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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, 2013

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, 2013 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) promulgated by the International Accounting Standards Board. The Board and the audit committee of the Board have reviewed and confirmed the Annual Results.

1. CORPORATE INFORMATION

1.1 Basic Information

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

Secretary to the Board:	LI Zaining
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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 of the financial statements of the Bank prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference between the net profit attributable to equity holders of the Bank for the year ended December 31, 2013 and net profit attributable to shareholders at the end of the Reporting Period.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,				
	2013	2012	Year-on-year change between 2013 and 2012	2011	2010
OPERATING RESULTS			Change (%)		
Interest income	10,467,150	8,308,816	26.0	6,107,357	3,953,377
Interest expense	(5,288,532)	(4,159,185)	27.2	(2,785,858)	(1,407,921)
Net interest income	5,178,618	4,149,631	24.8	3,321,499	2,545,456
Net fee and commission income	644,581	368,046	75.1	289,812	198,428
Other operating income, net trading (losses)/income and net gains/(losses) on investment securities	51,301	139,619	-63.3	(40,253)	31,960
Operating income	5,874,500	4,657,296	26.1	3,571,058	2,775,844
Operating expenses	(2,282,858)	(1,901,448)	20.1	(1,450,786)	(1,108,461)
Provision for impairment of loans and advances to customers	(535,632)	(239,627)	123.5	(183,532)	(253,416)
Operating profit	3,056,010	2,516,221	21.5	1,936,740	1,413,967
Share of (losses)/profits of an associate	1,435	1,162	23.5	(227)	–
Profit before income tax	3,057,445	2,517,383	21.5	1,936,513	1,413,967
Income tax expense	(728,179)	(592,578)	22.9	(448,358)	(312,318)
Net profit	2,329,266	1,924,805	21.0	1,488,155	1,101,649
Net profit attributable to shareholders of the Bank	2,329,266	1,924,805	21.0	1,488,155	1,101,649
Calculated on a per share basis (RMB)			Change		
Net assets per share attributable to shareholders of the Bank	4.98	4.09	0.89	3.19	2.49
Basic earnings per share	1.10	0.95	0.15	0.74	0.55
Dividend per share	0.224	0.07	0.154	0.05	0.05

For the year ended December 31,

**Year-on-year
change
between 2013
and 2012**

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

**Major indicators of
assets/liabilities**

	2013	2012	Change (%)	2011	2010
Total assets	206,787,015	156,163,478	32.4	127,339,915	108,325,519
Of which: loans and advances to customers, net	88,637,824	75,256,873	17.8	62,824,926	51,954,951
Total liabilities	193,307,744	147,905,128	30.7	120,886,751	103,295,598
Of which: customer deposits	148,801,045	114,043,185	30.5	89,306,554	73,856,470
Share capital	2,705,228	2,020,619	33.9	2,020,619	2,020,619
Equity attributable to shareholders of the Bank	13,479,271	8,258,350	63.2	6,453,164	5,029,921
Total equity	13,479,271	8,258,350	63.2	6,453,164	5,029,921

Profitability indicators (%)

			Change		
Return on assets ⁽¹⁾	1.28	1.36	-0.08	1.26	1.16
Return on equity ⁽²⁾	21.4	26.2	-4.80	25.9	24.3
Net interest spread ⁽³⁾	2.61	2.66	-0.05	2.77	2.70
Net interest margin ⁽⁴⁾	2.81	2.85	-0.04	2.92	2.78
Net fee and commission income to operating income	10.97	7.90	3.07	8.10	7.10
Cost-to-income ratio ⁽⁵⁾	32.37	34.10	-1.73	34.30	34.00

For the year ended December 31,

**Year-on-year
change
between 2013
and 2012**

*(All amounts expressed in
percentage unless otherwise
stated)*

	2013	2012	Change	2011	2010
Asset quality indicators (%)			Change		
Non-performing loan ratio ⁽⁶⁾	0.39	0.33	0.06	0.35	0.36
Provision for impairment to non-performing loans ⁽⁷⁾	526.36	537.70	-11.34	526.74	534.04
Provision for impairment to total loans ⁽⁸⁾	2.06	1.80	0.26	1.87	1.91
Indicators of capital adequacy ratio (%)			Change		
Core capital adequacy ratio ⁽⁹⁾	10.82	8.18	2.64	9.26	9.17
Capital adequacy ratio ⁽⁹⁾	13.26	11.11	2.15	11.96	12.41
Total equity to total assets	6.52	5.29	1.23	5.07	4.64
Other indicators (%)			Change		
Loan-to-deposit ratio ⁽¹⁰⁾	60.82	67.20	-6.38	71.69	71.72
Liquidity ratio ⁽¹¹⁾	56.98	42.20	14.78	44.20	45.61
Percentage of loans to the single largest customer ⁽¹²⁾	5.09	4.63	0.46	6.17	5.29
Percentage of loans to the top ten customers ⁽¹³⁾	22.84	30.09	-7.25	40.47	47.43

- 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 expense (less business tax and surcharges) by operating income.
(6) Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.
(7) Calculated by dividing balance of provision for impairment on loans by balance of non-performing loans.
(8) Calculated by dividing balance of provision for impairment on loans by total balance of loans and advances to customers.
(9) Core capital adequacy ratio and capital adequacy ratio for 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 2010, 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 DISCUSSION AND ANALYSIS

3.1 Financial Review

For the past year, faced with complex and severe economic and financial circumstances domestically and globally, the Bank proactively responded to major challenges including the economic slowdown, the accelerated marketization of interest rates and the furtherance of financial regulation reform, and dedicated itself to accelerated transformation and development while integrating its operations and management, thus setting the Bank off to a good start upon its listing. The Bank recorded a net profit of RMB2,329.27 million in 2013, representing an increase of 21.0% year-on-year, which ranked high among its peers that are listed PRC banks. The Bank's performance not only delivered sound returns to its shareholders and investors, but also laid down a solid foundation for its sustainable development.

As at the end of 2013, the total assets of the Bank reached RMB206,787.02 million by a significant year-on-year increase of 32.4%, and such rate of increase ranked high among its listed PRC peers. The Bank adhered to prudent and sustainable principles for credit management and risk control and rationally maintained a reasonable level of aggregate credit amount and lending pace based on regional and macroeconomic changes. As a result, net loans and advances to customers grew by 17.8% to RMB88,637.82 million, while the non-performing loan ratio remained low at 0.39%, which was relatively low compared to its listed peers. While striving for stable and rapid growth in service network and business volume, the Bank remained customer-oriented in accelerating its business transformation and upgrading to keep abreast of customers' increasing demand for diversification of asset allocation and professional management of deposits. The Bank adopted an innovative approach in deposit management and optimized its pricing practice to meet the requirements for the marketization of interest rates. As at the end of 2013, the amount of customer deposits increased by RMB34,757.86 million, representing a year-on-year increase of 30.5%, providing a stable source of funding for the rapid growth of the Bank's credit, inter-bank and other intermediate businesses.

On November 6, 2013 (the "**Listing Date**"), the shares of the Bank were listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). A total of approximately 684.61 million new foreign invested shares ("**H Shares**") were offered by the Bank in the initial public offering and the net proceeds from the initial public offering were equivalent to RMB3,098.37 million. All the net proceeds were used to replenish the Bank's capital base. As of December 31, 2013, the Bank's capital adequacy ratio and core capital adequacy ratio increased to 13.26% and 10.82%, respectively, which not only provided an adequate reserve for the furtherance of the Bank's asset size and business transformation, but also fulfilled the latest regulatory requirements on capital adequacy ratio applicable to the PRC banking industry.

3.2 Analysis of the Financial Statements

3.2.1 Analysis of the Income Statement

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31,		Change in amount	Rate of change (%)
	2013	2012		
Interest income	10,467,150	8,308,816	2,158,334	26.0
Interest expense	(5,288,532)	(4,159,185)	(1,129,347)	27.2
Net interest income	5,178,618	4,149,631	1,028,987	24.8
Net fee and commission income	644,581	368,046	276,535	75.1
Net trading gain	(89,789)	25,789	(115,578)	-448.2
Net gain on investment securities	76,162	87,999	(11,837)	-13.5
Other operating income	64,928	25,831	39,097	151.4
Operating income	5,874,500	4,657,296	1,217,204	26.1
Operating expenses	(2,282,858)	(1,901,448)	(381,410)	20.1
Impairment losses on assets	(535,632)	(239,627)	(296,005)	123.5
Investments in associates	1,435	1,162	273	23.5
Profit before income tax	3,057,445	2,517,383	540,062	21.5
Income tax expense	(728,179)	(592,578)	(135,601)	22.9
Net profit	2,329,266	1,924,805	404,461	21.0

In 2013, our profit before income tax was RMB3,057.45 million, representing a year-on-year increase of 21.5%; net profit was RMB2,329.27 million, representing a year-on-year increase of 21.0%. Both profit before income tax and net profit recorded a year-on-year growth of over 20.0%, mainly attributable to the stable growth of interest-earning assets. Net interest income achieved a year-on-year increase of RMB1,028.99 million or 24.8%.

3.2.1.1 Net interest income

In 2013, net interest income amounted to RMB5,178.62 million, representing a year-on-year increase of RMB1,028.99 million or 24.8%. Net interest income accounted for 88.15% 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.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31,			
	2013	2012		
Interest income	10,467,150	8,308,816	2,158,334	26.0
Interest expense	(5,288,532)	(4,159,185)	(1,129,347)	27.2
Net interest income	<u>5,178,618</u>	<u>4,149,631</u>	<u>1,028,987</u>	24.8

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2013			Year ended December 31, 2012		
	Average balance	Interest income/ (expense)	Average yield/cost ratio (%)	Average balance	Interest income/ (expense)	Average yield/cost ratio (%)
ASSETS						
Loans and advances to customers	85,952,995	6,106,800	7.10	70,797,558	5,101,485	7.21
Investment securities	41,936,012	2,466,897	5.88	24,437,070	1,253,876	5.13
Balances with central banks	27,347,052	430,482	1.57	21,252,855	321,953	1.51
Due from other banks and financial institutions	25,964,192	1,260,963	4.86	26,408,126	1,446,687	5.48
Financial assets at fair value through profit or loss	3,139,015	202,008	6.44	2,873,117	184,815	6.43
Total interest-earning assets	184,339,266	10,467,150	5.68	145,768,726	8,308,816	5.70
LIABILITIES						
Customer deposits	134,537,605	(3,300,669)	2.45	102,738,078	(2,302,286)	2.24
Due to other banks and financial institutions	34,273,399	(1,779,260)	5.19	32,298,599	(1,760,418)	5.45
Debts issued	3,802,734	(208,603)	5.49	1,594,004	(96,481)	6.05
Total interest-bearing liabilities	172,613,738	(5,288,532)	3.06	136,630,681	(4,159,185)	3.04
Net interest income		5,178,618			4,149,631	
Net interest spread⁽¹⁾			2.61			2.66
Net interest margin⁽²⁾			2.81			2.85

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

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

Due to increased market competition in lending rates and the changes in credit structure in 2013, the average yield on interest-earning assets of the Bank decreased slightly by 2 basis points to 5.68% as compared to the previous year.

Due to increased market competition and rising interest rates on deposits in 2013, the average cost ratio of customer deposits increased over the previous year, and the overall average cost ratio of interest-bearing liabilities increased slightly by 2 basis points to 3.06% 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 5 basis points to 2.61% as compared to the previous year, while net interest margin decreased by 4 basis points to 2.81% 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 interest rate.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Due to changes in volume	Due to changes in interest rate	Change in interest income and expense
ASSETS			
Loans and advances to customers	1,092,061	(86,746)	1,005,315
Investment securities	897,878	315,143	1,213,021
Balances with central banks	92,319	16,210	108,529
Due from other banks and financial institutions	(24,320)	(161,404)	(185,724)
Financial assets at fair value through profit or loss	17,104	89	17,193
Change in interest income	<u>2,075,042</u>	<u>83,292</u>	<u>2,158,334</u>
LIABILITIES			
Customer deposits	712,604	285,779	998,383
Due to other banks and financial institutions	107,635	(88,793)	18,842
Debts issued	133,689	(21,567)	112,122
Change in interest expense	<u>953,929</u>	<u>175,418</u>	<u>1,129,347</u>

3.2.1.2 Interest income

In 2013, the Bank's interest income amounted to RMB10,467.15 million, representing a year-on-year increase of RMB2,158.33 million or 26.0%.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2013			Year ended December 31, 2012		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Loans and advances						
to customers	85,952,995	6,106,800	7.10	70,797,558	5,101,485	7.21
Investment securities	41,936,012	2,466,897	5.88	24,437,070	1,253,876	5.13
Balances with						
central banks	27,347,052	430,482	1.57	21,252,855	321,953	1.51
Due from other						
banks and financial institutions	25,964,192	1,260,963	4.86	26,408,126	1,446,687	5.48
Financial assets at fair value through profit or loss	3,139,015	202,008	6.44	2,873,117	184,815	6.43

1. Interest income from loans and advances to customers

In 2013, interest income from loans and advances to customers amounted to RMB6,106.80 million, representing a year-on-year increase of RMB1,005.32 million or 19.7%, primarily due to the increase in average balance of loans and advances to customers as compared to the previous year.

