767
Contribution to pension schemes	952	1,631
Fees	1,352	1,380
Total	12,663	16,778

Certain key management personnel's final emoluments for the current year are subject to approval by relevant authorities in the PRC and have not been finalised. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group as at 31 December 2014. The amount of actual remuneration will be announced after approval.

Notes to the Consolidated Financial Statements (Continued)

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49. STRUCTURED ENTITIES

(1) Unconsolidated structured entities managed by the Group

Unconsolidated structured entities managed by the Group consist primarily of collective investment vehicles ("WMP Vehicles") formed to issue and distribute wealth management products ("WMPs"), which are not subject to any guarantee by the Group of the principal invested or interest to be paid. The WMP Vehicles invest in a range of primarily fixed-rate assets, most typically money market instruments and debt securities. As the manager of WMPs, the Group invests, on behalf of its customers, the funds raised in the assets as described in the investment plan related to each WMP and receives fee and commission income. The variable return that the Group has in relation to the WMPs is not significant, therefore the WMP Vehicles are not consolidated by the Group.

As at 31 December 2014, the outstanding WMPs issued by WMP vehicles (excluding those with the principal guaranteed issued by the Group) amounted to RMB42,869 million (31 December 2013: RMB17,532 million) which represent the total size of the WMP vehicles. In 2014, the Group's interest in the WMP Vehicles included in Net Fee and Commission Income of RMB301 million (2013: RMB162 million).

There were no contractual liquidity arrangements, guarantees or other commitments among or between the Group, WMP vehicles or any third parties that could increase the level of the Group's risk from or reduce its interest in WMP vehicles disclosed above during the year ended 31 December 2014 and 2013. The Group is not required to absorb any losses incurred by WMPs before other parties. In 2014 and 2013, no loss was incurred by the WMP Vehicles relating to the Group's interests in the WMP Vehicles, and the WMP Vehicles did not experience difficulty in financing their activities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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49. STRUCTURED ENTITIES *(Continued)*

(2) Unconsolidated structured entities held by the Group

The Group invests in a number of other unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. As at 31 December 2014, the Group's maximum exposure to these other unconsolidated structured entities is summarised in the table below.

	As at 31 December 2014			
	Financial assets designated at fair value through profits or loss	Available-for-sale Investments	Held-to-maturity investment	Debt instruments classified as receivables
WMPs issued by financial institutions	15,621,846	—	—	6,508,360
Interest in entrusted products	700,000	—	—	16,701,858
Assets management plans	—	—	—	3,593,194
Asset-backed securities	—	410,331	177,720	—
Total	16,321,846	410,331	177,720	26,803,412

The information of total size of the Unconsolidated Structured Entities listed above is not readily available from the public.

(3) Consolidated structured entities

The Group's consolidated structured entities consist principally of WMP Vehicles that issue and distribute WMPs with respect to which the Group has guaranteed the investor's principal investment and/or return upon maturity of the WMP, regardless of its actual performance. During 2014, the Group did not enter into financing transactions with any of these WMP Vehicles.

Notes to the Consolidated Financial Statements (Continued)

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50. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Group is involved as defendants in certain lawsuits arising from its normal business operations. As at 31 December 2014 and 31 December 2013, provisions of RMB2.42 million and RMB1.75 million were made respectively based on court judgments or the advice of counsels. Allowance for litigation losses is disclosed in Note 39 "Other Liabilities — Provision". The directors of the Bank believe, based on legal advice, that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

Capital commitments

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Contracted but not provided for	601,324	546,768
Authorised but not contracted for	677,287	640,952
Total	1,278,611	1,187,720

Credit commitments

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Acceptances	9,560,098	5,807,724
Undrawn credit cards limit	4,595,196	2,261,078
Letters of credit issued	181,746	93,798
Letters of guarantee	826,513	124,568
Total	15,163,553	8,287,168

Notes to the Consolidated Financial Statements (Continued)

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50. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Credit commitments *(Continued)*

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Acceptances	9,240,287	5,459,121
Undrawn credit cards limit	4,595,196	2,261,078
Letters of credit issued	181,746	93,798
Letters of guarantee	826,513	124,568
Total	14,843,742	7,938,565

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

The Group grants loan commitments to specific customers. The directors of the Bank are of the opinion that such commitments are conditional and revocable and are therefore not included in the commitments disclosure above.

Credit risk weighted amounts for credit commitments

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Credit commitments	5,570,445	2,939,002

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Credit commitments	5,570,445	2,856,088

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and commitments.

Notes to the Consolidated Financial Statements (Continued)

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50. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Operating lease commitment

The Group has the following non-cancellable operating lease commitments as lessee with fixed lease term and lease payment as at 31 December:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Within 1 year	47,739	42,328
1 to 2 years	41,388	31,482
2 to 3 years	36,616	22,411
3 to 4 years	21,315	17,025
4 to 5 years	13,095	11,479
Above 5 years	25,635	30,850
Total	185,788	155,575

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Within 1 year	41,296	37,789
1 to 2 years	34,695	26,353
2 to 3 years	31,217	17,259
3 to 4 years	20,549	13,987
4 to 5 years	12,292	10,932
Above 5 years	23,359	29,040
Total	163,408	135,360

The leases are negotiated with lease terms of 1 to 15 years.

In the current year, operating lease expense recognized as operating expense by the Group and the Bank were RMB74.45 million and RMB65.45 million, respectively, and is included in Note 9 “Operating Expenses” (2013: RMB55.44 million and RMB47.99 million, respectively).

Notes to the Consolidated Financial Statements (Continued)

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50. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Collateral

Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreement by the Group is as follows:

	THE GROUP AND THE BANK	
	As at 31 December 2014	As at 31 December 2013
Bonds	45,133,100	36,862,005
Bills	3,792,206	2,358,808
Total	48,925,306	39,220,813

As at 31 December 2014 and 31 December 2013, the carrying amount of financial assets sold under repurchase agreements by the Group was RMB47,284 million and RMB37,241 million, respectively (Note 34).

All repurchase agreements are due within twelve months from inception.

Collateral accepted

Bills and other documents received as collateral can be resold or re-pledged in connection with bills and other documents purchased under resale agreements. The fair value of these collateral accepted by the Group is RMB16,338 million as at 31 December 2014 (31 December 2013: RMB14,649 million). The fair value of collateral sold under repurchase agreement or re-pledged by the Group is RMB3,775 million as at 31 December 2014 (31 December 2013: RMB2,401 million).

Notes to the Consolidated Financial Statements (Continued)

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51. TRANSFER OF FINANCIAL ASSETS

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as available-for-sale financial assets of carrying amount of RMB500 million (31 December 2013: RMB184 million), debt securities classified as held-to-maturity investments of carrying amount of RMB44,008 million (31 December 2013: RMB35,968 million), debt securities classified as receivables of carrying amount of RMB625 million (31 December 2013: RMB710 million), and bills of carrying amount of RMB3,792 million (31 December 2013: RMB2,359 million) at 31 December 2014, respectively, which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceeds from selling such debt securities and bills totaling RMB47,284 million as at 31 December 2014 (31 December 2013: RMB37,241 million) are presented as "financial assets sold under repurchase agreements" (Note 34).

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these debt securities and bills to the counterparties during the covered period. However, the Group and the Bank are not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group and the Bank have determined that it retains substantially all the risks and rewards of these debt securities and therefore has not derecognised from the consolidated financial statements but regarded as "collateral" for the secured lending from the counterparties.

The counterparty's recourse is not limited to the transferred assets.

52. FINANCIAL RISK MANAGEMENT

(1) Overview

The primary risk management of the Group is to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and has set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practice.

The major risks of the Group include credit risk, market risk and liquidity risk. And the market risk includes currency risk, interest risk and other price risk. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There have been no significant changes in the risk management departments since year end or in any risk management policies since the year end.

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(2) Risk Management Framework

The Bank has a risk management committee under the Board of Directors. Risk management committee is responsible for setting the overall risk management and internal control strategies of the Group and the Bank, monitoring credit risk, market risk, liquidity risk and operation risk, periodically assessing the overall risk position, risk acceptance and management capabilities, and making recommendations and suggestions on risk management and internal control of the Group and the Bank.

Following the risk management strategies set by the risk management committee, the Risk Management Department of the Group formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

(3) Credit risk

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strict compliance with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrade of Credit Management System.

Apart from the credit risk exposures on credit-related assets and deposits with banks and other financial institutions, the credit risk arising from treasury business is managed by selecting counterparties with acceptable credit quality including by reference to external credit rating information where available.

In addition, the Group also provides financial guarantee services to customers which may require the Group to make payments on behalf of customers upon their failure to perform under the terms of the contract. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management procedures and policies.

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Impairment assessment

Key factors on impairment assessment

The Group generally measures and manages the quality of credit risk-bearing assets based on the Guideline for Loan Credit Risk Classification issued by the CBRC which requires the Group to classify loans into the following five category loan classification: normal, special mention, substandard, doubtful and loss. Loans classified in the substandard, doubtful and loss categories are regarded as non-performing loans. The main factors considered in loan impairment assessment include probability of loan repayment and recoverability of principal and interest, which relates to borrowers' repayment ability, credit record, repayment intention, projected profitability, guarantees or collateral and legal responsibility of repayment. The allowances for impairment losses are assessed collectively or individually as appropriate.

The Group assesses the impairment for loans and advances to customers at the end of reporting period in accordance with the accounting policies set out in Note 3. In addition, analysis based on the contractual amounts of the loans and advances to customers at the end of reporting period are provided internally to management for the purpose of assessing financial risks. Hence, certain quantitative disclosure in financial risk management has been prepared based on the original contractual amounts of those instruments particularly loans and advances to customers.

The five category loan classification in which the Group classifies its loans and advances to customers is set out below:

- Normal: Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.
- Special mention: Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors.
- Substandard: Borrowers' ability to service their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.
- Doubtful: Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.
- Loss: Only a small portion or none of principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

The accounting policies regarding the Group's estimation of impairment losses on financial assets are set out in Note 3 "Impairment of Financial Assets".

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements

The maximum exposure to credit risk represents the credit risk exposure to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of each financial asset recognised in the consolidated statements of financial position and credit commitments disclosed in Note 50 "Contingent Liabilities and Commitments".

A summary of the maximum exposure to credit risk is as follows:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Financial assets		
Balances with central bank	75,807,203	65,418,245
Deposits with banks and other financial institutions	28,249,550	23,655,929
Placements with banks and other financial institutions	75,973,768	25,056,277
Financial assets held for trading	168,102	2,690,994
Financial assets designated at fair value through profit or loss	16,821,846	19,127,488
Derivative financial assets	—	455
Financial assets held under resale agreements	54,643,579	70,828,936
Loans and advances to customers	233,520,181	198,150,565
Available-for-sale financial assets	13,323,771	5,096,134
Held-to-maturity investments	62,843,254	50,251,518
Debt securities classified as receivables	41,504,852	28,745,383
Other financial assets	4,675,864	3,177,274
Subtotal	607,531,970	492,199,198
Off-balance sheet credit commitments	15,163,553	8,287,168
Total	622,695,523	500,486,366

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements (Continued)

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Financial assets		
Balances with central bank	75,555,069	65,203,906
Deposits with banks and other financial institutions	28,792,167	24,200,834
Placements with banks and other financial institutions	77,553,768	25,056,277
Financial assets held for trading	168,102	2,690,994
Financial assets designated at fair value through profit or loss	16,821,846	19,127,488
Derivative financial assets	—	455
Financial assets held under resale agreements	54,643,579	70,828,936
Loans and advances to customers	226,100,549	195,453,208
Available-for-sale financial assets	13,323,771	5,096,134
Held-to-maturity investments	62,843,254	50,251,518
Debt securities classified as receivables	41,407,732	28,745,383
Other financial assets	4,639,211	3,157,475
Subtotal	601,849,048	489,812,608
Off-balance sheet credit commitments	14,843,742	7,938,565
Total	616,692,790	497,751,173

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements (Continued)

The Group implements specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level, the most typical of these is by obtaining collateral and guarantees. The amount and type of acceptable collateral are determined by credit risk evaluations of borrowers. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters.

The main types of collateral obtained are as follows:

- Mortgage loans to personal customers are generally collateralised by mortgages over residential properties;
- Other personal lending and corporate loans and advances are mainly collateralised by charges over land and properties and other assets of the borrowers; and
- Reverse repurchase transactions are mainly collateralised by bonds, bills, or loans and advances to customers.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers

(i) The composition of the contractual amount of loans and advances to customers by industry or by nature is analysed as follows:

THE GROUP

	As at 31 December 2014		As at 31 December 2013	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Production and supply of electricity, gas and water	8,668,648	5.98	6,904,592	5.74
Real estate	13,896,950	9.58	13,897,209	11.55
Construction	7,881,381	5.43	6,917,420	5.75
Financial institutions	3,717,817	2.56	468,658	0.39
Retail and wholesale	14,365,828	9.91	9,593,155	7.97
Water, environment and public utilities management	25,582,053	17.64	22,453,470	18.66
Manufacturing	42,770,770	29.49	36,234,720	30.11
Leasing and commercial services	4,995,128	3.44	3,752,317	3.12
Transportation, logistics and postal services	5,223,713	3.60	2,614,516	2.17
Education	2,867,000	1.98	3,013,888	2.50
Agriculture	5,731,585	3.95	6,535,587	5.43
Others	9,345,659	6.44	7,939,117	6.61
Subtotal	145,046,532	100.00	120,324,649	100.00
Personal loans and advances				
Mortgages	45,898,879	47.24	46,279,708	54.49
Loans to private business and employment assistance loans	36,061,718	37.12	28,854,682	33.98
Credit cards	3,887,097	4.00	2,099,843	2.47
Others	11,303,684	11.64	7,693,574	9.06
Subtotal	97,151,378	100.00	84,927,807	100.00
Total	242,197,910		205,252,456	

As at 31 December 2014, the contract amount of discounted bills included in corporate loans and advances is RMB5,461 million (31 December 2013: RMB1,508 million).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(i) The composition of the contractual amount of loans and advances to customers by industry or by nature is analysed as follows: *(Continued)*

THE BANK

	As at 31 December 2014		As at 31 December 2013	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Production and supply of electricity, gas and water	8,658,649	6.23	6,894,592	5.81
Real estate	13,896,950	10.00	13,897,209	11.70
Construction	7,780,481	5.60	6,866,120	5.78
Financial institutions	3,717,817	2.68	468,658	0.39
Retail and wholesale	13,859,877	9.98	9,143,505	7.70
Water, environment and public utilities management	21,132,053	15.21	22,453,470	18.91
Manufacturing	42,070,482	30.29	35,544,931	29.93
Leasing and commercial services	4,969,628	3.58	3,725,817	3.14
Transportation, logistics and postal services	5,213,713	3.75	2,595,516	2.19
Education	2,865,000	2.06	3,013,888	2.54
Agriculture	5,477,256	3.94	6,275,177	5.28
Others	9,273,379	6.68	7,875,032	6.63
Subtotal	138,915,285	100.00	118,753,915	100.00
Personal loans and advances				
Mortgages	45,821,563	47.92	46,229,226	55.21
Loans to private business and employment assistance loans	34,812,417	36.40	27,847,879	33.26
Credit cards	3,887,097	4.06	2,099,843	2.51
Others	11,109,671	11.62	7,552,414	9.02
Subtotal	95,630,748	100.00	83,729,362	100.00
Total	234,546,033		202,483,277	

