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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR 2016

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the unaudited results report for the third quarter ended September 30, 2016 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”). This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

1. IMPORTANT NOTICE

- 1.1 The Board, the board of supervisors, the directors, supervisors and senior management of the Bank confirm that there are no misstatements, misleading representations or material omissions in this quarterly results announcement, and assume joint and several liability for the truthfulness, accuracy and completeness of this quarterly results announcement.
- 1.2 This quarterly results announcement has been reviewed and approved at the board meeting of the Bank held on October 31, 2016.
- 1.3 The financial information contained in this quarterly results announcement has not been audited.
- 1.4 The unaudited operating information for the Reporting Period is provided as additional information.

* *The Bank 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.*

2. CORPORATE INFORMATION

2.1 Company Information

Stock name:	BCQ
Stock code:	1963
Listing Exchange for H shares:	The Stock Exchange of Hong Kong Limited
Legal Representative:	GAN Weimin
Authorized Representatives:	GAN Weimin ZHOU Wenfeng
Joint Company Secretaries:	ZHOU Wenfeng HO Wing Tsz Wendy
Registered Address:	No. 153 Zourong Road, Yu Zhong District, Chongqing, the People's Republic of China (the "PRC"), 400010
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	+86 (23) 6379 2129
Fax:	+86 (23) 6379 9024
E-mail:	ir@bankofchongqing.com

2.2 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 for the net profit attributable to equity holders of the Bank for the Reporting Period ended September 30, 2016.

Major financial data and indicators

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>		September 30, 2016	December 31, 2015	Increase/(decrease) at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets		354,752,378	319,807,987	10.9
Loans and advances to customers, gross		147,119,281	124,769,386	17.9
Total liabilities		331,132,928	298,514,992	10.9
Customer deposits		225,390,114	199,298,705	13.1
Equity attributable to shareholders of the Bank		23,619,450	21,292,995	10.9
Total equity		23,619,450	21,292,995	10.9
Net assets per share attributable to shareholders of the Bank (RMB)		7.55	6.81	10.9
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>		The Reporting Period (July – September 2016)	The beginning of the year to the end of the Reporting Period (January – September 2016)	Increase/(decrease) in the period from the beginning of the year to the end of the Reporting Period as compared to the same period of the previous year (%)
Net profit		930,195	2,960,079	10.7
Net profit attributable to shareholders of the Bank		930,195	2,960,079	10.7
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>		The Reporting Period (July – September 2016)	The beginning of the year to the end of the Reporting Period (January – September 2016)	Increase/(decrease) in the period from the beginning of the year to the end of the Reporting Period as compared to the same period of the previous year (%)
Basic earnings per share (RMB)		0.30	0.95	(0.04)
Average annualized return on equity (%)		16.05	17.61	(3.43)

2.3 Total number of shares and particulars of shareholdings as at the end of the Reporting Period

As at the end of the Reporting Period, the Bank had a total of 3,127,054,805 shares, comprising 1,548,033,993 domestic shares and 1,579,020,812 H shares.

Particulars of shareholdings of the top ten shareholders of domestic shares of the Bank

Unit: share

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage (%)	Number of shares pledged
Chongqing Yufu Assets Management Group Co., Ltd.	State-owned	407,010,187	13.02	0
Chongqing Road & Bridge Co., Ltd.	Private	171,339,698	5.48	0
Chongqing Land Group	State-owned	139,838,675	4.47	0
Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned	139,838,675	4.47	0
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.14	0
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.02	0
Chongqing South Group Limited	Private	68,602,362	2.19	68,600,000
Chongqing Transport and Travel Investment Group Limited	State-owned	37,456,522	1.20	0
Chongqing Expressway Co., Ltd.	State-owned	29,942,325	0.96	0
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.77	0
Total		1,242,291,564	39.73	68,600,000

Interests and short positions of substantial shareholders and other persons

As at September 30, 2016, the interests of substantial shareholders (as defined under the SFO), other than directors and supervisors of the Bank, in the H shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the SFO or otherwise notified to the Bank by the shareholders were as follows:

Name of shareholder	Capacity	Total number of H shares held	Percentage of the total number of H shares of the Bank (%)	Unit: share
				Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited ⁽¹⁾	Beneficial owner	458,574,853 (long position)	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
HSBC International Trustee Limited ⁽⁵⁾	Interest of a trustee	458,574,853 (long position)	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	Settlor of a discretionary trust/ interest of the beneficiary of a trust	458,574,853 (long position)	29.04	14.66
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	240,463,650 (long position)	15.23	7.69
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	240,463,650 (long position)	15.23	7.69
Lifan International (Holdings) Limited ⁽³⁾	Beneficial owner	172,417,500 (long position)	10.92	5.51
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51

Name of shareholder	Capacity	Total number of H shares held	Percentage of the total number of H shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	172,417,500 (long position)	10.92	5.51
CHEN Qiaofeng ⁽³⁾	Interest of spouse	172,417,500 (long position)	10.92	5.51
Funde Sino Life Insurance Co., Ltd. ⁽⁴⁾	Beneficial owner	150,000,000 (long position)	9.50	4.80
	Interest of a controlled corporation	67,570,150 (long position)	4.28	2.16
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	5.37	2.71
Fund Resources Investment Holding Group Company Limited ⁽⁴⁾	Beneficial owner	67,570,150 (long position)	4.28	2.16

Notes:

- (1) Dah Sing Bank, Limited held 458,574,853 H shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.50% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 40.97% of the issued share capital of Dah Sing Financial Holdings Limited and Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. For the purpose of the SFO, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Mr. David Shou-Yeh WONG and Ms. Christine Yen WONG are deemed to be interested in the shares of the Bank held by Dah Sing Bank, Limited.
- (2) SAIC Motor HK Investment Limited held 240,463,650 H shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the shares of the Bank held by SAIC Motor HK Investment Limited.
- (3) As confirmed by Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at September 30, 2016, Lifan International (Holdings) Limited held 172,417,500 H shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd. which is wholly owned by Lifan Industry (Group) Co., Ltd. Lifan Industry (Group) Co., Ltd. is owned as to 49.40% by Chongqing Lifan Holdings Co., Ltd., which is in turn owned as to 72% by Chongqing Huiyang Holdings Co., Ltd. Mr. YIN Mingshan is the beneficial owner of approximately 51% interests in Chongqing Huiyang Holdings Co., Ltd., and Ms. CHEN Qiaofeng is his spouse. Therefore, for the purpose of the SFO, Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the shares of the Bank held by Lifan International (Holdings) Limited.

- (4) Funde Sino Life Insurance Co., Ltd. held 150,000,000 H shares of the Bank, and Fund Resources Investment Holding Group Company Limited held 67,570,150 H shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the shares of the Bank held by Fund Resources Investment Holding Group Company Limited.
- (5) HSBC International Trustee Limited, the trustee of a discretionary trust established for the benefit of Mr. David Shou-Yeh WONG and his family members, indirectly held 37.66% interests in Dah Sing Financial Holdings Limited. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).

3. HIGHLIGHTS OF QUARTERLY RESULTS

As at September 30, 2016, the Bank's total assets amounted to RMB354,752.38 million, representing an increase of RMB34,944.39 million or 10.9% as compared to the end of the previous year. Of which:

- Customer deposits amounted to RMB225,390.11 million, representing an increase of RMB26,091.41 million or 13.1% as compared to the end of the previous year. Of which, time deposits, demand deposits, pledged deposits held as collateral and other deposits amounted to RMB134,812.90 million, RMB72,615.19 million, RMB11,887.63 million and RMB6,074.39 million, respectively.
- Total loans and advances to customers amounted to RMB147,119.28 million, representing an increase of RMB22,349.90 million, or 17.9%, as compared to the end of the previous year. Of which, corporate loans, personal loans and discounted bills amounted to RMB97,888.09 million, RMB37,857.82 million and RMB11,373.37 million, respectively.
- The balance of non-performing loans amounted to RMB1,422.38 million, representing an increase of RMB212.05 million as compared to the end of the previous year; the non-performing loan ratio was 0.97%, remaining the same as compared to the end of the previous year; and the provision coverage ratio was 281.28%, representing an increase of 37.30 percentage points as compared to the end of the previous year.
- The loan-to-deposit ratio was 65.27%, representing an increase of 2.67 percentage points as compared to the end of the previous year.