2. Interest income from investment securities

In 2013, the Bank's interest income from investment securities amounted to RMB2,466.90 million, representing a year-on-year increase of RMB1,213.02 million or 96.7%, primarily due to the significant increase in average balance and average yield on investment securities as compared to the previous year.

3. Interest income from balances with central banks

In 2013, the Bank's interest income from balances with central banks amounted to RMB430.48 million, representing a year-on-year increase of RMB108.53 million or 33.7%, primarily due to the year-on-year increase of 28.7% in average balance of balances with central banks as a result of the growth in customer deposits.

4. Interest income from amounts receivable from other banks and financial institutions

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2013			Year ended December 31, 2012		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Due from other banks and financial institutions	3,089,700	67,280	2.18	5,488,368	231,811	4.22
Financial assets held under resale agreements	<u>22,874,492</u>	<u>1,193,683</u>	5.22	<u>20,919,758</u>	<u>1,214,876</u>	5.81
Total amounts receivable from other banks and financial institutions	<u>25,964,192</u>	<u>1,260,963</u>	4.86	<u>26,408,126</u>	<u>1,446,687</u>	5.48

In 2013, interest income from the Bank's amount due from other banks and financial institutions amounted to RMB67.28 million, representing a year-on-year decrease of RMB164.53 million or 71.0%, primarily due to the significant decrease in both average balance and yield on amount due from other banks and financial institutions as compared to the previous year.

In 2013, interest income from the Bank's financial assets held under resale agreements amounted to RMB1,193.68 million, representing a year-on-year decrease of RMB21.19 million or 1.7%, primarily attributable to the low market interest rates, as a result of which the average yield decreased by 0.59 percentage point year-on-year. Meanwhile, by adjusting the utilisation structure of short-term fund and actively increasing the bonds and bills held under resale agreements, the average balance increased by 9.3% year-on-year.

As a result of the foregoing factors, the Bank's total amounts receivable from other banks and financial institutions decreased by RMB185.72 million to RMB1,260.96 million as compared to that of the previous year, representing a year-on-year decrease of 12.8%.

5. Financial assets at fair value through profit or loss

In 2013, the Bank's interest income from financial assets at fair value through profit or loss amounted to RMB202.01 million, representing a year-on-year increase of RMB17.19 million or 9.3%, primarily due to the increase in average balance of financial assets at fair value through profit or loss as compared to the previous year.

3.2.1.3 Interest expense

In 2013, the Bank's total interest expense was RMB5,288.53 million, representing a year-on-year increase of RMB1,129.35 million or 27.2%.

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:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2013			Year ended December 31, 2012		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate deposits						
Demand	43,577,799	374,178	0.86	38,343,520	361,053	0.94
Time	51,905,355	1,964,384	3.78	37,119,444	1,298,549	3.50
Subtotal	<u>95,483,154</u>	<u>2,338,562</u>	2.45	<u>75,462,964</u>	<u>1,659,602</u>	2.20
Retail deposits						
Demand	7,986,171	31,266	0.39	6,666,660	28,658	0.43
Time	13,283,893	428,465	3.23	9,144,335	300,616	3.29
Subtotal	<u>21,270,064</u>	<u>459,731</u>	2.16	<u>15,810,995</u>	<u>329,274</u>	2.08
Other deposits	17,784,387	502,376	2.82	11,464,119	313,410	2.73
Total customer deposits	<u>134,537,605</u>	<u>3,300,669</u>	2.45	<u>102,738,078</u>	<u>2,302,286</u>	2.24

In 2013, the Bank's interest expense on customer deposits was RMB3,300.67 million, representing a year-on-year increase of RMB998.38 million or 43.4%, primarily due to an increase of 21 basis points in the average cost rate to 2.45% as a result of the growth in customer deposits and the lagging effect of interest rate hikes in 2012 as well as the increase in deposit rates in 2013.

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

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	Year ended December 31, 2013			Year ended December 31, 2012		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Due to other banks	18,509,624	1,041,416	5.63	14,246,011	797,820	5.60
Borrowings from central banks	1,927,630	48,813	2.53	868,332	24,843	2.86
Sale of financial assets under repurchase agreements	<u>13,836,145</u>	<u>689,031</u>	4.98	<u>17,184,256</u>	<u>937,755</u>	5.46
Total borrowings from financial institutions	<u>34,273,399</u>	<u>1,779,260</u>	5.19	<u>32,298,599</u>	<u>1,760,418</u>	5.45

In 2013, the Bank's total interest expense on the amount due to other banks was RMB1,041.42 million, interest expense on borrowings from central banks was RMB48.81 million, representing a year-on-year increase of RMB243.60 million and RMB23.97 million respectively, or a year-on-year increase of 30.5% and 96.5% respectively, primarily due to the increase in average balance of the amount due to other banks and borrowings from central banks as compared to the previous year.

In 2013, the Bank's interest expense on sale of financial assets under repurchase agreements was RMB689.03 million, representing a year-on-year decrease of RMB248.72 million or 26.5%, primarily due to the decrease by 48 basis points in average cost ratio of sale of financial assets under repurchase agreements as compared to 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, 2013			Year ended December 31, 2012		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Subordinated bonds	1,790,366	108,541	6.06	1,594,004	96,481	6.05
Financial bonds for small and micro enterprises	<u>2,012,368</u>	<u>100,062</u>	4.97	-	-	-
Subtotal	<u>3,802,734</u>	<u>208,603</u>	5.49	<u>1,594,004</u>	<u>96,481</u>	6.05

In 2013, interest expense on subordinated bonds and financial bonds for small and micro enterprises amounted to RMB208.60 million, representing a year-on-year increase of RMB112.12 million or 116.2%, primarily due to the Bank's new issuance of RMB2,987.88 million 5-year financial bonds for small and micro enterprises within China's inter-bank bond market in April 2013 (Please refer to 3.2.2.2 Liabilities – Debts issued).

3.2.1.4 Net interest spread and net interest margin

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

In 2013, the Bank's net interest spread was 2.61%, representing a year-on-year decrease of 5 basis points. The decrease in net interest spread was primarily due to (1) the decrease in yield on loans and advances to customers, and (2) the increase in the cost ratio of customer deposits.

In 2013, the Bank's net interest income amounted to RMB5,178.62 million, representing a year-on-year increase of RMB1,028.99 million or 24.8%. Average balance of interest-earning assets grew by 26.5%. The slower growth rate of net interest income as compared to that of average balance of interest-earning assets was due to: (1) the increase of 2 basis points in average cost ratio of interest-bearing liabilities year-on-year to 3.06%; and (2) the decrease of 2 basis points in yield on interest-earning assets year-on-year to 5.68%.

3.2.1.5 Non-interest income

1. Net fee and commission income

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31			
	2013	2012		
Fee and commission income				
Commission income from financial advisory and consulting services	237,939	154,128	83,811	54.4
Commission income from wealth management agency service	180,224	107,406	72,818	67.8
Commission income from custodian service	128,348	28,834	99,514	345.1
Annual fees and commission income from bank card services	72,466	45,750	26,716	58.4
Commission income from guarantee and commitment services	37,991	27,240	10,751	39.5
Commission income from settlement and agency services	37,350	42,648	(5,298)	-12.4
Fee and commission expense	(49,737)	(37,960)	(11,777)	31.0
Net fee and commission income	644,581	368,046	276,535	75.1

In 2013, net fee and commission income amounted to RMB644.58 million, representing a year-on-year increase of RMB276.54 million or 75.1% and accounting for 11.0% of operating income, up by 3.1 percentage points from the previous year, primarily due to the Bank's adoption of measures to expand the sources of non-interest income and increase the income from intermediary banking services, such as the significant year-on-year increase in commission income from financial advisory and consulting services, commission income from wealth management agency service and commission income from custodian service.

Commission income from financial advisory and consulting services amounted to RMB237.94 million, representing a year-on-year increase of RMB83.81 million or 54.4%, primarily due to the substantial growth in financial advisory and consulting services.

Commission income from wealth management agency service amounted to RMB180.22 million, representing a year-on-year increase of RMB72.82 million or 67.8%, primarily due to the substantial growth in wealth management agency service.

Commission income from custodian service amounted to RMB128.35 million, representing a year-on-year increase of RMB99.51 million or 345.1%, primarily due to the substantial growth in custodian service.

Annual fees and commission income from bank card services amounted to RMB72.47 million, representing a year-on-year increase of RMB26.72 million or 58.4%, primarily due to sustained stable growth in amount of settled transaction and inter-bank transactions through self-service facilities following the continuous increase in resources invested and significant improvement in card quality.

Commission income from guarantee and commitment services amounted to RMB37.99 million, representing a year-on-year increase of RMB10.75 million or 39.5%, primarily due to the substantial growth in turnover of guarantee and commitment services.

Commission income from settlement and agency services amounted to RMB37.35 million, representing a year-on-year decrease of RMB5.30 million or 12.4%, primarily due to the decrease in the rate of commission for settlement and agency services.

2. Net trading (loss)/gain

Net trading (loss)/gain mainly include gains and losses generated from the translation of foreign currency monetary assets and liabilities into Renminbi, and gains or losses generated from the fair value adjustment of the trading securities. In 2013, the Bank's net trading loss was RMB89.79 million, primarily due to the decrease in market value of the Bank's trading securities at fair value and the foreign exchange loss arising from the fluctuation in exchange rate during the foreign currency settlement of proceeds from the initial public offering of H Shares in 2013.

3. Net gain on investment securities

In 2013, the Bank's net gain on investment securities amounted to RMB76.16 million, representing a decrease of RMB11.84 million or 13.5% as compared to 2012.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31			
	2013	2012		
Net gains arising from de-recognition of held-for-trading financial assets	71,852	95,565	(23,713)	(24.8)
Net gains arising from de-recognition of available-for-sale financial assets	4,310	(7,566)	11,876	(157.0)
Total	<u>76,162</u>	<u>87,999</u>	<u>(11,837)</u>	(13.5)

3.2.1.6 Operating expense

In 2013, the Bank's operating expense was RMB2,282.86 million, representing a year-on-year increase of RMB381.41 million or 20.1%.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31			
	2013	2012		
Staff costs	992,048	865,458	126,590	14.6
Business taxes and surcharges	381,018	313,225	67,793	21.6
Depreciation and amortisation	116,371	85,417	30,954	36.2
General and administrative expenses	685,074	564,352	120,722	21.4
Others	108,347	72,996	35,351	48.4
Total operating expenses	<u>2,282,858</u>	<u>1,901,448</u>	<u>381,410</u>	20.1

1. Staff costs

Staff costs constitute the largest component of the Bank's operating expenses, accounting for 43.5% and 45.5% of its total operating expenses for the years ended December 31, 2013 and 2012 respectively.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31			
	2013	2012		
Salaries and bonuses	665,965	592,725	73,240	12.4
Pension costs	109,667	89,486	20,181	22.6
Housing benefits and subsidies	54,001	43,539	10,462	24.0
Union and employee education fees	22,225	23,787	(1,562)	-6.6
Other social security and welfare expenses	140,190	115,921	24,269	20.9
Total staff costs	<u>992,048</u>	<u>865,458</u>	<u>126,590</u>	14.6

In 2013, the Bank's total staff costs amounted to RMB992.05 million, representing a year-on-year increase of RMB126.59 million or 14.6%, primarily due to the increase in headcount driven by the expansion of business scale and the increase in number of branches. As of the end of 2013, the Bank had 3,307 full-time employees, representing an increase of 436 employees or 15.2% as compared to 2012.

2. Business taxes and surcharges

Business taxes and surcharges mainly relate to revenue generated from our provision of financial products and services with respect to lending (interest income), transfer of securities and other financial services. In 2013, business taxes and surcharges were RMB 381.02 million, representing a year-on-year increase of RMB67.79 million or 21.6%.

3. Depreciation and amortisation

Depreciation and amortisation for 2013 increased by RMB30.95 million or 36.2% to RMB116.37 million over the previous year as the growth of our property and equipment remained stable during the period.

4. General and administrative expenses

For the year ended December 31, 2013, general and administrative expenses increased by 21.4% to RMB685.07 million as compared to RMB564.35 million in 2012, primarily due to greater business expansion.

3.2.1.7 Provisions for impairment of loans and advances to customers

Provisions for impairment losses recorded RMB535.63 million for the year ended December 31, 2013, representing a year-on-year increase of RMB296.01 million or 123.5% as compared to RMB239.63 million in 2012. The increase in provisions for impairment losses was primarily due to the increased volume of loans and the higher percentages of impairment loss for certain industries.

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended		Change in amount	Rate of change (%)
	December 31			
	2013	2012		
Provision for impairment of loans and advances to customers	<u>535,632</u>	<u>239,627</u>	<u>296,005</u>	123.5

3.2.1.8 Investment in an associate

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31,	December 31,
	2013	2012
Balance at beginning of the year	22,935	21,773
Share of profit after tax	<u>1,435</u>	<u>1,162</u>
Balance at the end of the year	<u>24,370</u>	<u>22,935</u>

On May 5, 2011, the Bank invested RMB22.00 million in the establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20.0% of the registered capital of RMB110.00 million.