As at 31 December 2014, the contract amount of discounted bills included in corporate loans and advances is RMB5,460 million (31 December 2013: RMB1,506 million).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(i) The composition of the contractual amount of loans and advances to customers by industry or by nature is analysed as follows: *(Continued)*

Details of impaired loans, loan loss allowances, charges (reversal), and amounts written off in respect of economic sectors which constitute 10% or more of total gross loans and advances to customers are as follows:

THE GROUP

	2014				
	Gross impaired loans	Individually assessed allowances	Collectively assessed allowances	Provision (reverse)/ charge for the year	Written off for the year
Water, environment and public utilities management	—	—	(752,763)	(450,798)	19
Manufacturing	521,018	(281,897)	(1,513,187)	(447,022)	66,573

	2013				
	Gross impaired loans	Individually assessed allowances	Collectively assessed allowances	Provision (reverse)/ charge for the year	Written off for the year
Real estate	43,828	(20,822)	(780,578)	(515,006)	4,564
Water, environment and public utilities management	—	—	(301,984)	259,532	350
Manufacturing	251,939	(158,595)	(1,256,040)	310,153	25

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(i) The composition of the contractual amount of loans and advances to customers by industry or by nature is analysed as follows: *(Continued)*

THE BANK

	2014				
	Gross impaired loans	Individually assessed allowances	Collectively assessed allowances	Provision (reverse)/ charge for the year	Written off for the year
Real estate	20,126	(16,986)	(428,115)	332,898	23,401
Water, environment and public utilities management	—	—	(623,936)	(321,971)	19
Manufacturing	511,577	(275,643)	(1,484,812)	(434,277)	42,743

	2013				
	Gross impaired loans	Individually assessed allowances	Collectively assessed allowances	Provision (reverse)/ charge for the year	Written off for the year
Real estate	43,828	(20,822)	(780,578)	(488,412)	4,564
Water, environment and public utilities management	—	—	(301,984)	259,583	350
Manufacturing	247,497	(156,485)	(1,212,436)	283,907	25

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(ii) The composition of the contractual amount of loans and advances to customers by contractual maturity and collateral type is analysed as follows:

THE GROUP

	As at 31 December 2014			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	9,529,246	4,776,710	5,097,900	19,403,856
Guaranteed loans	24,356,370	12,279,076	6,381,006	43,016,452
Collateralised and other secured loans				
— loans secured by property and other Immovable assets	43,149,577	51,788,556	60,222,274	155,160,407
— other pledged loans	14,567,066	4,999,050	5,051,079	24,617,195
Total	91,602,259	73,843,392	76,752,259	242,197,910

	As at 31 December 2013			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	6,124,363	6,670,642	5,263,630	18,058,635
Guaranteed loans	18,722,743	12,438,350	7,101,914	38,263,007
Collateralised and other secured loans				
— loans secured by property and other Immovable assets	25,250,315	50,453,556	58,779,669	134,483,540
— other pledged loans	6,209,135	4,315,771	3,922,368	14,447,274
Total	56,306,556	73,878,319	75,067,581	205,252,456

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(ii) The composition of the contractual amount of loans and advances to customers by contractual maturity and collateral type is analysed as follows: *(Continued)*

THE BANK

	As at 31 December 2014			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	9,521,311	4,770,103	5,097,900	19,389,314
Guaranteed loans	23,241,648	11,222,316	6,361,548	40,825,512
Collateralised and other secured loans				
— loans secured by property and other Immovable assets	42,287,307	47,517,197	60,083,142	149,887,646
— other pledged loans	14,417,880	4,974,602	5,051,079	24,443,561
Total	89,468,146	68,484,218	76,593,669	234,546,033

	As at 31 December 2013			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	6,108,783	6,668,062	5,263,630	18,040,475
Guaranteed loans	17,624,805	12,105,207	7,101,245	36,831,257
Collateralised and other secured loans				
— loans secured by property and other Immovable assets	24,781,460	49,896,162	58,688,789	133,366,411
— other pledged loans	6,011,847	4,310,919	3,922,368	14,245,134
Total	54,526,895	72,980,350	74,976,032	202,483,277

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iii) Past due loans at contractual amount

THE GROUP

	As at 31 December 2014				
	Up to 90 days	90–360 days	361 days to 3 years	Over 3 years	Total
Unsecured loans	133,897	30,563	16,653	70,081	251,194
Guaranteed loans	322,526	340,107	60,231	30,585	753,449
Collateralised and other secured loans					
— loans secured by property and other immovable assets	1,182,680	496,265	134,088	126,259	1,939,292
— other pledged loans	47,335	18,200	2,905	7,460	75,900
Total	1,686,438	885,135	213,877	234,385	3,019,835

	As at 31 December 2013				
	Up to 90 days	90–360 days	361 days to 3 years	Over 3 years	Total
Unsecured loans	150,520	25,332	78,872	180,148	434,872
Guaranteed loans	205,451	36,893	14,848	62,308	319,500
Collateralised and other secured loans					
— loans secured by property and other immovable assets	1,180,480	127,858	120,057	302,194	1,730,589
— other pledged loans	7,869	7,069	3,691	19,346	37,975
Total	1,544,320	197,152	217,468	563,996	2,522,936

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iii) Past due loans at contractual amount *(Continued)*

THE BANK

	As at 31 December 2014				
	Up to 90 days	90–360 days	361 days to 3 years	Over 3 years	Total
Unsecured loans	133,697	30,563	16,653	70,081	250,994
Guaranteed loans	161,584	82,543	28,197	30,585	302,909
Collateralised and other secured loans					
— loans secured by property and other immovable assets	1,076,176	315,145	121,662	126,259	1,639,242
— other pledged loans	47,328	200	2,905	7,460	57,893
Total	1,418,785	428,451	169,417	234,385	2,251,038

	As at 31 December 2013				
	Up to 90 days	90–360 days	361 days to 3 years	Over 3 years	Total
Unsecured loans	150,520	25,332	78,872	180,148	434,872
Guaranteed loans	120,244	29,393	14,848	62,308	226,793
Collateralised and other secured loans					
— loans secured by property and other immovable assets	1,151,924	120,152	118,157	302,194	1,692,427
— other pledged loans	7,869	7,069	3,691	19,346	37,975
Total	1,430,557	181,946	215,568	563,996	2,392,067

Note: Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Neither past due nor impaired	238,169,379	202,182,919
Past due but not impaired	2,141,220	1,420,255
Impaired	1,887,311	1,649,282
Subtotal	242,197,910	205,252,456
Allowances for impairment losses	(8,677,729)	(7,101,891)
Loans and advances to customers, net	233,520,181	198,150,565

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Neither past due nor impaired	231,294,950	199,544,610
Past due but not impaired	1,441,230	1,308,587
Impaired	1,809,853	1,630,080
Subtotal	234,546,033	202,483,277
Allowances for impairment losses	(8,445,484)	(7,030,069)
Loans and advances to customers	226,100,549	195,453,208

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Loans and advances neither past due nor impaired

THE GROUP

	As at 31 December 2014		
	Normal	Special mention	Total
Corporate loans and advances	138,529,354	4,349,933	142,879,287
Personal loans and advances	95,118,304	171,788	95,290,092
	233,647,658	4,521,721	238,169,379

	As at 31 December 2013		
	Normal	Special mention	Total
Corporate loans and advances	115,354,106	3,853,173	119,207,279
Personal loans and advances	82,573,814	401,826	82,975,640
	197,927,920	4,254,999	202,182,919

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Loans and advances neither past due nor impaired *(Continued)*

THE BANK

	As at 31 December 2014		
	Normal	Special mention	Total
Corporate loans and advances	133,056,588	4,349,933	137,406,521
Personal loans and advances	93,762,931	125,498	93,888,429
Total	226,819,519	4,475,431	231,294,950

	As at 31 December 2013		
	Normal	Special mention	Total
Corporate loans and advances	113,884,821	3,849,573	117,734,394
Personal loans and advances	81,429,490	380,726	81,810,216
Total	195,314,311	4,230,299	199,544,610

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Loans and advances past due but not impaired

THE GROUP

	As at 31 December 2014					
	Up to 30 days (including 30 days)	30–60 days (including 60 days)	60–90 days (including 90 days)	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	208,991	154,796	69,191	448,650	881,628	989,347
Personal loans and advances	930,734	174,869	101,057	52,932	1,259,592	2,150,386
Total	1,139,725	329,665	170,248	501,582	2,141,220	3,139,733

	As at 31 December 2013					
	Up to 30 days (including 30 days)	30–60 days (including 60 days)	60–90 days (including 90 days)	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	124,140	26,374	6,890	50	157,454	80,730
Personal loans and advances	970,586	199,913	89,304	2,998	1,262,801	1,661,265
Total	1,094,726	226,287	96,194	3,048	1,420,255	1,741,995

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

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

THE BANK

	As at 31 December 2014					
	Up to 30 days (including 30 days)	30–60 days (including 60 days)	60–90 days (including 90 days)	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	123,565	81,223	1,996	61,230	268,014	187,760
Personal loans and advances	900,342	170,737	99,280	2,857	1,173,216	1,999,751
Total	1,023,907	251,960	101,276	64,087	1,441,230	2,187,511

	As at 31 December 2013					
	Up to 30 days (including 30 days)	30–60 days (including 60 days)	60–90 days (including 90 days)	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	62,232	1,374	390	50	64,046	48,705
Personal loans and advances	954,850	198,133	88,560	2,998	1,244,541	1,642,485
Total	1,017,082	199,507	88,950	3,048	1,308,587	1,691,190

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Impaired loans and advances

THE GROUP

	As at 31 December 2014		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,285,617	(660,425)	625,192
Collectively assessed	601,694	(443,004)	158,690
Total	1,887,311	(1,103,429)	783,882

	As at 31 December 2013		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	946,591	(390,928)	555,663
Collectively assessed	702,691	(554,611)	148,080
Total	1,649,282	(945,539)	703,743

Including:

	As at 31 December 2014	As at 31 December 2013
Individually assessed and impaired	1,285,617	946,591
Individually assessed and impaired loans and advances as a percentage of gross loans and advances	0.53%	0.46%
Fair value of collateral	1,233,362	562,629

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Impaired loans and advances *(Continued)*

THE BANK

	As at 31 December 2014		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,240,750	(631,964)	608,786
Collectively assessed	569,103	(416,897)	152,206
Total	1,809,853	(1,048,861)	760,992

	As at 31 December 2013		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	942,150	(388,818)	553,332
Collectively assessed	687,930	(548,804)	139,126
Total	1,630,080	(937,622)	692,458

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Loans and advances to customers (Continued)

(iv) Credit quality of loans and advances to customers at contractual amount *(Continued)*

Impaired loans and advances *(Continued)*

Including:

	As at 31 December 2014	As at 31 December 2013
Individually assessed and impaired	1,240,750	942,150
Individually assessed and impaired loans and advances as a percentage of gross loans and advances	0.53%	0.47%
Fair value of collateral	1,170,063	559,629

(v) Restructured loans and advances

Restructured loans and advances arise from rescheduling and deferral of repayment terms. Restructured loans and advances are under continuous monitoring. Contractual amount of restructured loans and advances at 31 December 2014 were RMB83 million (31 December 2013: RMB147 million), of which loans and advances overdue for more than 90 days were RMB33 million (31 December 2013: RMB30 million).

(vi) Assets foreclosed under credit enhancement arrangement

Details of such assets are disclosed in Note 30. The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and disposal.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities

(i) Credit quality of debt securities

		THE GROUP	
		As at 31 December 2014	As at 31 December 2013
Neither past due nor impaired	(i)	135,859,495	106,634,367
Impaired		—	—
Subtotal		135,859,495	106,634,367
Less: Collectively assessed allowance for impairment losses		(1,197,670)	(722,850)
Debt securities, net		134,661,825	105,911,517

		THE BANK	
		As at 31 December 2014	As at 31 December 2013
Neither past due nor impaired	(i)	135,759,495	106,634,367
Impaired		—	—
Subtotal		135,759,495	106,634,367
Less: Collectively assessed allowance for impairment losses		(1,194,790)	(722,850)
Debt securities, net		134,564,705	105,911,517

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(i) Credit quality of debt securities *(Continued)*

(a) Debt securities neither past due nor impaired

THE GROUP

	As at 31 December 2014					
	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Debt securities classified as receivables	Total
Government bonds	—	—	—	7,539,287	—	7,539,287
Public sector, quasi-government bonds	—	—	—	26,473,629	48,255	26,521,884
Financial institution bonds	—	—	509,011	5,286,792	963,243	6,759,046
Corporate bonds	168,102	—	12,814,760	23,856,716	14,474,442	51,314,020
Certificate treasury bonds	—	—	—	—	—	—
Debt instruments issued by financial institutions	—	16,821,846	—	—	26,903,412	43,725,258
Total	168,102	16,821,846	13,323,771	63,156,424	42,389,352	135,859,495

	As at 31 December 2013					
	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Debt securities classified as receivables	Total
Government bonds	—	—	—	8,011,431	—	8,011,431
Public sector, quasi-government bonds	—	—	—	24,672,542	47,983	24,720,525
Financial institution bonds	188,878	—	111,250	3,868,643	762,319	4,931,090
Corporate bonds	2,502,116	—	4,984,884	13,763,412	2,033,170	23,283,582
Certificate treasury bonds	—	—	—	—	107,709	107,709
Debt instruments issued by financial institutions	—	19,127,488	—	—	26,452,542	45,580,030
Total	2,690,994	19,127,488	5,096,134	50,316,028	29,403,723	106,634,367

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(i) Credit quality of debt securities *(Continued)*

(a) Debt securities neither past due nor impaired *(Continued)*

THE BANK

	As at 31 December 2014					
	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Debt securities classified as receivables	Total
Government bonds	–	–	–	7,539,287	–	7,539,287
Public sector, quasi-government bonds	–	–	–	26,473,629	48,255	26,521,884
Financial institution bonds	–	–	509,011	5,286,792	963,243	6,759,046
Corporate bonds	168,102	–	12,814,760	23,856,716	14,474,442	51,314,020
Certificate treasury bonds	–	–	–	–	–	–
Debt instruments issued by financial institutions	–	16,821,846	–	–	26,803,412	43,625,258
Total	168,102	16,821,846	13,323,771	63,156,424	42,289,352	135,759,495

	As at 31 December 2013					
	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity investments	Debt securities classified as receivables	Total
Government bonds	–	–	–	8,011,431	–	8,011,431
Public sector, quasi-government bonds	–	–	–	24,672,542	47,983	24,720,525
Financial institution bonds	188,878	–	111,250	3,868,643	762,319	4,931,090
Corporate bonds	2,502,116	–	4,984,884	13,763,412	2,033,170	23,283,582
Certificate treasury bonds	–	–	–	–	107,709	107,709
Debt instruments issued by financial institutions	–	19,127,488	–	–	26,452,542	45,580,030
Total	2,690,994	19,127,488	5,096,134	50,316,028	29,403,723	106,634,367

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(ii) Debt securities analysed by credit rating and credit risk characteristic

The Group and the Bank relied on credit rating provided by the external credit agencies in the PRC to classify the debt securities.

