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重庆银行
BANK OF CHONGQING

BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code: 1963)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the audited annual results (the “**Annual Results**”) of the Bank for the year ended December 31, 2015 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) promulgated by the International Accounting Standards Board. The Board and its audit committee have reviewed and confirmed the Annual Results.

1. CORPORATE INFORMATION

1.1 Corporate Basic Information

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

1.2 Contact Persons and Contact Details

Acting Secretary to the Board:	ZHOU Wenfeng
Joint Company Secretaries:	ZHOU Wenfeng HO Wing Tsz Wendy
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Registered Address:	No. 153 Zourong Road, Yuzhong District, Chongqing, the People's Republic of China (the “ PRC ”) Postal Code: 400010
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

2. FINANCIAL HIGHLIGHTS

In respect to the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference between the net profit attributable to equity holders of the Bank for the year ended December 31, 2015 and net profit attributable to shareholders as at the end of the Reporting Period.

2.1 Financial Data

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,					
	2015	2014	Year-on-year change between 2015 and 2014	2013	2012	2011
OPERATING RESULTS			Change (%)			
Interest income	15,507,610	13,236,153	17.2	10,467,150	8,308,816	6,107,357
Interest expenses	(8,505,537)	(7,004,455)	21.4	(5,288,532)	(4,159,185)	(2,785,858)
Net interest income	7,002,073	6,231,698	12.4	5,178,618	4,149,631	3,321,499
Net fee and commission income	1,512,053	908,846	66.4	644,581	368,046	289,812
Other operating income, net trading income/(losses) and net gains/(losses) on investment securities	78,455	342,566	(77.1)	51,301	139,619	(40,253)
Operating income	8,592,581	7,483,110	14.8	5,874,500	4,657,296	3,571,058
Operating expenses	(3,190,171)	(2,805,275)	13.7	(2,282,772)	(1,900,021)	(1,449,449)
Impairment losses	(1,135,300)	(889,566)	27.6	(535,718)	(241,054)	(184,869)
Operating profit	4,267,110	3,788,269	12.6	3,056,010	2,516,221	1,936,740
Share of profit/(losses) of an associate	2,809	2,035	38.0	1,435	1,162	(227)
Profit before income tax	4,269,919	3,790,304	12.7	3,057,445	2,517,383	1,936,513
Income tax expenses	(1,099,858)	(963,161)	14.2	(728,179)	(592,578)	(448,358)
Net profit	3,170,061	2,827,143	12.1	2,329,266	1,924,805	1,488,155
Net profit attributable to shareholders of the Bank	3,170,061	2,827,143	12.1	2,329,266	1,924,805	1,488,155
Calculated on a per share basis (RMB)			Change			
Net assets per share attributable to shareholders of the Bank	6.81	5.88	0.93	4.98	4.09	3.19
Basic earnings per share	1.17	1.05	0.12	1.10	0.95	0.74
Dividend per share	0.264	0.272	(0.008)	0.224	0.07	0.05
Major indicators of assets/liabilities			Change (%)			
Total assets	319,807,987	274,531,145	16.5	206,787,015	156,163,478	127,339,915
Of which: loans and advances to customers, net	121,816,452	104,114,756	17.0	88,637,824	75,256,873	62,824,926
Total liabilities	298,514,992	258,628,122	15.4	193,307,744	147,905,128	120,886,751
Of which: customer deposits	199,298,705	167,932,436	18.7	148,801,045	114,043,185	89,306,554
Share capital	3,127,055	2,705,228	15.6	2,705,228	2,020,619	2,020,619
Equity attributable to shareholders of the Bank	21,292,995	15,903,023	33.9	13,479,271	8,258,350	6,453,164
Total equity	21,292,995	15,903,023	33.9	13,479,271	8,258,350	6,453,164

2.2 Financial Indicators

(All indicators are expressed in percentage unless otherwise stated)	For the year ended December 31,					
	2015	2014	Year-on- year change between 2015 and 2014	2013	2012	2011
Profitability indicators (%)			Change			
Average return on assets ⁽¹⁾	1.07	1.17	(0.10)	1.28	1.36	1.26
Average return on equity ⁽²⁾	17.0	19.2	(2.2)	21.4	26.2	25.9
Net interest spread ⁽³⁾	2.29	2.56	(0.27)	2.61	2.66	2.77
Net interest margin ⁽⁴⁾	2.52	2.81	(0.29)	2.81	2.85	2.92
Net fee and commission income to operating income	17.60	12.15	5.45	10.97	7.90	8.10
Cost-to-income ratio ⁽⁵⁾	30.69	31.02	(0.33)	32.37	34.07	34.22
Asset quality indicators (%)			Change			
Non-performing loan ratio ⁽⁶⁾	0.97	0.69	0.28	0.39	0.33	0.35
Provision for impairment to non-performing loans ⁽⁷⁾	243.98	318.87	(74.89)	526.36	537.70	526.74
Provision for impairment to total loans ⁽⁸⁾	2.37	2.19	0.18	2.06	1.80	1.87
Indicators of capital adequacy ratio (%)			Change			
Core capital adequacy ratio ⁽⁹⁾	10.49	9.63	0.86	10.82	8.18	9.26
Capital adequacy ratio ⁽⁹⁾	11.63	11.00	0.63	13.26	11.11	11.96
Total equity to total assets	6.66	5.79	0.87	6.52	5.29	5.07
Other indicators (%)			Change			
Loan-to-deposit ratio ⁽¹⁰⁾	62.60	63.39	(0.79)	60.82	67.20	71.69
Liquidity ratio ⁽¹¹⁾	55.32	52.53	2.79	56.98	42.20	44.20
Percentage of loans to the single largest customer ⁽¹²⁾	4.00	4.62	(0.62)	5.09	4.63	6.17
Percentage of loans to the top ten customers ⁽¹³⁾	30.79	25.21	5.58	22.84	30.09	40.47

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

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

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

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

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

- (6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
- (7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
- (8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
- (9) Core capital adequacy ratio and capital adequacy ratio for 2015, 2014 and 2013 were calculated in accordance with the latest guidance promulgated by China Banking Regulatory Commission (the “CBRC”) (effective from January 1, 2013), while core capital adequacy ratio and capital adequacy ratio for 2012 were adjusted retroactively in accordance with the latest guidance effective from January 1, 2013. No retroactive adjustments were made to core capital adequacy ratio and capital adequacy ratio for 2011, and they were original ratios for the respective periods.
- (10) Loan-to-deposit ratio is calculated by dividing total balance of loans and advances to customers by total customer deposits.
- (11) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (12) Calculated by dividing total loans to the single largest customer by net capital.
- (13) Calculated by dividing total loans to the top ten customers by net capital.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Financial Review

In 2015, China’s economy maintained a stable momentum of overall development under the “New Normal” with accelerated transformation and optimization in structure and increased development vitality. Meanwhile, under the great pressure from the economic downturn, a series of actual problems such as the sluggishness in real economy, continuous downturn in investments, slower growth in consumption and negative growth in exports, demanded prompt solutions. Also, there remained a lot of restrictions on the transformation of growth engines, and economic supports provided by the new growth engines were not so obvious. Faced with complex and challenging economic and financial circumstances, the Bank proactively responded to major challenges in the changing micro and macro market environment, including the restructuring of the domestic economy, economic growth slowdown, intensified competition and higher non-performing loan ratio in banking industry. The Bank also proactively took various measures and committed itself to addressing the challenges arising from the accelerated marketization of interest rates, the implementation of the fiscal and taxation reform, the continuous improvement in financial regulation and the impact of online financial services on traditional banking industry. The Bank accelerated its transformation of development through integrating its operations and management to achieve strategic objectives. The Bank recorded a net profit of RMB3,170.06 million in 2015, representing a year-on-year increase of RMB342.92 million or 12.1%.

As of December 31, 2015, the total assets of the Bank amounted to RMB319,807.99 million, representing a year-on-year increase of 16.5% or RMB45,276.84 million. The Bank adhered to principles of prudent and sustainable credit management and risk control and rationally maintained a reasonable level of aggregate credit and lending pace based on changes in the regional and macroeconomic environment. As a result, net loans and advances to customers grew by 17.0%, or RMB17,701.70 million, to RMB121,816.45 million as compared to the end of the previous year, while the non-performing loan ratio was 0.97%, which remains to be below 1.00%. While striving for stable growth in service networks and business volume, the Bank remained customer-oriented by actively exploring online banking, direct banking and other online financial products and services and continuously accelerating its business transformation and upgrading to keep abreast of customers' increasing demand for diversification of asset allocation and professional management of deposits under the "New Normal" economy. The Bank adopted an innovative approach to deposit management and optimized its pricing practices of funding to meet the requirements for the liberalization of interest rates. As of December 31, 2015, customer deposits increased by RMB31,366.27 million to RMB199,298.71 million, representing a year-on-year increase of 18.7%, and provided a stable source of funding for the healthy development of the Bank's credit, inter-bank and other intermediary businesses. Alongside the increase in income from the main operations, the Bank strictly controlled its expenses and realized a continuous decline in its cost-to-income ratio which recorded a year-on-year decrease of 0.33 percentage point to 30.69% in 2015, representing a persistent rise in operating efficiency of the Bank.

In 2015, the Bank successfully completed the proposed placement of new H shares, all the funds raised from which were used to replenish the capital. As of December 31, 2015, the Bank's capital adequacy ratio and core capital adequacy ratio were 11.63% and 10.49% respectively, representing an increase by 0.63 and 0.86 percentage point over the end of last year, fully fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

3.2 Analysis of the Financial Statements

3.2.1 Analysis of the Income Statement

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Interest income	15,507,610	13,236,153	2,271,457	17.2
Interest expense	(8,505,537)	(7,004,455)	(1,501,082)	21.4
Net interest income	7,002,073	6,231,698	770,375	12.4
Net fee and commission income	1,512,053	908,846	603,207	66.4
Net trading gain	23,769	160,189	(136,420)	(85.2)
Net gains/(losses) on investment securities	(10,243)	150,637	(160,880)	NA
Other operating income	64,929	31,740	33,189	104.6
Operating income	8,592,581	7,483,110	1,109,471	14.8
Operating expenses	(3,190,171)	(2,805,275)	(384,896)	13.7
Impairment loss	(1,135,300)	(889,566)	(245,734)	27.6
Share of profit of an associate	2,809	2,035	774	38.0
Profit before income tax	4,269,919	3,790,304	479,615	12.7
Income tax expense	(1,099,858)	(963,161)	(136,697)	14.2
Net profit	3,170,061	2,827,143	342,918	12.1

In 2015, the scale of our interest-earning assets grew steadily with net interest income achieving a year-on-year increase of RMB770.38 million or 12.4%; and our net fee and commission income recorded a fast year-on-year growth of RMB603.21 million or 66.4%. Meanwhile, operating expenses recorded a year-on-year increase of RMB384.90 million or 13.7%; and impairment loss provided for non-performing loans pressure recorded a year-on-year increase of RMB245.73 million or 27.6%. As a result, our profit before income tax was RMB4,269.92 million in 2015, representing a year-on-year increase of RMB479.62 million or 12.7%; and net profit was RMB3,170.06 million, representing a year-on-year increase of RMB342.92 million or 12.1%.

3.2.1.1 Net interest income

In 2015, our net interest income amounted to RMB7,002.07 million, representing a year-on-year increase of RMB770.38 million or 12.4%. Net interest income accounted for 81.49% of total operating income.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Interest income	15,507,610	13,236,153	2,271,457	17.2
Interest expense	(8,505,537)	(7,004,455)	(1,501,082)	21.4
Net interest income	<u>7,002,073</u>	<u>6,231,698</u>	<u>770,375</u>	12.4

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or interest expense and average return of assets or average cost of liabilities for the years indicated.

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income/ expense	Average yield/cost ratio (%)	Average balance	Interest income/ expense	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	115,689,037	7,545,665	6.52	99,669,642	7,173,596	7.20
Investment securities	83,080,518	5,561,218	6.69	53,093,497	3,481,119	6.56
Balances with central bank	32,120,986	494,110	1.54	31,733,898	484,995	1.53
Due from other banks and financial institutions	44,327,053	1,712,037	3.86	32,418,038	1,754,712	5.41
Financial assets at fair value through profit or loss	2,518,191	194,580	7.73	4,610,739	341,731	7.41
Total interest-earning assets	277,735,785	15,507,610	5.58	221,525,814	13,236,153	5.97
LIABILITIES						
Customer deposits	181,781,243	5,003,513	2.75	158,277,356	4,405,190	2.78
Due to other banks and financial institutions	68,062,327	3,139,322	4.61	43,010,762	2,380,842	5.54
Debt securities issued	8,066,795	362,702	4.50	4,049,315	218,423	5.39
Total interest-bearing liabilities	257,910,365	8,505,537	3.29	205,337,433	7,004,455	3.41
Net interest income		7,002,073			6,231,698	
Net interest spread⁽¹⁾			2.29			2.56
Net interest margin⁽²⁾			2.52			2.81

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

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

In 2015, the average yield on interest-earning assets of the Bank decreased by 39 basis points to 5.58% as compared to the previous year.

In 2015, the average cost ratio of customer deposits and the amounts due to other banks and financial institutions and bonds issued all decreased, resulting in the overall average cost ratio of interest-bearing liabilities decreasing by 12 basis points to 3.29% as compared to the previous year.