For the nine months ended September 30, 2016, the Bank recorded a net profit of RMB2,960.08 million, representing an increase of RMB285.57 million or 10.7% as compared to the same period of the previous year. The average annualized return on total assets was 1.17%, representing a decrease of 0.09 percentage point as compared to the same period of the previous year. The average annualized return on equity was 17.61%, representing a decrease of 3.43 percentage points as compared to the same period of the previous year. The Bank recorded basic earnings per share of RMB0.95, representing a decrease of RMB0.04 as compared to the same period of the previous year, which was attributable to the dilution effect as a result of the issue of 421,827,300 new H shares by the Bank on December 23, 2015.

- Interest-earning assets grew continuously and the net interest income increased steadily. Net interest income amounted to RMB5,846.21 million, representing an increase of RMB670.65 million or 13.0% as compared to the same period of the previous year. The annualized net interest margin was 2.40%, representing a decrease of 16 basis points as compared to the same period of the previous year.
- The net fee and commission income increased in a relatively rapid manner. Net fee and commission income amounted to RMB1,432.48 million, representing an increase of RMB309.99 million or 27.6% as compared with the same period of the previous year, primarily due to the fast growth of the settlement and agency services and the wealth management service. Of which, commission income from settlement and agency services amounted to RMB328.09 million, representing an increase of 294.3% as compared with the same period of the previous year and commission income from wealth management service amounted to RMB924.25 million, representing an increase of 32.4% as compared with the same period of the previous year.
- Operating expenses were RMB1,742.72 million, representing a decrease of RMB369.12 million or 17.5% as compared to the same period of the previous year. The cost-to-income ratio was 20.62%, representing a decrease of 5.97 percentage points as compared to the same period of the previous year. The impairment losses on assets was RMB1,620.67 million, representing an increase of RMB999.48 million or 160.9% as compared to the same period of the previous year.

In accordance with the “Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)”, as at the end of the Reporting Period, the Bank’s Core Tier One capital adequacy ratio, Tier One capital adequacy ratio and capital adequacy ratio were 10.79%, 10.79% and 12.85%, respectively, representing an increase of 0.30 percentage point, 0.30 percentage point and 1.22 percentage points respectively as compared to the end of the previous year, fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

4. SIGNIFICANT EVENTS

4.1 Particulars and reasons of material changes in major accounting statement items and financial indicators

☒ Applicable ☐ Not applicable

The main reasons for material changes over 30% in the major accounting statement items and financial indicator as compared to the same period of the previous year or the end of the previous year are as follows:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	January to September 2016	January to September 2015	Change rate as compared to the same period of the previous year (%)	Main reasons of the changes
Net gains/(losses) on investment securities	7,302	(9,964)	(173.3)	Mainly due to the gains on investment securities as a result of the sale of bonds
Net trading (losses)/income	(35,098)	76,033	(146.2)	Mainly due to the change in fair value in the market
Other operating income	44,482	33,783	31.7	Mainly due to the increase in dividends from equity investments in enterprises
Impairment losses on assets	1,620,686	621,205	160.9	Mainly due to the increase in provisions for impairment losses on loans by the Bank under prudent principles in times of macroeconomic slowdown

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>			Change rate as compared to the same period of the previous year (%)	Main reasons of the changes
	September 30, 2016	December 31, 2015		
Due from other banks and financial institutions	61,087,608	45,856,556	33.2	Mainly due to the expansion of the scope of investment and the launch of interbank business by the Bank by fully utilizing its own funds according to the funding conditions of the market
Financial assets at fair value through profit or loss	737,685	2,312,586	(68.1)	Mainly due to the adjustment of the structure of trading debt securities by the Bank based on the trend of interest rates
Investment securities – Held-to-maturity	18,227,782	13,816,724	31.9	Mainly due to the increase in allocations of the liquidity assets such as book-entry government bonds and local government bonds
Deferred income tax assets	726,624	505,920	43.6	Mainly due to the timing difference arising from assets impairment allowances etc.
Other assets	3,495,601	2,662,978	31.3	Mainly due to growth in interest receivable
Other liabilities	4,693,009	7,218,001	(35.0)	Mainly due to certain funds from the unsecured wealth management products to be allocated with assets at the end of the previous year
Taxes payable	385,003	271,989	41.6	Mainly due to the increase in income tax payable resulting from the increase in total profit for this period as compared to the previous period
Debt securities issued	39,035,961	18,490,742	111.1	Mainly due to the issuance of interbank deposits and Tier 2 capital bonds for optimizing debt structure and increasing channels of capital source