THE GROUP

	As at 31 December 2014				
	AAA	AA	A	Unrated	Total
Financial assets held for trading					
Financial institution bonds	—	—	—	—	—
Corporate bonds	168,102	—	—	—	168,102
Subtotal	168,102	—	—	—	168,102
Financial assets designated at fair value through profit or loss					
Debt instruments issued by financial institutions	—	—	—	16,821,846	16,821,846
Subtotal	—	—	—	16,821,846	16,821,846
Available-for-sale financial assets					
Financial institution bonds	320,741	188,270	—	—	509,011
Corporate bonds	686,944	11,262,377	—	865,439	12,814,760
Subtotal	1,007,685	11,450,647	—	865,439	13,323,771
Held-to-maturity investments					
Government bonds	—	—	—	7,539,287	7,539,287
Public sector, quasi-government bonds	2,691,381	—	—	23,782,248	6,473,629
Financial institution bonds	1,288,045	3,998,747	—	—	5,286,792
Corporate bonds	14,439,908	9,004,721	—	98,917	23,543,546
Subtotal	18,419,334	13,003,468	—	31,420,452	62,843,254
Debt securities classified as receivables					
Public sector, quasi-government bonds	—	—	—	48,255	48,255
Financial institution bonds	239,650	723,593	—	—	963,243
Corporate Bonds	49,168	7,419,985	—	6,817,569	14,286,722
Debt instruments issued by financial institutions	—	—	—	26,206,632	26,206,632
Subtotal	288,818	8,143,578	—	33,072,456	41,504,852
Total	19,883,939	32,597,693	—	82,180,193	134,661,825

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

51. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(ii) Debt securities analysed by credit rating and credit risk characteristic *(Continued)*

THE GROUP *(Continued)*

	As at 31 December 2013				
	AAA	AA	A	Unrated	Total
Financial assets held for trading					
Financial institution bonds	—	188,878	—	—	188,878
Corporate bonds	1,403,040	1,099,076	—	—	2,502,116
Subtotal	1,403,040	1,287,954	—	—	2,690,994
Financial assets designated at fair value through profit or loss					
Debt instruments issued by financial institutions	—	—	—	19,127,488	19,127,488
Subtotal	—	—	—	19,127,488	19,127,488
Available-for-sale financial assets					
Financial institution bonds	111,250	—	—	—	111,250
Corporate bonds	1,527,045	3,457,839	—	—	4,984,884
Subtotal	1,638,295	3,457,839	—	—	5,096,134
Held-to-maturity investments					
Government bonds	—	—	—	8,011,431	8,011,431
Public sector, quasi-government bonds	2,987,183	—	—	21,685,359	24,672,542
Financial institution bonds	1,068,738	2,799,083	—	—	3,867,821
Corporate bonds	10,951,187	2,599,362	149,175	—	13,699,724
Subtotal	15,007,108	5,398,445	149,175	29,696,790	50,251,518
Debt securities classified as receivables					
Public sector, quasi-government bonds	—	—	—	47,983	47,983
Financial institution bonds	238,905	523,414	—	—	762,319
Corporate bonds	344,727	1,503,673	178,460	—	2,026,860
Certificate treasury bonds	—	—	—	107,709	107,709
Debt instruments issued by financial institutions	—	—	—	25,800,512	25,800,512
Subtotal	583,632	2,027,087	178,460	25,956,204	28,745,383
Total	18,632,075	12,171,325	327,635	74,780,482	105,911,517

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(ii) Debt securities analysed by credit rating and credit risk characteristic *(Continued)*

THE BANK

	As at 31 December 2014				
	AAA	AA	A	Unrated	Total
Financial assets held for trading					
Financial institution bonds	—	—	—	—	—
Corporate bonds	168,102	—	—	—	168,102
Subtotal	168,102	—	—	—	168,102
Financial assets designated at fair value through profit or loss					
Debt instruments issued by financial institutions	—	—	—	16,821,846	16,821,846
Subtotal	—	—	—	16,821,846	16,821,846
Available-for-sale financial assets					
Financial institution bonds	320,741	188,270	—	—	509,011
Corporate bonds	686,944	11,262,377	—	865,439	12,814,760
Subtotal	1,007,685	11,450,647	—	865,439	13,323,771
Held-to-maturity investments					
Government bonds	—	—	—	7,539,287	7,539,287
Public sector, quasi-government bonds	2,691,381	—	—	23,782,248	26,473,629
Financial institution bonds	1,288,045	3,998,747	—	—	5,286,792
Corporate bonds	14,439,908	9,004,721	—	98,917	23,543,546
Subtotal	18,419,334	13,003,468	—	31,420,452	62,843,254
Debt securities classified as receivables					
Public sector, quasi-government bonds	—	—	—	48,255	48,255
Financial institution bonds	239,650	723,593	—	—	963,243
Corporate Bonds	49,168	7,419,985	—	6,817,569	14,286,722
Debt instruments issued by financial institutions	—	—	—	26,109,512	26,109,512
Subtotal	288,818	8,143,578	—	32,975,336	41,407,732
Total	19,883,939	32,597,693	—	82,083,073	134,564,705

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Credit risk *(Continued)*

Debt securities (Continued)

(ii) Debt securities analysed by credit rating and credit risk characteristic *(Continued)*

THE BANK *(Continued)*

	As at 31 December 2013				
	AAA	AA	A	Unrated	Total
Financial assets held for trading					
Financial institution bonds	—	188,878	—	—	188,878
Corporate bonds	1,403,040	1,099,076	—	—	2,502,116
Subtotal	1,403,040	1,287,954	—	—	2,690,994
Financial assets designated at fair value through profit or loss					
Debt instruments issued by financial institutions	—	—	—	19,127,488	19,127,488
Subtotal	—	—	—	19,127,488	19,127,488
Available-for-sale financial assets					
Financial institution bonds	111,250	—	—	—	111,250
Corporate bonds	1,527,045	3,457,839	—	—	4,984,884
Subtotal	1,638,295	3,457,839	—	—	5,096,134
Held-to-maturity investments					
Government bonds	—	—	—	8,011,431	8,011,431
Public sector, quasi-government bonds	2,987,183	—	—	21,685,359	24,672,542
Financial institution bonds	1,068,738	2,799,083	—	—	3,867,821
Corporate bonds	10,951,187	2,599,362	149,175	—	13,699,724
Subtotal	15,007,108	5,398,445	149,175	29,696,790	50,251,518
Debt securities classified as receivables					
Public sector, quasi-government bonds	—	—	—	47,983	47,983
Financial institution bonds	238,905	523,414	—	—	762,319
Corporate Bonds	344,727	1,503,673	178,460	—	2,026,860
Certificate treasury bonds	—	—	—	107,709	107,709
Debt instruments issued by financial institutions	—	—	—	25,800,512	25,800,512
Subtotal	583,632	2,027,087	178,460	25,956,204	28,745,383
Total	18,632,075	12,171,325	327,635	74,780,482	105,911,517

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

Risk Management Department manages its liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

Analysis of the remaining maturity of the financial assets and liabilities

The table below summarises the maturity analysis of financial assets and liabilities by remaining contractual maturities at the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the remaining maturity of the financial assets and liabilities (Continued)

THE GROUP

	As at 31December 2014							
	Past due/ undated	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Cash and balances with central bank	72,712,682	6,621,497	–	–	–	–	–	79,334,179
Deposits with banks and other financial institutions	–	3,204,745	13,971,395	8,485,900	2,587,510	–	–	28,249,550
Placements with banks and other financial institutions	–	–	25,495,318	36,253,001	14,225,449	–	–	75,973,768
Financial assets held for trading	–	–	–	–	–	137,734	30,368	168,102
Financial assets designated at fair value through profit or loss	–	–	1,391,558	1,789,457	6,631,131	7,009,700	–	16,821,846
Financial assets held under resale agreements	–	–	14,991,787	5,477,854	16,665,408	17,508,530	–	54,643,579
Loans and advances to customers	2,150,996	–	10,806,824	18,154,752	81,602,771	57,929,681	62,875,157	233,520,181
Available-for-sale financial assets	64,242	–	3,816,197	3,445,355	3,496,756	1,806,248	759,215	13,388,013
Held-to-maturity investments	–	–	338,022	816,238	4,963,370	30,200,772	26,524,852	62,843,254
Debt securities classified as receivables	–	–	4,054,237	5,290,191	10,006,189	21,142,737	1,011,498	41,504,852
Other financial assets	–	496,839	1,138,077	1,647,661	1,393,190	33	64	4,675,864
Total financial assets	74,927,920	10,323,081	76,003,415	81,360,409	141,571,774	135,735,435	91,201,154	611,123,188
Borrowings from central bank	–	–	10,000	86,000	6,680,000	–	–	6,776,000
Deposits from banks and other financial institutions	–	1,420,695	19,361,835	15,410,000	39,172,844	7,105,565	–	82,470,939
Placements from banks	–	–	7,399,384	2,115,876	3,032,154	–	–	12,547,414
Financial liabilities designated at fair value through profit or loss	–	–	500,000	–	–	–	–	500,000
Financial assets sold under repurchase agreements	–	–	28,028,771	16,071,920	3,183,499	–	–	47,284,190
Due to customers	–	173,736,649	23,322,181	51,053,387	114,861,050	46,746,569	8	409,719,844
Debt securities issued	–	–	–	–	–	–	5,000,000	5,000,000
Other financial liabilities	–	2,112,954	202,244	4,124,480	277,068	–	43,109	6,759,855
Total financial liabilities	–	177,270,298	78,824,415	88,861,663	167,206,615	53,852,134	5,043,117	571,058,242
Net position	74,927,920	(166,947,217)	(2,821,000)	(7,501,254)	(25,634,841)	81,883,301	86,158,037	40,064,946

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the remaining maturity of the financial assets and liabilities (Continued)

THE GROUP *(Continued)*

	As at 31December 2013							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with central bank	63,135,547	5,646,587	—	—	—	—	—	68,782,134
Deposits with banks and other financial institutions	—	3,014,612	7,094,000	9,267,317	3,780,000	500,000	—	23,655,929
Placements with banks and other financial institutions	—	—	10,521,212	8,831,933	4,603,554	1,099,578	—	25,056,277
Financial assets held for trading	—	—	—	—	—	1,939,323	751,671	2,690,994
Financial assets designated at fair value through profit or loss	—	—	867,567	1,567,902	8,286,526	8,405,493	—	19,127,488
Derivative financial assets	—	—	186	—	269	—	—	455
Financial assets held under resale agreements	—	—	8,766,854	4,511,085	18,585,401	38,965,596	—	70,828,936
Loans and advances to customers	1,068,480	—	783,905	15,522,508	53,710,450	62,359,713	64,705,509	198,150,565
Available-for-sale financial assets	72,200	—	428,536	908,949	636,057	1,125,600	1,996,992	5,168,334
Held-to-maturity investments	—	—	399,976	1,270,970	2,123,413	25,137,581	21,319,578	50,251,518
Debt securities classified as receivables	—	—	—	330,279	14,488,761	13,116,041	810,302	28,745,383
Other financial assets	—	334,308	857,837	951,484	1,023,516	10,129	—	3,177,274
Total financial assets	64,276,227	8,995,507	29,720,073	43,162,427	107,237,947	152,659,054	89,584,052	495,635,287
Borrowings from central bank	—	—	—	50,000	135,000	—	—	185,000
Deposits from banks and other financial institutions	—	1,760,395	4,177,842	7,881,593	44,135,590	5,601,638	—	63,557,058
Placements from banks	—	—	857,017	31,342	1,899,470	—	—	2,787,829
Financial liabilities designated at fair value through profit or loss	—	—	—	—	540,000	500,000	—	1,040,000
Derivative financial liabilities	—	—	172	—	67	—	—	239
Financial assets sold under repurchase agreements	—	—	6,046,053	8,435,250	22,759,333	—	—	37,240,636
Due to customers	—	155,988,931	18,992,590	43,732,032	100,753,506	28,416,344	10	347,883,413
Debt securities issued	—	—	—	—	—	—	2,300,000	2,300,000
Other financial liabilities	—	2,531,193	637,798	1,232,571	1,634,149	489	46,444	6,082,644
Total financial liabilities	—	160,280,519	30,711,472	61,362,788	171,857,115	34,518,471	2,346,454	461,076,819
Net position	64,276,227	(151,285,012)	(991,399)	(18,200,361)	(64,619,168)	118,140,583	87,237,598	34,558,468

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the remaining maturity of the financial assets and liabilities (Continued)

THE BANK

	As at 31 December 2014							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with central bank	72,488,780	6,575,114	–	–	–	–	–	79,063,894
Deposits with banks and other financial institutions	–	3,070,658	13,984,999	9,164,000	2,572,510	–	–	28,792,167
Placements with banks and other financial institutions	–	–	25,495,318	37,833,001	14,225,449	–	–	77,553,768
Financial assets held for trading	–	–	–	–	–	137,734	30,368	168,102
Financial assets designated at fair value through profit or loss	–	–	1,391,558	1,789,457	6,631,131	7,009,700	–	16,821,846
Financial assets held under resale agreements	–	–	14,991,787	5,477,854	16,665,408	17,508,530	–	54,643,579
Loans and advances to customers	1,480,658	–	10,531,285	17,946,215	80,370,346	53,010,226	62,761,819	226,100,549
Available-for-sale financial assets	64,242	–	3,816,197	3,445,355	3,496,756	1,806,248	759,215	13,388,013
Held-to-maturity investments	–	–	338,022	816,238	4,963,370	30,200,772	26,524,852	62,843,254
Debt securities classified as receivables	–	–	3,957,117	5,290,191	10,006,189	21,142,737	1,011,498	41,407,732
Other financial assets	–	476,417	1,123,813	1,645,742	1,393,162	13	64	4,639,211
Total financial assets	74,033,680	10,122,189	75,630,096	83,408,053	140,324,321	130,815,960	91,087,816	605,422,115
Deposits from banks and other financial institutions	–	1,641,657	19,361,835	15,410,000	39,172,844	7,105,565	–	82,691,901
Placements from banks	–	–	7,399,384	2,115,876	3,032,154	–	–	12,547,414
Financial liabilities designated at fair value through profit or loss	–	–	500,000	–	–	–	–	500,000
Financial assets sold under repurchase agreements	–	–	28,028,771	16,071,920	3,183,499	–	–	47,284,190
Due to customers	–	173,159,839	22,979,770	50,907,280	114,543,769	46,492,963	8	408,083,629
Debt securities issued	–	–	–	–	–	–	5,000,000	5,000,000
Other financial liabilities	–	2,109,005	201,694	4,110,669	277,068	–	43,109	6,741,545
Total financial liabilities	–	176,910,501	78,471,454	88,615,745	160,209,334	53,598,528	5,043,117	562,848,679
Net position	74,033,680	(166,788,312)	(2,841,358)	(5,207,692)	(19,885,013)	77,217,432	86,044,699	42,573,436

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the remaining maturity of the financial assets and liabilities (Continued)