As a result of the overall impact of the above-mentioned factors, net interest spread of the Bank decreased by 27 basis points to 2.29% as compared to the previous year, while net interest margin decreased by 29 basis points to 2.52% as compared to the previous year.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Due to changes in volume	Due to changes in interest rate	Changes in interest income and expense
ASSETS			
Loans and advances to customers	1,044,844	(672,775)	372,069
Investment securities	2,007,262	72,837	2,080,099
Balances with central bank	5,954	3,161	9,115
Due from other banks and financial institutions	459,960	(502,635)	(42,675)
Financial assets at fair value through profit or loss	(161,691)	14,540	(147,151)
Change in interest income	<u>3,356,329</u>	<u>(1,084,872)</u>	<u>2,271,457</u>
LIABILITIES			
Customer deposits	646,942	(48,619)	598,323
Due to other banks and financial institutions	1,155,484	(397,004)	758,480
Debt securities issued	180,635	(36,356)	144,279
Change in interest expense	<u>1,983,061</u>	<u>(481,979)</u>	<u>1,501,082</u>

3.2.1.2 Interest income

In 2015, the Bank's interest income amounted to RMB15,507.61 million, representing a year-on-year increase of RMB2,271.46 million or 17.2%.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Loans and advances to customers	115,689,037	7,545,665	6.52	99,669,642	7,173,596	7.20
Investment securities	83,080,518	5,561,218	6.69	53,093,497	3,481,119	6.56
Balances with central bank	32,120,986	494,110	1.54	31,733,898	484,995	1.53
Due from other banks and financial institutions	44,327,053	1,712,037	3.86	32,418,038	1,754,712	5.41
Financial assets at fair value through profit or loss	2,518,191	194,580	7.73	4,610,739	341,731	7.41
Total interest-earning assets	277,735,785	15,507,610	5.58	221,525,814	13,236,153	5.97

(1) Interest income from loans and advances to customers

In 2015, the interest income from loans and advances to customers amounted to RMB7,545.67 million, representing a year-on-year increase of RMB372.07 million or 5.2%, primarily due to the increase in average balance on loans and advances to customers by 16.1% and the decrease in average yield by 68 basis points as compared to that of the previous year.

(2) Interest income from investment securities

In 2015, the Bank's interest income from investment securities amounted to RMB5,561.22 million, representing a significant year-on-year increase of RMB2,080.10 million or 59.8%, primarily due to the significant increase of 56.5% in average balance and of 13 basis points in average yield on investment securities as compared to those of the previous year.

(3) Interest income from balances with central bank

In 2015, the Bank's interest income from balances with central bank amounted to RMB494.11 million, representing a year-on-year increase of RMB9.12 million or 1.9%, primarily due to the slight year-on-year increase of 1.2% in average balance and of 1 basis point in average yield of balances with central bank.

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Due from other banks and financial institutions for deposits and loans	6,800,796	223,691	3.29	3,099,455	85,804	2.77
Financial assets held under resale agreements	<u>37,526,257</u>	<u>1,488,346</u>	3.97	<u>29,318,583</u>	<u>1,668,908</u>	5.69
Total amounts due from other banks and financial institutions	<u>44,327,053</u>	<u>1,712,037</u>	3.86	<u>32,418,038</u>	<u>1,754,712</u>	5.41

In 2015, interest income from the Bank's amounts due from other banks and financial institutions amounted to RMB223.69 million, representing a year-on-year increase of RMB137.89 million or 160.7%, primarily due to the significant increase of 119.4% in average balance and the increase in average yield by 52 basis points on amounts due from other banks and financial institutions as compared to that of the previous year.

In 2015, the interest income from the Bank's financial assets held under resale agreements amounted to RMB1,488.35 million, representing a year-on-year decrease of RMB180.56 million or 10.8%, primarily attributable to the year-on-year increase in average balance on financial assets held under resale agreements by 28.0%, and the significant decrease in average yield by 172 basis points as compared to that of the previous year.

As a result of the foregoing factors, the Bank's total interest income due from other banks and financial institutions in 2015 decreased by RMB42.68 million or 2.4% to RMB1,712.04 million as compared to that of the previous year.

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

In 2015, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB194.58 million, representing a year-on-year decrease of RMB147.15 million or 43.1%, primarily due to the increase in average yield on financial assets at fair value through profit or loss by 32 basis points and the significant decrease in average balance by 45.4% as compared to that of the previous year.

3.2.1.3 Interest expense

In 2015, the Bank's total interest expense amounted to RMB8,505.54 million, representing a year-on-year increase of RMB1,501.08 million or 21.4%.

(1) Interest expense on customer deposits

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

(All amounts expressed in thousands of RMB unless otherwise stated)	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	51,605,262	470,616	0.91	46,069,519	434,223	0.94
Time	71,118,303	2,925,820	4.11	60,702,755	2,625,671	4.33
Subtotal	122,723,565	3,396,436	2.77	106,772,274	3,059,894	2.87
Retail deposits						
Demand	8,368,605	36,924	0.44	8,311,856	33,328	0.40
Time	27,550,934	1,050,616	3.81	17,902,720	577,528	3.23
Subtotal	35,919,539	1,087,540	3.03	26,214,576	610,856	2.33
Other deposits	23,138,139	519,537	2.25	25,290,506	734,440	2.90
Total customer deposits	181,781,243	5,003,513	2.75	158,277,356	4,405,190	2.78

In 2015, the Bank's interest expense on customer deposits was RMB5,003.51 million, representing a year-on-year increase of RMB598.32 million or 13.6%, primarily due to an increase in the average balance of customer deposits by 14.8% year on year, as well as a slight decrease in average cost ratio of customer deposits by 3 basis points as compared to that of the previous year.

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to other banks	43,899,128	2,255,780	5.14	28,141,151	1,596,263	5.67
Borrowings from central bank	3,343,796	98,581	2.95	2,190,645	56,996	2.60
Financial assets sold under repurchase agreements	<u>20,819,403</u>	<u>784,961</u>	3.77	<u>12,678,966</u>	<u>727,583</u>	5.74
Total borrowings from financial institutions	<u>68,062,327</u>	<u>3,139,322</u>	4.61	<u>43,010,762</u>	<u>2,380,842</u>	5.54

In 2015, the Bank's total interest expense on borrowings from financial institutions was RMB3,139.32 million, representing a year-on-year increase of RMB758.48 million or 31.9%, primarily due to the increase in average balance of the amount payable to other banks and financial institutions by 58.2% year on year, as well as the decrease in average cost ratio by 93 basis points as compared to that of the previous year.

(3) Interest expense on issuance of bonds

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2015			Year ended December 31, 2014		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated bonds	794,758	54,918	6.91	1,049,315	72,257	6.89
Financial bonds for small and micro enterprises	2,991,033	146,266	4.89	3,000,000	146,166	4.87
Inter-bank certificates of deposit	<u>4,281,004</u>	<u>161,518</u>	3.77	<u>-</u>	<u>-</u>	-
Subtotal	<u>8,066,795</u>	<u>362,702</u>	4.50	<u>4,049,315</u>	<u>218,423</u>	5.39

In 2015, the Bank's interest expense on issuance of bonds amounted to RMB362.70 million, representing a year-on-year increase of RMB144.28 million or 66.1%, primarily due to the following reasons:

- (1) on April 3, 2014, the Bank exercised its redemption right to redeem the subordinated bonds of RMB1,000.00 million issued within China's inter-bank bond market in April 2009, which resulted in a decrease of RMB17.00 million in interest expense for subordinated bonds as compared to that of the previous year;
- (2) in April 2013, the Bank issued the five-year financial bonds for small and micro enterprises of RMB3,000 million within China's inter-bank bond market;
- (3) in 2015, the Bank issued a total of 21 inter-bank certificates of deposit. As at December 31, 2015, 14 inter-bank certificates of deposit issued were outstanding with a total nominal value of RMB15,000.00 million.

3.2.1.4 Net interest spread and net interest margin

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

In 2015, the Bank's net interest spread was 2.29%, representing a year-on-year decrease of 27 basis points. The decrease in net interest spread was primarily due to the decrease in average yield of interest-earning assets exceeding the decrease in average cost ratio of interest-bearing liabilities.

In 2015, the Bank's net interest margin was 2.52%, representing a decrease by 29 basis points as compared to that of the previous year, primarily due to the increase of RMB770.38 million or 12.4% in net interest income year on year; the year-on-year increase of RMB56,209.97 million or 25.4% in average balance on interest-earning assets; and the increase in net interest income less than the increase in average balance on interest-earning assets, resulting in a decrease in the net interest margin.

3.2.1.5 Non-interest income

(1) Net fee and commission income

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Fee and commission income	1,589,399	974,857	614,542	63.0
Commission from financial advisory and consulting services	249,944	329,436	(79,492)	(24.1)
Commission from wealth management agency service	436,537	230,612	205,925	89.3
Commission from custodian service	613,009	214,271	398,738	186.1
Annual fees and commission from bank card services	171,072	111,007	60,065	54.1
Commission from guarantee and commitment services	54,251	45,313	8,938	19.7
Commission from settlement and agency services	64,586	44,218	20,368	46.1
Fee and commission expense	(77,346)	(66,011)	(11,335)	17.2
Net fee and commission income	1,512,053	908,846	603,207	66.4

In 2015, the Bank's net fee and commission income amounted to RMB1,512.05 million, representing a significant increase of RMB603.21 million or 66.4% as compared to the previous year and accounting for 17.60% of operating income, up by 5.45 percentage points as compared to that in the previous year, primarily due to the Bank's proactive adjustment of income structure, adoption of measures to expand the sources of non-interest income and increase in income from intermediary banking services, with a significant year-on-year increase of RMB398.74 million or 186.1% in commission from custodian service, a significant year-on-year increase of RMB205.93 million or 89.3% in commission from wealth management agency service, a rapid year-on-year increase of RMB60.07 million or 54.1% in annual fees and commission from bank card services, a rapid year-on-year increase of RMB20.37 million or 46.1% in commission from settlement and agency services.

Commission income from financial advisory and consulting services amounted to RMB249.94 million, representing a year-on-year decrease of RMB79.49 million or 24.1%, mainly due to the declined clients' needs for advisory and consulting services under the background of macroeconomic downturn which resulted in a drop in number of clients engaging the Bank's advisory and consulting services.

Commission income from wealth management agency service amounted to RMB436.54 million, representing a year-on-year increase of RMB205.93 million or 89.3%, primarily due to the rapid growth and scale expansion in wealth management services.

Commission income from custodian service amounted to RMB613.01 million, representing a year-on-year increase of RMB398.74 million or 186.1%, primarily due to the rapid growth in custodian services.

Annual fees and commission income from bank card services amounted to RMB171.07 million, representing a year-on-year increase of RMB60.07 million or 54.1%, primarily due to the favorable development in credit card installment business, which grew rapidly on a year-on-year basis.

Commission income from guarantee and commitment services amounted to RMB54.25 million, representing a year-on-year increase of RMB8.94 million or 19.7%, primarily because focusing on the domestic letter of credit and its trade financing business, the Bank achieved a good result by actively expanding its business channels, especially in respect of forfaiting under domestic letter.

Commission income from settlement and agency services amounted to RMB64.59 million, representing a year-on-year increase of RMB20.37 million or 46.1%, primarily because: (1) the Bank constantly provided various individualized payment services and products by using newly-developing information technologies such as Internet and mobile communication, which resulted in a rapid growth trend in payment system business; (2) the Bank constantly promoted sales for traditional fund business, actively carried out innovation in products and marketing models, designed customized special accounts fund products for high net worth individuals and maintained the stable development of "Direct Sell Bank Julibao" business.

(2) Net trading gain/(loss)

The net trading gain/(loss) mainly consists of exchange gain/(loss) and net gain/(loss) from interest rate products. Exchange gain/(loss) includes gains and losses generated from foreign exchange spot transactions and gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi. In 2015, the Bank's exchange gain amounted to RMB23.90 million, representing a year-on-year increases of 0.3%, mainly due to the increase in market value of the major currencies such as US dollars and Hong Kong dollars held by the Bank. Net gain/(loss) from interest rate products held for trading mainly includes gains or losses generated from the changes in fair value of the trading securities. In 2015, the Bank's net loss from interest rate products amounted to RMB0.13 million, mainly due to losses arising from the fluctuation in interest rates due to adjustment of bond-securities investment portfolio. As a result of the above factors, in 2015, the Bank's net trading gain amounted to RMB23.77 million, representing a year-on-year decrease of 85.2%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Exchange gain/(loss)	23,901	23,825	76	0.3
Net gain/(loss) from interest rate products	(132)	136,364	(136,496)	NA
Total	23,769	160,189	(136,420)	(85.2)

(3) Net gains/(losses) on investment securities

In 2015, the Bank's net losses on investment securities amounted to RMB10.24 million, representing a significant year-on-year decrease compared to the net gains of RMB150.64 million for the previous year.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Net gains arising from de-recognition of held-for-trading financial assets	(11,591)	67,294	(78,885)	NA
Net gains arising from de-recognition of available-for-sale financial assets	1,348	83,343	(81,995)	(98.4)
Total	(10,243)	150,637	(160,880)	NA

3.2.1.6 Operating expenses

In 2015, the Bank's operating expenses was RMB3,190.17 million, representing a year-on-year increase of RMB384.90 million or 13.7%.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Staff costs	1,626,120	1,324,089	302,031	22.8
Business taxes and surcharges	553,110	483,663	69,447	14.4
Depreciation and amortisation	153,333	136,803	16,530	12.1
General and administrative expense	731,577	734,708	(3,131)	(0.4)
Others	126,031	126,012	19	0.0
Total operating expenses	3,190,171	2,805,275	384,896	13.7

(1) Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 50.97% and 47.20% of its total operating expenses for 2015 and 2014 respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Salaries and bonuses	1,223,219	956,556	266,663	27.9
Pension costs	140,690	127,313	13,377	10.5
Housing benefits and subsidies	77,524	61,780	15,744	25.5
Union and employee education fees	32,128	27,336	4,792	17.5
Other social security and welfare expenses	152,559	151,104	1,455	1.0
Total staff costs	1,626,120	1,324,089	302,031	22.8

In 2015, the Bank's total staff costs amounted to RMB1,626.12 million, representing a year-on-year increase of RMB302.03 million or 22.8%, primarily due to (1) the average increase of salaries and bonuses by 14.9% as compared to that in the previous year, and (2) the increase in headcount driven by the expansion of business scale and the increase in number of branches. As at December 31, 2015, the Bank had 3,780 full-time employees, representing an increase of 199 employees or 5.6% as compared to the previous year.

(2) Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our financial products and services with respect to lending (interest income), transfer of securities and other financial businesses. In 2015, business taxes and surcharges were RMB553.11 million, representing a year-on-year increase of RMB69.45 million or 14.4%.

(3) Depreciation and amortisation

The depreciation and amortisation for 2015 increased by RMB16.53 million or 12.1% to RMB153.33 million from the previous year as the growth of our property and equipment remained stable during the Reporting Period.

