

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



重慶農村商業銀行

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 unaudited consolidated interim results of the Bank and its subsidiaries (the “**Group**”) for the six months ended 30 June 2015 (the “**Interim Results**”). This announcement contains the full text of the interim report of the Group for the six months ended 30 June 2015 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and International Financial Reporting Standards. The Interim Results have also 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 interim report of the Bank for the six months ended 30 June 2015 will be despatched to shareholders and will also be 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

Chongqing, the PRC, 28 August 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. Sun Lida, Mr. Duan Xiaohua, Mr. Wen Honghai 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 B0335H2500000001 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 5000000000001239. 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.*



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.

CONTENTS

1.	Financial Summary	2
2.	Company Information	5
3.	Management Discussion and Analysis	
(1)	Financial Review	7
(2)	Business Operation	42
(3)	Financial Business in County Area	64
(4)	Risk Management	67
(5)	Internal Audit	73
(6)	Outlook	74
4.	Changes in Share Capital and Particulars of Shareholders	75
5.	Directors, Supervisors and Senior Management	80
6.	Major Events	83
7.	Report on Review of Interim Financial Information	85
8.	Condensed Consolidated Financial Information	86
9.	Unaudited Supplementary Financial Information	150
10.	Organisation Chart	157
11.	Definitions	158



Financial Summary

The financial information of the Group set forth in this interim report is prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”) and expressed in Renminbi unless otherwise stated.

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Operating results				
Net interest income	9,771.5	8,850.7	920.8	10.40
Net fee and commission income	684.1	397.8	286.3	71.97
Operating income	10,527.9	9,480.9	1,047.0	11.04
Profit before tax	5,140.1	4,772.9	367.2	7.69
Net profit	3,919.0	3,601.7	317.3	8.81
Net profit attributable to equity holders of the Bank	3,887.5	3,591.0	296.5	8.26
Basic earnings per share (Expressed in RMB per share)	0.42	0.39	0.03	7.69

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015	As at 31 December 2014	Change in amount	Change (%)
Scale indicators				
Total assets	672,781.1	618,889.0	53,892.1	8.71
Among which: loans and advances to customers, net	254,905.1	233,520.2	21,384.9	9.16
Total liabilities	627,859.9	576,040.6	51,819.3	9.00
Among which: due to customer	454,699.5	409,719.8	44,979.7	10.98
Equity attributable to equity holders of the Bank	43,467.3	41,425.9	2,041.4	4.93
Non-controlling interests	1,453.9	1,422.5	31.4	2.21
Total equity	44,921.2	42,848.4	2,072.8	4.84

	For the six months ended	For the six months ended	
(Expressed in percentage)	30 June 2015	30 June 2014	Change
Profitability indicators			
Annualised return on total assets ⁽¹⁾	1.21	1.31	(0.10)
Weighted average return on shareholders' equity ⁽²⁾	17.49	18.59	(1.10)
Net interest spread ⁽³⁾	3.04	3.16	(0.12)
Net interest margin ⁽⁴⁾	3.25	3.38	(0.13)
Net fee and commission income to operating income	6.50	4.20	2.30
Cost-to-income ratio ⁽⁵⁾	32.50	33.37	(0.87)

	As at 30 June 2015	As at 31 December 2014	
(Expressed in percentage)			Change
Assets quality indicators⁽⁶⁾			
Non-performing loan ratio	0.85	0.78	0.07
Allowances to non-performing loans	429.37	459.79	(30.42)
Allowances to total loans	3.66	3.58	0.08
Capital adequacy indicators			
Core Tier 1 capital adequacy ratio ⁽⁷⁾	9.32	10.12	(0.80)
Tier 1 capital adequacy ratio ⁽⁷⁾	9.32	10.12	(0.80)
Capital adequacy ratio ⁽⁷⁾	11.51	12.45	(0.94)
Total equity to total assets	6.68	6.92	(0.24)

	As at 30 June 2015	As at 31 December 2014	
(Expressed in percentage)			Change
Other indicators			
Loan-to-deposit ratio ⁽⁶⁾	58.19	59.11	(0.92)

Notes:

- (1) Representing the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets as of the beginning and end of the period.
- (2) Representing the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the weighted average balance of shareholders' equity during the period 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 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, allowances to total loans and loan-to-deposit ratio 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 CBRC.

BASIS OF PREPARATION OF CERTAIN FINANCIAL INDICATORS

Under the IFRS, 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 "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 reviewed financial information of the Group. As at 30 June 2015, loans and advances to customers have been expired after reorganization, the amount of loan contracts is consistent with the carrying amount of such loans and advances set out in the consolidated financial statements.

Unless otherwise stated, the Group's financial data are expressed in RMB.



Company 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 Secretaries	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 licence	500000000001239
Code of organisational structure	67612972-8
Financial licence institution number	The Bank holds a financial licence number B0335H250000001 approved by CBRC

Taxation registration number	Yu Guo Shui Zi (渝國稅字) No. 500105676129728 Yu Di Shui Zi (渝地稅字) 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 the 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



Management Discussion and Analysis

FINANCIAL REVIEW

In the first half of 2015, the global economy strived to move forward amid of the stormy weather. The recovery of the global economy was slower than expected as a whole. It is still recovering in a slow pace, with result diversified. The conflicts arising from geopolitics increased and there had been considerable fall in the price of bulk commodities. This increased the instability and uncertainty to the recovery of global economy.

Faced with the complicated economic environment in China and overseas as well as an increasing pressure for the slowdown of the economy, the Party's Central Committee and the State Council insisted on the overall keynote of progressing while maintaining stability. Control over the macro-economy was implemented with scientific precision. Reform and institutional innovation were pushed forward unswervingly. The performance of the national economy was maintained at a reasonable range, with the key performance indicators gradually recovering, demonstrating momentum of stabilization at an improving pace. In the first half of 2015, the gross domestic product (GDP) amounted to RMB29,686.8 billion, representing an increase of 7.0% year-on-year. Enterprises operating at economies of scale and above throughout the country increased by 6.3% year-on-year, representing a decrease of 0.1 percentage point as compared with that of the first quarter. Fixed assets investment reached RMB23,713.2 billion, an increase of 11.4% year-on-year, representing a decrease of 2.1 percentage points as compared with that of the first quarter. Meanwhile, based on the continuing implementation of prudent monetary policy, the domestic economy remained moderately liberal. As at the end of June in 2015, the balance of broad money (M2) reached RMB133.34 trillion, representing an increase of 11.8% compared with that of last year; the balance of narrow money (M1) reached RMB35.61 trillion, increased by 4.3%. As at the end of June in 2015, the balance of RMB-denominated loans amounted to RMB88.79 trillion. New RMB-denominated loans amounted to RMB6.56 trillion, representing a year-on-year increase of RMB537.1 billion. The balance of RMB deposits amounted to RMB131.83 trillion. New RMB-denominated deposits amounted to RMB11.09 trillion, representing a year-on-year decrease of RMB375.6 billion.

In the first half of 2015, the keynote of seeking progresses while maintaining stability was emphasized in Chongqing. Initiatives were adopted proactively to adapt to the new normal state of economic development. More focuses were placed on changing methods and structures to achieve a stable and healthy economy. Meanwhile, by further promoting the development strategies for the Five Major Functional Regions, and with the continued optimization of the productivity layout and industrial structure throughout the city a sustained, coordinated and healthy development trend has emerged in the Five Major Functional Regions. In the first half of 2015, the gross regional product (GRP) of Chongqing reached RMB723.79 billion, representing an increase of 11.0% year-on-year, ranking the first in the country. Enterprises operating at economies of scale and above increased by 11.1%. Fixed assets investment reached RMB629.892 billion, representing an increase of 17.5% year-on-year. The operation of the financial sector was stable in general. As at the end of June in 2015, the balance of RMB-denominated deposits in the financial institutions of Chongqing amounted to RMB2,706.376 billion, representing an increase of 8.4% year-on year; the balance of RMB-denominated loans amounted to RMB2,164.721 billion, representing an increase of 14.8% year-on year.

I. Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Net interest income	9,771.5	8,850.7	920.8	10.40
Net fee and commission income	684.1	397.8	286.3	71.97
Net trading gain	4.0	205.8	(201.8)	(98.06)
Share of profit of an associate	—	2.0	(2.0)	(100.00)
Other operating income, net	68.3	24.6	43.7	177.64
Operating income	10,527.9	9,480.9	1,047.0	11.04
Operating expenses	(4,146.8)	(3,788.6)	(358.2)	9.45
Impairment losses on assets	(1,240.7)	(920.2)	(320.5)	34.83
Net profit or loss on disposal of available-for-sale financial assets	(1.9)	0.8	(2.7)	(337.50)
Net profit or loss on investments of debt securities classified as receivables	1.6	—	1.6	—
Profit before tax	5,140.1	4,772.9	367.2	7.69
Income tax expense	(1,221.1)	(1,171.2)	(49.9)	4.26
Net profit	3,919.0	3,601.7	317.3	8.81

In the first half of 2015, the Group recorded a profit before tax of RMB5,140 million, representing an increase of 7.69% year-on-year and a net profit of RMB3,919 million, representing an increase of 8.81% year-on-year. Profit before tax and net profit achieved a steady growth, primarily due to (i) the steady growth in the scale of major interest-earning assets, with the net interest income increasing by 10.40%, or RMB921 million, when compared to last year; (ii) meeting the diverse financial needs of customers and the development of credit card business, driving an increase in net fee and commission income by 71.97%, or RMB286 million, when compared to last year; and (iii) the effective control on the cost growth, with cost-income reducing by 0.87 percentage points when compared to last year.

(I) Net Interest Income

In the first half of 2015, the Group recorded a net interest income of RMB9,772 million, representing an increase of RMB921 million, or 10.40%, year-on-year, including an increase of RMB1,355 million in net interest income arising from the changes in average balance of various assets and liabilities, and a decrease of RMB434 million in net interest income attributable to the change of interest rate of the Group under the impact of accelerated pace of interest rate liberalization and squeezed interest spread. Net interest income accounted for 92.82% of the total operating income of the Group.

The table below sets forth, for the periods indicated, the interest income, the interest expense and the net interest income of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Interest income	17,565.9	15,939.2	1,626.7	10.21
Interest expense	(7,794.4)	(7,088.5)	(705.9)	9.96
Net interest income	9,771.5	8,850.7	920.8	10.40

The table below sets forth, for the periods indicated, the average balances of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or interest expense and the average yield (for assets) or average cost rate (for liabilities). The analysis below excludes the impact of capital-preserved type of customer-driven wealth management products and non-capital-preserved type of customer-driven wealth management products that have been included in the scope of consolidation on the interest income, interest expense and average balances:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	Average balance	Interest income/expense	Annualised average yield/cost rate (%)	Average balance	Interest income/expense	Annualised average yield/cost rate (%)
Assets						
Loans and advances to customers	247,545.2	8,483.4	6.85	215,332.9	7,701.4	7.15
Debt securities investments	133,770.0	4,026.3	6.02	111,958.8	3,344.7	5.97
Balances with central bank	76,913.9	609.2	1.58	71,462.0	563.4	1.58
Due from banks and other financial institutions	142,969.2	4,120.5	5.76	124,373.0	4,023.1	6.47
Total interest-earning assets	601,198.3⁽¹⁾	17,239.4⁽¹⁾	5.74	523,126.7⁽¹⁾	15,632.6⁽¹⁾	5.98
Liabilities						
Due to customers	435,533.8	4,766.5	2.19	377,307.9	3,954.4	2.10
Borrowings from central bank	4,787.6	89.4	3.73	357.5	6.4	3.58
Due to banks and other financial institutions	103,241.2	2,371.8	4.59	100,335.2	2,750.8	5.48
Issuance of debt instruments	9,223.1	240.2	5.21	2,382.9	70.3	5.90
Total interest-bearing liabilities	552,785.7⁽¹⁾	7,467.9⁽¹⁾	2.70	480,383.5⁽¹⁾	6,781.9⁽¹⁾	2.82
Net interest income		9,771.5			8,850.7	
Net interest spread			3.04			3.16
Net interest margin			3.25			3.38

Note:

(1) Excluded the impact of customer-driven wealth management products.

In the first half of 2015, as the central bank continued to lower the benchmark interest rates of deposits and loans, in particular, further expanding potential for raising the deposit interest rates the Group's interest spread has been narrowed. The net interest margin was 3.25% and the net interest spread was 3.04%, representing a decrease of 13 basis points and 12 basis points as compared to the end of the previous year, respectively.

The following table sets out the changes in the Group's interest income and interest expense as compared with the same period of the previous year due to changes in volume and interest rate. Changes in volume are measured by the movement of average balance, while changes in interest rate are measured by the movement of average interest rate:

(Expressed in RMB million, unless otherwise stated)	Volume factor	Rate factor	Change in interest income/ expense
Assets			
Loans and advances to customers	1,103.3	(321.3)	782.0
Debt securities investments	656.5	25.1	681.6
Balances with central bank	43.1	2.7	45.8
Due from banks and other financial institutions	535.6	(438.2)	97.4
Change in interest income	<u>2,338.5</u>	<u>(731.7)</u>	<u>1,606.8</u>
Liabilities			
Due to customers	637.6	174.5	812.1
Due to central bank, banks and other financial institutions	167.3	(463.3)	(296.0)
Issuance of debt instruments	178.2	(8.3)	169.9
Change in interest expense	<u>983.1</u>	<u>(297.1)</u>	<u>686.0</u>

1. Interest Income

In the first half of 2015, the Group recorded interest income of RMB17,566 million, representing an increase of RMB1,627 million or 10.21% year-on-year. The analysis below excludes the interest income of capital-preserved type of customer-driven wealth management products and consolidated non-capital preserved type of customer-driven wealth management products.

(1) Interest Income from Loans and Advances to Customers

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	Average balance	Interest income	Annualised average yield rate (%)	Average balance	Interest income	Annualised average yield rate (%)
Corporate loans	142,122.5	4,857.9	6.84	125,463.1	4,421.1	7.05
Retail loans	95,797.3	3,372.3	7.04	86,588.3	3,172.4	7.33
Discounted bills	9,625.4	253.2	5.26	3,281.5	107.9	6.58
Total loans and advances to customers	247,545.2	8,483.4	6.85	215,332.9	7,701.4	7.15

Interest income from loans and advances to customers amounted to RMB8,483 million, representing an increase of RMB782 million, or 10.15%, year-on-year, primarily due to the increase in average balance of loans and advances to customers.

(2) Interest Income from Debt Securities Investments

In the first half of 2015, interest income from debt securities investments of the Group amounted to RMB4,026 million, representing an increase of RMB682 million, or 20.38%, year-on-year, primarily owing to the optimization of investment structure based on market conditions resulting in the increase in both the average balance and average yield of debt securities investments when compared to last year.

(3) Interest Income from Balances with Central Bank

In the first half of 2015, the Group's interest income from balances with central bank amounted to RMB609 million, representing an increase of RMB46 million, or 8.13%, year-on-year, which was primarily due to an increase of 7.63% year-on-year in average balance of balances with central bank, following the increase in the amounts due to customers.

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

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	Average balance	Interest income	Annualised average yield rate (%)	Average balance	Interest income	Annualised average yield rate (%)
Deposits and placements with banks and other financial institutions	90,347.5	2,484.9	5.50	49,643.1	1,484.7	5.98
Financial assets held under resale agreements	52,621.7	1,635.6	6.22	74,729.9	2,538.4	6.79
Total due from banks and other financial institutions	142,969.2	4,120.5	5.76	124,373.0	4,023.1	6.47

In the first half of 2015, the interest income from deposits and placements with banks and other financial institutions of the Group amounted to RMB2,485 million, representing an increase of RMB1,000 million, or 67.37%, year-on-year, primarily due to the use of surplus funds through multiple channels resulting in the increase of the average balance of interbank funds.

In the first half of 2015, the interest income from financial assets held under resale agreements of the Group amounted to RMB1,636 million, representing a decrease of RMB903 million, or 35.57%, over the same period of the previous year, primarily due to the flexible configuration of assets and liabilities while adapting to market changes.

2. Interest Expense

In the first half of 2015, interest expense of the Group amounted to RMB7,794 million, representing an increase of RMB706 million, or 9.96%, over the same period of the previous year. The analysis below excludes the interest expense of capital-preserved type of customer-driven wealth management products and consolidated non-capital-preserved type of customer-driven wealth management products.

(1) Interest Expense on Due to Customers

The average balance, interest expense and annualised 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 six months ended 30 June 2015			For the six months ended 30 June 2014		
	Average balance	Interest expense	Annualised average cost rate (%)	Average balance	Interest expense	Annualised average cost rate (%)
Corporate deposits						
Demand	74,897.0	260.5	0.70	69,360.9	225.6	0.65
Time	33,831.8	492.4	2.91	26,358.6	400.3	3.04
Subtotal	<u>108,728.8</u>	<u>752.9</u>	<u>1.38</u>	<u>95,719.5</u>	<u>625.9</u>	<u>1.31</u>
Retail deposits						
Demand	86,937.0	168.1	0.39	80,694.9	156.2	0.39
Time	239,868.0	3,845.5	3.21	200,893.5	3,172.3	3.16
Subtotal	<u>326,805.0</u>	<u>4,013.6</u>	<u>2.46</u>	<u>281,588.4</u>	<u>3,328.5</u>	<u>2.36</u>
Total due to customers	<u><u>435,533.8</u></u>	<u><u>4,766.5</u></u>	<u><u>2.19</u></u>	<u><u>377,307.9</u></u>	<u><u>3,954.4</u></u>	<u><u>2.10</u></u>

In the first half of 2015, interest expense on due to customers of the Group amounted to RMB4,767 million, representing an increase of RMB812 million, or 20.54%, year-on-year, which was primarily due to on one hand, the steady growth in customers deposits, with the average balance increasing by 15.43% over the same period of the previous year; on the other hand, the acceleration of the liberalization of interest rate resulting in the increase in the average interest cost of deposits from customers and the proportion of time deposits with higher interest rates.

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

The average balance, interest expense and annualised 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 six months ended 30 June 2015			For the six months ended 30 June 2014		
	Average balance	Interest expense	Annualised average cost rate (%)	Average balance	Interest expense	Annualised average cost rate (%)
Deposits and placements from banks and other financial institutions	62,949.6	1,529.8	4.86	53,800.0	1,502.1	5.58
Financial assets sold under repurchase agreements	40,291.6	842.0	4.18	46,535.2	1,248.7	5.37
Total due to banks and other financial institutions	103,241.2	2,371.8	4.59	100,335.2	2,750.8	5.48

In the first half of 2015, the Group's interest expense on deposits and placements from banks amounted to RMB1,530 million, representing an increase of RMB28 million, or 1.84%, year-on-year, which was primarily due to the increase in the average balance of deposits and placements from banks and other financial institutions.

In the first half of 2015, the interest expense on financial assets sold under repurchase agreements amounted to RMB842 million, representing a year-on-year decrease of RMB407 million, primarily due to (i) the decrease in the average balance of financial assets sold under repurchase agreements by 13.42% when compared to last year, resulting in the decrease of RMB130 million interest expense; and (ii) the reduced market interest rates resulting in the decrease of RMB277 million in interest expense.

3. Net Interest Spread and Net Interest Margin

In the first half of 2015, the Group's net interest margin was 3.25% and net interest spread was 3.04%, representing a decrease of 13 basis points and 12 basis points when compared to last year, respectively. The decrease of net interest margin and net interest spread was mainly due to the year-on-year increase in average cost of deposits caused by the Group's different floating policies on deposits to maintain favourable industry competitiveness under the influence of continuous interest rate cuts of the central bank and further decrease of the average margin of loans, resulting in the decrease of net interest margin and net interest spread driven by the narrowing of deposit and loan spreads. Meanwhile, the Group continued to improve independent pricing capability for its products to optimize asset and liability structure, and actively enhance efficiency in the use of surplus funds to maintain a relatively stable margin to some extent.

(II) Non-interest Income

1. Net Fee and Commission Income

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Fee and commission income	717.2	424.9	292.3	68.79
Settlement and clearing fees	29.1	29.2	(0.1)	(0.34)
Bank card fees	189.3	96.7	92.6	95.76
Agency and other fiduciary service fees	114.1	92.2	21.9	23.75
Wealth management fees	368.7	199.6	169.1	84.72
Others	16.0	7.2	8.8	122.22
Fee and commission expense	(33.1)	(27.1)	(6.0)	22.14
Net fee and commission income	684.1	397.8	286.3	71.97

In the first half of 2015, the net fee and commission income of the Group amounted to RMB684 million, representing an increase of RMB286 million, or 71.97%, over the same period of the previous year, and its proportion to operating income increased by 2.30 percentage points over the same period of the previous year, to 6.50%, primarily due to the meeting of the diverse financial needs of customers and the increasing promotion and marketing of bank card business, resulting in the continuous enhancement of earning capacities from wealth management business and bank card business.

Income from settlement and clearing fees amounted to RMB29 million, mainly from traditional remittance, settlement and other services.

Income from bank card fees amounted to RMB189 million, representing an increase of RMB93 million, or 95.76%, over the same period of the previous year, which was primarily attributable to the enhancement of product innovation and marketing, steady growth of the number of credit cards issued as well as the amount of spending, which resulted in the higher profitability of the business, among which the credit card instalment income and POS revenue amounted to RMB96 million, representing an increase of RMB75 million, or 362.02%, when compared to last year.

Income from agency and other fiduciary service fees amounted to RMB114 million, representing an increase of RMB22 million, or 23.75%, over the same period of the previous year, primarily attributable to a year-on-year increase in fund trust agency fees.

Income from wealth management fees amounted to RMB369 million, representing an increase of RMB169 million, or 84.72%, as compared to the end of the previous year, which was primarily attributable to the rapid growth in customer-driven wealth management business.

2. Net Trading Gain

Net trading gain primarily comprises changes in the fair value of held-for-trading debt securities and profit or loss arising from trading.

In the first half of 2015, the Group's net trading gain amounted to RMB4 million, representing a decrease of RMB202 million, or 98.06%, over the same period of the previous year, which was primarily attributable to the decrease in the scale of bonds investment, held-for-trading bonds, based on the comprehensive consideration of risks and benefits.

3. Other Operating Income, Net

In the first half of 2015, other operating income, net, amounted to RMB68 million, representing an increase of RMB44 million, or 177.64%, over the same period of the previous year, mainly due to the increase of government subsidy.

(III) Operating Expenses

In the first half of 2015, the operating expenses of the Group amounted to RMB4,147 million, representing an increase of RMB358 million, or 9.45%, over the same period of the previous year.