THE BANK *(Continued)*

	As at 31 December 2013							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with central bank	62,977,652	5,578,565	–	–	–	–	–	68,556,217
Deposits with banks and other financial institutions	–	2,880,517	7,170,000	9,800,317	3,850,000	500,000	–	24,200,834
Placements with banks and other financial institutions	–	–	10,521,212	8,831,933	4,603,554	1,099,578	–	25,056,277
Financial assets held for trading	–	–	–	–	–	1,939,323	751,671	2,690,994
Financial assets designated at fair value through profit or loss	–	–	867,567	1,567,902	8,286,526	8,405,493	–	19,127,488
Derivative financial assets	–	–	186	–	269	–	–	455
Financial assets held under resale agreements	–	–	8,766,854	4,511,085	18,585,401	38,965,596	–	70,828,936
Loans and advances to customers	1,040,025	–	711,794	15,185,633	52,303,707	61,574,994	64,637,055	195,453,208
Available-for-sale financial assets	72,200	–	428,536	908,949	636,057	1,125,600	1,996,992	5,168,334
Held-to-maturity investments	–	–	399,976	1,270,970	2,123,413	25,137,581	21,319,578	50,251,518
Debt securities classified as receivables	–	–	–	330,279	14,488,761	13,116,041	810,302	28,745,383
Other financial assets	–	324,497	850,110	949,228	1,023,511	10,129	–	3,157,475
Total financial assets	64,089,877	8,783,579	29,716,235	43,356,296	105,901,199	151,874,335	89,515,598	493,237,119
Deposits from banks and other financial institutions	–	1,969,496	4,177,842	7,881,593	44,135,590	5,601,638	–	63,766,159
Placements from banks	–	–	857,017	31,342	1,899,470	–	–	2,787,829
Financial liabilities designated at fair value through profit or loss	–	–	–	–	540,000	500,000	–	1,040,000
Derivative financial liabilities	–	–	172	–	67	–	–	239
Financial assets sold under repurchase agreements	–	–	6,046,053	8,435,250	22,759,333	–	–	37,240,636
Due to customers	–	155,372,963	18,854,295	43,615,498	100,496,932	28,406,894	10	346,746,592
Debt securities issued	–	–	–	–	–	–	2,300,000	2,300,000
Other financial liabilities	–	2,532,673	633,815	1,229,657	1,632,918	296	46,444	6,075,803
Total financial liabilities	–	159,875,132	30,569,194	61,193,340	171,464,310	34,508,828	2,346,454	459,957,258
Net position	64,089,877	(151,091,553)	(852,959)	(17,837,044)	(65,563,111)	117,365,507	87,169,144	33,279,861

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period. The amounts disclosed in the tables are the expected undiscounted contractual cash flows.

THE GROUP

	As at 31 December 2014							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Non-derivative financial assets								
Cash and balances with central bank	72,712,682	6,655,185	—	—	—	—	—	79,367,867
Deposits with banks and other financial institutions	—	3,206,957	14,065,495	8,635,723	2,677,871	—	—	28,586,046
Placements with banks and other financial institutions	—	—	25,937,663	37,266,810	14,813,443	—	—	78,017,916
Financial assets held for trading	—	—	—	7,140	1,620	167,900	33,240	209,900
Financial assets designated at fair value through profit or loss	—	—	1,414,370	1,962,233	7,213,956	7,301,283	—	17,891,842
Financial assets held under resale agreements	—	—	15,258,553	6,174,308	20,093,705	17,235,998	—	58,762,564
Loans and advances to customers	2,150,996	—	16,090,828	17,456,010	89,942,010	77,634,017	102,910,535	306,184,396
Available-for-sale financial assets	64,242	—	3,887,828	3,569,967	3,736,007	2,229,184	815,247	14,302,475
Held-to-maturity investments	—	—	474,072	1,478,344	6,919,389	38,497,932	26,800,483	74,170,220
Debt securities classified as receivables	—	—	4,114,483	5,875,929	11,757,870	24,858,198	1,244,317	47,850,797
Other financial assets	—	496,839	—	—	—	—	—	496,839
Total financial assets	74,927,920	10,358,981	81,243,292	82,426,464	157,155,871	167,924,512	131,803,822	705,840,862
Non-derivative financial liabilities								
Borrowings from central bank	—	—	10,694	107,227	6,741,674	—	—	6,859,595
Deposits from banks and other financial institutions	—	1,422,150	19,472,056	15,865,745	40,616,357	7,396,043	—	84,772,351
Placements from banks	—	—	7,409,088	2,145,748	3,170,149	—	—	12,724,985
Financial liabilities designated at fair value through profit or loss	—	—	501,192	—	—	—	—	501,192
Financial assets sold under repurchase agreements	—	—	28,258,317	16,396,271	3,281,580	—	—	47,936,168
Due to customers	—	174,022,754	24,058,447	52,490,559	116,753,256	46,746,569	11	414,071,596
Debt securities issued	—	—	—	—	319,000	1,276,000	6,595,000	8,190,000
Other financial liabilities	—	2,112,954	—	—	—	—	53,456	2,166,410
Total financial liabilities	—	177,557,858	79,709,794	87,005,550	170,882,016	55,418,612	6,648,467	577,222,297
Net position	74,927,920	(167,198,877)	1,533,498	(4,579,086)	(13,726,145)	112,505,900	125,155,355	128,618,565

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows (Continued)

THE GROUP *(Continued)*

	As at 31 December 2013							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Non-derivative financial assets								
Cash and balances with central bank	63,135,547	5,678,208	–	–	–	–	–	68,813,755
Deposits with banks and other financial institutions	–	3,016,310	7,144,549	9,510,410	4,045,473	535,875	–	24,252,617
Placements with banks and other financial institutions	–	–	10,640,340	9,070,368	4,748,863	1,156,738	–	25,616,309
Financial assets held for trading	–	–	9,745	40,710	43,763	2,467,181	1,077,206	3,638,605
Financial assets designated at fair value through profit or loss	–	–	870,490	1,711,805	8,653,489	9,501,538	–	20,737,322
Financial assets held under resale agreements	–	–	9,217,423	5,012,518	21,530,140	41,725,653	–	77,485,734
Loans and advances to customers	1,068,480	–	1,676,438	18,089,955	62,224,311	85,452,656	102,756,508	271,268,348
Available-for-sale financial assets	72,200	–	431,216	964,514	688,268	1,365,540	3,020,139	6,541,877
Held-to-maturity investments	–	–	488,741	1,677,573	2,733,876	28,587,139	30,339,918	63,827,247
Debt securities classified as receivables	–	–	29,901	4,082,893	21,841,168	5,492,221	1,181,878	32,628,061
Other financial assets	–	332,568	–	–	–	–	–	332,568
Total financial assets	64,276,227	9,027,086	30,508,843	50,160,746	126,509,351	176,284,541	138,375,649	595,142,443
Non-derivative financial liabilities								
Borrowings from central bank	–	–	–	51,457	137,070	–	–	188,527
Deposits from banks and other financial institutions	–	1,761,484	4,332,087	8,370,683	46,424,757	6,119,816	–	67,008,827
Placements from banks	–	–	857,718	31,342	1,998,850	–	–	2,887,910
Financial liabilities designated at fair value through profit or loss	–	–	–	14,607	573,168	501,192	–	1,088,967
Financial assets sold under repurchase agreements	–	–	6,119,179	8,604,863	23,642,776	–	–	38,366,818
Due to customers	–	156,274,299	19,602,562	45,212,156	104,679,540	32,481,576	12	358,250,145
Debt securities issued	–	–	–	–	126,500	–	2,495,500	2,622,000
Other financial liabilities	–	2,370,050	–	–	–	–	61,996	2,432,046
Total financial liabilities	–	160,405,833	30,911,546	62,285,108	177,582,661	39,102,584	2,557,508	472,845,240
Net position	64,276,227	(151,378,747)	(402,703)	(12,124,362)	(51,073,310)	137,181,957	135,818,141	122,297,203
Derivative financial instruments								
Settled on a gross basis								
Total inflow	–	–	34,238	–	137,158	–	–	171,396
Total outflow	–	–	(34,224)	–	(136,956)	–	–	(171,180)
Net position	–	–	14	–	202	–	–	216

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows (Continued)

THE BANK

	As at 31 December 2014							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Non-derivative financial assets								
Cash and balances with central bank	72,488,780	6,608,163	–	–	–	–	–	79,096,943
Deposits with banks and other financial institutions	–	3,072,665	14,078,708	9,312,278	2,662,445	–	–	29,126,096
Placements with banks and other financial institutions	–	–	25,937,663	38,862,526	14,813,443	–	–	79,613,632
Financial assets held for trading	–	–	–	7,140	1,620	167,900	33,240	209,900
Financial assets designated at fair value through profit or loss	–	–	1,414,370	1,962,233	7,213,956	7,301,283	–	17,891,842
Financial assets held under resale agreements	–	–	15,258,553	6,174,308	20,093,705	17,235,998	–	58,762,564
Loans and advances to customers	1,480,658	–	15,761,175	17,144,138	88,382,617	73,614,757	100,784,089	297,167,434
Available-for-sale financial assets	64,242	–	3,887,828	3,569,967	3,736,007	2,229,184	815,247	14,302,475
Held-to-maturity investments	–	–	474,072	1,478,344	6,919,389	38,497,932	26,800,483	74,170,220
Debt securities classified as receivables	–	–	4,016,270	5,875,929	11,757,870	24,858,198	1,244,317	47,752,584
Other financial assets	–	476,417	–	–	–	–	–	476,417
Total financial assets	74,033,680	10,157,245	80,828,639	84,386,863	155,581,052	163,905,252	129,677,376	698,570,107
Non-derivative financial liabilities								
Deposits from banks and other financial institutions	–	1,643,112	19,472,056	15,865,745	40,616,357	7,396,043	–	84,993,313
Placements from banks	–	–	7,409,088	2,145,748	3,170,149	–	–	12,724,985
Financial liabilities designated at fair value through profit or loss	–	–	501,192	–	–	–	–	501,192
Financial assets sold under repurchase agreements	–	–	28,258,317	16,396,271	3,281,580	–	–	47,936,168
Due to customers	–	173,445,777	23,712,879	52,342,268	116,433,004	46,492,963	11	412,426,902
Debt securities issued	–	–	–	–	319,000	1,276,000	6,595,000	8,190,000
Other financial liabilities	–	2,109,005	–	–	–	–	53,456	2,162,461
Total financial liabilities	–	177,197,894	79,353,532	86,750,032	163,820,090	55,165,006	6,648,467	568,935,021
Net position	74,033,680	(167,040,649)	1,475,107	(2,363,169)	(8,239,038)	108,740,246	123,028,909	129,635,086

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows (Continued)

THE BANK *(Continued)*

	As at 31 December 2013							
	Past due undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Non-derivative financial assets								
Cash and balances with central bank	62,977,652	5,610,174	–	–	–	–	–	68,587,826
Deposits with banks and other financial institutions	–	2,882,190	7,224,808	10,051,846	4,117,838	535,875	–	24,812,557
Placements with banks and other financial institutions	–	–	10,640,340	9,070,368	4,748,863	1,156,738	–	25,616,309
Financial assets held for trading	–	–	9,745	40,710	43,763	2,467,181	1,077,206	3,638,605
Financial assets designated at fair value through profit or loss	–	–	870,490	1,711,805	8,653,489	9,501,538	–	20,737,322
Financial assets held under resale agreements	–	–	9,217,423	5,012,518	21,530,140	41,725,653	–	77,485,734
Loans and advances to customers	1,040,025	–	1,587,018	17,711,687	60,711,834	84,559,487	102,638,610	268,248,661
Available-for-sale financial assets	72,200	–	431,216	964,514	688,268	1,365,540	3,020,139	6,541,877
Held-to-maturity investments	–	–	488,741	1,677,573	2,733,876	28,587,139	30,339,918	63,827,247
Debt securities classified as receivables	–	–	29,901	4,082,893	21,841,168	5,492,221	1,181,878	32,628,061
Other financial assets	–	322,824	–	–	–	–	–	322,824
Total financial assets	64,089,877	8,815,188	30,499,682	50,323,914	125,069,239	175,391,372	138,257,751	592,447,023
Non-derivative financial liabilities								
Deposits from banks and other financial institutions	–	1,970,631	4,332,087	8,369,909	46,424,757	6,119,816	–	67,217,200
Placements from banks	–	–	857,718	31,342	1,998,850	–	–	2,887,910
Financial liabilities designated at fair value through profit or loss	–	–	–	14,607	573,168	501,192	–	1,088,967
Financial assets sold under repurchase agreements	–	–	6,119,179	8,604,863	23,642,776	–	–	38,366,818
Due to customers	–	155,658,262	19,462,149	45,093,208	104,417,478	32,471,016	12	357,102,125
Debt securities issued	–	–	–	–	126,500	–	2,495,500	2,622,000
Other financial liabilities	–	2,371,600	–	–	–	–	61,996	2,433,596
Total financial liabilities	–	160,000,493	30,771,133	62,113,929	177,183,529	39,092,024	2,557,508	471,718,616
Net position	64,089,877	(151,185,305)	(271,451)	(11,790,015)	(52,114,290)	136,299,348	135,700,243	120,728,407
Derivative financial instruments								
Settled on a gross basis								
Total inflow	–	–	34,238	–	137,158	–	–	171,396
Total outflow	–	–	(34,224)	–	(136,956)	–	–	(171,180)
Net position	–	–	14	–	202	–	–	216

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows (Continued)

Assets available to meet all of the liabilities include cash, balances with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions, available-for-sale financial assets, financial assets held for trading and financial assets designated at fair value through profit or loss. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

Off-balance sheet items

Off-balance sheet items of the Group include acceptances, undrawn credit card limit and others. The tables below set forth the amounts of the off-balance sheet items by remaining maturity.

THE GROUP

	As at 31 December 2014			
	Up to 1 year	1–5 years	Over 5 years	Total
Acceptances	9,560,098	—	—	9,560,098
Undrawn credit card limit	4,595,196	—	—	4,595,196
Letters of credit issued	181,746	—	—	181,746
Letters of guarantee	801,854	11,659	13,000	826,513
Total	15,138,894	11,659	13,000	15,163,553

	As at 31 December 2013			
	Up to 1 year	1–5 years	Over 5 years	Total
Acceptances	5,807,724	—	—	5,807,724
Undrawn credit card limit	2,261,078	—	—	2,261,078
Letters of credit issued	93,118	680	—	93,798
Letters of guarantee	63,213	48,355	13,000	124,568
Total	8,225,133	49,035	13,000	8,287,168

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(4) Liquidity risk *(Continued)*

Off-balance sheet items (Continued)

THE BANK

	As at 31 December 2014			
	Up to 1 year	1–5 years	Over 5 years	Total
Acceptances	9,240,287	—	—	9,240,287
Undrawn credit card limit	4,595,196	—	—	4,595,196
Letters of credit issued	181,746	—	—	181,746
Letters of guarantee	801,854	11,659	13,000	826,513
Total	14,819,083	11,659	13,000	14,843,742

	As at 31 December 2013			
	Up to 1 year	1–5 years	Over 5 years	Total
Acceptances	5,459,121	—	—	5,459,121
Undrawn credit card limit	2,261,078	—	—	2,261,078
Letters of credit issued	93,118	680	—	93,798
Letters of guarantee	63,213	48,355	13,000	124,568
Total	7,876,530	49,035	13,000	7,938,565

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk

Market risk is the risk of loss, in respect of the Group's and the Bank's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, and stock prices. Market risk arises from the proprietary business of the Group and the Bank.