(4) General and administrative expense

In 2015, the general and administrative expense decreased by RMB3.13 million or 0.4% to RMB731.58 million.

3.2.1.7 Impairment losses on assets

In 2015, the provisions for impairment losses recorded RMB1,135.30 million, representing a year-on-year increase of RMB245.73 million or 27.6% as compared to RMB889.57 million in 2014. The increase in provisions for impairment was primarily due to the increased volume of loans.

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

(All amounts expressed in thousands of RMB unless otherwise stated)	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Loans to customers	1,013,419	732,023	281,396	38.4
– Collectively assessed	420,012	321,838	98,174	30.5
– Individually assessed	593,407	410,185	183,222	44.7
Loans and receivables	117,114	154,172	(37,058)	(24.0)
Others	4,767	3,371	1,396	41.4
Impairment losses on assets	<u>1,135,300</u>	<u>889,566</u>	<u>245,734</u>	27.6

3.2.1.8 Investment in associates

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2015	December 31, 2014
Balance at the beginning of the period	26,405	24,370
Share of profit after tax	2,809	2,035
Balance at the end of the period	29,214	26,405

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110.00 million. In 2015, the Bank shared the profit after tax of RMB2.81 million, representing an increase of RMB0.77 million or 38.0% as compared to the previous year.

3.2.1.9 Income tax expense

The income tax rate applicable to the Bank was 25%. The effective tax rates of the Bank in 2015 and 2014 were 25.76% and 25.41% respectively.

The following table sets forth the profit before income tax and income tax expense for the years ended December 31, 2015 and 2014, respectively.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Change in percentage (%)
	2015	2014		
Profit before income tax	4,269,919	3,790,304	479,615	12.7
Tax calculated at applicable statutory tax rate of 25%	1,067,480	947,576	119,904	12.7
Add/(less) the tax effect of the following items:				
Non-taxable income	(57,049)	(49,332)	(7,717)	15.6
Non-deductible expenses	91,014	66,082	24,932	37.7
Differences from settlements for prior years	(1,587)	(1,165)	(422)	36.2
Income tax expense	1,099,858	963,161	136,697	14.2

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	124,769,386	39.0	106,448,851	38.8
Provision for impairment losses				
on loans and advances to customers	(2,952,934)	(0.9)	(2,334,095)	(0.9)
Net loans and advances to customers	121,816,452	38.1	104,114,756	37.9
Investment securities ⁽¹⁾	105,795,905	33.1	70,979,720	25.9
Investments in associates	29,214	0.0	26,405	0.0
Cash and balances with central bank	38,201,369	12.0	35,699,093	13.0
Due from other banks and financial institutions	45,856,556	14.3	54,409,453	19.8
Financial assets at fair value through profit or loss	2,312,586	0.7	4,798,210	1.7
Fixed assets	2,627,007	0.8	2,396,654	0.9
Deferred income tax assets	505,920	0.2	317,765	0.1
Other assets	2,662,978	0.8	1,789,089	0.7
Total assets	319,807,987	100.0	274,531,145	100.0

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

As at December 31, 2015, the Bank's total assets amounted to RMB319,807.99 million, representing an increase of RMB45,276.84 million or 16.5% as compared to the end of the previous year. An analysis of the breakdown of the Bank's total assets as at December 31, 2015 is as follows:

Total loans and advances to customers increased by RMB18,320.54 million to RMB124,769.39 million or 17.2% as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support for loans to SMEs and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development and the industrial structure of Chongqing.

Investment securities increased by RMB34,816.19 million to RMB105,795.91 million or 49.1% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of quality corporate bonds, acquisition of wealth management products with high yields from other financial institutions and increased holdings of book-entry treasury bonds and policy bank financial bonds with steady yields.

Cash and balances with central bank increased by RMB2,502.28 million to RMB38,201.37 million or 7.0% as compared to the end of the previous year, primarily due to the increase in statutory deposit reserves as a result of the increased customer deposits.

Total amount due from other banks and financial institutions decreased by RMB8,552.90 million to RMB45,856.56 million or 15.7% as compared to the end of the previous year, primarily due to (1) the substantial decrease of RMB13,016.52 million or 26.6% in financial assets held under resale agreements, and (2) the increase of net amounts due from other banks and financial assets by RMB4,463.62 million or 81.7%.

(1) Loans and advances to customers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans to corporate entities				
– Corporate loans	84,276,669	67.6	69,031,229	64.9
– Discounted bills	4,120,780	3.3	4,866,911	4.6
Retail loans				
– Mortgage loans	18,012,580	14.4	17,339,942	16.3
– Personal consumer loans	3,848,972	3.1	3,876,509	3.6
– Credit card overdraft	2,924,258	2.3	2,253,277	2.1
– Personal business loans	11,586,127	9.3	9,080,283	8.5
– Others	–	–	700	0.0
Total loans and advances to customers	124,769,386	100.0	106,448,851	100.0

As at December 31, 2015, the Bank's total loans and advances to customers amounted to RMB124,769.39 million, representing an increase of RMB18,320.54 million or 17.2% as compared to the end of the previous year.

Loans to corporate entities (excluding discounted bills) amounted to RMB84,276.67 million, representing an increase of RMB15,245.44 million or 22.1% as compared to that at the end of the previous year, and accounting for 67.6% of total loans and advances to customers, up by 2.7 percentage points from the end of the previous year. During the Reporting Period, the Bank actively adjusted the credit structure in response to the state's industrial policy and focused on the real economy. During the Reporting Period, additional loans to the real estate industry, lease and business service industry, public administration and social organization, water conservancy, environment and public facility management industry, wholesale and retail industry amounted to RMB4,720.23 million, RMB3,716.05 million, RMB1,949.93 million, RMB1,636.10 million and RMB1,086.39 million respectively.

Discounted bills amounted to RMB4,120.78 million, representing a decrease of RMB746.13 million or 15.3% as compared to the end of the previous year, primarily due to weak market demand.

Retail loans amounted to RMB36,371.94 million, representing an increase of RMB3,821.23 million or 11.7% as compared to the end of the previous year, and accounting for 29.1% of total loans and advances to customers, down by 1.4 percentage points from the end of the previous year. Specifically, mortgage loans, mainly for financing residential home purchases, increased by RMB672.64 million or 3.9% as compared to the end of the previous year; personal consumer loans decreased by RMB27.54 million or 0.7% as compared to the end of the previous year. Credit card overdraft increased by RMB670.98 million or 29.8% as compared to the end of the previous year; and the personal business loans increased by RMB2,505.84 million or 27.6% as compared to the end of the previous year. During the Reporting Period, the Bank took active measures to manage credit risk, actively adjusted the credit structure, favored credit needs of premium personal customers and made more efforts to expand personal business loans and credit card business in view of complex market changes.

Distribution of loans by type of collateral

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	70,150,924	56.2	54,197,524	50.9
Pledged loans	12,562,758	10.1	13,515,506	12.7
Guaranteed loans	35,291,775	28.3	34,350,040	32.3
Unsecured loans	6,763,929	5.4	4,385,781	4.1
Total loans and advances to customers	124,769,386	100.0	106,448,851	100.0

Movements on provision for impairment on loans and advances to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at beginning of the year	2,072,780	261,315	1,750,942	115,550
Impairment for loans and advances charged to profit or loss	847,547	668,672	394,100	514,349
Reversal of impairment for loans and advances	(427,535)	(75,265)	(72,262)	(104,164)
Net impairment for loans and advances charged to profit or loss	420,012	593,407	321,838	410,185
Unwinding discount on allowances	-	(59,493)	-	(28,975)
Loans written off during the year	-	(345,552)	-	(236,990)
Recoveries of doubtful debts written off in prior years	-	10,465	-	1,545
Balance at the end of the year	2,492,792	460,142	2,072,780	261,315

In 2015, in strict accordance with the relevant requirements of accounting standards and the regulatory authorities, the Bank took into account of external economic dynamics and macro control policies and strived to increase provision for impairment on loans and advances. As at December 31, 2015, the balance of provisions for impairment losses on loans and advances to customers was RMB2,952.93 million, representing an increase of RMB618.84 million or 26.5% as compared to the end of the previous year; and the provision for impairment to nonperforming loans ratio decreased by 74.89 percentage points to 243.98% from that as of the end of the previous year.

(2) Investment securities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate bonds	2,312,586	2.1	4,798,210	6.3
Subtotal	2,312,586	2.1	4,798,210	6.3
Investment securities – loans and receivables				
– Trust companies	50,188,787	46.4	36,086,622	47.6
– Securities companies	13,411,717	12.4	14,737,000	19.5
– Commercial banks	8,615,127	8.0	2,718,927	3.6
– Assets management companies	104,969	0.1	–	–
– Government	958,900	0.9	–	–
Impairment	(271,286)	(0.3)	(154,172)	(0.2)
Subtotal	73,008,214	67.5	53,388,377	70.5
Investment securities – available-for-sale				
– Non-commercial banks	3,079,089	2.8	3,028,110	4.0
– Enterprises	15,140,594	14.0	5,544,606	7.3
– Commercial banks	70,611	0.1	709,851	0.9
– Trust companies	188,243	0.2	720,000	1.0
– Equity investment at fair value	492,416	0.5	291,122	0.4
– Others	14	0.0	14	0.0
Subtotal	18,970,967	17.6	10,293,703	13.6
Investment securities – held-to-maturity				
– Government	10,515,099	9.7	5,051,655	6.7
– Non-commercial banks	2,835,625	2.6	1,779,985	2.3
– Commercial banks	420,000	0.4	420,000	0.5
– Enterprises	46,000	0.1	46,000	0.1
Subtotal	13,816,724	12.8	7,297,640	9.6
Total	108,108,491	100.0	75,777,930	100.0

As at December 31, 2015, the Bank's total financial assets at fair value through profit or loss and other investment securities amounted to RMB108,108.49 million, representing an increase of RMB32,330.56 million or 42.7% as compared to the end of the previous year. Financial assets at fair value through profit or loss was RMB2,312.59 million, representing a decrease of RMB2,485.62 million or 51.8% as compared to the end of the previous year, primarily due to the adjustment of the structure of trading debt securities by the Bank to adapt to the market. Available-for-sale financial assets was RMB18,970.97 million, representing an increase of RMB8,677.26 million or 84.3% as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of quality corporate bonds to increase the Bank's return on investment. Investment securities-receivables was RMB73,008.21 million, representing an increase of RMB19,619.84 million or 36.7% as compared to the end of the previous year, primarily due to the acquisition of wealth management products with high yields from other financial institutions and increased holdings of trust investments with relatively low risks. Investment securities held-to-maturity increased by RMB6,519.08 million or 89.3% as compared to the end of the previous year to RMB13,816.72 million, primarily due to the increase in the Bank's holdings of book-entry treasury bonds and policy bank financial bonds with low risks and stable income.

3.2.2.2 Liabilities

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	73,235,555	24.5	81,635,724	31.6
Customer deposits	199,298,705	66.8	167,932,436	64.9
Other liabilities	7,218,001	2.4	5,056,289	1.9
Taxes payable	271,989	0.1	218,597	0.1
Bonds issued	18,490,742	6.2	3,785,076	1.5
Total liabilities	298,514,992	100.0	258,628,122	100.0

As at December 31, 2015, total liabilities amounted to RMB298,514.99 million, representing an increase of RMB39,886.87 million or 15.4% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB31,366.27 million or 18.7% as compared to the end of the previous year; amounts due to other banks and financial institutions decreased by RMB8,400.17 million or 10.3% as compared to the end of the previous year; bonds issued significantly increased by RMB14,705.67 million or 388.5% as compared to the end of the previous year primarily because the Bank issued a total of 21 inter-bank certificates of deposit in 2015 and 14 inter-bank certificates of deposit issued were outstanding as at December 31, 2015 with a nominal value of RMB15,000.00 million in aggregate.

(1) Customer deposits

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	57,102,294	28.7	48,920,176	29.1
Corporate time deposits	77,426,011	38.8	64,523,802	38.4
Individual demand deposits	8,979,971	4.5	9,015,331	5.4
Individual time deposits	31,197,219	15.7	18,974,821	11.3
Other deposits	24,593,210	12.3	26,498,306	15.8
Total customer deposits	199,298,705	100.0	167,932,436	100.0
Of which: Pledged deposits held as collateral	16,619,121	8.3	24,585,657	14.6

As at December 31, 2015, customer deposits amounted to RMB199,298.71 million, representing an increase of RMB31,366.27 million or 18.7% as compared to the end of the previous year. Corporate deposits balance were RMB134,528.31 million, representing an increase of RMB21,084.33 million or 18.6% as compared to the end of the previous year; individual deposits balance were RMB40,177.19 million, representing an increase of RMB12,187.04 million or 43.5% as compared to the end of the previous year. Corporate and individual demand deposits balance amounted to RMB66,082.27 million, representing an increase of RMB8,146.76 million or 14.1% as compared to the end of the previous year; corporate and individual time deposits balance amounted to RMB108,623.23 million, representing an increase by RMB25,124.61 million or 30.1% as compared to the end of the previous year.

(2) Bonds issued

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated bonds				
Fixed rate subordinated debt – 2022	795,902	4.3	795,468	21.0
Financial bonds				
Fixed rate financial bonds – 2018	2,992,474	16.2	2,989,608	79.0
Inter-bank certificates of deposit	14,702,366	79.5	–	–
Total	18,490,742	100.0	3,785,076	100.0

Pursuant to a resolution of the extraordinary general meeting passed on August 12, 2011 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds”(《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2011] No. 511) by the CBRC on November 18, 2011, the Bank issued the RMB800.00 million subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a maturity of 10 years, with a fixed coupon rate of 6.8% per annum before maturity, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on March 21, 2017.

The subordinated bonds are subordinated to all other claims on the assets of the Bank except for the Bank’s share capital. In the calculation of the Bank’s capital adequacy ratio, the subordinated bonds have been included as supplementary capital in accordance with relevant requirements of the CBRC.