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Staff costs	2,440.7	2,275.9	164.8	7.24
Business tax and surcharges	725.4	624.4	101.0	16.18
Depreciation and amortisation	310.8	270.7	40.1	14.81
Others	669.9	617.6	52.3	8.47
Total operating expenses	4,146.8	3,788.6	358.2	9.45

1. Staff Costs

Staff costs is the largest component of operating expenses of the Group, accounting for 58.86% and 60.07% of its total operating expenses for the six months ended 30 June 2015 and 30 June 2014, respectively.

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Salaries, bonuses and allowances	1,674.8	1,588.7	86.1	5.42
Staff welfare, social insurance and housing funds	558.4	532.3	26.1	4.90
Others	207.5	154.9	52.6	33.96
Total staff costs	2,440.7	2,275.9	164.8	7.24

In the first half of 2015, staff costs of the Group amounted to RMB2,441 million, representing an increase of RMB165 million, or 7.24%, over the same period of the previous year, which was primarily attributable to organic growth in the number of staff. Salaries, bonuses and welfare, insurance and housing fund increased by RMB112 million, or 5.29%, over the same period of the previous year. Driven by the adjustment of basic living expenses for staff who left their post or retired, the actuarial welfare increased by RMB49 million over the same period of the previous year.

2. Business Tax and Surcharges

Business tax and surcharges mainly relate to revenue generated from lending (interest income), transfer of securities and gains arising from the provision of other financial products and services. In the first half of 2015, business tax and surcharges amounted to RMB725 million, representing an increase of RMB101 million, or 16.18%, over the same period of the previous year, primarily attributable to the increase in interest income and fee and commission income.

3. Depreciation and Amortisation

In the first half of 2015, depreciation and amortisation of the Group was RMB311 million, representing an increase of RMB40 million, or 14.81%, over the same period of the previous year, primarily due to greater investment in properties equipment and information technology in support of business development.

4. Others

For the six months ended 30 June 2015, other expenses increased by 8.47% to RMB670 million, compared to RMB618 million for the same period of the previous year, primarily due to business expansion and the increase in security cost.

(IV) Asset impairment losses

Asset impairment losses consist primarily of provisions for loans and advances to customers and other assets. The expenses of provisions for asset impairment losses were RMB1,241 million for the six months ended 30 June 2015, representing an increase of RMB321 million, or 34.83%, over the same period of the previous year.

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change in amount	Change (%)
Loans and advances to customers	1,028.9	873.2	155.7	17.83
Other assets	211.8	47.0	164.8	350.64
Total provisions for impairment losses on assets	1,240.7	920.2	320.5	34.83

In the first half of 2015, provisions for impairment losses on loans and advances to customers were RMB1,029 million, representing an increase of RMB156 million over the same period of the previous year, primarily due to an increase in the Group's loan size and further increase of risk provisions as the Group fully took into account the uncertainties in the macro economy and the Group's credit asset quality.

In the first half of 2015, provisions for impairment losses on other assets were RMB212 million, representing an increase of RMB165 million over the same period of the previous year, primarily attributable to the increase in the scale of debt investment and the impairment provision for bonds and other investment businesses, considering the macro environment and industrial risks.

(V) Income Tax Expense

In the first half of 2015, income tax expense amounted to RMB1,221 million, representing an increase of RMB50 million over the same period of the previous year. The effective tax rate was 23.76%, which was lower than the statutory tax rate due to the fact that the interest income from government bonds held by the Group was tax-free pursuant to tax regulations.

II. Analysis on Statement of Financial Position

(I) Assets

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

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Loans and advances to customers, gross	264,601.1	39.33	242,197.9	39.13
Allowances for impairment losses on loans and advances to customers	(9,696.0)	(1.44)	(8,677.7)	(1.40)
Loans and advances to customers, net	254,905.1	37.89	233,520.2	37.73
Investment securities ⁽¹⁾	164,902.5	24.51	117,736.1	19.02
Investments in associates	—	—	105.6	0.02
Cash and balances with central bank	83,943.5	12.48	79,334.2	12.82
Deposits with banks and other financial institutions	25,860.0	3.84	28,249.6	4.56
Placements with banks and other financial institutions	88,508.0	13.16	75,973.8	12.28
Financial assets held under resale agreements	36,295.8	5.39	54,643.6	8.83
Financial assets held for trading	171.6	0.03	168.1	0.03
Financial assets designated as at fair value through profit or loss	5,199.8	0.77	16,821.8	2.72
Goodwill	440.1	0.07	440.1	0.07
Other assets ⁽²⁾	12,554.7	1.86	11,895.9	1.92
Total assets	672,781.1	100.00	618,889.0	100.00

Notes:

- (1) Investment securities consist of available-for-sale financial assets, held-to-maturity investments and debt securities classified as receivables.
- (2) Other assets consist of property and equipment, deferred tax assets and other assets.

As at 30 June 2015, the Group's total assets amounted to RMB672,781 million, representing an increase of RMB53,892 million, or 8.71%, as compared to the end of the previous year. Among which:

The gross amount of loans and advances to customers increased by RMB22,403 million, or 9.25%, as compared to the end of the previous year. This was primarily due to the fact that the Group increased loans to prime projects and key customers under effective risk control, further optimised the credit structure, reasonably allocated credit resources, focused on supporting the strategic new industries and industries involving agriculture with traditional advantages which have good prospects for development and are advocated by the government, cautiously supported traditional industries with high fluctuations and in need of improving the credit structure, and further compressed the industries with excess capacity and "high pollution, high energy consumption and excess capacity" (兩高一剩);

Investment securities increased by RMB47,166 million, or 40.06%, as compared to the end of the previous year, primarily due to the increase in investment business classified as receivables caused by the reasonable adjustment of investment structure based on risks and benefits;

Cash and balances with central bank increased by RMB4,609 million, or 5.81%, as compared to the end of the previous year, primarily because of the growth in reserve deposits with central bank following the increase in due to customers;

The total amount of deposits with banks and other financial institutions and placements with banks and other financial institutions increased by RMB10,145 million, or 9.73%, 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 and assets and liabilities management requirements;

Financial assets held under resale agreements decreased by RMB18,348 million, or 33.58%, as compared to the end of the previous year. This was mainly due to the decrease in trust income right investment business.

1. Loans and Advances to Customers (Contractual Amount)

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Corporate loans	157,819.8	59.64	139,585.3	57.63
Short-term loans ⁽¹⁾	63,062.4	23.83	56,653.3	23.39
Medium-and long-term loans ⁽²⁾	94,757.4	35.81	82,932.0	34.24
Retail loans	95,087.8	35.94	97,151.4	40.11
Residential mortgage and personal commercial property loans ⁽³⁾	44,354.5	16.77	45,898.9	18.95
Personal business and re-employment loans ⁽⁴⁾	33,637.1	12.71	36,061.7	14.89
Others ⁽⁵⁾	17,096.2	6.46	15,190.8	6.27
Discounted bills	11,693.5	4.42	5,461.2	2.26
Loans and advances to customers, gross	264,601.1	100.00	242,197.9	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 loans, second mortgage loans, renovation 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 employment and re-employment related small amount loans.
- (5) Other loans mainly include personal commercial property mortgage loans, personal residential maximum mortgage loans, credit card loans, personal car loans, loans for personal durables, personal education loans, rural cross-guaranteed loans and credit loans.

As at 30 June 2015, the amount of gross loans and advances to customers of the Group increased by RMB22,403 million, or 9.25%, to RMB264,601 million as compared to the end of the previous year.

Corporate loans (excluding discounted bills) increased by RMB18,235 million, or 13.06%, to RMB157,820 million as compared to the end of the previous year. Among these loans, short-term loans amounted to RMB63,062 million, representing an increase of RMB6,409 million, or 11.31%, as compared to the end of the previous year. During the period, the Group actively adjusted the credit structure in support of the State's industrial policy, and focused on real economic development. As at 30 June 2015, loans to water conservation, environmental and public utility management industry and manufacturing industry increased by RMB5,903 million and RMB3,927 million, respectively, as compared to the end of the previous year, the total of which accounted for 53.91% of additional corporate loans.

In 2015, the Group actively adapts to the new normal state of macro economy and carefully develops loan programs, based on the in-depth research of basic direction and trends of the industry; develops high quality customers according to the principles of pragmatic basis, optimized selection and earning matching with risks; continues to promote the credit structure adjustment and credit risks prevention, especially in the economic downturn with increasing pressure on the credit risk, to strengthen the risk management and control on local government financing platform, the real estate industry and industries with excessive capacities; reasonably determines the direction and tempo of credit funds placement to maintain the steady development of various businesses.

Retail loans decreased by RMB2,064 million, or 2.12%, to RMB95,088 million as compared to the end of the previous year. Among which, the residential mortgage and personal commercial property loans, decreased by RMB1,544 million, or 3.36% as compared to the end of the previous year; the balance of credit card overdraft loans increased by RMB1,463 million, or 37.63%, to RMB5,350 million as compared to the end of the previous year. This is due to the fact that the Group increased its efforts on the credit card loans business, following the principle of prudent operations and adapting to the changing market conditions. Meanwhile, the Group actively adjusted the credit structure taking into account the risk status and capital return level, and focused to meet the credit needs of quality individual customers on the basis of stable business development.

Discounted bills increased by RMB6,232 million, or 114.12%, to RMB11,693 million as compared to the end of the previous year, largely due to the flexible adjustment of the scope of financing instruments with an aim to satisfy the asset and liability management objectives in order to optimize the capital structure.

Distribution of Loans and Advances by Type of Collateral (Contractual Amount)

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

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Credit loans	22,962.3	8.68	19,403.8	8.01
Guaranteed loans	46,294.7	17.49	43,016.5	17.76
Collateralised loans	160,947.9	60.83	155,160.4	64.07
Pledged loans	34,396.2	13.00	24,617.2	10.16
Loans and advances to customers, gross	264,601.1	100.00	242,197.9	100.00

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

The following table sets forth, for the dates indicated, the impairment losses on loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	Allowance for impairment losses on loans and advances which is collectively assessed ⁽¹⁾	Impaired loans and advances identified ⁽²⁾		Total
		For which allowance is collectively assessed	For which allowance is individually assessed	
As at 1 January 2015	7,574.3	443.0	660.4	8,677.7
Provision for the period	3,032.1	458.9	106.6	3,597.6
Release for the period	(2,329.3)	(222.0)	(17.5)	(2,568.8)
Written-off	–	(13.2)	(56.0)	(69.2)
Recovery of loans and advances previously written off	–	79.5	20.1	99.6
Unwinding of discount on allowance	–	(18.2)	(22.7)	(40.9)
The balance as at 30 June 2015	8,277.1	728.0	690.9	9,696.0

Notes:

- (1) Loans and advances to customers 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 the first half of 2015, during the time of economic downturn and decline of asset quality, the Group always adheres to sound and prudent business principles, in strict compliance with the relevant requirements of accounting standards, gives full consideration to changes in the external economic situation and the macro-control policies, and fully provides for impairment of loans and advances. As at 30 June 2015, balance of allowances for impairment losses on loans and advances to customers increased by RMB1,018 million to RMB9,696 million over the end of the previous year. The allowance for non-performing loans coverage was 429.37%, representing a decrease of 30.42 percentage points as compared to the end of the previous year.

2. Investments

The following table sets forth, for the dates indicated, the composition of investments of the Group:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Financial assets held for trading	171.6	0.10	168.1	0.12
Financial assets designated as at fair value through profit or loss	5,199.8	3.05	16,821.8	12.49
Available-for-sale financial assets	16,813.7	9.88	13,388.0	9.94
Held-to-maturity investments	63,032.0	37.02	62,843.3	46.65
Debt securities classified as receivables	85,056.8	49.95	41,504.8	30.81
Total investment	170,273.9	100.00	134,726.0	100.00

As at 30 June 2015, total investments increased by RMB35,548 million, or 26.39%, to RMB170,274 million as compared to the end of the previous year. Among which:

Financial assets held for trading increased by RMB3 million to RMB171 million as compared to the end of the previous year, which was mainly corporate bonds with controllable risks.

Financial assets designated as at fair value through profit or loss of the period decreased by RMB11,622 million, or 69.09%, to RMB5,200 million as compared to the end of the previous year, primarily due to the timely adjustment of investment structure and products according to the Group's risk management objectives and requirements of allocation of assets and liabilities.

Available-for-sale financial assets increased by RMB3,426 million to RMB16,814 million as compared to the end of previous year, primarily due to increase in holdings of corporate bonds with controllable risks and higher yield.

Held-to-maturity investments increased by RMB189 million to RMB63,032 million as compared to the end of previous year, which were mainly the Group's holding of long-term strategic assets, including government bonds, corporate bonds and financial bonds.

Debt securities classified as receivables increased by RMB43,552 million to RMB85,057 million as compared to the end of the previous year, primarily due to the increase in the holding of financial products and bond products with higher yield, following the market trends and grasping investment opportunities in time.

Debt Securities Investments

The following table sets forth, for the dates indicated, the composition of debt securities investments of the Group :

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Government bonds	7,050.8	4.15	7,539.3	5.60
Public sector, quasi-government bond	24,796.0	14.58	26,521.9	19.70
Financial institution bonds	6,794.1	3.99	6,759.1	5.02
Corporate bonds	65,728.3	38.64	50,813.1	37.73
Debt instruments issued by financial institutions	65,725.1	38.64	43,028.5	31.95
Total	170,094.3	100.00	134,661.9	100.00

(II) *Liabilities*

The following table sets forth, for the dates indicated, the composition of total liabilities of the Group:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Due to customers	454,699.5	72.42	409,719.8	71.13
Deposits and placements from banks and borrowings from central bank	101,183.9	16.12	101,794.4	17.67
Financial assets sold under repurchase agreements	43,062.2	6.86	47,284.2	8.21
Debt securities issued	17,460.8	2.78	5,000.0	0.87
Other liabilities ⁽¹⁾	11,453.5	1.82	12,242.2	2.12
Total liabilities	627,859.9	100.00	576,040.6	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 30 June 2015, the total liabilities increased by RMB51,819 million, or 9.00%, to RMB627,860 million as compared to the end of the previous year. The amount due to customers are the Group's largest source of capital, which grew by RMB44,980 million or 10.98% as compared to the end of the previous year.

1. Due to Customers

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Corporate deposits	109,091.9	23.99	99,096.8	24.19
Demand deposits	88,246.3	19.41	78,903.3	19.26
Time deposits	20,845.6	4.58	20,193.5	4.93
Retail deposits	333,435.1	73.33	302,584.6	73.85
Demand deposits	81,665.7	17.96	79,712.4	19.46
Time deposits	251,769.4	55.37	222,872.2	54.39
Pledged deposits	12,100.3	2.66	7,837.4	1.91
Other deposits	72.2	0.02	201.0	0.05
Total amount due to customers	454,699.5	100.00	409,719.8	100.00

As at 30 June 2015, the amount due to customers increased by RMB44,980 million, or 10.98%, to RMB454,700 million as compared to the end of the previous year. Corporate deposits increased by RMB9,995 million, or 10.09%, as compared to the end of the previous year, the proportion of corporate deposits to total amount due to customers decreasing by 0.20 percentage points to 23.99% as compared to the end of the previous year. Affected by the accelerating marketization of interest rate, especially the orderly liberalization of deposit interest rates control, market competition further intensified. To achieve higher returns, the customers' deposit funds gradually flow to time products with higher yields. Time deposits amounted to RMB272,615 million, representing an increase of RMB29,549 million, or 12.16%, as compared to the end of the previous year, representing 59.95% of the total amount due to customers, representing an increase of 0.63 percentage point as compared to the end of the previous year.

2. Bonds issued

As at 30 June 2015, the Group issued tier 2 capital bonds, amounting to RMB5,000 million, mainly replenishing tier 2 capital; during the Reporting Period, the Group continues to enhance its proactive liability management and independent pricing capability and steadily promote interbank issuance trades of deposit certificates. The balance of interbank issuance of deposit certificates was RMB12,461 million.

(III) *Shareholders' Equity*

The following table sets forth, for the dates indicated, the composition of shareholders' equity of the Group:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Share capital	9,300.0	20.70	9,300.0	21.70
Capital reserve	9,201.9	20.49	9,201.9	21.48
Investment revaluation reserve	78.2	0.17	36.7	0.09
Actuarial changes reserve	(43.8)	(0.10)	(16.1)	(0.04)
Surplus reserve	7,079.3	15.76	7,079.3	16.52
General reserve	7,946.3	17.69	6,371.2	14.87
Retained earnings	9,905.4	22.05	9,452.9	22.06
Equity attributable to equity holders of the Bank	43,467.3	96.76	41,425.9	96.68
Non-controlling interests	1,453.9	3.24	1,422.5	3.32
Total equity	44,921.2	100.00	42,848.4	100.00

As at 30 June 2015, paid-in capital recorded RMB9,300 million and capital reserve reached RMB9,202 million. General reserve increased by RMB1,575 million as compared to the end of the previous year, as the general reserve was required to be not less than an additional reserve of 1.50% of balance of risk assets at the end of the previous year. Retained earnings increased by RMB453 million as compared to the end of the previous year, mainly due to profit growth in the first half of 2015, as well as deducting the dividends for the previous year which should be allocated and increasing provision for general risks.

III. Loan Quality Analysis (the Group)

(I) Five-Category Classification of Loans

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

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of Total (%)	Amount	% of Total (%)
Normal	255,550.2	96.58	234,607.6	96.87
Special mention	6,792.7	2.57	5,703.0	2.35
Substandard	1,443.7	0.54	1,268.0	0.52
Doubtful	814.5	0.31	619.3	0.26
Loss	—	—	—	—
Total loans and advances to customers	264,601.1	100.00	242,197.9	100.00
Amount of non-performing loans	2,258.2		1,887.3	
Non-performing loan ratio (%)		0.85		0.78

In the first half of 2015, the economic development of China entered the new normal state. Under the new normal state, the economy of China demonstrated three basic features, that is, changes in growth rate, structural optimization and changes in driving forces. However, there are also multiple difficulties and challenges. The development of the banking industry are faced with challenges and opportunities. Subject to the complicated economic and financial circumstances in China and overseas, the Group upheld our baseline of thinking (底線思維) and further promoted reform on the credit structure. Investigations on credit asset risks were expanded. Early warning, tracking and post-loan management were strengthened. Proactive actions were taken to prevent and resolve the risks in advance. Greater efforts were devoted to collect, dispose of and verify non-performing assets. The quality of the Bank's credit assets were stable with risks under control. As at 30 June 2015, the balance of non-performing loans increased by RMB371 million from the end of the previous year to RMB2,258 million; while the non-performing loan ratio was 0.85% which was 0.07 percentage points higher than that of the end of the previous year. The portion of special mention loans accounted for 2.57%, representing an increase of 0.22 percentage points as compared to 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, for the dates indicated, the loans and non-performing loans by industry:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015				As at 31 December 2014			
	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	157,819.8	59.64	1,301.6	0.82	139,585.3	57.64	1,285.6	0.92
Manufacturing	45,540.7	17.21	472.4	1.04	41,614.0	17.18	521.0	1.25
Production and supply of electricity, gas and water	9,530.9	3.60	2.9	0.03	8,665.1	3.58	3.8	0.04
Real estate	16,966.3	6.41	20.1	0.12	13,894.2	5.74	20.1	0.14
Leasing and commercial services	5,928.6	2.24	-	-	4,984.0	2.06	-	-
Water conservation, environment and public utilities management	31,375.1	11.85	-	-	25,472.0	10.51	-	-
Construction	7,158.4	2.71	3.6	0.05	7,765.8	3.21	3.4	0.04
Retail and wholesale	14,883.1	5.62	83.8	0.56	13,981.6	5.77	36.9	0.26
Others	26,436.7	10.00	718.8	2.72	23,208.6	9.59	700.4	3.02
Personal Loans	95,087.8	35.94	956.6	1.01	97,151.4	40.11	601.7	0.62
Discounted bills	11,693.5	4.42	-	-	5,461.2	2.25	-	-
Total	264,601.1	100.00	2,258.2	0.85	242,197.9	100.00	1,887.3	0.78

In the first half of 2015, to cope with the complex and ever-changing external economic conditions, the Group continued to optimise its industry-specific lending and exit criteria for customers and further refined the management of industry quotas. With stringent execution of relevant PRC control policies, the amount of non-performing loans of the real estate industry remained stable and non-performing loan ratios maintained a downward trend, representing a decrease of 0.02 percentage points as compared with the end of the previous year.

2. Concentration of Borrowers

In the first half of 2015, the Group's total loans to its largest single borrower accounted for 5.88% of its net capital while the total loans to its top ten clients accounted for 39.59% of its net capital; both of which were in compliance with regulatory requirements. As at 30 June 2015, the Group's loans to top ten largest single borrowers were not non-performing loans.

(1) Indicators of concentration

Major Regulatory Indicators	Regulatory Standard	As at 30 June 2015	As at 31 December 2014	As at 31 December 2013
Loan ratio for the largest single borrower (%)	≤10%	5.88	5.49	5.72
Loan ratio for a single group borrower (%)	≤15%	7.55	5.87	6.91

(2) Loans to top ten largest single borrowers

(Expressed in RMB million, unless otherwise stated)	Industry	As at 30 June 2015	
		Amount	Percentage of the total amount of loans (%)
Borrower A	Water conservation, environmental and public utility management	3,174.2	1.20
Borrower B	Water conservation, environmental and public utility management	2,948.5	1.11
Borrower C	Water conservation, environmental and public utility management	2,774.1	1.05
Borrower D	Real estate	2,620.0	0.99
Borrower E	Water conservation, environmental and public utility management	2,122.0	0.80
Borrower F	Manufacturing	1,900.0	0.72
Borrower G	Water conservation, environmental and public utility management	1,650.3	0.62
Borrower H	Production and supply of electricity, heat, gas and water	1,600.0	0.60
Borrower I	Public administration, social security and social organizations	1,320.0	0.50
Borrower J	Water conservation, environmental and public utility management	1,266.0	0.48

(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 30 June 2015			As at 31 December 2014		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	157,819.8	1,301.6	0.82	139,585.3	1,285.6	0.92
Short-term loans	63,062.4	389.5	0.62	56,655.3	125.5	0.22
Medium- and long-term loans	94,757.4	912.1	0.96	82,932.0	1,160.1	1.40
Retail Loans	95,087.8	956.6	1.01	97,151.4	601.7	0.62
Housing mortgages and personal loans for commercial real estate property	44,354.5	173.0	0.39	45,898.9	91.9	0.20
Personal business and employment loans	33,637.1	384.5	1.14	36,061.7	220.9	0.61
Others	17,096.2	399.1	2.33	15,190.8	288.9	1.90
Discounted bills	11,693.5	–	–	5,461.2	–	–
Total	264,601.1	2,258.2	0.85	242,197.9	1,887.3	0.78

As at 30 June 2015, non-performing ratio of corporate loans decreased by 0.10 percentage points to 0.82% as compared with the end of the previous year, whereas non-performing ratio of retail loans increased by 0.39 percentage points to 1.01% as compared with the end of the previous year.