3.2.1.9 Income tax expense

The applicable income tax rate of the Bank was 25%. The effective tax rates of the Bank in 2013 and 2012 were 23.81% and 23.54% respectively.

The following table sets forth the profit before income tax and income tax expense for the years ended December 31, 2013 and 2012.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	For the year ended December 31		Change in amount	Rate of change (%)
	2013	2012		
Profit before income tax	3,057,445	2,517,383	540,062	21.5
Tax calculated at applicable statutory tax rate of 25%	764,361	629,346	135,015	21.5
Add/(less) the tax effect of the following items:				
Non-taxable income	(44,077)	(50,862)	6,785	(13.3)
Non-deductible expenses	7,895	4,475	3,420	76.4
Differences from settlements for prior years	<u> -</u>	<u> 9,619</u>	<u> -</u>	<u> -</u>
Income tax expense	<u> 728,179</u>	<u> 592,578</u>	<u> 135,601</u>	22.9

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	90,504,316	43.8	76,634,161	49.1
Provision for impairment losses on loans and advances to customers	(1,866,492)	-0.9	(1,377,288)	-0.9
Net loans and advances to customers	88,637,824	42.9	75,256,873	48.2
Investment securities ⁽¹⁾	47,430,761	23.0	32,132,312	20.6
Investments in associates	24,370	0.0	22,935	0.0
Cash and balances with central banks	32,822,748	15.9	25,243,334	16.2
Due from other banks and financial institutions	32,143,462	15.5	18,532,058	11.9
Financial assets at fair value through profit or loss	2,009,537	1.0	2,413,849	1.5
Fixed assets	2,068,972	1.0	1,470,527	0.9
Deferred income tax assets	305,651	0.1	176,701	0.1
Other assets	1,343,690	0.6	914,889	0.6
Total assets	206,787,015	100.0	156,163,478	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, 2013, the Bank's total assets amounted to RMB206,787.02 million, representing an increase of RMB50,623.54 million or 32.4% as compared to the end of the previous year, among which:

Total loans and advances to customers increased by RMB13,870.16 million or 18.1% as compared to the end of the previous year. This was primarily due to the fact that the Bank increased loans to prime projects and key customers under effective risk control, whilst extending its support to loans to SMEs and small and micro enterprises with good market potential and robust customer demand in line with the characteristics of the economic development of Chongqing.

Investment securities increased by RMB15,298.45 million or 47.6% as compared to the end of the previous year, primarily due to the expansion of trust beneficiary rights and directional asset management plans.

Cash and balances with central banks increased by RMB7,579.41 million or 30.0% 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 increased by RMB13,611.40 million as compared to the end of the previous year, representing a year-on-year increase of 73.4%, primarily due to the substantial increase in amounts receivable from other banks and financial assets held under resale agreements as well as the increase in financial assets held under resale agreements by RMB7,541.67 million or 46.3% as compared to the end of the previous year.

1. Loans and advances to customers (Contractual amount)

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans and advances to corporate entities				
– Corporate loans	60,083,587	66.4	50,675,848	66.1
– Discounted bills	5,245,372	5.8	6,458,419	8.4
Retail loans				
– Mortgage loans	15,790,408	17.4	12,397,665	16.2
– Personal consumer loans	2,233,591	2.5	1,694,812	2.2
– Credit card overdrafts	1,007,641	1.1	535,575	0.7
– Personal business loans	6,127,637	6.8	4,846,272	6.3
– Others	16,080	0.0	25,570	0.0
Total loans and advances to customers	90,504,316	100.0	76,634,161	100.0

As at December 31, 2013, the Bank's total loans and advances to customers amounted to RMB90,504.32 million, representing an increase of RMB13,870.16 million or 18.1% as compared to the end of the previous year.

Loans and advances to corporate entities (excluding discounted bills) amounted to RMB60,083.59 million, representing an increase of RMB9,407.74 million or 18.6% as compared to that at the end of the previous year and accounting for 66.4% of total loans and advances to customers, up by 0.3 percentage point from the beginning of the year. During the year, the Bank actively adjusted the credit structure in support of the state's industrial policy and focused on the real economy. During the year, additional loans to the manufacturing industry and the retail and wholesale industry amounted to RMB2,275.42 million and RMB3,277.02 million.

Discounted bills amounted to RMB5,245.37 million, representing a decrease of RMB1,213.05 million or 18.8% as compared to the end of the previous year, primarily due to weaker market demands.

Retail loans amounted to RMB25,175.36 million, representing an increase of RMB5,675.46 million or 29.1% as compared to the end of the previous year and accounting for 27.8% of total loans and advances to customers, up by 2.4 percentage points from the beginning of the year. Specifically, mortgage loans, mainly to finance residential home purchases, increased by RMB3,392.74 million or 27.4% as compared to the end of the previous year; personal loans for business purposes grew by RMB1,281.37 million or 26.4% as compared to the end of the previous year. The growth was because that the Bank took active measures to avoid systemic risk in markets, and primarily met credit needs of premium personal customers in the face of complex market changes.

Distribution of loans by type of collateral (Contractual amount)

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateral loans	41,959,416	46.4	33,715,821	44.0
Pledged loans	11,263,885	12.4	10,485,921	13.7
Guaranteed loans	32,529,589	35.9	26,985,660	35.2
Unsecured loans	4,751,426	5.3	5,446,759	7.1
Total loans and advances to customers	90,504,316	100.00	76,634,161	100.0

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

The following table sets forth the Bank's provision for impairment losses 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, 2013		As at December 31, 2012	
	Collective impairment	Individual impairment	Collective impairment	Individual impairment
Balance at beginning of the year	<u>1,233,628</u>	<u>143,660</u>	<u>1,025,505</u>	<u>171,385</u>
Impairment for loans and advances charged to profit or loss	609,529	95,156	273,370	52,397
Reversal of impairment for loans and advances	<u>(92,215)</u>	<u>(76,838)</u>	<u>(65,247)</u>	<u>(20,893)</u>
Net impairment for loans and advances charged to profit or loss	517,314	18,318	208,123	31,504
Unwinding discount on allowances	-	(9,570)	-	(4,951)
Loans written off during the year	-	(41,082)	-	(57,064)
Recoveries of doubtful debts written off in prior periods	<u>-</u>	<u>4,224</u>	<u>-</u>	<u>2,786</u>
Balance at end of the year	<u><u>1,750,942</u></u>	<u><u>115,550</u></u>	<u><u>1,233,628</u></u>	<u><u>143,660</u></u>

In 2013, the Bank was in strict compliance with the relevant requirements of accounting standards, so as to provide sufficient allowances for impaired loans and advances whilst fully considering external economic dynamics and macro monitoring policies. As at December 31, 2013, balance of provisions for impairment losses on loans and advances to customers was RMB1,866.49 million, representing an increase of RMB489.20 million as compared to the end of the previous year; and the allowances to non-performing loans decreased by 11.3 percentage points to 526.4% as compared to the beginning of the year.

2. Investments

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, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss				
– Corporate bonds	2,009,537	4.1	2,413,849	7.0
Subtotal	2,009,537	4.1	2,413,849	7.0
Investment securities – Loans and receivables				
– Trust investments	27,909,790	56.5	18,075,348	52.3
– Wealth management products purchased from financial institutions	1,683,233	3.4	2,046,788	6.0
– Directional asset management plans	5,407,537	10.9	1,110,000	3.2
Subtotal	35,000,560	70.8	21,232,136	61.5
Investment securities – Available-for-sale				
– Non-commercial bank bonds	2,901,170	5.8	2,995,618	8.7
– Corporate bonds	1,872,925	3.8	49,417	0.1
– Equity Investment at fair value	182,850	0.4	199,052	0.5
– Others	14	0.0	14	0.0
Subtotal	4,956,959	10.0	3,244,101	9.3
Investment securities – held-to-maturity				
– Government bonds	4,930,028	10.0	5,235,549	15.2
– Non-commercial bank bonds	1,947,214	3.9	1,824,526	5.3
– Commercial bank bonds	550,000	1.1	550,000	1.6
– Corporate bonds	46,000	0.1	46,000	0.1
Subtotal	7,473,242	15.1	7,656,075	22.2
Total	49,440,298	100.0	34,546,161	100.0

As at December 31, 2013, total investments amounted to RMB49,440.30 million, representing an increase of RMB14,894.14 million or 43.1% as compared to the end of the previous year. Financial assets held for trading at fair value through profit or loss decreased by RMB404.31 million as compared to the end of the previous year, primarily due to the decrease in the Bank's holdings of corporate bonds to adapt to the market. Available-for-sale financial assets increased by RMB1,712.86 million as compared to the end of the previous year, primarily due to the increase in the Bank's holdings of non-commercial bank bonds with high liquidity and low risks to increase the Bank's liquidity reserves. Investment securities-receivables increased by RMB13,768.42 million as compared to the end of the previous year, primarily due to increased holding of trust investment with controllable risks and high yield.

3.2.2.2 Liabilities

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Due to other banks and financial institutions	33,749,572	17.5	27,659,141	18.7
Customer deposits	148,801,045	77.0	114,043,185	77.1
Other liabilities	5,804,219	3.0	4,234,301	2.9
Taxes payable	175,138	0.1	172,826	0.1
Deferred tax liabilities	-	0.0	5,789	0.0
Debts issued	4,777,770	2.4	1,789,886	1.2
Total liabilities	193,307,744	100.0	147,905,128	100.0

As at December 31, 2013, total liabilities amounted to RMB193,307.74 million, representing an increase of RMB45,402.62 million or 30.7% as compared to the end of the previous year. Customer deposits are the Bank's largest source of capital, which increased by RMB34,757.86 million or 30.5% as compared to the end of the previous year; amount due to other banks and financial institutions increased by RMB6,090.43 million or 22.0% as compared to the end of the previous year; debts issued increased by 2,987.88 million or 166.9% due to the issuance of financial bonds of RMB3,000.00 million for SMEs by the Bank.

1. Customer deposits

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate demand deposits	46,694,854	31.4	37,560,210	32.9
Corporate time deposits	56,788,904	38.2	44,568,723	39.1
Individual demand deposits	10,202,369	6.8	8,488,325	7.4
Individual time deposits	14,714,891	9.9	10,133,600	8.9
Other deposits	20,400,027	13.7	13,292,327	11.7
Total customer deposits	148,801,045	100.0	114,043,185	100.0
Of which: Pledged deposits held as collateral	20,286,637	13.6	13,146,873	11.5

As at December 31, 2013, Customer deposits amounted to RMB148,801.05 million, representing an increase of RMB34,757.86 million or 30.5% as compared to the end of the previous year. Corporate deposits increased by RMB21,354.83 million or 26.0% as compared to the end of the previous year; individual deposits increased by 6,295.34 million or 33.8% as compared to the end of the previous year. Corporate and individual demand deposits amounted to RMB56,897.22 million, representing an increase of RMB10,848.69 million or 23.6% as compared to the end of the previous year; time deposits increased by RMB16,801.47 million or 30.7% as compared to the end of the previous year.

2. Debts issued

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Subordinated debts				
Fixed rate subordinated debt – 2019	995,856	20.8	995,192	55.6
Fixed rate subordinated debt – 2022	795,071	16.7	794,694	44.4
Financial debt				
Fixed rate financial debt – 2018	2,986,843	62.5	–	–
	4,777,770	100.0	1,789,886	100.0

Pursuant to a resolution of the extraordinary general meeting passed on November 11, 2008 and the “Approval for Bank of Chongqing to Issue Subordinated Bonds” (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued a RMB1,000.00 million in subordinated bonds within the domestic inter-bank bond market of China in April 2009. Such subordinated bonds have a maturity of 10 years, with a coupon rate of 5.31% per annum for the first five years, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on April 3, 2014. If the bank does not exercise this option, the annual coupon rate for the second 5-year period shall be the original coupon rate plus 3.0% per annum, and shall remain fixed through to the maturity date.

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

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

Pursuant to a resolution of the extraordinary general meeting passed on November 25, 2011 and the “Approval for Bank of Chongqing to Issue Small and Micro Enterprises 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 21 September 2012, the Bank issued RMB3,000.00 million in financial bonds for small and micro enterprises within 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. Such financial bonds bear a fixed coupon rate of 4.78% per annum before maturity, payable annually. All proceeds raised are used for loans to small and micro enterprises.

As at December 31, 2013, there were no defaults of principal and interest or other breaches with respect to these bonds since the issue of these debt securities.