Pursuant to a resolution of the extraordinary general meeting passed on November 25, 2011 and the “Approval for Bank of Chongqing to Issue Financial Bonds” (《關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No. 526) by the CBRC on September 21, 2012, the Bank issued financial bonds for small and micro enterprises of RMB3,000.00 million in the domestic inter-bank bond market of China in April 2013. On April 25, 2013, the Bank issued 5-year financial bonds for small and micro enterprises with a principal amount of RMB3,000.00 million in the domestic inter-bank bond market of China. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

As of December 31, 2015, there were no defaults of principal and interest or other breaches with respect to these bonds since their issuances.

The Bank issued a total of 21 inter-bank certificates of deposit in 2015. As at December 31, 2015, 14 inter-bank certificates of deposit issued were outstanding with a nominal value of RMB15,000.00 million in aggregate.

(3) Due to other banks and financial institutions

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to central bank	3,586,768	4.9	2,918,096	3.6
Deposits from banks	28,777,759	39.3	32,311,570	39.6
Deposits from other financial institutions	12,682,929	17.3	8,385,199	10.3
Placements from banks and other financial institutions	3,000,000	4.1	3,500,000	4.3
Notes sold under repurchase agreements	25,188,099	34.4	32,939,059	40.3
Securities sold under repurchase agreements	-	-	1,581,800	1.9
Total	73,235,555	100.0	81,635,724	100.0

As of December 31, 2015, the Bank's balance due to other banks and financial institutions amounted to RMB73,235.56 million, representing a decrease of RMB8,400.17 million or 10.3% as compared to the end of the previous year. The Bank's balance due to central bank increased by RMB668.67 million or 22.9% as compared to the end of the previous year; its deposits from banks decreased by RMB3,533.81 million or 10.9% as compared to the end of the previous year; deposits from other financial institutions increased by RMB4,297.73 million or 51.3% as compared to the end of the previous year; the Bank's placements from banks and other financial institutions decreased by RMB500.00 million or 14.3%; notes sold under repurchase agreements decreased by RMB7,750.96 million or 23.5%; and securities sold under repurchase agreements decreased to nil at the end of 2015 from RMB1,581.80 million at the end of 2014.

3.2.2.3 Shareholders' equity

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	3,127,055	14.7	2,705,228	17.0
Capital reserve	4,680,638	22.0	2,444,623	15.4
Other reserves	5,337,299	25.0	3,798,252	23.9
Retained earnings	8,148,003	38.3	6,954,920	43.7
Total equity	21,292,995	100.0	15,903,023	100.0

As at December 31, 2015, the Bank had paid-in capital of RMB3,127.06 million, capital reserve of RMB4,680.64 million, other reserves of RMB5,337.30 million, and retained earnings were RMB8,148.00 million. Among other reserves, (1) surplus reserve increased by RMB317.01 million as compared to the end of the previous year, primarily due to the provisions made for statutory surplus reserve; and (2) general reserve increased by RMB924.15 million as compared to the end of the previous year, as an additional reserve was provided to ensure that the general reserve was not less than 1.5% of the balance of risk assets as at the end of the previous year.

3.2.3 Loan quality analysis

3.2.3.1 Breakdown of Loans by the Five-Category Classification

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Pass	118,258,244	94.78	103,463,491	97.20
Special mention	5,300,814	4.25	2,253,380	2.12
Substandard	726,416	0.58	535,969	0.50
Doubtful	444,294	0.36	137,392	0.13
Loss	39,618	0.03	58,619	0.05
Total loans and advances to customers	124,769,386	100.00	106,448,851	100.00
Amount of non-performing loans	1,210,328	0.97	731,980	0.69

In 2015, facing the complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a throughout risk review of credit assets, actively prevented and mitigated risks, strengthened early risk warning, tracking and after-lending monitoring management, hence the quality of the Bank's credit assets remained stable. As at December 31, 2015, the balance of non-performing loans was RMB1,210.33 million, representing an increase of RMB478.35 million as compared to the end of the previous year; non-performing loan ratio was 0.97%, representing an increase of 0.28 percentage point as compared to the end of the previous year. The amount of loans under special mention category accounted for 4.25% of total loans, representing an increase of 2.13 percentage points as compared to that of the end of the previous year.

3.2.3.2 Concentration of loans

(1) Concentration by industry and non-performing loan

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2015				As at December 31, 2014			
	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loans amount	Non-performing loan ratio (%)
Manufacturing	16,488,594	13.2	243,215	1.48	16,318,878	15.3	149,531	0.92
Wholesale and retail	16,105,150	12.9	369,116	2.29	15,018,762	14.1	269,930	1.80
Construction	8,109,478	6.5	72,721	0.90	7,346,188	6.9	55,230	0.75
Real estate	15,082,562	12.1	-	-	10,362,332	9.7	-	-
Leasing and commercial services	6,999,400	5.6	11,283	0.16	3,283,354	3.1	-	-
Water conservation, environment and public facility administration	6,596,889	5.3	-	-	4,960,790	4.7	-	-
Transportation, warehousing and postal service	2,013,142	1.6	-	-	1,945,510	1.8	22,666	1.17
Mining	2,666,412	2.1	139,000	5.21	2,399,014	2.3	100,000	4.17
Electricity, gas and water production and supply	2,021,638	1.6	5,000	0.25	1,733,604	1.6	-	-
Agriculture, forestry, animal husbandry and fishery	1,424,851	1.1	29,563	2.07	1,167,468	1.1	4,988	0.43
Household services and other services	729,088	0.6	1,000	0.14	621,921	0.6	-	-
Education	643,890	0.5	-	-	502,960	0.5	1,400	0.28
Financing	362,129	0.3	-	-	403,863	0.4	-	-
Science, technology and geological survey	311,783	0.3	7,500	2.41	376,190	0.3	-	-
Information transmission, computer services and software industries	321,001	0.3	-	-	272,192	0.3	-	-
Accommodation and catering	383,344	0.3	-	-	390,153	0.4	294	0.08
Culture, education and entertainment	369,788	0.3	-	-	357,130	0.3	-	-
Public administration and social organization	3,147,630	2.5	-	-	1,197,700	1.1	-	-
Health, social security and welfare	499,900	0.4	4,840	0.97	373,220	0.3	-	-
Discounted bills	4,120,780	3.3	-	-	4,866,911	4.6	-	-
Retail loans	36,371,937	29.2	327,090	0.90	32,550,711	30.6	127,941	0.39
Total	124,769,386	100.0	1,210,328	0.97	106,448,851	100.0	731,980	0.69

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

In 2015, in response to the macro conditions of slower economic growth, the Bank continued to optimize its industry-specific credit entry and exit criteria for customers and further refined the management of industry quotas.

Certain cyclical industries were further affected by international and domestic economic fluctuations in 2015 and recorded a relatively fast growth in their non-performing loan ratio. Major industries experienced the following changes:

The amount of non-performing loans in the science, technology and geological survey industry increased by RMB7.50 million as compared to the end of the previous year, and the non-performing loan ratio increased by 2.41 percentage points, mainly due to: (1) a loan granted to a biology company, which is overdue as a result of the company's extended cash collection cycle and the consequent failure in repaying the loan in time; and (2) a loan granted to a chicken farm, which is overdue as the farm's capital chain ruptured due to difficulties in collecting its account receivables;

The amount of non-performing loans in the agriculture, forestry, animal husbandry and fishery industry increased by RMB24.58 million as compared to the end of the previous year, and the non-performing loan ratio increased by 1.64 percentage points, mainly due to a loan granted to a livestock breeding company, which is overdue because the company suffered from its declined sales in the wake of expansion and difficulties in collecting account receivables;

The amount of non-performing loans in the mining industry increased by RMB39.00 million as compared to the end of the previous year, and the non-performing loan ratio increased by 1.04 percentage points, mainly due to an overdue loan from a coal mining company, for which currently a lawsuit is being brought;

The amount of non-performing loans in the health, social security and welfare industry increased by RMB4.84 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.97 percentage point, mainly because the operation of a private hospital was affected by its shareholders involving in a civil dispute, thus was unable to repay the loan in time, for which currently a lawsuit is being brought;

The amount of non-performing loans in the manufacturing industry increased by RMB93.68 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.56 percentage point, mainly because industries with overcapacity, such as iron and steel industry, were greatly impacted by the market, thus leading to the increase in non-performing loan ratio in such industries;

The amount of non-performing loans in the wholesale and retail industry increased by RMB99.19 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.49 percentage point, with the new non-performing loans concentrating on the steel and coal trading industry. Affected by the overall slowdown of the national economy in 2015, steel and coal prices continued to fall, and excess inventory and difficulty in collecting account receivables increased the pressure on the capital chain, thereby resulting in the growth of the non-performing loan ratio.

The non-performing retail loans increased by RMB199.15 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.51 percentage point, mainly due to suspension or closing down of some small and micro enterprises and the consequent failure in repayment of personal business loans and commercial mortgage loans by small and micro business owners.

Moreover, as a result of our prudent credit entry criteria for customers and sound risk management, the Bank continued to maintain a zero non-performing loan ratio in real estate loans while the size of loans to the real estate industry grew rapidly. The non-performing loan ratio in the transportation, warehousing and postal industries dropped to zero from 1.17% at the end of the previous year and the non-performing loan ratio in the education industry also dropped to zero from 0.28% at the end of the previous year through our active management and collection of such non-performing loans.

(2) Concentration of borrowers

In 2015, the Bank's total loans to its largest single borrower accounted for 4.00% of its net capital while total loans to its top ten customers accounted for 30.79% of its net capital, which were in compliance with regulatory requirements. As at December 31, 2015, none of the Bank's loans to top ten borrowers were non-performing loans.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013
Loan concentration ratio for the largest single customer (%)	<=10	4.00	4.62	5.09
Loan concentration ratio for the top ten customers (%)	<=50	30.79	25.21	22.84

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

b. Loans to top ten single borrowers

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>		As at December 31, 2015	
		Amount	Percentage of total (%)
Customer A	Public administration, social security and social organization	940,000	0.75
Customer B	Real estate	845,000	0.68
Customer C	Manufacturing	834,000	0.67
Customer D	Leasing and commercial services	790,000	0.63
Customer E	Real estate	732,500	0.59
Customer F	Real estate	700,000	0.56
Customer G	Real estate	679,300	0.54
Customer H	Real estate	655,000	0.52
Customer I	Real estate	560,000	0.45
Customer J	Electricity, thermal power, gas and water production and supply	500,000	0.40

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015			As at December 31, 2014		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	84,276,669	883,238	1.05	69,031,229	604,039	0.88
Short-term loans	47,125,070	778,238	1.65	45,885,258	502,639	1.10
Medium- and long-term loans	37,151,599	105,000	0.28	23,145,971	101,400	0.44
Retail loans	36,371,937	327,090	0.90	32,550,711	127,941	0.39
Residential mortgage and personal commercial property loans ⁽¹⁾	17,880,109	63,893	0.36	16,994,619	30,800	0.18
Personal business and re-employment loans	11,586,127	205,062	1.77	9,080,283	74,589	0.82
Others ⁽²⁾	6,905,701	58,135	0.84	6,475,809	22,552	0.35
Discounted bills	4,120,780	-	-	4,866,911	-	-
Total	<u>124,769,386</u>	<u>1,210,328</u>	<u>0.97</u>	<u>106,448,851</u>	<u>731,980</u>	<u>0.69</u>

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

(2) Other loans include Yangtze Card revolving credit lines, Yangtze Quick and Easy Loan (長江快易貸), personal consumer automobile mortgage loans (indirect type), personal consumer automobile mortgage loans (direct type), other personal loans for general consumption needs and Xing Fu Dai (幸福貸).

As at December 31, 2015, non-performing loan ratio of corporate loans increased by 0.17 percentage point to 1.05% as compared to the end of the previous year, and non-performing loan ratio of retail loans increased by 0.51 percentage point to 0.90% as compared to the end of the previous year.

(4) Overdue loans and advances to customers

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2015		As at December 31, 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Past due within 90 days	1,911,506	54.56	835,969	56.49
Past due 90 days to 1 year	1,079,629	30.82	406,747	27.49
Past due over 1 year and within 3 years	413,682	11.81	237,008	16.02
Past due over 3 years	98,486	2.81	3	0.00
Total overdue loans and advances to customers	3,503,303	100.00	1,479,727	100.00

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

As at December 31, 2015, the total overdue loans amounted to RMB3,503.30 million, representing an increase of RMB2,023.58 million as compared to the end of the previous year. Overdue loans accounted for 2.81% of total loans, representing an increase of 1.42 percentage points as compared to the end of the previous year.

3.2.4 Analysis of capital adequacy ratio

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

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

3.2.4.1 Capital adequacy ratio

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2015	December 31, 2014
Core capital:		
Share capital	3,127,055	2,705,228
Counted part of capital surplus	5,069,141	2,535,235
Surplus reserve and general risk reserves	4,948,796	3,707,640
Counted part of retained earnings	8,148,003	6,954,920
Core Tier 1 Capital deductibles items:		
Full deductibles items	(91,429)	(84,564)
Threshold deduction items	—	—
Core Tier 1 Capital, net	<u>21,201,566</u>	<u>15,818,459</u>
Other Tier 1 Capital, net	<u>—</u>	<u>—</u>
Tier 2 Capital, net	<u>2,302,606</u>	<u>2,244,252</u>
Net capital	<u>23,504,172</u>	<u>18,062,711</u>
On-balance sheet risk-weighted assets	175,521,618	134,034,150
Off-balance sheet risk-weighted assets	10,258,298	13,996,784
Risk-weighted assets for exposure to counterparty credit risk	—	—
Total credit risk-weighted assets	<u>185,779,916</u>	<u>148,030,934</u>
Total market risk-weighted assets	<u>2,737,443</u>	<u>5,048,619</u>
Total operational risk-weighted assets	<u>13,594,516</u>	<u>11,158,260</u>
Total risk-weighted assets before applying capital base	202,111,875	164,237,813
Total risk-weighted assets after applying capital base	202,111,875	164,237,813
Core Tier 1 Capital adequacy ratio (Expressed in percentage)	<u>10.49</u>	<u>9.63</u>
Tier 1 Capital adequacy ratio (Expressed in percentage)	<u>10.49</u>	<u>9.63</u>
Capital adequacy ratio (Expressed in percentage)	<u>11.63</u>	<u>11.00</u>

As at the end of the Reporting Period, the Bank's capital adequacy ratio was 11.63%, representing a 0.63 percentage point increase as compared to the end of the previous year, and Core Tier 1 Capital adequacy ratio was 10.49%, an increase of 0.86 percentage point as compared to the end of the previous year. The change in capital adequacy ratio during the Reporting Period was mainly due to: (1) 1.32 percentage points increase in capital adequacy as a result of the successful issue of 421,827,300 new H shares by the Bank in December 2015 with an aggregate amount of HK\$3,226,978,845.00 raised; (2) a decline in capital adequacy to certain extent as a result of sound development of various operations and growth of total weighted risk assets on and off balance sheet. For details, please refer to "5.8 Issue of H Shares under Specific Mandate".