4.2 The progress of significant events and their influence and analysis on the solutions

☐ Applicable ☒ Not applicable

4.3 Status of performance of undertakings of the Company, shareholders and de facto controller

☐ Applicable ☒ Not applicable

4.4 Implementation of the cash dividend policy during the Reporting Period

☒ Applicable ☐ Not applicable

A final dividend of RMB0.264 (tax inclusive) per share for the year 2015 (2014: RMB0.272 (tax inclusive) per share), amounting to a total dividend of RMB825,542,468.52 (tax inclusive) based on the profit and number of shares issued for the year ended December 31, 2015, was distributed by the Bank upon consideration and approval at the annual general meeting on June 17, 2016. The final dividend for the year 2015 was distributed to holders of H shares and domestic shares on July 22, 2016.

4.5 Disclosure of, and reasons for, the warning in respect of forecast of a probable loss in respect of the accumulated net profit from the beginning of the year to the end of the next reporting period or any significant changes in profit as compared to the same period of the previous year

☐ Applicable ☒ Not applicable

5. PUBLICATION OF QUARTERLY RESULTS ANNOUNCEMENT

The quarterly results announcement prepared in accordance with the IFRSs will be published on the website of The Hong Kong Stock Exchange Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com).

This quarterly 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, October 31, 2016

As at the date of this announcement, the executive directors of the Bank are Mr. GAN Weimin, Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors are Mr. WONG Hon Hing, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and the independent non-executive directors are Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

APPENDIX FINANCIAL STATEMENTS ACCORDING TO IFRS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016

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

	For the nine months ended 30 September	
	2016 (Unaudited)	2015 (unaudited)
Interest income	12,215,932	11,570,246
Interest expense	(6,369,725)	(6,394,687)
Net interest income	5,846,207	5,175,559
Fee and commission income	1,491,909	1,181,775
Fee and commission expense	(59,430)	(59,286)
Net fee and commission income	1,432,479	1,122,489
Net trading (losses)/gains	(35,098)	76,033
Net gains/(losses) on investment securities	7,302	(9,964)
Other operating income	44,482	33,783
Operating income	7,295,372	6,397,900
Operating expenses	(1,742,715)	(2,111,836)
Impairment losses	(1,620,686)	(621,205)
Operating profit	3,931,971	3,664,859
Share of profit of an associate	1,329	799
Profit before income tax	3,933,300	3,665,658
Income tax expense	(973,221)	(991,145)
Net profit	2,960,079	2,674,513
Net profit for the period attributable to shareholders of the Bank	2,960,079	2,674,513
Earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	0.95	0.99

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)*FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016**(All amounts expressed in thousands of RMB unless otherwise stated)*

	For the nine months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Net profit for the period attributable to shareholders of the Bank	2,960,079	2,674,513
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Available-for-sale ('AFS') securities		
changes in fair value recorded in equity	257,231	325,092
Less: Related income tax impact	(64,308)	(81,273)
Subtotal	192,923	243,819
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Surplus on remeasurement of retirement benefits	(1,340)	(2,770)
Less: Related income tax impact	335	693
Subtotal	(1,005)	(2,077)
Total other comprehensive income, net of tax	191,918	241,742
Total comprehensive income for the period attributable to shareholders of the Bank	3,151,997	2,916,255

STATEMENTS OF FINANCIAL POSITION*AS AT 30 SEPTEMBER 2016**(All amounts expressed in thousands of RMB unless otherwise stated)*