The Group considers the market risk arising from equity prices in respect of its trading and investment portfolios is immaterial.

The Group is primarily exposed to interest rate risk arising from corporate and personal banking. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and interest-bearing liabilities.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

The exchange rate of RMB to USD is under a managed floating exchange rate system. The exchange rate of RMB to USD has gradually risen over the past two years. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Foreign currency risk (Continued)

THE GROUP

	As at 31 December 2014				
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	Total
Cash and balances with central bank	79,276,054	40,281	17,844	—	79,334,179
Deposits with banks and other financial institutions	28,036,903	182,342	22,672	7,633	28,249,550
Placements with banks and other financial institutions	73,743,783	1,890,758	339,227	—	75,973,768
Financial assets held for trading	168,102	—	—	—	168,102
Financial assets designated at fair value through profit or loss	16,821,846	—	—	—	16,821,846
Financial assets held under resale agreements	54,643,579	—	—	—	54,643,579
Loans and advances to customers	232,797,278	710,016	—	12,887	233,520,181
Available-for-sale financial assets	13,388,013	—	—	—	13,388,013
Held-to-maturity investments	62,843,254	—	—	—	62,843,254
Debt securities classified as receivables	41,504,852	—	—	—	41,504,852
Other financial assets	4,668,233	7,463	154	14	4,675,864
Total financial assets	607,891,897	2,830,860	379,897	20,534	611,123,188
Borrowings from central bank	6,776,000	—	—	—	6,776,000
Deposits from banks and other financial institutions	82,470,939	—	—	—	82,470,939
Placements from banks	10,473,141	2,059,362	—	14,911	12,547,414
Financial liabilities designated at fair value through profit or loss	500,000	—	—	—	500,000
Financial assets sold under repurchase agreements	47,284,190	—	—	—	47,284,190
Due to customers	409,118,240	146,378	362,443	92,783	409,719,844
Debt securities issued	5,000,000	—	—	—	5,000,000
Other financial liabilities	6,757,839	2,014	—	2	6,759,855
Total financial liabilities	568,380,349	2,207,754	362,443	107,696	571,058,242
Net position	39,511,548	623,106	17,454	(87,162)	40,064,946

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Foreign currency risk (Continued)

THE GROUP *(Continued)*

	As at 31 December 2013				
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	Total
Cash and balances with central bank	68,757,186	6,739	18,209	—	68,782,134
Deposits with banks and other financial institutions	23,011,268	439,657	197,065	7,939	23,655,929
Placements with banks and other financial institutions	24,655,155	243,876	157,246	—	25,056,277
Financial assets held for trading	2,690,994	—	—	—	2,690,994
Financial assets designated at fair value through profit or loss	19,127,488	—	—	—	19,127,488
Derivative financial assets	430	25	—	—	455
Financial assets held under resale agreements	70,828,936	—	—	—	70,828,936
Loans and advances to customers	197,226,712	904,637	—	19,216	198,150,565
Available-for-sale financial assets	5,168,334	—	—	—	5,168,334
Held-to-maturity investments	50,251,518	—	—	—	50,251,518
Debt securities classified as receivables	28,745,383	—	—	—	28,745,383
Other financial assets	3,084,826	92,371	63	14	3,177,274
Total financial assets	493,548,230	1,687,305	372,583	27,169	495,635,287
Borrowings from central bank	185,000	—	—	—	185,000
Deposits from banks and other financial institutions	63,557,058	—	—	—	63,557,058
Placements from banks	1,899,470	888,359	—	—	2,787,829
Financial liabilities designated at fair value through profit or loss	1,040,000	—	—	—	1,040,000
Derivative financial liabilities	19	220	—	—	239
Financial assets sold under repurchase agreements	37,240,636	—	—	—	37,240,636
Due to customers	347,315,440	192,578	364,114	11,281	347,883,413
Debt securities issued	2,300,000	—	—	—	2,300,000
Other financial liabilities	5,995,699	86,945	—	—	6,082,644
Total financial liabilities	459,533,322	1,168,102	364,114	11,281	461,076,819
Net position	34,014,908	519,203	8,469	15,888	34,558,468

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Foreign currency risk (Continued)

THE BANK

	As at 31 December 2014				
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	Total
Cash and balances with central bank	79,005,769	40,281	17,844	—	79,063,894
Deposits with banks and other financial institutions	28,579,520	182,342	22,672	7,633	28,792,167
Placements with banks and other financial institutions	75,323,783	1,890,758	339,227	—	77,553,768
Financial assets held for trading	168,102	—	—	—	168,102
Financial assets designated at fair value through profit or loss	16,821,846	—	—	—	16,821,846
Financial assets held under resale agreements	54,643,579	—	—	—	54,643,579
Loans and advances to customers	225,377,646	710,016	—	12,887	226,100,549
Available-for-sale financial assets	13,388,013	—	—	—	13,388,013
Held-to-maturity investments	62,843,254	—	—	—	62,843,254
Debt securities classified as receivables	41,407,732	—	—	—	41,407,732
Other financial assets	4,631,580	7,463	154	14	4,639,211
Total financial assets	602,190,824	2,830,860	379,897	20,534	605,422,115
Deposits from banks and other financial institutions	82,691,901	—	—	—	82,691,901
Placements from banks	10,473,141	2,059,362	—	14,911	12,547,414
Financial liabilities designated at fair value through profit or loss	500,000	—	—	—	500,000
Financial assets sold under repurchase agreements	47,284,190	—	—	—	47,284,190
Due to customers	407,482,025	146,378	362,443	92,783	408,083,629
Debt securities issued	5,000,000	—	—	—	5,000,000
Other financial liabilities	6,739,529	2,014	—	2	6,741,545
Total financial liabilities	560,170,786	2,207,754	362,443	107,696	562,848,679
Net position	42,020,038	623,106	17,454	(87,162)	42,573,436

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Foreign currency risk (Continued)

THE BANK *(Continued)*

	As at 31 December 2013				
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	Total
Cash and balances with central bank	68,531,269	6,739	18,209	—	68,556,217
Deposits with banks and other financial institutions	23,556,173	439,657	197,065	7,939	24,200,834
Placements with banks and other financial institutions	24,655,155	243,876	157,246	—	25,056,277
Financial assets held for trading	2,690,994	—	—	—	2,690,994
Financial assets designated at fair value through profit or loss	19,127,488	—	—	—	19,127,488
Derivative financial assets	430	25	—	—	455
Financial assets held under resale agreements	70,828,936	—	—	—	70,828,936
Loans and advances to customers	194,529,355	904,637	—	19,216	195,453,208
Available-for-sale financial assets	5,168,334	—	—	—	5,168,334
Held-to-maturity investments	50,251,518	—	—	—	50,251,518
Debt securities classified as receivables	28,745,383	—	—	—	28,745,383
Other financial assets	3,065,027	92,371	63	14	3,157,475
Total financial assets	491,150,062	1,687,305	372,583	27,169	493,237,119
Deposits from banks and other financial institutions	63,766,159	—	—	—	63,766,159
Placements from banks	1,899,470	888,359	—	—	2,787,829
Financial liabilities designated at fair value through profit or loss	1,040,000	—	—	—	1,040,000
Derivative financial liabilities	19	220	—	—	239
Financial assets sold under repurchase agreements	37,240,636	—	—	—	37,240,636
Due to customers	346,178,619	192,578	364,114	11,281	346,746,592
Debt securities issued	2,300,000	—	—	—	2,300,000
Other financial liabilities	5,988,858	86,945	—	—	6,075,803
Total financial liabilities	458,413,761	1,168,102	364,114	11,281	459,957,258
Net position	32,736,301	519,203	8,469	15,888	33,279,861

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Foreign currency risk (Continued)

The table below indicates the potential effect of an appreciation or depreciation of RMB spot and forward exchange rate against USD by 5% on net profit.

THE GROUP AND THE BANK

	(Decrease)/increase in Net Profit	
	2014	2013
USD 5% appreciation	(23,366)	(20,384)
USD 5% depreciation	23,366	20,384

The impact on the net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign monetary assets and liabilities. Changes in foreign currency exchange rate will not affect other comprehensive income.

The effect on the net profit is based on the assumption that the Group's net foreign currency at the end of the reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ to the actual situation.

Interest rate risk

The interest rate risk of the Group arises from the mis-matches between contractual maturities and re-pricing of interest-generating assets and interest-bearing liabilities.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact on the PBOC benchmark interest rates;
- Minimising the mis-matches between contractual maturities and repricing of interest generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin on interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.

Notes to the Consolidated Financial Statements (Continued)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Interest rate risk (Continued)

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's and the Bank's financial assets and liabilities.

THE GROUP

	As at 31 December 2014						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	75,224,388	—	—	—	—	4,109,791	79,334,179
Deposits with banks and other financial institutions	17,055,878	8,485,900	2,587,510	—	—	120,262	28,249,550
Placements with banks and other financial institutions	26,395,101	36,253,000	13,325,667	—	—	—	75,973,768
Financial assets held for trading	—	—	—	137,734	30,368	—	168,102
Financial assets designated at fair value through profit or loss	1,391,558	1,789,457	6,631,131	7,009,700	—	—	16,821,846
Financial assets held under resale agreements	18,994,126	6,978,905	14,162,895	14,507,653		—	54,643,579
Loans and advances to customers	25,120,289	23,407,960	57,938,754	126,959,981	93,197	—	233,520,181
Available-for-sale financial assets	3,816,197	3,855,660	3,496,756	1,395,943	759,215	64,242	13,388,013
Held-to-maturity investments	438,073	2,116,025	5,362,534	29,502,111	25,424,511	—	62,843,254
Debt securities classified as receivables	5,136,444	6,018,578	9,631,297	19,707,035	1,011,498	—	41,504,852
Other financial assets	—	—	—	—	—	4,675,864	4,675,864
Total financial assets	173,572,054	88,905,485	113,136,544	199,220,157	27,318,789	8,970,159	611,123,188
Borrowings from central bank	10,000	86,000	6,680,000	—	—	—	6,776,000
Deposits from banks and other financial institutions	20,782,530	15,410,000	39,172,844	7,105,565	—	—	82,470,939
Placements from banks	7,399,384	2,115,876	3,032,154	—	—	—	12,547,414
Financial liabilities designated at fair value through profit or loss	500,000	—	—	—	—	—	500,000
Financial assets sold under repurchase agreements	28,028,771	16,071,920	3,183,499	—	—	—	47,284,190
Due to customers	197,050,350	51,053,387	114,861,050	46,746,569	8	8,480	409,719,844
Debt securities issued	—	—	—	—	5,000,000	—	5,000,000
Other financial liabilities	—	—	—	—	43,109	6,716,746	6,759,855
Total financial liabilities	253,771,035	84,737,183	166,929,547	53,852,134	5,043,117	6,725,226	571,058,242
Interest rate risk gap	(80,198,981)	4,168,302	(53,793,003)	145,368,023	22,275,672	2,244,933	40,064,946

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Interest rate risk (Continued)

THE GROUP *(Continued)*

	As at 31 December 2013						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	64,670,923	—	—	—	—	4,111,211	68,782,134
Deposits with banks and other financial institutions	10,069,387	9,267,317	3,780,000	500,000	—	39,225	23,655,929
Placements with banks and other financial institutions	14,224,388	6,232,055	3,999,839	599,995	—	—	25,056,277
Financial assets held for trading	—	—	—	1,939,323	751,671	—	2,690,994
Financial assets designated at fair value through profit or loss	867,567	1,567,902	8,286,526	8,405,493	—	—	19,127,488
Derivative financial assets	—	—	—	—	—	455	455
Financial assets held under resale agreements	8,766,854	4,511,085	18,585,401	38,965,596	—	—	70,828,936
Loans and advances to customers	9,126,703	86,166,932	34,709,215	63,510,274	4,637,441	—	198,150,565
Available-for-sale financial assets	459,786	988,949	556,057	1,094,350	1,996,992	72,200	5,168,334
Held-to-maturity investments	500,035	2,800,772	2,943,679	23,807,892	20,199,140	—	50,251,518
Debt securities classified as receivables	—	330,279	14,488,761	13,116,041	810,302	—	28,745,383
Other financial assets	—	—	—	—	—	3,177,274	3,177,274
Total financial assets	108,685,643	111,865,291	87,349,478	151,938,964	28,395,546	7,400,365	495,635,287
Borrowings from central bank	—	50,000	135,000	—	—	—	185,000
Deposits from banks and other financial institutions	5,938,237	7,881,593	44,135,590	5,601,638	—	—	63,557,058
Placements from banks	857,017	31,342	1,899,470	—	—	—	2,787,829
Financial liabilities designated at fair value through profit or loss	—	—	540,000	500,000	—	—	1,040,000
Derivative financial liabilities	—	—	—	—	—	239	239
Financial assets sold under repurchase agreements	6,046,053	8,435,250	22,759,333	—	—	—	37,240,636
Due to customers	174,974,226	43,732,032	100,753,507	28,416,345	10	7,293	347,883,413
Debt securities issued	—	—	—	—	2,300,000	—	2,300,000
Other financial liabilities	—	—	—	—	46,444	6,036,200	6,082,644
Total financial liabilities	187,815,533	60,130,217	170,222,900	34,517,983	2,346,454	6,043,732	461,076,819
Interest rate risk gap	(79,129,890)	51,735,074	(82,873,422)	117,420,981	26,049,092	1,356,633	34,558,468

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Interest rate risk (Continued)

THE BANK

	As at 31 December 2014						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	74,972,254	—	—	—	—	4,091,640	79,063,894
Deposits with banks and other financial institutions	16,935,395	9,164,000	2,572,510	—	—	120,262	28,792,167
Placements with banks and other financial institutions	26,395,101	37,833,000	13,325,667	—	—	—	77,553,768
Financial assets held for trading	—	—	—	137,734	30,368	—	168,102
Financial assets designated at fair value through profit or loss	1,391,558	1,789,457	6,631,131	7,009,700	—	—	16,821,846
Financial assets held under resale agreements	18,994,126	6,978,905	14,162,895	14,507,653	—	—	54,643,579
Loans and advances to customers	19,537,222	23,246,726	56,843,410	126,379,994	93,197	—	226,100,549
Available-for-sale financial assets	3,816,197	3,855,660	3,496,756	1,395,943	759,215	64,242	13,388,013
Held-to-maturity investments	438,073	2,116,025	5,362,534	29,502,111	25,424,511	—	62,843,254
Debt securities classified as receivables	5,039,324	6,018,578	9,631,297	19,707,035	1,011,498	—	41,407,732
Other financial assets	—	—	—	—	—	4,639,211	4,639,211
Total financial assets	167,519,250	91,002,351	112,026,200	198,640,170	27,318,789	8,915,355	605,422,115
Deposits from banks and other financial institutions	21,003,492	15,410,000	39,172,844	7,105,565	—	—	82,691,901
Placements from banks	7,399,384	2,115,876	3,032,154	—	—	—	12,547,414
Financial liabilities designated at fair value through profit or loss	500,000	—	—	—	—	—	500,000
Financial assets sold under repurchase agreements	28,028,771	16,071,920	3,183,499	—	—	—	47,284,190
Due to customers	196,131,129	50,907,280	114,543,769	46,492,963	8	8,480	408,083,629
Debt securities issued	—	—	—	—	5,000,000	—	5,000,000
Other financial liabilities	—	—	—	—	43,109	6,698,436	6,741,545
Total financial liabilities	253,062,776	84,505,076	159,932,266	53,598,528	5,043,117	6,706,916	562,848,679
Interest rate risk gap	(85,543,526)	6,497,275	(47,906,066)	145,041,642	22,275,672	2,208,439	42,573,436