In accordance with the Supervisory Requirements on Information Disclosure of Commercial Banks' Capital Composition (《關於商業銀行資本構成信息披露的監管要求》) issued by the CBRC, the Bank has disclosed its capital composition, relevant items, and capital tools, details of which are available at "Investors Relation – Capital Regulation" (「投資者關係 – 監管資本」) on the official website of the Bank: www.cqcbank.com.

3.2.4.2 Leverage ratio

As at the end of the Reporting Period, the Bank's leverage ratio was 5.99%, above the regulatory requirement of the CBRC.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2015	December 31, 2014
Leverage ratio (%)	5.99	5.00
Tier 1 Capital	21,292,995	15,903,023
Deductions from Tier 1 Capital	91,429	84,564
Tier 1 Capital, net	21,201,566	15,818,459
On-balance sheet assets after adjustment	319,776,188	274,531,145
Off-balance sheet assets after adjustment	34,390,698	41,560,327
On- and off-balance sheet assets after adjustment	354,166,886	316,091,472

The leverage ratio is calculated in accordance with relevant regulatory requirements. Tier 1 Capital, net is consistent with that used in the calculation of capital adequacy ratio by the Bank.

On-balance sheet assets after adjustment include derivatives calculated by using the current risk exposure approach and other on-balance sheet assets. Off-balance sheet assets after adjustment include unconditionally cancellable commitments with a conversion factor of 10% and other off-balance sheet items.

On- and off-balance sheet assets after adjustment equal to on-balance sheet assets after adjustment plus off-balance sheet items after adjustment.

3.2.5 Segment information

3.2.5.1 Summary of geographical segment

(Expressed in percentage)	For the year ended December 31,							
	2015		2014		2013		2012	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Deposits	81.19	18.81	77.49	22.51	77.81	22.19	79.85	20.15
Loans	75.82	24.18	74.00	26.00	73.83	26.17	73.85	26.15
Assets	83.37	16.63	81.40	18.60	77.72	22.28	80.13	19.87
Loan to deposit ratio	56.99	78.43	59.21	71.60	57.71	71.74	62.14	87.24
Non-performing loan ratio	0.65	2.02	0.31	1.80	0.26	0.75	0.24	0.59
Provision for impairment to non-performing loans	347.34	136.75	704.36	128.30	787.84	268.30	748.91	294.96

(Expressed in percentage)	For the year ended December 31,							
	2015		2014		2013		2012	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Return on average total assets	1.27	0.05	1.24	0.94	1.47	0.58	1.62	0.11
Net fee and commission income to operating income	19.34	14.14	13.25	7.65	10.88	11.48	7.05	13.74
Cost-to-income ratio	29.58	40.47	30.60	31.85	30.51	42.15	31.13	54.51

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

3.2.5.2 Summary of business segment

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2015				Total
	Corporate banking	Personal banking	Treasury operations	Unallocated	
Net interest income from external customers	2,242,000	300,151	4,459,922	–	7,002,073
Inter-segment net interest income/(expense)	2,029,518	527,638	(2,557,156)	–	–
Net interest income	4,271,518	827,789	1,902,766	–	7,002,073
Net fee and commission income	346,874	176,931	988,248	–	1,512,053
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2014				Total
	Corporate banking	Personal banking	Treasury operations	Unallocated	
Net interest income from external customers	2,089,251	679,154	3,463,293	–	6,231,698
Inter-segment net interest income/(expense)	2,130,299	493,782	(2,624,081)	–	–
Net interest income	4,219,550	1,172,936	839,212	–	6,231,698
Net fee and commission income	742,196	166,650	–	–	908,846

3.2.6 Analysis of off-balance-sheet items

Off-balance-sheet items of the Bank mainly include contingent liabilities and commitments, such as the credit commitments, capital expenditure commitments and operating lease commitments. Credit commitments, the major component of off-balance-sheet items, comprise bank acceptances, credit card commitments, issuance of letters of credit and issuance of letters of guarantee, among which credit card commitments, bank acceptances, and issuance of letters of credit are the major components. As at December 31, 2015, the balance of unused credit card limits was RMB2,116.88 million, representing an increase by RMB1,038.81 million or 96.4% as compared to the end of the previous year; the balance of guarantees, commitments and letters of credit was RMB33,582.86 million, representing a decrease by RMB6,899.40 million or 17.0% as compared to the end of the previous year; the balance of operating lease commitments was RMB195.18 million, representing an increase by RMB39.47 million or 25.3% as compared to the end of the previous year; the balance of capital expenditure commitments was RMB380.26 million, representing a decrease by RMB174.04 million or 31.4% as compared to the end of the previous year.

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

	Within 1 year	As at December 31, 2015		Total
		1 to 5 years	Over 5 years	
Unused credit card limits	2,116,877	–	–	2,116,877
Guarantees, acceptances and letters of credit	32,982,580	600,279	–	33,582,859
Operating lease commitments	60,066	110,211	24,901	195,178
Capital expenditure commitments	345,898	34,365	–	380,263
Total	35,505,421	744,855	24,901	36,275,177

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

	Within 1 year	As at December 31, 2014		Total
		1 to 5 years	Over 5 years	
Unused credit card limits	1,078,065	–	–	1,078,065
Guarantees, acceptances and letters of credit	40,102,035	380,227	–	40,482,262
Operating lease commitments	51,549	85,366	18,796	155,711
Capital expenditure commitments	507,265	47,036	–	554,301
Total	41,738,914	512,629	18,796	42,270,339

3.3 Risk Management

3.3.1 *Credit risk*

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

In 2015, facing the critical stage of economic structure adjustment and transformation and upgrade, the Bank actively responded to the new features of the banking industry under the “New Normal” economy, focused on the three major objectives of “strengthening the management and control for credit risk, promoting the construction and development of risk instruments, and optimizing the construction of a comprehensive risk management system”, and continuously improved the risk management and control mechanism to guard ourselves from the risks.

Strengthening the management and control for credit risk. Firstly, the Bank issued the Guidelines of Bank of Chongqing on the Further Enhancement of Credit Risk Management and Internal Control, which set out specific measures for key work aspects, including management structure, process optimization, instrument construction, risk mitigation, performance examination and risk culture, to achieve the overall objectives of firmly restraining the worsening of loan quality and cultivating healthy credit business concept and management culture. Secondly, the Bank furthered the implementation of the risk control for the credit granting business before, during and after loan granting, managed to “understand your customers and the businesses of your customers”, identified potential risks in a timely manner and took corresponding risk prevention and control measures to protect the security of the credit funds. Thirdly, the Bank continued to enhance the risk management and control for key industries and products such as steel and steel trading, coal and coal trading, real estate and financing products for the supply chain, adjusted the structure of the credit assets and the allocation schemes for credit resources, and gradually tightened the credit granting to the above industries.

Promoting the construction and development of risk instruments. Based on the project platform set up in accordance with the compliance requirements of New Basel Capital Accord, the Bank made continuous efforts to improve the non-retail internal rating-based statistic model, focused on promoting the systematic implementation of threshold for a single loan within the Bank and approved the application of risk management plans in the annual authorization system, symbolizing the application of credit risk in the core areas by the Bank for the first time. After the completion of the development of retail internal rating model, the Bank devoted itself into the design and development of risk assignment system for retail exposures and the building of supporting internal rating system, which together formed the basic framework of the Bank’s retail internal rating system.

Optimizing the development of a comprehensive risk management system. Firstly, the Bank constantly improved its business management measures, refined its business operating procedures and reinforced risk control measures in order to lower the risks caused by system deficiency. Secondly, the Bank continued to improve the credit risk resolution and non-performing assets recovery system to promote the implementation of standardized credit risk resolution and upgrade the efficiency of resolution. Thirdly, the Bank implemented the “Risk Manager Dispatching Initiative” on a trial basis and strengthened the independence and professionalization of risk management teams in our branches by separating the functions of front, middle and back office for credit granting business and strengthened internal control over credit granting business, so as to manage operating risk.

3.3.2 *Operational risk*

In 2015, the Bank highlighted the compliance with and the implementation of operational risk standards and continued to improve operational risk management system in terms of regulation, management tool and organizational structure. Centered on procedure streamlining and assessment, and evolving from rules to procedures, the Bank categorized over 800 major rules into 55 procedures and carried out regular assessments over the internal rules, job post arrangements, information system and internal control measures involved in such procedures. We constantly improved the operational procedures to support research and development of new businesses and products, and constantly improved risk control capacity and operational efficiency as procedure optimization was part of our daily operation and management. The Bank established the pre-alarm and dynamic monitoring mechanisms, and constantly improved key risks indicators of operational risk to timely carry out cause-effect analysis and risk profile assessment to prevent operational risk effectively. The Bank regulated its inspection and rectification works by developing inspection standards and deficiency database, and collecting and summarizing deficiencies identified during internal and external inspections across the Bank to strengthen deficiency management and implementation of rectification measures. Meanwhile, the Bank, acting in line with the inspection requirements of “two enhancements and two containments”, strengthened its accountability management, including proper sum-up and internal presentation of accountability cases, so as to give full play of their alarming effect. The Bank promoted business continuity management with the focus on trouble-shooting and responsive drills against business continuity risks to ensure the continuous business operation across the Bank.

3.3.3 *Market risk*

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

3.3.3.1 Interest rate risk of trading accounts

The financial instruments exposing the Bank to trading account interest rate risk are mainly bonds. As regards to the management of interest rate risk of trading accounts, the Bank established a market risk management framework in which the front, middle and back offices were separated, and market risk management was implemented by using methods including hierarchical authorization, risk exposure limit system and periodic valuation.

In 2015, the Bank paid close attention to movements in financial markets and continued to improve the market risk management and the risk exposure limit system. The Value at Risk (VaR) method was put in place to identify, monitor and control market risks.

3.3.3.2 Exchange rate risk

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

3.3.4 Liquidity risk management

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

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

The Bank continues to improve liquidity risk management framework by streamlining the policy system for liquidity risk management, and upgrade our liquidity risk management capability by continuously implementing the coordination meeting mechanism for assets and liabilities, position management, quota management for liquidity indexes, duration mismatch management, management of liquidity reserve assets, dynamic management of liquidity risk and improving our capability in liquidity risk measurement and forecast. Meanwhile, the Bank also promotes the accuracy and automation in liquidity risk monitoring and measurement by continuously improving the ability to apply information system of liquidity risk management through system construction and active application of scientific and technological means.

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

In addition, the Bank continuously carried out liquidity risk stress tests (at least once a quarter) so that it can discover the weak links in liquidity risk management in advance through such stress tests and adopt relevant measures to constantly improve its liquidity risk control capability. The results of the quarterly stress tests in 2015 indicated that the liquidity risks remained within an acceptable range even under stressful conditions. Meanwhile, the Bank established contingency plan for liquidity risk, standardized the contingency measures in emergency circumstances so as to improve the efficiency of reaction in emergency circumstances.

As at the end of 2015, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

The Bank uses liquidity gap analysis to assess liquidity risk. As at the end of 2015, the liquidity gap of the Bank calculated from our undiscounted contractual cash flows categorized by contractual maturities was as follows:

Undiscounted contractual cash flows categorized by contractual maturities

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2015									
Net Liquidity gap	<u>(65,332,161)</u>	<u>8,425,035</u>	<u>(7,076,621)</u>	<u>(18,139,998)</u>	<u>46,748,249</u>	<u>48,274,503</u>	<u>30,277,998</u>	<u>2,883,877</u>	<u>46,060,882</u>
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	In perpetuity	Overdue	Total
December 31, 2014									
Net Liquidity gap	<u>(56,910,723)</u>	<u>8,100,572</u>	<u>(4,402,242)</u>	<u>(212,423)</u>	<u>20,747,938</u>	<u>49,294,762</u>	<u>31,353,689</u>	<u>1,325,341</u>	<u>49,296,914</u>

In 2015, the Bank's cumulative gap for all maturities was RMB46,060.88 million, a decrease of RMB3,236.03 million over the previous year-end. Although there was a shortfall in on-demand repayment of RMB65,332.16 million, the Bank's deposit base is extensive and solid. Current deposit settlement rates were higher and funding sources were stable, so the impact of the shortfall on the Bank's real liquidity was not significant.

Liquidity coverage ratio of the Bank

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2015	December 31, 2014
Qualified high-quality liquid assets	<u>42,132,802</u>	<u>30,051,064</u>
Net cash outflow in the next 30 days	41,906,971	31,902,646
Liquidity coverage ratio (%)	<u>100.54</u>	<u>94.20</u>

The latest Administrative Measures for Liquidity Risk Management of Commercial Banks of the CBRC requires that commercial banks' liquidity coverage ratios must reach 100% by the end of 2018. During the transition period, the liquidity coverage ratios shall reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017 respectively.

The Bank measures its liquidity coverage ratio according to the latest Administrative Measures for Liquidity Risk Management of Commercial Banks issued by the CBRC which came into effect as of October 1, 2015. As at December 31, 2015, the Bank's liquidity coverage ratio was 100.54%, representing an increase of 6.34 percentage points as compared to the end of the previous year, which was in compliance with the regulatory requirements of the CBRC.