(IV) *Rescheduled Loans and Advances to Customers*

The following table sets forth, for the dates indicated, the Group's rescheduled loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015 of the total amount of loans and advances		As at 31 December 2014 of the total amount of loans and advances	
	Amount	Percentage (%)	Amount	Percentage (%)
Rescheduled loans and advances to customers	62.4	0.02	82.6	0.03

(V) *Overdue Loans and Advances to Customers*

The following table sets forth, for 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 30 June 2015 of the total amount of loans and advances		As at 31 December 2014 of the total amount of loans and advances	
	Amount	Percentage (%)	Amount	Percentage (%)
Past due within 3 months	2,882.3	1.09	1,686.4	0.70
Past due for 3 months to 1 year	1,520.2	0.57	885.1	0.37
Past due for over 1 year and within 3 years	575.7	0.22	213.9	0.09
Past due for more than 3 years	232.0	0.09	234.4	0.09
Total overdue loans and advances to customers	5,210.2	1.97	3,019.8	1.25

As at 30 June 2015, the total overdue loans and advances amounted to RMB5,210 million, representing an increase of RMB2,190 million from the end of the previous year. Overdue loans and advances accounted for 1.97%, representing an increase of 0.72 percentage points 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) (《商業銀行資本管理辦法（試行）》) promulgated by the CBRC. The following table sets forth, for the date indicated, the relevant information of the Group's capital adequacy ratio, among which, the credit risk was measured at weight method, the market risk was measured at standard method and the operational risk was measured at basic indicator approach:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015	As at 31 December 2014
Core tier 1 capital adequacy ratio (%)	9.32	10.12
Tier 1 capital adequacy ratio (%)	9.32	10.12
Capital adequacy ratio (%)	11.51	12.45
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	9,236.3	9,222.5
Surplus reserve and general risk reserve	15,025.6	13,450.5
Unappropriated profit	9,905.4	9,452.9
Non-controlling interests	726.9	912.3
Total core tier 1 capital	44,194.2	42,338.2
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	(49.9)	(50.5)
Core tier 1 capital, net	43,704.2	41,847.6
Other tier 1 capital:		
Non-controlling interests	19.4	7.7
Net tier 1 capital	43,723.6	41,855.3

	As at 30 June 2015	As at 31 December 2014
(Expressed in RMB million, unless otherwise stated)		
Tier 2 capital:		
Tier 2 capital instruments and related premium that may be included	5,000.0	5,000.0
Excessive loan allowances	5,208.3	4,559.5
Non-controlling interests	55.7	35.7
Net capital	53,987.6	51,450.5
Total risk-weighted assets	468,887.7	413,387.1
Credit risk weighted assets	421,871.0	369,370.3
Market risk weighted assets	15,918.5	12,918.6
Operational risk weighted assets	31,098.2	31,098.2

As at 30 June 2015, the capital adequacy ratio of the Group measured in accordance with Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) was 11.51%, representing a decrease of 0.94 percentage points as compared with the end of the previous year, which was 1.01 percentage points higher than the regulatory requirement of 10.50%. Both of core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio of the Group were 9.32%, representing a decrease of 0.80 percentage points as compared with the end of the previous year. In the first half of 2015, the decrease in the capital adequacy ratio of the Group was mainly because the concentration of high margin products has been shifted to high risk-weighted assets in capital market under the effect of policy and market factors. The Group took full advantages of capital to make reasonable profit while maintaining risk in an acceptable range, which led to a higher rate of increase in the total amount of risk-weighted assets in the first half of the year.

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》) issued by CBRC, 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. Analysis of Leverage Ratio

As at 30 June 2015, the Group measured and disclosed its leverage ratio in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) (《商業銀行槓桿率管理辦法（修訂）》).

The following table sets out the Group's related accounting items corresponding with the regulatory items of leverage ratio and the differences between regulatory items and accounting items:

(Expressed in RMB million, unless otherwise stated)		As at 30 June 2015 Balance
No.	Item	
1	Consolidated total assets	672,781.1
2	Consolidated adjustments	—
3	Customer assets adjustments	—
4	Derivatives adjustment	—
5	Securities financing transactions adjustments	—
6	Off balance sheet item adjustments	15,744.9
7	Other adjustments	(490.0)
8	The balance of assets on and off balance sheet after adjustments	<u>688,036.0</u>

The following table sets out information of the Group's leverage ratio, tier 1 capital, net, assets on and off balance sheet after adjustments and relevant details:

(Expressed in RMB million, unless otherwise stated)		As at 30 June 2015 Balance
No.	Item	
1	Assets on the balance sheet (excluding derivatives and securities financing transactions)	636,485.3
2	Less: tier 1 capital deduction	(490.0)
3	The balance of assets on the balance sheet after adjustments (excluding derivatives and securities financing transactions)	635,955.3
4	Replacement cost of various types of derivatives (net of qualified margins)	—
5	Potential risk exposure in various derivatives	—
6	The sum of collaterals deducted from the balance sheet	—
7	Less: assets receivables formed due to qualified margins	—
8	Less: the balance of derivative assets formed due to transactions with central counterparties for providing clearing service for the customers	—
9	Notional principal for sold credit derivatives	—
10	Less: the balance of sold credit derivatives assets which can be deducted	—
11	The balance of derivatives assets	—
12	The balance of accounting assets for securities financing transactions	36,295.8
13	Less: the balance of securities financing transactions assets which can be deducted	—
14	Counterparty credit risk exposure to securities financing transactions	—
15	The balance of securities financing transactions assets formed due to securities financing transactions by proxy	—
16	The balance of securities financing transactions assets	36,295.8
17	The balance of items off balance sheet	21,192.8
18	Less: the balance of items off balance sheet reduced due to credit conversion	(5,447.9)
19	The balance of items off balance sheet after adjustments	15,744.9
20	Tier 1 capital, net	43,723.6
21	The balance of assets on and off balance sheet after adjustments	688,036.0
22	Leverage ratio (%)	6.35

As at 30 June 2015, the Group's leverage ratio was 6.35%, representing a decrease of 0.3 percentage points as compared with the end of the previous year. The lowering of leverage ratio was mainly due to the enlarging size of assets on and off current balance sheet, resulting in the increase in the balance of assets on and off balance sheet after adjustments.

VI. Segment Information

(I) Summary of Geographical Segment

(Expressed in percentage)	As at 30 June 2015		As at 31 December 2014	
	County Area	Urban Area	County Area	Urban Area
Deposits	66.58	33.42	66.30	33.70
Loans	49.93	50.07	50.18	49.82
Assets	45.81	54.19	44.86	55.14
Loan-to-deposit ratio	43.64	87.18	44.74	87.40
Non-performing loan ratio	1.30	0.41	1.30	0.26

(Expressed in percentage)	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	County Area	Urban Area	County Area	Urban Area
Return on average total assets	1.14	1.29	1.25	1.37
Net fee and commission income to operating income	3.72	9.15	1.95	6.39
Cost-to-income ratio	37.91	27.34	39.87	27.02

County Area refers to regions other than urban area of Chongqing City. The information of County Area also includes the information of 10 subsidiaries such as 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 and Township Bank Co., Ltd. and 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) as well as the information 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 six months ended 30 June 2015		For the six months ended 30 June 2014	
	Amount	of Total (%)	Amount	of Total (%)
Corporate banking business	3,495.3	33.20	3,300.8	34.82
Retail banking business	3,344.5	31.77	2,973.8	31.37
Treasury operations business	3,668.5	34.84	3,182.0	33.56
Unallocated	19.6	0.19	24.3	0.25
Total operating income	10,527.9	100.00	9,480.9	100.00

VII. Analysis of Off-balance-sheet Items

Off-balance-sheet items of the Group include acceptance, issuance of letters of credit, issuance of letters of guaranteed funds, receivables under export letters of credit, collection of foreign exchange funds receivables, collection of foreign exchange funds, foreign letters of credit by faith and wealth management. Among these items, acceptance and issuance of letters of credit were the key components. As at 30 June 2015, the balances of acceptance and issuance of letters of credit were RMB13,246 million and RMB630 million, respectively.

VIII. 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, the Group makes estimates and judgments in certain aspects according to its accounting policies. These estimates and judgments involve assumptions about items such as risk adjustment to cash flows or discount rates used, and future changes in prices which affect 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 the Group was subject to. The major areas affected by the estimates and judgments include provisions for loans and advances to customers, liabilities related to supplementary retirement benefit and early retirement benefit, fair value of financial instruments, held-to-maturity investments, impairment loss in debt securities classified as receivables, and income taxes.

BUSINESS OPERATION

I. Corporate Banking Business

The following table sets forth the major operating data of the corporate banking business and changes thereof:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Net interest income	3,379.6	3,186.2	6.07
Net fee and commission income	103.2	114.6	(9.95)
Other operating income, net	12.5	—	—
Operating income	3,495.3	3,300.8	5.89
Operating expenses	(1,670.6)	(1,578.0)	5.87
Impairment losses on assets	(666.7)	(696.7)	(4.31)
Profit before tax	1,158.0	1,026.1	12.85
	As at 30 June 2015	As at 31 December 2014	Change (%)
Segment assets	151,425.4	133,190.4	13.69

In the first half of 2015, net interest income from the corporate banking business accounted for 34.59% of the net interest income and the total profit before tax from the corporate banking business accounted for 22.53% of the Group's profit before tax.

1. *Corporate Deposits*

Corporate deposits maintained steady growth. The Group strived to capture the corporate deposits market, thereby maintaining a steady growth in corporate deposits. As at 30 June 2015, the balance of corporate deposits of the Group, including pledged deposits and other deposits, reached RMB121,264 million, which accounted for 26.67% of the balance of deposits of the overall Group whilst posting a growth of RMB14,129 million, or 13.19%, over the end of previous year.

2. *Corporate Loans*

The Group adopted a prudent and moderate credit policy for corporate loans. On credit extension, it persisted in operating in compliance with laws and abided by the principle of “promoting some loans while curtailing others” (有保有壓). With effective observance of the macro-economic control policy of the country and local economic activities, the Group expanded its corporate loan business in a prudent, steady and appropriate manner. As of 30 June 2015, the balance of corporate loans (including discounted bills) amounted to RMB169,513 million, representing an increase of RMB24,467 million, or 16.87%, over the end of the previous year. Meanwhile, the asset quality of the corporate loans improved continuously, with the balance of non-performing loans (excluding discounted bills) amounted to RMB1,302 million and the non-performing loan ratio was 0.82%, representing a decrease of 0.10 percentage points as compared with the end of the previous year.

The structure of credit assets was further optimised. In terms of industry structure, in adherence to the “One Belt and One Road” (一帶一路), strategy of Yangtze River Economic Belt (長江經濟帶戰略) and positioning of Chongqing’s five functional areas, the Group heavily emphasised on the development of “ten strategic emerging industries” for speeding up the development of Chongqing’s new industrialization. The Group focused on extending loans to the industries such as manufacturing, water conservation, environmental and public utility management, real estate, wholesale and retail industries as well as production and supply of electricity, gas and water, which accounted for 28.86%, 19.88%, 10.75%, 9.43% and 6.04% of the total amount of corporate loans of the Group (excluding discounted bills), respectively. In terms of its customer profile, the Group maintained 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 continuously emphasising consolidation and reinforcement of its partnership with prime SME customers. As at 30 June 2015, the Bank had the balance of RMB122,079 million loans (including discounted bills) from SME customers, accounting for 72.02% of the outstanding balance of total loans.

3. *Corporate Banking Products*

The corporate banking product mix was further optimised. According to the characteristics of the regional economy and major industries, the Bank provided more diversified products to support the marketing based on the needs of business development in the future. In the first half of 2015, the Bank officially launched consolidated loans for land development, easy bid (投標易) and other products, it was conducting research and development of notes pool, lease factoring and other products, and would gradually launch such products. The continuous improvement of the product lines will effectively support the Bank's corporate banking business.

4. *Channel Construction*

Channel construction continued to be enhanced. The Bank continued to strengthen its cooperation with functional departments of the Chongqing Municipal Government, the financial industry and institutions at different levels. In the first half of 2015, the Bank was successfully selected as a cooperation bank for providing medical insurance for employees in urban cities and was actively involved in the guidance funds in the governmental sector (政府產業引導基金), with an aim to establish collaboration platforms in respect of insurance, assets management, trust and fund among industry players. The increasing abundance of each channel will effectively facilitate continuous healthy development of the Bank's corporate banking business.

5. *Small and Micro Enterprise Business*

The Bank's business of providing loans to small and micro enterprises was growing steadily. As of the end of June 2015, according to specifications prescribed by CBRC, the number of small and micro enterprise loans customers of the Bank (including the 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 95,227, representing a decrease of 7,499 and 1,253 as compared to the end of previous year and the corresponding period of the previous year, respectively. According to specifications prescribed by CBRC, the outstanding balance of small and micro enterprise loans amounted to RMB73,756 million, representing a decrease of RMB2,256 million as compared to the end of previous year. According to specifications prescribed by CBRC, the success rate of applying for small and micro enterprise loans amounted to 97.42%, which is 1.31 percentage points higher than the corresponding period of the previous year.

(1) Specialised Institutions

The Bank continued to establish specialised branches for small and micro enterprises, and to deepen the financial services for small and micro enterprises. In the first half of 2015, the Bank established five new specialised branches for small and micro enterprises, with the number of specialised institutions increased to 12. In order to further implement the opinions of CBRC on deepening financial services for small and micro enterprises and the work deployment for establishment of specialised branches for small and micro enterprises by the Banking Regulatory Commission Chongqing Bureau, on the basis of summing up operating experience of the first and second batch of a total of seven specialised branches for small and micro enterprises, the Bank again selected five branch outlets including Liangjiang New Zone Ranjiaba branch outlet (兩江新區冉家壩), Yubei Lianglu branch outlet (渝北兩路), Nan'an Danzishi branch outlet (南岸彈子石), Tongliang Pulv branch outlet (銅梁蒲呂) and Qijiang Tonghui branch outlet (綦江通惠) as the third batch of specialised branches. So far, the number of specialised branches for small and micro enterprises of the Bank has been increased to 12, resulting in further expansion of the coverage of financial services for small and micro enterprises. Currently, five of the newly-established specialised branches have commenced operation, whereas the remaining two specialised branches, Qijiang Tonghui branch outlet (綦江通惠) and Tongliang Pulv branch outlet (銅梁蒲呂), have obtained official approvals from CBRC.

(2) Credit Products

The new products promoted by small enterprises have achieved initial success. In order to enhance the business competitiveness for small and micro enterprises in the market, the Bank launched three innovative weak guarantee products, i.e. "Order Credit for Small Businesses" (小企業訂單貸), "Domestic Invoice Financing Credit for Small Businesses" (小企業國內發票融資貸) and "Easy Tax Loans for Small Businesses" (小企業稅易貸), as well as two specialised regional products, "Guarantee-assistant Loans for Scientific and Technological Enterprises" (科技型企業助保貸) and "Easy Pharmaceutical Loans" (藥易貸) in 2014. As of the end of June 2015, the credit amount of the abovementioned five small loan products amounted to over RMB500 million.

(3) Customer Manager Team

The Bank further enhanced the skills of customer managers for small enterprises with respect to the combination of new products. First, relevant employees from seven branches, where new and core customers are located, participated in intensive training on "Domestic Invoice Financing Credit and Order Credit for Small Businesses" (小企業國內發票融資和訂單貸). Second, the Bank organised point-to-point featured trainings for branches located in Yuzhong, Shapingba, Banan etc., targeting the commencement of operation and demand for training of different branches. Third, it selectively organised a total of 10 intensive trainings for branches, which has laid a good foundation for business promotion. In the first half of 2015, the Bank organised a training on new products, three point-to-point featured trainings and six intensive trainings, in which over 250 persons participated.

6. *International Business*

The international business maintained stable development. In the first half of 2015, the international settlement (inclusive of RMB trade settlement) amounted to US\$1,963 million, representing a year-on-year decrease of 7.32%; foreign exchange settlement (inclusive of cooperative forward foreign exchange settlement) amounted to US\$736 million, a year-on-year decrease of 10.90%. The accumulated amount international trade financing issued amounted to US\$690 million, representing a year-on-year increase of US\$390 million. The network of correspondent banking further expanded. The Bank has established correspondent banking relationship with 461 banks at home and abroad and has newly added a number of financial institution credit at home and abroad, thus broadening the channels for foreign capital income and utilisation. The progress in product innovation has improved steadily, with the approval to introduce China Foreign Exchange Payment System hosted by PBOC (人行境内外幣支付系統), enabling real-time credit for foreign exchange; the approval and establishment of qualification for inter-bank inquiry of gold and lending business; domestic guarantee for overseas debts (內保外債), overseas guarantee for domestic loans (外保內貸), pledge and guarantees for export tax rebates account and other innovative business to be utilised and promoted. 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 profitability.

7. *Assets Management Business*

The Bank maintained healthy and steady growth in wealth management business. Capitalising on market demand and the favourable timing of financial market reforms, the Bank continued to reinforce its effort in business and product innovation, building a reliable wealth management brand for investors so as to create stable and reliable returns on capital investment for investors. In the first half of 2015, the Bank issued 527 tranches of wealth management products in total and raised proceeds of RMB135,720 million, representing a year-on-year growth of 37.91%. The outstanding balance of existing wealth management products amounted to RMB79,260 million, representing an increase of 18.04% over the end of the previous year, and was an important income source of intermediate business to the Bank. The Bank has launched two competitive series of wealth management products with higher market recognition, 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). Through strengthening the frequency of issuance and enriching the tranches and duration of the products, the investors’ diversified investment needs can be met, whereas the values of their entrusted assets can be maintained and appreciated.

II. Personal Banking Business

The table below sets forth the major operating figures of the personal banking business and changes thereof:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Net interest income	3,123.8	2,823.0	10.66
Net fee and commission income	212.9	150.8	41.18
Other operating income, net	7.8	—	—
Operating income	3,344.5	2,973.8	12.47
Operating expenses	(1,310.8)	(1,194.4)	9.75
Impairment losses on assets	(362.1)	(176.5)	105.16
Profit before tax	1,671.6	1,602.9	4.29
	As at 30 June 2015	As at 31 December 2014	Change (%)
Segment assets	95,415.8	97,402.8	(2.04)

Personal banking business recorded a profit before tax of RMB1,672 million, representing 32.52% as a proportion of the Bank's profit. Personal banking card and agency business, etc. have been on steady growth, driving an increase of 41.18% in the fee and commission income of the Bank as compared with the corresponding period of the previous year, thus contributing to the increase in profit from personal banking business in the first half of 2015.

1. *Retail Deposits*

To address China's macro-economic adjustment and intense market competitions, the Bank positioned itself by aligning its brand value services with key marketing campaigns, highlighting streamlined management and taking full advantage of the regional competitiveness of its brands whilst strengthening its active liability management together with targeted sales and marketing strategies under the strict guidance of classification. Emphasis was laid on marketing and attracting deposits in the peak season of the first quarter. With migrant workers who went home to visit their families as the target, 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 travel rush in the Chinese New Year by setting up "townsman's post house" (鄉情驛站) and providing public services such as tour guide, luggage carrying, helping the handicapped and distributing mineral water and carsick medicine, which created favourable social benefits and drove up the growth of deposits in the peak season.

Based on the fully implemented transformation of branch outlets, the launch of "double enhancement of branch outlets in urban areas" (城區網點雙提升) and "double outreach of branch outlets in rural areas" (農村網點雙超越) as well as the promotion of the value of branch outlets, the Bank dedicated itself to extending the base of middle- and high-end customers. The Bank carried forward the 2015 campaign of promoting financial knowledge through carrying out the "Five To-s" campaign to promote financial knowledge to villages, to communities, to companies, to the market and to the sites and by means of "Five Deliver-s" activities to "deliver health", "deliver affordables", "deliver love", "deliver culture" and "deliver growth" with an aim to consolidate its customer base and reinforce its leading edge in the market. In terms of product and service strategies, the Bank diversified its retail banking products and stepped up efforts in the sales of non-deposit products and the distribution of automatic service machines, in an attempt to secure and attract deposit customers. Moreover, given its efforts in refining the anonymous inspection system, enhancing the quality of counter services, enhancing the team-building of marketing personnel, setting up and improving the differentiated customer service system, boosting customer satisfaction and increasing the proportion of the financial assets owned by middle- and high-end customers, the Bank continued to maintain a stable and rapid growth in retail deposits, which amounted to RMB333,435 million, representing an increase of RMB30,851 million, or 10.20%, in retail deposits over the end of the previous year. The Bank continued to set itself apart from its peers in the region in terms of the total amount, growth and market share of retail deposits.

2. Retail Loans

The Bank established its brand in the retail loan of “Integrity and Easy Loan” (誠易貸) and adjusted credit structure on an ongoing basis by proactively making use of regional advantages and strengthening sales and marketing management on retail loans. It spared no effort to develop general loans and personal automobile loans (個人汽車消費貸款) catering to the needs of urban and rural residents for general consumption loans whilst actively supporting the development of small and micro enterprises and individuals, focused on venture guarantee loan (which is the employment and re-employment small guarantee loans under the original policy), and entered into a cooperation agreement with Chongqing Small and Micro Enterprises Financing Guarantee Co., Ltd. (重慶市小微企業融資擔保有限公司) which is principally engaged in policy guarantee. It has been proactively exploring the development of small loan business under the mode of Internet finance, and launched the first “Cloud Loans for Micro Enterprises” (雲微貸) through online channels based on big data analysis. Initiatives were further introduced to equip its retail loan centres with consolidated services and to optimise the process of retail loan business for more efficient and better services in a sustainable manner, thereby maintaining steady growth of retail loans. As at 30 June 2015, the balance of retail loans amounted to RMB95,088 million, among which the balance of general consumption loans which aimed at supporting general consumption of urban and rural residents amounted to RMB14,191 million, representing an increase of RMB638 million over the end of the previous year.