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Interest rate risk (Continued)

THE BANK *(Continued)*

	As at 31 December 2013						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	64,456,584	—	—	—	—	4,099,633	68,556,217
Deposits with banks and other financial institutions	10,011,292	9,800,317	3,850,000	500,000	—	39,225	24,200,834
Placements with banks and other financial institutions	14,224,388	6,232,055	3,999,839	599,995	—	—	25,056,277
Financial assets held for trading	—	—	—	1,939,323	751,671	—	2,690,994
Financial assets designated at fair value through profit or loss	867,567	1,567,902	8,286,526	8,405,493	—	—	19,127,488
Derivative financial assets	—	—	—	—	—	455	455
Financial assets held under resale agreements	8,766,854	4,511,085	18,585,401	38,965,596	—	—	70,828,936
Loans and advances to customers	8,523,882	85,795,492	33,508,440	62,988,296	4,637,098	—	195,453,208
Available-for-sale financial assets	459,786	988,949	556,057	1,094,350	1,996,992	72,200	5,168,334
Held-to-maturity investments	500,035	2,800,772	2,943,679	23,807,892	20,199,140	—	50,251,518
Debt securities classified as receivables	—	330,279	14,488,761	13,116,041	810,302	—	28,745,383
Other financial assets	—	—	—	—	—	3,157,475	3,157,475
Total financial assets	107,810,388	112,026,851	86,218,703	151,416,986	28,395,203	7,368,988	493,237,119
Deposits from banks and other financial institutions	6,147,338	7,881,593	44,135,590	5,601,638	—	—	63,766,159
Placements from banks	857,017	31,342	1,899,470	—	—	—	2,787,829
Financial liabilities designated at fair value through profit or loss	—	—	540,000	500,000	—	—	1,040,000
Derivative financial liabilities	—	—	—	—	—	239	239
Financial assets sold under repurchase agreements	6,046,053	8,435,250	22,759,333	—	—	—	37,240,636
Due to customers	174,219,965	43,615,498	100,496,931	28,406,895	10	7,293	346,746,592
Debt securities issued	—	—	—	—	2,300,000	—	2,300,000
Other financial liabilities	—	—	—	—	46,444	6,029,359	6,075,803
Total financial liabilities	187,270,373	59,963,683	169,831,324	34,508,533	2,346,454	6,036,891	459,957,258
Interest rate risk gap	(79,459,985)	52,063,168	(83,612,621)	116,908,453	26,048,749	1,332,097	33,279,861

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(5) Market risk *(Continued)*

Interest rate risk (Continued)

The following table illustrates the potential impact after taxation of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net profit and comprehensive income, based on the Group's and the Bank's position of interest-bearing assets and liabilities at the end of the reporting period.

THE GROUP

	2014		2013	
	Net profit	Other comprehensive income	Net profit	Other comprehensive income
+100 basis points	438,379	63,435	565,484	(158,074)
–100 basis points	(438,379)	(63,435)	(565,484)	168,851

THE BANK

	2014		2013	
	Net profit	Other comprehensive income	Net profit	Other comprehensive income
+100 basis points	461,730	63,435	561,743	(158,074)
–100 basis points	(461,730)	(63,435)	(561,743)	168,851

Given the nature of demand deposits, their interest rate fluctuations are less volatile than those of other products, therefore the impact of yield curves movement on interest expenses related to demand deposits has been excluded.

The sensitivity analysis on net profit is based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities held at the end of the reporting period remain unchanged.

The sensitivity analysis on equity is the effect on changes of fixed rate available-for-sale financial assets at end of the reporting period after adjusting in accordance with the reasonably possible changes in interest rates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(6) Capital management

The Group's and the Bank's objectives on capital management are to:

- safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's and the Bank's stability and growth;
- allocate capital in an efficient and risk based approach to optimise risk adjusted return to the shareholders; and
- maintain an adequate capital base to support the development of its business.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with Administrative Measures on the Capital of Commercial Banks (Trial) for systematically important banks, CBRC requires minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50%, respectively. For non-systematically important banks, CBRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. At present, the Group is fully compliant with legal and regulatory requirements.

The risk-weighted assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee. The similar calculation is adopted for off-balance sheet exposures, with adjustments made to reflect the more contingent nature of any potential loss. Market risk-weighted assets are calculated using the standardised approach. Basic indicator approach is used to calculate the risk weighted assets of operational risk.

The Group calculates the following core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio in accordance with Administrative Measures on the Capital of Commercial Banks (Trial) and relevant requirements promulgated by the CBRC.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

52. FINANCIAL RISK MANAGEMENT *(Continued)*

(6) Capital management *(Continued)*

THE GROUP

	As at 31 December 2014	As at 31 December 2013
Core tier-one capital adequacy ratio	10.12%	11.85%
Tier-one capital adequacy ratio	10.12%	11.85%
Capital adequacy ratio	12.45%	13.64%
Components of capital base		
Core tier-one capital:		
Share capital	9,300,000	9,300,000
Valid portion of capital reserve	9,222,515	9,109,469
Surplus reserve and general reserve	13,450,528	11,891,803
Unappropriated profit	9,452,907	5,950,176
Valid portion of non-controlling interests	912,302	530,975
Total core tier-one capital	42,338,252	36,782,423
Deductions:		
Goodwill	(440,129)	(440,129)
Other intangible assets	(50,506)	(51,209)
Net core tier-one capital	41,847,617	36,291,085
Other tier-one capital:		
Non-controlling interests	7,673	2,762
Net tier-one capital	41,855,290	36,293,847
Tier-two capital		
Valid portion of tier-two capital instruments issued and related premium	5,000,000	2,070,000
Surplus provision for loan impairment	4,559,544	3,367,295
Valid portion of non-controlling interests	35,657	16,740
Net capital base	51,450,491	41,747,882
Risk-weighted assets		
Credit risk-weighted assets	369,370,331	272,750,886
Market risk-weighted assets	12,918,581	7,911,429
Operational risk-weighted assets	31,098,186	25,496,260

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements is observable and the significance of the inputs to the fair value measurement in its entirety, which is described below.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of the listed equity securities on exchanges. Where Level 1 inputs are not available, the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation techniques used by the Group is the discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates, own credit spread and counterparty credit spreads, as appropriate. If these parameters used in the model are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as Level 2.

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorised and determined (in particular, the valuation technique(s) and inputs used).

Notes to the Consolidated Financial Statements (Continued)

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53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

THE GROUP

Financial assets/financial liabilities		Fair value at 31/12/2014	Fair value at 31/12/2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets held for trading	Debt securities issued by: — Corporations	168,102	2,502,116	Level 2	See note 1.
	— Financial institutions	—	188,878		
Financial assets designated at fair value through profit or loss	Unlisted debt instruments issued by financial institutions	8,047,493	19,127,488	Level 2	Based on fair value of underlying assets, mainly comprising bonds and money market financial instruments traded in the interbank market.
		8,774,353	—	Level 3	Based on the valuation reports from conterparties, according to fair value of underlying assets, mainly comprising bonds and money market financial instruments traded in the interbank market.
Derivative	Assets	—	455	Level 2	Discounted cash flows. Future cash flows are estimated based on foreign currency forward rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties.
	Liability	—	239		
Available-for-sale financial assets	Listed equity securities issued by: Retail and wholesale	—	16,662	Level 1	Quoted bid prices in stock exchange.
	Listed equity securities issued by: Financial institutions	56,242	47,538	Level 2	Based on observable H-share market price and adjusted for the lack of marketability.
	Debt securities issued by:			Level 2	See note 1.
	— Corporations	12,814,760	4,984,884		
	— Financial institutions	509,011	111,250		
Financial liabilities designated at fair value through profit or loss	Principal guaranteed wealth management products	500,000	1,040,000	Level 2	Discounted cash flows. Future cash flows are estimated and discounted using yield curve for similar quoted wealth management products issued by financial institutions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

THE BANK

Financial assets/financial liabilities		Fair value at 31/12/2014	Fair value at 31/12/2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets held for trading	Debt securities issued by: — Corporations	168,102	2,502,116	Level 2	See note 1.
	— Financial institutions	—	188,878		
Financial assets designated at fair value through profit or loss	Unlisted debt instruments issued by financial institutions	8,047,493	19,127,488	Level 2	Based on fair value of underlying assets, mainly comprising bonds and money market financial instruments traded in the interbank market.
		8,774,353	—	Level 3	Based on the valuation reports from counterparties, according to fair value of underlying assets, mainly comprising bonds and money market financial instruments traded in the interbank market.
Derivative	Assets	—	455	Level 2	Discounted cash flows. Future cash flows are estimated based on foreign currency forward rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties.
	Liability	—	239		
Available-for-sale financial assets	Listed equity securities issued by: Retail and wholesale	—	16,662	Level 1	Quoted bid prices in stock exchange.
	Listed equity securities issued by: Financial institutions	56,242	47,538	Level 2	Based on observable H-share market price and adjusted for the lack of marketability.
	Debt securities issued by:			Level 2	See note 1.
	— Corporations	12,814,760	4,984,884		
	— Financial institutions	509,011	111,250		
Financial liabilities designated at fair value through profit or loss	Principal guaranteed wealth management products	500,000	1,040,000	Level 2	Discounted cash flows. Future cash flows are estimated and discounted using yield curve for similar quoted wealth management products issued by financial institutions.

Note 1: The debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using the present value valuation technique under income approach and applying the respective interest yield curves of relevant debt securities as the key parameter for their fair value measurement.

There were no significant transfers between all levels during each year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy

THE GROUP AND THE BANK

	2014 Financial assets designated at fair value through profit or loss – Unlisted debt instruments issued by financial institutions
As at 1 January 2014	
Total gains or losses:	—
In profit or loss	558,526
In other comprehensive income	—
Purchases	20,456,353
Sales and settlements	(11,682,000)
Transfer in	—
As at 31 December 2014	8,774,353
Change in realised gains or losses for the year included in profit or loss	558,526
Change in unrealised gains or losses for the year included in profit or loss for assets/liabilities held at the end of the year	—

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
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53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The tables below summarise the carrying amounts and fair values of those financial assets and liabilities not measured at their fair values. Financial assets and liabilities for which the carrying amounts approximate their fair values, such as balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, borrowings from central bank, deposits from banks and other financial institutions, placements from banks and financial assets sold under repurchase agreements are not included in the tables below.

THE GROUP

	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers	233,520,181	233,859,515	198,150,565	198,483,105
Held-to-maturity investments	62,843,254	63,560,204	50,251,518	47,441,759
Debt securities classified as receivables	41,504,852	42,361,759	28,745,383	28,677,996
Financial assets held under resale agreements	54,643,579	55,241,901	70,828,936	71,027,508
Total	392,511,866	395,023,379	347,976,402	345,630,368
Financial liabilities				
Due to customers	409,719,844	413,917,706	347,883,413	348,359,567
Debt securities issued	5,000,000	5,171,095	2,300,000	2,255,051
Total	414,719,844	419,088,801	350,183,413	350,614,618

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(Continued)*

THE BANK

	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers	226,100,549	226,435,885	195,453,208	195,785,094
Held-to-maturity investments	62,843,254	63,560,204	50,251,518	47,441,759
Debt securities classified as receivables	41,407,732	42,264,639	28,745,383	28,677,996
Financial assets held under resale agreements	54,643,579	55,241,901	70,828,936	71,027,508
Total	384,995,114	387,502,629	345,279,045	342,932,357
Financial liabilities				
Due to customers	408,083,629	412,276,989	346,746,592	347,222,746
Debt securities issued	5,000,000	5,171,095	2,300,000	2,255,051
Total	413,083,629	417,448,084	349,046,592	349,477,797

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(Continued)*

The following tables give the information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

THE GROUP

Financial assets/financial liabilities		Fair value at 31/12/2014	Fair value at 31/12/2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Loans and advances to customers		233,859,515	198,483,105	Level 3	Discounted cash flows. Future cash flows are estimated and discounted using the yield curve with reference to the PBOC benchmark interest rate and credit spread for specific borrowers.
Held-to-maturity investments		63,560,204	47,441,759	Level 2	See note 1.
Debt securities classified as receivables	Debt securities issued by public sector and quasi-governments, financial institution and corporations	15,647,115	2,760,611	Level 2	See note 1.
	Certificate treasury bonds	—	107,709	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate derived from China Interbank Bond Market for treasury bonds.
	Debt instruments issued by financial institutions	26,714,644	25,809,676	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Financial assets held under resale agreements	Collateral type as: — Bonds	—	219,900	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate derived from interbank money market for repurchase arrangements.
	Collateral type as: — Bills and trust beneficial rights and assets management plans	55,241,901	70,807,608	Level 3	Discounted cash flows. Future cash flows that are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Due to customers		413,917,706	348,359,567	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate with reference to the PBOC benchmark interest rate for deposits of similar remaining maturities.
Debt securities issued		5,171,095	2,255,051	Level 2	See note 1.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(Continued)*

THE BANK

Financial assets/financial liabilities		Fair value at 31/12/2014	Fair value at 31/12/2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Loans and advances to customers		226,435,885	195,785,094	Level 3	Discounted cash flows. Future cash flows are estimated and discounted using the yield curve with reference to the PBOC benchmark interest rate and credit spread for specific borrowers.
Held-to-maturity investments		63,560,204	47,441,759	Level 2	See note 1.
Debt securities classified as receivables	Debt securities issued by public sector and quasi-governments, financial institution and corporations	15,647,115	2,760,611	Level 2	See note 1.
	Certificate treasury bonds	—	107,709	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate derived from China Interbank Bond Market for treasury bonds.
	Debt instruments issued by financial institutions	26,617,524	25,809,676	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Financial assets held under resale agreements	Collateral type as: — Bonds	—	219,900	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate derived from interbank money market for repurchase arrangements.
	Collateral type as: — Bills and trust beneficial rights and assets management plans	55,241,901	70,807,608	Level 3	Discounted cash flows. Future cash flows that are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Due to customers		412,276,989	347,222,746	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate with reference to the PBOC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued		5,171,095	2,255,051	Level 2	See note 1.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(Continued)*

Note 1: The debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using the present value valuation technique under income approach and applying the respective interest yield curves of relevant debt securities as the key parameter for their fair value measurement.

There were no significant transfers between Levels during each year.

54. EVENT AFTER THE REPORTING PERIOD

Saved as disclosed in Note 14, 43 and 44, the Group has no significant post reporting date event subsequent to the end of reporting period as at the date of approval to the financial statements.