3.3.5 *Market risk management*

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

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

3.3.5.1 *Analysis of interest rate risk*

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

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

In 2015, China accelerated its interest rate liberalization, with interest rate deregulated and certificates of deposit launched by the People’s Bank of China. Various financial innovations emerged and led to intensified market competition and strengthened market supervision. Facing the interest rate liberalization and intensified competition in the financial market, the Bank constantly improved the management of interest pricing, adjusted the pricing of capital in due time and effectively guided the lending rates and re-pricing frequency, controlled the interest costs and enhanced the perspective in interest rate risk management by the implementation of the pricing policy of interest rate and proper use of the FTP pricing system, to ensure that our revenue and market value were maintained at a relatively stable level.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
December 31, 2015							
Assets							
Cash and balances with central bank	37,587,207	-	-	-	-	614,162	38,201,369
Due from other banks and financial institutions	26,414,111	12,291,487	6,824,663	326,295	-	-	45,856,556
Financial assets at fair value through profit or loss	229,901	50,070	118,368	1,145,624	768,623	-	2,312,586
Loans and advances to customers	57,135,847	11,490,085	37,199,912	15,129,020	861,588	-	121,816,452
Securities investment							
– Loans and receivables	4,816,563	7,137,716	26,412,164	33,812,501	829,270	-	73,008,214
– Available-for-sale	1,476,120	3,050,782	3,473,817	7,243,881	3,233,951	492,416	18,970,967
– Held-to-maturity	75,000	119,999	550,945	4,799,016	8,271,764	-	13,816,724
Investment in associates	-	-	-	-	-	29,214	29,214
Other financial assets	-	-	-	-	-	2,025,860	2,025,860
Total assets	127,734,749	34,140,139	74,579,869	62,456,337	13,965,196	3,161,652	316,037,942
Liabilities							
Due to other banks and financial institutions	26,485,049	16,852,628	29,303,271	500,000	94,607	-	73,235,555
Customer deposits	80,049,717	17,292,181	67,048,222	34,903,451	5,134	-	199,298,705
Debt securities issued	-	5,145,828	9,556,538	2,992,474	795,902	-	18,490,742
Other financial liabilities	-	-	-	-	-	5,927,271	5,927,271
Total liabilities	106,534,766	39,290,637	105,908,031	38,395,925	895,643	5,927,271	296,952,273
Total interest rate sensitivity gap	21,199,983	(5,150,498)	(31,328,162)	24,060,412	13,069,553	(2,765,619)	19,085,669

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
December 31, 2014							
Assets							
Cash and balances with central bank	35,059,587	–	–	–	–	639,506	35,699,093
Due from other banks and financial institutions	30,183,206	14,566,481	9,209,706	450,060	–	–	54,409,453
Financial assets at fair value through profit or loss	–	29,969	24,646	2,265,196	2,478,399	–	4,798,210
Loans and advances to customers	67,839,475	9,156,771	22,015,899	3,136,390	1,966,221	–	104,114,756
Securities investment							
– Loans and receivables	780,799	4,043,881	13,076,622	35,487,075	–	–	53,388,377
– Available-for-sale	519,252	604,480	3,031,302	3,195,743	2,651,804	291,122	10,293,703
– Held-to-maturity	–	–	380,003	2,316,280	4,601,357	–	7,297,640
Investment in associates	–	–	–	–	–	26,405	26,405
Other financial assets	–	–	–	–	–	1,442,841	1,442,841
Total assets	134,382,319	28,401,582	47,738,178	46,850,744	11,697,781	2,399,874	271,470,478
Liabilities							
Due to other banks and financial institutions	33,115,383	19,725,009	26,379,353	2,300,000	115,979	–	81,635,724
Customer deposits	70,834,890	16,251,782	39,226,135	41,596,966	22,663	–	167,932,436
Debt securities issued	–	–	–	3,785,076	–	–	3,785,076
Other financial liabilities	–	–	–	–	–	4,495,548	4,495,548
Total liabilities	103,950,273	35,976,791	65,605,488	47,682,042	138,642	4,495,548	257,848,784
Total interest rate sensitivity gap	30,432,046	(7,575,209)	(17,867,310)	(831,298)	11,559,139	(2,095,674)	13,621,694

At the end of 2015, the Bank's accumulated gap amounted to RMB19,085.67 million, representing an increase of RMB5,463.98 million as compared to the end of the previous year.

Assuming that overall market interest rates and exchange rates move in parallel, and not taking into account of the management level risk management activities that may be carried out by the management to reduce interest rates or exchange rate risk, the Bank's interest rate and exchange rate sensitivity analysis are as follows:

3.3.5.2 Interest rate sensitivity analysis

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Estimated changes of net interest income	
	December 31, 2015	December 31, 2014
+ 100 basis points parallel move in all yield curves	42,712	161,435
- 100 basis points parallel move in all yield curves	(42,712)	(161,435)
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Change of other comprehensive income	
	December 31, 2015	December 31, 2014
+ 100 basis points parallel move in all yield curves	(370,886)	(281,050)
- 100 basis points parallel move in all yield curves	332,421	289,543

3.3.5.3 Exchange rate sensitivity analysis

The following table shows the effect on pre-tax profits when the Renminbi to foreign currency exchange rate moves by 1%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Estimated pre-tax profit/(loss) change	
	December 31, 2015	December 31, 2014
+1% upward change of foreign exchange rate	26,846	3,660
-1% downward change of foreign exchange rate	(26,846)	(3,660)

3.4 Outlook

In 2016, as the domestic and international economic and financial situations remain complicated, China will face greater challenges in respect of its economic growth, the adverse impact of continued economic downturn, the increasing structural contradictions in the transition of the new and old growth drivers and the tougher task of stabilizing growth and structural adjustment. The Chinese government will implement proactive fiscal policies, such as reducing taxes, periodically increasing fiscal deficit and properly raising fiscal expenditure, to promote the transformation and upgrade of traditional industries and the rapid development of emerging industries, so as to ensure that China will experience smooth and stable transition and maintain sustainable and sound development under the “New Normal” economy.

With respect to China’s financial reform and innovation, the accelerated liberalization of interest rate and continuous improvement in financial regulation and rapid pace of exchange rate reform will lead to intensified competition in the financial market. Development strategies and major industrial initiatives such as the “One Belt, One Road” strategy, “Internet +” action plan and “Entrepreneurship and Innovation by the General Public” will create new impetus for economic growth and fully explore economic development. As the “structural reform of the supply side” is being promoted vigorously, a series of new measures will be launched in succession, which will help to stabilize growth, adjust restructure, benefit people’s lives and prevent risks and create valuable opportunities of development for the banking industry. The central bank will continue to implement prudent and flexible monetary policies to maintain

an appropriate easing and flexibly employ various monetary policy tools to maintain appropriate liquidity in order to achieve reasonable growth of credit and financing in society. In addition, adjustment and optimization of industry regulatory policies and the gradual opening up of financial service qualification license will effectively enhance the autonomy and flexibility of the banking business, creating a new source of growth.

As China's largest municipality, the most developed urban center in the west, the largest port city on the upper reaches of the Yangtze River and the operating center for Zhongxin interconnection construction, Chongqing is located in the intersection of "One Belt, One Road" strategy and Yangtze River Economic Zone and will encounter new opportunities of development under China's "New Normal" economy. In 2015, the regional gross domestic product of Chongqing recorded a growth of 11.0%, leading the nation's other provinces, municipalities and economy. In 2016, with the progress of China's major development strategies and plans as well as the implementation of policies and measures for stable growth and structural adjustment, Chongqing is expected to maintain a favourable momentum of rapid development in its economic growth.

In 2016, the Bank will continue to implement the restructuring and upgrading of various businesses. The Bank will further enhance its operational and management standards, deepen its reform of internal governance, improve products and services, and strive for innovative development in consumer credit, asset management, and other service areas. At the same time, the Bank will also actively establish and optimize an efficient internet financial platform, and provide the Bank's customers with an even more comprehensive range of financial products and services.

The Bank will adhere to its strategic transformation target of "professionalism, comprehensive management and Internet banking" and strive to promote the prioritization and upgrading of operation and customer structure, constantly improving its ability of sustainable development. The Bank has a competitive advantage in small and micro business, corporate business, personal business, inter-bank financing and other services, and will improve its specified management and service standards and actively expand its business scope, diversify business types and create a new source of growth to the extent permitted by national policies and regulations. By adopting an analytical approach to the regional and macro-economic financial situation, the forecast ability and initiative of operations management will be enhanced. By continuing to develop a comprehensive risk management system, and striving to realize healthy, rapid and sustainable development objectives, we aim at generating more returns for our shareholders and investors.

4. MAJOR ASSET PURCHASES, SALES AND MERGERS

During the Reporting Period, the Bank did not conduct any major asset purchases, sales or mergers.

5. OTHER INFORMATION

5.1 Corporate Governance Code

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

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

During the Reporting Period, the Bank had fully complied with the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and, where appropriate, adopted the recommended best practices therein. The Bank also strictly abided by the applicable laws, regulations and Listing Rules in respect of the management of inside information.

5.2 The Bank's Directors, Supervisors and Senior Management

The organizational structure of the Bank's Board, board of supervisors and senior management are as follows:

As of the end of the Reporting Period, the Board of the Bank had a total of thirteen directors, of which there were three executive directors, namely Mr. GAN Weimin (Chairman), Mr. RAN Hailing (President) and Mr. ZHAN Wanghua (Chief Risk Officer); five non-executive directors, namely Mr. WONG Hon Hing (Vice Chairman), Mr. QIN Wei, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and five independent non-executive directors, namely Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

The board of supervisors of the Bank had a total of nine supervisors, of which there were four staff supervisors, namely Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. LIN Min and Mr. ZHOU Xiaohong; two shareholder supervisors, namely Mr. CHEN Yan and Mr. WU Bing; and three external supervisors, namely Mr. ZHOU Yongkang, Mr. CHEN Zhengsheng and Mr. YIN Xianglong.

The senior management of the Bank had a total of four members, namely Mr. LIU Jianhua, Ms. YANG Shiyin, Mr. ZHOU Guohua and Mr. ZHOU Wenfeng.

5.3 Changes in Directors, Supervisors and Senior Management

Changes in Directors

On April 7, 2015, Ms. NI Yuemin resigned from the position of an executive director of the Bank due to work re-designation. On April 24, 2015, the Board approved Ms. NI Yuemin's resignation from the positions of executive director, member of the Strategic Committee of the Board, member of the Information Technology Guidance Committee of the Board, vice president, chief financial officer and authorised representative and appointed Mr. GAN Weimin, Chairman and executive director of the Bank as an authorised representative in place of Ms. NI Yuemin, with effect from April 24, 2015.

On August 11, 2015, the resolution regarding the election of Mr. HE Sheng as a non-executive director of the Bank has been approved at the first extraordinary general meeting of 2015. The above appointment of Mr. HE Sheng shall be effective from the date when his qualification of directorship has been approved by Chongqing Bureau of China Banking Regulatory Commission ("**Chongqing CBRC**").

Changes in Supervisors

On March 24, 2015, the employee representatives' meeting of the Bank elected Mr. YANG Xiaotao, Mr. HUANG Changsheng, Mr. LIN Min and Mr. ZHOU Xiaohong as the employee supervisors for the fifth session of the board of supervisors of the Bank. Ms. WAN Jiayu ceased to act as an employee supervisor of the Bank due to change of session of the board of supervisors. The term of office for the employee supervisors of the fifth session of the board of supervisors of the Bank shall commence on March 24, 2015 and end upon expiry of the term of office of the fifth session of the board of supervisors. Mr. YANG Xiaotao was elected as the chairperson of the Board of Supervisors at the meeting of the board of supervisors held on the same date with effect from March 24, 2015.

On June 15, 2015, the board of supervisors of the Bank received a written resignation from Mr. TANG Jun, who has tendered his resignation from the office of shareholder supervisor of the Bank due to his change of work arrangement. According to the Articles of Association of the Bank, Mr. TANG's resignation shall not come into effect until a new supervisor is elected at the Bank's general meeting to fill the vacancy. On June 24, 2015, the Bank received a resolution submitted by the board of supervisors of the Bank regarding the proposed appointment of Mr. WU Bing as a shareholder supervisor. Such resolution has been approved at the first extraordinary general meeting of 2015 held on August 11, 2015, and Mr. WU Bing's appointment above took effect from August 11, 2015.

Changes in Senior Management

Due to a job change, Mr. WANG Min, Vice President of the Bank, resigned from the position of Vice President on July 23, 2015, whose resignation was approved by the Board on August 21, 2015.

On December 23, 2015, Mr. HUANG Ning and Ms. PENG Yanxi were appointed as Vice President of the Bank by the Board respectively. The above appointments of Mr. HUANG Ning and Ms. PENG Yanxi shall be effective from the date when their qualifications of Vice President have been approved by Chongqing CBRC.

5.4 Securities Transactions by Directors and Supervisors

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

5.5 Profits and Dividends

The Bank’s revenue for the year ended December 31, 2015 and the Bank’s financial position as at the same date are set out in the section headed “Financial Report” of this results announcement.

The distribution of a final dividend of RMB0.272 (tax inclusive) per share for the year 2014, amounting to a total dividend of RMB735,821,881.36 (tax inclusive) based on the profit and number of shares issued for the year ended December 31, 2014, was considered and approved at the 2014 annual general meeting held on June 12, 2015. The final dividend for the year 2014 was distributed to holders of H Shares and domestic shares on July 20, 2015.

The Board of the Bank has proposed a cash dividend of RMB0.264 per share (tax inclusive) for the year ended December 31, 2015, amounting to an aggregate amount of RMB825,542,468.52 (tax inclusive) to all shareholders of the Bank. The dividend distribution proposal will be submitted to the 2015 annual general meeting for approval. If the proposal is approved at the meeting, the dividend will be distributed to holders of domestic shares and holders of H Shares whose names appear on the register of members on June 30, 2016. The proposed dividend will be denominated in RMB. Dividends to holders of domestic shares shall be paid in RMB, and dividends to holders of H Shares shall be paid in Hong Kong dollars. The exchange rate of RMB to HK\$ to be adopted shall be the average middle rates of the five business days preceding the date of declaration of such dividends by the Bank at the 2015 annual general meeting (being June 17, 2016, inclusive) as announced by the People's Bank of China. The register of members of the Bank will be closed from Thursday, June 23, 2016 to Thursday, June 30, 2016 (both days inclusive), during such period no transfer of domestic shares or H Shares will be registered. In order to be entitled to the dividend payment, holders of H shares of the Bank who have not registered the related transfer documents are required to lodge the transfer documents together with the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, June 22, 2016.