(Note: General consumption excludes housing mortgage loans, with data source from regulatory statements)

3. *Bank Cards*

The Bank is committed to branding a bank card business with distinctive features. On one hand, the Bank has been enriching the series of bank card products. Jiangyu Express (江渝捷) installment credit card was specially introduced by the Bank to promote the development of large amount installment business, and the first co-branded credit card product, General Automobile Trading (商社汽貿) credit card, was launched by the Bank with high yield through provision of installment loans on automobile, parking space and other relevant products. It focused on promoting products of merchant POS sold by installments, thus enhancing the competitiveness of the Bank in the consumption credit market through promoting instalment on travel, mobile phone, car insurance and other varieties of small amount consumption products. On the other hand, it scaled up the promotion of products and services, and extended electronic service channels of the Internet to further improve market channels of its products. The promotion of installment business carried out at certain large marketing events including Chongqing Yuelai International Auto Show, “Tuanguangou” (團團購) and General Automobile Trading’s “Aiche Zhouzhoutuan” (商社汽貿愛車周周團) of played a significant role in increasing the income from intermediary business of credit cards. As of 30 June 2015, the number of credit cards in issue accumulated to 254.3 thousand, an increase of 67.2 thousand or 35.92% over the end of the previous year; while spending related to credit cards amounted to RMB14,015 million, representing an increase of 62.64% over the same period of the previous year; the balance of credit card loans amounted to RMB5,350 million, representing an increase of RMB1,463 million over the end of the previous year. The product brand awareness of financial IC cards and social insurance cards were continuously enhanced. For the six months ended 30 June 2015, the total number of debit cards in issue reached 15,828.2 thousand, representing an increase of 1,029 thousand, or 6.95%, as compared with that at the end of the previous year; spending related to credit cards amounted to RMB38,473 million; the fee income of respective debit cards reached RMB82.8631 million.

4. *Agency Business*

The structure of revenue of intermediary business was optimised with enriched sales techniques. Great efforts were made to establish a new marketing platform for community finance. In order to consolidate and enlarge its quality customer base, the Bank organised the marketing event of “Best Investment in Gold Bullion Every Tuesday in a Flash” (投資金條最惠星期二秒殺營銷活動), “2015 Launch Ceremony of Community finance and Best Shot Contest” (2015年社區金融啟動儀式踏青游暨美拍大賽營銷活動), “Xishuashua Wealth Management POS” (喜刷刷理財POS營銷活動) and other activities. It also initiated “Community Privileges of Online Mall” (網上商城社區優品惠) to integrate channel resources and improve shopping experience of customers in the community. The physical sales of precious metals amounted to RMB13.93 million. The income from the sale of insurance was RMB765 million, and that from the sale of funds was RMB5,055 million, representing an increase of 147% over the same period of the previous year.

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 six months ended 30 June 2015	For the six months ended 30 June 2014	Change (%)
Net interest income	3,268.1	2,841.5	15.01
Net fee and commission income	368.0	132.4	177.95
Net trading gain	4.0	205.8	(98.06)
Other operating income, net	28.4	2.3	1,134.78
Operating income	3,668.5	3,182.0	15.29
Operating expense	(1,165.4)	(1,016.3)	14.67
Impairment losses on assets	(211.9)	(47.0)	350.85
Net loss on disposal of available-for-sale financial assets	(1.9)	0.8	(337.50)
Net gain on disposal of debt investments classified as receivables	1.6	—	—
Profit before tax	2,290.9	2,119.5	8.09
	As at 30 June 2015	As at 31 December 2014	Change (%)
Segment assets	418,592.2	381,227.1	9.80

In the first half of 2015, the pace of adjustment on economic structure of PRC was accelerating, whereas the economy of the PRC was exposed to greater downward pressure, showing a gradual downward trend in yields of inter-bank business. In addition, due to a series of regulatory policies introduced to the financial market business last year, the capital business has been facing tough challenges in terms of investment scale and limited investment scope. In this regard, the Bank withstood the pressure to respond flexibly, and took the initiative to adjust its business structure according to the objective environment, so as to secure the steady growth in capital business.

The treasury business recorded profit before tax of RMB2,291 million in the first half of 2015, representing an increase of RMB171 million or 8.09% as compared with the corresponding period of the previous year.

1. Segment Assets

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt securities investments	170,094.3	40.64	134,661.9	35.32
Financial assets held under resale agreements	36,295.8	8.67	54,643.6	14.33
Cash and balances with central bank	83,943.5	20.05	79,334.2	20.81
Deposits and placements with banks and other financial institutions	114,368.0	27.32	104,223.4	27.34
Transfer of discounted bills and credit assets	8,828.9	2.11	3,501.5	0.92
Other assets	5,061.7	1.21	4,862.5	1.28
Total assets	418,592.2	100.00	381,227.1	100.00

As at 30 June 2015, the total size of operating assets was RMB418,592 million, representing an increase of RMB37,365 million, or 9.80%, as compared with the end of the previous year. In particular, debt securities investments increased by RMB35,432 million, or 5.32 percentage points, in proportion to total assets; cash and balances with central bank increased by RMB4,609 million, or decreased by 0.76 percentage points, in proportion to total assets; financial assets held under resale agreements decreased by RMB18,348 million, or 5.66 percentage points, in proportion to total assets; deposits and placements with banks and other financial institutions increased by RMB10,145 million, or decreased by 0.02 percentage points, in proportion to total assets; transfer of discounted bills and credit assets increased by RMB5,327 million, or 1.19 percentage points, in proportion to total assets.

2. Debt Securities Investments

(1) Distribution of Debt Securities Investments by Holding Purpose

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-to-maturity debt securities	63,032.0	37.06	62,843.3	46.67
Debt securities classified as receivables	85,056.8	50.00	41,504.9	30.82
Debt securities at fair value	5,371.4	3.16	16,989.9	12.62
Available-for-sale debt securities	16,634.1	9.78	13,323.8	9.89
Total	170,094.3	100.00	134,661.9	100.00

In the first half of 2015, the Group continued to implement the classification management of its debt securities investment accounts. Apart from taking debt securities classified as receivables as the major investment target, the Bank took the market condition into consideration and moderately invested in certain held-to-maturity debt securities and available-for-sale debt securities investments. As at 30 June 2015, the Group saw an increase of RMB189 million, or decreased by 9.61 percentage points, in proportion to total debt securities investments in held-to-maturity debt securities as compared with the end of the previous year, an increase of RMB43,552 million, or 19.18 percentage points, in proportion to total debt securities investments in debt securities classified as receivables over the end of the previous year, an decrease of RMB11,619 million, or 9.46 percentage points, in proportion to total debt securities investments in debt securities measured at fair value over the end of the previous year as well as an increase of RMB3,310 million, or decreased by 0.11 percentage points, in proportion to total debt securities investments in debt securities classified as available for sale over the end of the previous year.

(2) Distribution of Debt Securities Investments by Credit Rating

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015		As at 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
AAA	40,465.4	23.79	19,883.9	14.77
AA	53,629.1	31.53	32,597.7	24.21
A	109.7	0.06	—	—
Unrated	75,890.1	44.62	82,180.3	61.02
Total	170,094.3	100.00	134,661.9	100.00

In the first half of 2015, the Group proactively leveraged on the trend of policies, further analysed and formed judgment on the market and determined the bond investment strategy of “selecting carefully and taking position at the right time” in the early 2015, on the basis that the interest rate this year clearly will be lower than the previous year as well as under such volatile market throughout the year. With respect to operation, the main objective of the strategy was to obtain mid-term bonds and financial bonds with better quality, higher coupon rate and AA and AA+ ratings in the primary market and appropriately allocate bonds issued by local government with AAA rating.

As at 30 June 2015, bonds with a rating of AA and above increased by RMB41,613 million, or 16.34 percentage points, in proportion to total debt securities investment as compared with the end of the previous year, while unrated bonds decreased by RMB6,290 million, or 16.40 percentage points, in proportion to total debt securities investment. Unrated bonds are mainly government bonds, 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 30 June 2015		As at 31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 3 months	34,375.9	20.21	20,941.4	15.55
3 to 12 months	33,681.3	19.80	25,097.4	18.64
1 to 5 years	75,700.2	44.50	60,297.2	44.78
Over 5 years	26,336.9	15.49	28,325.9	21.03
Total	170,094.3	100.00	134,661.9	100.00

As at 30 June 2015, the Group's investments in debt securities with a remaining maturity of less than 12 months increased by RMB22,018 million, or 5.82 percentage points, in proportion to total debt securities investments from the end of the previous year. The Group's investments in debt securities with a remaining maturity of over 5 years decreased by RMB1,989 million, or 5.54 percentage points, in proportion to total debt securities investments as compared with 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 higher 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) Holding of 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 of 30 June 2015, the outstanding balance of the Group's financial bonds amounted to RMB27,095 million, which mainly consisted of the 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, unless otherwise stated)				
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	3.34	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 30 June 2015, the Bank had 1,772 branches of various kinds, including one headquarter, one branch, one business department, 44 sub-branches, 15 tier-two sub-branches and 1,710 branch outlets, among which Qujing Branch in Yunnan became the first cross-region branch among the domestic rural commercial banks. The network of branches covers all the 38 administrative districts and counties of Chongqing with 1,458 distribution outlets in the County Area of Chongqing, covering all the bank areas in Chongqing with 311 outlets in the city's urban area. The Bank ranked first in the number of branches in both County Area and the urban area among its peers.

The Bank will strategically develop its distribution channels, optimise the layout of outlets and step up restructuring to improve its service coverage, service capabilities and operational efficiency. In the first half of 2015, the Bank has established 1 branch, reallocated 71 existing branches and refurbished 158 existing branches, with over half of the progress completed. 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 30 June 2015, the Bank established 95 24-hour self-service centers and the number of ATMs and self-service inquiry terminals increased to 4,090. The proportion of machine to outlet exceeded 2.3:1, among which the number of ATMs put into use increased by 278 units to 3,156 units over the end of the previous year and self-service inquiry terminals put into use increased by 37 units to 934 units over the end of the previous year.

The establishment of new convenient rural financial self-service terminals was under rational control whilst the withdraw mechanism was enhanced. As at 30 June 2015, 688 convenient rural financial self-service centres had been established and commenced on-line operation across the organization, down by 6 as compared with the previous year. As such, the Bank extended its financial service coverage whilst bringing convenience and benefits to the people in rural area. It won widespread recognition from the local government and the general public, achieving both social and economic benefits.

3. *Electronic Internet Finance*

In the first half of 2015, the Bank, being fully aware of the significance of the function of electronic internet finance business, leveraged its comprehensive electronic internet finance business to establish an internet finance platform and build an all-rounded E-banking service system, in the hope of continuously exploring internet service business. In the meantime, the Bank continued to improve the brand awareness and influence of its electronic internet finance brand through carrying out various marketing activities, which further improved customer satisfaction.

(1) Internet finance platform

Jiangyuer (江魚兒) internet banking platform

Jiangyuer (江魚兒) internet banking platform is a platform utilising 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 Jiangyuer (江魚兒) internet banking provides customers with "Jiangyu FOF" (江渝基金寶) product, internet investment and financing products, intelligent deposits product, payment of living expenses, loan application, credit card application and other financial services through its official website, mobile banking client, and other channels.

Jiangyuhui (江渝惠) Online-to-Offline ("O2O") consumption service platform

Jiangyuhui (江渝惠) O2O consumption service platform is a consumption service platform integrating a collection of necessities as established by the Bank utilising a combination of online and offline approach. The platform relies on network provided by communication operators to offer service of "benefiting customers, benefiting groupbuy, benefiting presale, payment by code" (惠商戶、惠團購、惠預售、碼上付) for mobile financial customers, so as to meet their financial needs in a "personalised, diversified, networking" (個性化、多元化、網絡化) manner, thus creating a closed system for community marketing, consumption and payment.

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 of the Bank and increase income from intermediary business.

(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 30 June 2015, the number of mobile banking customers of the Bank reached 3,054.9 thousand, representing an increase of 832.1 thousand new customers, or 37.43%, as compared to the end of the previous year. The aggregate number of financial transactions for the year amounted to 36,114.9 thousand, representing an increase of 37.31% as compared to the same period of the previous year. The amount of transactions occurred in the year was RMB446,685 million, representing an increase of 28.57% as compared to the same period of the previous year, ranking first among all financial institutions in Chongqing.

(3) WeChat banking

WeChat banking led the trend. As at 30 June 2015, WeChat banking has attracted the attention of 116.8 thousand customers, with 4,854.4 thousand messages received. In order to create a three-dimensional loan application channel, the Bank carried out green credit services including loan applications via WeChat and telephone. As of 30 June 2015, the WeChat Banking received 15,560 loan applications via WeChat and released loans amounting to RMB451 million.

(4) 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 30 June 2015, the number of corporate internet banking customers of the Bank increased by 25.68% over the end of the previous year to 21.3 thousand; 1,418.3 thousand financial transactions have occurred in the year, representing an increase of 40.56% over the same period of the previous year; the amount of transactions occurred in the year was RMB650,058 million, representing a growth of 62.36% over the same period of 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 television 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 customers' needs for financial services. As at 30 June 2015, the number of personal internet banking customers was 1,654.8 thousand, representing an increase of 21.33% over the end of the previous year. 15,982.4 thousand financial transactions have occurred in the year, representing an increase of 89.17% over the same period of the previous year; the amount of transactions occurred in the year was RMB57,707 million, representing an increase of 39.62% over the same period of the previous year.

Online payment

The business development outcome of online payment function is encouraging. As at 30 June 2015, there had been 14,655.6 thousand financial transactions in the year which were settled through online payment, representing an increase of 104.82% over the same period of the previous year. The transaction amount was RMB4,850 million, representing an increase of 146.57% over the same period of the previous year.

(5) 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. As at 30 June 2015, the Bank had offered services to 5,009.8 thousand customers via telephone and SMS banking. The growth of SMS banking is promising. As at 30 June 2015, the accounts of SMS of the Bank amounted to 7,382 thousand, while contracts signed by high-end customers accounted for 73.56%.

(6) Marketing Campaign

All-rounded large scale marketing campaigns were successively carried out for electronic internet finance business including "You make transactions, I give gifts" (你交易我有禮) jointly supported by personal internet banking and mobile banking, "Mobile Banking Scratch-off for Jackpot during Chinese New Year" (手機銀行刮刮樂新春開運博頭彩) for mobile financial services and "Small Migratory Birds Delivering Warmth in Helping Unprivileged Students" (溫暖小候鳥助學貧困生), to boost business development. In particular, the "Come with Your Enough Love" (夠愛你就來) charity activity strengthened the Bank's sense of social responsibility, enhanced the popularity of electronic internet finance business brand and received good social response.

The internet banking of the Bank achieved sustainable and efficient development through relentless efforts and bold innovations. As at 30 June 2015, the substitution rate of E-banking account transactions of the Bank reached 83.27%, representing an increase of 1.71 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 new rural construction, exploring the development of business growth and establishing a sustainable model for the growth of profit of the Bank. As at the end of the Reporting Period, the Bank has established 10 CQRC Village and Township Banks with aggregate capital amounting to RMB3,876 million and the outstanding balance of deposits and loans in aggregate amounting to RMB1,145 million and RMB2,951 million, respectively.

In September 2014, CQRC Financial Leasing Co., Ltd. was incorporated with the registered capital of RMB2,500 million to be mainly engaged in financial leasing related business. The Bank was the major promoter and held 68.00% of its shares.

2. *Associated company*

Chongqing Auto Finance Co., Ltd. is an associated company of the Bank, which was incorporated with the registered capital of RMB500 million in August 2012, mainly engaging in the automobile financing business.

VI. Information Technology

The establishment of information system was pushed forward at a steady pace, to lay a foundation for rapid development of business. In the first half of 2015, information technology department conducted establishment, upgrade, optimisation and modification of various systems to satisfy the need for rapid development of businesses as well as to comply with the enhanced regulatory requirements. Firstly, the Bank built a mobile office platform which effectively improved the efficiency of the Bank's operations. Secondly, it constantly modified the intermediary business platform, leading to relocation of the old intermediary business. Thirdly, an investment and financing platform (self-built P2P platform) has successfully gone online, with ongoing exploration of the internet financial sector. Fourthly, the design and development of a reporting system for regulatory statistics has been completed to achieve timely and accurate generation and submission of statements and other industry statements as required by respective regulatory bodies. Fifthly, by continuously optimising and transforming ESB (Enterprise Service Bus), the core system and other basic information systems, rapid response to business needs and strong support for business development can be achieved.

The Bank commenced work on establishing a new generation of core system to provide strong support for business development and business innovation. The new generation of core system was established with an aim to own its intellectual property rights, achieve a “product-oriented” structure and a “customer-oriented” customer management model, enhance capability of the host system, build an open operational structure, and achieve smooth transition of the business. Its establishment schedule is from February 2015 to March 2017 in four stages. The proposal of the project has been completed and is currently in its first stage, i.e. design of the overall structure. Relevant work has been carried out steadily.

Continuing to optimize the data center and ability to prevent disaster of offshore recovery center, the Bank carried out the construction of onshore disaster recovery center to achieve the structure of “three centers in two areas” (兩地三中心) and to fulfill the demand for high usability and backup against disaster, in order to deliver more flexible response to risks. The security management level of the data center has been improved. Firstly, with the addition of UPS (Uninterruptible Power Supply) battery room, the battery packs in the data room have been centralised and stored in different areas. Secondly, inspection and examination on fire control system in the data room has been carried out in accordance with new fire practices, and the fire alarm and fire extinguishing system with gas has been upgraded and transformed. Thirdly, real-time monitoring on a single battery has been conducted through the introduction of advanced technology solutions within the industry. Fourthly, in order to strengthen the operation, maintenance and management of the data room, 7*24 shift duty with two employees working the same shift as well as site inspection has been strictly implemented. Fifthly, it improved the monitoring system and eliminated the important areas to monitor the blind spot. The level of backup against disaster of offshore disaster recovery center has been enhanced. Sixthly, the UPS (Uninterruptible Power Supply) power supply system of the disaster recovery center has been upgraded and extended. Seventhly, by expanding the coverage of the information system in respect with disaster recovery, full disaster recovery of the operational system and important management system was achieved. Eighthly, to clear up the single power supply equipment of the disaster recovery center by upgrading dual power supply or access to STS (Static Transfer Switch), the way of power access has been constantly optimised. The onshore disaster recovery center has been constructed. The onshore disaster recovery center is situated at the Pacific Telecom Data Center Room in Shuitu Cloud Computing Industrial Park (水土雲計算產業園) in Liangjiang New Area, Chongqing, with the design on proposal of network and structure system, testing and selection on equipment, and the purchase of equipment currently completed. The center is expected to commence operation in late September.

While constantly strengthening the research and evaluation of information technology, the Bank actively carried out reporting and research on technical innovation topics. Among these products, Pilot Projects in Relation to Security Status and Monitoring of E-banking/Mobile Payment System (《電子銀行／移動支付系統安全態勢監控試點示範項目》) was supported by the National Information Security Project under NDRC, and Unstructured Storage Cloud Platform for Life Cycle Management of Data (《面向數據全生命周期管理的非結構化存儲雲平台》) won the third prize of Technology Advancement 2014 (2014年度銀行科技發展獎三等獎) awarded by the People’s Bank of China.

VII. Employees and Human Resources Management

1. *Basic Information on Employees*

As of 30 June 2015, the Bank had 16,595 regular employees, 10,134 of whom held Bachelor's degrees or above, representing 61.07% of all the Bank's regular employees. In addition, the Bank had 706 dispatch workers, 1,215 internally retired employees and 5,001 retired employees.

2. *Overview of Human Resources Management*

During the first half of 2015, adhering to the guiding principle of “three transformation” and focusing on the working principle of “focusing on the basis, strengthening the management and adjusting the structure” (重基礎、強管理、調結構), the Bank optimised the corporate structure by implementing a parallel management model of the business department and linear functions department with regards to the headquarter, and by establishing a management model for the marketing department and setting up a marketing centre to strengthen marketing functions with regards to branches. The Bank organised the “One Thousand Talents Plan” (千人計劃), pursuant to which it stepped up efforts in intensifying the selection and training of management talents, employing high-end business talented staff, enhancing professional technical talents and inter-disciplinary young talents to expand the pool of key business personnel, optimise the human resources system and the management system of human resources. Human resources management thus improved effectively.

The Bank carried out position reform in steady progress, established career development paths for employees, constructed a concise, clear, scientific sequential system for duties, tighten employment criteria, increased the work on assessment and incentives, and established an effective mechanism to attract and retain talent and to fully mobilize the initiatives of employees. Meanwhile, the Bank also explored the formulation of a systematic career development plan for employees, defined training methods and ways for different positions, and carried out specific training, job rotation and role dedication from upper level to lower level, etc., to promote staff development.

3. *Training*

The Bank was devoted to the business development and the improvement of the occupational quality of staff, enhancing staff training with continuous efforts, integrating educational training resources, resulting in comprehensive trainings for different levels and categories. Staff's comprehensive quality was completely upgraded. In the first half of 2015, the Bank held 620 sessions of training of all kinds with attendances of 45 thousand, with an average of 2.71 sessions of training per person.

FINANCIAL BUSINESS IN COUNTY AREA

County Area is the principal base for carrying out Sannong financial service by the Group. The banking business in County Area has been a long-term strategic focus of the Group, and also one of the Group's major sources of revenue. The Group provides diversified financial services for customers in County Area through 1 branch, 33 sub-branches, 6 secondary sub-branches and their 1,421 distribution outlets as well as 10 village and township banks located in the 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, active innovation of products, and strive to enhance the financial service in County Area, all of which have led to the rapid growth of financial services in County Area.

As at 30 June 2015, the loan balance of the banking business of the Bank in County Area⁽¹⁾ amounted to RMB132,110 million, representing an increase of RMB10,579 million, or 8.70%, over the end of the previous year. In particular, the corporate loan balance of the banking business in the County Area amounted to RMB64,026 million which accounted for 37.77% of the corporate loan balance of the Group, representing an increase of RMB9,852 million, or 18.19%, over the end of the previous year. The retail loan balance of the banking business in the County Area amounted to RMB68,084 million, representing an increase of RMB727 million, or 1.08%, over the end of the previous year, accounting for 71.60% of the retail loan balance of the Group. The deposit balance in County Area amounted to RMB302,717 million, representing an increase of RMB31,058 million, or 11.43%, over the end of the previous year.

Supported by County Areas, in adherence to the top priority in enhancing the quality and efficiency of Sannong financial services of the Bank, industrialization of agriculture, urbanization in rural areas, and development in working farmers were boosted to be the principal direction to ensure carrying out of Sannong financial services based on the important components of inclusive financial system and sustainable development. As at 30 June 2015, the outstanding agricultural loans of the Group⁽²⁾ amounted to RMB119,577 million.

I. Reform and Innovation

1. Management Reinforcement

During the Reporting Period, the Bank has actively and steadily pushed forward the construction of Sannong service system, with an aim to improve capability and level of such service. This year, the Board has established a new Sannong Financial Services Committee, reinforcing the strategic move on Sannong financial services. By introducing Sannong Business Management Department to functional departments and leading Sannong financial services among the Bank, the Bank set up secondary departments or professional posts under the Corporate and Retail Banking Department to be responsible for the "Sannong" business marketing guidance, product innovation, etc. It has set up specialised institutions in respective county branches, to be responsible for the specific promotion of "Sannong" business. In addition, the Bank further regulated and enhanced the agricultural-related credit approval procedures to improve service quality and performance.