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, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	2,705,228	20.1	2,020,619	24.5
Capital reserve	2,444,623	18.1	800	0.0
Other reserves	2,653,606	19.7	1,683,263	20.4
Retained earnings	5,675,814	42.1	4,553,668	55.1
Total equity	13,479,271	100.0	8,258,350	100.0

Pursuant to the “Reply Regarding the Approval for the Issue of Overseas Listed Foreign Invested Shares by Bank of Chongqing Co., Ltd.” (《關於核准重慶銀行股份有限公司發行境外上市外資股的批覆》) ([2013] No.1255) issued by China Securities Regulatory Commission on September 29, 2013, the Bank is permitted to issue no more than 770,500,000 overseas listed foreign invested shares (“H Shares”) (including those issued under the over-allotment option). On the Listing Date, the Bank issued 670,000,000 H Shares with par value of RMB1.00 per share at an offer price of HK\$6.00 per share. On December 4, 2013, upon partial exercise of the over-allotment option granted during the initial public offering, the Bank issued an additional 14,608,901 H Shares with par value of RMB1.00 per share at an offer price of HK\$6.00 per share.

As at December 31, 2013, the Bank had paid-in capital of RMB2,705.23 million, capital reserve of RMB2,444.62 million and other reserves of RMB2,653.61 million. Among other reserves, (i) surplus reserve increased by RMB232.92 million as compared to the end of the previous year, primarily due to the provisions made for discretionary surplus reserve and statutory surplus reserve; and (ii) general reserve increased by RMB832.75 million as compared to the end of the previous year, as the general reserve was required to be not less than an additional reserve of 1% of balance of risk assets at the end of the previous year.

3.2.3 Loan quality analysis

3.2.3.1 Breakdown of Loans by the Five-Category Classification

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013		As at December 31, 2012	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	89,545,465	98.94	74,915,661	97.76
Special mention	604,249	0.67	1,462,356	1.91
Substandard	233,872	0.26	144,679	0.19
Doubtful	95,104	0.10	99,918	0.13
Loss	25,626	0.03	11,547	0.01
Total loans and advances to customers	<u>90,504,316</u>	<u>100.00</u>	<u>76,634,161</u>	<u>100.00</u>
Amount of non-performing loans	354,602	0.39	256,144	0.33

In 2013, facing complex macro-economic dynamics, the Bank strengthened its efforts in restructuring its credit structure, conducted a whole risk surveillance of credit assets, actively prevented and mitigated risks, strengthened early risk warning and tracking as well as monitoring loan management, which resulted in continuous improvement in the quality of the Bank's credit assets. As at December 31, 2013, balance of non-performing loans was RMB354.60 million, representing an increase of RMB98.46 million as compared to the previous year; non-performing loan ratio was 0.39%, representing a slight increase of 0.06 percentage point as compared to the previous year. The amount of doubtful loans as a percentage of total loans declined. The amount of special mention loans accounted for 0.67% of total loans, representing a decrease of 1.24 percentage points as compared to that of the previous year.

3.2.3.2 Concentration of loans

1. Concentration by industry and non-performing loans

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013				As at December 31, 2012			
	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Percentage of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Manufacturing	15,550,827	17.2	121,636	0.78	13,275,408	17.3	122,119	0.92
Wholesale and retail	10,597,333	11.7	80,323	0.76	7,320,311	9.5	6,297	0.09
Construction	6,893,052	7.6	0	0.00	5,670,282	7.4	0	0.00
Real estate	6,572,898	7.2	30,000	0.46	4,437,890	5.8	31,548	0.71
Leasing and commercial services	4,599,200	5.1	1,854	0.04	4,319,477	5.6	1,944	0.05
Water conservation, environment and public facility administration	4,155,130	4.6	0	0.00	4,883,806	6.4	0	0.00
Transportation, warehousing and postal service	2,738,775	3.0	0	0.00	2,238,020	2.9	0	0.00
Mining	2,630,498	2.9	0	0.00	2,736,497	3.6	0	0.00
Electricity, gas and water production and supply	1,412,688	1.6	0	0.00	1,430,795	1.9	0	0.00
Agriculture, forestry, animal husbandry and fishery	1,143,960	1.3	0	0.00	1,379,400	1.8	0	0.00
Household services and other services	853,643	0.9	0	0.00	653,943	0.9	0	0.00
Education	826,451	0.9	0	0.00	893,731	1.2	0	0.00
Financing	515,993	0.6	2,993	0.58	38,200	0.0	8,200	21.47
Science, technology and geological survey	477,196	0.5	0	0.00	62,000	0.1	0	0.00
Information transmission, computer services and software industries	382,263	0.4	8,597	2.25	302,907	0.4	43,997	14.52
Accommodation and catering	267,039	0.3	9	0.003	579,500	0.8	4,510	0.78
Culture, physical education and entertainment	247,700	0.3	0	0.00	407,000	0.5	0	0.00
Public administration and social organization	150,000	0.2	0	0.00	-	0.0	0	0.00
Health, social security and welfare	68,941	0.1	0	0.00	46,681	0.1	0	0.00
Discounted bills	5,245,372	5.8	0	0.00	6,458,419	8.4	0	0.00
Individual loans	25,175,357	27.8	109,190	0.43	19,499,894	25.4	37,529	0.19
Total	90,504,316	100.0	354,602	0.39	76,634,161	100.0	256,144	0.33

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

In 2013, in response to tumultuous and ever-changing external economic conditions, the Bank continued to optimize its industry-specific lending and exit criteria for customers and further refined the management of industry quotas.

The amount of non-performing loans to the information transmission, computer services and software industry decreased by RMB35.40 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 12.27 percentage points. This was due to the fact that the Bank partly recovered and wrote off a non-performing loan of relatively large amount.

The amount of non-performing loans to the financing industry decreased by RMB5.21 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 20.9 percentage points. This was due to the Bank's write-off of non-performing loans.

The amount of non-performing loans and the non-performing loan ratio of the real estate industry continued to maintain the momentum of decline, with a decrease of RMB1.55 million in the amount of non-performing loans and a decline of 0.25 percentage point in non-performing loan ratio as compared to the end of the previous year.

2. Concentration of borrowers

In 2013, the Bank's total loans to its largest single borrower accounted for 5.09% of its net capital while total loans to its top ten customers accounted for 22.84% of its net capital, which were in accordance with regulatory requirements. As at December 31, 2013, none of the Bank's loans to top ten largest single borrowers were non-performing loans.

(1) Indicators of concentration

Major regulatory indicators	Regulatory standard	As at December 31, 2013	As at December 31, 2012	As at December 31, 2011
Loan concentration ratio for the largest single customer (%)	<=10	5.09	4.63	6.17
Loan concentration ratio for the top ten customers (%)	<=50	22.84	31.95	40.47

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

(2) Loans to top ten single borrowers

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

Customer	Industry	As at December 31, 2013	
		Amount	Percentage of total loans (%)
Customer A	Manufacturing	835,000	0.92
Customer B	Transportation, warehousing and postal service	400,000	0.44
Customer C	Construction	360,000	0.40
Customer D	Real estate	320,000	0.35
Customer E	Real estate	320,000	0.35
Customer F	Construction	305,000	0.34
Customer G	Real estate	303,980	0.34
Customer H	Leasing and commercial services	300,000	0.33
Customer I	Real estate	300,000	0.33
Customer J	Manufacturing	300,000	0.33

3. Distribution of loans and non-performing loans by product type

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

(All amounts expressed in thousands of RMB unless otherwise stated)	As at December 31, 2013			As at December 31, 2012		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	60,083,587	245,413	0.41	50,675,848	218,615	0.43
Short-term loans	40,891,142	242,360	0.59	31,678,381	209,312	0.66
Medium- and long-term loans	19,192,445	3,053	0.02	18,997,467	9,303	0.05
Retail Loans	25,175,357	109,189	0.43	19,499,894	37,529	0.19
Residential mortgage and personal commercial property loans ⁽¹⁾	15,278,964	15,221	0.41	11,976,329	6,720	0.19
Personal business and re-employment loans	6,127,637	81,780	1.33	4,846,272	22,493	0.46
Others ⁽²⁾	3,768,757	12,188	0.32	2,677,293	8,316	0.31
Discounted bills	5,245,372	0.00	0.00	6,458,419	0	0.00
Total	90,504,316	354,602	0.39	76,634,161	256,144	0.33

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), margin loans for overseas study, personal consumer automobile mortgage loans (intermediate type), personal consumer automobile mortgage loans (direct type), personal commercial automobile mortgage loans, special loans for non-agricultural migration (農轉非專項貸款) and other personal loans for general consumption needs.

As at December 31, 2013, non-performing loan ratio of corporate loans decreased by 0.02 percentage point to 0.41% as compared to the end of the previous year, and non-performing loan ratio of personal loans increased by 0.24 percentage point to 0.43% 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, 2013		As at December 31, 2012	
	Amount	Percentage of total loans and advances (%)	Amount	Percentage of total loans and advances (%)
Past due within 3 months	150,730	33.87%	74,878	25.25%
Past due for 3 months to 1 year	127,489	28.65%	119,568	40.31%
Past due for over 1 year and within 3 years	120,714	27.12%	6,147	2.07%
Past due for more than 3 years	46,089	10.36%	95,989	32.37%
Total overdue loans and advances to customers	445,022	100.00%	296,582	100.00%

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

As of December 31, 2013, the total overdue loans amounted to RMB445.02 million, representing an increase of RMB148.44 million as compared to the end of the previous year. Overdue loans accounted for 0.49% of total loans, representing an increase of 0.1 percentage point as compared to 2012.

3.2.4 Analysis of capital adequacy ratio

3.2.4.1 Capital adequacy ratio

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

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	December 31, 2013	December 31, 2012
Core capital:		
Share capital	2,705,228	2,020,617
Counted part of capital surplus	2,316,711	(28,420)
Surplus reserve and general risk reserves	2,526,470	1,501,160
Counted part of retained earnings	5,916,348	4,652,918
Core Tier 1 Capital deductibles items:		
Full deductibles items	(81,476)	61,811
Threshold deduction items	-	-
Total Core Tier 1 Capital, net	<u>13,383,281</u>	<u>8,084,464</u>
Other Tier 1 Capital, net	<u>-</u>	<u>-</u>
Tier 2 Capital, net	<u>3,011,817</u>	<u>2,898,840</u>
Net capital	<u>16,395,098</u>	<u>10,983,304</u>
On-balance sheet risk-weighted assets	98,875,498	79,561,065
Off-balance sheet risk-weighted assets	13,861,718	9,444,945
Risk-weighted assets for exposure to counterpart credit risk	-	-
Total credit risk-weighted assets	<u>112,737,216</u>	<u>89,006,010</u>
Total market risk-weighted assets	<u>2,219,454</u>	<u>3,031,209</u>
Total operational risk-weighted assets	<u>8,723,417</u>	<u>6,787,635</u>
Total risk-weighted assets before applying capital base	123,680,087	98,824,854
Total risk-weighted assets after applying capital base	123,680,087	98,824,854
Core Tier 1 Capital adequacy ratio ⁽¹⁾	<u>10.82%</u>	<u>8.18%</u>
Tier 1 Capital adequacy ratio ⁽¹⁾	<u>10.82%</u>	<u>8.18%</u>
Capital adequacy ratio ⁽¹⁾	<u>13.26%</u>	<u>11.11%</u>

As at the end of the Reporting Period, the Bank's capital adequacy ratio and Tier 1 Capital adequacy ratio were 13.26% and 10.82%, respectively, 2.15 percentage points and 2.64 percentage points higher than those at the beginning of the year respectively. The change of capital adequacy ratio in 2013 was mainly due to: (i) the factor that the Bank replenished its core capital for an enlarged capital base based on profit growth; (ii) effective expansion of capital base through supplementing the capital with the proceeds of RMB3,098.37 million from the successful listing of the Bank's H Shares on the Hong Kong Stock Exchange in November 2013; and (iii) the normal business development, together with the increase in on- and off-balance sheet risk-weighted assets, which partially offset the impact of the increase of capital base on its capital adequacy ratio.

Note:

- (1) Tier 1 Capital adequacy ratio and capital adequacy ratio for 2013 were calculated in accordance with the latest guidance promulgated by the CBRC (effective from January 1, 2013), while Tier 1 Capital adequacy ratio and capital adequacy ratio for 2012 were adjusted retroactively in accordance with the latest guidance effective from January 1, 2013.

3.2.4.2 Leverage ratio

As at December 31, 2013, the Bank's leverage ratio was 5.47%, above the regulatory requirement of the CBRC.

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	As at December 31, 2013	As at December 31, 2012
Leverage ratio (%)	5.47	4.41
Tier 1 Capital	13,464,757	8,146,275
Deductions from Tier 1 Capital	81,476	61,811
Tier 1 Capital, net	13,383,281	8,084,464
On-balance sheet assets after adjustment	206,787,015	156,163,478
Off-balance sheet assets after adjustment	38,000,510	27,335,049
On- and off-balance sheet assets after adjustment	244,787,525	183,498,527

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 using the current risk exposure approach and other on-balance sheet assets calculated. Off-balance sheet items 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 is equal to on-balance sheet assets after adjustment plus off-balance sheet items after adjustment minus deductions from capital.