The Board of the Bank proposed to distribute the 2015 final dividends on Friday, July 22, 2016. If there are any expected changes to the dividend payment date, an announcement will be published.

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

<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	2014	2013	2012
Cash dividend (tax inclusive)	735.82	605.97	141.44
As a percentage of profit for the year	26.03%	26.02%	7.35%

5.6 Annual General Meeting of 2015 and Closure of Register of Members

The Bank's 2015 annual general meeting will be held on Friday, June 17, 2016. In order to determine the holders of H Shares who are eligible to attend and vote at the annual general meeting, the register of members of the Bank will be closed from Tuesday, May 17, 2016 to Friday, June 17, 2016 (both days inclusive), and during such period no transfer of shares will be registered. Holders of H Shares of the Bank who wish to attend and vote at the 2015 annual general meeting must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, May 16, 2016.

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

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

5.8 Issue of H Shares under Specific Mandate

On June 24, 2015, the Bank entered into subscription agreements with Shanghai Automobile Industry (Group) Company or a subsidiary procured by it to subscribe for the New H Shares (“**SAIC Subscribers**”), Shanghai Shimao Co., Ltd. and Shanghai Shimao Investment Management Consultancy (Hong Kong) Company Limited (上海世貿股份投資管理顧問(香港)有限公司) (“**Shimao Subscribers**”), Fude Sino Life Insurance Co., Ltd. (“**Sino Life**”), National Holdings Group Company Limited (國民控股集團有限公司) (“**National Holdings**”) and Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) (“**Zhongrong International**”, together with SAIC Subscribers, Shimao Subscribers, Sino Life and National Holdings, collectively the “**Placees**”) under a specific mandate, pursuant to which the Bank has conditionally agreed to allot and issue and the Placees have conditionally agreed to subscribe for an aggregate of 810,000,000 New H Shares at a subscription price of HK\$7.65 per New H Share (the “**Placing**”). The resolution in relation to the Placing and the specific mandate was approved at the first extraordinary general meeting of 2015, domestic shareholders’ class meeting and H shareholders’ class meeting of the Bank held on August 11, 2015. Subsequently, as the proposed subscription by Shimao Subscribers has not been approved by the relevant regulatory authorities, each of National Holdings and Zhongrong International did not have sufficient available funds to complete the proposed subscription by the completion date of the Placing, the proposed Placing to Shimao Subscribers, National Holdings and Zhongrong International did not take place. On December 23, 2015, an aggregate of 421,827,300 New H Shares were allotted by the Bank to SAIC Subscribers and Sino Life for a gross proceeds of HK\$3,226,978,845.00, the details of which are set out in the announcements of the Bank dated June 24, 2015, August 11, 2015, December 11, 2015 and December 23, 2015 and the circular dated July 23, 2015.

5.9 Review of Annual Results of 2015

The 2015 financial statements prepared in accordance with the IFRSs have been audited by PricewaterhouseCoopers in accordance with International Standards on Auditing.

The Board and the audit committee of the Board have reviewed and confirmed the Annual Results of the Bank.

6 FINANCIAL REPORT

BANK OF CHONGQING CO., LTD. STATEMENTS OF COMPREHENSIVE INCOME

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

	2015	2014
Interest income	15,507,610	13,236,153
Interest expense	(8,505,537)	(7,004,455)
Net interest income	7,002,073	6,231,698
Fee and commission income	1,589,399	974,857
Fee and commission expense	(77,346)	(66,011)
Net fee and commission income	1,512,053	908,846
Net trading gains	23,769	160,189
Net (losses)/gains on investment securities	(10,243)	150,637
Other operating income	64,929	31,740
Operating income	8,592,581	7,483,110
Operating expenses	(3,190,171)	(2,805,275)
Impairment losses	(1,135,300)	(889,566)
Operating profit	4,267,110	3,788,269
Share of profit of an associate	2,809	2,035
Profit before income tax	4,269,919	3,790,304
Income tax expense	(1,099,858)	(963,161)
Net profit	3,170,061	2,827,143
Net profit for the year attributable to shareholders of the Bank	3,170,061	2,827,143
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	1.17	1.05

BANK OF CHONGQING CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
(All amounts expressed in thousands of RMB unless otherwise stated)

	2015	2014
Net profit for the year attributable to shareholders of the Bank	3,170,061	2,827,143
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Available-for-sale ('AFS') securities changes in fair value recorded in equity	400,480	271,884
Less: Related income tax impact	(100,120)	(67,971)
Subtotal	300,360	203,913
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Surplus on remeasurement of retirement benefits	(3,292)	(1,777)
Less: Related income tax impact	823	444
Subtotal	(2,469)	(1,333)
Total other comprehensive income, net of tax	297,891	202,580
Total comprehensive income for the year attributable to shareholders of the Bank	3,467,952	3,029,723
Dividends		
Dividends declared during the year	735,822	605,971

BANK OF CHONGQING CO., LTD.
STATEMENTS OF FINANCIAL POSITION

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

	As at 31 December 2015	2014
ASSETS		
Cash and balances with central bank	38,201,369	35,699,093
Due from other banks and financial institutions	45,856,556	54,409,453
Financial assets at fair value through profit or loss	2,312,586	4,798,210
Loans and advances to customers	121,816,452	104,114,756
Investment securities		
– Loans and receivables	73,008,214	53,388,377
– Available-for-sale ('AFS')	18,970,967	10,293,703
– Held-to-maturity ('HTM')	13,816,724	7,297,640
Investment in an associate	29,214	26,405
Property, plant and equipment	2,627,007	2,396,654
Deferred income tax assets	505,920	317,765
Other assets	2,662,978	1,789,089
Total assets	319,807,987	274,531,145
LIABILITIES		
Due to other banks and financial institutions	73,235,555	81,635,724
Customer deposits	199,298,705	167,932,436
Other liabilities	7,218,001	5,056,289
Current tax liabilities	271,989	218,597
Debt securities issued	18,490,742	3,785,076
Total liabilities	298,514,992	258,628,122
EQUITY		
Capital and reserves attributable to the Bank's shareholders		
Share capital	3,127,055	2,705,228
Capital surplus	4,680,638	2,444,623
Other reserves	5,337,299	3,798,252
Retained earnings	8,148,003	6,954,920
Total equity	21,292,995	15,903,023
Total liabilities and equity	319,807,987	274,531,145

BANK OF CHONGQING CO., LTD.
STATEMENTS OF CHANGES IN EQUITY

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

	Other reserves						Retained earnings	Total
	Share capital	Capital surplus	Surplus reserve	General reserve	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits		
Balance at 1 January 2015	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023
Net profit for the year	-	-	-	-	-	-	3,170,061	3,170,061
Changes taken to other comprehensive income	-	-	-	-	300,360	(2,469)	-	297,891
Total comprehensive income	-	-	-	-	300,360	(2,469)	3,170,061	3,467,952
Shares issued	421,827	2,236,015	-	-	-	-	-	2,657,842
Dividends	-	-	-	-	-	-	(735,822)	(735,822)
Transfer to other reserves	-	-	317,006	924,150	-	-	(1,241,156)	-
Balance at 31 December 2015	3,127,055	4,680,638	1,522,214	3,426,582	390,730	(2,227)	8,148,003	21,292,995
Balance at 1 January 2014	2,705,228	2,444,623	922,494	1,843,080	(113,543)	1,575	5,675,814	13,479,271
Net profit for the year	-	-	-	-	-	-	2,827,143	2,827,143
Changes taken to other comprehensive income	-	-	-	-	203,913	(1,333)	-	202,580
Total comprehensive income	-	-	-	-	203,913	(1,333)	2,827,143	3,029,723
Shares issued	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(605,971)	(605,971)
Transfer to other reserves	-	-	282,714	659,352	-	-	(942,066)	-
Balance at 31 December 2014	2,705,228	2,444,623	1,205,208	2,502,432	90,370	242	6,954,920	15,903,023

BANK OF CHONGQING CO., LTD.**STATEMENTS OF CASH FLOWS***(All amounts expressed in thousands of RMB unless otherwise stated)*

	2015	2014
Cash flows from operating activities:		
Profit before income tax	4,269,919	3,790,304
Adjustments:		
Depreciation and amortisation	153,333	136,803
Impairment losses on loans	1,013,419	732,023
Impairment losses on other assets	121,881	157,543
Net gains on disposal of property, plant and equipment	(325)	(650)
Net losses/(gains) on de-recognition of investment securities	10,243	(150,637)
Share of results of an associate	(2,809)	(2,035)
Interest income arising from investment securities	(5,755,798)	(3,822,850)
Interest expense arising from debt securities issued	362,702	218,423
Net increase in operating assets:		
Net decrease/(increase) in restricted deposit balances with central bank	241,667	(3,334,802)
Net (increase)/decrease in due from and placements to banks and other financial institutions	(844,209)	829,532
Net decrease/(increase) in financial assets held under resale agreements	13,016,520	(25,102,735)
Net increase in loans and advances to customers	(18,320,535)	(16,210,817)
Net increase in other operating assets	(1,284,724)	(13,157)
Net increase in operating liabilities:		
Net increase in borrowings from central bank	668,672	459,880
Net increase in due to and placements from banks and other financial institutions	263,919	20,373,828
Net (decrease)/increase in financial assets sold under repurchase agreements	(9,332,760)	27,052,444
Net increase in customer deposits	31,366,270	19,131,391
Net increase in other operating liabilities	2,103,780	2,359,355
Income tax paid	(1,334,741)	(999,787)
Net cash inflows from operating activities	16,716,424	25,604,056

BANK OF CHONGQING CO., LTD.**STATEMENTS OF CASH FLOWS (CONTINUED)***(All amounts expressed in thousands of RMB unless otherwise stated)*

	2015	2014
Cash flows from investing activities:		
Dividends received	14,809	10,000
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	24,559	4,918
Purchase of property and equipment, intangible assets and other long-term assets	(396,433)	(471,697)
Proceeds from sale and redemption of investments	181,257,103	101,535,297
Purchase of investment securities	(207,558,874)	(127,465,628)
Net cash outflows from investing activities	<u>(26,658,836)</u>	<u>(26,387,110)</u>
Cash flows from financing activities:		
Proceeds from issuance of shares	2,657,843	—
Proceeds from issuance of inter-bank certificates of deposit	21,040,847	—
Cash paid to redeem the debt securities issued	(6,500,000)	(1,000,000)
Interest paid in relation to debt securities issued	(197,800)	(70,654)
Dividend paid to shareholders of the Bank	(735,822)	(605,157)
Net cash inflows/(outflows) from financing activities	<u>16,265,068</u>	<u>(1,675,811)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>40,701</u>	<u>(6,804)</u>
Net increase/(decrease) in cash and cash equivalents	6,363,357	(2,465,669)
Cash and cash equivalents at beginning of the year	<u>11,754,912</u>	<u>14,220,581</u>
Cash and cash equivalents at end of the year	<u><u>18,118,269</u></u>	<u><u>11,754,912</u></u>

BANK OF CHONGQING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

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

1 BASIS OF PRESENTATION

The financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards ('IFRS') and disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the financial statements. The adoption of these new standards and amendments does not have a significant impact on the operating results, comprehensive income, or financial position of the Bank.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity'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 other comprehensive income 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 Bank is assessing the impact of IFRS 9 on the financial statements.

1 BASIS OF PRESENTATION (CONTINUED)

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. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Bank is assessing the impact of IFRS 15.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The Bank is currently assessing the impact of IFRS 16.

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

2 NET INTEREST INCOME

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

	2015	2014
Interest income		
Balances with central bank	494,110	484,995
Due from other banks and financial institutions	1,712,037	1,754,712
Loans and advances to customers	7,545,665	7,173,596
Investment securities	5,561,218	3,481,119
Financial assets at fair value through profit or loss	194,580	341,731
	<u>15,507,610</u>	<u>13,236,153</u>
Interest expense		
Due to other banks and financial institutions	(3,139,322)	(2,380,842)
Customer deposits	(5,003,513)	(4,405,190)
Debt securities issued	(362,702)	(218,423)
	<u>(8,505,537)</u>	<u>(7,004,455)</u>
Net interest income	<u>7,002,073</u>	<u>6,231,698</u>
	2015	2014
Interest income accrued on loans and advances to customers individually impaired	<u>59,493</u>	<u>28,975</u>

3 NET FEE AND COMMISSION INCOME

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

	2015	2014
Fee and commission income		
Commission income from financial advisory and consulting services	249,944	329,436
Commission income from wealth management agency service	436,537	230,612
Commission income from custodian service	613,009	214,271
Commission income from bank card services	171,072	111,007
Commission income from credit commitments	54,251	45,313
Commission income from settlement and agency services	64,586	44,218
	<u>1,589,399</u>	<u>974,857</u>
Fee and commission expense		
Commission expense from settlement and agency services	(50,107)	(43,792)
Commission expense from bank card services	(17,022)	(14,781)
Other commission expense	(10,217)	(7,438)
	<u>(77,346)</u>	<u>(66,011)</u>
Net fee and commission income	<u><u>1,512,053</u></u>	<u><u>908,846</u></u>

4 NET TRADING GAINS/(LOSSES)

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

	2015	2014
Foreign exchange	23,901	23,825
Interest rate instruments	(132)	136,364
	<u>23,769</u>	<u>160,189</u>

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

The retranslation of foreign currency monetary assets and liabilities amounted to income of RMB15,355 thousand, losses of RMB12,274 thousand for the years ended 31 December 2015 and 2014.

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

5 OTHER OPERATING INCOME

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

	2015	2014
Profit on sale property, plant and equipment	925	1,171
Profit on sale of foreclosed assets and other assets	–	4,555
Dividend income from unlisted available-for-sale investments	14,809	12,589
Government grants (i)	36,101	4,821
Rental income from investment property	1,139	1,484
Income from dormant account	617	1,531
Other miscellaneous income (ii)	11,338	5,589
	<u>64,929</u>	<u>31,740</u>

(i) Government grants

Government grant in 2014 was rewarded for financial interaction/support by Finance Bureau: RMB3,433 thousand, and subsidies and incentives for the social security center, industrial and commercial administrative bureau, Liupanshui people's government.

The government grants of 2015 mainly included bonus of incremental agricultural loans, financial incentives and subsidies of loans to Ecological Development Area which in northeast and southeast Chongqing, bonus of Financial Services Office and so on.

(ii) Other miscellaneous income mainly comprises cashier surplus, compensation on breach of contract, charge for cost of debit card etc.

6 OPERATING EXPENSES

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

	2015	2014
Staff costs (including directors and supervisors' emoluments)	1,626,120	1,324,089
General and administrative expenses	731,577	734,708
Business tax and surcharges	553,110	483,663
Depreciation of property, plant and equipment	108,272	93,620
Amortization of intangible assets	19,673	17,392
Amortization of land use rights	4,863	4,863
Depreciation of investment properties	318	235
Amortization of long-term prepaid expenses	20,207	20,693
Rental expenses	77,648	88,859
Professional fees	29,225	16,393
Auditors' remuneration		
– Audit services	3,300	2,800
– Non-audit services	386	144
Donations	7,900	5,720
Others	7,572	12,096
	<u>3,190,171</u>	<u>2,805,275</u>

7 STAFF COSTS (INCLUDING DIRECTORS AND SUPERVISORS' EMOLUMENTS)*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2015	2014
Salaries and bonuses	1,223,219	956,556
Pension costs	140,690	127,313
Housing benefits and subsidies	77,524	61,780
Labor union and staff education expenses	32,128	27,336
Other social security and benefit costs	152,559	151,104
	<u>1,626,120</u>	<u>1,324,089</u>

8 IMPAIRMENT LOSSES*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2015	2014
Loans and advances to customers		
– Collectively assessed	420,012	321,838
– Individually assessed	593,407	410,185
Loans and receivables	117,114	154,172
Others	4,767	3,371
	<u>1,135,300</u>	<u>889,566</u>

9 INCOME TAX EXPENSE*(All amounts expressed in thousands of RMB unless otherwise stated)*

	2015	2014
Current income tax	1,388,133	1,043,246
Deferred income tax	(288,275)	(80,085)
	<u>1,099,858</u>	<u>963,161</u>

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

9 INCOME TAX EXPENSE (CONTINUED)

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

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate 25% (2014: 25%), to profit before income tax can be reconciled as follows:

	2015	2014
Profit before income tax	4,269,919	3,790,304
Tax calculated at a tax rate of 25%	1,067,480	947,576
Tax effect arising from income not subject to tax ^(a)	(57,049)	(49,332)
Tax effect of expenses that are not deductible for tax purposes ^(b)	91,014	66,082
Tax filing differences for previous years	(1,587)	(1,165)
Income tax expense	<u>1,099,858</u>	<u>963,161</u>

- (a) The income not subject to tax mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulation.
- (b) The expenses that are not tax deductible for tax purposes mainly represent certain expenditure, such as entertainment expenses etc., which exceed the tax deduction limits pursuant to PRC Law on corporate income tax.

10 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2015	2014
Net profit attributable to shareholders of the Bank (in thousands of RMB)	<u>3,170,061</u>	<u>2,827,143</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>2,715,629</u>	<u>2,705,228</u>
Basic earnings per share (expressed in RMB yuan)	<u>1.17</u>	<u>1.05</u>

- (b) Diluted earnings per share

For the years ended 31 December 2015 and 2014, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

11 INVESTMENT SECURITIES

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

	As at 31 December 2015	2014
Investment securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust scheme ⁽¹⁾	50,160,905	35,989,622
– Wealth management product purchased from financial institutions	4,308,582	2,718,927
– Directional asset management plan ⁽²⁾	13,516,686	14,737,000
– Commercial acceptance bill purchased under resale agreements	4,306,545	–
– Local government bond	958,900	–
– Asset-Backed Security	27,882	97,000
Impairment	(271,286)	(154,172)
Loans and receivables – Total	73,008,214	53,388,377
Investment securities – available-for-sale		
Debt securities – at fair value		
– Listed outside Hong Kong	8,006,306	4,137,372
– Unlisted	10,472,231	5,865,195
Debt securities	18,478,537	10,002,567
Equity securities – at fair value		
– Unlisted	492,416	291,122
Equity securities	492,416	291,122
Others	14	14
Available-for-sale – Total	18,970,967	10,293,703
Investment securities – held-to-maturity		
Debt securities-at amortized cost		
– Listed outside Hong Kong	4,457,687	4,708,824
– Unlisted	9,359,037	2,588,816
Held-to-maturity – Total	13,816,724	7,297,640

11 INVESTMENT SECURITIES (CONTINUED)

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

Investment securities' impairment movement:

	Loans and receivables	Available for sale financial assets	Held-to-maturity investments	Total
As at 1 January 2015	154,172	–	–	154,172
Charge for the year	122,246	–	–	122,246
Reversal of the Year	(5,132)	–	–	(5,132)
As at 31 December 2015	<u>271,286</u>	<u>–</u>	<u>–</u>	<u>271,286</u>

Investment securities are analysed by issuer as follows:

	As at 31 December 2015	2014
Investment Securities – loans and receivables		
– Trust company	50,188,787	36,086,622
– Securities company	13,411,717	14,737,000
– Commercial bank	8,615,127	2,718,927
– Asset management company	104,969	–
– Government	958,900	–
Impairment	<u>(271,286)</u>	<u>(154,172)</u>
	<u>73,008,214</u>	<u>53,388,377</u>
Investment Securities – available-for-sale		
– Political bank	3,079,089	3,028,110
– Corporate entity	15,140,594	5,544,606
– Commercial bank	70,611	709,851
– Trust company	188,243	720,000
– Equity Investment at fair value	492,416	291,122
– Others	14	14
	<u>18,970,967</u>	<u>10,293,703</u>
Investment Securities – held-to-maturity		
– Government	10,515,099	5,051,655
– Political bank	2,835,625	1,779,985
– Commercial bank	420,000	420,000
– Corporate entity	46,000	46,000
	<u>13,816,724</u>	<u>7,297,640</u>

11 INVESTMENT SECURITIES (CONTINUED)*(All amounts expressed in thousands of RMB unless otherwise stated)*

(1) The trust schemes:

	As at 31 December	
	2015	2014
The trust schemes purchased from trust company		
– guaranteed by other bank	2,248,800	4,724,400
– guaranteed by guarantee company	2,731,000	4,518,900
– pledged by certificates of deposit	11,110,400	5,545,700
– collatered by properties	22,725,705	9,354,632
– guaranteed by third-party company	1,874,000	2,463,490
Subtotal	40,689,905	26,607,122
The trust schemes purchased from commercial bank		
– guaranteed by other bank	9,471,000	9,142,500
– guaranteed by guarantee company	–	240,000
Subtotal	9,471,000	9,382,500
Total	50,160,905	35,989,622

11 INVESTMENT SECURITIES (CONTINUED)

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

(2) The directional asset management plans:

	As at 31 December 2015	2014
The asset management plan purchased from securities company		
– guaranteed by other bank	2,727,000	12,172,000
– guaranteed by guarantee company	120,000	140,000
– pledged by certificates of deposit	2,811,212	–
– collatered by properties	580,000	–
– guaranteed by third-party company	864,000	425,000
– credit guarantee	423,025	–
Subtotal	7,525,237	12,737,000
The asset management plan purchased from commercial bank		
– guaranteed by other bank	5,886,480	2,000,000
Subtotal	5,886,480	2,000,000
The asset management plan purchased from asset management company		
– guaranteed by fund company	104,969	–
Subtotal	104,969	–
Total	13,516,686	14,737,000

Net (losses)/gains on investment securities include:

	2015	2014
Net (losses)/gains arising from de-recognition of held-for-trading financial assets	(11,591)	67,294
Net gains arising from de-recognition of available-for-sale financial assets	1,348	83,343
	(10,243)	150,637

12 INVESTMENT IN AN ASSOCIATE

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

	As at 31 December 2015	2014
Balance at beginning of the year	26,405	24,370
Share of profit of an associate	2,809	2,035
Balance at end of the year	29,214	26,405

In 5 May 2011, the Bank invested RMB22,000 thousand in establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20% of the registered capital of RMB110,000 thousand.

Investment in an associate of the Bank are unlisted corporation's ordinary shares. Assets, liabilities, revenue and profit/(loss) of an associate are as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Profit	Interest held
As of/for the year ended						
31 December 2015						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	1,402,697	1,257,963	49,921	14,043	20%
As of/for the year ended						
31 December 2014						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	761,272	630,581	36,482	10,175	20%

* The English names of the associate represented the best efforts by management of the Bank in translating the Chinese name as the associate does not have an official English name.

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

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

Financial guarantees and credit related commitments

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

	As at 31 December 2015	2014
Guarantees	2,280,292	543,404
Letters of credit	1,213,968	1,711,865
Acceptances	30,088,599	38,226,993
Other commitments with an original maturity of – Under 1 year	2,116,877	1,078,065
	35,699,736	41,560,327

13 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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

Capital expenditure commitments

	As at 31 December 2015	2014
Contracted but not provided for:		
– Capital expenditure commitments for buildings	183,412	283,952
– Acquisition of IT system	57,826	66,633
	241,238	350,585
Authorized but not contracted for:		
– Capital expenditure commitments for buildings	139,025	203,716

Operating lease commitments

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

	As at 31 December 2015	2014
Not later than 1 year	60,066	51,549
Later than 1 year and not later than 5 years	110,211	85,366
Later than 5 years	24,901	18,796
	195,178	155,711

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. The Bank had one outstanding legal claim for loan of RMB6,000 thousand as at 31 December 2015 (2014: one outstanding legal claim for mortgage of RMB23,000 thousand). After consulting legal professionals, management of the Bank believes that at the current stage these legal proceedings and arbitrations will not have a material impact on the financial position or operations of the Bank.

14 DIVIDENDS

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

	2015	2014
Dividend declared during the year	<u>735,822</u>	<u>605,971</u>
Dividend per share (in RMB yuan)(Based on prior year shares)	<u>0.272</u>	<u>0.224</u>

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

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

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

A dividend of RMB0.264 per share in respect of profit for the year ended 31 December 2015 (2014: RMB0.272 per share), amounting to a total dividend of RMB825,542 thousand based on the number of shares issued as at 31 December 2015, will be proposed for approval at the Annual General Meeting. These financial statements do not reflect this dividend payable in liabilities.

15 SEGMENT ANALYSIS

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

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

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

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

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

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

15 SEGMENT ANALYSIS (CONTINUED)
(All amounts expressed in thousands of RMB unless otherwise stated)

	For the year ended 31 December 2015				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,242,000	300,151	4,459,922	–	7,002,073
Inter-segment net interest income/(expense)	2,029,518	527,638	(2,557,156)	–	–
Net interest income	4,271,518	827,789	1,902,766	–	7,002,073
Net fee and commission income	346,874	176,931	988,248	–	1,512,053
Net trading income	–	–	23,769	–	23,769
Net losses on investment securities	–	–	(10,243)	–	(10,243)
Share of profit of an associate	–	–	2,809	–	2,809
Other operating income	655	7,505	14,809	41,960	64,929
Impairment losses	(920,274)	(93,145)	(117,114)	(4,767)	(1,135,300)
Operating expense	(1,713,171)	(898,535)	(566,389)	(12,076)	(3,190,171)
– Depreciation and amortization	(82,342)	(43,187)	(27,223)	(581)	(153,333)
– Others	(1,630,829)	(855,348)	(539,166)	(11,495)	(3,036,838)
Profit before income tax	1,985,602	20,545	2,238,655	25,117	4,269,919
31 December 2015					
Capital expenditure	148,122	55,097	192,582	632	396,433
Segment assets	119,491,853	44,447,139	155,358,361	510,634	319,807,987
Segment liabilities	165,895,183	42,314,118	90,304,091	1,600	298,514,992

15 SEGMENT ANALYSIS (CONTINUED)

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

	For the year ended 31 December 2014				
	Corporate Banking	Retail Banking	Treasury	Unallocated	Total
Net Interest income from external customers	2,089,251	679,154	3,463,293	–	6,231,698
Inter-segment net interest income/(expense)	<u>2,130,299</u>	<u>493,782</u>	<u>(2,624,081)</u>	<u>–</u>	<u>–</u>
Net interest income	4,219,550	1,172,936	839,212	–	6,231,698
Net fee and commission income	742,196	166,650	–	–	908,846
Net trading income	–	–	160,189	–	160,189
Net gains on investment securities	–	–	150,637	–	150,637
Share of profit of an associate	–	–	2,035	–	2,035
Other operating income	5,366	3,378	12,589	10,407	31,740
Impairment losses	(459,757)	(272,266)	(154,172)	(3,371)	(889,566)
Operating expense	(1,806,118)	(613,970)	(364,950)	(20,237)	(2,805,275)
– Depreciation and amortization	(88,078)	(29,941)	(17,797)	(987)	(136,803)
– Others	<u>(1,718,040)</u>	<u>(584,029)</u>	<u>(347,153)</u>	<u>(19,250)</u>	<u>(2,668,472)</u>
Profit before income tax	<u><u>2,701,237</u></u>	<u><u>456,728</u></u>	<u><u>645,540</u></u>	<u><u>(13,201)</u></u>	<u><u>3,790,304</u></u>
31 December 2014					
Capital expenditure	<u><u>189,321</u></u>	<u><u>56,333</u></u>	<u><u>225,489</u></u>	<u><u>554</u></u>	<u><u>471,697</u></u>
Segment assets	<u><u>110,186,011</u></u>	<u><u>32,786,014</u></u>	<u><u>131,236,323</u></u>	<u><u>322,797</u></u>	<u><u>274,531,145</u></u>
Segment liabilities	<u><u>(143,750,589)</u></u>	<u><u>(28,811,408)</u></u>	<u><u>(86,066,886)</u></u>	<u><u>761</u></u>	<u><u>(258,628,122)</u></u>

7. RELEASE OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com). The 2015 annual report prepared in accordance with the IFRSs will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com), and will be dispatched to the holders of H Shares of the Bank in due course.

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

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

Chongqing, the PRC, March 18, 2016

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

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