	30 September 2016 (Unaudited)	31 December 2015 (Audited)
ASSETS		
Cash and balances with central bank	39,941,755	38,201,369
Due from other banks and financial institutions	61,087,608	45,856,556
Financial assets at fair value through profit or loss	737,685	2,312,586
Loans and advances to customers	143,118,371	121,816,452
Investment securities		
– Loans and receivables	62,495,591	73,008,214
– Available-for-sale ('AFS')	22,223,186	18,970,967
– Held-to-maturity ('HTM')	18,227,782	13,816,724
Investment in an associate	30,543	29,214
Property, plant and equipment	2,667,632	2,627,007
Deferred income tax assets	726,624	505,920
Other assets	3,495,601	2,662,978
Total assets	354,752,378	319,807,987
LIABILITIES		
Due to other banks and financial institutions	61,628,841	73,235,555
Customer deposits	225,390,114	199,298,705
Other liabilities	4,693,009	7,218,001
Current tax liabilities	385,003	271,989
Debt securities issued	39,035,961	18,490,742
Total liabilities	331,132,928	298,514,992
EQUITY		
Capital and reserves attributable to the Bank's shareholders		
Share capital	3,127,055	3,127,055
Capital surplus	4,680,638	4,680,638
Other reserves	6,145,056	5,337,299
Retained earnings	9,666,701	8,148,003
Total equity	23,619,450	21,292,995
Total liabilities and equity	354,752,378	319,807,987

STATEMENTS OF CASH FLOWS*FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016**(All amounts expressed in thousands of RMB unless otherwise stated)*

	For the nine months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit before income tax	3,933,300	3,665,658
Adjustments:		
Depreciation and amortisation	126,424	114,513
Impairment losses on loans	1,338,261	515,753
Impairment losses on other assets	282,440	105,452
Net (gains)/losses on disposal of property, plant and equipment	(2)	45
Net (gains)/losses on de-recognition of investment securities	(7,302)	9,964
Share of results of an associate	(1,329)	(799)
Interest income arising from investment securities	(4,596,105)	(4,090,491)
Interest expense arising from debt securities issued	928,342	217,523
Net (increase)/decrease in operating assets:		
Net (increase)/decrease in restricted deposit balances with central bank	(3,055,717)	102,872
Net increase in due from and placements to banks and other financial institutions	(6,550,727)	(544,602)
Net decrease in financial assets held under resale agreements	1,230,325	16,443,390
Net increase in loans and advances to customers	(22,588,638)	(12,799,704)
Net increase in other operating assets	(912,158)	(786,716)
Net increase in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	(1,214,453)	1,140,576
Net increase/(decrease) in due to and placements from banks and other financial institutions	4,646,130	(827,119)
Net decrease in financial assets sold under repurchase agreements	(15,038,391)	(20,124,411)
Net increase in customer deposits	26,091,409	26,517,999
Net decrease in other operating liabilities	(2,625,392)	(2,864,841)
Income tax paid	(1,144,884)	(836,852)
Net cash (outflows)/inflows from operating activities	(19,158,467)	5,958,210

STATEMENTS OF CASH FLOWS (CONTINUED)*FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016**(All amounts expressed in thousands of RMB unless otherwise stated)*

	For the nine months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from investing activities:		
Dividends received	21,193	440
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	18,866	19,539
Purchase of property, plant and equipment, intangible assets and other long-term assets	(159,772)	(316,489)
Proceeds from sale and redemption of investments	217,715,637	126,086,137
Purchase of investment securities	(208,726,136)	(138,251,038)
Net cash inflows/(outflows) from investing activities	8,869,788	(12,461,411)
Cash flows from financing activities:		
Proceeds from issuance of debt securities and inter-bank certificates of deposit	42,155,172	12,450,000
Cash paid to redeem the debt securities issued	(22,350,000)	(3,500,000)
Interest paid in relation to debt securities issued	(197,800)	(267,295)
Dividend paid to shareholders of the Bank	(778,140)	(733,701)
Net cash inflows from financing activities	18,829,232	7,949,004
Effect of exchange rate changes on cash and cash equivalents	54,766	26,389
Net increase in cash and cash equivalents	8,595,319	1,472,192
Cash and cash equivalents at beginning of the period	18,118,269	11,754,912
Cash and cash equivalents at end of the period	26,713,588	13,227,104