3.2.5 Segment information

3.2.5.1 Summary of geographical segment

(Expressed in percentage)	Year ended December 31,							
	2013		2012		2011		2010	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Deposits	77.81	22.19	79.85	20.15	82.82	17.18	88.15	11.85
Loans	73.83	26.17	73.85	26.15	79.41	20.59	82.21	17.79
Assets	77.72	22.28	80.13	19.87	85.14	14.86	90.31	9.69
Loan-deposit ratio	57.71	71.74	62.14	87.24	68.74	85.92	66.88	107.71
Non-performing loan ratio	0.26	0.75	0.24	0.59	0.40	0.17	0.44	0.00
Allowance to non-performing loans ratio	<u>787.84</u>	<u>268.30</u>	<u>748.91</u>	<u>294.96</u>	<u>476.47</u>	<u>978.26</u>	<u>461.05</u>	<u>-</u>

(Expressed in percentage)	Year ended December 31,							
	2013		2012		2011		2010	
	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas	Chongqing	Other areas
Return on average total assets	1.47	0.58	1.62	0.11	1.19	1.74	1.17	1.13
Net fee and commission income to operating income	10.88	11.48	7.05	13.74	7.49	11.03	6.52	11.80
Cost-to-income ratio	<u>30.51</u>	<u>42.15</u>	<u>31.13</u>	<u>54.51</u>	<u>34.15</u>	<u>34.77</u>	<u>34.07</u>	<u>33.52</u>

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

3.2.5.2 Summary of Business Segment

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

	Year ended December 31, 2013				Total
	Corporate banking	Personal banking	Treasury operations	Others	
Net interest income from external customers	2,193,720	612,410	2,372,488	–	5,178,618
Inter-segment net interest income/ (expense)	<u>1,670,275</u>	<u>384,039</u>	<u>(2,054,314)</u>	–	–
Net interest income	<u>3,863,995</u>	<u>996,449</u>	<u>318,174</u>	–	<u>5,178,618</u>
Net fee and commission income	466,427	178,154	–	–	644,581
	Year ended December 31, 2012				Total
	Corporate banking	Personal banking	Treasury operations	Others	
Net interest income from external customers	2,123,922	444,289	1,581,420	–	4,149,631
Inter-segment net interest income/ (expense)	<u>659,943</u>	<u>266,199</u>	<u>(926,142)</u>	–	–
Net interest income	<u>2,783,865</u>	<u>710,488</u>	<u>655,278</u>	–	<u>4,149,631</u>
Net fee and commission income	212,857	155,189	–	–	368,046

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, 2013, the balances of credit card commitments and bank acceptances and issuance of letters of credit were RMB802.73 million and RMB37,197.78 million, respectively.

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

December 31, 2013	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	802,728	-	-	802,728
Guarantees, acceptances and letters of credit	37,102,049	95,733	-	37,197,782
Operating lease commitments	50,842	97,025	2,164	150,031
Capital expenditure commitments	300,318	18,383	-	318,701
Total	38,255,937	211,141	2,164	38,469,242
December 31, 2012	Within 1 year	1 to 5 years	Over 5 years	Total
Unused credit card limits	651,269	-	-	651,269
Guarantees, acceptances and letters of credit	26,618,163	65,615	-	26,683,778
Operating lease commitments	41,256	83,811	46,842	171,909
Capital expenditure commitments	387,421	118,467	10,000	515,888
Total	27,698,109	267,893	56,842	28,022,844

3.3 Risk Management

3.3.1 Credit risk

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

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

In 2013, the Bank proactively responded to macroeconomic changes and issued guidelines on annual extension of credit, formulated lending policies for specific industries, regions and customers, continuously optimized its credit structure and actively supported the development of the real economy. The Bank also continued to exercise strict control over risks arising from loans extended via local government financing platforms and mortgage loans, while strengthening customer list-based management, intensifying its risk monitoring efforts and taking active measures to resolve potential default risks. In addition, the Bank further strengthened the unified credit management for financial institutions, standardized innovative business management for cooperation with financial institutions and reinforced control over the credit ratings and cash flows of its partners.

3.3.2 Operational risk

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

In 2013, in line with the New Basel Capital Accord and under the guidelines on building a comprehensive risk management system, the Bank continued to improve its operational risk management system and upgraded its operational risk management standard. It proactively promoted the utilization of operational risk management tools, and enhanced the effectiveness of self-assessment, indicator monitoring and collection of loss data through the construction of an operational risk management information system. The Bank continuously improved its banking process model, optimized its governance structure, streamlined its business processes, and identified and solved problems within its business processes to enhance the efficiency of process execution and reduce process risks. Staff management was further refined to improve staff quality through continued training and learning while intensifying staff risk screening, optimizing procedures for handling employee misconduct and emphasizing accountability and penalization. The Bank also reinforced monitoring of IT-related risks, optimized risk monitoring indicators, extended the range of risk information collection, strengthened its risk information analysis efforts and activated warning of potential risks in a timely manner.

3.3.3 Market risk

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

3.3.3.1 Interest rate risk of trading accounts

The Bank is exposed to interest rate risk of trading accounts through its holdings of financial instruments, mainly comprising bonds. As regards 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 2013, the Bank closely monitored the changes in the financial markets and continued to optimize its market risk management system and risk exposure limit system. The Value at Risk (VaR) method was gradually 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

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

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

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

In addition, the Bank continuously carried out liquidity risk stress tests (at least once a quarter), and introduced the liquidity risk sensitivity stress test. Through such stress tests, the Bank can constantly improve its liquidity risk control capability and substantially enhance its liquidity risk management expertise. The results of the quarterly stress tests in 2013 indicated that the liquidity risks remained under control although they tended to raise under stress. In the future, the Bank will continue to optimize its testing plans and enhance liquidity risk monitoring and early warning.

As at the end of 2013, all of the major indicators of the Bank's liquidity position met the regulatory requirements.

3.3.4.1 Analysis of liquidity risk management

Since 2013, due to a number of factors including the macroeconomic situation, regulatory policies and the monetary policies adopted by major countries, the inter-bank market liquidity in China has undergone serious stress. A severe crisis eventually broke out in June last year, leading to default in debt repayment among a few banks which adversely affected the market and gave rise to liquidity risks. The Bank has been dedicated to improving its liquidity risk management expertise by taking early precautions and adhering to prudent liquidity risk management philosophy, while developing and implementing corresponding policies and measures. As a result, the Bank did not come across any liquidity risks, nor were any costly financing activities incurred against the Bank at the outbreak of liquidity risks across the entire banking sector. The Bank assessed the liquidity risk status through liquidity gap analysis. As at the end of 2013, the liquidity gap analysis of the Bank was as follows:

Undiscounted contractual cash flows categorised by contractual maturities

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

		Within	1 to	3 to	1 to	Over			
December 31, 2013	On demand	1 month	3 months	12 months	5 years	5 years	Indefinite	Overdue	Total
Net Liquidity Gap of non-derivative instruments	<u>(55,854,045)</u>	<u>12,250,117</u>	<u>(5,111,781)</u>	<u>17,885,466</u>	<u>(3,363,167)</u>	<u>43,255,413</u>	<u>28,141,503</u>	<u>300,511</u>	<u>37,504,017</u>
December 31, 2012	On demand	Within	1 to	3 to	1 to	Over			Total
Net Liquidity Gap of non-derivative instruments	<u>(44,605,322)</u>	<u>3,857,297</u>	<u>(3,005,882)</u>	<u>(9,573,948)</u>	<u>24,245,644</u>	<u>34,149,185</u>	<u>22,679,604</u>	<u>283,638</u>	<u>28,030,216</u>

As at the end of 2013, the accumulated liquidity gap of the Bank was RMB37,504.02 million, representing an increase of RMB9,473.80 million as compared to the end of the previous year. Despite the negative gap for repayment on demand of RMB55,854.05 million, the Bank possessed a stable funding source with its strong and expansive deposit customer base and a relatively high proportion of core demand deposits. Such negative gap has no material impact on the actual liquidity of the Bank.

3.3.5 Market risk management

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

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

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

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

In 2013, China's economy continued to maintain a feeble recovery. In the context of the prevailing policy to accelerate the interest rate marketization process, continuously emerging financial innovations led to unprecedented intensity in market supervision and regulation in recent years. Liquidity has become more precious and scarce. The interest rates in the monetary market underwent significant fluctuations on two occasions during the year as the bond market yields rose to a much higher level. In the face of the accelerating interest rate marketization process and intensified competition in the financial market, the Bank ensured a continued increase in earnings and market value through such means as proper use of FTP pricing system, optimization of its interest rate pricing management, timely adjustments to fund pricing, effective control over lending rates and interest costs as well as improvement in its forward-looking capability in interest rate risk management.

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:

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

December 31, 2013	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
Assets							
Cash and balances with central bank	32,148,172	-	-	-	-	674,576	32,822,748
Due from other banks and financial institutions	19,045,264	7,049,088	4,009,110	2,040,000	-	-	32,143,462
Financial assets at fair value through profit or loss	-	-	63,517	1,049,852	896,168	-	2,009,537
Loans and advances to customers	59,339,944	7,742,789	18,736,977	2,406,330	411,784	-	88,637,824
Investment securities							
- Loans and receivables	240,537	4,731,390	9,079,233	20,949,400	-	-	35,000,560
- Available-for-sale securities	-	-	26,976	2,031,390	2,715,743	182,850	4,956,959
- Held to maturity securities	30,000	495,995	554,987	2,229,057	4,163,203	-	7,473,242
Investments in associates	-	-	-	-	-	24,370	24,370
Other financial assets	-	-	-	-	-	991,253	991,253
Total assets	110,803,917	20,019,262	32,470,800	30,706,029	8,186,898	1,873,049	204,059,955
Liabilities							
Due to other banks and financial institutions	28,892,753	4,154,671	552,477	-	149,671	-	33,749,572
Customer deposits	67,497,677	15,143,947	29,204,308	36,949,902	5,211	-	148,801,045
Debts issued	-	-	995,856	3,781,914	-	-	4,777,770
Other financial liabilities	-	-	-	-	-	5,020,147	5,020,147
Total liabilities	96,390,430	19,298,618	30,752,641	40,731,816	154,882	5,020,147	192,348,534
Total interest sensitivity gap	14,413,487	720,644	1,718,159	(10,025,787)	8,032,016	(3,147,098)	11,711,421

December 31, 2012	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
Assets							
Cash and balances with central bank	24,721,552	-	-	-	-	521,782	25,243,334
Due from other banks and financial institutions	5,238,839	4,909,278	8,383,941	-	-	-	18,532,058
Financial assets at fair value through profit or loss	-	-	469,299	838,501	1,106,049	-	2,413,849
Loans and advances to customers	50,892,511	4,866,208	15,864,685	3,317,748	315,721	-	75,256,873
Investment securities							
– Loans and receivables	606,555	600,000	3,467,448	16,558,133	-	-	21,232,136
– Available-for-sale securities	-	28,890	-	1,985,524	1,030,635	199,052	3,244,101
– Held to maturity securities	-	229,993	1,493,033	2,602,865	3,330,184	-	7,656,075
Investments in associates	-	-	-	-	-	22,935	22,935
Other financial assets	-	-	-	-	-	567,437	567,437
Total assets	<u>81,459,457</u>	<u>10,634,369</u>	<u>29,678,406</u>	<u>25,302,771</u>	<u>5,782,589</u>	<u>1,311,206</u>	<u>154,168,798</u>
Liabilities							
Due to other banks and financial institutions	17,101,070	4,609,601	5,948,470	-	-	-	27,659,141
Customer deposits	52,345,358	9,128,688	46,513,997	6,049,883	5,259	-	114,043,185
Debts issued	-	-	-	1,789,886	-	-	1,789,886
Other financial liabilities	-	-	-	-	-	3,793,312	3,793,312
Total liabilities	<u>69,446,428</u>	<u>13,738,289</u>	<u>52,462,467</u>	<u>7,839,769</u>	<u>5,259</u>	<u>3,793,312</u>	<u>147,285,524</u>
Total interest sensitivity gap	<u>12,013,029</u>	<u>(3,103,920)</u>	<u>(22,784,061)</u>	<u>17,463,002</u>	<u>5,777,330</u>	<u>(2,482,106)</u>	<u>6,883,274</u>

As at the end of December 2013, the Bank's accumulated interest sensitivity gap amounted to RMB11,711.42 million, representing an increase of RMB4,828.15 million as compared to the previous year.

The following table illustrates the analysis of interest rate and exchange rate sensitivity of the Bank on the assumption that the overall interest rate and exchange rate in the market move in parallel and without considering any actions that may be taken by the management to mitigate interest rate risk or exchange rate risk:

3.3.5.2 Interest rate sensitivity analysis

In thousands of RMB

	Expected changes of net interest income	
	As at	As at
	December 31,	December 31,
	2013	2012
+ 100 basis points parallel move in all yield curves	150,527	3,789
- 100 basis points parallel move in all yield curves	(150,527)	(3,789)
	Change of other comprehensive income	
	As at	As at
	December 31,	December 31,
	2013	2012
+ 100 basis points parallel move in all yield curves	(54,736)	(81,697)
- 100 basis points parallel move in all yield curves	56,926	85,871

3.3.5.3 Exchange rate sensitivity analysis

The following table sets forth the potential impact of an appreciation of RMB against foreign currencies by 1.0% on the Bank's net profit before tax:

In thousands of RMB

	Expected changes of profit/ (loss) before income tax	
	As at	As at
	December 31,	December 31,
	2013	2012
+1.0% upward change of foreign exchange rate	12,334	835
-1.0% downward change of foreign exchange rate	(12,334)	(835)

3.4 Outlook

China's economic growth is expected to remain stable in 2014, but the growth rate is expected to be slightly lower than the rate of 7.7% in 2013. China is expected to continue to implement appropriate fiscal policies and prudent monetary policies to ensure a smooth economic restructuring and stable transition, so as to ensure long-term, healthy and sustainable economic development. Located in western China, Chongqing is the largest municipality directly under the PRC central government. It is well positioned to enjoy market and regional advantages, while benefiting from the government policies on industrial restructuring and industrial transformation. As a result, the economic growth of Chongqing is expected to remain substantially higher than the national average level and the GDP growth rate in this region is still targeted at 11.0% or above for 2014, exceeding that of the Yangtze River Delta, Pearl River Delta as well as provinces and regions in central China.

On the front of financial reforms, the procedures and implementation measures regarding marketization of deposit rates, the establishment of the deposit insurance system and the entry of the private economy into the banking sector are approaching finalization, and market competition has intensified. However, driven by the gradual recovery of the global economy, the Chinese government has introduced a series of measures on economic reform based on the Third Plenary Session of the 18th Central Committee of the Communist Party of China. By reducing government intervention in the market, such measures encourage the liberalization of price and resource allocation, thereby providing the banking sector with new opportunities.

The year 2014 is a critical year for Bank of Chongqing in pushing forward its business transformation and upgrading process to replicate its past achievement. It is also a year to pursue development opportunities while overcoming challenges. The Bank will further enhance its operation and management standards, advance its internal governance system reform and improve its product structure and service channels. The Bank will also strive for a breakthrough in business development in areas such as consumer credit and asset management, and actively explore and build an efficient Internet banking platform to provide customers with more comprehensive financial products and financial services.

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

4. ISSUANCE OF SECURITIES AND BONDS

4.1 Issuance and Listing of Securities

On the Listing Date, the Bank's H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange. A total of 684,608,901 H Shares (including H Shares issued under the over-allotment option) were offered by the Bank in its initial public offering at an offer price of HK\$6.00 per share. The Bank raised approximately HK\$4,107,653,406 (after deduction of fees and expenses related to the offering) from the initial public offering of H Shares to replenish its capital base. Upon completion of the initial public offering, the total number of shares of the Bank was 2,705,227,505 and the paid-in capital amounted to RMB2,705,227,505.

4.2 Issuance of Bonds

As approved by the extraordinary general meeting of the Bank held on November 11, 2008 and the "Approval for Bank of Chongqing to Issue Subordinated Bonds" (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2009] No. 42) by the CBRC on February 9, 2009, the Bank issued RMB1,000.00 million in subordinated bonds within the domestic inter-bank bond market of China in April 2009. Such subordinated bonds have a term of 10 years, with a fixed coupon rate of 5.31% per annum for the first five years, payable annually. The Bank has the option to exercise the redemption right to redeem all of the bonds at the par value on April 3, 2014. If the bank does not exercise this option, the annual coupon rate for the second 5-year period shall be the original coupon rate plus 3.0% per annum, and shall remain fixed through to the maturity date. The Bank has decided to redeem the aforesaid bonds in full on April 3, 2014.

As approved by the extraordinary general meeting of the Bank held on August 12, 2011 and the "Approval for Bank of Chongqing to Issue Subordinated Bonds" (《關於重慶銀行發行次級債券的批覆》) (Yin Jian Fu [2011] No. 511) by the CBRC on November 18, 2011, the Bank issued RMB800.00 million in subordinated bonds within the domestic inter-bank bond market of China in March 2012. Such subordinated bonds have a term 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, those debts qualify for inclusion as supplementary capital in accordance with the relevant requirement of the CBRC.

In accordance with the “Approval for Bank of Chongqing to Issue Small and Micro Enterprises Financial Bonds” (《中國銀監會關於重慶銀行發行金融債券的批覆》) (Yin Jian Fu [2012] No.526) by the CBRC on 20 September 2012 and the “Decision on Administrative Approval from the People’s Bank of China”(《中國人民銀行准予行政許可決定書》) (Yin Shi Chang Xu Zhun Yu [2013] No.15) by the People’s Bank of China, the Bank issued RMB3,000.00 million in financial bonds for small and micro enterprises within the domestic inter-bank bond market of China in April 2013, aiming to support the development of small and micro enterprise businesses.

5. OTHER INFORMATION

5.1 Corporate Governance Code

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

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

During the period from the Listing Date to December 31, 2013, the Bank fully complied with the code provisions set out in 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 adopted the recommended best practices therein, where appropriate. The Bank also strictly abided by the applicable laws and regulations and the Listing Rules in respect of management of inside information.

5.2 Securities Transactions by Directors and Supervisors

The Bank has adopted, in respect of securities transactions by directors, supervisors and senior management, a code of conduct 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 for the period starting from the Listing Date to December 31, 2013.

5.3 Changes in Directors and Supervisors

On December 30, 2013, with respect to election of directors for the fifth session of the board of directors of the Bank, the Board approved the proposed re-election of Mr. GAN Weimin, Mr. RAN Hailing, Ms. NI Yuemin and Mr. ZHAN Wanghua as the executive directors, the proposed re-election of Mr. XIANG Li, Ms. LV Wei, Mr. WONG Hon Hing, Mr. QIN Wei and Mr. DENG Yong and nomination of Mr. YANG Jun as the non-executive directors, and the proposed re-election of Dr. SUN Fangcheng, Mr. LI He and Mr. TO Koon Man Henry and nomination of Dr. WEN Tao and Ms. PENG Jing as the independent non-executive directors of the fifth session of the board of directors of the Bank.

Subsequently, Ms. PENG Jing decided not to stand for election as a candidate for independent non-executive director for the fifth session of the board of directors of the Bank due to personal reasons. Pursuant to a directive issued by the Chongqing State-owned Assets Supervision and Administration Commission, in accordance with the spirit of the internal rules of the relevant Chinese central government authority, Dr. SUN Fangcheng and Dr. WEN Tao should not hold concurrent corporate positions, including directorships in publicly listed companies, due to the fact that they are senior officials of Chinese public institutions. Accordingly, Dr. SUN Fangcheng and Dr. WEN Tao would not stand for re-election for the fifth session of the board of directors of the Bank. In light of the foregoing, on January 16, 2014, the Board approved the nominations of Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu to be candidates for the independent non-executive directors for the fifth session of the board of directors of the Bank in place of Ms. PENG Jing, Dr. SUN Fangcheng and Dr. WEN Tao.

On March 7, 2014, the above-mentioned appointments of directors of the fifth session of the board of directors of the Bank were approved at the Bank's second extraordinary general meeting of 2014. The respective terms of office of the newly appointed directors shall become effective from the date of approval of their respective qualification of directorship by the CBRC Chongqing Bureau, and the respective terms of office of the re-elected directors have become effective on March 7, 2014.

Mr. YIN Mingshan has retired as a non-executive director upon the conclusion of the Bank's second extraordinary general meeting of 2014. In accordance with relevant PRC laws and regulations and the Articles of Association of the Bank, Dr. SUN Fangcheng, Dr. ZHANG Weiguo and Mr. HAN Deyun will continue to perform their duties as independent non-executive directors until the CBRC Chongqing Bureau approves the qualifications of the newly appointed directors. Upon the approval by CBRC Chongqing Bureau of the qualifications of the newly appointed directors, Dr. SUN Fangcheng, Dr. ZHANG Weiguo and Mr. HAN Deyun will no longer perform their duties as directors.

On December 30, 2013, with respect to election of supervisors for the fifth session of the board of supervisors of the Bank, the board of supervisors of the Bank approved the proposed re-election of Ms. WEN Yuping, Mr. CHEN Zhengsheng and Mr. ZHOU Yongkang as external supervisors of the fifth session of the board of supervisors of the Bank and nomination of Mr. CHEN Yan and Mr. TANG Jun as shareholder supervisors of the fifth session of the board of supervisors of the Bank.

Subsequently, pursuant to a directive issued by the Chongqing State-owned Assets Supervision and Administration Commission, in accordance with the spirit of the internal rules of the relevant Chinese central government authority, Ms. WEN Yuping was a government official within the preceding three years and therefore should not hold any corporate positions, including position in publicly listed companies. Therefore, Ms. WEN Yuping would not stand for re-election for the fifth session of the board of supervisors of the Bank. In light of the foregoing, on January 15, 2014, the board of supervisors of the Bank approved the nominations of Mr. YIN Xianglong to be a candidate for the external supervisor for the fifth session of the board of supervisors of the Bank in place of Ms. WEN Yuping.

On March 7, 2014, the above-mentioned appointments of supervisors of the fifth session of the board of supervisors of the Bank were approved at the Bank's second extraordinary general meeting of 2014, with their respective terms of office becoming effective immediately.

5.4 Profits and Dividend

The Bank's revenue for the year ended December 31, 2013 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this results announcement.

Pursuant to the resolutions passed at the annual general meeting of 2012 on April 2, 2013, the Bank distributed a cash dividend of RMB0.07 per share (tax inclusive) in aggregate amount of RMB141.44 million (tax inclusive) for the year 2012 to all the shareholders whose names appeared on the register of members on April 2, 2013. Such dividend was denominated in RMB.

The Board of the Bank has proposed the payment of a cash dividend of RMB0.224 per share (tax inclusive) for the year ended December 31, 2013 in aggregate amount of RMB605.97 million (tax inclusive) to all shareholders of the Bank. The dividend distribution plan will be submitted to the annual general meeting of 2013 for consideration and approval. If such proposal is approved at the annual general meeting of 2013, the dividend will be distributed to holders of domestic shares and holders of H Shares whose names appear on the register of members on May 30, 2014. Such proposed dividend will be denominated in RMB. Dividends payable to holders of

domestic shares shall be paid in RMB, whereas dividends payable to holders of H Shares shall be paid in HK\$. The exchange rate of RMB to HK\$ to be adopted shall be the average middle rates of the five business days preceding and including the date of declaration of such dividends at the Bank's annual general meeting of 2013 (being May 16, 2014, inclusive) as announced by the People's Bank of China. The register of members of the Bank will be closed from Sunday, May 25, 2014 to Friday, May 30, 2014 (both days inclusive), during such period no H Share transfer will be registered. In order to be entitled to the final dividend, 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 not later than 4:30 p.m. on Friday, May 23, 2014.

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

(All amounts expressed in millions of RMB except percentages, unless otherwise stated)

	2012	2011	2010
Cash dividend (tax inclusive)	141.44	101.03	101.03
As a percentage of profit for the year	7.3%	6.8%	9.2%

5.5 Annual General Meeting and Closure of Register of Members

The Bank's annual general meeting of 2013 will be held on Friday, May 16, 2014. 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 Wednesday, April 16, 2014 to Friday, May 16, 2014 (both days inclusive), 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 annual general meeting of 2013 must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, April 15, 2014.

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

Since the Listing Date to the end of the Reporting Period, the Bank had not purchased, sold or redeemed any listed securities 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)

	2013	2012
Interest income	10,467,150	8,308,816
Interest expense	(5,288,532)	(4,159,185)
Net interest income	5,178,618	4,149,631
Fee and commission income	694,318	406,006
Fee and commission expense	(49,737)	(37,960)
Net fee and commission income	644,581	368,046
Net trading (losses)/income	(89,789)	25,789
Net gains/(losses) on investment securities	76,162	87,999
Other operating income	64,928	25,831
Operating income	5,874,500	4,657,296
Operating expenses	(2,282,858)	(1,901,448)
Impairment losses on loans and advances to customers	(535,632)	(239,627)
Operating profit	3,056,010	2,516,221
Share of (losses)/profits of an associate	1,435	1,162
Profit before income tax	3,057,445	2,517,383
Income tax expense	(728,179)	(592,578)
Net profit	2,329,266	1,924,805
Net profit for the year attributable to shareholders of the Bank	2,329,266	1,924,805
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	1.10	0.95

Bank of Chongqing Co., Ltd**Statements of comprehensive income (continued)***(All amounts expressed in thousands of RMB unless otherwise stated)*

	2013	2012
Net profit for the year attributable to shareholders of the Bank	2,329,266	1,924,805
Other comprehensive income		
Items will be transferred to profit/loss in the future:		
Available-for-sale ('AFS') securities		
Changes in fair value recorded in equity	(127,416)	(25,848)
Less: Related income tax impact	31,854	6,462
Subtotal	(95,562)	(19,386)
Items will not be reclassified to profit/loss in the future:		
Surplus on remeasurement of retirement benefits	304	1,064
Less: Related income tax impact	(76)	(266)
Subtotal	228	798
Total other comprehensive income, net of tax	(95,334)	(18,588)
Total comprehensive income for the year attributable to shareholders of the Bank	2,233,932	1,906,217
Dividends		
Dividend declared during the year	141,443	101,031

Bank of Chongqing Co., Ltd
Statements of financial position

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

	Year End 31 December	
	2013	2012
ASSETS		
Cash and balances with central banks	32,822,748	25,243,334
Due from other banks and financial institutions	32,143,462	18,532,058
Financial assets at fair value through profit or loss	2,009,537	2,413,849
Loans and advances to customers	88,637,824	75,256,873
Investment securities		
– Loans and receivables	35,000,560	21,232,136
– Available-for-sale ('AFS')	4,956,959	3,244,101
– Held-to-maturity ('HTM')	7,473,242	7,656,075
Investment in an associate	24,370	22,935
Property, plant and equipment	2,068,972	1,470,527
Deferred income tax assets	305,651	176,701
Other assets	1,343,690	914,889
	<hr/>	<hr/>
Total assets	<u>206,787,015</u>	<u>156,163,478</u>
LIABILITIES		
Due to other banks and financial institutions	33,749,572	27,659,141
Customer deposits	148,801,045	114,043,185
Other liabilities	5,804,219	4,234,301
Current tax liabilities	175,138	172,826
Deferred income tax liabilities	–	5,789
Debt issued	4,777,770	1,789,886
	<hr/>	<hr/>
Total liabilities	<u>193,307,744</u>	<u>147,905,128</u>
EQUITY		
Capital and reserves attributable to the Bank's shareholders		
Share capital	2,705,228	2,020,619
Capital surplus	2,444,623	800
Other reserves	2,653,606	1,683,263
Retained earnings	5,675,814	4,553,668
	<hr/>	<hr/>
Total equity	<u>13,479,271</u>	<u>8,258,350</u>
	<hr/>	<hr/>
Total liabilities and equity	<u>206,787,015</u>	<u>156,163,478</u>

Bank of Chongqing Co., Ltd
Statements of changes in equity

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

	Share capital	Capital surplus	Surplus reserve	Other reserves			Retained earnings	Total
				General reserve	Revaluation reserve for AFS securities	Surplus on remeasurement of retirement benefits		
Balance at 1 January 2012	2,020,619	800	497,087	810,800	1,405	549	3,121,904	6,453,164
Net profit for the year	-	-	-	-	-	-	1,924,805	1,924,805
Changes taken to other comprehensive income	-	-	-	-	(19,386)	798	-	(18,588)
Total comprehensive income	-	-	-	-	(19,386)	798	1,924,805	1,906,217
Dividends	-	-	-	-	-	-	(101,031)	(101,031)
Transfer to other reserves	-	-	192,480	199,530	-	-	(392,010)	-
Balance at 31 December 2012	<u>2,020,619</u>	<u>800</u>	<u>689,567</u>	<u>1,010,330</u>	<u>(17,981)</u>	<u>1,347</u>	<u>4,553,668</u>	<u>8,258,350</u>
Balance at 1 January 2013	2,020,619	800	689,567	1,010,330	(17,981)	1,347	4,553,668	8,258,350
Net profit for the year	-	-	-	-	-	-	2,329,266	2,329,266
Changes taken to other comprehensive income	-	-	-	-	(95,562)	228	-	(95,334)
Total comprehensive income	-	-	-	-	(95,562)	228	2,329,266	2,233,932
Newly issued shares	684,609	2,443,823	-	-	-	-	-	3,128,432
Dividends	-	-	-	-	-	-	(141,443)	(141,443)
Transfer to other reserves	-	-	232,927	832,750	-	-	(1,065,677)	-
Balance at 31 December 2013	<u>2,705,228</u>	<u>2,444,623</u>	<u>922,494</u>	<u>1,843,080</u>	<u>(113,543)</u>	<u>1,575</u>	<u>5,675,814</u>	<u>13,479,271</u>

Bank of Chongqing Co., Ltd**Statements of cash flows***(All amounts expressed in thousands of RMB unless otherwise stated)*

	2013	2012
Cash flows from operating activities		
Profit before income tax	3,057,445	2,517,383
Adjustments:		
Depreciation and amortisation	116,371	85,417
Impairment losses on loans	535,632	239,627
Impairment losses on other assets	86	1,427
Net gains on disposal of property, plant and equipment	(9,929)	(4,881)
Net gains on de-recognition of investment securities	(76,162)	(87,999)
Share of results of an associate	(1,435)	(1,162)
Interest income arising from investment securities	(2,668,905)	(1,438,691)
Interest expense arising from bonds issued	208,603	96,481
Net increase in operating assets:		
Net increase in restricted deposit balances with central banks	(5,030,031)	(4,283,892)
Net (increase)/decrease in amount due from other banks and financial institutions	(723,581)	4,564,197
Net increase in financial assets held under resale agreements	(7,541,671)	(1,630,567)
Net increase in loans and advances to customers	(13,911,237)	(12,669,408)
Net increase in other operating assets	(55,624)	(44,976)
Net increase in operating liabilities:		
Net increase in borrowings from central banks	961,361	805,170
Net increase in amount due to other banks and financial institutions	9,951,644	791,110
Net decrease in financial assets sold under repurchase agreements	(4,822,574)	(2,382,710)
Net increase in customer deposits	34,757,860	24,736,631
Net increase in other operating liabilities	4,022,685	3,700,299
Income tax paid	(828,752)	(637,352)
Net cash inflows from operating activities	17,941,786	14,356,104

Bank of Chongqing Co., Ltd**Statements of cash flows (continued)***(All amounts expressed in thousands of RMB unless otherwise stated)*

	2013	2012
Cash flows from investing activities:		
Dividends received	8,659	5,947
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	12,897	205
Purchase of property and equipment, intangible assets and other long-term assets	(745,527)	(412,490)
Proceeds from sale and redemption of investments	64,199,230	58,311,890
Purchase of investment securities	(79,197,040)	(74,167,865)
	<hr/>	<hr/>
Net cash outflows from investing activities	(15,721,781)	(16,262,313)
Cash flows from financing activities:		
Proceeds from issuance of new shares	3,098,370	–
Proceeds from issuance of a bond	2,985,000	794,400
Interest paid in relation to issued bonds	(110,384)	(54,024)
Dividend paid to shareholders of the Bank	(147,244)	(98,659)
	<hr/>	<hr/>
Net cash inflows from financing activities	5,825,742	641,717
Effect of exchange rate changes on cash and cash equivalents	(150,212)	(2,576)
Net increase/(decrease) in cash and cash equivalents	7,895,535	(1,267,068)
Cash and cash equivalents at beginning of the year	6,325,046	7,592,114
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	14,220,581	6,325,046
	<hr/> <hr/>	<hr/> <hr/>

Bank of Chongqing Co., Ltd
Notes to the Financial Information

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

1 Basis of presentation

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

The preparation of Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies.

The Bank applied all relevant effective IFRS in the preparation of the financial information.

The Bank has adopted the following new or revised IFRSs effective for the current year. There is no early adoption of any new IFRSs not yet effective for the year ended 31 December 2013.

Amendments to IAS 1 "Presentation of Financial Statement: Other Comprehensive Income"

Amendments to IAS 19 "Employee Benefits"

Amendments to IAS 27 "Separate Financial Statements"

IAS 28 (revised) "Investments in Associates and Joint Ventures"

Amendments to IFRS 7 "Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities"

IFRS 10 "Consolidated Financial Statements"

IFRS 11 "Joint Arrangements"

IFRS 12 "Disclosure of Interests in Other Entities"

Amendments to IFRS 10, IFRS 11 and IFRS 12 "Transition Guidance"

IFRS 13 "Fair Value Measurement"

The main change resulting from the Amendments to IAS 1 is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The statement of comprehensive income of the Bank has been presented in accordance with the revised accounting standard.

Amendments to IAS 19 eliminates the option of recognition for "actuarial gains and losses" using the corridor method. Such gains and losses are now included in "remeasurements" and are recognised in other comprehensive income in the period in which they occur.

Bank of Chongqing Co., Ltd

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

1 Basis of presentation *(continued)*

IFRS 12 introduces the disclosure requirements for all forms of interests in other entities, including associates and unconsolidated structured entities.

IFRS 13 defines and sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurement.

The accounting policies set out below have been applied consistently by the Bank to all periods presented in these financial statements.

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

	Effective for annual periods beginning on or after
IAS 32, Financial instruments: Presentation	January 1, 2014
Amendment to IFRS 10, IFRS 12 and IAS 27, Investment entities	January 1, 2014
IFRS 9, Financial instruments- classification of financial assets and financial liabilities	January 1, 2015

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

The directors of the Bank anticipate that the application of the amendment to IAS 32 is not expected to have a material effect on the disclosures of the Bank's statement of financial position.

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

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Bank anticipate that the application of the amendments is not expected to have a material effect on the disclosures of the Bank's statement of financial position.

Bank of Chongqing Co., Ltd

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

1 Basis of presentation (continued)

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

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

2 Net interest income

	Year Ended 31 December	
	2013	2012
Interest income		
Balances with central banks	430,482	321,953
Due from other banks and financial institutions	1,260,963	1,446,687
Loans and advances to customers	6,106,800	5,101,485
Investment securities	2,466,897	1,253,876
Financial assets at fair value through profit or loss	202,008	184,815
	<u>10,467,150</u>	<u>8,308,816</u>
Interest expense		
Due to other banks and financial institutions	(1,779,260)	(1,760,418)
Customer deposits	(3,300,669)	(2,302,286)
Debts issued	(208,603)	(96,481)
	<u>(5,288,532)</u>	<u>(4,159,185)</u>
Net interest income	<u>5,178,618</u>	<u>4,149,631</u>
	Year Ended 31 December	
	2013	2012
Interest income accrued on loans and advances to customers individually impaired	<u>9,570</u>	<u>4,951</u>
	Year ended 31 December	
	2013	2012
Interest income on listed investments	234,726	241,013
Interest income on unlisted investments	2,434,179	1,197,678
	<u>2,668,905</u>	<u>1,438,691</u>

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***3 Net fee and commission income**

	Year Ended 31 December	
	2013	2012
Fee and commission income		
Commission income from financial advisory and consulting services	237,939	154,128
Commission income from wealth management agency service	180,224	107,406
Commission income from custodian service	128,348	28,834
Commission income from bank card services	72,466	45,750
Commission income from credit commitments	37,991	27,240
Commission income from settlement and agency services	37,350	42,648
	694,318	406,006
Fee and commission expense		
Commission expense from settlement and agency services	(32,658)	(23,797)
Commission expense from bank card services	(14,122)	(11,137)
Other commission expense	(2,957)	(3,026)
	(49,737)	(37,960)
Net fee and commission income	644,581	368,046

4 Net trading (losses)/income

	Year Ended 31 December	
	2013	2012
Foreign exchange gains/(losses)	(37,375)	3,327
Net gains/(losses) on interest rate instruments	(52,414)	22,462
	(89,789)	25,789

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 losses of RMB15,509,000, losses of RMB629,000 for the years ended 31 December 2013 and 2012.

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

Bank of Chongqing Co., Ltd

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

5 Other operating income

	Year Ended 31 December	
	2013	2012
Profit on sale of land use rights and buildings and investment properties	5,897	—
Profit on sale of foreclosed assets and other assets	32,672	5,063
Dividend income from unlisted available-for-sale investments	8,659	5,947
Government grants ⁽ⁱ⁾	2,082	8,101
Rental income from investment property	1,441	1,676
Income from dormant account	3,155	2,402
Other miscellaneous income ⁽ⁱⁱ⁾	11,022	2,642
	<u>64,928</u>	<u>25,831</u>

(i) Government grants

Government grant in 2012 was financial supporting fund received from Wuhou District Ministry of Finance for Chengdu Branch being in accordance with economic development promotion policy.

Government grant in 2013 was reward for outstanding financial institutions to support local economic development.

(ii) Other miscellaneous income mainly comprises cashier surplus, compensation on breach of contract, incomes from writing off other payables etc.

6 Operating expenses

	Year Ended 31 December	
	2013	2012
Staff costs (including directors and supervisors' emoluments)	992,048	865,458
General and administrative expenses	685,074	564,352
Business tax and surcharges	381,018	313,225
Depreciation of property, plant and equipment	79,120	58,293
Amortization of intangible assets	12,904	7,221
Amortization of land use rights	4,897	4,898
Depreciation of investment properties	429	428
Amortization of long-term prepaid expenses	19,021	14,577
Rental expenses	68,537	51,121
Professional fees	32,174	12,280
Donations	5,968	5,760
Provision on foreclosed assets	4,378	1,338
Impairment loss/(reversal) on other receivables	(4,297)	89
Others	1,587	2,408
	<u>2,282,858</u>	<u>1,901,448</u>

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***6 Operating expenses (continued)**

Staff cost (including directors and supervisors' emoluments) are as follows:

	Year Ended 31 December	
	2013	2012
Salaries and bonuses	665,965	592,725
Pension costs	109,667	89,486
Housing benefits and subsidies	54,001	43,539
Labor union and staff education expenses	22,225	23,787
Other social security and benefit costs	140,190	115,921
	992,048	865,458

7 Impairment allowances on loans and advances

	Year Ended 31 December	
	2013	2012
Loans and advances to customers		
– Collectively assessed	517,314	208,123
– Individually assessed	18,318	31,504
	535,632	239,627

8 Income tax expense

	Year Ended 31 December	
	2013	2012
Current income tax	831,064	591,324
Deferred income tax	(102,885)	1,254
	728,179	592,578

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.

Bank of Chongqing Co., Ltd

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

8 Income tax expense (continued)

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% (2012: 25%), to profit before income tax can be reconciled as follows:

	Year Ended 31 December	
	2013	2012
Profit before income tax	3,057,445	2,517,383
Tax calculated at a tax rate of 25%	764,361	629,346
Tax effect arising from income not subject to tax ^(a)	(44,077)	(50,862)
Tax effect of expenses that are not deductible for tax purposes ^(b)	7,895	4,475
Tax filing differences for previous years	–	9,619
Income tax expense	<u>728,179</u>	<u>592,578</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.

9 Basic and diluted earnings per share

(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.

	Year Ended 31 December	
	2013	2012
Net profit attributable to shareholders of the Bank (in RMB thousands)	<u>2,329,266</u>	<u>1,924,805</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>2,124,534</u>	<u>2,020,619</u>
Basic earnings per share (expressed in RMB yuan)	<u>1.10</u>	<u>0.95</u>
Dividend per share (in RMB yuan) (Based on prior year shares)	<u>0.07</u>	<u>0.05</u>
Dividend per share (in RMB yuan) (Subject to approval/Approved)	<u>0.224</u>	<u>0.07</u>

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***9 Basic and diluted earnings per share (continued)***(b) Diluted earnings per share*

For the years ended 31 December 2013 and 2012, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

10 Financial assets at fair value through profit or loss

	Year Ended 31 December	
	2013	2012
Government bonds		
– Listed outside Hong Kong	–	–
Other debt securities		
– Listed outside Hong Kong	815,733	738,795
– Unlisted – corporate bonds	1,193,804	1,675,054
	<u>2,009,537</u>	<u>2,413,849</u>

All the Bank's unlisted debt securities are traded in the Inter-bank Bond Market in Mainland China.

As at 31 December 2013 and 2012, no trading securities of the Bank were pledged to third parties under any repurchase agreements.

Financial assets at fair value through profit or loss are analyzed by issuer as follows:

	Year Ended 31 December	
	2013	2012
Designated debt securities issued by:		
– Corporation	<u>2,009,537</u>	<u>2,413,849</u>
	<u>2,009,537</u>	<u>2,413,849</u>

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***11 Investment securities**

	Year Ended 31 December	
	2013	2012
Investment securities – loans and receivables		
Debt securities – at amortised cost		
– Unlisted		
– Trust scheme ⁽¹⁾	27,909,790	18,075,348
– Wealth management product purchased from financial institutions	1,683,233	2,046,788
– Directional asset management plan	5,407,537	1,110,000
	<u>35,000,560</u>	<u>21,232,136</u>
Loans and receivables – Total		
Investment securities – available-for-sale		
Debt securities – at fair value		
– Listed outside Hong Kong	1,143,432	–
– Unlisted	3,630,663	3,045,035
	<u>4,774,095</u>	<u>3,045,035</u>
Debt securities	4,774,095	3,045,035
Equity securities – at fair value		
– Listed outside Hong Kong	–	–
– Unlisted	182,850	199,052
	<u>182,850</u>	<u>199,052</u>
Equity securities	182,850	199,052
Others	14	14
	<u>14</u>	<u>14</u>
Available-for-sale – Total	4,956,959	3,244,101
	<u>4,956,959</u>	<u>3,244,101</u>
Year Ended 31 December		
	2013	2012
Investment securities – held-to-maturity		
Debt securities-at amortized cost		
– Listed outside Hong Kong	4,584,645	4,647,621
– Unlisted	2,888,597	3,008,454
	<u>7,473,242</u>	<u>7,656,075</u>
Held-to-maturity – Total	7,473,242	7,656,075
	<u>7,473,242</u>	<u>7,656,075</u>

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***11 Investment securities (continued)**

Investment securities are analysed by issuer as follows:

	Year Ended 31 December	
	2013	2012
Investment Securities – loans and receivables		
– Trust scheme ⁽¹⁾	27,909,790	18,075,348
– Wealth management products purchased from financial institutions	1,683,233	2,046,788
– Directional asset management plan ⁽²⁾	5,407,537	1,110,000
	<u>35,000,560</u>	<u>21,232,136</u>
Investment Securities – available-for-sale		
– Government bonds	–	–
– Non-commercial bank bonds	2,901,170	2,995,618
– Corporate bonds	1,872,925	49,417
– Equity Investment at fair value	182,850	199,052
– Others	14	14
	<u>4,956,959</u>	<u>3,244,101</u>
Investment Securities – held-to-maturity		
– Government bonds	4,930,028	5,235,549
– Non-commercial bank bonds	1,947,214	1,824,526
– Commercial bank bonds	550,000	550,000
– Corporate bonds	46,000	46,000
	<u>7,473,242</u>	<u>7,656,075</u>

(1) The trust schemes include the trust schemes purchased from trust companies and other banks and the wealth management products invested in trust schemes. The trust schemes purchased from trust companies were RMB18,400.00 million as at 31 December 2013 (2012: RMB14,570.00 million), the trust schemes purchased from other banks were RMB8,590.00 million as at 31 December 2013 (2012: RMB2,300.00 million) and the wealth management products invested in trust scheme were RMB900.00 million as at 31 December 2013 (2012: RMB1,200.00 million); the underlying assets of the trust schemes are trust loans for the corporate borrowers; all trust schemes are guaranteed by third-party banks or guarantee companies and the guarantee contracts cover the principal and interest related to the trust scheme.

(2) The directional asset management plans include the asset management plan purchased from securities companies and asset management companies. The directional asset management plan purchased from securities companies were RMB5.287 Billion as at 31 December 2013 (2012: RMB1.11 Billion), the directional asset management plan purchased from asset management company were RMB0.12 Billion as at 31 December 2013 (2012: RMB0). The underlying assets of the directional asset management plans are bonds, due from other banks, bond repurchase agreements, trust schemes, etc; all directional asset management plans are guaranteed by third-party banks or guarantee companies and the guarantee contracts cover the principal and interest related to the directional asset management plans.

Bank of Chongqing Co., Ltd

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

11 Investment securities (continued)

Net gains on investment securities include:

	Year Ended 31 December	
	2013	2012
Net gains arising from de-recognition of held-for-trading financial assets	71,852	95,565
Net gains arising from de-recognition of available-for-sale financial assets	4,310	(7,566)
	<u>76,162</u>	<u>87,999</u>

12 Investment in an associate

	Year Ended 31 December	
	2013	2012
Beginning of the year	22,935	21,773
Contribution to an associate	1,435	1,162
End of the year	<u>24,370</u>	<u>22,935</u>

In 5 May 2011, the Bank invested RMB22.00 million in establishment of Xingyi Wanfeng Village Bank Co., Ltd., accounting for 20.0% of the registered capital of RMB110.00 million.

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 2013						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	<u>540,028</u>	<u>419,354</u>	<u>24,564</u>	<u>7,178</u>	<u>20%</u>
As of/for the year ended 31 December 2012						
Xingyi Wanfeng Village Bank Co., Ltd.* (興義萬豐村鎮銀行有限責任公司)	The PRC	<u>332,278</u>	<u>217,604</u>	<u>19,794</u>	<u>5,810</u>	<u>20%</u>

* 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.

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***13 Financial guarantees and credit related commitments, other commitments and contingent liabilities***Financial guarantees and credit related commitments*

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

	Year Ended 31 December	
	2013	2012
Guarantees	182,396	150,983
Letters of credit	686,209	71,503
Acceptances	36,329,177	26,461,292
Other commitments with an original maturity of – Under 1 year	802,728	651,269
	<u>38,000,510</u>	<u>27,335,047</u>

Capital expenditure commitments

	Year Ended 31 December	
	2013	2012
Contracted but not provided for:		
Capital expenditure commitments for buildings	245,192	265,676
Acquisition of IT system	62,748	48,667
	<u>307,940</u>	<u>314,343</u>
Authorized but not contracted for:		
Capital expenditure commitments for buildings	10,761	201,545
	<u>10,761</u>	<u>201,545</u>

Bank of Chongqing Co., Ltd

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

13 Financial guarantees and credit related commitments, other commitments and contingent liabilities (continued)

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:

	Year Ended 31 December	
	2013	2012
Not later than 1 year	50,842	41,256
Later than 1 year and not later than 5 years	97,025	83,811
Later than 5 years	2,164	46,842
	<u>150,031</u>	<u>171,909</u>

Legal proceedings

Legal proceedings are initiated by third parties against the Bank as defendant. The Bank had two outstanding claims of RMB5,300 thousand and 920 thousand as at 31 December 2013 (2012: one claim of RMB920 thousand).

14 Segment analysis

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

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

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

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.

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***14 Segment analysis (continued)**

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

	For the year ended 31 December 2013				Total
	Corporate Banking	Retail Banking	Treasury	Unallocated	
Net Interest income from external customers	2,193,720	612,410	2,372,488	–	5,178,618
Inter-segment net interest income/(expense)	1,670,275	384,039	(2,054,314)	–	–
Net interest income	3,863,995	996,449	318,174	–	5,178,618
Net fee and commission income	466,427	178,154	–	–	644,581
Net trading income	–	–	(89,789)	–	(89,789)
Net gains on investment securities	–	–	76,162	–	76,162
Investment in an associate	–	–	1,435	–	1,435
Other operating income	35,762	4,288	8,659	16,219	64,928
Impairment losses on loans and advances to customers	(203,938)	(331,694)	–	–	(535,632)
Operating expense	(1,649,309)	(433,281)	(189,492)	(10,776)	(2,282,858)
– Depreciation and amortization	(91,095)	(23,762)	(1,339)	(175)	(116,371)
– Others	(1,558,214)	(409,519)	(188,153)	(10,601)	(2,166,487)
Profit before income tax	2,512,937	413,916	125,149	5,443	3,057,445

	For the year ended 31 December 2013				
Capital expenditure	357,027	91,587	295,783	1,130	745,527
Segment assets	99,028,672	25,403,594	82,041,463	313,286	206,787,015
Segment liabilities	(129,009,036)	(25,352,437)	(38,942,492)	(3,779)	(193,307,744)

Bank of Chongqing Co., Ltd*(All amounts expressed in thousands of RMB unless otherwise stated)***14 Segment analysis (continued)**

	For the year ended 31 December 2012				Total
	Corporate Banking	Retail Banking	Treasury	Unallocated	
Net Interest income from external customers	2,123,922	444,289	1,581,420	–	4,149,631
Intersegment net interest income/(expense)	659,943	266,199	(926,142)	–	–
Net interest income	2,783,865	710,488	655,278	–	4,149,631
Net fee and commission income	212,857	155,189	–	–	368,046
Net trading income	–	–	25,789	–	25,789
Net gains on investment securities	–	–	87,999	–	87,999
Share of profits of an associate	–	–	1,162	–	1,162
Other operating income	–	–	5,947	19,884	25,831
Impairment losses on loans and advances to customers	(156,647)	(82,980)	–	–	(239,627)
Operating expense	(1,428,528)	(339,657)	(123,118)	(10,145)	(1,901,448)
– Depreciation and amortization	(64,172)	(15,258)	(5,531)	(456)	(85,417)
– Others	(1,364,356)	(324,399)	(117,587)	(9,689)	(1,816,031)
Profit before income tax	<u>1,411,547</u>	<u>443,040</u>	<u>653,057</u>	<u>9,739</u>	<u>2,517,383</u>
	For the year ended 31 December 2012				
Capital expenditure	<u>219,680</u>	<u>52,273</u>	<u>140,046</u>	<u>491</u>	<u>412,490</u>
Segment assets	<u>83,168,190</u>	<u>19,789,768</u>	<u>53,019,531</u>	<u>185,989</u>	<u>156,163,478</u>
Segment liabilities	<u>(99,538,045)</u>	<u>(18,861,273)</u>	<u>(29,503,770)</u>	<u>(2,040)</u>	<u>(147,905,128)</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 2013 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 20, 2014

As at the date of this announcement, the Executive Directors of the Bank are Mr. GAN Weimin, Mr. RAN Hailing, Ms. NI Yuemin and Mr. ZHAN Wanghua; the Non-Executive Directors are Mr. WONG Hon Hing, Mr. XIANG Li, Mr. QIN Wei, Mr. DENG Yong and Ms. LV Wei; and the Independent Non-Executive Directors are Dr. ZHANG Weiguo, Dr. SUN Fangcheng, Mr. HAN Deyun, Mr. LI He and Mr. TO Koon Man Henry.

* *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.*