Unaudited Supplementary Financial Information

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT)

The following disclosures in relation to loans and advances to customers have been prepared based on the contractual amount of these loans for management purpose, which are not the same as the carrying amount of these loans and advances to customers stated in the consolidated financial statements of the Group.

(1) Distributions of loans and advances to customers by corporate and by retail customers are set out as follows:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Corporate loans and advances		
— Loans	138,881.4	117,853.8
— Discounted bills	5,461.2	1,508.1
— Trade financing	703.9	962.8
Subtotal	145,046.5	120,324.7
Retail loans and advances		
— Residential mortgages and personal commercial properties loans	45,898.9	46,279.7
— Loans to private business and re-employment loans	36,061.7	28,854.7
— Credit cards	3,887.1	2,099.8
— Others	11,303.7	7,693.6
Subtotal	97,151.4	84,927.8
Total loans and advances to customers	242,197.9	205,252.5
Allowance for impairment losses	(8,677.7)	(7,101.9)
Include: Individually assessed	(660.4)	(390.9)
Collectively assessed	(8,017.3)	(6,711.0)
Loans and advances to customers, net	233,520.2	198,150.6

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(Continued)*

(1) Distributions of loans and advances to customers by corporate and by retail customers are set out as follows: *(Continued)*

	THE BANK	
	As at 31 December 2014	As at 31 December 2013
Corporate loans and advances		
— Loans	132,751.7	116,285.4
— Discounted bills	5,459.6	1,505.7
— Trade financing	703.9	962.8
Subtotal	138,915.2	118,753.9
Retail loans and advances		
— Residential mortgages and personal commercial properties loans	45,821.6	46,229.2
— Loans to private business and re-employment loans	34,812.4	27,847.9
— Credit cards	3,887.1	2,099.8
— Others	11,109.7	7,552.5
Subtotal	95,630.8	83,729.4
Total loans and advances to customers	234,546.0	202,483.3
Allowance for impairment losses	(8,445.5)	(7,030.1)
Include: Individually assessed	(632.0)	(388.8)
Collectively assessed	(7,813.5)	(6,641.3)
Loans and advances to customers, net	226,100.5	195,453.2

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(Continued)*

(2) Analysis of loans and advances to customers by collective and individual assessments

THE GROUP

	Loans and advances for which allowance is collectively assessed[a]	Identified impaired loans and advances[b]				Identified impaired loans and advances as a % of total loans and advances
		For which allowance is collectively assessed	For which allowance is Individually assessed	Sub-total	Total	
As at 31 December 2014						
Gross loans and advances	240,310.6	601.7	1,285.6	1,887.3	242,197.9	0.78
Allowance for impairment losses	(7,574.3)	(443.0)	(660.4)	(1,103.4)	(8,677.7)	
Loans and advances to customers, net	232,736.3	158.7	625.2	783.9	233,520.2	
As at 31 December 2013						
Gross loans and advances	203,603.2	702.7	946.6	1,649.3	205,252.5	0.80
Allowance for impairment losses	(6,156.4)	(554.6)	(390.9)	(945.5)	(7,101.9)	
Loans and advances to customers, net	197,446.8	148.1	555.7	703.8	198,150.6	

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(Continued)*

(2) Analysis of loans and advances to customers by collective and individual assessments *(Continued)*

THE BANK

	Loans and advances for which allowance is collectively assessed[a]	Identified impaired loans and advances[b]				Identified impaired loans and advances as a % of total loans and advances
		For which allowance is collectively assessed	For which allowance is Individually assessed	Sub-total	Total	
As at 31 December 2014						
Gross loans and advances	232,736.2	569.1	1,240.7	1,809.8	234,546.0	0.77
Allowance for impairment losses	(7,396.6)	(416.9)	(632.0)	(1,048.9)	(8,445.5)	
Loans and advances to customers, net	225,339.6	152.2	608.7	760.9	226,100.5	
As at 31 December 2013						
Gross loans and advances	200,853.2	687.9	942.2	1,630.1	202,483.3	0.81
Allowance for impairment losses	(6,092.5)	(548.8)	(388.8)	(937.6)	(7,030.1)	
Loans and advances to customers, net	194,760.7	139.1	553.4	692.5	195,453.2	

Notes:

(a) Loans and advances for which allowance is collectively assessed consist of loans and advances which have not been individually identified as impaired.

(b) Identified impaired loans and advances include loans for which objective evidence of impairment exists and which have been identified as bearing an impairment loss and assessed either individually or collectively.

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(Continued)*

(3) Movements of allowance for impairment losses on loans and advances to customers

THE GROUP

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	390.9	6,711.0	7,101.9
Charge for the year	710.2	4,320.1	5,030.3
Reversal for the year	(265.8)	(2,923.5)	(3,189.3)
Written off	(176.7)	(232.5)	(409.2)
Recovery of loans and advances written off in previous years	48.2	166.2	214.4
Unwinding of discount on allowance	(46.4)	(24.0)	(70.4)
As at 31 December 2014	660.4	8,017.3	8,677.7
As at 1 January 2013	497.6	5,446.8	5,944.4
Charge for the year	205.9	5,070.4	5,276.3
Reversal for the year	(376.0)	(3,926.9)	(4,302.9)
Written off	(22.3)	(77.4)	(99.7)
Recovery of loans and advances written off in previous years	113.8	206.5	320.3
Unwinding of discount on allowance	(28.1)	(8.4)	(36.5)
As at 31 December 2013	390.9	6,711.0	7,101.9

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS (CONTRACTUAL AMOUNT) *(Continued)*

(3) Movements of allowance for impairment losses on loans and advances to customers *(Continued)*

THE BANK

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	388.8	6,641.3	7,030.1
Charge for the year	640.0	4,135.8	4,775.8
Reversal for the year	(264.5)	(2,873.2)	(3,137.7)
Written off	(134.2)	(232.5)	(366.7)
Recovery of loans and advances written off in previous years	48.2	166.2	214.4
Unwinding of discount on allowance	(46.4)	(24.0)	(70.4)
As at 31 December 2014	631.9	7,813.6	8,445.5
As at 1 January 2013	497.6	5,437.8	5,935.4
Charge for the year	203.8	5,002.6	5,206.4
Reversal for the year	(376.0)	(3,919.8)	(4,295.8)
Written off	(22.3)	(77.4)	(99.7)
Recovery of loans and advances written off in previous years	113.8	206.5	320.3
Unwinding of discount on allowance	(28.1)	(8.4)	(36.5)
As at 31 December 2013	388.8	6,641.3	7,030.1

LIQUIDITY RATIOS

THE GROUP

	As at 31 December 2014 Expressed in percentage	As at 31 December 2013 Expressed in percentage
RMB current assets to RMB current liabilities	30.52	33.98
Foreign currency current assets to foreign currency current liabilities	37.48	50.51

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

CORE LIABILITIES RATIOS

THE BANK

	As at 31 December 2014 Expressed in percentage	As at 31 December 2013 Expressed in percentage
Core liabilities ratios	60.04	57.54

The above liquidity ratios and core liabilities ratios are calculated in accordance with the formula promulgated by CBRC.

CURRENCY CONCENTRATIONS

THE GROUP AND THE BANK

	Equivalent in Renminbi			
	US Dollars	Hong Kong Dollars	Others	Total
As at 31 December 2014				
Spot assets	2,797.4	510.8	28.4	3,336.6
Spot liabilities	(2,635.5)	(362.4)	(27.1)	(3,025.0)
Forward purchases	—	—	—	—
Forward sales	—	—	—	—
Net position	161.9	148.4	1.3	311.6
As at 31 December 2013				
Spot assets	1,687.3	372.6	27.2	2,087.1
Spot liabilities	(1,168.1)	(364.1)	(11.3)	(1,543.5)
Forward purchases	85.5	—	—	85.5
Forward sales	(85.5)	—	—	(85.5)
Net position	519.2	8.5	15.9	543.6

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

CROSS-BORDER CLAIMS

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

Cross-border claims mainly include balances with banks.

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

	Banks	Total
As at 31 December 2014		
Asia Pacific excluding Mainland China	19.8	19.8
— of which attributed to Hong Kong	19.0	19.0
Europe	17.5	17.5
North America	88.1	88.1
Total	125.4	125.4

	Banks	Total
As at 31 December 2013		
Asia Pacific excluding Mainland China	16.0	16.0
— of which attributed to Hong Kong	16.0	16.0
Europe	8.2	8.2
North America	15.3	15.3
Total	39.5	39.5

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

OVERDUE ASSETS

Total loans and advances to customers which have been overdue are set out as follows:

	THE GROUP	
	As at 31 December 2014	As at 31 December 2013
Below 3 months (inclusive)	1,686.4	1,544.3
Between 3 and 6 months	378.0	102.6
Between 6 and 12 months	507.1	94.6
Over 12 months	448.3	781.5
Total	3,019.8	2,523.0
Percentage		
Below 3 months (inclusive)	0.70	0.75
Between 3 and 6 months	0.16	0.05
Between 6 and 12 months	0.21	0.05
Over 12 months	0.18	0.38
Total	1.25	1.23

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2014
(Amounts in millions of Renminbi, unless otherwise stated)

SUMMARY OF INFORMATION ON GEOGRAPHICAL SEGMENTS

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording gains. The table below sets forth the total operating income attributable to county area branches and urban area branches for the periods indicated.

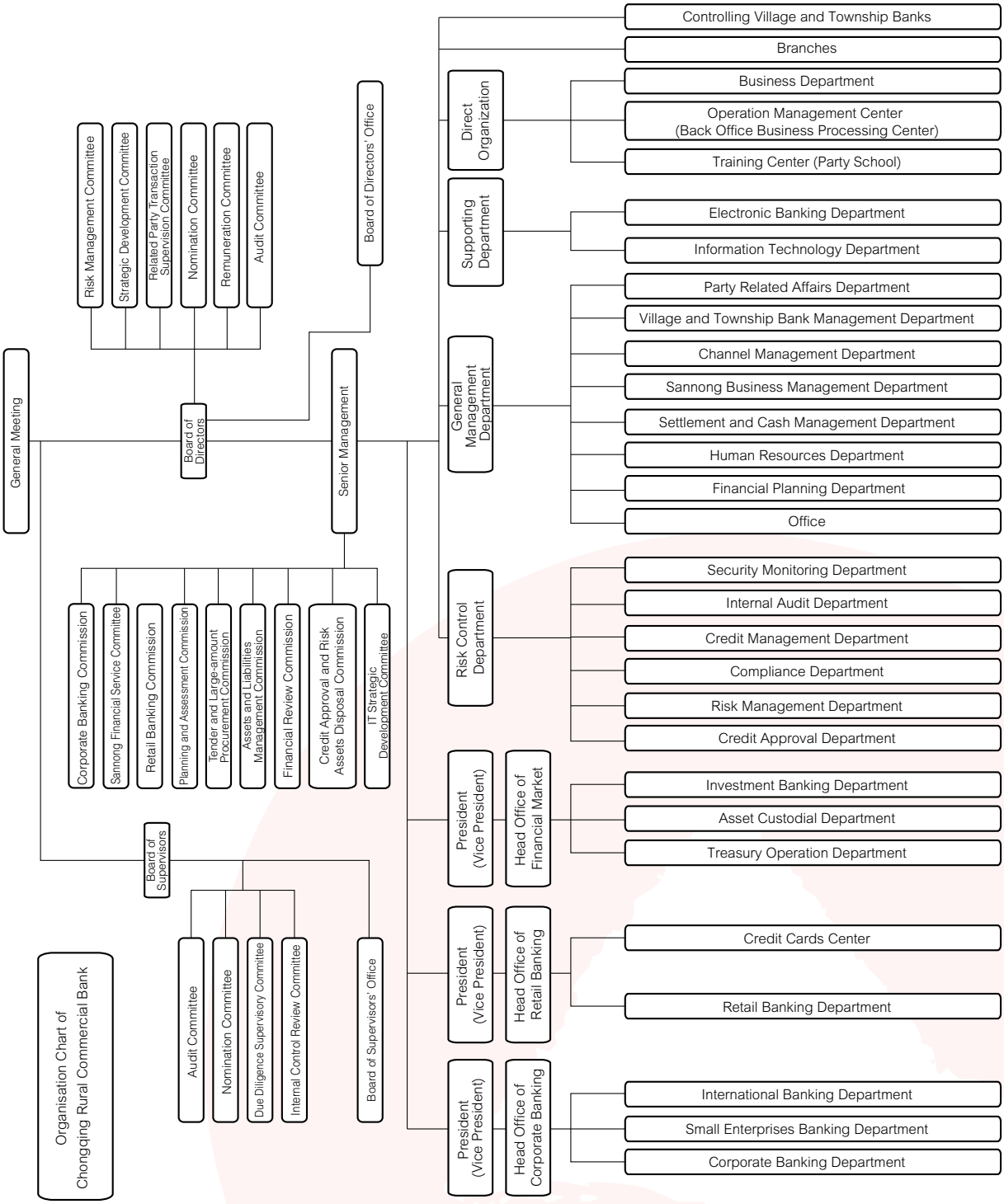
	For the year ended 31 December					
	2014			2013		
	County Area[1]	Urban Area	Total	County Area[1]	Urban Area	Total
Net interest income	3,510.3	14,838.4	18,348.7	2,973.7	12,729.5	15,703.2
Net fee and commission income	413.9	655.7	1,069.6	248.1	431.6	679.7
Net trading gains	—	240.0	240.0	—	(197.6)	(197.6)
Share of profits of an associate	—	5.3	5.3	—	0.3	0.3
Other operating income, net	93.8	45.0	138.8	119.8	10.4	130.2
Total operating income	4,018.0	15,784.4	19,802.4	3,341.6	12,974.2	16,315.8
Internal transfer of income and expense	6,115.9	(6,115.9)	—	5,222.2	(5,222.2)	—
Income after adjustment	10,133.9	9,668.5	19,802.4	8,563.8	7,752.0	16,315.8

(1) County Area refers to regions other than Urban Area of Chongqing City. The information of County Area also includes the information of ten village and tourship bank subsidiaries and the information of Qujing Branch.