Notes:

⁽¹⁾ The loan of the banking business in County Area refer to loans released to branches in Chongqing City by the Bank, other than regions outside major districts. It also includes loans released by ten village and township banks and Qujing Branch.

⁽²⁾ The agricultural loans refer to loans to farmers, loans to rural enterprises and various organizations, loans to urban enterprises and various organizations directing to activities related to agriculture, forestry, husbandry and fishery industry as well as supporting agriculture and rural development in accordance with the Special Statistics System of Agricultural Loans (Yin Fa [2007] No. 246).

2. *Incentive Intensification*

The Bank further improved financial service capacity and independently prepared financial business credit plan in the County Area to carry out the different incentive policies. It implemented differentiated incentive policies, gave more resources including staff, expenditures, ATM machines to county business branches to ensure the convenient, timely and effective satisfaction of the county financial services.

3. *Product Innovation*

The Bank centered on innovative financial services and products by optimising and enhancing the concept on inclusive financial services. During the Reporting Period, the Bank launched the consolidation of land development, “photovoltaic” (光伏發電), “small amount consumption” (小額消費) and other credit products. In accordance with the new situation, changes and features of the rural areas, the Bank revised the management practices and operational procedures of “Sannong” credit to promote the integration of products and markets. In the meantime, the Bank launched the Jiangyuhui (江渝惠) O2O consumption service platform, Jiangyuer (江魚兒) internet banking and other electronic financial services and products, thus enhancing the level of financial services comprehensively.

II. **Corporate Banking Business in County Area**

During the Reporting Period, the Bank centred on the key banking businesses in the County Area such as the industrialisation and modernisation of agriculture, rural urbanisation and commodity flow of the County Area, the Bank continued to, with leading enterprises in such industries as its major target customers, tighten classified management of corporate customers, step up efforts in marketing and strive to foster core customer groups. For flagship companies of different industries, the Bank developed integrated banking services plans, improved its banking services, consolidated and deepened its cooperative relations with 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, private business owners, the wealthy people and other excellent customers, the Bank vigorously developed personal products for specific areas and promoted loans secured by forest property rights, rural residential housing and contractual management rights of rural lands as well as 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 11,000 thousand people. Departments of finance and social insurance of the city and districts/counties have opened 124 social insurance accounts with the Bank, with a capital balance of RMB9,900 million as at 30 June 2015. In the first half of 2015, the number of individual pensions withheld by the Bank amounted to 4,301.4 thousand, totaling RMB776 million; the number of individual pensions paid by the Bank as an agent amounted to 25,135.9 thousand, totalling RMB2,724 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 (江渝卡), the Jiangyu Xiangqing Card (江渝鄉情卡), the Farmer's Fortune Card (福農卡), credit card, personal internet banking and mobile banking. As at 30 June 2015, the Bank operated 2,227 ATMs, 761 multi-media enquiry machines in County Area and established and operated 688 convenient rural financial self-service centres. The number of debit cards and credit cards issued by the Bank in County Area also increased by 819.5 thousand and 49.6 thousand over the end of the previous year, respectively to 12,440.8 thousand and 193 thousand, respectively, which accounted for 78.60% of the debit cards issued by the Bank and 75.89% of the credit cards issued by the Bank, respectively. 2,467.2 thousand customers in County Area opened for mobile phone banking service, accounting for 80.76% of the number of customers opening for mobile phone banking service of the Bank and representing an increase of 647.9 thousand customers over the end of the previous year. With the gradual enhancement in electronic equipment, the increase in the number of cards and the promotion and marketing on E-banking products, the Bank is well poised to keep expanding its customer base in County Area, 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:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	County Area	Urban Area	Total	County Area	Urban Area	Total
Net interest income	1,464.4	8,307.1	9,771.5	1,643.6	7,207.1	8,850.7
Net fee and commission income	190.8	493.3	684.1	91.5	306.3	397.8
Net trading gain	–	4.0	4.0	–	205.8	205.8
Share of profit of an associate	–	–	–	–	2.0	2.0
Other operating income, net	48.2	20.1	68.3	17.6	7.0	24.6
Total operating income	1,703.4	8,824.5	10,527.9	1,752.7	7,728.2	9,480.9
Internal transfer of income and expense	3,432.3	(3,432.3)	–	2,934.9	(2,934.9)	–
Gain after adjustment	5,135.7	5,392.2	10,527.9	4,687.6	4,793.3	9,480.9

For the six months ended 30 June 2015, the gain of County Area segment after adjustment was RMB5,136 million, representing an increase of 9.56% in comparison on a year-on-year basis, which was mainly attributable to the growth in the business scale and the income from intermediary business.

RISK MANAGEMENT

In the first half of 2015, guided by New Basel Capital Accord and the comprehensive risk management, the Group continued to intensify monitoring control on capital, consolidate management system of liquidity risk limit, strengthen the monitoring of credit risk and advance warning and consolidated management, commence the establishment of the system of internal rating and automatic credit for retail customers, so as to constantly facilitate the sophisticated risk management, push forward the development of management information system on liquidity risk and system of internal rating for non-retail customers, enhance information technology of risk management, and improve the mechanism with respect to criminal risks. The examination of criminal risks in the first half of the year covered 10 sectors such as credit, accounting, security, etc. and all bodies, whereas the work in project examination policy of “Two Strengthen, Two Restrain” (兩加強、兩遏制) was commenced, in order to implement comprehensive outsourcing management and business continuity management system. During the Reporting Period, the Group has sufficient capital, with stable asset quality, effective control on liquidity risk and increasingly abundant methods, tools and skills of risk management, resulting in continuous enhancement in the level of risk management.

I. Credit Risk Management

Credit risks refer to the risk of economic loss arising from the failure of the borrower of the Bank or counter-party to a transaction to fulfill the corresponding responsibilities in compliance with contractual agreements due to various reasons.

Confronted with the objective economic and financial environment in the first half of 2015, the Group focused on the overall objective of 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 basis, strengthening the management and adjusting the structure” (重基礎、強管理、調結構) in outstanding manner. It implemented the macro-control policy of the State in a serious manner and conscientiously optimised the credit risk management mechanism 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 in key industries and areas like local debts (the governmental financing platforms), the real estate sector, industries with high pollution, high energy consumption and excess capacity, with reference to both the macro changes and the trend of industry restructuring. It also reinforced its efforts in risk inspection and solution. New means of off-site surveillance were introduced for the Group to predict and actively identify and resolve potential risks. The capital flow of customers was monitored closely and greater efforts were made to terminate loans to customers with potential risks and to increase effort in clearing, disposing of and writing-off non-performing loans. The loan portfolio thus gradually improved and the functions and scope of applications of the credit business management system were optimised continuously, resulting in enhanced 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 liabilities due or other obligations for payments or other capital needs required for the conduction of normal business. The objective of liquidity risk management of the Group 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 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 Commission of the Group is responsible for establishing policies and strategies relating to the Group’s overall management of liquidity risk. The Risk Management Department and the Financial Planning 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 the first half of 2015, 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. By formulating the work opinions of liquidity risk management in 2015, the Group continued to promote the implementation of liquidity risk control management, strengthened the management of liquidity risks, and officially initiated the establishment of the liquidity risk management information system to facilitate the refined management.

The Group, 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 withstand risks under extreme pressure, and the results showed that the management of liquidity risks under pressure, though more difficult, was controllable.

Liquidity Risk Analysis

In the first half of 2015, the economy of PRC was still facing significant downward pressure, with interest rate and deposit-reserve ratio cut by central bank, which further reduced corporate financing costs to support real economic development. Against the background of looser liquidity in the inter-bank market as compared to the corresponding period in the previous year, the Bank actively managed provisions and increased the excess reserve ratio, therefore, its liquidity was slightly looser than the corresponding period in the previous year

The Group appraised the liquidity risk conditions by means of liquidity gap analysis. At the end of June 2015, the liquidity gap analysis of the Group by remaining maturity is as follows:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015							Total
	Past due/ Undated	On demand	1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Net position of assets and liabilities	<u>76,491.1</u>	<u>(182,269.9)</u>	<u>(5,958.2)</u>	<u>16,712.3</u>	<u>(42,130.4)</u>	<u>93,269.0</u>	<u>87,228.6</u>	<u>43,342.5</u>

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 (such as interest rate, exchange rate, stock price and commodity price).

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》) stipulated by the CBRC and with reference to the relevant provisions in the New Basel Capital Accord. The Group has also formulated a management system for market risk through regulations, monitoring, reporting and other measures to govern authorisation, credit extension and limit of risks.

Interest Rate Risk Analysis

Interest rate risk is the major market risk faced by the bank accounts. 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 the first half of 2015, the economic environment was complex and varied. Upon the implementation of insurance policy on deposits and the issuance of large-amount deposit slips, interest rate liberalization has made substantial progress. Meanwhile, with frequent emergence of the monetary policy, which was one of the two macro control policies, and the reduction of interest rate and deposit-reserve ratio for three times, the financial reform has reached a key stage. In response to the complex market situation, the Group kept a close eye on the changes in macro monetary policy and domestic and foreign financial markets. By applying the FTP internal fund transfer pricing system properly, the Group further improved the management of interest rate pricing, duly adjusted the pricing of funds and effectively controlled the interest rates for loans and interest costs for deposits with a view to improving the proactiveness of 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:

(Expressed in RMB million, unless otherwise stated)	As at 30 June 2015						Total
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Interest rate gap	(75,709.3)	12,842.3	48,349.1	32,492.0	21,031.0	4,337.4	43,342.5

As at 30 June 2015, the Group's accumulated interest rate gaps for all maturities amounted to RMB43,343 million, representing an increase of RMB3,278 million from the end of the previous year.

Exchange Rate Risk Analysis

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 mismatched between capitals and foreign currency transactions. The Group mainly adopts foreign exchange exposure analysis, sensitivity analysis and other means to measure exchange rate risk. The Group is mainly engaged in the Renminbi business with certain transactions related to US dollars and HK dollars but seldom conducts transactions in other currencies. Transactions in foreign currencies are mainly related to the Group's business of agency sale and purchase of foreign exchange.

During the first half of 2015, the exchange rate of RMB against US dollar continued to weaken, with the preceding and spot exchange rate approaching or hit the lowest point, followed by a significant increase to which the exchange rate of RMB has been positioned in a new stage of two-way volatility. Subject to various uncertainties and factors within or outside the PRC, the market was expected to witness frequent conversions, resulting in a two-way fluctuation in terms of inflow and outflow of cross-border capital and movements in the exchange rate of RMB. The Group strengthened its management of its exposure to foreign exchange risks and the management standard of foreign exchange liabilities by enhancing the dynamic management of the deposits and loans of foreign exchange and arranging the utilisation of foreign exchange assets reasonably. It also actively explored the usage of exchange rate financial instruments to hedge against exchange rate risk.

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 errors made by the personnel, inappropriate procedures and operation flow, and failure of IT system. External risks include risks arising from external contingencies.

By setting up and consolidating the “baseline of thinking” (底線思維), the Group strived to firmly maintain financial stability, constantly enhance the level of risk control by identifying operational risks, strengthen internal control and risk inspection, so as to promote a steady operation of the Group in compliance with the law. With comprehensive deployment and participation by all staff, the Group thoroughly reinforced internal controls to curb illegal operation and inspection on crime project, by means of orderly organization and examination and rectification in place. As a consequence, awareness of operational compliance can be strengthened which helped consolidate basis of internal control. The Group carried out examination and reformation of criminal risks orderly in the first half of the year, with clear division of labor and duties fulfilled by each line and department, to find risk deficiencies, rectify internal control deficiencies and reduce loss relating to such risks. Through promoting collective operation, establishing post supervision mechanisms, systems, human resources, and optimising operational processes at counters, the operational risk control is assisted with effective tools and approaches. It also participated in activities giving lectures with respect to the compliance manual, defined a standard and effective operational practice to optimise internal control and compliance system, so as to create a good culture of internal control and compliance. The business continuity management is pushed forward, in order to establish the “three centers in two areas” (兩地三中心), improve the special emergency plan in relation to major information systems, leading to deployment in the business continuity plan. By virtue of examination on criminal risks relating to outsourcing business, the optimization and improvement of outsourcing management system and outsourcing risk management mechanism is actively supported.

V. Implementation of New Basel Capital Accord

Adhering to the philosophy of “stable progress, and focus on Practicality” (穩步推進、注重實用), the Group carried out relevant projects of the new capital accord systematically and in accordance with the requirements of regulatory authorities and taking into account the practicality of the commencing operations. On one hand, the Group stepped up efforts in implementing the initial consultation outcome on the elementary internal rating for non-retail customers, officially launching the development project of internal rating system for non-retail customers to commence the construction of internal rating system for non-retail customers, in order to achieve rating process and provide functions like model configuration, monitoring, verification and data management etc. On the other hand, to carry out the establishment of internal rating system for retail customers, the Group officially launched a consultation project on credit risk internal ratings and automatic credit for retail customers, by implementing back-tracking of erased data, together with the development in application, acts, collection rating cards and pool division models, as well as the formulation of automatic credit policy, an internal rating and automatic credit system for retail customers is then established.

VI. Anti-money Laundering

In the first half of 2015, by focusing on the risk-oriented approach and principle of regulation on legal person, the Bank conscientiously fulfilled its anti-money laundering obligations, and thoroughly enhanced the effectiveness in monitoring anti-money laundering activities. During the Reporting Period, in accordance with the regulatory requirements on the comprehensive risk management and control of the PBOC, the responsibilities of various departments at all levels were further defined, whilst the anti-money laundering laws and regulations were incorporated into the workflow of frontline businesses and products. In accordance with the principle of “evaluating your products” (誰的產品誰評估), the Bank required its operational departments to conduct risk assessment on money laundering in respect of new products launched in 2015. The Bank also strengthened its efforts in the training, assessment and inspection with respect to identification of customers, and further enhanced operational skills and regulated internal management. By promoting and spreading the culture and concept in relation to compliance, with unified deployment by the headquarter’s compliance management department, the Bank promoted anti-money laundering management and training based on its compliance manual. As a result, the risk awareness of employees working in the anti-money laundering sector has been improved and the level of anti-money laundering management was continuously reinforced.

INTERNAL AUDIT

The Group has established an independent and objective internal audit system, with the addition of Internal Audit Association of China. The headquarter and branches have set up an internal audit department respectively, and the Bank’s controlled village and township banks employed full-time audit personnel. Through inspection and evaluation, the internal audit department continued to improve operational management, risk management, internal controls and corporate governance, so as to ensure the achievement of corporate goals.

During the Reporting Period, in accordance with the Group’s strategic goal, the internal audit department accelerated the transformation of internal audit and technological innovation. Based on risk-oriented approach, with the use of systematic and standardised audit methods, the department carried out inspection on the “Two Strengthen, Two Restrain” (兩加強兩遏制) project as deployed by regulatory agencies with top priority, as well as evaluation of internal control, inspection on the completion and status of the operation target, examination of criminal risks, the combat against illegal trade of bank cards, and audit regarding resignation of management personnel. The department also upgraded the audit information system, implemented judgement on audit quality, pushed forward the professionalism of auditors, improved the level of audit information technology, and enhanced the capacity and quality of audit work. By enhancing the level of internal control within the Group as a whole, steady development of respective businesses were facilitated.

OUTLOOK

In the first half of 2015, the growth rate of developed economies and emerging markets has slowed down to certain extent with significant differentiation. The US and Japanese economy continued to improve at a slow pace. Subject to the Greek debt crisis, the European Union encountered difficulties in recovery. Differentiation among BRICS (Brazil, Russia, India, China and South Africa) is severe, whereas the recovery progress of the global economy is still fluctuating with uncertainties. The economy of China has entered a new era of development, with its GDP grew year-on-year by 7% in the first half of the year, remaining at a reasonable range. It is rather visible that the economy of China is maintained at a stable trend, enabling its economic structures to be optimised on an ongoing basis. In the second half of the year, the economic growth continued with the stable and positive trend as seen in the first half of the year, and ultimately achieved the expected full year growth targets. As the driving force for economic growth in Western China, Chongqing is expediting the coordination and establishment of the “Five Major Functional Areas” (五大功能區), under which development of such areas be coordinated with differentiated industry distribution. GDP grew year-on-year by 11% in the first half of the year, up by 4 percentage points than the national level, achieving a rapid and steady development.

The performance of the Bank in the first half of the year with respect to different divisions is strong as a whole, leading to steady development in business scale, overall stability in asset quality and ongoing growth in profitability. In the second half of the year, the Bank will have a profound understanding of the dynamics in the macro-economic condition and its own operating environment, deepen the reform on systems and structures, so as to achieve “Trio Emphases” (三個並重) in terms of development, including the emphases on rural business vs. urban business, traditional business vs. new business, corporate business vs. retail business. As a result, innovation on the financial sector has been accelerated to adapt to market competitions, whilst the level of risk control is constantly enhanced, such that the relationship between risk control and business development is correctly handled to ensure the accomplishment of its full year target and task.

Changes in Share Capital and Particulars of Shareholders

MOVEMENTS IN SHARES

Unit: share, %

	1 January 2015		Increase/(decrease) +/- during the Reporting Period						30 June 2015	
	Number of shares	Percentage	Private placement	Issue 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	5,228,258,559	56.21	-	-	-	-	-	-	5,228,258,559	56.21
Including: ① Shares held by state-owned legal person shareholders ^{1, 2}	2,084,362,459	22.41	-	-	-	-	25,000,000	25,000,000	2,109,362,459	22.68
② Shares held by private legal person shareholders	3,143,896,100	33.80	-	-	-	-	(25,000,000)	(25,000,000)	3,118,896,100	33.53
2. Non-overseas listed shares held by natural persons	1,558,405,400	16.76	-	-	-	-	-	-	1,558,405,400	16.76
Including: ① Shares held by natural persons who are employees	147,603,190	1.59	-	-	-	-	(32,200)	(32,200)	147,570,990	1.59
② Shares held by natural persons other than employees	1,409,590,505	15.16	-	-	-	-	40,720	40,720	1,409,631,225	15.16
③ Shares held by shareholders without affirmed ownership ³	1,211,705	0.01	-	-	-	-	(8,520)	(8,520)	1,203,185	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:**
- 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).
 - Former state-owned legal person shareholder, Chongqing Yulong Asset Management (Holdings) Limited, acquired 25,000,000 non-overseas listed shares of the Bank. As at the end of the Reporting Period, such company held 70,278,815 non-overseas listed shares of the Bank.
 - Shares held by 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 confirmed their ownership in the shares of the Bank. (Note: During the Reporting Period, 8,520 shares during the time of the former rural credit cooperatives were confirmed as shares of the Bank whilst the number of shares held by shareholders without affirmed ownership amounted to 1,203,185 shares.)

ISSUE, PURCHASE, SALE AND REDEMPTION OF SECURITIES

Neither the Bank nor its subsidiaries had purchased, sold or redeemed any securities of the Bank during the Reporting Period.

ISSUED BONDS

During the Reporting Period, there had not been any default by the Bank in respect of repayment of the principal and interests of the RMB5.0 billion callable tier 2 capital bonds issued on 19 June 2014 in the PRC inter-bank bond market or any matters in connection therewith.

PARTICULARS OF SHAREHOLDINGS

As 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	300,000,000	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	CHONGQING CASIN GROUP CO.,LTD (重慶財信企業集團有限公司)	private enterprise	333,340,000	3.58	326,672,000	non-overseas listed shares
06	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	149,900,000	non-overseas listed shares
07	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
08	Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司)	private enterprise	150,000,000	1.61	150,000,000	non-overseas listed shares
09	Jiangsu Huaxi Group Corporation (江蘇華西集團公司)	private enterprise	150,000,000	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			3,502,511,611	37.65	1,696,572,000	

Note: 1. As at 30 June 2015, the aforesaid shareholding percentage of non-overseas listed shares is based on the total share capital of the Bank of 9.3 billion.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS

As at 30 June 2015, to the knowledge of the Bank, the interests and short positions of substantial shareholders other than Directors and supervisors (within the meaning of the SFO) in the shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the SFO 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	281,589,259(L)	11.20	3.03
		1,563,000(S)	0.06	0.02

Note: (L) — Long position, (S) — Short position

MAJOR SHAREHOLDERS OF THE BANK

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 Holdings Limited (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 substantial shareholders of the Bank.

Except for the aforesaid shareholders, there were no other legal person shareholders holding 5% or more of the total share capital of the Bank, nor were there any other employees or natural persons other than employees holding 5% or more of the 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 18 March 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 and currently has a 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 Listing Rules) of the Bank.

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

As at 30 June 2015, 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 SFO) as recorded in the register required to be kept under Section 352 of the SFO 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 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
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 30 June 2015.

Directors, Supervisors and Senior Management

DIRECTORS OF THE BANK

As at the end of the Reporting Period, the Board comprised a total of 11 directors, including two executive directors, namely Mr. Liu Jianzhong (Chairman of the Board and Secretary to the Party Committee) and Mr. Xie Wenhui (President and Deputy Secretary to the Party Committee); four non-executive directors, namely Mr. Sun Lida, Mr. Duan Xiaohua, Mr. Wen Honghai and Mr. Li Zuwei; and five independent non-executive directors, namely, Mr. Sun Leland Li Hsun, Mr. Yin Mengbo, Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua.

The Bank held the 2014 AGM on 19 June 2015, during which the third session of the Board was elected, Mr. Liu Jianzhong and Mr. Xie Wenhui were re-elected as executive directors, Mr. Sun Lida, Mr. Duan Xiaohua, Mr. Wen Honghai and Mr. Li Zuwei were re-elected as non-executive directors, Mr. Sun Leland Li Hsun, Mr. Yin Mengbo, Mr. Li Yao, Mr. Yuan Zengting and Mr. Cao Guohua were re-elected as independent non-executive directors. The term of office commenced from the date of the resolutions of 2014 AGM until the expiration of the current session of the Board.

Mr. He Zhiming, Ms. Chen Xiaoyan and Mr. Zheng Haishan were also elected as non-executive directors of the Bank at the 2014 AGM. Their respective qualifications remain subject to the China Banking Regulatory Authority's approval and their terms of office will commence from the date of approval until the expiration of the term of the current session of the Board.

Mr. Tao Jun, Mr. Wang Yongshu and Mr. Gao Xiaodong ceased to serve as non-executive directors of the Bank from the date of resolution of the 2014 AGM. At the same time, Mr. Tao Jun ceased to serve as a member of the Audit Committee and the Strategic Development Committee of the Board; Mr. Wang Yongshu ceased to serve as a member of the Risk Management Committee and the Related Party Transaction Supervision Committee of the Board; and Mr. Gao Xiaodong ceased to serve as a member of the Audit Committee of the Board.

The Bank held the first meeting of the third session of the Board on 19 June 2015 to re-elect Mr. Liu Jianzhong as the Chairman of the Board of the Bank.

SUPERVISORS OF THE BANK

As at the end of the Reporting Period, the Board of Supervisors of the Bank comprised a total of eight supervisors, including two shareholder representative supervisors, namely Mr. Zeng Jianwu and Ms. Zuo Ruilan; three external supervisors, namely Mr. Wang Hong, Mr. Pan Like and Mr. Hu Shuchun; and three employee representative supervisors, namely Ms. Ni Yuemin (Chairwoman of the Board of Supervisors), Mr. Zheng Yi and Mr. Zhu Yuzhou.

On 8 April 2015, Ms. Yang Mingping resigned as the Chairwoman of the Board of Supervisors of the Bank, as well as the chairwoman of the due diligence supervisory committee and a member of nomination committee under the Board of Supervisors.

On 7 April 2015, Ms. Ni Yuemin was elected as the employee representative supervisor of the Board of Supervisors of the Bank at the meeting of employee representatives of the Bank. On 13 April 2015, Ms. Ni Yuemin was elected as the Chairwoman of the Board of Supervisors of the Bank by the Board of Supervisors.

The Bank held the meeting of employee representatives on 18 June 2015 to re-elect Ms. Ni Yuemin, Mr. Zheng Yi and Mr. Zhu Yuzhou as the third session of the Board of Supervisors of the Bank. The terms of office commenced from the date of the resolutions of the employee representatives meeting until the expiration of the current session of the Board of Supervisors.

The Bank held the 2014 AGM on 19 June 2015 during which Mr. Zeng Jianwu and Ms. Zuo Ruilan were re-elected as shareholder representative supervisors of the Bank, Mr. Wang Hong, Mr. Pan Like and Mr. Hu Shuchun were re-elected as external supervisors of the Bank. The terms of office commenced from the date of resolutions at the 2014 AGM resolution until the expiration of the current session of the Board of Supervisors.

The Bank held the first meeting of third session of the Board of Supervisors on 19 June 2015 to re-elect Ms. Ni Yuemin as the chairwoman of the Board of the Supervisors of the Bank.

SENIOR MANAGMENT OF THE BANK

The Bank held a meeting of the Board on 27 March 2015 to terminate the position of Mr. Yang Xiaotao as the Vice President of the Bank.

The Bank held a meeting of the Board on 29 May 2015 to terminate the position of Mr. Wang Rong as the Vice President of the Bank.

The Bank held the first meeting of the third session of the Board on 19 June 2015 to re-appoint Mr. Xie Wenhui as the President of the Bank, to re-appoint Mr. Ling Jiaquan and Ms. Dong Lu as the Vice President of the Bank and to re-appoint Ms. Peng Yanxi as Secretary to the Board of the Bank.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted a code of conduct regarding securities transactions by directors and supervisors and relevant employees on terms no less exacting than the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. Having made specific enquiries, all directors and supervisors of the Bank confirmed that they have complied with the aforesaid code throughout the six months ended 30 June 2015.

CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to refine its corporate governance mechanism and improved its corporate governance in strict compliance with laws and regulations such as the Company Law of the PRC, the Commercial Banking Law of the PRC as well as the Listing Rules and in line with actual conditions of the Bank.

Corporate Governance Code. For the six months ended 30 June 2015, the Bank had been observing and complying with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Meanwhile, the Bank had been observing and complying with most of the recommended best practices set out in the aforementioned code.

IMPLEMENTATION OF DIVIDENDS DISTRIBUTION

Upon the approval of the 2014 AGM of the Bank, the Bank distributed cash dividends for 2014 of RMB0.20 per share (tax inclusive) and RMB1,860 million (tax inclusive) in aggregate to the holders of H shares and the holders of domestic shares whose names appeared on the register of members of the Bank after close of trading as at 30 June 2015.

The Bank will not distribute interim dividend for 2015 (2014: nil).

MATERIAL RELATED PARTY TRANSACTIONS

As at the end of the Reporting Period, the loan balance of material related party transactions with related parties amounted to RMB9,499 million, accounting for 3.59% of the total loans of the Bank. Loans under the material related party transaction between the Bank and related parties had 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 arbitration which had substantial impact on the operating activities of the Bank.

As at the end of the Reporting Period, pending legal proceedings in which the Bank was involved as a defendant or a third party amounted to RMB9.9608 million. In the opinion of the Bank, it would not have any material impact 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 and all its directors, supervisors and senior management had no record of being subject to inspections, administrative penalties and circulating criticisms by CSRC or public censures by Hong Kong Stock Exchange, or penalties by relevant regulatory bodies that posed significant impact on the Bank's operation.

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

During the Reporting Period, neither the Bank nor the shareholders holding 5% or more of the total shares in issue of the Bank gave any undertakings.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank had not entered into any material contracts nor performed such contracts.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the Reporting Period, the Bank had no material acquisition and disposal of assets and merger of enterprises.

THE REVIEW

The Bank's interim condensed consolidated financial information for the six months ended 30 June 2015 prepared in accordance with International Financial Reporting Standards had been reviewed by PricewaterhouseCoopers, who had issued an unqualified review opinion.

The Bank's interim report for the six months ended 30 June 2015 had been reviewed by the Audit Committee under the Board of the Bank and the Board.

Report on Review of Interim Financial Information

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

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 86 to 149, which comprises the condensed consolidated statement of financial position of Chongqing Rural Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
28 August 2015

Condensed Consolidated Statement of Income

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Interest income	5	17,565,895	15,939,220
Interest expense	5	(7,794,361)	(7,088,553)
Net interest income		9,771,534	8,850,667
Fee and commission income	6	717,168	424,938
Fee and commission expense	6	(33,113)	(27,102)
Net fee and commission income		684,055	397,836
Net trading gain	7	4,017	205,800
Share of profit of an associate	24	–	2,024
Other operating income, net	8	68,264	24,613
Operating income		10,527,870	9,480,940
Operating expenses	9	(4,146,727)	(3,788,602)
Impairment losses on assets	10	(1,240,715)	(920,207)
Net (loss)/gain on disposal of available-for-sale financial assets		(1,916)	783
Net gain on disposal of debt securities classified as receivables		1,595	–
Profit before tax		5,140,107	4,772,914
Income tax expense	11	(1,221,073)	(1,171,232)
Profit for the period		3,919,034	3,601,682
Attributable to:			
Equity holders of the Bank		3,887,520	3,590,945
Non-controlling interests		31,514	10,737
		3,919,034	3,601,682
Earnings per share (Expressed in RMB Yuan per share)			
– Basic/Diluted	13	0.42	0.39

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

Condensed Consolidated Statement of Income and Other Comprehensive Income

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Profit for the period	3,919,034	3,601,682
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	(36,890)	(51,180)
Income tax relating to actuarial losses	9,223	12,795
	(27,667)	(38,385)
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale financial assets		
– fair value gain	53,352	199,287
– amount reclassified to profit or loss upon disposal	1,916	(783)
Income tax relating to available-for-sale financial assets	(13,817)	(49,626)
	41,451	148,878
Other comprehensive income for the period (net of tax)	13,784	110,493
Total comprehensive income for the period	3,932,818	3,712,175
Total comprehensive income attributable to:		
Equity holders of the Bank	3,901,304	3,701,438
Non-controlling interests	31,514	10,737
Total comprehensive income for the period	3,932,818	3,712,175

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

Condensed Consolidated Statement of Financial Position

At 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

		At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	NOTES		
ASSETS			
Cash and balances with central bank	14	83,943,534	79,334,179
Deposits with banks and other financial institutions	15	25,860,048	28,249,550
Placements with banks and other financial institutions	16	88,508,015	75,973,768
Financial assets held for trading	17	171,602	168,102
Financial assets designated at fair value through profit or loss	18	5,199,831	16,821,846
Financial assets held under resale agreements	19	36,295,758	54,643,579
Loans and advances to customers	20	254,905,103	233,520,181
Available-for-sale financial assets	21	16,813,714	13,388,013
Held-to-maturity investments	22	63,031,975	62,843,254
Debt securities classified as receivables	23	85,056,809	41,504,852
Investments in an associate	24	—	105,563
Property and equipment	25	4,794,493	4,352,912
Goodwill	26	440,129	440,129
Deferred tax assets	35	2,093,119	2,150,823
Other assets	27	5,666,985	5,392,239
Total assets		672,781,115	618,888,990
LIABILITIES			
Borrowings from central bank		382,200	6,776,000
Deposits from banks and other financial institutions	28	84,454,729	82,470,939
Placements from banks	29	16,347,004	12,547,414
Financial liabilities designated at fair value through profit or loss	30	—	500,000
Financial assets sold under repurchase agreements	31	43,062,166	47,284,190
Due to customers	32	454,699,494	409,719,844
Accrued staff costs	33	3,099,547	3,482,779
Tax liabilities		787,908	772,109
Debt securities issued	34	17,460,814	5,000,000
Other liabilities	36	7,566,026	7,487,306
Total liabilities		627,859,888	576,040,581

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

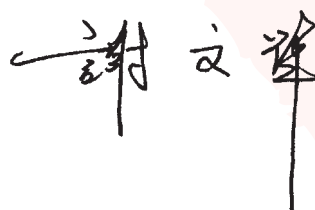
		At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	NOTES		
EQUITY			
Share capital	37	9,300,000	9,300,000
Capital reserve	38	9,201,954	9,201,954
Investment revaluation reserve	39	78,169	36,718
Actuarial changes reserve		(43,824)	(16,157)
Surplus reserve	40	7,079,309	7,079,309
General reserve	41	7,946,259	6,371,219
Retained earnings		9,905,387	9,452,907
Equity attributable to equity holders of the Bank		43,467,254	41,425,950
Non-controlling interests		1,453,973	1,422,459
Total equity		44,921,227	42,848,409
Total equity and liabilities		672,781,115	618,888,990

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

The condensed consolidated financial information on pages 86 to 149 were approved and authorised for issue by the Board of Directors on 28 August 2015 and are signed on its behalf by:



Liu Jianzhong
CHAIRMAN



Xie Wenhui
EXECUTIVE DIRECTOR AND PRESIDENT

Condensed Consolidated Statement of Changes In Equity

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	Attributable to equity holders of the Bank							Non-Controlling Interests	Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Investment revaluation reserve	Actuarial changes reserve	Subtotal	
As at 1 January 2015		9,300,000	9,201,954	7,079,309	6,371,219	9,452,907	36,718	(16,157)	41,425,950	42,848,409
Profit for the period		-	-	-	-	3,887,520	-	-	3,887,520	3,919,034
Other comprehensive income		-	-	-	-	-	41,451	(27,667)	13,784	13,784
Total comprehensive income for the period		-	-	-	-	3,887,520	41,451	(27,667)	3,901,304	3,932,818
Appropriation to general reserve	41	-	-	-	1,575,040	(1,575,040)	-	-	-	-
Dividend distribution	12	-	-	-	-	(1,860,000)	-	-	(1,860,000)	(1,860,000)
As at 30 June 2015 (Unaudited)		9,300,000	9,201,954	7,079,309	7,946,259	9,905,387	78,169	(43,824)	43,467,254	44,921,227

	NOTES	Attributable to equity holders of the Bank							Non-Controlling Interests	Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Investment revaluation reserve	Actuarial changes reserve	Subtotal	
As at 1 January 2014		9,300,000	9,201,954	6,394,534	5,497,269	5,950,176	(135,945)	43,460	36,251,448	36,889,305
Profit for the period		-	-	-	-	3,590,945	-	-	3,590,945	3,601,682
Other comprehensive income		-	-	-	-	-	148,878	(38,385)	110,493	110,493
Total comprehensive income for the period		-	-	-	-	3,590,945	148,878	(38,385)	3,701,438	3,712,175
Appropriation to general reserve	41	-	-	-	873,951	(873,951)	-	-	-	-
Dividend distribution	12	-	-	-	-	(1,767,000)	-	-	(1,767,000)	(1,767,000)
As at 30 June 2014 (Unaudited)		9,300,000	9,201,954	6,394,534	6,371,220	6,900,170	12,933	5,075	38,185,886	38,834,480

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

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Operating activities		
Profit before tax	5,140,107	4,772,914
Adjustments for:		
Depreciation and amortisation	310,801	270,717
Impairment losses on assets	1,240,715	920,207
Interest income arising from debt securities	(3,705,362)	(2,732,670)
Interest income arising from impaired financial assets	(40,932)	(35,186)
Interest expense arising from debt securities issued	240,189	70,261
Net loss/(gain) on disposal of investment securities	321	(459)
Share of profit of an associate	—	(2,024)
Net gain on disposal of property and equipment	(5,850)	(8,835)
Net gain on financial assets held for trading	(3,500)	(205,968)
Exchange gain	(5,802)	(1,556)
Operating cash flows before movements in working capital	3,170,687	3,047,401
Increase in balances with central bank, deposits with banks and other financial institutions	(1,738,195)	(1,228,114)
Increase in placements with banks and other financial institutions	(2,703,015)	(20,673,757)
Decrease/(Increase) in financial assets held under resale agreements	8,992,905	(992,582)
Decrease in financial assets held for trading	—	1,550,570
Increase in loans and advances to customers	(22,372,842)	(21,392,296)
Decrease/(Increase) in financial assets designated at fair value through profit or loss	11,622,015	(3,794,657)
(Decrease)/Increase in financial assets sold under repurchase agreements	(4,222,024)	8,953,935
Increase in due to customers, deposits from banks and other financial institutions	46,963,440	67,292,036
(Decrease)/Increase in borrowings from central bank	(6,393,800)	1,941,000
Increase in placements from banks	3,799,590	5,971,159
Decrease in financial liabilities designated at fair value through profit or loss	(500,000)	—
Increase in other operating assets	(249,674)	(1,358,759)
Decrease in other operating liabilities	(2,032,660)	(484,729)
Cash generated by operating activities	34,336,427	38,831,207
Income tax paid	(1,152,164)	(1,439,914)
Net cash from operating activities	33,184,263	37,391,293

Condensed Consolidated Statement of Cash Flows (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Investing activities			
Cash received from disposal and redemption of investment securities		51,227,408	12,719,600
Cash received from disposal of property and equipment and other assets		153,115	270,701
Cash paid for purchase of investment securities		(98,445,141)	(30,880,268)
Cash paid for purchase of property and equipment and other assets		(888,218)	(549,381)
Interest income received from investment securities		3,668,861	2,509,635
Net cash used in investing activities		(44,283,975)	(15,929,713)
Financing activities			
Debt securities issued		18,280,125	5,000,000
Dividends paid to shareholders of the Bank		(28)	(48,950)
Redemption of bonds issued		(5,900,000)	—
Interest paid on debt securities issued		(319,000)	—
Net cash from financing activities		12,061,097	4,951,050
Net increase in cash and cash equivalents		961,385	26,412,630
Cash and cash equivalents as at 1 January		55,083,187	34,280,325
Effect of foreign exchange rate changes		(3,411)	24,486
Cash and cash equivalents as at 30 June	42	56,041,161	60,717,441
		Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Net cash from operating activities include:			
Interest received		14,117,193	12,775,375
Interest paid		(8,173,322)	(6,831,572)
Net interest received from operating activities		5,943,871	5,943,803

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

Notes to the Condensed Consolidated Financial Information

For the Six Months Ended 30 June 2015

(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 banking services, which includes deposits, loans, payment and settlement services, financial leasing and other services as approved by the CBRC.

The condensed consolidated financial information is presented in Renminbi (“RMB”), which is also the functional currency of the Bank.

2. BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated financial information contains selected explanatory notes, which provide explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2014. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards. Therefore the condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014. The condensed consolidated financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

New and revised IFRSs effective by 1 January 2015 applied by the Group

Amendment to IAS 19 (revised)	Employee benefits on defined benefit plans	1 July 2014
Amendment to IFRS	Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Amendment to IFRS	Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

The application of these new and revised IFRSs do not have significant impact on the Group's operating results, comprehensive income and financial position.

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

		Effective for annual period beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle	1 January 2016
IFRS 9	Financial instruments	1 January 2018
New Hong Kong Companies Ordinance (Cap. 622)	Accounts and Audit	31 March 2014

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

The IASB has amended IFRS 10 and IAS 28. These amendments address an inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 'Investment in Associates and Joint Ventures' in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

The IASB has amended IFRS 11 'Joint Arrangements' provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

IFRS 14, 'Regulatory deferral accounts'. This standard as transition rules specifies the accounting for certain balances that arise from rate-regulated activities (regulatory deferral accounts). This standard is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, and impairment and de-recognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

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.

The IASB has amended IAS 16 and IAS 38. The amendments to IAS 16 'Property, Plant and Equipment' clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendments to IAS 38 'Intangible Assets' establish a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

The IASB has amended IAS 27 'Separate Financial Statements'. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group anticipates that the adoption of this new amendment will not have a significant impact on the Group's consolidated financial statements.

The Annual Improvements to IFRSs 2012 – 2014 Cycle include a number of amendments to various IFRSs, including the amendments IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' regarding methods of disposal, the amendments to IFRS 7, 'Financial Instruments: Disclosures regarding servicing contracts', the amendments to IAS 19 Employee Benefits regarding discount rates, the amendments to IAS 34 Interim Financial Reporting regarding disclosure of information. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

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 profit and loss. 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.

In addition, the requirements of Part 9 'Accounts and Audit' of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Bank is in the process of making an assessment of expected impact of the changes on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

4. SUBSIDIARIES

As at 30 June 2015, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Place of incorporation	Registered and paid-in capital (Renminbi: million)	Proportion of equity interest (%)	Proportion of voting power in the board of directors (%)	Principal activities
Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.	23 April 2010	Jiangsu	200	51.00	51.00	Banking
Sichuan Dazhu CQRC Village and Township Bank Co., Ltd.	12 November 2010	Sichuan	100	51.00	51.00	Banking
Yunnan Dali CQRC Village and Township Bank Co., Ltd.	14 December 2010	Yunnan	200	51.00	51.00	Banking
Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.	4 December 2012	Yunnan	100	51.00	51.00	Banking
Yunnan Heping CQRC Village and Township Bank Co., Ltd.	9 January 2013	Yunnan	100	51.00	51.00	Banking
Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.	9 January 2013	Guangxi	100	51.00	51.00	Banking
Fujian Shaxian CQRC Village and Township Bank Co., Ltd.	4 February 2013	Fujian	100	51.00	51.00	Banking
Fujian Fu'an CQRC Village and Township Bank Co., Ltd.	5 February 2013	Fujian	200	51.00	51.00	Banking
Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd.	23 April 2013	Yunnan	62	82.26	82.26	Banking
Fujian Pingtan CQRC Village and Township Bank Co., Ltd.	9 August 2013	Fujian	100	51.00	51.00	Banking
CQRC Financial Leasing Co., Ltd.	19 December 2014	Chongqing	2,500	68.00	68.00	Financial Leasing

The proportion of equity interest and proportion of voting power in the board of directors remained the same as above for the six months ended 30 June 2015.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

5. NET INTEREST INCOME

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Interest income		
Loans and advances to customers	8,483,417	7,701,379
Including: Corporate loans and advances	4,857,929	4,421,167
Retail loans and advances	3,372,279	3,172,356
Discounted bills	253,209	107,856
Placements with banks and other financial institutions	2,122,102	1,179,830
Debt securities classified as receivables	1,980,085	1,336,408
Financial assets held under resale agreements	1,635,634	2,538,440
Held-to-maturity investments	1,497,833	1,222,321
Balances with central bank	609,201	563,374
Deposits with banks and other financial institutions	527,151	515,967
Financial assets designated at fair value through profit or loss	469,462	614,633
Available-for-sale financial assets	227,444	173,941
Financial assets held for trading	13,566	92,927
Subtotal	17,565,895	15,939,220
Interest expense		
Due to customers	(4,790,452)	(4,005,713)
Deposits from banks and other financial institutions	(1,521,642)	(1,652,801)
Financial assets sold under repurchase agreements	(841,998)	(1,248,662)
Placements from banks	(310,629)	(104,709)
Debt securities issued	(240,189)	(70,261)
Borrowings from central bank	(89,451)	(6,407)
Subtotal	(7,794,361)	(7,088,553)
Net interest income	9,771,534	8,850,667
Included: interest income on impaired financial assets (Note 20.(3))	40,932	35,186
Included in interest income		
Interest income on listed investments	2,472,040	1,713,645
Interest income on unlisted investments	1,716,350	1,726,585
Total	4,188,390	3,440,230

Listed investments include debt securities traded on the China Domestic Interbank Bond Market and stock exchange.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

6. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Fee and commission income		
Wealth management fees	368,698	199,569
Bank card fees	189,308	96,650
Custodian and other fiduciary service fees	114,105	92,238
Settlement and clearing fees	29,059	29,229
Others	15,998	7,252
Subtotal	717,168	424,938
Fee and commission expense		
Bank card fees	(26,327)	(18,096)
Settlement and clearing fees	(5,746)	(5,548)
Other service fees	(1,040)	(3,458)
Subtotal	(33,113)	(27,102)
Total	684,055	397,836

7. NET TRADING GAIN

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Net gain on held-for-trading debt securities	4,017	205,522
Net gain on derivatives	—	278
Total	4,017	205,800

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

8. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Government subsidies	29,059	4,000
Credit card overdue charges	12,865	2,651
Net gain on disposal of property and equipment	5,850	8,835
Exchange gain	5,799	2,276
Rental income	5,115	6,922
Net gain on disposal of foreclosed assets	—	208
Others	9,576	(279)
Total	68,264	24,613

9. OPERATING EXPENSES

	NOTE	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Staff costs	(1)	2,440,738	2,275,900
Business tax and surcharges		725,371	624,418
General operating and administrative expenses		537,603	478,048
Depreciation and amortisation		310,801	270,717
Auditor's remuneration		1,871	1,602
Others		130,343	137,917
Total		4,146,727	3,788,602

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

9. OPERATING EXPENSES (Continued)

(1) Staff costs

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Salaries, bonuses and allowances	1,674,849	1,588,708
Social insurance	357,046	359,149
Housing funds	152,896	128,963
Labour union fees and staff education expenses	57,112	53,924
Staff welfare	48,465	44,206
Supplementary retirement benefits (Note 33)	106,120	84,910
Early retirement benefits (Note 33)	44,250	16,040
Total	2,440,738	2,275,900

10. IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Loans and advances to customers		
Net provision	1,028,852	998,053
Recovery of loans	—	(124,878)
Subtotal	1,028,852	873,175
Debt securities classified as receivables	179,473	22,356
Held-to-maturity investments	32,390	43,285
Available-for-sale financial assets	—	(18,609)
Total	1,240,715	920,207

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

11. INCOME TAX EXPENSE

(1) Income tax expense

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	1,167,963	1,066,857
Deferred tax (Note 35)	53,110	104,375
Total	1,221,073	1,171,232

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for the current and prior periods.