SUMMARY OF GEOGRAPHICAL SEGMENT

	As at 31 December									
	2014		2013		2012		2011		2010	
(Expressed in percentage)	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area	County Area	Urban Area
Deposits	66.30	33.70	68.01	31.99	67.48	32.52	66.79	33.21	66.66	33.34
Loans	50.18	49.82	52.60	47.40	48.28	51.72	46.80	53.20	47.76	52.24
Assets	44.86	55.14	47.77	52.23	46.33	53.67	46.67	53.33	48.80	51.20
Loan-deposit ratio	44.74	87.40	45.63	87.43	42.16	93.74	41.09	93.94	42.57	93.09
Return on average total assets	1.20	1.23	1.29	1.28	1.43	1.34	1.34	1.35	1.31	1.20
Net fee and commission income to operating income	4.18	6.62	2.90	5.57	2.86	3.55	5.81	5.62	2.51	5.03
Cost-to-income ratio	41.27	35.17	41.46	33.47	40.46	34.73	38.61	34.69	44.46	44.34

Organization Chart



Branches and Subsidiaries

Branches

Qujing Branch
Address: Block 2 and 3, “Renhe Garden,
Yunding Town Center” Dahua Bridge,
Qilin West Road, Qilin Distrcit,
Qujing City, Yunnan Provice, China
Postal Code: 655000
Tel: 0874-3193599
Fax: 0874-3193565

Sub-branches

Yuzhong Branch
Address: No. 142 Xinhua Road,
Yuzhong District,
Chongqing City,
Songqing Road, China
Postal Code: 400011
Tel: 023-63702177
Fax: 023-63716557

Jiangbei Branch
Address: 8-1, No. 7, Buxing Street,
Guanyin Bridge, Jiangbei District,
Chongqing City, China
Postal Code: 400020
Tel: 023-67721582
Fax: 023-67723755

Xiyong Branch
Address:No. 28 Xiyong Avenue,
Shapingba District,
Chongqing City, China
Postal Code: 401333
Tel: 023-65518880
Fax: 023-65518880

Nan’an Branch
Address: No. 24 Jiangnan Avenue,
Nanping,
Nan’an District,
Chongqing City, China
Postal Code: 400060
Tel: 023-62947564
Fax: 023-62947517

Dadukou Branch
Address: 3/F, Block A1, Tianchenhuafu,
Chunhui Road Street,
Dadukou District,
Chongqing City, China
Postal Code: 400084
Tel: 023-68917939
Fax: 023-68901484

Shapingba Branch
Address: No. 118 Xiaoyanggong Bridge,
Shapingba District,
Chongqing City, China
Postal Code: 400030
Tel: 023-65330998
Fax: 023-65332566

Jiulongpo Branch
Address: No. 2 Xijiao Road, Yang Jia Ping,
Jiulongpo District,
Chongqing City, China
Postal Code: 400050
Tel: 023-86105779
Fax: 023-68437557

Beibei District
Address: No. 20 Beixia West Road, Beibei
Postal Code: 400700
Tel: 023-68864083
Fax: 023-68862728

Yubei Branch
Address: 1-1, Block 1, No. 91 Shuanglong Avenue,
Shuanglonghu Street, Yubei District,
Chongqing City, China
Postal Code: 401120
Tel: 023-67813712
Fax: 023-67813711

Ba'nan Branch
Address: No. 145 Longzhou Avenue,
Ba'nan District,
Chongqing City, China
Postal Code: 401320
Tel: 023-66212977
Fax: 023-66222960

Shuangqiao Branch
Address: No. 6, 1/F, Block A,
Fu No.6, No. 2 Shuangbei Road,
Shuangqiao Economic and Development Zone,
Chongqing City, China
Postal Code: 400900
Tel: 023-43336060
Fax: 023-43336060

Changshou Branch
Address: No. 13 Xiangyang Road,
Fengcheng Street Office,
Changshou District, Chongqing City, China
Postal Code: 401220
Tel: 023-40245293
Fax: 023-40258075

Liangjiang New Zone Branch
Address: No. 21, 23, 25 Jintong Road,
New North zone,
Chongqing City, China
Postal Code: 401122
Tel: 023-88502278
Fax: 023-88502276

Wansheng Branch
Address: No. 36 Wandong North Road,
Wansheng District,
Chongqing City, China
Postal Code: 400800
Tel: 023-48299505
Fax: 023-48299504

Fuling Branch
Address: Block 1, Hongfu Building
No. 55 Xinghua Middle Road,
Fuling District, Chongqing City, China
Postal Code: 408000
Tel: 023-72229797
Fax: 023-72237722

Jiangjin Branch
Address: Block E, Jinhui Garden,
Binjiang West Road,
Jijiang Street Office, Jiangjin District,
Chongqing City, China
Postal Code: 402260
Tel: 023-47538041
Fax: 023-47522632

Hechuan Branch
Address: No. 2 Jiuchang Road,
Hechuan District,
Chongqing City, China
Postal Code: 401520
Tel: 023-42835168
Fax: 023-42841214

Nanchuan Branch
Address: No. 28 Jinfo Avenue,
Nanchuan District,
Chongqing City, China
Postal Code: 408400
Tel: 023-71423626
Fax: 023-71429898

Tongnan Branch
Address: No. 4, Xingtong Avenue,
Guilin Street Office,
Tongnan County,
Chongqing City, China
Postal Code: 402660
Tel: 023-44553817
Fax: 023-44554249

Dazu Branch
Address: No. 21-35 Beihuan Middle Road,
Longgang Street Office,
Dazu County, Chongqing City, China
Postal Code: 402360
Tel: 023-43789737
Fax: 023-43722323

Yongchuan Branch
Address: No. 6 Guangchang Street,
Yongchuan District,
Chongqing City, China
Postal Code: 402160
Tel: 023-49863765
Fax: 023-49885099

Qijiang Branch
Address: No. 38 Longjiao Road, Gunan Town,
Qijiang County,
Chongqing City, China
Postal Code: 401420
Tel: 023-48663010
Fax: 023-48658598

Tongliang Branch
Address: No. 102 Zhongxing Road,
Bachuan Street, Tongliang County,
Chongqing City, China
Postal Code: 402560
Tel: 023-45689247
Fax: 023-45682975

Rongchang Branch
Address: No. 106 Haitang Avenue,
Changzhou Street Office,
Rongchang County,
Chongqing City, China
Postal Code: 402460
Tel: 023-46730454
Fax: 023-46739122

Bishan Branch
Address: No. 4 Bitong Road,
Bicheng Street Office, Bishan County,
Chongqing City China
Postal Code: 402760
Tel: 023-41401133
Fax: 023-41427834

Liangping Branch
Address: No. 1, Block 26, Minghao Commercial Area,
Liangshan Town, Liangping County,
Chongqing City, China
Postal Code: 405200
Tel: 023-53223401
Fax: 023-53223401

Fengdu Branch
Address: No. 187 2nd Shangye Road,
Sanhe Town, Fengdu County,
Chongqing City, China
Postal Code: 408200
Tel: 023-70736444
Fax: 023-70736533

Zhong County Branch
Address: No. 6 Zhoupinghuan Road,
Zhongzhou Town, Zhong County,
Chongqing City, China
Postal Code: 404300
Tel: 023-54243943
Fax: 023-54243942

Wanzhou Branch
Address: No. 99 Taibai Road,
Wanzhou District,
Chongqing City, China
Postal Code: 404100
Tel: 023-58156268
Fax: 023-58156260

Chengkou Branch
Address: No. 30 South Street, Gecheng Town,
Chengkou County,
Chongqing City, China
Postal Code: 405900
Tel: 023-59221503
Fax: 023-59221093

Dianjiang Branch
Address: No. 12 Renmin East Road,
Guixi Town, Dianjiang County,
Chongqing City, China
Postal Code: 408300
Tel: 023-74511543
Fax: 023-74685719

Kai County Branch
Address: (Shimin Plaza) Kaizhou Avenue,
Hanfeng Street Office, Kai County,
Chongqing City, China
Postal Code: 405400
Tel: 023-52250701
Fax: 023-52250853

Yunyang Branch
Address: No. 1335 Yunjiang Avenue,
Shuangjiang Town,
Yunyang County,
Chongqing City, China
Postal Code: 404500
Tel: 023-55161488
Fax: 023-55161499

Wushan Branch
Address: No. 258 Guangdong East Road,
Wushan County,
Chongqing City, China
Postal Code: 404700
Tel: 023-57680904
Fax: 023-57680901

Qianjiang Branch
Address: No. 599 Jiefang Road,
Qianjiang District,
Chongqing City, China
Postal Code: 409000
Tel: 023-79237426
Fax: 023-79236496

Shizhu Branch
Address: No. 41 Xinkai Road, Nanbin Town,
Shizhu Tujia Autonomous County,
Chongqing City, China
Postal Code: 409100
Tel: 023-73332466
Fax: 023-73337976

Fengjie Branch
Address: No. 32 Gongping Lane,
Yufujie Road, Fengjie County,
Chongqing City, China
Postal Code: 404600
Tel: 023-56560397
Fax: 023-56560229

Wuxi Branch
Address: No. 28 Jiefang Street,
Chengxiang Town,
Wuxi County,
Chongqing City, China
Postal Code: 405800
Tel: 023-51520567
Fax: 023-51520766

Wulong Branch
Address: No. 36 Furong Middle Road,
Xiangkou Town,
Wulong County,
Chongqing City, China
Postal Code: 408500
Tel: 023-77723233
Fax: 023-77722595

Xiushan Branch
Address: Shizi Street, Yuxiu Avenue,
Zhonghe Town,
Xiushan Tujia and
Miao Autonomous County,
Chongqing City, China
Postal Code: 409900
Tel: 023-76664159
Fax: 023-76671163

Youyang Branch Co., Ltd.
Address: No. 5, Taohuayuan Middle Road,
Taohuayuan Town,
Youyang Tujia and
Miao Autonomous County,
Chongqing City, China
Postal Code: 409800
Tel: 023-75532959
Fax: 023-75552534

Pengshui Branch
Address: Fu No. 4, 2 Shizui Street,
Hanjia Street,
Pengshui Miao and
Tujia Autonomous County,
Chongqing City, China
Postal Code: 409600
Tel: 023-78492863
Fax: 023-78849965

Xuanwei Branch
Address: No. 1-104, 1st Floor,
Xintiandi International Furniture Expo Centre,
Wenhua Road, Xuanwei City
Yunnan Province, China
Postal Code: 655400
Tel: 0874–7147111
Fax: 0874–7147111

Village and Township Banks

Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.
(江蘇張家港渝農商村鎮銀行股份有限公司)
Address: No. 487 and 489 Chang'an Road,
Zhangjiagang City,
Jiangsu Province
Postal Code: 215600
Tel: 0512-58918959
Fax: 0512-58918969

Sichuan Dazhu CQRC Village and Township Bank Co., Ltd. (四川大竹渝農商村鎮銀行股份有限公司)
Address: Block H8/9, Huangge Commercial Plaza,
Xinhua Road East,
Zhuyang Town, Dazhu County,
Sichuan Province
Postal Code: 635100
Tel: 0818-6256123
Fax: 0818-6256616

Yunnan Dali CQRC Village and Township Bank (雲南大理渝農商村鎮銀行有限責任公司)
Address: No. 176 Yangbi Road,
Economic Development Zone,
Dali Prefecture,
Yunnan Province
Postal Code: 671000
Tel: 0872-2188319
Fax: 0872-2188667

Yunnun Xiangyun CQRC Village and Township Bank Co., Ltd.
(雲南祥雲渝農商村鎮銀行有限責任公司)
Address: No. 16, Block 11,
"Xiangyun Yinxiang Garden",
Wenyuan Road north side,
Xiangcheng Town, Xiangyun County,
Dali Prefecture, Yunnan Province
Postal Code: 672100
Tel: 0872-3997552
Fax: 0872-3122977

Yunnan Heqing CQRC Village and Township Bank Co., Ltd.
(雲南鶴慶渝農商村鎮銀行有限責任公司)
Address: 15 Xinghe Road,
Yunhe Town, Hexing County,
Dali Prefecture, Yunnan Province
Postal Code: 671500
Tel: 0872-4125480
Fax: 0872-4123500

Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.
(廣西鹿寨渝農商村鎮銀行有限責任公司)
Address: 8 Guiyuan Road,
Nanxin District, Luzhai County,
Liuzhou City, Guangxi Province
Postal Code: 545600
Tel: 0772-6822818
Fax: 0772-6663029

Fujian Shaxian CQRC Village and Township Bank Co., Ltd. (福建沙縣渝農商村鎮銀行有限責任公司)
Address: Floor 1 & 2, North Tower of Yongshun Building, Xincheng Central Road, Sha County, Sanming City, Fujian Province
Postal Code: 365500
Tel: 0598-5758880
Fax: 0598-5758880

Fujian Fuan CQRC Village and Township Bank Co., Ltd. (福建福安渝農商村鎮銀行有限責任公司)
Address: 1 Guanhang Road, Cheng Bei, Fu'an City, Fujian Province
Postal Code: 355000
Tel: 0593-8988916
Fax: 0593-8988920

Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd. (雲南香格里拉渝農商村鎮銀行有限責任公司)
Address: 3AS-1-1, No. 7 Huajun Plaza, Changzheng Da Road, Xianggelila County, Yunnan Province
Postal Code: 674400
Tel: 0887-8980066
Fax: 0887-8989811

Fujian Pingtan CQRC Village and Township Bank Co., Ltd. (福建平潭渝農商村鎮銀行有限責任公司)
Address: A3-A6, 19th Pai, Kangde Huayuan Villa, Tancheng Town, Pingtan County, Fujian Province
Postal Code: 350400
Tel: 0591-86175991
Fax: 0591-86175991

Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

Bank or our Bank	Chongqing Rural Commercial Bank Co., Ltd. (重慶農村商業銀行股份有限公司)
Banking Regulatory Commission Chongqing Bureau	China Banking Regulatory Commission Chongqing Regulatory Bureau (中國銀行業監督管理委員會重慶監管局)
CBRC	China Banking Regulatory Commission (中國銀行業監督管理委員會)
County Area	the regions other than Urban Area of Chongqing City, including 29 districts and counties
Articles of Association	Articles of Association of Chongqing Rural Commercial Bank Co., Ltd.*
Domestic Shares	the ordinary shares issued by our Bank in the PRC, with a nominal value of RMB1.00 each
Group	Chongqing Rural Commercial Bank Co., Ltd. (重慶農村商業銀行股份有限公司) and its subsidiaries
RMB or Renminbi	Renminbi, the lawful currency of the PRC
Yuan	RMB yuan
HKD or HK$ or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
PRC or China	the People's Republic of China
Hong Kong	Hong Kong Special Administrative Region, the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited
industries with high pollution, high energy consumption and excess capacity (「兩高一剩」行業)	industries with high pollution, high energy consumption and excess capacity
Listing	the listing of H shares on the Main Board of the Hong Kong Stock Exchange

rural commercial bank	a short-hand reference to rural and commercial bank (農村商業銀行)
Sannong	a short-hand reference to the Chinese pronunciation of the phrase "agriculture, rural areas and farmers"
three-transformation	the strategy for future development of the Bank, that is, characteristic operation, streamlining the management and fostering good corporate culture
village and township banks	bank institutions that are approved by CBRC (中國銀監會) to be incorporated in rural areas to provide services to local farmers or enterprises
Five Major Functional Regions	the third meeting of the fourth session of Chongqing Committee of the Chinese Communist Party (中共重慶市委四屆三次全會) studied and planned the functional regions of Chongqing City and the reforms of administrative systems by considering factors such as population, resources, environment, economy, society and culture. Chongqing City will be divided into five functional regions, e.g. urban function core region (都市功能核心區), urban function expanding region (都市功能拓展區), urban development new region (城市發展新區), North of Yudong ecological conservation development region (渝東北生態涵養發展區) and South of Yudong ecological protection region (渝東南生態保護發展區).
One Belt, One Road	Silk Road Economic Belt and the 21th Century Maritime Silk Road
ETC	Electronic Toll Collection System
P2P	Peer-to-peer internet financing platform
Shareholder(s)	Shareholder(s) of the Bank
IFRSs	International Financial Reporting Standards
Central bank	the People's Bank of China