(2) Reconciliation between income tax expense and accounting profit

The tax charges for the six months ended 30 June 2015 and 30 June 2014 can be reconciled to the profit before tax per the condensed consolidated statement of profit or loss as follows:

	NOTES	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Profit before tax		5,140,107	4,772,914
Tax calculated at applicable statutory tax rate of 25%		1,285,027	1,193,229
Tax effect of expenses not deductible for tax purpose		(18,325)	28,484
Tax effect of income not taxable for tax purpose	(i)	(45,629)	(50,481)
Income tax expense		1,221,073	1,171,232

- (i) 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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

12. DIVIDENDS

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Dividends recognised as distribution during the period		
2014 Final – RMB20 cents per share	1,860,000	–
2013 Final – RMB19 cents per share	–	1,767,000

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 was approved by the shareholders in the 2014 annual general meeting held on 19 June 2015.

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 has been proposed by the directors on 28 March 2014, and was approved by the 2013 annual general meeting held on 30 May 2014.

The Bank will not distribute interim dividend for 2015.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Earnings:		
Profit for the period attributable to equity holders of the Bank	3,887,520	3,590,945
Numbers of shares:		
Weighted average number of shares in issue (<i>thousand</i>)	9,300,000	9,300,000
Basic and diluted earnings per share (<i>RMB Yuan</i>)	0.42	0.39

There were no potential dilutive ordinary shares outstanding during the current and prior periods. Accordingly, diluted earnings per share were same as basic earnings per share.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

14. CASH AND BALANCES WITH CENTRAL BANK

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Cash		3,664,975	3,526,976
Mandatory reserve deposits with central bank	(1)	70,714,923	71,310,833
Surplus reserve deposits with central bank	(2)	7,877,178	3,094,521
Other deposits with central bank	(3)	1,686,458	1,401,849
Total		83,943,534	79,334,179

- (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 30 June 2015, mandatory reserve deposits with the PBOC were calculated at 16% (31 December 2014: 17.5%) of eligible RMB deposits for the Bank, while for the subsidiaries at 10.5% or 11.5% (31 December 2014: 13% or 14%); and 5% for foreign currency deposits from customers (31 December 2014: 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.

15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Deposits with:		
Domestic banks	25,747,767	28,124,256
Overseas banks	112,281	125,294
Total	25,860,048	28,249,550

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Placements with:		
Other domestic financial institutions	84,027,824	71,543,784
Domestic banks	4,480,191	4,429,984
Total	88,508,015	75,973,768

17. FINANCIAL ASSETS HELD FOR TRADING

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Debt securities issued by: Corporations	171,602	168,102

All held-for-trading debt securities are traded on the China Interbank Bond Market.

18. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Unlisted debt instruments issued by financial institutions	5,199,831	16,321,846
Principal guaranteed wealth management products	—	500,000
Total	5,199,831	16,821,846

There were no significant changes in the fair value of the debt instruments that were attributable to changes in the credit risk during the six months ended 30 June 2015 and 2014.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

19. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Analysed by collateral type:			
Trust beneficial rights and assets management plans	(1)	28,671,995	38,305,836
Bills		7,571,863	16,337,743
Bonds		51,900	—
Total		36,295,758	54,643,579

(1) The underlying investments were debt instruments with fixed or determinable return and fixed maturity.

20. LOANS AND ADVANCES TO CUSTOMERS

(1) Analysis of loans and advances to customers

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Gross loans and advances	264,601,135	242,197,910
Less: Allowance for impairment losses		
– Collectively assessed	(9,005,080)	(8,017,304)
– Individually assessed	(690,952)	(660,425)
Allowance for impairment losses	(9,696,032)	(8,677,729)
Net loans and advances to customers	254,905,103	233,520,181

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(2) Analysis of loans and advances to customers by collective and individual assessments

	Loans and advances for which allowance is collectively assessed ⁽ⁱ⁾	Identified impaired loans and advances ⁽ⁱⁱ⁾			Total	Identified impaired loans and advances as a % of total gross loans and advances
		For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total		
As at 30 June 2015 (Unaudited)						
Gross loans and advances	262,342,931	956,637	1,301,567	2,258,204	264,601,135	0.85
Allowance for impairment losses	(8,277,048)	(728,032)	(690,952)	(1,418,984)	(9,696,032)	
Loans and advances to customers, net	254,065,883	228,605	610,615	839,220	254,905,103	
As at 31 December 2014 (Audited)						
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	

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

(ii) 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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of allowance for impairment losses on loans and advances to customers

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2015	660,425	8,017,304	8,677,729
Provision for the period	106,638	3,490,994	3,597,632
Reversal for the period	(17,504)	(2,551,276)	(2,568,780)
Written off	(55,999)	(13,231)	(69,230)
Recovery of loans and advances written off in previous years	20,141	79,472	99,613
Unwinding of discount on allowance	(22,749)	(18,183)	(40,932)
As at 30 June 2015	690,952	9,005,080	9,696,032

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	355,341	6,662,050	7,017,391
Provision for the year	710,196	4,320,149	5,030,345
Reversal for the year	(252,371)	(2,905,101)	(3,157,472)
Written off	(154,501)	(202,044)	(356,545)
Recovery of loans and advances written off in previous years	48,167	166,217	214,384
Unwinding of discount on allowance	(46,407)	(23,967)	(70,374)
As at 31 December 2014	660,425	8,017,304	8,677,729

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

- (4) The composition of loans and advances to customers by industry or purpose is analysed as follows:

	As at 30 June 2015 (Unaudited)		As at 31 December 2014 (Audited)	
	Amount	%	Amount	%
Corporate loans and advances				
Manufacturing	46,523,186	27.45	42,770,770	29.49
Water conservation, environment and public utilities management	31,382,436	18.51	25,582,053	17.64
Real estate	16,966,253	10.01	13,896,950	9.58
Retail and wholesale	15,792,032	9.32	14,365,828	9.91
Production and supply of electricity, gas and water	9,552,099	5.64	8,668,648	5.98
Financial services	9,501,341	5.61	3,717,817	2.56
Construction	7,560,018	4.46	7,881,381	5.43
Leasing and commercial services	6,206,163	3.66	4,995,128	3.44
Transportation, logistics and postal service	5,780,454	3.41	5,223,713	3.60
Agriculture	5,248,499	3.10	5,731,585	3.95
Education	2,941,754	1.74	2,867,000	1.98
Others	12,059,065	7.09	9,345,659	6.44
Subtotal	169,513,300	100.00	145,046,532	100.00
Retail loans and advances				
Residential mortgage and personal commercial property loans	44,354,452	46.65	45,898,879	47.24
Loans to private business and re-employment loans	33,637,125	35.37	36,061,718	37.12
Credit cards	5,349,707	5.63	3,887,097	4.00
Others	11,746,551	12.35	11,303,684	11.64
Subtotal	95,087,835	100.00	97,151,378	100.00
Total	264,601,135		242,197,910	

As at 30 June 2015, the discounted bills included in corporate loans and advances amounted to RMB11,694 million (31 December 2014: RMB5,461 million).

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

- (5) The composition of loans and advances to customers by contractual maturity and collateral type is analysed as follows:

	As at 30 June 2015 (Unaudited)			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	11,891,661	5,198,759	5,871,905	22,962,325
Guaranteed loans	26,595,921	13,168,453	6,530,328	46,294,702
Collateralised and other secured loans				
– loans secured by property and other immovable assets	46,655,372	53,366,521	60,926,050	160,947,943
– other pledged loans	21,003,843	6,349,931	7,042,391	34,396,165
Total	<u>106,146,797</u>	<u>78,083,664</u>	<u>80,370,674</u>	<u>264,601,135</u>

	As at 31 December 2014 (Audited)			
	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	<u>91,602,259</u>	<u>73,843,392</u>	<u>76,752,259</u>	<u>242,197,910</u>

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(6) Analysis of overdue loans

	As at 30 June 2015 (Unaudited)				
	Up to 90 days	91-360 days	361 days to 3 years	Over 3 years	Total
Unsecured loans	88,935	134,704	16,116	68,517	308,272
Guaranteed loans	512,821	653,579	142,001	32,717	1,341,118
Collateralised and other secured loans					
– loans secured by property and other immovable assets	2,245,821	711,187	416,296	122,647	3,495,951
– other pledged loans	34,767	20,725	1,309	8,051	64,852
Total	2,882,344	1,520,195	575,722	231,932	5,210,193

	As at 31 December 2014 (Audited)				
	Up to 90 days	91-360 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

Loans and advances to customers with a specific repayment date are classified as overdue when the principal or interest is overdue.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(7) Credit quality of loans and advances to customers

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Neither past due nor impaired	(i)	258,699,467	238,169,379
Past due but not impaired	(ii)	3,643,464	2,141,220
Impaired	(iii)	2,258,204	1,887,311
Loans and advances to customers at contractual amounts, gross		264,601,135	242,197,910
Less: Allowance for impairment losses		(9,696,032)	(8,677,729)
Loans and advances to customers		254,905,103	233,520,181

(i) Loans and advances neither past due nor impaired

	As at 30 June 2015 (Unaudited)		
	Normal	Special mention	Total
Corporate loans and advances	161,994,042	4,603,688	166,597,730
Retail loans and advances	91,871,843	229,894	92,101,737
Total	253,865,885	4,833,582	258,699,467

	As at 31 December 2014 (Audited)		
	Normal	Special mention	Total
Corporate loans and advances	138,529,354	4,349,933	142,879,287
Retail loans and advances	95,118,304	171,788	95,290,092
Total	233,647,658	4,521,721	238,169,379

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 categories: normal, special mention, sub-standard, doubtful and loss. The definition for normal and special mention is set out as 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

(ii) Loans and advances past due but not impaired

	As at 30 June 2015 (Unaudited)				Total
	Up to 30 days	31 – 60 days	61 – 90 days	Over 90 days	
Corporate loans and advances	458,338	167,099	322,060	666,507	1,614,004
Retail loans and advances	1,314,411	346,069	229,382	139,598	2,029,460
Total	1,772,749	513,168	551,442	806,105	3,643,464

	As at 31 December 2014 (Audited)				Total
	Up to 30 days	31 – 60 days	61 – 90 days	Over 90 days	
Corporate loans and advances	208,991	154,796	69,191	448,650	881,628
Retail loans and advances	930,734	174,869	101,057	52,932	1,259,592
Total	1,139,725	329,665	170,248	501,582	2,141,220

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

(iii) Impaired loans and advances

	As at 30 June 2015 (Unaudited)		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,301,567	(690,952)	610,615
Collectively assessed	956,637	(728,032)	228,605
Total	2,258,204	(1,418,984)	839,220

	As at 31 December 2014 (Audited)		
	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

Including:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Individually assessed and impaired	1,301,567	1,285,617
Individually assessed and impaired loans and advances as percentage of gross loans and advances	0.49%	0.53%
Fair value of collateral	1,452,046	1,233,362

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Debt securities issued by:			
Corporations		16,274,754	12,814,760
Financial institutions		359,305	509,011
Subtotal		16,634,059	13,323,771
Equity instruments			
At cost	(1)	113,563	8,000
At fair value		66,092	56,242
Subtotal		179,655	64,242
Total		16,813,714	13,388,013
Analysed as:			
Listed outside Hong Kong	(2)	16,634,059	13,323,771
Unlisted		113,563	8,000
Listed in Hong Kong		66,092	56,242
Total		16,813,714	13,388,013

(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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

22. HELD-TO-MATURITY INVESTMENTS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Debt securities issued by:		
Corporations	26,457,617	23,856,716
Public sector and quasi-governments	24,796,011	26,473,629
Government	7,050,752	7,539,287
Financial institutions	5,073,155	5,286,792
Subtotal	63,377,535	63,156,424
Less: Collectively assessed allowance for impairment losses	(345,560)	(313,170)
Total	63,031,975	62,843,254

All held-to-maturity investments are traded on the China Domestic Interbank Bond Market.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

23. DEBT SECURITIES CLASSIFIED AS RECEIVABLES

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Debt instruments issued by financial institutions	(1)	61,283,939	26,903,412
Corporate bonds		23,475,157	14,474,442
Financial institution bonds		1,361,686	963,243
Debt securities issued by public sector and quasi-governments		—	48,255
Subtotal		86,120,782	42,389,352
Less: Collectively assessed allowance for impairment losses		(1,063,973)	(884,500)
Total		85,056,809	41,504,852
Analysed as:			
Unlisted		60,525,205	26,206,632
Listed outside Hong Kong	(2)	24,531,604	15,298,220
Total		85,056,809	41,504,852

(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 are traded on the China Domestic Interbank Bond Market and are included in "Listed outside Hong Kong".

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

24. INVESTMENTS IN AN ASSOCIATE

In 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 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 is mainly engaged in auto financing business.

Since March 2015, the Bank has no significant influence over CAF due to increase in capital contribution by other shareholders.

Details of the Group's interests in the associate are as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Cost of investment in the associate:		
Unlisted	–	100,000
Share of post-acquisition profits and other comprehensive income, net of dividends received	–	5,563
Total	–	105,563

Summarised financial information of CAF is set out below:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Total assets	NA	1,486,494
Total liabilities	NA	958,677
Total equity	NA	527,817
Profit before tax	NA	32,027
Net profit	NA	26,475

As at 31 December 2014, the net assets of CAF amounted to RMB527.82 million and the carrying amount of the Group's interest in the CAF was RMB105.56 million.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

25. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Cost						
As at 1 January 2014	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
Additions	61,559	42,833	5,980	68,803	690,513	869,688
Transferred in	212,792	144	—	391	(213,327)	—
Transferred to other assets	—	—	—	—	(110,560)	(110,560)
Disposals	(29,178)	(5,669)	(5,421)	(3,716)	—	(43,984)
As at 30 June 2015	4,301,868	897,756	113,059	589,315	1,165,785	7,067,783
Accumulated depreciation						
As at 1 January 2014	(964,945)	(353,122)	(54,343)	(166,551)	—	(1,538,961)
Provision 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)
Provision for the period	(155,082)	(69,931)	(8,340)	(49,054)	—	(282,407)
Disposals	3,206	1,721	2,751	1,166	—	8,844
As at 30 June 2015	(1,389,930)	(525,145)	(69,391)	(288,824)	—	(2,273,290)
Carrying amount						
As at 30 June 2015	2,911,938	372,611	43,668	300,491	1,165,785	4,794,493
As at 31 December 2014	2,818,641	403,513	48,698	282,901	799,159	4,352,912

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

26. GOODWILL

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Cost and carrying amount	440,129	440,129

During the six months ended 30 June 2015 and the year ended 31 December 2014, based on assessment performed by the Bank, there is no impairment for the goodwill.

27. OTHER ASSETS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Interest receivable	3,958,867	4,179,026
Other receivables	1,003,171	496,839
Land use rights	484,349	494,440
Foreclosed assets	118,086	118,086
Intangible assets	49,901	50,506
Others	52,611	53,342
Total	5,666,985	5,392,239

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Deposits from domestic banks	76,131,555	70,058,091
Deposits from other domestic financial institutions	8,323,174	12,412,848
Total	84,454,729	82,470,939

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

29. PLACEMENTS FROM BANKS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Placements from domestic banks	15,708,225	12,262,562
Placements from overseas banks	638,779	284,852
Total	16,347,004	12,547,414

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Principal guaranteed wealth management products	—	500,000

The Group designates certain amounts received through the principal protected guaranteed return wealth management products sold to their customers as financial liabilities at fair value through profit or loss. As at 31 December 2014, 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 year ended 31 December 2014.

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Analysed by collateral type:		
Bonds	41,688,165	43,513,598
Bills	1,374,001	3,770,592
Total	43,062,166	47,284,190

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

32. DUE TO CUSTOMERS

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Demand deposits			
Corporate customers		88,246,272	78,903,291
Individual customers		81,665,691	79,712,351
Time deposits			
Corporate customers		20,845,620	20,193,512
Individual customers		251,769,393	222,872,223
Pledged deposits	(1)	12,100,255	7,837,400
Others (Including outward remittance and remittance outstanding)		72,263	201,067
Total		454,699,494	409,719,844

(1) Analysed by products for which deposit is required:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Acceptances	7,476,431	4,999,502
Loans and receivables	974,625	1,144,763
Letters of credit	130,735	38,573
Letters of guarantee	85,514	79,907
Others	3,432,950	1,574,655
Total	12,100,255	7,837,400

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

33. ACCRUED STAFF COSTS

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Salaries, bonuses and allowances		1,176,376	1,664,755
Supplementary retirement benefits	(1)	1,398,036	1,301,460
Early retirement benefits	(2)	387,485	390,246
Labor union fees and staff education expenses		137,650	126,318
Total		3,099,547	3,482,779

(1) Supplementary retirement benefits

The Group sponsors 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.

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

33. ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

The principal assumptions used for the purpose of the actuarial valuations for supplementary retirement benefits were as follows:

	As at 30 June 2015	As at 31 December 2014
Discount rate	3.25%	3.75%
Annual average medical expenses inflation rate	7.00%	7.00%
Expected increase rate of cost of living for beneficiaries	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:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Service cost:		
– Past service cost	79,400	234,160
Net interest expense	26,720	48,790
Components of supplementary retirement benefit costs recognised in profit or loss	106,120	282,950
Re-measurement on the net defined benefit liability included in staff costs:		
– Actuarial gain arising from changes in financial assumptions	36,890	79,490
Components of supplementary retirement benefit cost recognised in other comprehensive income	36,890	79,490
Total	143,010	362,440

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its supplementary retirement benefit is as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Accrued staff costs		
– supplementary retirement benefit	1,398,036	1,301,460

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

33. ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

Movement in the present value of the supplementary retirement benefit obligation in the current year were as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Defined benefit obligation at beginning of the year	1,301,460	1,024,560
Interest cost	26,720	48,790
Losses arising from re-measurement on the defined benefit liability:		
– Actuarial losses arising from changes in financial assumptions	36,890	79,490
Past service cost	79,400	234,160
Benefits paid	(46,434)	(85,540)
Defined benefit obligation at end of the period/year	<u>1,398,036</u>	<u>1,301,460</u>

(2) Early retirement benefits

Early retirement benefits include basic salary and allowance paid monthly/yearly, 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 six months ended 30 June 2015, the Group recognised RMB44 million (six months ended 30 June 2014: RMB16 million) as staff costs and paid RMB47 million (six months ended 30 June 2014: RMB31 million) in respect of the early retirement benefits plan.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

34. DEBT SECURITIES ISSUED

		As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
	NOTES		
Certificates of deposit issued	(1)	12,460,814	—
Subordinated bonds issued	(2)	5,000,000	5,000,000
Total		17,460,814	5,000,000

(1) As at 30 June 2015, the total face value of the outstanding certificates of deposit publically issued by the Bank in interbank market was RMB12,640 million. The maturities of the certificates range from three months to one year (31 December 2014: Nil).

(2) As approved by the PBOC and CBRC, the Bank issued callable fixed rate subordinated bonds of RMB5,000 million on 19 June 2014. The subordinated bonds 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

35. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	Allowances of impairment losses	Retirement benefits	Accrued salaries, bonuses and allowances	Provision	Fair value changes of financial instruments	Government grant	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 2015	1,513,604	115,646	413,772	7,821	(11,773)	23,457	88,296	2,150,823
(Charge)/Credit to profit or loss	176,501	(29,787)	(122,440)	(236)	415	(324)	(77,239)	(53,110)
(Charge)/Credit to other comprehensive income	–	9,223	–	–	(13,817)	–	–	(4,594)
As at 30 June 2015 (Unaudited)	<u>1,690,105</u>	<u>95,082</u>	<u>291,332</u>	<u>7,585</u>	<u>(25,175)</u>	<u>23,133</u>	<u>11,057</u>	<u>2,093,119</u>
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)/Credit to other comprehensive income	–	19,873	–	–	(57,555)	–	–	(37,682)
As at 31 December 2014 (Audited)	<u>1,513,604</u>	<u>115,646</u>	<u>413,772</u>	<u>7,821</u>	<u>(11,773)</u>	<u>23,457</u>	<u>88,296</u>	<u>2,150,823</u>

Notes to the Condensed Consolidated Financial Information

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

36. OTHER LIABILITIES

	As at 30 June 2015 (Unaudited)	As At 31 December 2014 (Audited)
Interest payable	3,905,831	4,603,792
Dividends payable	1,883,925	23,953
Other payables	887,414	2,156,063
Deferred income	475,916	301,068
Business and other tax payables	383,663	371,149
Provision	29,277	31,281
Total	7,566,026	7,487,306

37. SHARE CAPITAL

	Number of shares (in thousands)	Amount
As at 1 January 2014 and 31 December 2014 (Audited)	9,300,000	9,300,000
As at 30 June 2015 (Unaudited)	9,300,000	9,300,000

38. CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in the capital reserve after deducting direct issuance costs which mainly included underwriting fees and professional fees.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

39. INVESTMENT REVALUATION RESERVE

	Before-tax amount	Tax impact	Net-of-tax amount
As at 1 January 2014	(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
Gains on fair value changes of available-for-sale financial assets	53,352	(13,338)	40,014
Amount reclassified to the profit or loss upon disposal of available-for-sale sale financial assets	1,916	(479)	1,437
As at 30 June 2015	104,226	(26,057)	78,169

40. SURPLUS RESERVE

Under relevant PRC Laws, the Bank is required to transfer 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 period 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.

41. 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 specific and collective allowances for impairment losses, the Bank and its 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 six months ended 30 June 2015, the Group transferred RMB1,575 million to general and regulatory reserve pursuant to regulatory requirement in the PRC (Six months ended 30 June 2014: RMB874 million).

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

42. CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at 30 June 2015 (Unaudited)	As at 30 June 2014 (Unaudited)
Cash	3,664,975	3,388,331
Surplus reserve deposits with central bank	7,877,178	5,926,547
Deposits with banks and other financial institutions	11,576,605	15,883,506
Placements with banks and other financial institutions	26,324,109	32,349,711
Financial assets held under resale agreements	6,598,294	3,169,346
Total	56,041,161	60,717,441

43. 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 condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

43. SEGMENT ANALYSIS (Continued)

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 organised 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 accounts or on behalf of customers.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

43. SEGMENT ANALYSIS (Continued)

	FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Unaudited)					
	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	5,303,027	3,789,591	8,473,277	17,565,895	–	17,565,895
External interest expense	(795,689)	(3,991,349)	(3,007,323)	(7,794,361)	–	(7,794,361)
Inter-segment interest (expense)/income	(1,127,668)	3,325,536	(2,197,868)	–	–	–
Net interest income	3,379,670	3,123,778	3,268,086	9,771,534	–	9,771,534
Fee and commission income	129,501	213,836	373,831	717,168	–	717,168
Fee and commission expense	(26,327)	(928)	(5,858)	(33,113)	–	(33,113)
Net fee and commission income	103,174	212,908	367,973	684,055	–	684,055
Net trading gain	–	–	4,017	4,017	–	4,017
Other operating income, net	12,462	7,769	28,453	48,684	19,580	68,264
Operating income	3,495,306	3,344,455	3,668,529	10,508,290	19,580	10,527,870
Operating expenses	(1,670,585)	(1,310,721)	(1,165,421)	(4,146,727)	–	(4,146,727)
Impairment losses on assets	(666,733)	(362,119)	(211,863)	(1,240,715)	–	(1,240,715)
Net loss on disposal of available- for-sale financial assets	–	–	(1,916)	(1,916)	–	(1,916)
Net gain on disposal of debt securities classified as receivables	–	–	1,595	1,595	–	1,595
Profit before tax	1,157,988	1,671,615	2,290,924	5,120,527	19,580	5,140,107
Income tax expense						(1,221,073)
Profit for the period						3,919,034
Depreciation and amortization included in operating expenses	107,637	104,953	98,211	310,801	–	310,801
Capital expenditure	307,610	299,939	280,669	888,218	–	888,218
At 30 June 2015 (Unaudited)						
Segment assets	151,425,451	95,415,756	418,592,223	665,433,430	7,347,685	672,781,115
Segment liabilities	123,828,459	335,796,813	166,633,916	626,259,188	1,600,700	627,859,888
Supplementary information Credit commitments	14,819,810	6,237,756	–	21,057,566	–	21,057,566

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

43. SEGMENT ANALYSIS (Continued)

	For the six months ended 30 June 2014 (Unaudited)					
	Corporate banking	Personal banking	Treasury operations	Segment total	Unallocated	Total
External interest income	4,529,023	3,172,356	8,237,841	15,939,220	–	15,939,220
External interest expense	(625,896)	(3,328,529)	(3,134,128)	(7,088,553)	–	(7,088,553)
Inter-segment interest (expense)/income	(716,927)	2,979,145	(2,262,218)	–	–	–
Net interest income	3,186,200	2,822,972	2,841,495	8,850,667	–	8,850,667
Fee and commission income	118,403	171,362	135,173	424,938	–	424,938
Fee and commission expense	(3,804)	(20,507)	(2,791)	(27,102)	–	(27,102)
Net fee and commission income	114,599	150,855	132,382	397,836	–	397,836
Net trading gain	–	–	205,800	205,800	–	205,800
Share of profits of an associate	–	–	–	–	2,024	2,024
Other operating income, net	–	–	2,276	2,276	22,337	24,613
Operating income	3,300,799	2,973,827	3,181,953	9,456,579	24,361	9,480,940
Operating expenses	(1,577,991)	(1,194,355)	(1,016,256)	(3,788,602)	–	(3,788,602)
Impairment losses on assets	(696,651)	(176,524)	(47,032)	(920,207)	–	(920,207)
Net gain on disposal of available-for-sale financial assets	–	–	783	783	–	783
Profit before tax	1,026,157	1,602,948	2,119,448	4,748,553	24,361	4,772,914
Income tax expense						(1,171,232)
Profit for the period						3,601,682
Depreciation and amortization included in operating expenses	116,408	85,428	68,881	270,717	–	270,717
Capital expenditure	236,233	173,365	139,783	549,381	–	549,381
At 31 December 2014 (Audited)						
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	576,040,581
Supplementary information						
Credit commitments	10,568,357	4,595,196	–	15,163,553	–	15,163,553

Unallocated assets mainly include property and equipment of the Group, equity investments, goodwill and deferred tax assets. Unallocated liabilities mainly include tax liabilities and dividends payable.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS

(1) Related parties of the Group

The directors of the Bank consider that the following shareholders are related parties of the Group:

Name of shareholders	Percentage of shares holding of the Bank (%)	
	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
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 above shareholders and members of the key management personnel of the Group which are considered as related parties of the Group ("other related parties").

(2) Related party transactions

For the six months ended 30 June 2015, there are no material transactions or balances between the Group and its associate, there are no material transactions in terms of operating expenses and fee and commission income (for the six months ended 30 June 2014: not material).

	Interest income		Interest expense	
	For the six months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Shareholders of the Bank	136,277	91,980	599	559
Other related parties	94,747	97,774	4,828	8,209

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions (Continued)

At the end of each reporting period, the Group had the following material outstanding balances with related parties:

	Loans and advances to related parties		Customer deposits from related parties	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Shareholders of the Bank	5,074,220	4,236,510	455,014	167,391
Other related parties	4,425,481	3,030,672	1,387,595	872,074

	Interest receivable to related parties		Interest payable to related parties	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Shareholders of the Bank	8,128	7,589	25	25
Other related parties	7,171	6,392	2,919	2,600

As at 30 June 2015, entrusted loans to shareholders of the Bank amounted to RMB2,000 million, included in debt securities classified as receivables (31 December 2014: RMB2,000 million).

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (Continued)

(3) Transactions between the Bank and its subsidiaries

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

As at 30 June 2015, the Bank's deposits with subsidiaries amounted to RMB965 million (31 December 2014: RMB1,005 million), with the Bank's interest income amounted to RMB22.08 million (For the six months ended at 30 June 2014: RMB25.53 million).

As at 30 June 2015, the Bank's deposits from subsidiaries amounted to RMB215 million (31 December 2014: RMB221 million), with the Bank's interest expense amounted to RMB0.57 million (For the six months ended at 30 June 2014: RMB0.84 million).

As at 30 June 2015, the Bank's placements with subsidiaries amounted to RMB3,242 million (31 December 2014: RMB1,580 million), with the Bank's interest income amounted to RMB86.42 million (For the six months ended at 30 June 2014: Nil).

As at 30 June 2015, the Bank's interest income and interest expense arising from re-discounted bills amounted to RMB123.16 million and RMB196.90 million respectively (For the six months ended at 30 June 2014: Nil).

(4) 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 Group enters into banking transactions with key management personnel in the normal course of business. During the six months ended 30 June 2015 and 30 June 2014, there were no material transactions with key management personnel.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (Continued)

(4) Key management personnel (Continued)

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Basic salaries, bonuses and allowances	5,422	9,482
Contribution to pension schemes	439	914
Fees	620	690
Total	6,481	11,086

45. 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 30 June 2015, the outstanding WMPs issued by WMP vehicles (excluding those with the principal guaranteed issued by the Group) amounted to RMB46,564 million (31 December 2014: RMB42,869 million) which represent the total size of the WMP Vehicles. For the six months ended 30 June 2015, the Group's interest in the WMP Vehicles included in Net Fee and Commission Income was RMB199 million (for the six months ended at 30 June 2014: RMB113 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 six months ended 30 June 2015 and the year ended 31 December 2014. The Group is not required to absorb any losses incurred by WMPs before other parties. During the six months ended 30 June 2015 and the year ended 31 December 2014, 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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

45. 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 30 June 2015 and 31 December 2014, the Group's maximum exposure to these other unconsolidated structured entities is summarised in the table below.

	As at 30 June 2015			
	Financial assets designated at fair value through profit or loss	Available-for-sale Financial Assets	Held-to-maturity	Debt instruments
WMPs issued by financial institutions	5,199,831	—	—	36,449,846
Interest in entrusted products	—	—	—	22,146,016
Assets management plans	—	—	—	2,188,028
Asset-backed securities	—	294,624	159,220	—
Total	5,199,831	294,624	159,220	60,783,890

	As at 31 December 2014			
	Financial assets designated at fair value through profit or loss	Available-for-sale Financial Assets	Held-to-maturity	Debt instruments
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

Information of the total size of the Unconsolidated Structured Entities listed above is not readily available from the public.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

45. STRUCTURED ENTITIES (Continued)

(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 the six months ended 30 June 2015 and the year 2014, the Group did not enter into financing transactions with any of these WMP Vehicles.

46. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Group is involved as defendants in certain lawsuits arising from its normal business operations. As at 30 June 2015 and 31 December 2014, provisions of RMB1.36 million and RMB2.42 million were made respectively based on court judgments or the advice of counsels. 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

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Contracted but not provided for	376,388	601,324
Authorised but not contracted for	892,264	677,287
Total	<u>1,268,652</u>	<u>1,278,611</u>

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

46. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Credit commitments

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Acceptances	13,246,441	9,560,098
Undrawn credit card limit	6,237,756	4,595,196
Letters of guarantee	943,416	826,513
Letters of credit issued	629,953	181,746
Total	21,057,566	15,163,553

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

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Credit commitments	7,730,486	5,570,445

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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

46. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Operating lease commitment

At the end of each reporting period, the Group has the following non-cancellable operating lease commitments as lessee with fixed lease term and lease payment:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Within 1 year	56,119	47,739
1 to 2 years	51,907	41,388
2 to 3 years	33,304	36,616
3 to 4 years	22,764	21,315
4 to 5 years	20,780	13,095
Above 5 years	17,313	25,635
Total	202,187	185,788

The leases are negotiated with lease terms of 1 to 15 years.

For the six months ended 30 June 2015, operating lease expense recognised as operating expense by the Group was RMB38.07 million and is included in Note 9 Operating Expenses (for the six months ended at 30 June 2014: RMB30.48 million).

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

46. 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:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Bonds	43,545,500	45,133,100
Bills	1,379,750	3,792,206
Total	44,925,250	48,925,306

As at 30 June 2015 and 31 December 2014, the carrying amount of financial assets sold under repurchase agreements by the Group was RMB43,062 million and RMB47,284 million, respectively.

Collateral accepted

Bills and other securities received as collateral can be resold or re-pledged in connection with bills and other securities purchased under resale agreements. The fair value of these collaterals accepted by the Group is RMB7,572 million as at 30 June 2015 (31 December 2014: RMB16,338 million). The fair value of collaterals sold under repurchase agreement or re-pledged by the Group is RMB1,376 million as at 30 June 2015 (31 December 2014: RMB3,775 million).

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

47. 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 department since year end or in any risk management policies since the year end.

(2) Risk Management Framework

The Group has a risk management committee under the Board of Directors. The risk management committee is responsible for setting the overall risk management and internal control strategies of the Group, 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's 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. The following gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

As at 30 June 2015 and 31 December 2014, 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.

	Level 1	Level 2	Level 3	Total
At 30 June 2015 (Unaudited)				
Financial assets held for trading				
– Debt securities issued by:				
– Corporations	–	171,602	–	171,602
Financial assets designated at fair value through profit or loss				
– Unlisted debt instruments issued by financial institutions	–	1,600,000	3,599,831	5,199,831
Available-for-sale financial assets				
– Listed equity securities issued by entities in the following business:				
– Financial institutions	–	66,092	–	66,092
– Debt securities issued by:				
– Corporations	–	16,274,754	–	16,274,754
– Financial institutions	–	359,305	–	359,305

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2014 (Audited)				
Financial assets held for trading				
– Debt securities issued by:				
– Corporations	–	168,102	–	168,102
Financial assets designated as at fair value through profit or loss				
– Unlisted debt instruments issued by financial institutions	–	8,047,493	8,774,353	16,821,846
Available-for-sale financial assets				
– Listed equity securities issued by entities in the following business:				
– Financial institutions	–	56,242	–	56,242
– Debt securities issued by:				
– Corporations	–	12,814,760	–	12,814,760
– Financial institutions	–	509,011	–	509,011
Financial liabilities designated at fair value through profit or loss				
– Principal guaranteed wealth management products	–	500,000	–	500,000

There were no significant transfers between levels for the six months ended June 2015 and the year 2014.

Notes to the Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of the Group from the opening balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy

	Financial assets designated at fair value through profit or loss – Unlisted debt instruments issued by financial institutions
As at 1 January 2015	8,774,353
Total gains or losses:	
In profit or loss	223,711
In other comprehensive income	–
Purchases	–
Sales and settlements	(5,174,522)
Transfer in	–
As at 30 June 2015	3,599,831
Change in realised gains or losses for the year included in profit or loss	223,711
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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of the Group from the opening balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy (Continued)

	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 Condensed Consolidated Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The table below summarises 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.

	As at 30 June 2015 (Unaudited)		As at 31 December 2014 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers	254,905,103	255,304,213	233,520,181	233,859,515
Held-to-maturity investments	63,031,975	64,028,675	62,843,254	63,560,204
Debt securities classified as receivables	85,056,809	85,766,853	41,504,852	42,361,759
Financial assets held under resale agreements	36,295,758	36,687,653	54,643,579	55,241,901
Total	439,289,645	441,787,394	392,511,866	395,023,379
Financial liabilities				
Due to customers	454,699,494	460,367,760	409,719,844	413,917,706
Debt securities issued	17,460,814	17,772,034	5,000,000	5,171,095
Total	472,160,308	478,139,794	414,719,844	419,088,801

The Group determines the fair value of held-to-maturity investments and debt securities issued by adopting Level 2, determines the fair value of loans and advances to customers and due to customers by adopting Level 3, and determines the fair value of debt securities classified as receivables and financial assets held under resale agreements by adopting Level 2 or 3.

49. EVENT AFTER THE REPORTING PERIOD

There is no significant post reporting date event.

Unaudited Supplementary Financial Information

For the Six Months Ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

LOANS AND ADVANCES TO CUSTOMERS

In 2014 and the previous years, 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. As at 30 June 2015, these restructured loans and advances to customers have been expired, which contractual amount are the same as its carrying amount stated in the consolidated financial statements of the Group.

Movements of allowance for impairment losses on loans and advances to customers

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2015	660.4	8,017.3	8,677.7
Provision for the period	106.6	3,491.0	3,597.6
Reversal for the period	(17.5)	(2,551.3)	(2,568.8)
Written off	(56.0)	(13.2)	(69.2)
Recovery of loans and advances written off in previous years	20.1	79.5	99.6
Unwinding of discount on allowance	(22.7)	(18.2)	(40.9)
As at 30 June 2015	690.9	9,005.1	9,696.0

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January 2014	390.9	6,711.0	7,101.9
Provision 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

Unaudited Supplementary Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

LIQUIDITY RATIO

(Expressed in percentage)

	As at 30 June 2015	As at 31 December 2014
RMB current assets to RMB current liabilities	36.29	30.52

CORE LIABILITIES RATIO

(Expressed in percentage)

	As at 30 June 2015	As at 31 December 2014
Core liabilities ratio	60.63	60.04

The above liquidity ratio and core liabilities ratio are calculated in accordance with the formula promulgated by CBRC.

Unaudited Supplementary Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			
	US Dollars	Hong Kong Dollars	Others	Total
As at 30 June 2015				
Spot assets	7,338.3	498.3	27.0	7,863.6
Spot liabilities	(7,210.0)	(352.4)	(26.6)	(7,589.0)
Forward purchases	—	—	—	—
Forward sales	—	—	—	—
Net position	128.3	145.9	0.4	274.6
	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

Unaudited Supplementary Financial Information (Continued)

For the Six Months Ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, the Group's international claims is the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include balances with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and loans and advances to customers.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfer. 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 and other financial institutions	Non-bank private sector	Total
As at 30 June 2015			
Asia Pacific	4,579.4	3,115.8	7,695.2
– of which attributed to Hong Kong	22.1	–	22.1
North America	59.0	–	59.0
Europe	30.3	–	30.3
Total	<u>4,668.7</u>	<u>3,115.8</u>	<u>7,784.5</u>

	Banks and other financial institutions	Non-bank private sector	Total
As at 31 December 2014			
Asia Pacific	2,395.2	750.7	3,145.9
– of which attributed to Hong Kong	19.0	–	19.0
North America	95.9	–	95.9
Europe	9.6	–	9.6
Total	<u>2,500.7</u>	<u>750.7</u>	<u>3,251.4</u>

Unaudited Supplementary Financial Information (Continued)

For the Six Months Ended 30 June 2015

(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:

	As at 30 June 2015	As at 31 December 2014
Below 3 months (inclusive)	2,882.3	1,686.4
Between 3 and 6 months	720.2	378.0
Between 6 and 12 months	800.0	507.1
Over 12 months	807.7	448.3
Total	5,210.2	3,019.8
Percentage of total loans to customers at contractual amounts		
Below 3 months (inclusive)	1.09	0.70
Between 3 and 6 months	0.27	0.16
Between 6 and 12 months	0.30	0.21
Over 12 months	0.31	0.18
Total	1.97	1.25

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 Six Months Ended 30 June 2015

(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 the income. The table below sets forth the total operating income attributable to county area branches and urban area branches for the periods indicated.

	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	County Area ⁽¹⁾	Urban Area	Total	County Area ⁽¹⁾	Urban Area	Total
Net interest income	1,464.4	8,307.1	9,771.5	1,643.6	7,207.1	8,850.7
Net fee and commission income	190.8	493.3	684.1	91.5	306.3	397.8
Net trading gain	–	4.0	4.0	–	205.8	205.8
Share of profits of an associate	–	–	–	–	2.0	2.0
Other operating income, net	48.2	20.1	68.3	17.6	7.0	24.6
Total operating income	1,703.4	8,824.5	10,527.9	1,752.7	7,728.2	9,480.9
Internal transfer of income and expense	3,432.3	(3,432.3)	–	2,934.9	(2,934.9)	–
Income after adjustment	5,135.7	5,392.2	10,527.9	4,687.6	4,793.3	9,480.9

- (1) County Area refers to regions other than Urban Area of Chongqing City. The information of County Area also includes the information of the ten village and township bank subsidiaries and the information of Qujing Branch.

Unaudited Supplementary Financial Information (Continued)

For the Six Months Ended 30 June 2015

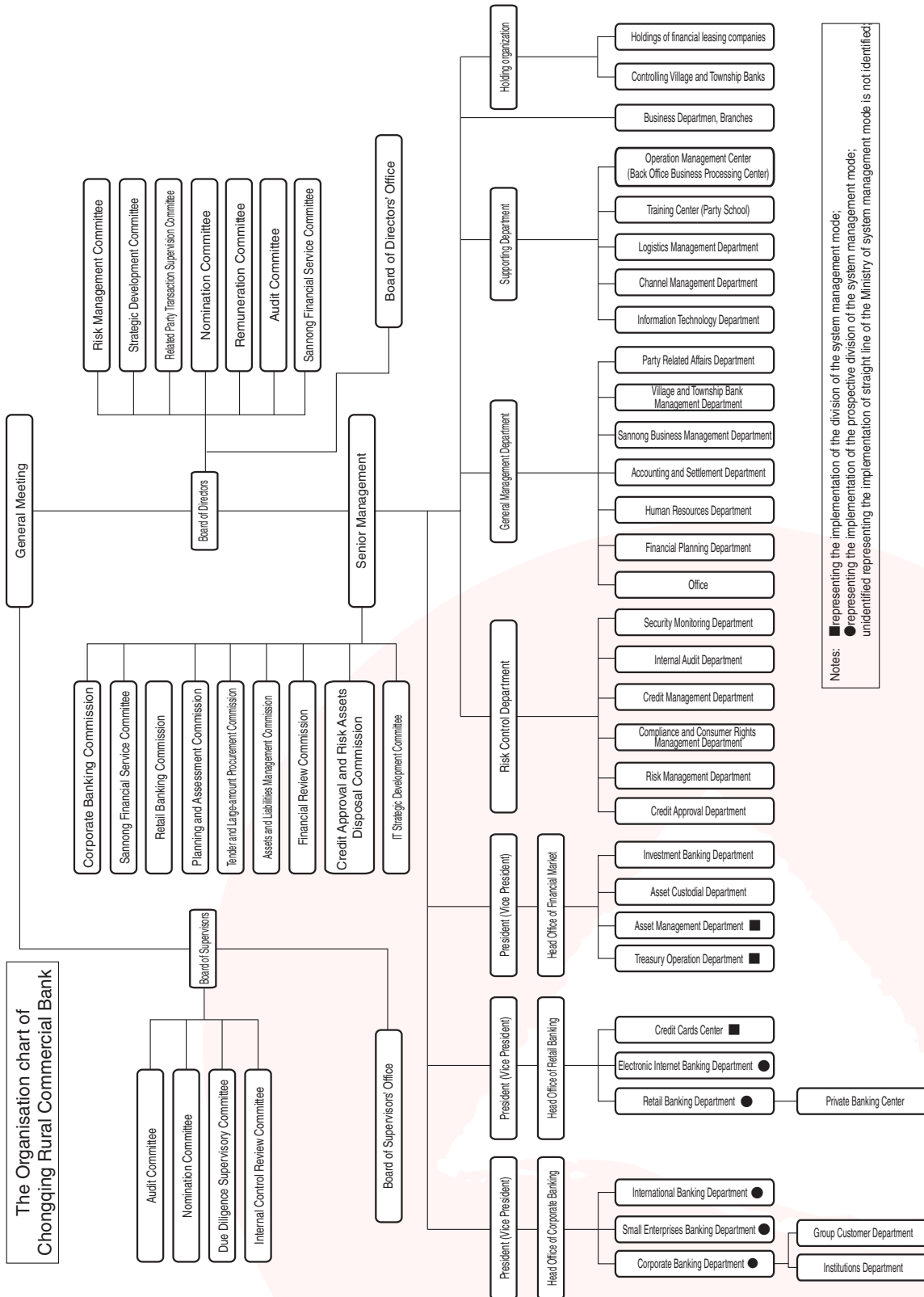
(Amounts in millions of Renminbi, unless otherwise stated)

SUMMARY OF GEOGRAPHICAL SEGMENTS

(Expressed in percentage)	As at 30 June 2015		As at 31 December 2014	
	County Area	Urban Area	County Area	Urban Area
Deposits	66.58	33.42	66.30	33.70
Loans	49.93	50.07	50.18	49.82
Assets	45.81	54.19	44.86	55.14
Loan-deposit ratio	43.64	87.18	44.74	87.40

(Expressed in percentage)	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	County Area	Urban Area	County Area	Urban Area
Return on average total assets	1.14	1.29	1.25	1.37
Net fee and commission income to operating income	3.72	9.15	1.95	6.39
Cost-to-income ratio	37.91	27.34	39.87	27.02

Organisation Chart



Notes:

- representing the implementation of the division of the system management mode;
- representing the implementation of the prospective division of the system management mode;
- unidentified representing the implementation of straight line of the Ministry of system management mode is not identified

Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“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
“Domestic Shares”	the ordinary shares issued by the 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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing”	the listing of H shares on the Main Board of the Hong Kong Stock Exchange

“high pollution, high energy consumption and excess capacity (「兩高一剩」)”	industries with high pollution, high energy consumption and excess capacity
“PBOC”, “central bank”	the People’s Bank of China
“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 (五大功能區域)”	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).

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Reporting Period”	for the six months ended 30 June 2015
“CSRC”	China Securities Regulatory Commission
“AGM”	the annual general meeting of the Bank
“Board”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank