天津銀行
BANK OF TIANJIN

天津銀行股份有限公司 Bank of Tianjin Co., Ltd.

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

Stock Code: 1578

GLOBAL OFFERING

Joint Sponsors

BOC INTERNATIONAL 農銀國際 ABC INTERNATIONAL 建银国际 CCB International

Joint Global Coordinators

BOC INTERNATIONAL 建银国际 CCB International 農銀國際 ABC INTERNATIONAL 國泰君安國際 GUOTAI JUNAN INTERNATIONAL 海通國際 HAITONG AMTD 尚乘

Joint Bookrunners and Joint Lead Managers

建银国际 CCB International BOC INTERNATIONAL 農銀國際 ABC INTERNATIONAL 國泰君安國際 GUOTAI JUNAN INTERNATIONAL 海通國際 HAITONG AMTD 尚乘 CROSBY 招银国际 CMB INTERNATIONAL

***IMPORTANT:** If you are in doubt about any information contained in this prospectus, you should obtain independent professional advice.*

BANK OF TIANJIN CO., LTD.*
天津銀行股份有限公司*

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

GLOBAL OFFERING

Number of Offer Shares in the Global Offering :	995,500,000 H Shares (comprising 905,000,000 H Shares to be offered by the Bank and 90,500,000 Sale Shares to be offered by the Selling Shareholders, subject to the Over-allotment Option)
Number of Offer Shares in the International Offering :	920,837,000 H Shares (subject to reallocation and the Over-allotment Option)
Number of Hong Kong Offer Shares :	74,663,000 H Shares (subject to reallocation)
Maximum Offer Price :	HK$9.58 per H Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing), plus brokerage of 1%, a SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005%
Nominal value :	RMB1.00 per H Share
Stock code :	1578

Joint Sponsors

Joint Global Coordinators

Joint Bookrunners and Joint Lead Managers

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above. The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, March 18, 2016 and, in any event, not later than Tuesday, March 29, 2016. The Offer Price will be no more than HK$9.58 per Offer Share and is currently expected to be no less than HK$7.37 per Offer Share unless otherwise announced. If, for whatever reason, the Offer Price is not agreed by Tuesday, March 29, 2016, between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us (on behalf of ourselves and the Selling Shareholders), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. See "Risk Factors", "Supervision and Regulation", "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association".

The Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) may, with our consent (on behalf of ourselves and the Selling Shareholders), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this prospectus (which is HK$7.37 to HK$9.58 per H Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicated offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese). Such notice will also be available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Bank at www.bankoftianjin.com. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for itself, and on behalf of the Joint Bookrunners and the Underwriters) if certain grounds arise prior to 8 : 00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except that the Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S or other available exemptions from registration under the U.S. Securities Act.

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

March 15, 2016

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Friday, March 18, 2016

Application lists open[3] . . . . . 11:45 a.m. on Friday, March 18, 2016

Latest time to lodge WHITE and YELLOW Application Forms . . . . . 12:00 noon on Friday, March 18, 2016

Latest time to give **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Friday, March 18, 2016

Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Friday, March 18, 2016

Application lists close . . . . . 12:00 noon on Friday, March 18, 2016

Expected Price Determination Date. . . . . Friday, March 18, 2016

Announcement of the Offer Price. . . . . Tuesday, March 29, 2016

Announcement of:

- the level of application in the Hong Kong Public Offering;
- the level of indication of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published
  - (a) in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); and
  - (b) on our website at **www.bankoftianjin.com**[5] and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[6] . . . . . Tuesday, March 29, 2016

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (please refer to "How to Apply for Hong Kong Offer Shares — 11. Publication of Results") from . . . . . Tuesday, March 29, 2016

Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) will be available at www.iporesults.com.hk with a "search by ID" function . . . . . Tuesday, March 29, 2016

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on[7]	Tuesday, March 29, 2016
White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on[7][8][9]	Tuesday, March 29, 2016
Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on	Wednesday, March 30, 2016

(1) All times refer to Hong Kong local time, except as otherwise stated. For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to "Structure of the Global Offering."

(2) If you have already submitted your application through the designated website at www.eipo.com.hk and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 18, 2016, the application lists will not open on that day. Please refer to "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists."

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS."

(5) None of the website or any of the information contained on the website forms part of this Prospectus.

(6) The announcement will be available for viewing on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

(7) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all required information in their Application Forms may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2016. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar, Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. For details of the arrangements, please refer to "How to Apply for Hong Kong Offer Shares."

(8) Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) e-Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

The H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Wednesday, March 30, 2016. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives, or any other party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the H Shares. There are risks associated with any investment. Some of the particular risks in investing in the H Shares are set out in the section entitled "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the H Shares.

OVERVIEW

We are the only city commercial bank headquartered in Tianjin, one of the four municipalities in China. According to The Banker, a UK publication, we ranked 219th among the "Top 1000 World Banks" in 2015, in terms of tier-one capital as of December 31, 2014, having substantially increased for two consecutive years since 2013, and ranked 32nd among all PRC commercial banks, ninth among PRC city commercial banks, which are on the list. As of December 31, 2014, we had total assets of RMB478.9 billion, total loans and advances of RMB170.9 billion and total deposits of RMB289.5 billion. As of September 30, 2015, our total assets, total loans and advances and total deposits increased to RMB545.7 billion, RMB185.7 billion and RMB328.4 billion, respectively. Our total assets and net profits grew at a CAGR of 25.8% and 29.6%, respectively, from 2012 to 2014, higher than the average CAGRs of PRC city commercial banks of 21.0% and 16.6%, respectively, for the same period.

Tianjin has been a city with strategic importance to the sustainable development of China's economy, and benefits from five major national economic development policies, including, the Collaborative Development of Beijing, Tianjin and Hebei (京津冀協同發展), the acceleration of development and further opening-up of the Binhai New Area, Tianjin Free-Trade Zone, National Independent Innovation Demonstration Zone, and the "One Belt, One Road" policy, all of which are expected to assist Tianjin to achieve rapid economic growth. Leveraging our leading market position in local market, we are well-positioned to capture business opportunities arising from the expected economic growth in Tianjin and relevant geographic markets. According to PBoC, during the Track Record Period, we ranked among the largest banks in Tianjin in terms of the balance of corporate deposits and ranked first in Tianjin in terms of the balance of corporate deposits as of September 30, 2015. As of the Latest Practicable Date, we provided services to all state-owned groups that are subject to direct supervision of SASAC Tianjin. In addition, we are a leading bank in Tianjin in terms of SME business. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our SME loans represented 53.9%, 60.5%, 62.7% and 69.5%, respectively, of our total corporate loans. For risks in relation to our SME loans, please see "Risk Factors — We are exposed to risks arising from loans granted to SMEs" on page 30 of this prospectus. According to the CBRC, we have been one of the top three banks in Tianjin in terms of the balance of loans to small and micro enterprises (including discounted bills and personal business loans) as of December 31, 2013, 2014 and September 30, 2015. In particular, we have been ranked the first among all banks in Tianjin in terms of the amount of increase in loans to small and micro enterprises (including discounted bills and personal business loans) from January 1, 2014 to December 31, 2014 and from January 1, 2015 to September 30, 2015. During the Track Record Period, operating income from Tianjin accounted for over 60% of our total operating income. For details, please also see the section headed "Financial Information — Summary of Segment Information by Geographical Regions" on page 388 of this prospectus.

While we focus on achieving the rapid growth of our business, we also maintain prudent risk management and internal control, with an emphasis on maintaining stable operations and sound asset quality. As of September 30, 2015, our non-performing loan ratio was 1.49%, lower than PRC commercial banks' overall non-performing loan ratio of 1.59% as of the same date according to the CBRC. As of September 30, 2015, our allowance coverage ratio was 199.79%, higher than PRC commercial banks' overall coverage ratio of 190.79% as of the same date according to the CBRC.

We have an extensive distribution network nationwide headquartered in Tianjin, with strong presence in Beijing-Tianjin-Hebei region, the Bohai Economic Zone, the Yangtze River Delta region and Western China. As of September 30, 2015, we had 306 outlets, including a head office business department, seven tier-one branches, two tier-two branches, six central sub-branches, 242 traditional sub-branches, 44 community sub-branches, a small business financial service center, one county bank and its two sub-branches. As of September 30, 2015, we had 241 outlets in Tianjin and 65 outlets outside of Tianjin and our outlets covered six provinces and municipalities, including Tianjin, Beijing, Shanghai, Hebei Province, Shandong Province and Sichuan Province.

We have received a number of honors and awards for our excellent business performance and sound management capability. For example:

- In 2015, in recognition of our outstanding financial services to SMEs, we won the "Outstanding Financial Services Provider to Small and Micro Enterprises in the PRC Banking Industry and Financial Institutions (全國銀行業金融機構小微企業金融服務先進單位)" award granted by CBRC.

- Since 2011, we have been awarded "Outstanding Financial Services Provider to Small and Micro Enterprises in the Tianjin Banking Industry (天津銀行業小微企業金融服務先進單位)" by CBRC Tianjin Office for four consecutive years.

- In 2015, as recognition of our capability in providing innovative and efficient services, we were awarded the "2014 Best Direct Finance City Commercial Bank Award (2014年度中國最佳直接融資服務城市商業銀行獎)" by *The Chinese Bankers* Magazine (*中國《銀行家》雜誌*).

- In 2014, we were awarded the "Best Small and Medium Bank of 2013—Best Corporate Banking Business Award (2013年最佳中小銀行—最佳公司業務獎)" by the *Modern Bankers* magazine at the *third Small and Medium Bank Development Summit Forum*.

- In 2013, we were awarded "SME Service Star in Tianjin (天津中小企業服務之星)" by Tianjin SME Business Association.

Our principal lines of business include corporate banking, retail banking and treasury business. The following table sets forth our operating income by segment for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2012		2013		2014		2014 (unaudited)		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)									
Corporate banking	4,129.5	62.7	5,106.2	62.2	5,981.3	60.2	4,332.4	59.9	4,983.4	58.4
Retail banking	1,046.0	15.9	1,199.4	14.6	1,473.1	14.8	1,116.8	15.4	1,380.2	16.1
Treasury business	1,308.2	19.8	1,779.0	21.7	2,462.1	24.8	1,776.3	24.5	2,162.4	25.3
Others[1]	106.3	1.6	119.5	1.5	24.0	0.2	13.9	0.2	20.9	0.2
Total	**6,590.0**	**100.0%**	**8,204.1**	**100.0%**	**9,940.5**	**100.0%**	**7,239.4**	**100.0%**	**8,546.9**	**100.0%**

Note:

(1) Consists primarily of income that are not directly attributable to any specific segment.

During the Track Record Period, we invested in refining our business mix. In particular, our treasury business experienced significant growth with the contribution of treasury business to our total operating income increasing from 19.8% in 2012 to 25.3% for the nine months ended September 30, 2015. Our SME business also expanded.

We are committed to establishing and maintaining long-term relationships with financial institutions to capture market opportunities for improvement of capital return. Our treasury business includes money market transactions, investment in securities and other financial assets, debt securities underwriting and distribution, interbank discounts and rediscounts of bills and treasury business conducted on behalf of customers. In particular, in managing our treasury business, we invested in Non-standard Credit Assets during the Track Record Period. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our investment in Non-standard Credit Assets amounted to RMB42,767.6 million, RMB65,861.3 million, RMB71,169.7 million, and RMB126,438.0 million, respectively, representing 14.1%, 16.2%, 14.9%, and 23.2%, respectively, of our total assets. Going forward, we intend to cautiously expand our investment in Non-standard Credit Assets in accordance with relevant laws and regulations and our internal risk management measures to achieve stable returns with manageable risks. For details on results of our treasury business during the Track Record Period, please see the section headed "Business — Our Principal Business Activities — Treasury Business" starting from page 184 of this prospectus and "Financial Information" starting from page 347 of this prospectus. For risks in relation to our treasury business, please see the section headed "Risk Factors — Risks Relating to Our Business — We have made investments in Non-standard Credit Assets, and any adverse development in relation to these types of investments could materially and adversely affect our profitability" on page 32 of this prospectus. In addition, for the years ended December 31, 2012, 2013, 2014 and the nine months ended September 30, 2015, the amount of funds raised by the wealth management products which we issued amounted to RMB40,375.1 million, RMB59,090.1 million, RMB93,264.3 million and RMB97,452.1 million, respectively. For risks relating to the wealth management products we issued, please see "Risk Factors — Risks Relating to Our Business — We are subject to risks relating to wealth management products" on page 34 of this prospectus.

We acted as a main promoter to establish "Bohai Rim Interbank Cooperation Platform (*環渤海銀銀合作平台*)", which is the first city commercial bank cooperation platform in Bohai Rim Region and had over 80 member banks as of the Latest Practicable Date. This platform allows members to exchange and share valuable resources and information to offer a broad range of financial services and products to achieve better synergy.

OUR STRENGTHS

Our key competitive strengths include: (i) we are well-positioned to capture enormous market opportunities created by the rapid development of Tianjin, five national strategic policies that directly affect this region, and our cross-regional business network with strategic layout, creating vast room for growth; (ii) we enjoy competitive advantages in corporate banking business and have high conformance with the regional economic development. In addition, we have established strong relationship with technology SMEs with high growth potential; (iii) capitalizing on our broad coverage of business network, synergy between our corporate and retail business and through our understanding of Internet banking business development trend, we have acquired and maintained a large pool of retail customers, casting great development potential for our retail business; (iv) our treasury business has become a new engine of business transformation with significantly increased profit contribution, which further improved the development of our comprehensive financial services platform; (v) we have an experienced management team and highly qualified staff with support from a resourceful foreign strategic shareholder and modern corporate structure; and (vi) we built a prudent and comprehensive risk management system that assisted us acquiring and maintaining high quality assets.

For details of our strengths, please see "Business — Our Competitive Strengths" from page 153 of this prospectus.

OUR STRATEGIES

We plan to achieve our strategic objectives by taking the following measures: (i) to continuously improve our retail banking business by expanding our customer base and providing products and services designed to capture business opportunities arising from our retail customers' daily lives; (ii) enhance the competitiveness of our SME business through wider participation in the business transactions and fund management of our corporate banking clients and maintaining our competitive advantages in providing financial services to SMEs in technology industries; (iii) further strengthen our treasury business and interbank cooperation through focusing on enhancing the profitability of treasury business; (iv) to become an integrated banking group with great growth potential by expanding the range of our financial services and promoting the synergies among different business segments; (v) to improve the structure of our business network and capture Internet banking opportunities to enhance our competiveness; (vi) strive to maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; and (vii) to improve our organizational and management structure, establish a market-oriented human resources system and cultivate high-quality financial talent.

For details of our strategies, please see "Business — Our Development Strategies" from page 162 of this prospectus.

SUMMARY HISTORICAL FINANCIAL INFORMATION

You should read the summary historical financial information set forth below in conjunction with our financial information included in the Accountants' Report set forth in Appendix I and the preliminary financial information for the year ended December 31, 2015 set forth in Appendix IV to this prospectus, which are prepared in accordance with IFRS and the sections headed "Assets and Liabilities" and "Financial Information" of this prospectus. The summary historical statement of comprehensive income information for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 (unaudited) and the nine months ended September 30, 2015 and the summary historical statement of financial position information as of December 31, 2012, 2013 and 2014 and September 30, 2015 set forth below are derived from "Appendix I — Accountants' Report" to this prospectus. The summary comprehensive income information for the year ended December 31, 2015 and the summary historical statement of financial position as of December 31, 2015 set forth below are extracted from the preliminary financial information of the Group for the year ended December 31, 2015 set out in Appendix IV to this prospectus.

Selected Consolidated Income Statements Data

The following table sets forth, for the periods indicated, our income statement. The preliminary financial information for the year ended December 31, 2015 is subject to change. See "Appendix IV — Preliminary Financial Information of the Group for the Year ended December 31, 2015" of this prospectus.

	For the year ended December 31,				For the nine months ended September 30,	
	2012	2013	2014	2015	2014 (unaudited)	2015
	(in millions of RMB, except earnings per share)					
Net interest income	**6,153.6**	**7,830.8**	**9,148.8**	**10,679.4**	**6,737.9**	**7,573.5**
Net fee and commission income	**332.6**	**417.3**	**524.2**	**995.7**	**343.8**	**641.0**
Operating income	**6,590.0**	**8,204.1**	**9,940.5**	**11,921.8**	**7,239.4**	**8,546.9**
Profit before tax	**3,298.6**	**4,385.2**	**5,704.0**	**6,346.9**	**4,228.7**	**4,570.7**
Profit for the year/period	**2,636.7**	**3,434.9**	**4,429.0**	**4,932.4**	**3,290.8**	**3,568.2**
Earnings per share (Expressed in RMB Yuan per share)						
Basic and diluted	0.64	0.83	0.88	0.96	0.66	0.69

For more details, please see "Financial Information — Selected Financial Data" on page 350 of this prospectus. In particular, for more details on distribution of corporate loans by industry, please see "Assets and Liabilities — Distribution of Corporate Loans by Industry" on page 300 of this prospectus. For details on distribution of loans by loan classification, please see "Assets and Liabilities — Distribution of Loans by Loan Classification" on page 316 of this prospectus. For details on the interest-earning assets and interest-bearing liabilities, please see "Financial Information — Net Interest Income" on page 353 of this prospectus.

Selected Historical Consolidated Statements of Financial Position Data

The following table summarizes, as of the dates indicated, our consolidated statement of financial position. The preliminary financial information for the year ended December 31, 2015 is subject to change. Please see "Appendix IV — Preliminary Financial Information of the Group for the Year ended December 31, 2015" of this prospectus.

	As of December 31,				As of September 30,
	2012	2013	2014	2015	2015
	(in millions of RMB)				
Assets					
Cash and balances with central bank	47,558.1	56,774.0	62,689.2	62,107.2	57,511.7
Deposits with banks and other financial institutions	37,025.0	16,453.0	31,685.0	30,817.9	24,476.4
Placements with banks and other financial institutions	2,391.8	3,803.6	9,574.7	13,421.2	13,854.1
Financial assets held for trading	5,449.0	4,764.3	7,512.2	5,952.1	10,042.6
Financial assets held under resale agreements	9,582.1	71,893.2	80,050.7	70,328.4	73,728.0
Loans and advances to customers	118,767.3	144,139.0	166,461.3	179,570.9	180,125.4
Available-for-sale financial assets	11,414.7	13,541.0	13,575.5	17,864.4	9,685.0
Held-to-maturity investments	22,607.4	21,360.6	26,233.9	31,684.0	31,920.9
Investments classified as receivables	44,003.7	68,389.5	76,078.6	147,958.6	138,627.4
Property and equipment	1,324.1	1,520.7	1,532.9	1,739.6	1,604.9
Deferred tax assets	919.8	1,029.2	915.7	1,144.4	1,115.9
Other assets	1,303.0	2,018.9	2,549.4	3,079.0	2,997.3
Total assets	**302,346.0**	**405,687.0**	**478,859.1**	**565,667.7**	**545,689.5**
Liabilities					
Borrowings from central bank	160.0	350.0	405.9	237.4	292.6
Deposits from banks and other financial institutions	47,043.8	110,363.7	122,471.7	148,732.7	150,823.5
Placements from banks	11,071.2	5,477.5	10,905.1	4,283.6	3,501.1
Financial assets sold under repurchase agreements	16,749.3	11,080.7	13,856.0	14,557.3	7,657.4
Due to customers	201,416.2	247,207.8	289,467.4	334,691.0	328,439.8
Income tax payable	288.9	250.6	433.7	701.1	598.4
Debt securities issued	4,266.4	4,290.5	2,698.9	13,903.8	12,907.9
Other liabilities	4,590.5	7,216.8	9,730.5	15,313.2	9,667.8
Total liabilities	**285,586.2**	**386,237.5**	**449,969.2**	**532,420.0**	**513,888.4**
Equity	**16,759.8**	**19,449.5**	**28,889.9**	**33,247.7**	**31,801.1**
Total liabilities and equity	**302,346.0**	**405,687.0**	**478,859.1**	**565,667.7**	**545,689.5**

For details, please see "Assets and Liabilities" from page 297 and "Financial Information" from page 347 in this prospectus.

In recent years, China has been facing structural economic adjustments, which led to the slowdown of economic growth and operational difficulties in many industries, which further resulted in the increase in our impairment losses on loans and advances to customers. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our allowance for impairment losses on loans to customers amounted to RMB4,027.9 million, RMB4,098.8 million, RMB4,456.8 million and RMB5,526.8 million, respectively. For details, please see the section headed "Assets and Liabilities — Assets — Allowance for Impairment Losses on Loans to Customers" on page 327 of this prospectus.

Selected Financial Ratios

The following table sets forth a summary of selected financial ratios for the periods or as of the dates indicated. The elected financial ratios for the year ended December 31, 2015 are calculated based on the preliminary financial information for the year ended December, 2015, which is subject to change. Please see "Appendix IV — Preliminary Financial Information of the Group for the Year ended December 31, 2015".

	For the year ended December 31,				For the nine months ended September 30,	
	2012	2013	2014	2015	2014(1)	2015(1)
Profitability indicators						
Return on average total assets(2)	0.98%	0.97%	1.00%	0.94%	0.99%	0.93%
Return on average equity(3)	16.97%	18.97%	18.32%	15.88%	18.64%	15.68%
Net interest spread(4)	2.29%	1.88%	1.73%	1.74%	1.74%	1.66%
Net interest margin(5)	2.50%	2.12%	2.06%	2.77%	2.05%	2.00%
Net fee and commission income to operating income	5.05%	5.09%	5.27%	8.35%	4.75%	7.50%
Cost-to-income ratio(6)	27.63%	25.63%	23.63%	22.49%	22.85%	22.43%

Notes:

(1) On an annualized basis.

(2) Calculated by dividing net profit for the period by average balance of total assets at the beginning and the end of the period.

(3) Calculated by dividing net profit for the period by average balance of total equity at the beginning and the end of the period.

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

(5) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

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

The decrease in our annualized net interest margin and net interest spread during the Track Record Period were primarily caused by (i) a decrease in the average yield on our loans and advances to customers, deposits with banks and other financial institutions and amounts due from banks and other financial institutions, and (ii) an increase in the average cost in our amounts due to customers. For more details, please see "Financial Information — Net Interest Spread and Net Interest Margin" on page 362 of this prospectus.

	Regulatory requirement[9]	As of December 31,				As of September 30,	
		2012	2013	2014	2015	2014	2015
Capital adequacy indicators							
Calculated based on Capital Adequacy Measures							
Core capital adequacy ratio[1]	≥4%	10.13%	N/A	N/A	N/A	N/A	N/A
Capital adequacy ratio[2]	≥8%	12.72%	N/A	N/A	N/A	N/A	N/A
Calculated based on Capital Administrative Measures							
Core tier-one capital adequacy ratio[3]	≥5.9%[10]	N/A	8.30%	10.64%	9.33%	10.07%	8.94%
Tier-one capital adequacy ratio[4]	≥6.9%[10]	N/A	8.31%	10.64%	9.33%	10.07%	8.94%
Capital adequacy ratio[5]	≥8.9%[10]	N/A	11.05%	12.61%	12.23%	12.54%	11.90%
Total equity to total assets		5.54%	4.79%	6.03%	5.88%	5.78%	5.83%
Asset quality indicators							
Non-performing loan ratio[6]	≤5%	0.72%	1.03%	1.09%	1.34%	1.07%	1.49%
Allowance coverage ratio[7]	≥150%	453.41%	269.08%	238.15%	202.84%	263.57%	199.79%
Allowance to gross loan ratio[8]	≥2.5%	3.28%	2.76%	2.61%	2.73%	2.81%	2.98%
Other indicators							
Loan-to-deposit ratio[11]	≤75%[12]	60.25%	59.99%	58.51%	55.93%	59.04%	57.11%
Core liabilities ratio[13]	≥60%	53.11%	46.05%	48.37%	48.20%	49.67%	48.64%
Liquidity gap ratio[13]	≥-10%	0.03%	-16.34%	-8.70%	-16.01%	-17.97%	-23.55%

Notes:

(1) Calculated by dividing (i) core capital, net of core capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk. For the components of core capital, core capital deductions and risk-weighted assets under the Capital Adequacy Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "Financial Information — Financial Position — Capital Resources — Capital Adequacy".

(2) Calculated by dividing (i) total capital, net of capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk. For the components of regulatory capital and risk-weighted assets under the Capital Adequacy Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "Financial Information — Financial Position — Capital Resources — Capital Adequacy".

(3) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets. For the components of core tier-one capital, core tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "Financial Information — Financial Position — Capital Resources — Capital Adequacy".

(4) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets. For the components of tier-one capital, tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "Financial Information — Financial Position — Capital Resources — Capital Adequacy".

(5) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets. For the components of our total capital, capital deductions and risk weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "Financial Information — Financial Position — Capital Resources — Capital Adequacy".

(6) Calculated by dividing total non-performing loans by gross loans.

(7) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.

(8) Calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers.

(9) For a detailed discussion of the requirement of the ratios, please see "Supervision and Regulation — Other operational and risk management ratios" of this prospectus.

(10) Commercial banks (other than systematically important banks) in the PRC are required to maintain (i) their capital adequacy ratio at or higher than 8.5%, 8.9% and 9.3% respectively, as of December 31, 2013, 2014 and 2015; (ii) their tier-one capital adequacy ratio at or higher than 6.5%, 6.9% and 7.3%, respectively, as of December 31, 2013, 2014 and 2015; and (iii) their core tier-one capital adequacy ratio at or higher than 5.5%, 5.9% and 6.3%, respectively, as of December 31, 2013, 2014 and 2015.

(11) Loan-to-deposit ratio as of December 31, 2012 and 2013 were calculated according to Notice on the Definition and Formulas of off-site Regulatory Indicators (《關於印發非現場監管指標定義及計算公式的通知》) released by CBRC, the loan-deposit ratio of as of December 31, 2014 and September 30, 2015 were calculated according to the Notice on Adjusting the Calculation of Loan-to-Deposit Ratio for Commercial Banks (《中國銀監會關於調整商業銀行存貸比計算口徑的通知》).

(12) Historically, PRC commercial banks were required to maintain a loan-to-deposit ratio of no higher than 75%. Effective from October 1, 2015, loan-to-deposit ratio ceased to be a regulatory indicator for PRC commercial banks.

(13) As of dates indicated in the table, we failed to satisfy the core liabilities ratio requirements under the Core Indicators (Provisional). In addition, as of December 31, 2013 and September 30, 2015, we did not meet the requirements for liquidity gap ratio requirements under the Core Indicators (Provisional). For details, please see "Supervision and Regulation — Other Operational and Risk Management Ratios" on page 128 to page 131 of this prospectus. Please also see "Risk Factors — Risks Relating to Our Business — If we fail to fully comply with the various regulatory requirements applicable to us, our reputation could be harmed and our business, financial condition and results of operation could be materially and adversely affected" on page 41 of this prospectus.

During the Track Record Period, the increase in our non-performing loan ratio was primarily caused by the deteriorated repayment abilities of our corporate customers, particularly borrowers in steel manufacturing and steel trading industries, as well as our retail customers, mainly as the result of the slowdown in the PRC economy. For more details, please see "Assets and Liabilities—Loans and Advances to Customers—Distribution of Loans by Loan Classification" on page 316 of this prospectus.

OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering is completed and 905,000,000 H Shares are newly issued in the Global Offering, (ii) the Over-allotment Option for the Global Offering is not exercised, and (iii) 6,031,047,731 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK$7.37	Based on an Offer Price of HK$9.58
Market capitalization of our Shares	HK$44,448.8 million	HK$57,777.4 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(1)	RMB6.13 (HK$7.30(2))	RMB6.40 (HK$7.62(2))

Note:

(1) The amount of unaudited pro forma adjusted net tangible assets per share is calculated in accordance with Rule 4.29 of the Listing Rules after the adjustments referred to in Appendix III — "Unaudited Pro Forma Financial Information".

(2) The estimated net proceeds from the Global Offering are translated into Renminbi at the rate of RMB0.84029 to HK$1.00, the exchange rate set by the PBoC prevailing on March 4, 2016. No representation is made that the Hong Kong Dollar amounts have been, could have been or could be converted to Renminbi at that rate or at any other rate.

COMPLIANCE WITH CBRC NOTICE ON SHARE PLEDGES BY SHAREHOLDERS

For the purpose of compliance with the Notice, we require our Shareholders (including holders of our H Shares) to notify us of their pledge of our shares or make prior filings of such pledge with us. For details of Voting Restrictions including how to make such notifications or filings, please see "Supervision and Regulation — Ownership and Shareholder Restrictions — Restrictions on Shareholders" from pages 136 to 139 of this prospectus.

In November 2013, CBRC issued the CBRC Notice on Enhanced Management of Pledge of Equity Interest in Commercial Banks (《中國銀監會關於加強商業銀行股權質押管理的通知》) (the "**Notice**"), pursuant to which commercial banks are required to clearly stipulate the following matters in their articles of association:

- a shareholder who pledges his equity interest shall notify the board of the bank in advance; in addition, where a shareholder, who has a seat on the board of directors or the board of supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the bank, pledges his equity interests in the bank, he shall make a filing to the board of directors of the bank prior to the pledge;

- upon the registration of pledge of equity interests, relevant shareholders shall provide the bank with the relevant information in relation to the pledge of equity interests in a timely manner; and

- where a shareholder pledges 50% or more of his equity interests in the bank, the voting rights of such shareholder at the shareholders' general meetings, as well as the voting rights of the director(s) designated by such shareholder at board meetings, shall be "subject to restrictions" (the "**Voting Restrictions**").

However, the Notice did not provide clarification or guidance on what restrictions should be imposed or how they should be imposed. As of the Latest Practicable Date, there was no detailed implementation rule on whether the shareholders of H shares shall make timely notice to PRC authorities in relation to this Notice. To comply with the Notice, we amended our Articles of Association to include articles on Voting Restrictions, which was adopted at the shareholders' general meeting on October 15, 2015, approved by CBRC Tianjin Office on November 18, 2015 and will become effective upon Listing, upon which, our Shareholders, including H Shareholders, shall comply with the amended Articles of Association. Please also see the section headed "Risk Factors — We may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Shares, may be subject to voting restrictions due to their pledge of our shares" on page 44 of this prospectus.

DIVIDEND

We declared and distributed cash dividends of RMB536.0 million, RMB618.5 million, and RMB700.7 million in the years ended December 31, 2012, 2013 and 2014, respectively. As of September 30, 2015, declared but unpaid dividends, namely, (i) dividends payable to shareholders that we were unable to contact, (ii) dividends payable to shareholders who did not timely claim the dividends, and (iii) dividends that are frozen according to the court judgment, amounted to RMB23.5 million. Please also see "dividends payable" under "other liabilities" on our financial statements. We intend to make payment of such declared but undistributed dividends after locating relevant shareholders using our internal funds, according to the relevant PRC laws and regulations. After September 30, 2015 and up to the Latest Practicable Date, we have not declared or distributed any dividend or determined any dividend payout ratio. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form or size dividends will be paid in the future.

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders' general meeting for approval. The determination of whether to pay dividends and the amount of such dividends is based on our results of operation, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board of Directors considers relevant. As approved by our Shareholders' general meeting, our current and new shareholders are both entitled to the accumulated retained earnings prior to the Listing. For the avoidance of doubt, as of the Latest Practicable Date, the above mentioned declared but undistributed dividends with the amount of RMB23.5 million are no longer part of our accumulated retained earnings and are not subject to approval from Shareholders' meeting for payment. Under the PRC Company Law and our Articles of Association, all of our Shareholders holding the same class of shares have equal rights to dividends and other distributions proportionate to their shareholding. Pursuant to PRC Laws and our Articles of Association, we shall distribute dividends from our distributable profits in accordance with the PRC GAAP or IFRS (or the accounting standards of the overseas jurisdictions where our Shares are listed), whichever is lower. For details, please see the section headed "Financial Information—Dividend" from page 402.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Tianjin Port Free Trade Zone Investment Co., Ltd. and ANZ directly or indirectly, held approximately 19.45% and 14.16% of our Shares, respectively. Immediately after the Global Offering and assuming that the Over-allotment Option is not exercised, Tianjin Port Free Trade Zone Investment Co., Ltd. and ANZ would directly or indirectly hold approximately 16.01% and 12.03% of our Shares, respectively (or approximately 15.58% and 11.77%, respectively, assuming that the Over- Allotment Option is fully exercised).

Please refer to the section headed "Substantial Shareholders" on page 290 in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$8.48 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$7,414.9 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering to strengthen our capital base to support the ongoing growth of our business. For more details on our plans of using the proceeds of the Global Offering, please refer to the section entitled "Future Plans and Use of Proceeds" of this prospectus.

RECENT DEVELOPMENTS

Our business and operating income has been experiencing continued growth since September 30, 2015, the date of the latest audited financial information of our Bank as set forth in Appendix I — "Accountants' Report" to this prospectus. Effective from October 24, 2015, the PBoC lowered the benchmark interest rates on Renminbi-denominated loans and deposits, where the benchmark interest rate for loans with maturities of one year was lowered by 0.25 percentage point to 4.35% and the benchmark interest rate for deposits with maturities of one year was lowered by 0.25 percentage point to 1.5%. Effective from the same date, PBoC removed the cap on interest rates on deposits and allowed commercial banks in China to set interest rates on deposits based on commercial considerations. See "Supervision and Regulation — Pricing of Products and Services — Interest Rates for Loans and Deposits". The above changes in benchmark interest rates and interest rate liberalization may decrease our net interest spread and net interest margin, and thus adversely impact our net interest income. For details, please also see "Risk Factors — Further development of interest rate liberalization may materially and adversely affect our results of operation" on page 48 of this prospectus. We seek to address the adjustments in PBoC benchmark interest rates on loans and deposits by resetting the interest rates for our products, adjusting the pricing for internal fund transfers, developing new products and promoting our asset-backed securities business. Please see "Risk Management — Market Risk Management — Market Risk Management for Our Banking Book — Interest Rate Risk Management" on page 259 of this prospectus. In addition, effective from March 1, 2016, PBoC has cut the required reserve ratio by 50 basis points, which we expect to increase liquidity of PRC banks and reduce their funding costs. In view of the improved market liquidity and free funds that are available for use as a result of this policy, we intend to capitalize on our liquidity risk management system to monitor and control expected increase in our business to achieve the balance of profitability and prudent and sound risk management. Our Directors have confirmed that, since September 30, 2015 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position.

Since September 30, 2015, PRC economy has experienced further slowdown and the market witnessed depreciation of RMB and turbulence of equity market in China. As of December 31, 2015, the currency parity of RMB against the U.S. dollar depreciated by nearly 2.1% as compared to September 30, 2015. Further deterioration of PRC economy may cause difficulties in the operations of our clients, which may further damage the quality of our assets. For details of relevant risk, please see "Risk Factors — China's economic, political and social conditions, government policies, as well as the global economy may continue to affect our business" on page 51 of this prospectus. As of September 30, 2015, 3.0% of our assets and 3.2% of our liabilities were denominated in foreign currencies. We believe such changes in the foreign exchange rate and depreciation of RMB against U.S. dollar will not have a material impact on our results of operations and financial condition. For details on our risk management controls measures on exchange rate risks, please see "Risk Management — Market Risk Management — Market Risk Management for Our Banking Book — Exchange Rate Risk Management" on page 260 of this prospectus.

Since September 30, 2015, we have been approved to build branches in Shijiazhuang, Baoding, Yantai and Luzhou. Additionally, we were approved to set up a financial leasing company in October 2015 and are actively arranging to build seven county banks in Xinjiang Uyghur Autonomous Region and Ningxia Hui Autonomous Region.

Our operating income for the year ended December 31, 2015 was RMB11,921.8 million, representing a 19.9% increase as compared to RMB9,940.5 million for the same period in 2014, primarily due to an increase in our net interest income. Our net interest income increased by 16.7% to RMB10,679.4 million for the year ended in December 31, 2015 as compared to RMB9,148.8 million for the same period in 2014, primarily attributable to an increase in interest income from investments in debt securities and other financial assets as well as loans to customers, which was partially offset by an increase in interest expenses on our debt securities issued, placements from banks and financial assets sold under repurchase agreements and our amounts due to customers. Our net fee and commission income increased by 89.9% to RMB995.7 million for the year ended December 31, 2015 as compared to RMB524.2 million for the same period in 2014, primarily attributable to an increase in our wealth management service fees and acceptance and guarantee commitment fees.

Our total assets amounted to RMB565,667.7 million as of December 31, 2015, representing a 3.7% increase from RMB545,689.5 million as of September 30, 2015, primarily attributable to an increase in deposits with banks and other financial institutions. Our total loans to customers amounted to 184,603.7 million as of December 31, 2015, slightly decreased from RMB185,652.2 million as of September 30, 2015. Our total deposits from customers amounted to RMB334,691.0 million as of December 31, 2015, representing a 1.9% increase from RMB328,439.8 million as of September 30, 2015, primarily due to the expansion of our network and our efforts to attract customer deposits.

As of December 31, 2015, our non-performing loan ratio was 1.34%, decreased from 1.49% as of September 30, 2015, primarily because we wrote off some non-performing loans.

The works performed by the auditors in respect of the preliminary financial information as of and for the year ended December 31, 2015 is in accordance with Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. You should read the discussion above in conjunction with "Appendix IV — Preliminary Financial Information of the Group for the year ended December 31, 2015" attached to this prospectus.

RISK FACTORS

There are risks associated with any investment. There are certain risks and considerations relating to an investment in our Shares. You should read "Risk Factors" carefully before you decide to invest in the Offer Shares.

The major risks relating to an investment in our Shares are as follows: (i) if we are unable to effectively maintain the quality of our assets, including our loans and investments in Non-standard Credit Assets, our business, financial condition and results of operations may be materially and adversely affected; (ii) our allowance for impairment losses on loans may not be sufficient to cover the actual losses on our loan portfolio in the future; (iii) we face concentration risks from our credit exposure to certain industries and borrowers; (iv) we may be involved in legal and other disputes from time to time arising out of our operations; (v) the collateral or guarantees securing our loans and advances to customers may not be sufficient or fully realizable; (vi) we are exposed to risks arising from loans granted to SMEs; (vii) further development of interest rate liberalization may materially and adversely affect our results of operation; (viii) we may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Shares, may be subject to voting restrictions due to their pledge of our shares; and (ix) we will be exposed to various risks as we expand the range of our products and services and our branch network.

For details of the risk factors relating to the investment in us, please see "Risk Factors" starting from page 27 of this prospectus.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB239.3 million (equivalent to approximately HK$284.8 million, assuming full exercise of the Over-allotment Option and the mid-point of the Offer Price of HK$8.48). None of the Listing expenses were reflected in our statements of profit or loss and other comprehensive income during the Track Record Period. After September 30, 2015, approximately RMB34.1 million is expected to be charged to our statements of profit or loss and other comprehensive income, and approximately RMB205.2 million is expected to be accounted for as a deduction from equity. The Listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such Listing expenses to have a material adverse impact on our results of operation for the year ending December 31, 2016.

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

"ANZ"	Australia and New Zealand Banking Group Limited, a shareholder of our Bank, incorporated in the State of Victoria, Australia on July 14, 1977, and listed on the Australian Securities Exchange (Stock Code: ANZ) and New Zealand Exchange (Stock Code: ANZ:AU). For details of the shareholding of ANZ in our Bank, please see "Our History and Development"
"Application Form(s)"	**WHITE, YELLOW** and **GREEN** application form(s) or, where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	our articles of association, the version of which was adopted by our Shareholders at the second extraordinary general meeting of 2015 held on October 15, 2015 and was approved by the China Banking Regulatory Commission Tianjin Office on November 18, 2015, which will become effective upon Listing, as the same may be amended, supplemented or otherwise modified from time to time
"ATM(s)"	automated teller machine(s)
"Bank," "our Bank", "Group", "we" or "us"	Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a joint stock company incorporated on November 6, 1996 in Tianjin, China with limited liability in accordance with PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
"Banking (Disclosure) Rules"	the Banking (Disclosure) Rules, Chapter 155M of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Banking Ordinance"	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Basel I"	the Basel Capital Accord promulgated in 1988
"Basel II"	the Revised Basel Capital Framework promulgated in June 2004
"Basel III"	the Revised Basel Capital Accord promulgated in December 2010
"Board" or "Board of Directors"	our board of Directors, as described in "Appendix VI — Summary of Articles of Association" of this prospectus
"Board of Supervisors"	our board of Supervisors, as described in "Appendix VI — Summary of Articles of Association" of this prospectus
"Bohai Economic Zone"	the economic hinterland surrounding Beijing and Tianjin, including areas in Hebei, Liaoning and Shandong, which surrounds the Bohai Sea

"building ownership certificates"	building ownership certificates in the PRC (中華人民共和國房屋所有權證)
"Business Day(s)"	any day(s) (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
"CASBE"	the China Accounting Standards for Business Enterprises
"CAGR"	compound annual growth rate
"Capital Adequacy Measures"	the Measures on the Administration of Capital Adequacy Ratios of Commercial Banks (商業銀行資本充足率管理辦法) promulgated by CBRC on February 23, 2004, effective as of March 1, 2004 and amended on July 3, 2007, which was later abolished by the Capital Administrative Measures on January 1, 2013
"Capital Administrative Measures"	the Administrative Measures for the Capital of Commercial Banks (Provisional) (商業銀行資本管理辦法 (試行)) promulgated by CBRC on June 7, 2012 and effective on January 1, 2013
"CBRC"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CBRC Tianjin Office"	the China Banking Regulatory Commission Tianjin Office(中國銀行業監督管理委員會天津監管局)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus only and except where the context requires, excluding Hong Kong, Macau and Taiwan
"CIRC"	the China Insurance Regulatory Commission (中國保險監督管理委員會)
"city commercial banks"	city commercial banks established with the approval of CBRC and other regulatory authorities pursuant to the PRC Company Law and the PRC Commercial Banking Law with branches set up at the municipal level or above
"Classification Standards of Small and Medium Enterprises"	the Classification Standards of Small and Medium Enterprises (中小企業劃型標準規定) jointly promulgated by the PRC Ministry of Industry and Information Technology, NBS, NDRC and MOF on June 18, 2011

"commercial banks"	all of the banking institutions in the PRC, other than policy banks, which includes the Large Commercial Banks, the Nationwide Joint-stock Commercial Banks, City Commercial Banks and urban credit cooperatives, rural cooperative financial institutions, foreign banks and other banking institutions
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the same meaning ascribed to it under Chapter 14A of the Listing Rules
"Core Indicators (Provisional)"	the Core Indicators for the Risk Management of Commercial Banks (Provisional) (商業銀行風險監管核心指標(試行)), as promulgated by CBRC on December 31, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time
"Corporate Governance Guidelines"	the Guidelines on Corporate Governance of Commercial Banks (商業銀行公司治理指引), as promulgated by CBRC on July 19, 2013 and effective on the same date, as amended, supplemented or otherwise modified from time to time
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	our director(s)
"Domestic Shares"	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
"Foreign Shares"	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than Renminbi, or the consideration for which is the injection of assets and are held by persons other than PRC nationals or PRC corporate entities, and are not listed on any stock exchange
"GDP"	gross domestic product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Green application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"H Share Registrar"	Computershare Hong Kong Investor Services Limited

"H Shares"	the ordinary shares to be issued by our Bank in Hong Kong under the Global Offering, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed and traded on the Hong Kong Stock Exchange
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKFRS"	Hong Kong Financial Reporting Standards
"HKIAC"	Hong Kong International Arbitration Centre
"HKMA"	the Hong Kong Monetary Authority
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	74,663,000 H Shares (subject to adjustment) offered in the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares (subject to adjustment) by the public in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus and the Application Forms relating thereto, as described in the section headed "Structure of the Global Offering — Hong Kong Public Offering"
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement relating to the Hong Kong Public Offering dated March 14, 2016 entered into among, *inter alia*, us and the Hong Kong Underwriters, as described in the section headed "Underwriting — Hong Kong Underwriters"
"IFRS"	International Financial Reporting Standards and International Accounting Standards ("IAS"), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB")
"Independent Third Party(ies)"	a person or entity who is not considered a connected person or associate of a connected person of our Bank under the Listing Rules
"International Offer Shares"	the 920,837,000 H Shares initially offered by the Bank and the Selling Shareholders pursuant to the International Offering together, where relevant, with any additional H Shares that may be issued or sold pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in the section headed "Structure of the Global Offering"

"International Offering"	conditional placement by the International Underwriters of the International Offer Shares. The International Offering will be made outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act or other exemptions from the registration requirement of the U.S. Securities Act
"International Underwriters"	the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into by, among others, the International Underwriters, the Selling Shareholders and us on or around the Price Determination Date
"Interim Provisions on the Standards for Medium and Small Enterprises"	the Interim Provisions on the Standards for Medium and Small Enterprises (中小企業標準暫行規定) jointly promulgated by the State Economic and Trade Commission (國家經濟貿易委員會), the State Development Planning Commission (國家發展計劃委員會), MOF and NBS in 2003, which was replaced by the Classification Standards of Small and Medium Enterprises on June 18, 2011
"Jixian County Bank"	天津市薊縣村鎮銀行股份有限公司 (Tianjin Jixian County Bank Co., Ltd), a joint stock company incorporated in the PRC with limited liability on August 13, 2008, accounted for as a subsidiary in our consolidated financial statements. For details of our shareholding in Jixian County Bank, please see "Our History and Development"
"Joint Bookrunners"	CCB International Capital Limited, BOCI Asia Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, AMTD Asset Management Limited, Crosby Securities Limited and CMB International Capital Limited
"Joint Company Secretaries"	Ms. Zhang Furong and Dr. Ngai Wai Fung
"Joint Global Coordinators"	BOCI Asia Limited, CCB International Capital Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited and AMTD Asset Management Limited
"Joint Lead Managers"	CCB International Capital Limited, BOCI Asia Limited, ABCI Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, AMTD Asset Management Limited, Crosby Securities Limited and CMB International Capital Limited

"Joint Representatives"	BOCI Asia Limited, CCB International Capital Limited and ABCI Capital Limited
"Joint Sponsors"	BOCI Asia Limited, ABCI Capital Limited and CCB International Capital Limited
"Large Commercial Banks"	Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited, China Construction Bank Corporation, and Bank of Communications Co., Ltd., and their respective predecessors, collectively
"Large Enterprises"	the enterprises other than those classified as medium, small or micro enterprises under the Classification Standards of Small and Medium Enterprises. For example, industrial enterprises with 1,000 or more employees and operating income of RMB400 million or more shall be classified as large enterprises
"Latest Practicable Date"	March 10, 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Hong Kong Stock Exchange
"Listing Date"	the date on which dealings in the H Shares first commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as the same may be amended and supplemented or otherwise modified from time to time
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), which were promulgated by the former Securities Commission of the State Council and the former State Restructuring Commission on August 27, 1994, effective on the same date, as amended, supplemented or otherwise modified from time to time
"medium enterprises"	the enterprises classified as medium enterprises under the Classification Standards of Small and Medium Enterprises. For example, industrial enterprises with 300 or more employees and operating income of RMB20 million or more shall be classified as medium enterprises
"micro enterprises"	the enterprises classified as micro enterprises under the Classification Standards of Small and Medium Enterprises.
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"NAFMII"	The National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會)

"NAO"	the National Audit Office of the PRC (中華人民共和國審計署)
"Nationwide Joint-stock Commercial Banks"	China CITIC Bank Corporation Limited, China Everbright Bank Co., Ltd., Huaxia Bank Co., Limited, China Guangfa Bank Co., Ltd., Ping An Bank Co., Ltd. (formerly named as Shenzhen Development Bank Co., Ltd.), China Merchants Bank Co., Ltd., Shanghai Pudong Development Bank Co., Ltd., Industrial Bank Co., Ltd., China Minsheng Bank Corp., Ltd., Evergrowing Bank Co., Ltd., Zheshang Bank Co., Ltd. and China Bohai Bank Co., Ltd., collectively
"NBS"	the National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"non-performing loans" or "NPL"	for the purposes of this prospectus, is used synonymously with "impaired loans and advances" in Note 48 to the Accountants' Report in Appendix I to this prospectus
"non-performing loan ratio" or "NPL ratio"	the percentage ratio calculated by dividing non-performing loans by total loans
"Non-standard Credit Assets"	credit assets that are not traded on the interbank markets or stock exchanges, which for the purpose of this prospectus represents trust beneficiary plans, asset management plans and wealth management products issued by other financial institutions in which we invest
"NSSF"	the National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
"Offer Price"	the final Hong Kong dollar offer price per H Share (exclusive of any brokerage fee, SFC transaction levy and the Hong Kong Stock Exchange trading fee) at which the H Shares are to be subscribed and issued pursuant to the Global Offering, to be determined as described in the section headed "Structure of the Global Offering"
"Offer Shares"	the H Shares offered in the Global Offering and, where relevant, any additional H Shares issued and sold pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by our Bank and the Selling Shareholders to the International Underwriters and the Joint Bookrunners exercisable by the Joint Representatives (on behalf of the Joint Bookrunners and the International Underwriters) pursuant to the International Underwriting Agreement, details of which are described in the section headed "Underwriting — The International Offering"
"PBoC"	The People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC Banking Supervision and Regulatory Law"	the Banking Supervision and Regulatory Law of the People's Republic of China (中華人民共和國銀行業監督管理法), which was promulgated by 6th session of the Standing Committee of the 10th National People's Congress on December 27, 2003 and became effective on February 1, 2004, as amended, supplemented or otherwise modified from time to time
"PRC Commercial Banking Law"	the Commercial Banking Law of the PRC (中華人民共和國商業銀行法), which was promulgated by the 13th session of the Standing Committee of the 8th National People's Congress on May 10, 1995 and became effective on July 1, 1995, as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as enacted by the 5th session of the Standing Committee of the 8th National People's Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	the PRC Accounting Standards for Business Enterprises (中國企業會計準則) promulgated by MOF on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
"PRC PBoC Law"	the Law of the People's Bank of China of the PRC (中華人民共和國人民銀行法), which was promulgated by the 3rd session of the Standing Committee of the 8th National People's Congress on March 18, 1995 and became effective on the same date, as amended, supplemented or otherwise modified from time to time
"Price Determination Agreement"	the agreement to be entered into among our Bank (on behalf of ourselves and the Selling Shareholders) and the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around March 18, 2016, on which the Offer Price is to be fixed by an agreement between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) for purpose of the Global Offering
"Promoters"	the promoters that established our Bank on November 6, 1996. At the time of our establishment, our Promoters comprised shareholders of 65 credit cooperatives and 17 new corporate shareholders
"Regulation S"	Regulation S under the U.S. Securities Act

"Related Party" or "Related Parties"	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders (商業銀行與內部人和股東關聯交易管理辦法) promulgated by CBRC
"Related Party Transaction(s)"	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders (商業銀行與內部人和股東關聯交易管理辦法) promulgated by CBRC, Accounting Standards for Business Enterprises (企業會計準則) promulgated by the MOF, and/or IFRS
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"ROAA"	return on average assets
"ROAE"	return on average equity
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sale Shares"	the 90,500,000 H Shares converted from Domestic Shares initially to be sold by the Selling Shareholders in the Global Offering (assuming the Over-allotment Option is not exercised); and, where relevant, any additional H Shares converted from Domestic Shares which may be sold by the Selling Shareholders pursuant to the exercise of the Over-allotment Option
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (中華人民共和國國務院國有資產監督管理委員會)
"SASAC Tianjin"	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Selling Shareholders"	the state-owned shareholders, collectively, who are required to reduce their shareholding pursuant to the relevant PRC regulations relating to reduction of state-owned shares as further listed out in the section headed "Statutory and General Information — 4. Other Information — L. Particulars of the Selling Shareholders" in Appendix VIII
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Shares"	our ordinary shares in the share capital with a nominal value of RMB1.00 each
"Shareholder(s)"	the holder(s) of the Shares
"Share Subscription Agreement	a share subscription agreement dated December 6, 2005 and entered into between ANZ and our Bank, the details of which are further described in the section headed "Our History and Development—Our History—The introduction of ANZ as our strategic investor" in this prospectus
"SHIBOR"	the Shanghai Interbank Offered Rate, a daily reference rate published by the National Interbank Funding Center
"small enterprises"	the enterprises classified as small enterprises under the Classification Standards of Small and Medium Enterprises
"SME" or "SMEs"	the enterprises classified as micro enterprises, small enterprises and medium enterprises based on the number of their employees, operating income, and total assets under the Classification Standards of Small and Medium Enterprises. For example, industrial enterprises with fewer than 1,000 employees or operating income of less than RMB400 million shall be classified as SMEs
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), which was promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Stabilizing Manager"	CCB International Capital Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Tianjin Free-Trade Zone"	a region as defined under the Overall Program of China (Tianjin) Pilot Free-Trade Zone (中國(天津)自由貿易試驗區總體方案) which was approved by the State Council of PRC on April 8, 2015, comprising Tianjin Airport Economic Area, Dongjiang Free Trade Port Zone and Binhai New Area Central Business District
"Track Record Period"	the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America

"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"White Form eIPO"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
"White From eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Yangtze River Delta Economic Zone"	the triangle-shaped territory of Shanghai, Jiangsu Province and Zhejiang Province

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless the context otherwise requires, the terms including "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "core connected person(s)" and "substantial shareholder(s)" shall have the meanings ascribed to them under the Listing Rules.

For the ease of reference, in this prospectus, unless otherwise indicated, we use the terms "gross loans and advances to customers", "loans" and "loans to customers" synonymously.

If there are any inconsistencies between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of, assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative forms of these words and other similar expressions, as they relate to our Bank or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Bank's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Bank which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects, including our development plans for our existing and new products;
- our business development strategies and initiatives to implement these strategies;
- general economic, market and business conditions in the city of Tianjin or the PRC and any changes thereto;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate;
- our existing risk management system and our ability to improve such system;
- our dividend policy;
- our financial condition, results of operation and performance;
- the amount and nature of, potential for and future development of our business;
- future developments, trends and conditions in the industry and markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the products, actions and developments of our competitors;
- general political and economic conditions; and
- capital market developments.

Subject to the requirements of applicable laws, rules and regulations, we do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. The forward-looking statements in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Share. Our business, financial condition and results of operation could be materially and adversely affected by any of these risks. The trading price of our H Share could significantly decrease due to any of these risks, and you may lose part or even all of your investment. You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory system which in some respects may differ from those prevailing in other countries. For more information concerning the laws and regulatory systems of the PRC and certain related matters discussed below, see "Supervision and Regulation", Appendix V — "Summary of Principal Legal and Regulatory Provisions" and Appendix VI — "Summary of Articles of Association".

RISKS RELATING TO OUR BUSINESS

If we are unable to effectively maintain the quality of our assets, including our loans and investments in Non-standard Credit Assets, our business, financial condition and results of operation may be materially and adversely affected.

Our total assets was RMB302,346.0 million, RMB405,687.0 million, RMB478,859.1 million and RMB545,689.5 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. For details on our assets, please see the section headed "Assets and Liabilities — Assets" in this prospectus. Our total operating income was RMB6,590.0 million, RMB8,204.1 million, RMB9,940.5 million, and RMB8,546.9 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Our gross loans and advances to customers were RMB122,795.2 million, RMB148,237.8 million, RMB170,918.1 million and RMB185,652.2 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. As of the same dates, our NPL ratio was 0.72%, 1.03%, 1.09% and 1.49%, respectively. This increase in the NPL ratio was primarily due to the deterioration of our customers' capabilities to repay their loans, which mainly resulted from the slowdown of China's economy. In addition, as of December 31, 2012, 2013 and 2014 and September 30, 2015, our investments in Non-standard Credit Assets amounted to RMB42,767.6 million, RMB65,861.3 million, RMB71,169.7 million, and RMB126,438.0 million, respectively, representing 14.1%, 16.2%, 14.9%, and 23.2%, respectively, of our total assets at corresponding dates. Our financial condition and results of operation will be affected by our ability to maintain or improve the quality of our assets, including our loans to customers and investments in Non-standard Credit Assets. We cannot assure you that the quality of our assets, including our loans to customers and investments in Non-standard Credit Assets, will not deteriorate. Deterioration in the overall quality of our assets, including our loans to customers and investments in Non-standard Credit Assets, may occur due to a variety of reasons, including a slowdown of the PRC and Tianjin economies, other adverse macroeconomic developments, the mass fluctuation in capital markets, an outbreak of disasters or major accidents in China and other regions. All of these may adversely affect the businesses, operations, or liquidity of our customers, counterparties or ultimate financing parties of our business and we may not be able to realize the value of our collateral, pledges, or guarantees securing the assets. In particular, any significant deterioration in our asset quality may lead to significant increases in our non-performing loans, allowance for impairment losses, and loans written off due to impairment, which may materially and adversely affect our business, financial condition, profitability, and results of operations.

In addition, we may not be able to successfully maintain the growth of our assets, including our loans to customers and investments in Non-standard Credit Assets, if we fail to offer new products to attract new customers, improve our marketing efforts, or expand our sales channels. The growth of our assets may also be affected by the general state of PRC economy and macroeconomic factors affecting the PRC or regions in which we operate, such as the inflation rate, growth in GDP, changes in banking and financial laws or regulations, changes in the implementation of macroeconomic regulations, market liquidity and changes in credit policy, changes in loans demand, and the progress of financial reforms and liberalization of interest rates. Moreover, maintaining the growth of our assets will require substantial managerial and operational resources and we cannot make assurances that we will be able to retain and attract qualified personnel to support the growth of our assets needs in a timely manner. We may also need additional capital in the future and we may not be able to obtain such capital on acceptable terms, or at all, which may result in a lower or non-compliance capital adequacy ratio. Any of the above factors may materially and adversely affect our financial condition and results of operations.

Our allowance for impairment losses on loans may not be sufficient to cover the actual losses on our loan portfolio in the future.

As of December 31, 2012, 2013 and 2014, and September 30, 2015, the balance of our non-performing loans was RMB888.4 million, RMB1,523.3 million, RMB1,871.4 million and RMB2,766.3 million, respectively. Our allowance for impairment losses on gross loans to customers was RMB4,027.9 million, RMB4,098.8 million, RMB4,456.8 million and RMB5,526.8 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively, and our allowance coverage ratio was 453.41%, 269.08%, 238.15%, and 199.82%, respectively. Our allowance to gross loan ratio for our customer loans was 3.28%, 2.76%, 2.61%, and 2.98%, respectively, as of the same dates. The allowance for impairment losses amount is based on our assessment of various factors affecting the quality of our loan portfolio under IAS 39. These factors include our borrowers' operational and financial condition, repayment ability, and repayment intention, the realizable value of any collateral, and the ability of the guarantors of our customers to fulfill their obligations, as well as China's economic, legal, and regulatory environment. Many of these factors are beyond our control, and therefore our assessments and expectations on these factors may differ from their future developments. In addition, our allowance for impairment losses may increase due to future regulatory and accounting policy changes, deviations in loan classification, or adoption of a more conservative provision making practice. Any of the above factors may significantly reduce our profit and materially and adversely affect our business, prospects, financial condition and results of operation.

We face concentration risks from our credit exposure to certain industries and borrowers.

As of December 31, 2012, 2013 and 2014 and September 30, 2015, our corporate loans represented 83.6%, 74.8%, 75.6% and 83.1% of our gross loans and advances to customers, respectively. As of September 30, 2015, loans to the wholesale and retail industry and the manufacturing industry, which were ranked as the top two industries among the industries from which our corporate loan customers are usually derived, represented 22.2% and 21.5% of our total corporate loans, respectively, and non-performing loans to these two industries accounted for 69.2% and 17.5% of our total non-performing corporate loans, respectively. Additionally, as most of our corporate loan customers in wholesale and retail, and manufacturing industries are SMEs, they may be more vulnerable to the impact from an economic downturn compared to other industries.

Any deterioration in any of the industries where our loans are highly concentrated or any deterioration in the financial condition or results of operation of our borrowers in the relevant industries could undermine the quality of our existing loans and our ability to extend new loans to relevant industries, which in turn could materially and adversely affect our business, financial condition and results of operation.

As of September 30, 2015, loans to our ten largest single borrowers totaled RMB12,395.3 million, representing 29.47% of our regulatory capital, which were all classified as normal. As of the same date, our credit exposure to our ten largest group customers totaled RMB25,215.2 million, representing 59.9% of our regulatory capital. If the quality of any of these loans deteriorates or becomes non-performing, our asset quality could deteriorate significantly and our financial condition and results of operation could be materially and adversely affected.

The collateral or guarantees securing our loans and advances to customers may not be sufficient or fully realizable.

As of September 30, 2015, 32.4%, 15.9%, and 44.8% of our gross loans and advances to customers were secured by mortgages, pledges, and guarantees, respectively. The collateral securing our gross loans and advances to customers primarily comprised land use rights, buildings and houses, machineries and equipments, equity securities, debt securities, certificates of deposit, and other assets. The value of the collateral securing our loans may fluctuate and decline due to various factors beyond our control, including macroeconomic factors affecting China. For example, a slowdown in the PRC economy may lead to a downturn in the real estate market, which may in turn result in declines in the value of the real estate assets securing our loans to levels below the outstanding principal balance of said loans. In addition, we cannot assure you that our assessment of the value of collateral will be accurate at all times. If our collateral proves to be insufficient to cover the related loans, we may have to obtain additional collateral from the borrowers and there is no assurance that we would be able to obtain said collateral on satisfactory terms or at all. Reduction of our collateral value or our inability to obtain additional collateral may result in additional allowance for loan impairment, which may materially and adversely affect our business, financial condition, and results of operation.

In the PRC, the procedures for liquidating or otherwise realizing the value of collateral may be time-consuming, the value of collateral may not be fully realized, and it may be difficult to enforce claims in respect of such collateral. In addition, under certain circumstances, other claims may be senior or prior to our claims to the collateral securing our loans. All of the foregoing factors could adversely affect our ability to realize the value of the collateral securing our loans in a timely manner or at all.

The guarantees under our guaranteed loans are generally not backed by collateral or other security interests. In addition, some of the guarantees are provided by affiliates of the relevant borrower, so that certain factors which result in a borrower's inability to repay a guaranteed loan in full and on time may also affect the guarantor's ability to fully perform its guarantee obligations and, therefore, expose us to additional risks. Furthermore, we are subject to the risk that a court or any other judicial or government authority may declare a guarantee invalid or otherwise decline or fail to enforce such guarantee. We are therefore exposed to the risk that we may not be able to recover all or part of our guaranteed loans. If we are unable to dispose of the assets of borrowers and guarantors or if the guarantors fail to fully perform their guarantee obligations on a timely basis, our business, financial condition, and results of operation may be materially and adversely affected.

As of September 30, 2015, unsecured loans accounted for 6.9% of our gross loans and advances to customers. We grant such unsecured loans mainly based on our credit evaluation of such customers. We cannot assure you that our credit assessments of such customers are or will be accurate at all times, or that such customers will repay their loans in full and on time. As we only have general claims on the assets of defaulting borrowers under unsecured loans, we are exposed to a relatively high risk of losing the entire amount outstanding under such loans, which may adversely affect our business, financial condition, and results of operation.

We are exposed to risks arising from loans granted to SMEs.

As of December 31, 2012, 2013 and 2014 and September 30, 2015, our total SME loans represented 53.9%, 60.5%, 62.7% and 69.5%, respectively, of our total corporate loans. SMEs are generally more vulnerable to macroeconomic fluctuations, as they may lack the financial, management or other resources necessary to withstand the adverse effects brought by an economic slowdown or changes in the regulatory environment compared with larger enterprises. In addition, we may not be able to obtain all the necessary information on SMEs for us to assess their credit risk. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our non-performing loan ratio of SME loans was 1.31%, 2.07%, 1.74%, and 2.02%, respectively. Our NPL may increase significantly due to the effects caused by the economic slowdown or unfavorable changes in the regulatory environment on our SMEs customers, which may materially and adversely affect our business, financial condition and results of operation.

If the portion of our short-term loans remains high, the reliability and stability of our interest income may be adversely affected.

Under the General Rules of Loans of the PBoC, short-term loans are loans with maturity of one year or less. The portion of our short-term loans in our total outstanding loan balance remained relatively high. As of December 31, 2012, 2013 and 2014 and September 30, 2015, short-term corporate loans as a percentage of our total corporate loans was 63.7%, 62.6%, 63.8% and 61.6%, respectively. During the Track Record Period, short-term loans constituted a large portion of our total corporate loans and had been our stable source of interest income. However, we cannot assure you that we will continue to have this stable source of interest income, in particular, when there is greater competition or funds of lower interest are available to customers. Our higher portion of short-term loans may have an adverse effect on the reliability and stability of our interest income.

Our asset quality, financial condition or results of operation may be materially and adversely affected if the repayment ability of local government financing vehicles deteriorates or the government policies affecting local government financing vehicles change.

Similar to other commercial banks in the PRC, we extend loans to local government financing vehicles. Local government financing vehicles refer to economic entities with independent legal capacity established by local governments as well as other departments and institutions through fiscal allocation or injection of assets such as land and equity, responsible for financing government-sponsored projects. Local government financing vehicles typically use loan proceeds to make investments in infrastructure or industrial zone construction, or relocation of residents from, and renovation of, old districts, or development of public interest projects, and repay us with operating cash flows generated from relevant projects and the local government budget. As of September 30, 2015, three of our top ten corporate loan customers were local government financing vehicles in Tianjin and the loans we provided to them were mainly used for the renovation of old districts and infrastructure construction in urban and rural areas. As of September 30, 2015, our loans to local government financing vehicles amounted to RMB17,308.7 million, representing 11.2% of our gross loans to corporate customers and 9.3% of our total loans. In addition, as of September 30, 2015, none of our loans to local government financing vehicles was classified as non-performing. See "Risk Management—Credit Risk Management".

Apart from extending loans to local government financing vehicles, we also provide financing to local government financing vehicles through our investments in debt securities issued by such local government financing vehicles, trust beneficiary rights, or asset management plans, utilizing funds at our disposal or proceeds from offering both principal-protected and non-principal-protected wealth management products. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our total credit balance to local government financing vehicles amounted to RMB20,533.1 million, RMB32,630.1 million, RMB37,459.2 million and RMB52,704.1 million, respectively. Such increase was primarily due to our expansion in the financing to local government financing vehicles as we followed the relevant national policy of encouraging investments in infrastructure construction. The following table sets forth the allocation of our total credit balance to local government financing vehicles as of the dates indicated.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Loans	17,289.0	14,273.6	14,562.4	17,308.7
Bank discounted bills	283.1	0.0	96.0	16.0
Bond investments	341.0	2,903.6	5,222.4	8,480.0
Trust beneficiary rights	2,220.0	4,709.2	4,727.6	5,286.0
Asset management plans	400.0	10,743.7	12,850.8	21,613.4
Total credit balance to local government financing vehicles	20,533.1	32,630.1	37,459.2	52,704.1

Pursuant to applicable PRC regulations, unless otherwise provided by laws and the State Council, it is not permitted for local governments and their departments, organizations, and institutions funded primarily by fiscal budget to, directly or indirectly, provide guarantees for the financing activities of local government financing vehicles through utilizing fiscal income or state-owned assets or otherwise. In addition, many projects sponsored by local government financing vehicles are carried out primarily for public interest purposes and are not necessarily commercially viable and, therefore, the operating cash flows generated from such projects may not be sufficient to cover the principal of and interest on the relevant loans. As a result, the ability of a local government financing vehicle to repay its loans may depend, to a significant extent, on its ability to receive financing support from the government, which support may not always be available due to the government's liquidity, budgeting priorities, and other considerations.

A macroeconomic slowdown, unfavorable changes in governmental policies, the deterioration in the financial condition of local governments, significant decline of property prices or other external factors may undermine the repayment capabilities of relevant local government financing vehicles, which may, in turn, materially and adversely affect our asset quality, financial condition and results of operations. Since 2010, the State Council, CBRC and PBoC, along with several other PRC regulatory authorities, have promulgated a series of notices, guidelines, and other regulatory measures that instruct PRC banks and other financial institutions to strengthen their risk management measures regarding loans to local government financing vehicles. For further details, see "Supervision and Regulation — Regulation of Principal Commercial Banking Activities". We have adopted measures both on our own initiative and in response to these regulatory directives to control our risk exposure to local government financing vehicles, including implementing credit exposure limits on our loans to local government financing on our loans to local government vehicles, and strengthening our credit extension and monitoring mechanism, and establishing risk alert systems for loans to local government financing vehicles. For details of these measures, see "Risk Management — Credit Risk Management". However, there is no assurance that measures taken by us are sufficient to protect ourselves against loss in connection with default by local government financing vehicle borrowers, which may in turn materially and adversely affect our asset quality, financial condition and results of operation.

We have made investments in Non-standard Credit Assets, and any adverse development in relation to these types of investments could materially and adversely affect our profitability.

During the Track Record Period, we made investments in Non-standard Credit Assets. For a detailed description of these Non-standard Credit Assets, see "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions".

As of December 31, 2012, 2013 and 2014 and September 30, 2015, our investment in Non-standard Credit Assets amounted to RMB42,767.6 million, RMB65,861.3 million, RMB71,169.7 million, and RMB126,438.0 million, respectively, representing 14.1%, 16.2%, 14.9%, and 23.2%, respectively, of our total assets at corresponding dates. For the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015, external interest income generated from our investment in Non-standard Credit Assets amounted to RMB1,850.3 million, RMB3,980.10 million, RMB5,083.4 million and RMB5,011.4 million, respectively, representing 13.9%, 20.3%, 20.5%, and 25.5%, respectively, of our total interest income for the same year/period. For details on our treasury business, see "Business — Our Principal Business Activities — Treasury Business".

Trust beneficiary rights are financial instruments related to the beneficiary rights under the trust plans sponsored by the trust companies. For details of our investments in such trust beneficiary rights, see "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions — Trust Beneficiary Rights". In addition, when investing in asset management plans, we enter into asset management contracts with quality asset management companies or reputable securities companies, pursuant to which the asset management companies or securities companies are entrusted to use our funds to provide financing to borrowers through special accounts and according to the terms and conditions of such written contracts. Income from these investment businesses is generally fixed or determinable. Moreover, we invest in wealth management products issued by other financial institutions. Such financial institutions then invest the proceeds in debt securities, trust beneficiary rights, and direction asset management plans. According to the contracts we entered into with the financial institutions issuing wealth management products, the financial institutions generally shall pay us the principal and investment yields upon the maturity of the products. The financial institutions issuing wealth management products are entitled to certain commissions and/or administration fees, depending on the terms and conditions of the contracts.

The repayment of principal of and returns on these asset investments is typically guaranteed by financial institutions in the PRC or secured by collateral provided by ultimate borrowers, including properties, land use rights, and certificates of deposit. Trust companies, securities companies, asset management companies, other financial institutions, and the relevant guarantors are typically responsible for due diligence investigations on the borrowers and finance projects. In order to mitigate relevant risks, we typically conduct due diligence investigations on the ultimate borrowers and the financed projects in accordance with our review and approval procedures for corporate loans, and assess the creditworthiness and qualifications of the respective trust companies, asset management companies, securities companies and other relevant financial institutions (where applicable) for Non-standard Credit Assets. For details of the risk management measures we adopted for our investments in these assets, see "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business — Risk Management for Our Investment Business". We may not be able to receive repayment of principal of, and returns on, these Non-standard Credit Assets as a result of material and adverse changes to the financial conditions of the relevant trust companies, securities companies or the ultimate borrowers. We may not be able to rely on the guarantees and collateral or realize the value of the collateral, provided by the ultimate borrowers, as such guarantees and collateral are provided to the trust companies, asset management companies, securities companies and other financial institutions instead of us.

However, there is no assurance that these measures could fully protect us from credit risks and liquidity risks in relation to Non-standard Credit Assets. In particular, although we review the due diligence investigations prepared by trust companies, asset management companies, securities companies, other financial institutions and guarantors before making investments, these investigations are beyond our control. For example, when we make investment decisions, we conduct assessment of the issuers of these products and the ultimate borrowers for such products to determine the anticipated return rates that parties agreed upon. There is no assurance that our assessment could always correctly anticipate the development of business operations or financial conditions of the trust companies, asset management companies, securities companies or the ultimate borrowers, which could be negatively affected by various factors beyond our control, including, without limitation, general global economic conditions or market trends, under which situation, the issuer's capacity to repay the principal, fulfill their commitment to deliver the expected investment return or undertake the guarantee obligations, where applicable, could be materially and adversely affected. As of September 30, 2015, the amount of our investment in Non-standard Credit Assets with overdue payment of principal and/or interests (the "**Overdue Non-standard Credit Assets**") was RMB36.4 million, representing 0.03% of our total amount of investment in Non-standard Credit Assets. Such Overdue Non-standard Credit Assets involved one financing party who used the underlying credit facility to fund projects in steel trading and coal trading industries. Such financing party failed to make timely repayment primarily due to slowdown of PRC economy in recent years that affects relevant industries. For details, please see the section headed "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions". As of September 30, 2015, we had made provision for impairment losses on our overdue investment in the above mentioned Non-standard Credit Assets in an amount of RMB36.4 million in accordance with the requirements under IFRS and our accounting policies.

Furthermore, if the agreed-upon return rates cannot be achieved or the principal of our investments cannot be repaid, we primarily rely on the issuers to reduce our losses and exercise our rights under the related contracts and guarantees to recover losses from the issuers and the guaranteeing financial institutions (if any). We do not have direct recourse to the ultimate borrowers or their guarantors in the underlying transactions. In addition, as Non-standard Credit Assets are not traded on the PRC interbank market or stock exchanges, and there has not yet been an active trading market for Non-standard Credit Assets, their liquidity is limited. As a result, our ability to dispose of relevant investments or realize value of relevant investment before its maturity is limited. In addition, there is no assurance that our provision for impairment losses on our overdue investment in Non-standard Credit Assets can always be sufficient, the occurrence of which may cause material and adverse impact to our business operations and financial results.

In addition, as of September 30, 2015, our investments in trust beneficiary rights, asset management plans and wealth management products with our top five counterparties represented 74.2%, 73.9% and 48.7%, respectively, of our total investment in the corresponding type of our Non-standard Credit Assets at the corresponding date. As of September 30, 2015, our investments in the trust beneficiary rights and asset management plans under which credit facilities was extended to our top five ultimate financing parties represented 13.6% and 25.6%, respectively, of our total investments in trust beneficiary rights and asset management plans as of the corresponding date. Any deterioration in the financial condition or results of operations of these entities may undermine the quality of our existing investments in Non-standard Credit Assets, which in turn could materially and adversely affect our business, financial condition and results of operations.

Although PRC regulatory authorities do not currently prohibit commercial banks from investing in Non-standard Credit Assets, there can be no assurance that future changes in regulatory policies will not restrict commercial banks in China, including us, from investing in Non-standard Credit Assets. In addition, adverse regulatory developments relating to these types of investments could cause declines in the value of the investment portfolio held by us and, as a result, may adversely affect our business, financial conditions and results of operation.

We are subject to risks relating to wealth management products.

In recent years, we have increased the volume and expanded the range of wealth management products offered to both our corporate customers and personal customers. For the years ended December 31, 2012, 2013, 2014, and the nine months ended September 30, 2015, the proceeds raised by our wealth management products were RMB40,375.1 million, RMB59,090.1 million, RMB93,264.3 million and RMB97,452.1 million, respectively. For the same periods, the net fees, commissions and other incomes from the wealth management products issued by us were RMB55.1 million, RMB60.1 million, RMB123.6 million and RMB183.9 million, respectively.

We invested the proceeds from our wealth management products mainly in money market instruments, deposits with banks, negotiated deposits, debt securities, trust beneficiary rights and asset management plans, and cash. Compared to money market instruments and debt securities, trust beneficiary rights and asset management plans may involve certain risks that are beyond our control. For details, please see the subsection headed " — We have made investments in Non-standard Credit Assets, and any adverse development in relation to these types of investments could materially and adversely affect our profitability". For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, our investments in various types of financial products with funds raised from our wealth management products amounted to RMB7,683.3 million, RMB13,735.0 million, RMB19,292.1 million and RMB32,796.1 million, respectively.

As most of the wealth management products we issued are non-principal-protected, we are not liable for any loss suffered by the investors in these products. However, to the extent the investors suffer losses on these wealth management products, our reputation may be damaged and we may also suffer a loss of business or decrease in deposits. Furthermore, we may eventually bear losses for non-principal-protected products if the investors bring lawsuits against us and the court rules that we are liable for inadequate disclosure or otherwise. Further, given that some of our wealth management products are principal-protected, we are liable for any loss in principal suffered in these products. In addition, the tenures of some of the wealth management products issued by us are shorter than those of their underlying assets. We are thus required to proactively manage the tenures of such wealth management products. This mismatch subjects us to liquidity risk and requires us to issue new wealth management products, sell the underlying assets or otherwise address the funding gap when existing wealth management products mature. Furthermore, the PRC regulatory authorities have released regulations to limit the size of commercial banks' investments in Non-standard Credit Assets with funds raised from wealth management products. If the PRC regulatory authorities further restrict the wealth management business of Chinese commercial banks, our liquidity and profitability could be adversely affected. There is no assurance that we can always complete these transactions on commercially acceptable terms in a timely manner or at all, as a result of which, our business, financial condition and results of operation could be materially and adversely affected.

The PRC regulatory authorities have introduced regulatory policies to restrict the size of PRC commercial banks' investments in financial products with funds raised from wealth management products. See "Supervision and Regulation — Regulation of Principal Commercial Banking Activities — Wealth Management". If PRC regulatory authorities further restrict the wealth management business of PRC commercial banks, it could adversely affect our business, financial condition and results of operation.

We mainly rely on deposits from customers to fund our business and manage our liquidity.

Deposits from customers have been our primary funding source. We rely on the growth in deposits from customers to expand our loan business and meet other liquidity needs. Decreases in deposits from customers will reduce our funding sources, which, in turn, will reduce our ability to extend new loans while meeting capital and liquidity requirements. In recent years, our deposits from customers have continued to grow. Our total deposits from customers amounted to RMB201,416.2 million, RMB247,207.8 million, RMB289,467.4 million and RMB328,439.8 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. However, there are various factors affecting the growth in our deposits from customers, some of which are beyond our control, such as economic and political conditions, the availability of alternative investment products, and changes in customers' preference for savings. As a result, we cannot assure you that we will be able to maintain the growth in our deposits from customers at a pace sufficient to support our expanding business.

As of September 30, 2015, 85.3% of our total deposits from customers were due within one year. As of the same date, 62.6% of our gross loans to customers were due within one year. There is a mismatch between the maturities of our liabilities and our assets. Furthermore, as of December 31, 2012, 2013 and 2014 and September 30, 2015, we recorded negative net position in cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities (being the difference between our past due/indefinite amount and on demand amount as of the relevant dates), which amounted to RMB81.4 billion, RMB81.8 billion, RMB97.3 billion and RMB109.4 billion, respectively. The increase in such negative net position was mainly caused by the increase in our corporate and personal deposits, in particular, the amount of demand deposits during the Track Record Period, primarily due to the expansion of our business. For details, please also see the section headed "Asset and Liabilities — Liabilities and Source of Funds — Deposits from Customers". Compared with time deposits, demand deposits are subject to contingent commitment where we need to pay back demand deposits to depositors at the time they deem appropriate, as a result of which, we adopted stringent rules and procedures in managing and monitoring the amount, and utilization, of demand deposits. Based on our experience, during the Track Record Period, a substantial portion of our short-term deposits from customers are rolled over upon maturity while the average balance of our demand deposits remained relatively stable with steady increase during the Track Record Period, and these deposits have always represented a relatively stable source of funding. However, due to the increased availability of wealth management products and other investment products on the PRC financial markets as well as the financial disintermediation in recent years, certain customers may withdraw their deposits and invest in alternative products. Besides, interest rates which are significantly lower than the inflation rate and the development of alternative investment products in China have resulted in financial disintermediation in recent years, and have further caused certain customers to withdraw their deposits to make direct investments. See "Risks relating to the PRC Banking Industry". If we are unable to maintain the growth rate of our deposits from customers, or a substantial portion of our customers withdraw their demand deposits or do not roll over their time deposits upon maturity, our ability to meet capital liquidity requirements may be materially and adversely affected and, as a result, we may need to seek funding from alternative sources, which may not be available on reasonable terms or at all. If we cannot seek funding from alternative sources on reasonable terms, our business, financial condition and results of operation may be materially and adversely affected.

We manage our liquidity partly through short-term borrowing in the interbank market. Our borrowing costs may increase as a result of the fluctuation of interest rates on the interbank market, which may materially and adversely affect our liquidity, financial condition and results of operations.

As of September 30, 2015, the balances of our deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements accounted for 30.0% and 1.5% of our total liabilities. According to the Notice on Regulating the Interbank Business of Financial Institutions (《關於規範金融機構同業業務的通知》) jointly issued by PBoC, CBRC, CSRC, CIRC and SAFE on April 24, 2014, the net balance of interbank lending of a commercial bank to a single incorporated financial institution (excluding interbank deposits for settlement purposes), after deducting assets with zero risk weight, shall not exceed 50% of tier-one capital. The balance of interbank borrowing shall not exceed one third of its total liabilities. We have complied with the above regulatory requirements. Subject to the aforementioned laws and regulations and other applicable requirements, we may not be able to acquire sufficient short-term funds from the interbank market at all times, and regulatory authorities may further impose restrictions on the interbank business and interbank borrowing. As a result, our funding costs may increase, which may materially and adversely affect our liquidity and profitability.

Our current risk management systems may not adequately protect us against credit, market, liquidity, operational, and other risks.

Our risk management capabilities are limited by the information, tools, or technologies available to us. For example, we may not be able to effectively monitor or mitigate credit risk due to limited information sources or tools. In recent years, we have undertaken various initiatives to strengthen our risk management capabilities, including improving our internal credit rating mechanisms, operational risk management, measurement tools to assess market risk and liquidity risk, legal risk management, reputational risk management, and continuously strengthening information technology risk management. We have also adopted various measures to address risks associated with our investments in Non-standard Credit Assets. For details of our risk management measures, please see the section headed "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business — Credit Risk Management for Our Investment Business" and "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets." However, our ability to successfully execute such mechanisms and operate such systems and to monitor and analyze their effectiveness is subject to continuous testing and improvement. See "— The effective operation of our business is highly dependent on the proper functioning and improvement of our information technology systems." Due to the inherent limitations of our systems, we may not adequately or effectively identify or mitigate our risk exposure in all market environments or against all types of risks. Many of our methodologies for managing risk exposure are based on our assessments on markets or clients or other information that is publicly available or otherwise accessible to us. Further, the historical data and experience that we rely on may be inaccurate or outdated due to market and regulatory developments, and our historical data may not be able to adequately reflect the risks that may emerge from time to time in the future. As a result, our risk management methodologies and techniques may not be effective and we are may not be able to manage and control our risks in a timely and appropriate manner.

Additionally, our employees and agents may make decisions beyond the scope of their authority and expose us to excessive risks. Although we develop and implement our compensation and incentive plans and internal control system to prevent our employees and agents from taking excessive risks, we cannot assure you that the measures we have taken or plan to take will achieve their intended objectives. Moreover, we may not always be able to detect or prevent fraud or other misconduct by our employees, agents, customers or other third parties on a timely basis. In particular, similar to other industry peers, we may be exposed to fraud or other misconduct committed by our employees or third parties. See "— We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties, and we may be subject to other operational risks."

If we are not able to effectively improve our risk management and internal control policies, procedures and systems, or if we are not able to achieve the intended results of such policies, procedures, or systems in a timely manner, our asset quality, business, financial condition and results of operation may be materially and adversely affected.

We may have difficulties in meeting capital adequacy and other regulatory requirements in the future.

We are subject to capital adequacy regulations set by CBRC. See "Supervision and Regulation — Supervision over Capital Adequacy". Pursuant to the requirements of PRC banking regulatory authorities, our capital adequacy ratios of each tier shall remain no lower than the minimum capital adequacy requirements under the Capital Administrative Measures during the transitional period for implementation. Calculated in accordance with the Capital Administrative Measures, as of September 30, 2015, our core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio was 8.94%, 8.94% and 11.90%, respectively, all of which satisfy the requirements of PRC banking regulatory authorities. CBRC may further increase the minimum capital adequacy requirements or change the methodology for calculating regulatory capital or capital adequacy ratios or we may otherwise be subject to new capital adequacy requirements.

Our ability to satisfy the current regulatory capital adequacy requirements could be adversely affected as a result of deterioration in our financial condition, or the quality of our assets, such as an increase in non-performing loans, and a decline in our profitability. If our business growth places capital demands on us in excess of what we are able to generate internally or raise in the capital markets, we may need to seek additional capital through alternative means. However, we may not be able to obtain additional capital on commercially acceptable terms in a timely manner or at all. Our ability to obtain additional capital may also be restricted by a number of factors, including our future business, financial condition, results of operation and cash flows, conditions prescribed by PRC law and regulatory approvals, general market conditions for capital-raising activities by commercial banks and other financial institutions, as well as economic, political and other conditions both within and outside China. We may face increased compliance and capital costs as a result of these capital requirements. Furthermore, as these capital adequacy requirements place restrictions on the ability of banks to leverage their capital to achieve growth in their loan portfolios, our results of operation may be materially and adversely affected, and our capacity to further grow our business may be constrained. If at any time in the future we fail to meet these capital adequacy requirements, CBRC may take a series of measures upon us, including, for example, imposing restrictions on our lending and investment activities, restricting the growth of our loans and other assets, declining our application to launch new businesses or restricting our ability to declare or pay dividends. Such measures may materially and adversely affect our business, financial condition and results of operation.

We may not be able to successfully maintain the growth of our overall business.

Our operating income was RMB6,590.0 million, RMB8,204.1 million and RMB9,940.5 million in 2012, 2013 and 2014, respectively. Our operating income was RMB8,546.9 million for the nine months ended September 30, 2015, representing an increase of 18.1% from the same period in 2014. However, we may not be able to successfully maintain our growth if we fail to offer new products or provide new services to attract new customers, improve our marketing or expand our sales channels. We also may not succeed in expanding our branch and sub-branch network to establish our brand name in new markets and reach new customers. Our growth is closely related to the PRC economy as well as other macroeconomic factors affecting the PRC, in particular, Tianjin economies, including without limitation, GDP growth, the inflation rate and changes in laws and regulations relating to the banking and financial industry. Any unfavorable change in one or more of the above factors could negatively affect our growth rates.

In addition, the maintenance of our growth will continue to require substantial managerial and operational resources. We may not be able to retain and attract qualified personnel to satisfy our growth needs. See "— We rely on the continuing efforts of our key personnel and may not be able to recruit or retain a sufficient number of qualified staff." We may also need additional capital in the future, and we may not be able to obtain such capital on acceptable terms to support the development of our business. Any occurrences of the above factors may materially and adversely affect our business, financial condition and results of operation.

We face uncertainties associated with national and local government policies and initiatives which are adopted to promote local economic development, and we are also exposed to risks due to our business and operational concentration in Tianjin.

We benefit from favorable policies adopted by the national and local governments to promote the economic development of Tianjin municipality. Leveraging its advantage of being a major modern coastal city and an important economic center in northern China, Tianjin enjoys a wide variety of beneficial policies, including five major national development strategies, namely: (i) the Collaborative Development of Beijing, Tianjin and Hebei (京津冀協同發展) (ii) the development and opening-up of Binhai New Area (iii) Tianjin Free-Trade Zone (iv) the National Independent Innovation Demonstration Zone (國家自主創新示範區) and (v) the "One Belt, One Road" ("一帶一路") policy.

We believe these policies have been instrumental in the economic growth of Tianjin, and expect our business to continue to benefit from these favorable government policies and initiatives and the business opportunities presented in connection with local economic growth. However, we cannot guarantee that the PRC government will maintain its favorable policies in promoting the development of Tianjin. Any discontinuation or unfavorable change in such policies may adversely affect our business, financial condition and results of operation.

Furthermore, our business and operations are primarily concentrated in Tianjin. As of September 30, 2015, 56.6% of our loans and advances and 65.6% of our deposits from customers were originated from our outlets in Tianjin. Although our business originated outside of Tianjin has increased gradually, most of our business and operations will remain in Tianjin for the foreseeable future. Therefore, our continued growth depends to a large extent on the continued growth of the Tianjin economy, and we are exposed to risks arising from concentration of credit in Tianjin in terms of distribution of customers and geographical coverage. Any adverse change in the economic development of or any significant natural disaster or catastrophic event occurring in Tianjin may materially and adversely affect our business, financial condition and results of operation.

We will be exposed to various risks as we expand the range of our products and services and our branch network.

We have continued to expand our offerings of products and services to our customers since our establishment and we will continue to implement our expansion plan in the future. We rely to a great extent on interest income. Net interest income has historically been the largest component of our operating income, representing 93.4%, 95.4%, 92.0%, and 88.6% of our operating income in 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. As part of our growth strategy, we plan to introduce more fee- and commission-based products and services, such as a direct sales banking platform, credit cards and treasury business. We also proactively seek to pursue alliances with other financial service providers in China to offer additional financial products that complement our existing product portfolio. Our expansion in products and services portfolio has exposed and will continue to expose us to new and potentially increasingly challenging market and operational risks. In particular, for certain fee- and commission-based products and services, we are not the principal issuer or borrower of relevant products, but act as the distributor of relevant products, or provide other services like continuous monitoring the quality of relevant financial products and making timely claim to enforce rights of lenders or investors. These products are also subject to inherent risks associated with financial performance or business operations of relevant issuers or owners of underlying assets, which are affected by many factors beyond our control, such as general economic conditions or proper compliance by relevant third parties with laws and regulations. For these products, we are not liable for any investment loss or default directly derived from the relevant products. However, we may still be subject to client complaints, negative news coverage and possible litigations which could have an adverse effect on our reputation.

If we are unable to offer more fee- and commission-based products and other non-interest income products and services, we may continue to rely heavily on interest income, and may face pressures resulting from greater competition among banks for interest income and lower net interest margins from interest rate liberalization measures. See "— Risks Relating to the PRC Banking Industry — Further development of interest rate liberalization may materially and adversely affect our results of operation."

As of September 30, 2015, we had 306 outlets, including a head office business department, seven tier-one branches, two tier-two branches, six central sub-branches, 242 traditional sub-branches, 44 community sub-branches, a small business financial service center, one county bank and its two sub-branches. As of September 30, 2015, we had 241 outlets in Tianjin and 65 outlets outside of Tianjin and our outlets covered six provinces and municipalities, including Tianjin, Beijing, Hebei Province, Shanghai, Shandong Province and Sichuan Province. We also plan to further expand our branch network. However, our business plan to further expand the branch network may not be implemented successfully. If we fail to expand our business, our growth rate, financial condition and results of operation may be affected. In particular, as we expand our business into other geographic market outside Tianjin, in addition to direct competition with the existing commercial banks in the regions where we operate, we may face several other risks, including failure to meet demands of local customers with our existing products or services; inability to rapidly adapt to the local culture and operational practices; insufficient financial, operational, managerial, and human resources to support cross-region business expansions; and failure to enhance our risk management and internal control system, as well as our information technology systems in time to cater to the demands of cross-regional operations. Furthermore, we may not be able to recruit staff that is familiar with local economy, communities, and customers on a timely basis. Moreover, the CBRC may suspend its approval of new applications from city commercial banks seeking to establish branches outside location of their existing branches, and as a result, we may not be able to establish new branches located outside Tianjin other than in Beijing, Hebei Province, Shanghai, Shandong Province and Sichuan Province. As a result, our business, financial condition and results of operation could be materially and adversely affected.

Furthermore, if we are unable to obtain relevant regulatory approvals, or comply with relevant banking regulations in the sales and marketing of our new financial products and services, we may be subject to legal proceedings or regulatory sanctions, which in turn could lead to significant financial losses and reputational damages.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties, and we may be subject to other operational risks.

We are exposed to fraud or other misconduct committed by our employees or third parties, which could subject us to financial losses, third party claims, regulatory actions or reputational damages. We cannot assure you that our internal control policies and procedures can always be effective and sufficient to prevent, or that we can otherwise fully detect or deter, all incidents of fraud and misconduct including, without limitation, potential fraud in relation to mismanagement of bills held for resale that we stored in our inventory or embezzlement. In addition, improper acts of employees or third parties against us, such as fraud, stealing, theft of customer information for illegal activities, may not be all able to be successfully prevented by our risk management measures, which may in turn expose us to certain risks. Should any of the above mentioned factors occur, our business, financial condition and results of operation could be materially and adversely affected.

We rely on the continuing efforts of our key personnel and may not be able to recruit or retain a sufficient number of qualified staff.

Our ability to maintain growth and meet future business demands is dependent upon the continued services of our senior management and other key personnel. In particular, our future success depends substantially upon our key personnel's experience in the banking industry and the business operations of our Group as well as their sales and marketing skills. The departure of any member of our key personnel may have a material adverse effect on our business and results of operation. In addition, we may face increasing competition in recruiting and retaining qualified staff, including our senior management, as other banks are competing for the same pool of qualified persons and our compensation packages may not be as competitive as those of our competitors. There is no assurance that we will be able to retain or recruit qualified staff, or that competition in recruitment will not lead to increases in our employment costs. If we fail to recruit or retain a sufficient number of qualified staff, our business, financial condition and results of operation may be materially and adversely affected.

The effective operation of our business is highly dependent on the proper functioning and improvement of our information technology systems.

Our business largely relies on the secure and efficient operation of our information technology systems. In particular, our information technology system supports the proper function of our internal control, risk management, customer service and other data processing systems, together with the communication networks between our various branches and our main data processing centers, each of which is critical to sustainable development of our business and our ability to maintain competitiveness. For details of the operation and backup mechanism of our information technology systems, see "Business — Information Technology". However, there is no assurance that our operations will not be materially disrupted if there is a partial or complete failure of our information technology systems, as a result of various factors beyond our control, including without limitation, telecommunication network or Internet breakdowns, software bugs, computer virus attacks, conversion errors due to system upgrading, an equipment provider's failure to provide proper system maintenance, or an outbreak of disasters or incidents. In particular, in recent years, as more and more public and private enterprises, including banks and financial institutions, are relying on proper function of IT systems for its business operations, they are vulnerable to cyber-attacks, which may severely damage their internet banking or mobile banking operations, causing temporary or pro-longed suspension of relevant services, or theft of customer data which may lead to further complaint or litigation from relevant customers. While we have adopted various measures to mitigate relevant risks associated with cyber-attacks, there is no assurance that our defense measures can always effectively protect us from damages. For details of our relevant measures, please also see "Risk Management — Information Technology Risk Management." The occurrence of any above mentioned incidence, or any security breach caused by unauthorized access to information or systems, loss or corruption of data and malfunction of software, hardware or other computer equipment could materially and adversely affect our business, financial condition and results of operation.

In addition, our ability to remain competitive will depend in part on our ability to upgrade our information technology system in a timely and cost-effective manner in order to meet the evolving technology challenges in relation to, and market demands for, financial products and services. Any failure to develop, improve or upgrade our information technology systems effectively on a timely basis may materially and adversely affect our business, financial condition and results of operation.

If we fail to fully comply with the various regulatory requirements applicable to us, our reputation could be harmed and our business, financial condition and results of operation could be materially and adversely affected.

We are subject to the regulatory requirements and guidelines set forth by various PRC regulatory authorities, such as CBRC, PBoC, SAFE, CSRC, CIRC, MOF, NAO, SAIC and SAT. These laws, regulations, guidelines and regulatory requirements include approvals for banking products and services, market entry, opening of new branches or sub-branches, taxation and accounting policy, risk management, internal control and pricing. Please see "Supervision and Regulation" These regulatory authorities carry out supervision and spot checks of banks like us and have the authority to impose penalties or remediation requirements based on their findings.

We also need to meet other regulatory requirements such as liquidity coverage ratio, liquidity ratio and other liquidity risk regulatory requirement indicators and monitoring reference indicators for liquidity risk such as the core liabilities ratio and loan-to-deposit ratio under the Administrative Measures on the Liquidity Risk of Commercial Banks (Trial) (《商業銀行流動性風險管理辦法(試行)》) (CBRC Order 2015 No.9). During the Track Record Period, we had incidents of failure to meet the requirements of core liabilities ratio and liquidity gap ratio requirements as set out in the Core

Indicators (Provisional). As the Administrative Measures on the Liquidity Risk of Commercial Banks (Trial) explicitly indicates that the risk monitoring core indicators listed therein are for reference purposes when used for appraising, monitoring and alerting risks for commercial banks, such indicators will not be adopted as direct basis for administrative penalties unless provided by laws, administrative regulations and rules otherwise. As of the Latest Practicable Date, these incidences of non-compliance had not resulted in any penalty against us or any material adverse effect on us. For details of such incidences, please also see the section headed "Supervision and Regulation — Other Operational and Risk Management Ratios" in this prospectus. However, we cannot assure you that we will be able to meet all the applicable regulatory requirements and guidelines, or comply with all the applicable regulations at all times, or that we will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. Any failure to comply with applicable requirements, guidelines, or regulations could have a material adverse effect on our financial condition and results of operation, as well as damage our reputation and our ability to grow our business.

We may not be able to detect money laundering and other illegal or improper activities on a timely basis, or at all, which could expose us to reputational damages and additional legal or regulatory liability risks.

We are required to comply with applicable PRC anti-money laundering and anti-terrorism laws and regulations. These laws and regulations require us to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to the relevant regulatory authorities. In light of the complexity of money-laundering activities and other illegal or improper activities, such policies and procedures may not completely eliminate the possibility that we may be utilized by other parties to engage in money laundering and other illegal or improper activities. To the extent that we fail to fully comply with such laws and regulations, the relevant government authorities may impose fines and other penalties on us. In addition, our business and reputation could deteriorate if customers manipulate their transactions with us for money laundering or other illegal or improper purposes. See "Risk Management — Legal and Compliance Risk Management — Anti-money Laundering" and "Supervision and Regulation — Anti-money Laundering Regulation".

We are subject to risks associated with off-balance sheet commitments.

We provide certain off-balance sheet commitments to our customers in the ordinary course of business, consisting primarily of acceptances, guarantees, letters of credit and loan commitments. Such arrangements are not reflected on our balance sheet but constitute contingent assets or contingent liabilities. As of September 30, 2015, our off-balance sheet commitments totaled RMB78,270.8 million. See "Financial Information — Off-balance Sheet Commitments". We are subject to credit risks associated with these off-balance sheet commitments and are required to provide funds when our customers are unable to perform their obligations. If we are unable to recover payment from our customer, our financial condition and results of operation may be materially and adversely affected.

We have certain Shareholders that we have been unable to contact and register, which may lead to potential disputes.

As of Latest Practicable Date, among our 7,210 existing Shareholders, we have not been able to confirm 402 of our Shareholders' identities because we are unable to contact them or for other reasons. The Shares held by such Shareholders represented an aggregate of approximately 0.25% of our total issued share capital.

We cannot assure you that we will successfully contact and accurately record all holders of our Shares or all persons who are entitled to our Shares. We have entrusted the Shares held by all of our existing Shareholders, including such unidentifiable Shareholders, to Tianjin Securities Registration Company (天津證券登記公司). Tian Yuan Law Firm, our PRC legal advisor, is of the view that the existence of the aforementioned unidentifiable Shareholders is not expected to have any material adverse effect on the stability of our shareholding structure and good standing. However, we cannot guarantee that there will not be any disputes regarding equity interests raised by Shareholders, such as disputes over the dilution of their shareholding, including H Share. Any of such disputes or objections may result in negative publicity or reputational damage to us.

Issues related to land use right and building ownership may adversely affect our ability to occupy and use certain properties owned by us and/or leased from third parties.

As of the Latest Practicable Date, we owned 142 properties with an aggregate GFA of approximately 158,616.8 square meters in China, which we mainly used as outlets and offices. We had obtained building ownership certificates and land use right certificates for 129 properties with an aggregate GFA of 143,604.8 square meters. For two properties with an aggregate GFA of approximately 4,126.0 square meters, we have obtained building ownership certificates and land use right certificates but the land was allocated to us, we have paid the land premium. For 3 properties with an aggregate GFA of approximately 2,207.3 square meters, we have obtained the building ownership certificates and land use right certificates and the land was allocated to us. For 2 properties with an aggregate GFA of approximately 5,547.9 square meters, we have obtained the building ownership certificates, but have not obtained the land use right certificates for the land on which such buildings were erected. There were a total of 6 properties with a GFA of approximately 3,130.9 square meters for which we had neither obtained the building ownership certificates nor had we received the relevant land use right certificates. As of the Latest Practicable Date, the aggregate GFA of properties with defective title accounted for approximately 6.9% of the properties owned by us. See "Business — Properties". We undertake to use our best efforts to complete relevant procedures for obtaining relevant land use right certificates and/or building ownership certificates. However, we may not be able to obtain all these title certificates. We cannot assure you that our ownership rights would not be adversely affected in respect of properties for which we were unable to obtain the relevant title certificates. If we were forced to relocate any of the operations we conduct on the affected properties, we may incur additional costs as a result of such relocation.

As of September 30, 2015, we leased 267 properties with an aggregate GFA of approximately 135,773.8 square meters, which we mainly use as business premises. Among these properties, 34 properties with an aggregate GFA of approximately 8,705.7 square meters were leased from lessors who were not able to provide the title certificates. As a result, the validity of such leases may be subject to legal challenge. In addition, we cannot assure you that we would be able to renew such leases on terms acceptable to us upon their expiration or at all. If any of our leases is terminated as a result of challenges by third parties or if we fail to renew them upon expiration, we may be forced to relocate affected branches and sub-branches and incur additional costs associated therewith, and our business, financial condition and results of operation may be adversely affected.

For details of our properties, see "Business — Properties".

We may be involved in legal and other disputes from time to time arising out of our operations.

We are involved in legal and other disputes in the ordinary course of our business, which generally relate to our attempts to recover debts from borrowers or claims made by our customers or other parties against us. Customers may commence litigation or arbitration proceedings against us and we may also be subject to inquiries, investigations, litigations and proceedings by governmental agencies. In particular, during the Track Record Period, we were involved in litigations relating to customers' deposits. For details, please see "Business — Legal and Administrative Proceedings — Legal Proceedings". Except as otherwise disclosed in this prospectus, to the best of our knowledge and upon due enquiry, as of the Latest Practicable Date, there is no litigation, arbitration or investigation against us, our employees, management or Directors that would cause a material adverse effect to our business operations or financial results. We cannot guarantee that the outcome in any of the litigation in which we are involved would be favorable to us, or the judgment in relation to the rejected litigations against us will not be subject to disputes resulting in new litigation, appeal or retrial, or any existing or potential investigations will not cause material adverse effect to us, or any future legal disputes we may confront may not result in damage to our reputation, additional operational costs and a diversion of resources and management's attention from our business operations, in which case, our business, financial condition and results of operation may be adversely affected.

We may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Shares, may be subject to voting restrictions due to their pledge of our shares.

According to the CBRC Notice on Enhanced Management of Pledge of Equity Interest in Commercial Banks (《中國銀監會關於加強商業銀行股權質押管理的通知》) (the "**Notice**") issued by CBRC in November 2013, commercial banks are required to stipulate in their articles of association that, for those shareholders that have pledged 50% or more of their equity interests in the bank, their voting rights at general meetings and the voting rights of directors designated by them at board meetings shall be "subject to restrictions" (the "**Voting Restrictions**"). However, the Notice did not provide clarification or guidance on what restrictions should be imposed or how they should be imposed.

To comply with the Notice, we amended our Articles of Association to include articles on Voting Restrictions, which was adopted at the shareholders' general meeting on October 15, 2015, approved by CBRC Tianjin Office on November 18, 2015 and will become effective upon Listing, upon which, our Shareholders, including H Shareholders, shall comply with the amended Articles of Association. We had not imposed the Voting Restriction up to the Latest Practicable Date due to the lack of clarification and guidance in the Notice and authoritative interpretation. For details, please also see the section headed "Supervision and Regulation — Ownership and Shareholder Restriction — Restrictions on Shareholders." Since the issue of the Notice and up to the Latest Practicable Date, we had not been notified of any objection or penalties brought against us in this regard by PRC regulatory authorities. Nonetheless, due to the fact that the Notice did not provide clarification or guidance on what restrictions should be imposed or how they should be imposed, there is no assurance that the regulatory authorities will not demand us to take remedial actions or bring regulatory actions against us due to our practice related to voting rights in the past. Such demand and regulatory actions may adversely affect our business operation. Furthermore, according to the Notice, a shareholder who pledges his equity interest shall notify the board of the bank in advance, while a shareholder, who has a seat on the board of directors or the board of supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the bank, pledges his equity interests in the bank, he shall make a filing to the board of directors of the bank prior to the pledge. For details on our internal control measures in relation to monitoring and recording share pledge, please also see the section headed "Supervision and Regulation — Ownership and Shareholder Restrictions — Restrictions on Shareholders." As advised by our PRC legal advisor, Tian Yuan Law Firm, as of the Latest Practicable Date, there was no clear implementation rule, interpretation or guidance on legal consequence should the relevant shareholder fail to make successful notification or filing. However, there is no assurance that the PRC authority may not issue more stringent rules and regulations to set restrictions or prohibitions against share pledge made by shareholders who failed to complete relevant notice or filing prior to share pledge. In addition, we cannot assure you that we will not be required by regulatory authorities to impose the Voting Restrictions on our Shareholders, including holders of our H Shares, in a manner deemed appropriate by such regulatory authorities which, in extreme cases, may involve suspension of the relevant Shareholders' voting rights.

Our business, financial condition, results of operations, prospects and the value of your investment may be adversely affected as a result of negative media coverage of Our Bank, our senior management or China's banking industry generally, even if such negative publicity is inaccurate, unsubstantiated or immaterial.

Our business reputation is crucial to our success. China's banking industry continues to be covered extensively and critically by various news media. In recent years, incidents of fraud and issues related to non-performing loans, loan quality, capital adequacy, solvency, internal controls, and risk management have been reported by media. In addition, in recent years, certain media made false report against us, including false allegation of misappropriation of customers' deposit, deceptive marketing practice for wealth management products, or conspiracy of our employees with third parties to obtain loans by fraud. After investigation, we are of the view that these reports are of no merit. As of the Latest Practicable Date, these matters have not resulted in relevant litigation or penalties by regulatory authorities. Negative media coverage, whether accurate or applicable or not, will have a material adverse effect on our reputation and consequently undermine our customers' confidence. As a result, our business, financial condition, results of operations, prospects, and the value of your investment, may be materially and adversely affected.

We may not be able to register our trademarks in Hong Kong.

As of the Latest Practicable Date, we have lodged five trademark applications in Hong Kong for trademarks set out in the paragraph headed "Statutory and General Information — 2. Further Information about Our Business — B. Intellectual Property Rights — (a) Trademarks" in Appendix VIII to this prospectus. However, there is no assurance that such pending application for trademark registration in Hong Kong will eventually be approved or that we would be granted exclusive rights to use it as a registered trademark in Hong Kong. If the trademark could not be registered, or if the registration process is delayed, we may infringe upon the registered trademark of third-parties for using texts and images of such trademark; therefore, our business, financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO THE PRC BANKING INDUSTRY

We face increasingly intensive competition in China's banking industry.

The banking industry in China is becoming increasingly competitive. We face competition with PRC or foreign commercial banks in all of our principal lines of business. We principally compete with large state-owned commercial banks, national joint-stock commercial banks, rural commercial banks and other city commercial banks. On July 1, 2013, the General Office of the State Council issued the Guidance Letter Regarding Financial Support for Promoting Economic Restructuring and Transformation (《國務院辦公廳關於金融支持經濟結構調整和轉型升級的指導意見》), or the Guidance Letter. The Guidance Letter, among other things, encourages investment by private sector capital in financial institutions and the establishment of privately-owned banks. The Guidance Letter provides a policy direction to the increasing involvement by private sector capital in the financial industry in China. We may therefore face competition from privately-owned banks in the future. Due to the market liberalization by the PRC government, competition in the PRC banking industry will be further intensified.

We compete with our competitors for substantially the same customers on loans, deposits and fee- and commission-based products and services. Such competition may materially and adversely affect our business and future prospects by, for example, reducing our market share in our principal products and services, reducing our fee and commission income, affecting the growth of our loan or deposit portfolios and their related products and services, and increasing competition for soliciting senior management talents and qualified professional personnel.

In addition to competition from other banks and financial institutions, we also face competition from other forms of investment alternatives in China. In recent years, financial disintermediation, which involves investors' moving funds out of commercial banks and other financial institutions, to direct investments, has increased in China due to the availability of new financial products, the further development of the capital markets, the diversification of customer demand, and other factors. Our deposit customers may move their funds deposited with us to invest into stock, debt securities, and wealth management products, which may result in a decrease in our deposits from customers, the most important source of funds available to us for our lending business, further impacting our net interest income. In addition, due to the development of the capital markets, we may face competition from direct corporate financing, such as the issuance of debt or equity securities in the domestic and international capital markets. If a substantial number of our customers choose alternative ways of financing to meet their funding needs, this may adversely affect our interest income. A decrease in the financing demand of our corporate customers could materially and adversely affect our business, financial condition and results of operation.

Furthermore, China's traditional banking institutions are also facing new challenges from innovations in financial products and technology, such as online wealth management products, third party online payment platforms and Internet financing service platforms. Online wealth management products have attracted a large number of retail customers. Bank profits are challenged by the growing popularity of third-party online payment platforms, such as Alipay and Tenpay. With the rapid growth in e-commerce, Chinese customers are now paying for a wide range of goods and services online. Although a portion of online transactions are paid for by credit or debit cards issued by banks, third-party payment solutions are becoming popular in China, indicating that Internet companies are playing an increasingly important role in China's payment system. Third-party online payments in China amounted to RMB8,076.7 billion in 2014, accounting for an increase of 50.3% from 2013. Similar to other commercial banks, we also face competition from other types of Internet finance, such as P2P lending and crowdfunding. We cannot assure you that we will successfully meet the challenges from such Internet finance companies and, in the event that we were unable to effectively respond to the changes in the competition environment of the PRC banking industry, our business, financial condition and results of operation could be materially and adversely affected.

The PRC banking industry is highly regulated, and we are susceptible to changes in regulation and government policies.

The PRC banking industry is highly regulated and our business could be directly affected by changes in the policies, laws and regulations relating to the PRC banking industry, such as those affecting the specific lines of business in which we operate, or the specific businesses for which we can charge fees, as well as changes in other governmental policies. We are subject to various regulatory requirements and guidelines set forth by the PRC regulatory authorities, which include but are not limited to MOF, NAO, PBoC, SAT, CBRC, CSRC, SAFE and their respective local branches. Some of such regulatory authorities conduct periodic and *ad hoc* inspections, examinations and inquiries on our business operations and compliance with the laws, regulations and guidelines, and have the authority to impose sanctions, penalties or remediation actions. These laws, regulations and guidelines impose regulatory requirements on banking products and services, market entry, opening of new branches or institutions, tax and accounting policy and pricing. CBRC, as the primary banking industry regulator, has promulgated a series of banking regulations and guidelines aiming at improving the operations and risk management of Chinese commercial banks.

Many of the policies, laws and regulations governing the banking industry or the interpretation thereof may change in the future, and we may not be able to adapt to such changes on a timely basis or at all. Failure to comply with new policies, laws and regulations may result in fines or restrictions on our business, which could materially and adversely affect our business, financial condition and results of operation.

The rapid growth of the banking industry in China may not be sustainable.

The PRC banking industry has experienced rapid growth along with China's economic development. Banks have historically been, and are likely to remain, the principal domestic financing channel for corporates and the primary choice for savings. We expect the banking industry in the PRC to maintain its growth as a result of the continued growth in the PRC economy and increases in household income, among other factors.

Notwithstanding the significant growth in the banking industry in China, it is uncertain whether the banking industry in China can sustain the current rates of growth. A slowdown in the growth of the PRC economy, other unfavorable macroeconomic developments and trends in China and other parts of the world could materially and adversely affect the banking industry in China. Due to the newly accumulated risks caused by overcapacity, local government debts and overall economic slowdown, we cannot assure you that the banking industry in the PRC is free from systemic risks. The recent slowdown in China's economic growth has led to a rise in non-performing loans of the banking industry. In the event that we cannot adapt to such changes, our business, financial condition and results of operation could be materially and adversely affected.

Changes in the PRC interbank market liquidity and volatility in interest rates could significantly increase our borrowing cost and materially and adversely affect our liquidity as well as our financial condition.

We manage our liquidity partly through short-term borrowing in the interbank market. In order to meet our liquidity needs, we borrow short-term funds on the interbank market from time to time. As of September 30, 2015, our placements from banks and other financial institutions and financial assets sold under repurchase agreements accounted for 0.7% and 1.5% of our total liabilities. Any significant changes in the liquidity and interest rate in the PRC interbank market could have an impact on our financing costs. A market rate system based on SHIBOR has been developed for the PRC interbank market. However, due to the relatively short history of the PRC interbank market, there may be significant volatility in market interest rates. We cannot assure you that SHIBOR interest rates will not experience irregular fluctuations or will return to the normal range in the short term after irregular fluctuations in such rates in the future. SHIBOR reflects changes in the interest rates, which may materially affect our cost of borrowing of short-term funds in the interbank market. Any significant volatility in interest rates on the interbank market may have a material and adverse effect on our cost of borrowing short-term funds and our liquidity. For further discussion on risks associated with interbank business, please also see the section headed "— We manage our liquidity partly through short-term borrowing in the interbank market. Our borrowing costs may increase as a result of the fluctuation of interest rates on the interbank market, which may materially and adversely affect our liquidity, financial condition and results of operations."

In addition, severe volatility in market interest rates may also have a significant impact on the value of our assets. For example, a significant increase in market interest rates may lead to a significant decrease in the fair value of our fixed income debt securities, which will have a material and adverse effect on our financial condition and results of operation.

Further development of interest rate liberalization may materially and adversely affect our results of operation.

Similar to most PRC commercial banks, our results of operation depend to a large extent on our net interest income, which accounted for more than 85% of our operating income for the years ended December 31, 2012, 2013 and 2014 and for the nine months ended September 30, 2015.

Our net interest income is sensitive to adjustments in the benchmark interest rates set by PBoC. In recent years, PBoC has adjusted the benchmark interest rates several times. See "Supervision and Regulation — Pricing of Products and Services — Interest Rates for Loans and Deposits". Adjustments by PBoC to the benchmark interest rates on loans or deposits or changes in market interest rates may affect our financial condition and results of operation in different ways. For example, changes in the PBoC benchmark interest rates could affect the average yield on our interest-earning assets to a different extent than the average cost on our interest-bearing liabilities and, therefore, may narrow our net interest margin. This would lead to a decrease in our net interest income, which in turn may materially and adversely affect our results of operation and financial condition.

Interest rates in China have been gradually liberalized in recent years. Since June 8, 2012, PBoC has allowed financial institutions to increase the Renminbi deposit interest rate to 110% of the PBoC benchmark interest rate. On July 20, 2013, the PBoC abolished the floating interest rate of Renminbi loans (excluding housing loan interest rates), and allowed financial institutions to set lending rates based purely on commercial considerations. Furthermore, on November 22, 2014, the PBoC permitted financial institutions to raise the Renminbi deposit interest rate up to 120% of the PBoC benchmark interest rate. China had further already raised rates in March 1, 2015 and May 11, 2015 up to 130% and 150% of the PBoC benchmark interest rates, respectively. Beginning on August 26, 2015, the PBoC completely abolished the interest rate cap of Renminbi deposits of over one year. Then on October 24, 2015, the PBoC announced that it would no longer set up a floating ceiling deposit interest rate for commercial banks, signifying the further liberalization of Chinese controls on interest rates as financial market players are now permitted to customize consultation services and financial product pricing in accordance with market principles. Interest rate liberalization may intensify competition in the PRC banking industry as China's commercial banks seek to make loans and take deposits with more attractive interest rates, which could narrow the net interest margin of Chinese commercial banks, thereby materially and adversely affecting our results of operation. We cannot assure you that we will be able to promptly diversify our businesses, adjust the mix of our assets and liabilities and change our pricing to effectively respond to further liberalization of interest rates.

As a crucial step for liberalizing interest rates in China, the Deposit Insurance Regulation was published on February 17, 2015 and came into effect on May 1, 2015. The Deposit Insurance Regulation insures each depositor of a failed bank in an amount up to RMB500,000. Banks are required to pay premiums for the deposit insurance program, which will increase our operating costs and may therefore adversely affect our financial condition and results of operation. It is still uncertain whether the Deposit Insurance Regulation will have a positive or negative impact on the banking industry in China.

We also conduct trading and investment activities involving certain financial instruments. Our income generated from these activities is subject to volatility caused by, among other things, changes in interest rates and foreign exchange rates. For example, increases in interest rates generally cause the value of our fixed income securities portfolio to drop, which may materially and adversely affect our results of operation and financial condition. In addition, the derivatives market in the PRC is still in the early stages of development. As a result, we may not be able to effectively hedge such market risks.

The effectiveness of our credit risk management is affected by the quality and scope of information available in China.

Although national credit information databases developed by PBoC have been put into use, national credit information databases in China are generally under-developed, and such, databases are not able to provide complete credit information on certain credit applicants. Without complete, accurate and reliable information, and until the full implementation and effective operation of comprehensive national credit databases with respect to corporate and individual borrowers, we have to rely on other publicly available information and our internal resources, which may not be effective in assessing the credit risk associated with a particular customer. Moreover, customary loan contracts in China may not contain the same types of financial and other covenants as other countries or regions, which would not allow us to effectively monitor changes to the credit standing of our customers in a timely manner. As a result, our ability to effectively manage our credit risk may be limited, which could materially and adversely affect our business, financial condition and results of operation.

Investments in commercial banks in China are subject to a number of restrictions that may adversely affect the value of your investment.

Investments in commercial banks in China are subject to a number of restrictions. For example, prior approval from the regulatory authorities for the PRC banking industry is required for any person or entity to hold 5% or more of the total capital or total shares of a commercial bank in China, unless otherwise required by the approval authorities. If a shareholder of a commercial bank in China increases its shareholding above the 5% threshold without obtaining prior approval from the regulatory authorities for the PRC banking industry, such shareholder may be subject to sanctions by the regulatory authorities for the PRC banking industry, which includes correction of such misconduct, confiscation of illegal gains or fines. In addition, under the PRC Company Law, we may not extend any loans that use our Shares as collateral. Furthermore, pursuant to the Corporate Governance Guidelines and our Articles of Association, a Shareholder must notify our Board of Directors before pledging our Shares as collateral for itself or others. In addition, Shareholders who have outstanding loans from us exceeding the audited net value of our Shares held by them at the end of the previous financial year are not permitted to pledge our Shares. Our Shareholders (especially the major shareholders) and our Directors designated by them are restricted from voting in Shareholders' general meetings and Board meetings, respectively, if such Shareholders fail to repay outstanding borrowings when due. Changes in shareholding restrictions imposed by the PRC government or as provided for in our Articles of Association in the future may materially and adversely affect the value of your investment.

IFRS 9 and its amendments may require us to change our provisioning practice for impairment on financial assets.

We currently assess the impairment of our loans and investment assets under the guidance of IAS 39. The determination of impairment requires our management to exercise significant judgment and discretion. See "Financial Information—Critical Accounting Judgments and Key Sources of Estimation Uncertainty". The International Accounting Standards Board ("IASB"), which is responsible for developing and revising international accounting standards, issued IFRS 9 and its amendments from time to time, which will replace the accounting standards relating to the classification, measurement and derecognition of financial assets and financial liabilities under IAS 39, and give rise to substantial changes in the classification and measurement of financial assets and financial liabilities. These standards will take effect on January 1, 2018. The major differences between IFRS 9 and IAS 39 are the measurement categories and the approach for classifying financial assets. The classification of financial assets under IFRS 9 will require us to consider the business model and the contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. Further, for financial assets that will be classified as "amortized cost" or "fair value through other comprehensive income" under IFRS 9, we will be required to apply a new expected credit loss impairment model under IFRS 9, which, as compared to the incurred credit loss model in IAS 39, uses more forward-looking information and does not involve a threshold until which credit losses remain unrecognized. The adoption of this requirement is also expected to have impacts on our systems and processes of collecting and analyzing data, as it changes the timing of assessment of the potential credit loss for recognition of impairment and the ultimate amount of impairment recognized on financial assets. We are in the process of upgrading its systems, building up models as well as engaging in data governance related work. These will provide a base for future adoption of expected credit loss model. For details on the differences between IFRS 9 and IAS 39, please see Note 2 to our historical financial information set forth in Appendix I — "Accountants' Report" to this prospectus. It is not practicable to provide a reasonable estimate of the effect or quantify the impact on our operating results and financial position until we make a detailed assessment as the new standard requires changes to systems and processes to collect and analyze necessary data. We would have to change our provisioning practice as a result of IFRS 9 expected loss model in the future in accordance with IFRS 9 and its amendments, and any other future amendments to IAS 39 or similar standards, including any authoritative interpretive guidance on the application of such new or revised standards, which may in turn materially affect our business, financial condition and results of operation.

Our loan classification and provisioning policies may be different in certain respects from those applicable to banks in certain other countries or regions.

We classify our loans using a five-category loan risk classification system in accordance with the guidelines set forth by CBRC. The five categories are normal, special mention, substandard, doubtful, and loss. In making relevant assessments, we determine and recognize provisions by using the concept of impairment under IAS 39. For single substantial corporate loans classified as substandard or lower categories, we make assessment on an individual basis. For single non-performing corporate loans which are not material, performing corporate loans and for all of our personal loans, we make a collective assessment based on our historical loss experience in similar portfolios and on current economic conditions. Our loan classification and provisioning policies may be different in certain respects from those for banks incorporated in certain other countries or regions. As a result, our loan classification as well as our allowance for impairment losses, as determined under our loan classification and provisioning policies, may differ from those reported were we incorporated in those countries or regions.

The applicable PRC regulations impose certain limitations on the products in which we may invest, and our ability to seek higher investment returns and diversify our investment portfolio is limited.

Investment by commercial banks in China is subject a number of restrictions. The investment assets of PRC commercial banks traditionally consist primarily of debt securities issued by MOF, PBoC, PRC policy banks, PRC commercial banks and corporate entities. In recent years, as a result of changes to the regulatory regimes and market conditions, additional investment products have been introduced to the market, such as trust beneficiary rights, asset management plans, wealth management products issued by financial institutions, investment funds, asset-backed securities, beneficiary rights in margin financing and beneficiary certificates. However, investments in equity products by commercial banks are still subject to strict restrictions. Restrictions on the ability to diversify the investment portfolio of commercial banks in China (including us) may limit our ability to seek optimal returns.

RISKS RELATING TO THE PRC

China's economic, political and social conditions, government policies, as well as the global economy may continue to affect our business.

All of our businesses, assets, operations and revenues are located in or derived from our operations in the PRC and, as a result, our business, financial condition and results of operation are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the PRC's macro economy through the fiscal and monetary policies.

The PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has taken various actions to introduce market forces for economic reform, to reduce state ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC are still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the economy and the industries by issuing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, the monetary policy and preferential treatments to particular industries or enterprises.

Our performance has been and will continue to be affected by China's economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. China's real GDP growth was 7.7%, 7.7%, and 7.4% in 2012, 2013, and 2014, respectively.

We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social, and regulatory developments and many of these risks are beyond our control. All such factors may adversely affect our business and operations as well as our financial performance.

The legal protections available to you under the PRC legal system may be limited.

We are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation, and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new and the development of products, investment instruments, and environment in the PRC banking industry continue to evolve, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

Our Articles of Association provide that, apart from disputes over the recognition of Shareholders or the register of Shareholders, disputes between holders of H Shares and ourselves, our Directors, Supervisors or senior management personnel or other Shareholders arising out of our Articles of Association or any rights or obligations conferred or imposed thereupon by the PRC Company Law and related laws and administrative regulations concerning our affairs are to be resolved through arbitration by the China International Economic and Trade Arbitration Commission ("CIETAC") or the Hong Kong International Arbitration Center. Awards made by PRC arbitral authorities (including CIETAC) recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong subject to provisions of the Arbitration Ordinance of Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC, subject to the satisfaction of certain PRC legal requirements. However, we cannot assure you that any action brought in the PRC by holders of H Shares to enforce a Hong Kong arbitral award made in favor of holders of H shares would succeed.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a joint stock company incorporated under the laws of the PRC with limited liability, and substantially all of our assets are located in the PRC. In addition, a majority of our Directors, Supervisors, and all of our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors, Supervisors and senior management personnel, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan, or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

Withholding tax may be imposed on payments on the H Shares.

The United States has enacted rules, commonly referred to as "FATCA," that generally impose a new withholding regime with respect to "withholdable payments", generally U.S. source payments of dividends and interest and, beginning in 2017, gross proceeds from the disposition of property that can produce U.S. source payments, and, in the future, may impose such withholding on "foreign passthru payments" made by a "foreign financial institution" (an "FFI"), unless such FFI complies with certain diligence and reporting requirements. See "Supervision and Regulation—The U.S. Foreign Account Tax Compliance Act ("FATCA"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the H Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments on the H Shares made before January 1, 2017. The United States has entered into an intergovernmental agreement (an "IGA") with Hong Kong (the "Hong Kong IGA"), and has agreed in substance with the PRC to an IGA (the "PRC IGA"), which potentially modifies the FATCA withholding regime described above. Under the FATCA rules and the IGAs, our Bank and its subsidiaries that are treated as FFIs will be subject to the diligence, and reporting obligations under FATCA or an applicable IGA. In order to avoid the withholding regime described above, we and each of our subsidiaries intend to comply with the diligence and reporting requirements under FATCA in accordance with relevant laws and regulations, which may affect how we structure our operations and conduct our business. It is not yet clear how the Hong Kong IGA and the PRC IGA will address foreign passthru payments. Prospective investors in the H Shares should consult their tax advisors regarding the potential impact of FATCA, the PRC IGA, the Hong Kong IGA and any non-U.S. legislation implementing FATCA, on their investment in the Shares.

We are subject to PRC government laws and regulations on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H Shares.

Substantially all of our revenue is denominated in Renminbi, which is currently not fully a freely convertible currency. A portion of our revenues must be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances, which would limit our ability to exchange Renminbi for other currencies. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the US dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBoC. The PRC government further reformed the Renminbi exchange rate regime in 2012 and 2014. On August 11, 2015, PBoC announced to improve the central parity of Renminbi against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. On the same day, the central parity of Renminbi against the U.S. dollar depreciated nearly 2.0% as compared to August 10, and further depreciated nearly 1.6% on August 12 as compared to August 11. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate regime.

We believe our current exposure to risk relating to fluctuations in exchange rates is limited. As of September 30, 2015, 3.0% of our assets and 3.2% of our liabilities were denominated in foreign currencies. However, our foreign currency business may expand and, therefore, any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may diminish the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currencies. As the instruments available for us to hedge our exchange rate risk at a reasonable cost are limited, we cannot assure you that we will be able to fully hedge our exchange rate risk exposure relating to our foreign currency-dominated assets. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may materially and adversely affect the financial conditions of certain of our customers, particularly those deriving substantial income from product exporting or related businesses, and in turn may impair their ability to perform their obligations to repay their debt to us. Furthermore, we are also currently required to obtain approval from SAFE before converting large amounts of foreign currencies into Renminbi. All of these factors could adversely affect our financial condition and results of operation.

Holders of H Shares may be subject to PRC taxation on dividends paid by us and gains realized through their disposal of our H Shares.

Under applicable PRC tax laws, regulations, and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC domestic resident individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold such tax from dividend payments. According to relevant applicable regulations, generally, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. As of the Latest Practicable Date, there remains uncertainty in the interpretation and application of relevant current Chinese tax laws and regulations as to whether gains realized upon disposal of H Shares by non-PRC domestic resident individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC enterprise income tax at the rate of 10% on dividends received from PRC companies and gains realized upon disposal of equity interests in PRC companies pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its application measures, which can be further reduced under special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise resides. As of the Latest Practicable Date, there are no specific rules about how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

There remains uncertainty as to how the PRC tax laws, regulations and statutory documents are interpreted and implemented by the PRC tax authorities. PRC tax laws, regulations and statutory documents may also change. If there are any unfavorable changes to applicable tax laws or interpretations or application with respect to such laws, the value of your investment in our H Shares may be materially affected.

See Appendix VII — "Taxation and Foreign Exchange" to this prospectus.

Payment of dividends is subject to restrictions under PRC laws.

Under PRC law and our Articles of Association, dividends may be paid only out of distributable profits. Our profit distribution plan is subject to approval by a Shareholders' general meeting. In addition to the financial statements prepared in accordance with PRC accounting standards and regulations, we will also prepare financial statements in accordance with IFRS. Our profit after tax available for distribution for a particular financial year shall be the lower of profit after tax as shown in the financial statements prepared under either of the two accounting standards mentioned above. We are prohibited from paying dividends for a given year out of our profit after tax to our Shareholders in proportion to their respective shareholdings before making up any accumulated losses of previous years and making appropriations to the statutory surplus reserve and general reserve as well as discretionary reserve as approved by our Shareholders' meeting. As a result, we may not have distributable profits to make dividend distributions to our Shareholders, including in respect of periods where we have recorded an accounting profit. Any distributable profits not distributed in a given year may be retained and available for distribution in subsequent years. In addition, CBRC has the right to restrict dividend payments and other distributions by any bank that has failed to meet statutory capital adequacy ratio requirements or that has violated certain other PRC banking regulations. For details, see "Supervision and Regulation — Supervision over Capital Adequacy — CBRC's Supervision of Capital Adequacy".

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business operations, financial condition and results of operation.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. These regions may be under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power shortages or failures, or are susceptible to epidemics, potential wars or terrorist attacks. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect the economy and financial markets. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network, and destroy our markets. Other factors beyond our control such as the explosions in Tianjin port which occurred in August 2015 could result in huge loss of lives and property with serious impact over the local economy which could materially and adversely disrupt the local economy and financial market where we operate. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operation.

We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this prospectus regarding the PRC, the PRC economy or the PRC and global banking industries.

Facts, forecasts and statistics in this prospectus related to the PRC, the PRC economy and the PRC and global banking industries, including our market share information, are derived from various official sources and information published by various government authorities and departments, such as the PBoC, the CBRC, the NBSC, the NDRC or other public sources, which are generally believed to be reliable. However, we cannot guarantee the quality, comparability, and reliability of such material. In addition, these facts, forecasts and statistics have not been independently verified by us or any other parties involved in the Global Offering, and may not be consistent with information available from other sources, and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of potentially flawed methodologies, discrepancies in market practice and other reasons, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics offered by other economies. Therefore, you should not unduly rely on such information.

RISKS RELATING TO THE GLOBAL OFFERING

No prior public market for our H Shares exists, an active trading market for our H Shares may not develop, and their trading prices may fluctuate significantly.

Prior to the Global Offering, there was no public market for our H Shares. There can be no assurance that an active trading market for our H Shares will develop and be sustained following the Global Offering. In addition, the initial Offer Price of our H Shares is expected to be fixed by agreement between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us (on behalf of ourselves and the Selling Shareholders), and may not be indicative of the market price of our H Shares following the completion of the Global Offering. Moreover, the trading volume and price of our H Shares may be affected by various factors including the research reports yet to be released about us prepared by securities and industries analysts or a reduction of their ratings on our H Shares. If an active public market for our H Shares does not develop after the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

Future sales or perceived sales of a substantial number of our Shares in public markets could adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings. New equity or equity-linked securities issued by our Bank may also confer rights and privileges that take priority over those conferred by the H Shares.

The conversion of a significant number of Domestic Shares into H Shares may seriously harm the prevailing market price of our H Shares.

The Bank's Domestic Shares can be converted into H Shares, if the conversion and trading of H Shares so converted shall have been duly completed pursuant to requisite internal approval process and the approval from the relevant PRC regulatory authorities, including the CSRC. In addition, such conversion and trading must, in all aspects, comply with the regulations promulgated by the securities regulatory authority under the State Council and the regulations, requirements and procedures of the Hong Kong Stock Exchange. If a significant number of Domestic Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing market price of our H Shares.

As the Offer Price of our H Shares is higher than our net tangible asset value per share, you will experience immediate dilution.

The initial public offering price of our H Shares is higher than the net tangible asset value per share of the outstanding shares of our then-existing shareholders as of September 30, 2015. As a result, purchasers of our H Shares in the Global Offering will experience an immediate dilution in the pro forma adjusted net tangible asset value of HK$7.62 per H Share as of September 30, 2015, without giving effect to any changes to our net tangible assets subsequent to September 30, 2015 other than the Global Offering (assuming an offer price of HK$9.58 per share for our H Shares, being the high-end of our indicative offer price ranges of the Global Offering, respectively, and assuming that the Over-allotment Option for the Global Offering is not exercised and after deduction of estimated underwriting fees and offering expenses in connection with the Global Offering payable by us). If the Over-allotment Option for the Global Offering is exercised, or if we issue additional shares in the future, purchasers of our H Shares could experience further dilution.

Dividends distributed in the past may not be indicative of our dividend policy in the future.

The amount of dividends we have paid historically is not indicative of our future performance or the amount of dividends that may be paid in the future. Any future declaration of dividends will be proposed by our Board and the amount of any dividends will depend on various factors, including our financial condition, results of operations, prospects, capital adequacy levels and other factors that our Board may determine to be important. For future details of our dividend policy, see "Financial Information — Dividend". We cannot guarantee if and when we will pay dividends in the future.

Since there may be a gap of several Business Days between pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

You should only place reliance on information released by us including this prospectus, the Application Forms and other formal announcements made with respect to our Global Offering, and not place any reliance on any information contained in press articles or other media when making your investment decision.

We have not authorized anyone to provide you with information that is not contained in this prospectus and the Application Forms. Any financial information, financial projections, valuations, and other information purportedly about us contained in any press articles or other media have not been authorized by us and we make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. In making your decision as to whether to purchase our H Shares, you should rely only on the information in this prospectus, the Application Forms and other formal announcements made with respect to our Global Offering.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving our information to the public with regard to us. Our Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

APPROVAL OF THE CSRC AND THE CBRC

Our Bank obtained approval letters from the CSRC Tianjin Office and the CBRC on December 21, 2015 and November 18, 2015, respectively, for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering, respectively. In granting such approval, neither the CSRC nor the CBRC shall accept any responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or on the Application Forms.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of 74,663,000 H Shares initially offered and the International Offering of 920,837,000 H Shares initially offered (subject, in each case, to reallocation on the basis under the section headed "Structure of the Global Offering" in this prospectus).

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us. The International Underwriting Agreement is expected to be entered into on or about March 18, 2016, subject to agreement on the Offer Price between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us (on behalf of ourselves and the Selling Shareholders). Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

The H Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Bank, the Selling Shareholders, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for our H Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" of this prospectus and on the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The H Shares are being offered at the Offer Price which will be determined by the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on or around March 18, 2016 or such later date as may be agreed upon between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and us, and in any event no later than March 29, 2016. If the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and our Bank are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

RESTRICTIONS ON OFFER AND SALE OF THE H SHARES

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sales of the H Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the H Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of the H Shares to confirm, that he is aware of the restrictions on offers and sales of the H Shares in this prospectus. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

SELLING SHAREHOLDERS

The Selling Shareholders are required to reduce their shareholding in the Global Offering pursuant to the relevant PRC regulations relating to the reduction of state-owned shares. For certain particulars of the Selling Shareholders, please refer to Appendix VIII — "Statutory and General Information — 4. Other Information — L. Particulars of the Selling Shareholders".

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares, including (i) any H Shares which may be issued or sold pursuant to the Global Offering and upon the exercise of the Over-allotment Option; (ii) any H Shares, converted from Domestic Shares, which are to be held by the NSSF (including such Domestic Shares converted to H Shares and transferred to the NSSF in accordance with the relevant PRC regulations and such additional Domestic Shares converted to H Shares to be further transferred to the NSSF upon the exercise of the Over-allotment Option); and (iii) any H Shares converted from Foreign Shares held by ANZ. Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorized approval authorities of the State Council, details of which are set out in the section headed "Share Capital—Transfer of our Domestic Shares for Listing and Trading on the Overseas Stock Exchange" in this prospectus.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on March 30, 2016. Except for our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 500 H Shares. The stock code of the H Shares is 1578.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is rejected before the expiration of three weeks from the date of the closing of the subscription application, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Bank by or on behalf of the Hong Kong Stock Exchange.

COMPLIANCE WITH THE LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Listing Rules.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(d) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. It is emphasized that none of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the section headed "Underwriting" in this prospectus.

PROCEDURES FOR APPLICATION FOR THE H SHARES

The procedures for applying for the H Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and on the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

H SHARE REGISTER AND STAMP DUTY

All the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the H Share register of members of our Bank maintained in Hong Kong. We will maintain the Bank's principal register of members at our head office in the PRC.

Dealings in the H Shares registered in the H Share register of members of our Bank in Hong Kong will be subject to Hong Kong stamp duty.

Unless otherwise determined by the Bank, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on the H Share register of members of our Bank in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of the Bank.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS

Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless indicated otherwise, (i) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB0.84029 to HK$1.00, the median rate set by PBoC for foreign exchange transactions prevailing on March 4, 2016 (ii) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.5284 to US$1.00, the median rate set by PBoC for foreign exchange transactions prevailing on March 4, 2016 and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7647 to US$1.00, the noon buying rate in the effect on March 4, 2016 as set forth in the H.10 weekly statistical release of the Federal Reserve Bank. Further information on exchange rates is set forth in "Appendix VII—Taxation and Foreign Exchange" to this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, the translated English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table are due to rounding.

In preparation for the Listing, we have applied the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since substantially all of our business operations are outside Hong Kong, and all of our executive Directors ordinarily reside in the PRC, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules on the condition of the following arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

(a) we have appointed Ms. ZHANG Furong, our Executive Director, Vice President, Secretary of the Board of Directors and one of our Joint Company Secretaries, and Dr. NGAI Wai Fung, one of our Joint Company Secretaries, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules (the "**Authorized Representatives**") to serve as our principal channel of communication with the Hong Kong Stock Exchange. We have provided the Hong Kong Stock Exchange with the contact details of the Authorized Representatives, and they can be readily contactable to deal promptly with inquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. As and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have the means to contact all of the Directors promptly at all times;

(b) we have implemented such measures that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to the Authorized Representatives; and (ii) in the event that a Director expects to travel or otherwise be out of the office, he or she will provide the phone number of the place of his or her accommodation to the Authorized Representatives;

(c) we have provided the Hong Kong Stock Exchange with the contact details of each Director (including their respective mobile phone number, office telephone number, fax number and e-mail address) to facilitate communication with the Hong Kong Stock Exchange. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Hong Kong Stock Exchange within a reasonable period;

(d) we have appointed a compliance advisor, First Shanghai Capital Limited, pursuant to Rule 3A.19 and 19A.05 of the Listing Rules to act as our additional channel of communication with the Hong Kong Stock Exchange for the period commencing on the Listing Date and ending on the date on which we issue our financial results for the first full financial year commencing after the Listing Date. The compliance advisor of our Bank will have access at all times to our Authorized Representatives, the Directors and other senior management to ensure that it is in a position to provide prompt responses to any inquiries or requests from the Hong Kong Stock Exchange in relation to us; and

(e) we will also appoint other professional advisors (including legal advisors and accountants) after the Listing Date to assist us in dealing with any questions or queries raised by the Hong Kong Stock Exchange and to ensure that there will be efficient communication with the Hong Kong Stock Exchange.

WAIVER FROM HONG KONG FINANCIAL DISCLOSURE REQUIREMENTS

Rule 4.10 of the Listing Rules states that the information to be disclosed in respect of Rules 4.04 to 4.09 of the Listing Rules must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

The Banking (Disclosure) Rules issued by HKMA replaced, inter alia, FD-1 and are applicable to relevant authorized institutions from the beginning of its first financial year commencing on or after January 1, 2007. As we are engaged in banking activities, pursuant to Rule 4.10 of the Listing Rules, the financial information to be disclosed in this document should include information that is required to be disclosed in respect of those specific matters under the Banking (Disclosure) Rules.

We are currently unable to fully comply with the disclosure requirements under the Banking (Disclosure) Rules for the reasons described below. We believe that the financial disclosure requirements that we are unable to comply with are immaterial to potential investors of our Bank.

Our position in relation to disclosures under the Banking (Disclosure) Rules

Section Number	Disclosure Requirements[1]	Reason for a Waiver in Relation to the Specific Disclosure	Proposal for Disclosure	Expected Timing for Full Compliance
47	Sector information	Our Bank maintains a breakdown of loans and advances to customers by industry sector as set out in the Classification and Codes of National Economic Industries in its loans system for the purpose of filing a return to the CBRC.	For our Bank, all the loans and advances to customers are used in the PRC instead of in Hong Kong. Our Bank is subject to the supervision of the CBRC and maintains a breakdown of loans and advances to customers by industry sector based on the classification system as prescribed by the CBRC, e.g., loans are categorized into corporate loans and personal loans which are further classified into detailed subcategories by industry/nature. Our Bank has disclosed the loans and advances to customers in industry sectors in accordance with its management reports based on the CBRC classification in Note 48.1 to the Accountants' Report as set out in Appendix I of this prospectus. Our Bank considers that the current disclosure is sufficient to serve HKMA's disclosure objectives.	N/A
50	An authorized institution shall disclose its non-HKD currency exposures which arise from trading, non-trading and structural positions in accordance with the return relating to non-HKD currency positions it submitted to HKMA pursuant to section 63 of the Banking Ordinance in respect of the annual reporting period.	Our Bank's accounts are settled in Renminbi, which means that our Bank only disclosed non-RMB currency exposures instead of non-HKD currency exposures.	N/A	N/A
53-64	Additional annual disclosure to be made by an authorized institution using STC approach to calculate its credit risk for non-securitization exposures.	The computation basis for risks is promulgated by the CBRC as set out in the Core Indicators (Provisional).	Our Bank can provide relevant capital structure and adequacy in accordance with the disclosure requirements from the CBRC's requirements. Our Bank believes that such requirements attempt to address similar disclosure purpose as the requirements of the Banking (Disclosure) Rules.	N/A

(1) The relevant sections under the Banking (Disclosure) Rules for which we are currently unable to provide the required disclosures.

Save for the above, as a financial institution incorporated and based in the PRC, we are required to comply with the regulatory requirements set out by CBRC and PBoC. Certain provisions of the Banking (Disclosure) Rules require disclosure in respect of our capital structure, capital base (in particular, relating to our level of capital adequacy), cross-border claims, liquidity ratios, PRC non-bank exposures and credit risks. We have maintained and compiled data relating to these matters in accordance with the regulatory requirements of CBRC and PBoC. We believe that the CBRC and PBoC requirements attempt to address similar disclosure considerations of the requirements under the Banking (Disclosure) Rules and the differences between the above disclosure requirements under the two regulatory regimes are minimal and immaterial. If we attempt to comply with such requirements under the Banking (Disclosure) Rules in parallel with the CBRC and PBoC regulations, we would be required, in our view, to carry out additional work to compile similar information already required and maintained in accordance with the CBRC and PBoC regulations. As a result, we propose to disclose information in compliance with the CBRC and PBoC regulations in this regard instead of strictly following the disclosure regime provided for under the Banking (Disclosure) Rules, which will result in the compilation of similar data. We are of the view that this prospectus will contain sufficient information for investors to make their fully informed investment decision notwithstanding the differences between the CBRC and PBoC requirements on the one hand, and the requirements under the Banking (Disclosure) Rules on the other hand. The Joint Sponsors concur with our view based on the reasoning set out above.

Based on the above, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 4.10 of the Listing Rules, such that we will not fully comply with the requirements in respect of the financial disclosures provided for under the Banking (Disclosure) Rules on the condition that we provide alternative disclosures in accordance with the regulatory requirements of CBRC and PBoC.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable.

- a member of The Hong Kong Institute of Chartered Secretaries;
- a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

We have appointed Ms. ZHANG Furong ("**Ms. Zhang**") as one of the Joint Company Secretaries. Ms. Zhang has been a Director since December 2014, and has been the secretary to the Board since June 2015. Ms. Zhang has extensive knowledge about our business operations and corporate culture and has extensive experience in matters concerning the Board and our corporate governance. However, Ms. Zhang does not possess the specified qualifications strictly required by Rule 3.28 of the Listing

Rules. As a result, we have appointed Dr. NGAI Wai Fung ("**Dr. Ngai**"), who meets the requirements under Rule 3.28 of the Listing Rules, to act as the other Joint Company Secretary and to provide assistance to Ms. Zhang for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Dr. Ngai will work closely with Ms. Zhang to jointly discharge the duties and responsibilities as company secretary and assist Ms. Zhang to acquire the relevant experience as required under Rule 3.28 of the Listing Rules. In addition, Ms. Zhang will attend relevant trainings to enhance and improve her knowledge of and familiarity with the Listing Rules and other relevant laws, rules and regulations.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing Date, on the condition that Dr. Ngai is engaged as a Joint Company Secretary and provides assistance to Ms. Zhang during this period. If Dr. Ngai ceases to render assistance to Ms. Zhang during this period, the waiver will be immediately withdrawn. Upon expiry of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Zhang to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We and Ms. Zhang would then endeavor to demonstrate to the Hong Kong Stock Exchange's satisfaction that Ms. Zhang, having had the benefit of Dr. Ngai's assistance, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

WAIVER IN RELATION TO CLAWBACK MECHANISM

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, an alternative clawback mechanism shall be applied to the provisions under paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists. For further information, please refer to "Structure of the Global Offering — Hong Kong Public Offering — Reallocation and clawback."

WAIVER IN RELATION TO PUBLIC FLOAT

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought and that a sufficient public float of an issuer's listed securities must be maintained. Pursuant to Rule 8.08 (1)(b) of the Listing Rules, where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$50,000,000.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 8.08(1) of the Listing Rules, pursuant to which, the public float may fall below 25% of the issued share capital of the Bank.

In support of such application, we have confirmed to the Hong Kong Stock Exchange that:

(a) the minimum public float shall be the highest of: (i) 16.5%; (ii) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering (but before the exercise of the Over-allotment Option); and (iii) such percentage after the exercise of the Over-allotment Option;

(b) we will make appropriate disclosure of the lower percentage of public float in this prospectus;

(c) we will as soon as practicable announce the percentage of the Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Bank;

(d) we will confirm sufficiency of public float in our successive annual reports after the Listing;

(e) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange; and

(f) we will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

WAIVER IN RELATION TO SUBSCRIPTION OF H SHARES BY CLOSE ASSOCIATES OF EXISTING SHAREHOLDERS

Rules 10.04, 10.03(1) and 10.03(2) of the Listing Rules provide that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the following conditions are fulfilled: (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix 6 to the Listing Rules provides, among other matters, that unless with the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Each of Tianfang Jincheng (HK) Limited (天房津城(香港)有限公司) ("**Tianfang Jincheng**") and Teda Hong Kong Property Company Limited ("**Teda HK**") have entered into cornerstone investment agreements with (among others) us to each subscribe for, as cornerstone investors, US$50 million worth and US$30 million worth of Offer Shares at the Offer Price respectively (equivalent to 45,782,000 Offer Shares and 27,469,000 Offer Shares respectively, assuming an Offer Price of HK$8.48 (being the mid-point of the indicative Offer Price range)). For details, please refer to the section headed "Cornerstone Investors — 4. Tianfang Jincheng" and "Cornerstone Investors — 6. Teda HK" in this prospectus.

Tianfang Jincheng is a company incorporated in Hong Kong. It is principally engaged in trading and investment activities and is directly and wholly-owned by Tianjin Real Estate Group Co., Ltd. (天津房地產集團有限公司) ("**Tianjin Real Estate**") which is also the single largest shareholder of Tianjin Realty Development (Group) Co., Ltd. (天津市房地產發展(集團)股份有限公司) ("**Tianjin Realty Development**"), an existing Shareholder of our Bank, which holds 1,660,290 Domestic Shares in our Bank as at the date of this prospectus. As such, Tianfang Jincheng is considered as a close associate of Tianjin Realty Development pursuant to the Listing Rules. Teda HK is a wholly owned subsidiary of Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司), which is the holding company of eight existing shareholders of our Bank, holding an aggregate of 201,877,286 Domestic Shares as at the date of this prospectus (namely, Tianjin Industry and Trade Company (天津市工貿公司), Tianjin Economic and Technology Development Zone Real Estate Development Company (天津經濟技術開發區房地產開發公司), Tianjin Teda Limited (天津泰達股份有限公司), Tianjin Investment Financial Services Group Limited (天津津融投資服務集團有限公司), Tianjin Jinyi

Investments Limited (天津津益投資有限責任公司), Tianjin Haihua Development Company Limited (天津海華實業發展有限公司), Tianjin Jinrong Investments Limited (天津金榮投資有限公司) and Tianjin Jintou Jinsha Real Estate Development Company Limited (天津津投金廈房地產發展股份有限公司) (each an "**Existing Teda Shareholder**" and collectively the "**Existing Teda Shareholders**"). As such, Teda HK is a close associate (as defined in the Listing Rules) of each Existing Teda Shareholder.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules, and its consent under Paragraph 5(2) of Appendix 6 to, the Listing Rules to permit the allocation of H Shares to Tianfang Jincheng and Teda HK to subscribe for, and for us to place to each of them, H Shares as cornerstone investors, subject to the following conditions:

1) ***Each of Tianjin Realty Development and Existing Teda Shareholders is/are interested in less than 5% of our Bank's voting rights before listing on the Hong Kong Stock Exchange:*** as of the Latest Practicable Date, Tianjin Realty Development is interested in approximately 0.032%, while Existing Teda Shareholders are interested in approximately 3.938% in aggregate of the existing issued share capital of our Bank.

2) ***Each of Tianjin Realty Development, Tianfang Jincheng, Existing Teda Shareholders and Teda HK is/are not a core connected persons of our Bank or their close associate***: each of Tianjin Realty Development and Existing Teda Shareholders currently holds less than 4% of the issued share capital of our Bank. Upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Tianjin Realty Development, together with Tianfang Jincheng, are expected to hold less than 1% of the enlarged issued share capital of our Bank, while Existing Teda Shareholders together with Teda HK are expected to hold less than 5% of the enlarged issued share capital of our Bank. Thus, they will not become core connected persons of our Bank or their close associate under the Listing Rules. None of Tianjin Realty Development, Tianfang Jincheng, Existing Teda Shareholders and Teda HK has appointed any director or chief executive in our Bank or its subsidiary (other than as a shareholder of our Bank).

3) None of Tianjin Realty Development, Tianfang Jincheng, Existing Teda Shareholders and Teda HK has the power to appoint directors of our Bank or any other special rights in our Bank.

4) ***Allocation to Tianfang Jincheng and Teda HK will not affect our Bank's ability to satisfy the public float requirement***: as Tianjin Realty Development and the Existing Teda Shareholders are not connected person to our Bank, the participation of Tianfang Jincheng and Teda HK in the Global Offering as a cornerstone investor will not affect the minimum 16.5% public float requirement (subject to the Hong Kong Stock Exchange's approval of the waiver application on the public float requirement). The shares to be held by Tianfang Jincheng and Teda HK will be considered as part of the public float.

5) We have confirmed to the Stock Exchange that, (i) no preferential treatment has been, nor will be, given to Tianjin Realty Development or any Existing Teda Shareholders and/or their close associates including Tianfang Jincheng and Teda HK by virtue of their relationship with our Bank other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEx-GL51-13; and (ii) the cornerstone investment agreement to be entered into between our Bank and Tianfang Jincheng and Teda HK respectively does not contain any material terms which are more favourable to Tianfang Jincheng or Teda HK than those in other cornerstone investment agreements.

6) Based on our confirmation above and the discussions with our Bank and the Joint Bookrunners, the Joint Sponsors, to their best knowledge and belief, have no reason to believe that Tianjin Realty Development or any Existing Teda Shareholders and/or their close associates including Tianfang Jincheng and Teda HK have received or will receive any preferential treatment in the IPO allocation as a cornerstone investor by virtue of their relationship with our Bank other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEx-GL51-13.

7) Details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Bank, including (i) the name of, the number of H Shares allocated to, and the percentage of Offer Shares and/or total issued share capital taken up by Tianfang Jincheng and Teda HK, and (ii) lock-up arrangement.

FINANCIAL INFORMATION INCLUDED IN THIS PROSPECTUS

Rule 4.04(1) of the Listing Rules requires that the accountants' report to be included in a listing document must include the consolidated results of the listing applicant in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Hong Kong Stock Exchange.

Rule 13.49 of the Listing Rules further requires the listing applicant to publish preliminary results for the year ended December 31, 2015 no later than three months after the end of financial year, being March 31, 2016. Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that a statement as to the gross trading income or sales turnover of the listing applicant for each of the three financial years preceding the issue of this prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities, be included in this prospectus.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires that a report by the auditors of the listing applicant with respect to (i) the profits and losses of the listing applicant for each of the three financial years immediately preceding the issue of this prospectus; and (ii) the assets and liabilities of the listing applicant at the last date to which the accounts of the listing applicant were made up, be included in this prospectus.

The Accountants' Report of our Group for each of the three financial years ended December 31, 2014 and the nine months ended September 30, 2015 has been prepared and is set out in Appendix I to this prospectus. However, as this prospectus is issued within a short period of the time after December 31, 2015, the Accountants' Report of our Group will not be prepared for the full year ended December 31, 2015. In such circumstance, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(1) and 13.49(1) of the Listing Rules subject to the following conditions:

(a) our Bank must list on the Hong Kong Stock Exchange on or before March 31, 2016;

(b) we must obtain a certificate of exemption from the SFC on compliance with section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Ordinance Requirements**");

(c) the preliminary financial information and a commentary on the results of the Group for the year ended December 31, 2015, which follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules and the work performed by the auditors is in accordance with Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, must be included in this prospectus; and

(d) our Bank is not in breach of its constitutional documents or PRC laws and regulations or other regulatory requirements regarding its obligation to publish preliminary results announcements.

We have also applied for, and the SFC has agreed to grant us, a certificate of exemption from strict compliance with the Ordinance Requirements. Strict compliance with the Ordinance Requirements would be unduly burdensome for us as there would not be sufficient time for us to prepare the full year financial statements for the year ended December 31, 2015 and for our Reporting Accountants to complete the audit thereon prior to the issue of this prospectus.

We have included in Appendix IV to this prospectus the preliminary financial information and a commentary on the results of our Group for the year ended December 31, 2015, which follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules and the work performed by the auditors is in accordance with Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

Our Directors confirmed that all information necessary for the public to make an informed assessment of our activities, assets and liabilities, financial position, management and prospects has been included in this prospectus and that, as such, the waiver granted by the Hong Kong Stock Exchange and the exemption granted by the SFC from strict compliance with Rules 4.04(1) and 13.49 of the Listing Rules and the Ordinance Requirements, respectively, will not prejudice the interests of the investing public.

We will comply with Rule 13.46(2) of the Listing Rules by publishing and dispatching our annual report for the year ended December 31, 2015 by April 30, 2016.

Name	Residential Address	Nationality
Executive Directors		
Mr. YUAN Fuhua (袁福華) *(Chairman)*	28 Changan West Street, Xicheng District, Beijing, PRC	Chinese
Mr. WEN Yuanhua (文遠華)	Flat 502, Unit 12, 11th Floor, Yard B1, Yongding Road, Haidian District, Beijing, PRC	Chinese
Mr. YUE Desheng (岳德生)	Flat 501, Building 2, Ronghuali, Guangdong Road, Hexi District, Tianjin, PRC	Chinese
Ms. ZHANG Furong (張富榮)	Flat 1001, Tower A, Building 3, Bomeiyuan, Tianjin Economic-Technological Development Area, Tanggu District, Tianjin, PRC	Chinese
Non-executive Directors		
Mr. YU Yang (于暘)	Flat 301, Unit 3, Building 5, Sanyuan Apartment, Xilouhou Street, Hexi District, Tianjin, PRC	Chinese
Mr. JIA Hongqian (賈鴻潛)	73 Chengdu Road, Heping District, Tianjin, PRC	Chinese
Mr. Alistair Marshall Bulloch (布樂達)	Flat F, 9/F., Tower 1, Starcrest, 9 Star Street, Wanchai, Hong Kong	British

Name	Residential Address	Nationality
Mr. ZHAO Wei (趙煒)	Flat 701, Unit 1, Building 1, Kaixiang Garden, Shuishanggongyuan Road, Nankai District, Tianjing, PRC	Chinese
Mr. LUAN Fengxiang (欒鳳祥)	Flat 507, Unit 4, Building 9, Huixianli, Zhigu Street, Hedong District, Tianjin, PRC	Chinese
Independent Non-executive Directors		
Mr. LIU Baorui (劉寶瑞)	Flat 202, Building 24, Lianhua North Village, Futian District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. LIANG Zhixiang (梁志祥)	Flat 2206, 21st Floor, 4th Area of Xiluoyuan, Fengtai District, Beijing, PRC	Chinese
Mr. FENG Heping (封和平)	Flat 2007, Building 11, Taiping Bridge, Fengtai District, Beijing, PRC	Chinese
Mr. GUO Tianyong (郭田勇)	Faculty Dormitory No. 39, Xueyuan South Road, Haidian District, Beijing, PRC	Chinese
Mr. LAW Yee Kwan, Quinn (羅義坤)	Flat A1, 19/F Block A, Nicholson Tower, 8 Wong Nai Chung Gap Road, Hong Kong	British

SUPERVISORS

Name	Residential Address	Nationality
Mr. ZHANG Xiang (張祥) *(Chairman of the Board of Supervisors)*	Flat 601, Building 27, Donglaili, Jiefang South Road, Hexi District, Tianjin, PRC	Chinese
Mr. YAO Tao (姚濤)	Flat 13-501, Chonghuaxili, Chonghua Avenue, Hexi District, Tianjin, PRC	Chinese
Ms. FENG Xia (馮俠)	Flat 24-401, Chunzhengli, Heiniucheng Road, Hexi District, Tianjin, PRC	Chinese
Ms. CHENG Yifeng (程懿豐)	Flat 708, 9th Floor, Xinkexiangyuan, Zhongguancun, Haidian District, Beijing, PRC	Chinese
Mr. ZHANG Lianming (張連明)	Flat 602, Unit 24, Changchengli, Jianshan Road, Hexi District, Tianjin, PRC	Chinese
Ms. ZHANG Xiaoli (張曉莉)	Flat 401, Unit 1, Building 13, North Area of Silijie Community, Lixia District, Jinan, Shandong Province, PRC	Chinese

For more information on our Directors and Supervisors, see "Directors, Supervisors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**BOCI Asia Limited** 26/F, Bank of China Tower 1 Garden Road Central, Hong Kong
	ABCI Capital Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
Joint Global Coordinators	**BOCI Asia Limited** 26/F, Bank of China Tower 1 Garden Road Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	ABCI Capital Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	AMTD Asset Management Limited Room 2501-2503, World Trade Centre 280 Gloucester Road Causeway Bay Hong Kong

Joint Bookrunners	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central, Hong Kong
	ABCI Capital Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	AMTD Asset Management Limited Room 2501-2503, World Trade Centre 280 Gloucester Road Causeway Bay Hong Kong
	Crosby Securities Limited 5/F, AXA Centre 151 Gloucester Road Wanchai, Hong Kong
	CMB International Capital Limited Units 1803-4, 18/F, Bank of America Tower 12 Harcourt Road Central, Hong Kong

Joint Lead Managers	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central, Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	AMTD Asset Management Limited Room 2501-2503, World Trade Centre 280 Gloucester Road Causeway Bay Hong Kong
	Crosby Securities Limited 5/F, AXA Centre 151 Gloucester Road Wanchai, Hong Kong
	CMB International Capital Limited Units 1803-4, 18/F, Bank of America Tower 12 Harcourt Road Central, Hong Kong

Legal Advisors to the Bank	*As to Hong Kong and United States laws*: **Paul Hastings** 21-22/F, Bank of China Tower 1 Garden Road Hong Kong
	As to PRC law: **Tian Yuan Law Firm** 10th Floor, China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing, PRC
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws*: **Clifford Chance** 27th Floor, Jardine House One Connaught Place Hong Kong
	As to PRC law: **JunHe LLP** 20th Floor, China Resources Building 8 Jianguomenbei Avenue Beijing, PRC
Reporting Accountants and Auditor	**Deloitte Touche Tohmatsu** Certified Public Accountants 35/F, One Pacific Place 88 Queensway Hong Kong
Compliance Advisor	**First Shanghai Capital Limited** 19/F, Wing On House 71 Des Voeux Rd. C. Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Address and Address of Head Office	15 Youyi Road Hexi District Tianjin PRC
Principal Place of Business in Hong Kong	18/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Website Address	www.bankoftianjin.com *(The contents of the website do not form a part of this prospectus)*
Joint Company Secretaries	Ms. ZHANG Furong Flat 1001, Tower A Building 3, Bomeiyuan Tianjin Economic-Technological Development Area Tanggu District Tianjin Dr. NGAI Wai Fung (FCIS, FCS (PE), CPA, FCCA) 18/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorized Representatives	Ms. ZHANG Furong Flat 1001, Tower A Building 3, Bomeiyuan Tianjin Economic-Technological Development Area Tanggu District Tianjin Dr. NGAI Wai Fung (FCIS, FCS (PE), CPA, FCCA) 18/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

Board Committees	**Strategic Development Committee** Mr. YUAN Fuhua *(Chairman)* Mr. WEN Yuanhua Mr. YU Yang Mr. LIU Baorui Mr. Alistair Marshall Bulloch
	Audit Committee Mr. FENG Heping *(Chairman)* Mr. GUO Tianyong Mr. LAW Yee Kwan, Quinn Mr. YU Yang Mr. JIA Hongqian
	Related Party Transactions Control Committee Mr. LIU Baorui *(Chairman)* Mr. YUE Desheng Mr. FENG Heping Mr. GUO Tianyong Mr. LUAN Fengxiang
	Risk Management Committee Mr. WEN Yuanhua *(Chairman)* Mr. Alistair Marshall Bulloch *(Vice Chairman)* Mr. YUE Desheng Ms. ZHANG Furong Mr. ZHAO Wei
	Nomination and Remuneration Committee Mr. GUO Tianyong *(Chairman)* Mr. YUAN Fuhua Ms. ZHANG Furong Mr. LIANG Zhixiang Mr. LAW Yee Kwan, Quinn
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

This section contains information and statistics relating to the industry in which we operate. We have extracted and derived such information and statistics, in part, from data relating to us which were prepared in accordance with IFRS, and from various official or publicly available sources derived from data prepared in accordance with PRC GAAP or other applicable GAAP or accounting standards which may differ from IFRS in certain significant respects. In addition, the information provided by the various official or publicly available sources may not be consistent with the information compiled within or outside China by third parties.

We believe that the sources of this information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Selling Shareholders, the Joint Sponsors, the Underwriters, our or their affiliates or advisors or any other party involved in the Global Offering and no representation is given as to its accuracy. Accordingly, such information should not be unduly relied upon. As of the Latest Practicable Date, our Directors confirm that, after taking reasonable care, there has been no material adverse change in the market information presented in this section.

OVERVIEW

China's Economy

China's economy has grown significantly over the past three decades, becoming one of the largest economies in the world. From 2009 to 2014, China's nominal GDP increased from RMB34,563 billion to RMB63,614 billion, at a CAGR of 8.6% calculated at comparable prices, while China's per capita urban household disposable income grew from RMB17,175 to RMB28,844, at a CAGR of 10.9%. The table below sets forth information on China's nominal GDP, per capita GDP, the per capita disposable income of urban households, and CAGR for the years indicated:

	For the year ended December 31,						CAGR
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**(2009-2014)**
Nominal GDP (in billions of RMB)	34,563	40,890	48,412	53,412	58,802	63,614	13.0%
Per capita GDP (in RMB)	25,963	30,567	36,018	39,544	43,320	46,629	12.4%
Per capita disposable income of urban households (in RMB)	17,175	19,109	21,810	24,565	26,467	28,844	10.9%
Per capita disposable income of urban households growth rate (%)	8.8	11.3	14.1	12.6	7.7	9.0	N/A

Source: National Bureau of Statistics of China

According to the thirteenth five year plan, China will carry out a series of new initiatives for social and economic development. As part of maintaining the Chinese continued strategy for economic growth, the thirteenth five year plan has reemphasized the "One Belt, One Road" ("一帶一路") strategy initiative, demonstrating the country's commitment towards sustainable growth and development of the economic network within the region. Moreover, the plan emphasizes the Chinese government's strategic desire to further liberalize the RMB, relax the foreign exchange restrictions on investments, and improve foreign and domestic investment.

Tianjin's Economy

As one of the four municipalities directly controlled by the central government of China, Tianjin is a city with a high rate of economic growth and is recognized as the economic center of Bohai Economic Zone. According to the National Bureau of Statistics of China, with a population of over 15 million, Tianjin is one of six "super cities (超大城市)" in China, with the remaining five super cities being Beijing, Shanghai, Guangzhou, Shenzhen and Chongqing. According to "Nationwide Urban Planning System" published by the State Council, Tianjin was designated as one of China's five global functional cities (全球職能城市) and one of the five national central cities (國家中心城市), which reflects its exceptional position with regard to politics, economics, cultures and international communications. Tianjin enjoys a wide variety of beneficial policies, including five national development strategies, namely: (i) the Collaborative Development of Beijing, Tianjin and Hebei strategy (京津冀協同發展戰略); (ii) the development and opening-up of Binhai New Area (濱海新區); (iii) Tianjin Free-Trade Zone (天津自由貿易試驗區); (iv) the National Independent Innovation Demonstration Zone (國家自主創新示範區); and (v) the "One Belt One Road" ("一帶一路") strategy.

Pursuant to the Collaborative Development of Beijing, Tianjin and Hebei strategy, Tianjin was officially accredited as the national advanced manufacturing research and development base (全國先進製造研發基地), the international shipping center of northern China (北方國際航運核心區), the financial innovation operation demonstration area (金融創新運營示範區), and the pioneer of the reformation and opening policy (改革開放先行區) and it has been determined that by 2020, the financial industry may account for 11% of Tianjin's GDP. At present, the city of Tianjin has already become an important platform to undertake the strategic eastward transfer of select industries from Beijing. In 2014, Tianjin attracted 1,307 projects that relocated from Beijing and Hebei and received investments of RMB149.3 billion, accounting for 41.5% of the city's actual domestic capital for the same year. In 2014, port cargo from Beijing and Hebei accounted for 34.8% of total imports and exports of Tianjin port.

Tianjin's economy has and is expected to continue to benefit from the implementation of the development and opening-up of Binhai New Area (濱海新區). In 2006, the development and opening-up of the Tianjin Binhai New Area was declared a national strategy. As a national comprehensive reform pilot area, the comprehensive strengths of Binhai New Area emerge from its unique location, space and the various types of resources it is able to manage, as well as favorable policies. By 2020, the Chinese government's goals for Binhai New Area include elevating the GDP of this area to RMB1.8 trillion, increasing public finance revenues to over RMB200 billion; establishing a modern manufacturing and R&D transformation base in this area; and significantly enhancing its international shipping and international logistics capabilities.

In April 2015, the Tianjin Free-Trade Zone was approved by State Council, making it the only free-trade zone located north of the Yangtze River as of the Latest Practicable Date. This area was established with an overall objective of, through three to five years of reform and innovation, establishing a world-class free economic zone with strong competitiveness in terms of trade liberalization, investment facilitation, high-end industrial conglomeration, and comprehensive financial service coverage, thereby playing the leading role in China's economic restructuring and development and the Collaboration of Development of Beijing, Tianjin, and Hebei.

In February 2015, the Tianjin Hi-tech Zone has been identified as a National Independent Innovation Demonstration Zone. The area has been making efforts to (i) build four high-end industry chains, including modern information technology, intelligent equipment manufacturing, alternative energies and green vehicle manufacturing, and (ii) establish innovative platforms offering finance services to high-tech enterprises and assisting industry upgrade and transformation.

Tianjin will be able to leverage its location as an important traffic node in the "One Belt, One Road" national development strategy. The development plan of "One Belt, One Road" strategy positioned Tianjin as a new fulcrum connecting Southeast Asia, allowing Tianjin to penetrate into Northeast Asia. It also allows Tianjin to access business opportunities arising from variable expected favorable economic development in China, including further cooperation and opening-up of eastern coastal port cities, increased synergies among eastern and western China, and improvement of the inland and seaborne transportation network.

As of December 31, 2014, among the 31 provinces in China, the per capita GDP of Tianjin ranked first in China. In addition, from 2009 to 2014, the nominal GDP of Tianjin increased from RMB752 billion to RMB1,572 billion, representing a CAGR of 14.0% calculated at comparable prices, ranking first in the eastern coastal areas of China, and second in the country.

The table below sets forth the GDP, value added by three major industries as defined in the Standard Industrial Classification Code, fixed asset investments as well as total import and export volume of Tianjin from 2009 to 2014.

	For the year ended December 31,						CAGR
	2009	2010	2011	2012	2013	2014	(2009-2014)
	(in billions of RMB, except percentages or unless otherwise indicated)						
Nominal GDP	752	922	1,131	1,289	1,444	1,572	15.9%
Value added of the primary industry	13	15	16	17	19	20	9.2%
Value added of the secondary industry	399	484	593	666	728	773	14.2%
Value added of the tertiary industry	341	424	522	606	698	779	18.0%
Total fixed asset investments	474	628	707	793	913	1,052	17.3%
Total import and export volume (in billions of US$)	64	82	103	116	129	134	16.0%

Source: National Bureau of Statistics of China

CHINA'S BANKING INDUSTRY

Overview

Driven by strong macroeconomic growth in China, China's banking industry has grown rapidly in the last decade. From 2009 to 2014, Renminbi-denominated loans and deposits of China's banking institutions in aggregate grew at a CAGR of 15.4% and 13.8%, respectively. The table below sets forth information on the aggregate RMB- and foreign currency-denominated loans and deposits of China's banking institutions as of the dates indicated:

	As of December 31,						CAGR
	2009	2010	2011	2012	2013	2014	(2009-2014)
Renminbi-denominated bank loans (in billions of RMB)	39,968	47,920	54,795	62,991	71,896	81,677	15.4%
Renminbi-denominated bank deposits (in billions of RMB)	59,774	71,824	80,937	91,555	104,385	113,864	13.8%
Foreign currency-denominated bank loans (in billions of US$)	379	453	539	684	777	835	17.1%
Foreign currency-denominated bank deposits (in billions of US$)	209	229	275	406	439	573	22.3%

Source: PBoC

China's banking institutions are generally categorized into Large Commercial Banks, Nationwide Joint-stock Commercial Banks, city commercial banks, rural financial institutions, foreign financial institutions and other banking institutions. In the last decade, the capital base, asset quality, and profitability of the Large Commercial Banks, many Nationwide Joint-stock Commercial Banks and certain city commercial banks have been largely improved as a result of their adoption of a variety of capital market practices, as well as management practices in line with international standards.

The following table set forth certain information on China's banking industry.

	For the year ended/as of December 31,					
	2009	2010	2011	2012	2013	2014
	(in billions of RMB, except percentages)					
Assets	79,515	95,305	113,287	133,622	151,355	172,336
Liabilities	75,071	89,473	106,078	124,952	141,183	160,022
Shareholders' equity	4,444	5,832	7,209	8,671	10,172	12,313
Profit after tax	668	899	1,252	1,512	1,744	1,928
NPL ratio*	1.6%	1.1%	1.0%	1.0%	1.0%	1.2%

Source: CBRC Annual Report 2014

* This is the commercial banks' non-performing loan ratio, not banking institutions' overall non-performing loan ratio

The table below sets forth certain information on China's banking industry by type of banking institution for the year ended and as of December 31, 2014:

	Number of institutions	Total assets			Total equity attributable to shareholders			Profit after tax		
		Amount	Market share	CAGR (2009-2014)	Amount	Market share	CAGR (2009-2014)	Amount	Market share	CAGR (2009-2014)
	(in billions of RMB, except the number of institutions and percentage)									
Large Commercial Banks	5	71,014	41.2%	11.7%	5,301	43.0%	19.3%	890	46.2%	17.3%
Nationwide Joint-stock Commercial banks	12	31,380	18.2%	21.6%	1,916	15.6%	27.7%	321	16.7%	28.3%
City commercial banks	133	18,084	10.5%	26.1%	1,247	10.1%	28.3%	186	9.6%	30.2%
Rural financial institutions(1)	2,350	21,316	12.4%	19.8%	1,520	12.3%	28.7%	234	12.1%	35.5%
Foreign financial institutions	41	2,792	1.6%	15.7%	309	2.5%	13.0%	20	1.0%	25.0%
Other banking institutions(2)	1,548	27,750	16.1%	19.8%	2,021	16.4%	22.7%	277	14.4%	32.3%
Total	4,089	172,336	100.0%	16.7%	12,313	100.0%	22.6%	1,928	100.0%	23.6%

Source: CBRC Annual Report 2014

(1) Comprises rural credit unions, rural commercial banks and rural cooperative banks.

(2) Comprises policy banks, Postal Savings Bank of China, Sino-German Buasparkasse, other non-banking institutions (including trust companies, financial leasing companies, money brokerage firms, automobile financing companies, consumer finance companies), rural banks, lending companies and rural cooperative financial institutions (excluding private banking, trust industry guarantee funds).

City Commercial Banks

City commercial banks are banks with branches at the municipal or higher levels, created under the PRC Company Law and the PRC Commercial Banking Law from predecessor urban credit cooperatives with the approval of CBRC. In 1995, the State Council decided to restructure urban credit cooperatives into city cooperative banks, renamed as city commercial banks in 1997. According to the CBRC's 2014 Annual Report, as of December 31, 2014, there were 133 city commercial banks in China. City commercial banks have played active roles in maintaining regional financial stability, promoting market competition, facilitating access to financial services, and easing funding pressures for SMEs. According to the CBRC, the total assets of city commercial banks as a percentage of total assets of the banking industry in China increased from 7.1% or RMB5,680 billion, as of December 31, 2009 to 10.5% or RMB18,084 billion, as of December 31, 2014, representing a CAGR of 26.1%. In addition, some city commercial banks have, in accordance with regulations issued by the CBRC, begun developing diversified business models, such as establishing consumer finance companies and financial leasing companies, and investing in equity interests in insurance companies.

Leveraging their understanding of local markets and relationships with local customers, city commercial banks are generally well-positioned to capture opportunities and market trends in local areas. According to the CBRC, between 2009 and 2014, total assets and shareholders' equity of city commercial banks grew at CAGRs exceeding those of the five Large Commercial Banks and Nationwide Joint-stock Commercial Banks.

The table below sets forth certain information relating to city commercial banks in China at the dates indicated.

	For the year ended/as of December 31,					
	2009	2010	2011	2012	2013	2014
	(in billions of RMB, except percentages)					
Assets	5,680	7,853	9,985	12,347	15,178	18,084
Liabilities	5,321	7,370	9,320	11,540	14,180	16,837
Shareholders' equity	359	482	664	808	997	1,247
Profit after tax	50	77	108	137	164	186
NPL ratio	1.3%	0.9%	0.8%	0.8%	0.9%	1.2%

Source: CBRC Annual Report 2014, CBRC website

TIANJIN'S BANKING INDUSTRY

With the rapid economic growth of Tianjin, the banking industry in Tianjin has also achieved rapid growth. According to "Tianjin Financial Performance Report" (《天津市金融運行報告》) prepared by the People's Bank of China Tianjin Branch Monetary Policy Analysis Group, as of December 31, 2014, the total deposit and loans of the financial institutions in the banking industry of Tianjin were RMB2,478 billion and RMB2,322 billion, respectively, representing CAGRs of 12.3% and 15.8%, respectively, between 2009 and 2014.

The table below sets forth the total balance and average CAGR of the deposits and loans of financial institutions in the banking industry of Tianjin as of the indicated dates.

	As of December 31,						CAGR
	2009	2010	2011	2012	2013	2014	(2009-2014)
	(in billions of RMB, except percentages)						
Renminbi- denominated loans	1,065	1,311	1,524	1,739	1,945	2,172	15.3%
Foreign currency-denominated loans	50	66	68	101	141	150	24.4%
Total loans	**1,115**	**1,377**	**1,592**	**1,840**	**2,086**	**2,322**	**15.8%**
Renminbi- denominated deposits	1,355	1,614	1,720	1,968	2,268	2,396	12.1%
Foreign currency-denominated deposits	34	36	39	61	64	82	19.2%
Total deposits	**1,389**	**1,650**	**1,759**	**2,029**	**2,332**	**2,478**	**12.3%**

Source: "Tianjin Financial Performance Report" (《天津市金融運行報告》) prepared by the People's Bank of China Tianjin Branch Monetary Policy Analysis Group.

The table below sets forth certain information on Tianjin's banking industry by type of banking institution as of December 31, 2014:

	Total assets		
	Amount	Market share	CAGR (2009-2014)
	in billions of RMB		
Large Commercial Banks	1,140	25.8%	9.1%
Nationwide Joint-stock Commercial Banks	1,309	29.6%	30.1%
City commercial banks	708	16.1%	30.4%
Rural financial institutions(1)	317	7.2%	17.9%
Foreign financial institutions	85	1.9%	12.1%
Other banking institutions(2)	855	19.4%	38.4%
Total	**4,414**	**100.0%**	**22.0%**

Source: Prepared by the People's Bank of China Tianjin Branch Monetary Policy Analysis Group found in "Tianjin Financial Performance Report" (《天津市金融運行報告》).

(1) Comprises rural credit unions, rural commercial banks and rural cooperative banks.

(2) Comprises policy banks, Postal Savings Bank of China, Sino-German Buasparkasse, other non-banking institutions (including trust companies, financial leasing companies, money brokerage firms, automobile financing companies, consumer finance companies), rural banks, lending companies and rural cooperative financial institutions (excluding private banking, trust industry guarantee funds).

COMPETITIVE LANDSCAPE

As a city commercial bank based in Tianjin, we mainly compete with other commercial banking institutions with operations in Tianjin. As of December 31, 2014, our Group's total asset, total shareholder's equity and net profits were RMB478,859.1 million, RMB28,889.9 million and RMB4,429.0 million, respectively. As of December 31, 2014, our deposits from customers and our gross loans and advances to customers amounted to RMB289,467.4 million, RMB170,918.1 million, respectively, making us one of the largest banks in Tianjin.

The table below sets forth our key performance indicators at and for the year ended December 31, 2014 as compared to those of PRC city commercial banks listed in China or on the Hong Kong Stock Exchange.

	Total assets	Net profit	Net interest margin(1)	Net interest spread(2)	Non-performing loan ratio(3)	Allowance coverage ratio(4)	Return on average total assets(5)	Return on average equity(6)	CAGR of total assets (2012-2014)	CAGR of net profit (2012-2014)
	(in millions of RMB, except percentages)									
Our Bank	478,859	4,429	2.06%	1.73%	1.09%	238.15%	1.00%	18.3%	25.8%	29.6%
Bank of Beijing Co., Ltd	1,524,437	15,646	N/A	N/A	0.86%	324.22%	1.09%	17.9%	16.7%	15.7%
Bank of Nanjing Co., Ltd	573,150	5,656	2.59%	2.41%	0.94%	325.72%	1.12%	19.0%	29.1%	18.3%
Bank of Ningbo Co., Ltd	554,113	5,634	2.51%	2.50%	0.89%	285.17%	1.11%	18.9%	22.4%	17.7%
Shengjing Bank Co., Ltd	503,371	5,424	2.32%	2.07%	0.44%	387.42%	1.26%	18.8%	26.8%	24.3%
Huishang Bank Corporation Limited	482,764	5,676	2.74%	2.47%	0.83%	255.27%	1.31%	16.7%	22.0%	14.8%
Harbin Bank Co., Ltd	343,642	3,841	2.71%	2.49%	1.13%	208.33%	1.15%	15.5%	12.8%	15.7%
Bank of Chongqing Co., Ltd	274,531	2,827	2.81%	2.56%	0.69%	318.87%	1.17%	19.2%	32.6%	21.2%
Bank of Jinzhou Co., Ltd.	250,693	2,123	2.63%	2.43%	0.99%	256.15%	1.00%	15.6%	42.6%	34.6%
Bank of Zhengzhou Co., Ltd.	204,289	2,463	3.31%	3.07%	0.75%	301.66%	1.39%	23.5%	40.3%	29.9%
Bank of Qingdao Co., Ltd.	156,166	1,495	2.43%	2.25%	1.14%	242.34%	1.02%	16.6%	23.9%	27.5%

Source: 2012-2014 Annual Reports and Prospectuses of the relevant banks

(1) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

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

(3) Calculated by dividing total non-performing loans by gross loans. Although our loan classification criteria are in compliance with the guidelines set forth by CBRC, certain of our loan classification criteria may not be the same as those adopted by other PRC commercial banks. For details on our loan classification criteria and related risks, please see "Assets and Liabilities — Assets — Loans and Advances to Customers — Asset Quality of Our Loan Portfolio — Loan Classification Criteria" and "Risk Factors — Risks relating to the PRC Banking Industry — Our loan classification and provisioning policies may be different in certain respects from those applicable to banks in certain other countries or regions".

(4) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.

(5) Calculated by dividing net profit for the period by average balance of total assets at the beginning and the end of the period.

(6) Calculated by dividing net profit for the period by average balance of total equity at the beginning and the end of the period.

INDUSTRY TRENDS

Interest Rate Liberalization and Financial Disintermediation

Due in part to the PRC Government's continuous efforts to reform its financial system to achieve balanced and sustainable growth, lending and deposit rates in China have gradually adopted a market-oriented approach in recent years, as proven by the PRC Government's recent policies which encourage an acceleration of interest rates liberalization. Since June 8, 2012, People's Bank of China has allowed financial institutions to increase the RMB deposit interest rate to 110% of the PBoC benchmark interest rate. On July 20, 2013, the PBoC abolished the floating interest rate of RMB loans (excluding housing loan interest rates), and allowed financial institutions to set lending rates based purely on commercial considerations. Furthermore, on November 22, 2014, the PBoC permitted financial institutions to raise the RMB deposit interest rate up to 120% of the PBoC benchmark interest rate. China had further already raised rates in March 1, 2015 and May 11, 2015 up to 130% and 150% of the PBoC benchmark interest rates, respectively. Beginning on August 26, 2015, the PBoC completely abolished the interest rate cap of RMB deposits of over one year. Then on October

24, 2015, the PBoC announced that it would no longer set up a floating ceiling deposit interest rate for commercial banks, signifying the further liberalization of Chinese controls on interest rates as financial market players are now permitted to customize consultation services and financial product pricing in accordance with market principles.

In recent years, China's economic development has quietly entered a "new normal". In particular, in order to decrease social financing costs and promote efforts of financial support to strengthen real economy, the PBoC has cut down benchmark deposit and lending interest rates and the RMB deposit reserve ratio couple of times in recent years. Within the last year, the RMB benchmark deposit and lending rates have been lowered six times: November 22, 2014, March 1, 2015, May 11, 2015, June 28, 2015, August 26, 2015 and October 24, 2015. The one-year benchmark lending rate has been lowered from 5.60% to the current 4.35% and the one-year benchmark deposit rate is down from 2.75% to the current 1.50%. Other grades of loans and deposit benchmark interest rates have been affected as well, as the PBoC interest rates on loans from financial institutions and individual housing provident fund loans interest rates have also adjusted downward to varying degrees. The recent benchmark interest rate cuts, together with the lifting of the cap on deposit interest rates, are expected to narrow the net interest spreads and net interest margins of commercial banks in China. Moreover, in 2015, the PBoC has announced a cut in the RMB deposit reserve ratio for various types of deposit-taking financial institutions a total of four times: February 4, 2015, April 19, 2015, August 25, 2015 and October 23, 2015, for a cumulative margin of 2.5 percentage points lower. The PBoC has repeatedly declared a "directional rate cut" for financial institutions that meet certain criteria in order to increase economic support for the "Three Rurals" or SMEs. This monetary policy is expected to increase the liquidity of commercial banks. Also, these policies should have an impact on borrower demand and bank lending practices, thereby further affecting the business performance and operational outcomes of Chinese commercial banks. According to Deposit Insurance Regulation (《存款保險條例》), effective from May 1, 2015, each depositor shall be provided with compensation up to a maximum of RMB500,000 in the event of a bank's liquidation where each depositor is fully protected within such limit for deposits denominated in both RMB and foreign currency.

These interest liberalization measures are expected to benefit banks by enabling them to set their interest rates on customer loans and deposits with more flexibility. However, as interest rate liberalization may intensify competition in China's banking industry where the banks' net interest spreads, net interest margin and the results of operations could be significantly affected. As a result, the overall impact of interest rate liberalization on PRC banks' profits and margins is generally regarded to be uncertain for banks in China.

There has been a trend of financial disintermediation where depositors transfer funds from banks and other intermediary financial institutions to make investments on products with a higher return compared with that of bank deposits. Interest rate liberalization and financial disintermediation have promoted the transformation of the banking industry in China, mainly reflected in industry players' increasing emphasis on financial innovation, gradually expanding business access, and enriching business lines. Commercial banks started to develop fee- and commission- based products and services that generally have higher profit margins, including investment banking and wealth management, through which, these commercial banks enhance their capacity to derive income from intermediary business. In the meantime, in line with relevant rules and regulations issued by the CBRC, commercial banks also actively explore other related financial services or products, like consumer finance companies, financial leasing companies, as well as insurance companies.

Strengthened Supervision through Refined Regulatory Regime

Regulatory measures promulgated by China's regulatory authorities cover various aspects including corporate governance, risk management, compliance and internal control.

Relaxed Constraints on certain businesses and enhanced regulation on certain industries and customer groups. As an example of this policy, limitations on asset securitization have been relaxed in recent years, allowing commercial banks to issue interbank deposits in the interbank market; however, a series of regulations relating to, among others, the real estate industry, local government financing vehicles, wealth management products, and interbank business, require commercial banks in China to strengthen risk control on such sectors. With respect to interbank business, Circular Regarding Regulation on Interbank Business of Financial Institutions (《關於規範金融機構同業業務的通知》), issued in May 2014, specifically defines the types of interbank business, regulates the corresponding financial accounting, and imposes clear restrictions on assets held under resale agreements and non-standardized assets business.

Enhanced regulation over capital adequacy. Using Basel III as a reference point, a new capital adequacy regulatory system was set up by Capital Adequacy Measures, promulgated by the CBRC in June 2012. Subject to certain particular requirements to meet such targets during the transitional period, the new measures require commercial banks to reach regulatory requirements on capital adequacy ratio by the end of 2018.

Strengthened supervision over the commercial banking industry. A series of risk management guidance documents have been promulgated by CBRC since 2008 direct commercial banks, among other institutions, to further improve and implement loan classification system, risk rating system, and credit reviewing requirements, as well as to enhance management on their exposures to credit risk, market risk, liquidity risk, and operational risk. Additionally, the Chinese government also implemented timely commercial bank risk management system reform, and formally repealed the "People's Republic of China Commercial Bank Law", as a result of which, the relevant restrictions demanding loans-to-deposit cap of 75% has been terminated. This approach relaxed the liquidity pressure of commercial banks while maintaining the cautious control on liquidity risks, which in turn enhanced financial institutions' lending capability to assist in the expansion of the "Three Rurals" or SMEs. A range of guidelines have also been issued by the Chinese government to encourage commercial banks to better address the borrowing needs generated by the real economy while also effectively managing potential risks, such as guidelines that encourage lending to small businesses and encourage the extension of mergers and acquisitions loans and project loans.

Improvement of corporate governance. CBRC encourages banks to establish a complete corporate governance structure which includes a board of directors comprising independent directors, several board committees consisting of an audit committee, a remuneration committee, and a nomination committee, as well as a supervisory board. CBRC also requires that an independent internal audit function with clear policies and procedures should be established within the PRC banking institutions.

Strengthened regulation of internet finance. In March 2014, two-dimensional code and virtual credit card payments on third-party online payment platforms were suspended by PBoC. Pursuant to the report issued by PBoC in relation to China's financial stability in 2015, regulation of internet finance will be strengthened in order to promote the healthy and stable development of the financial industry.

For further information on regulation of the PRC banking industry, please see "Supervision and Regulation".

Increasing Prevalence and Importance of City Commercial Banks in China's Banking Industry

City commercial banks are generally only permitted to provide banking services to institutions and individuals within certain geographic areas, very different from large commercial banks and nationwide joint-stock commercial banks. In line with the policies and guidelines promulgated by the regulatory authorities, city commercial banks stick to differentiated and unique development strategies, take full advantage of their "small, quick and flexible" features, focus on improving the financial service level for SMEs as well as urban and rural residents, and promote the economic development of the local area.

City commercial banks in China have achieved rapid development in recent years. Pursuant to the CBRC 2014 annual report, as of December 31, 2014, there were a total of 133 city commercial banks in China. From 2009 to 2014, all the CAGRs of total assets, total liabilities, total equity, and profit after tax of city commercial banks were higher than the CAGR of PRC banking institutions as a whole. According to CBRC, the total assets of city commercial banks as a percentage of the total assets of the PRC banking institutions, increased from 7.1% as of December 31, 2009 to 10.5% as of December 31, 2014. During the same period, the overall non-performing loan ratio of city commercial banks decreased from 1.3% to 1.2%, which was lower than the average level of commercial banks in China. The asset quality of city commercial banks remained stable in general. Moreover, to strengthen their capital base, a number of city commercial banks in recent years have experienced significant reforms, such as restructuring, the introduction of strategic investors, or the seeking of initial public offerings. For example, Bank of Nanjing, Bank of Beijing, and Bank of Ningbo completed their listings on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in 2007, while Bank of Chongqing, Huishang Bank, Harbin Bank, Shengjing Bank, Bank of Jinzhou, Bank of Qingdao and Bank of Zhengzhou were listed on the Hong Kong Stock Exchange in between 2013 and 2015.

Increasing Importance of Banking Services to SMEs

In recent years, the State Council, PBoC and CBRC have issued a number of policies and measures to promote lendings and incentivize offerings of innovative financial products and credit services to SMEs. In 2013, Notice on Deepening Financial Services for Small and Micro Enterprises (關於深化小微企業金融服務的意見) was issued by CBRC which requires the commercial banks to improve their service quality and expand financial product offerings, financing channels, and network coverage for SMEs. In August 2013, two regulations were promulgated to provide policy support to service innovations, credit enhancement and information services as well as direct financing channels, and financial and tax supports to SMEs, namely: the Implementation Opinions on the Provision of Financial Support for the Development of Small and Micro Enterprises (關於金融支持小微企業發展的實施意見) issued by the General Office of the State Council and the Guiding Opinions on Further Enhancing Financial Service Work for Small and Micro Enterprises (關於進一步做好小微企業金融服務工作的指導意見) issued by CBRC. In July 2014, Notice on the Improvement and Innovation of Loan Services for Small and Micro Enterprises to Improve the Quality of Financial Services to Small and Micro Enterprises (《關於完善和創新小微企業貸款服務提高小微企業金融服務水平的通知》) was issued by CBRC which encourages banking financial institutions to set reasonable loan maturities, promote product offerings, and explore innovative models in relation to working capital loans for SMEs.

Increasing Demands for Personal Financial Services

With the rapid growth in the PRC economy, disposable income in China has increased dramatically in the past three decades. Based on the information from NBS, the per capita disposable income of urban households in China increased from RMB17,175 in 2009 to RMB28,844 in 2014, at a CAGR of 10.9%, indicating an increasing income by domestic residents.

The table below sets forth the per capita disposable income of PRC domestic urban residents, the total amount of Renminbi-denominated deposits of PRC urban and rural residents, the total amount of PRC domestic personal Renminbi-denominated loans, and their percentage of total domestic loans as of the dates indicated:

	As of December 31,						CAGR
	2009	2010	2011	2012	2013	2014	(2009-2014)
Per capita disposable income of domestic urban residents (RMB)	17,175	19,109	21,810	24,565	26,955	28,844	10.9%
Total amount of Renminbi-denominated deposits of domestic urban and rural residents (in billions of RMB)	26,077	30,330	34,364	39,955	44,760	48,526	13.2%
Total amount of domestic personal Renminbi-denominated loans (in billions of RMB)	8,179	11,254	13,601	16,130	19,850	23,141	23.1%
As a percentage of total domestic Renminbi-denominated loans	20.3%	23.3%	24.6%	25.3%	27.3%	28.0%	N/A

Source: National Bureau of Statistics of China, PBoC

Significant growth opportunities in the PRC personal finance market are available as a result of the increasing demand for more diversified banking products and services. Moreover, in recent years, personal financial services have significantly increased as a result of the rapid growth in the demand for personal credit and personal payment services as well as the increase in the various new payment methods such as online banking and mobile payment. In addition to the traditional personal finance business, in recent years, the continued growth in household disposable income and the expansion of private wealth markets have brought in strong demands and a prosperous market for private banking services and wealth management services from the PRC banking industry. According to the China Private Wealth Report (2015) jointly issued by Bain & Company and China Merchants Bank, the amount of personal investable assets held by PRC citizens reached RMB112 trillion in aggregate in 2014, with an average CAGR of 16.2% from 2012 to 2014. As a result, commercial banks in China have continued to expand financial products and service offerings to individual customers and have commenced to offer customized and professional services and extend coverage to services such as asset management, wealth management, and private banking services.

Challenges and Opportunities Arising from Internet Banking

Traditional banking institutions in China are facing new challenges from innovations in financial products and technology, in particular the Internet-based financial services platforms. China's private-sector Internet giants are cutting into traditional banking services by offering investment channels and payment solutions. Bank profits are also being challenged by the growing popularity of third party online payment platforms, such as Alipay and Tenpay. Third-party payment solutions are taking a more predominate role in online transactions in China, indicating that Internet companies are becoming increasingly crucial in China's payment system. Total third-party online payments amounted to RMB8,076.7 billion in 2014, representing an increase of 50.3% from the same period of 2013.

Confronting the increasing competition from the fast-growing Internet-based financial services platforms, a variety of innovative development measures have been adopted by the commercial banks in China, such as the establishment of online sales platforms for the banks' financial products and the set-up of e-commerce platforms which provides intermediary services for direct lending between individuals.

Expanded Business of PRC Banks

With the promulgation of the revised draft of the PRC Commercial Banking Law and the continued interest rate liberalization, it is expected that the PRC banks will expand their business scope in the future. Meanwhile, commercial banks have increased their efforts to provide more diversified financial product and service offerings, in particular the fee- and commission- based products and services. As the PRC commercial banks have been gradually granted with licenses of trust, fund management, insurance, and financial leasing, it is anticipated that more diversified financial products and services such as securities brokerage, equity investment, and assets management will be made available for the PRC commercial banks.

Impact from the Development of China's Capital Markets

In recent years, a number of initiatives have been launched by the PRC government to develop and open up its capital markets, such as launching the Shanghai-Hong Kong Stock Connect and mutual recognition of funds between Mainland China and Hong Kong, replacing regulatory approval procedures with registration requirements for offering asset backed securities, deregulating public offerings of corporate bonds and permitting private placements of bonds upon registration, as well as the expected launch of a registration-based initial public offering regime. These developments may adversely affect the core business of the PRC banking industry. For example, the deepening of China's debt capital markets may impact banks' lending business as a result of the fact that certain corporate borrowers may replace bank loans with issuances of relatively lower-cost debt securities. Additionally, the development of China's capital markets provided the PRC commercial banks with new opportunities to expand their banks' fee- and commission-based business, offering diversified financial products and services, such as investment banking business and the distribution of mutual funds, while at the same time broadening the scope of banks' investment securities, such as asset backed securities and interbank deposits, which may offer higher yields than traditional investments. On the other hand, commercial banks' ability to maintain the size of deposits from customers as a low-cost funding source may be affected by the rapid growth in China's stock market which resulted in a shift of funds out of banks' customer deposit accounts and into the stock markets.

OVERVIEW

The banking industry in the PRC is highly regulated. The principal regulatory authorities in the PRC banking industry include the CBRC, the PBoC and the MOF. The CBRC is responsible for supervising and regulating banking institutions, and the PBoC, as the central bank of the PRC, is responsible for formulating and implementing monetary policies. The principal laws and regulations relating to the PRC banking industry are the PRC Commercial Banking Law, the PRC PBoC Law and the PRC Banking Supervision and Regulatory Law, and the rules and regulations established thereunder.

HISTORY AND DEVELOPMENT OF THE REGULATORY FRAMEWORK

Established on December 1, 1948, the PBoC was initially the primary regulator of the financial industry in the PRC. In January 1986, the State Council issued the Interim Regulations of the PRC on the Supervision of Banks (《中華人民共和國銀行管理暫行條例》), which explicitly provided, for the first time, that the PBoC was the central bank of the PRC and the regulatory authority for the PRC financial industry.

The current regulatory framework of the PRC banking industry began to emerge in 1995 when the PRC PBoC Law and the PRC Commercial Banking Law were issued. The PRC PBoC Law, which was issued in March 1995, provided for the scope of responsibilities and the organizational structure of the PBoC, and authorized the PBoC to administer the Renminbi, implement monetary policies and regulate and supervise the PRC financial industry. The PRC Commercial Banking Law was enacted in May 1995 and set out the fundamental principles of operations for PRC commercial banks.

Since then, the regulatory regime of the PRC banking industry has undergone further significant reform and development. The CBRC was established in April 2003 and took over from the PBoC its role as the primary regulator of the PRC banking industry. The CBRC was mandated to implement reforms, minimize overall risks, promote stability and development and enhance the international competitiveness of the PRC banking industry. In December 2003, the PRC Commercial Banking Law and the PRC PBoC Law were amended accordingly. In August 2015, the PRC Commercial Banking Law was further amended and came into effect on October 1, 2015. In addition, on February 1, 2004, the PRC Banking Supervision and Regulatory Law came into effect. The PRC Banking Supervision and Regulatory Law sets out the regulatory functions and responsibilities of the CBRC.

PRINCIPAL REGULATORS

CBRC

Functions and Powers

The CBRC is the principal regulatory authority in the PRC responsible for the supervision and regulation of banking institutions operating in the PRC, including commercial banks, urban credit cooperatives, rural credit cooperatives, other deposit-taking financial institutions and policy banks, as well as certain non-bank financial institutions. The CBRC is also responsible for the supervision and regulation of the entities established by domestic financial institutions outside the PRC and the overseas operations of the above-mentioned banking and non-banking institutions. According to the PRC Banking Supervision and Regulatory Law and relevant regulations, the CBRC's primary regulatory responsibilities include: (i) formulating and issuing regulations and rules governing banking institutions and their activities; (ii) examining and approving the establishment, change and termination of banking institutions and their scope of business, as well as granting banking licenses to commercial banks and their branches; (iii) regulating the business activities of banking institutions, including their products and services; (iv) approving and overseeing qualification requirements for directors and senior management of banking institutions; (v) setting prudential guidelines and standards for risk management, internal control, capital adequacy, asset quality, allowance for impairment losses, risk concentration, Related Party Transactions and asset liquidity requirements for banking institutions; (vi) conducting on-site examinations and off-site surveillance of the business activities and risk levels of banking institutions; (vii) establishing emergency system with relevant authorities and formulating emergency plans; (viii) imposing corrective and punitive measures on banking institutions for their violations of applicable banking regulations; (ix) preparing and publishing statistics and financial statements of national banking institutions; and (x) taking over or procuring the restructuring of a banking institution which may materially impact the lawful rights and interests of depositors and other customers when there is, or is likely to be, a credit crisis.

Examination and Supervision

The CBRC, through its headquarters in Beijing and its offices throughout the PRC, monitors the operations of banks and their branches through on-site examinations and off-site surveillance. On-site examinations generally include inspecting a bank's business premises and electronic data systems, interviewing its employees, senior management and directors for an explanation of significant issues relating to its operations and risk management, as well as reviewing relevant documents and materials maintained by the bank. Off-site surveillance generally includes reviewing business reports, financial statements and other reports regularly submitted by banks to the CBRC.

If a banking institution is not in compliance with an applicable banking regulation, the CBRC is authorized to impose corrective and punitive measures, including imposing fines, ordering the suspension of certain business activities, withholding the approval for engaging in new businesses, imposing restrictions on dividends and other forms of distributions and asset transfers, and suspending the opening of new branches. In extreme cases or when a commercial bank fails to take corrective action within the time period specified by the CBRC, the CBRC may order the banking institution to suspend operations and may revoke its operating-business license. When there is, or is likely to be, a credit crisis or failure within a banking institution, which may materially impact the lawful rights and interests of depositors and other customers, the CBRC may procure the restructuring of, such banking institution.

PBoC and Inter-departmental Coordination Joint Meeting for Financial Supervision

As the central bank of the PRC, the PBoC is responsible for formulating and implementing monetary policies and maintaining the stability of the PRC financial markets. According to the PRC PBoC Law and relevant regulations, the PBoC is empowered to mainly perform the following duties: (i) issue and implement orders and regulations in relation to its duties; (ii) formulate and implement monetary policy in accordance with laws; (iii) issue Renminbi and administer its circulation; (iv) regulate the inter-bank money market and the inter-bank bond market; (v) implement foreign exchange controls and regulate the inter-bank foreign exchange market; (vi) regulate the gold market; (vii) hold, administer and manage state reserves of foreign exchange and gold; (viii) manage the national treasury; (ix) maintain the normal operation of payment and clearing systems; (x) guide and lead the financial industry in its anti-money laundering activities and take responsibility for monitoring capital in respect of anti-money laundering; and (xi) take responsibility for financial industry statistics, surveys, analyses and forecasts.

On August 15, 2013, the State Council issued the Reply of the State Council on the Establishment of the Inter-departmental Coordination Joint Meeting System for Financial Supervision (《國務院關於同意建立金融監管協調部際聯席會議制度的批覆》), under which the PBoC shall take the lead at the joint meetings, with CBRC, CSRC, CIRC and SAFE being the major members. The NDRC and MOF may be invited to attend the joint meetings, if necessary.

MOF

The MOF, a ministry under the State Council, is responsible for state finance, taxation, accounting, the management of state-owned financial assets, etc. The MOF regulates the performance review and remuneration mechanism of senior management of state-owned banks, and banks' compliance with the China Accounting Standards for Business Enterprises (《企業會計準則》) and the Financial Rules for Financial Enterprise (《金融企業財務規則》). The MOF's primary responsibilities include: (i) issuing and implementing financial and taxation strategies, plans, policies and reform measures; (ii) drafting laws, regulations and rules concerning fiscal, financial and accounting management; (iii) managing state-owned financial assets, administering the appraisal of state-owned financial assets and participating in drafting rules governing state-owned financial assets management; and (iv) supervising the implementation of financial and tax rules and policies, reporting critical issues in the management of fiscal revenue and expenditure and managing the financial supervision commissioners' office.

Other Regulatory Authorities

In addition to the above regulators, commercial banks in the PRC are also subject to the supervision and regulation by other regulatory authorities, including the SAFE, SAIC, CSRC, CIRC, NAO and SAT.

LICENSING REQUIREMENTS

Basic Requirements

The Measures of the CBRC for the Implementation of Administrative Licensing Matters Concerning Chinese-funded Commercial Banks (《中國銀行業監督管理委員會中資商業銀行行政許可事項實施辦法》), effective from February 1, 2006 and latest amended on June 5, 2015, set out the permitted scope of business, licensing standards and other requirements in respect of city commercial banks.

Currently, the establishment of a city commercial bank requires the CBRC's approval and issuance of an operating license. Pursuant to the current regulatory requirements, in general, the CBRC will not approve an application to establish a city commercial bank unless certain conditions are satisfied, including but not limited to that: (i) the articles of association are in compliance with the relevant requirements of the PRC Company Law and the PRC Commercial Banking Law; (ii) the minimum required registered capital under the PRC Commercial Banking Law, which is RMB100 million for a city commercial bank, is fully paid; (iii) the directors and senior management possess the requisite qualifications and the practitioners are qualified persons who are familiar with the banking business; (iv) the organizational structure and the management system are sound and effective; (v) the business premises, safety and security measures and other facilities satisfy the needs of the business operation; and (vi) the information technology structure which satisfies the needs of the business operation has been set up, the information technology system supporting the business operation is necessary, safe and in compliance with the relevant laws and regulations, and possesses the technologies and measures to ensure its effectiveness and safety.

The establishment of a city commercial bank shall also meet certain prudential conditions, including, at a minimum, the following: (i) have a sound corporate governance structure; (ii) have a sound risk management system capable of effectively controlling various risks; (iii) there are qualified strategic investors among the promoter shareholders; (iv) have effective human resources management rules and highly competent professionals; (v) have effective capital restraint and replenishment mechanism; and (vi) the formation of the bank is conducive to dissolving the risks in existing financial institutions and promoting financial stability.

Significant Changes

City commercial banks are required to obtain the CBRC or its local offices' approval to undertake significant changes, including: (i) establishment or cessation of a branch or sub-branch; (ii) change of name of headquarters or a branch or sub-branch; (iii) change of registered capital; (iv) change of domicile of headquarters; (v) change of business scope; (vi) change of form of organization; (vii) change of shareholders holding 5% or more of the bank's total capital or shares; (viii) amendments to the articles of association; (ix) merger or spin-off; and (x) dissolution and bankruptcy.

Establishment of Branches

Branches within the bank's residence province (autonomous regions, directly administered municipalities)

To establish a local branch, a city commercial bank must apply to the relevant local offices of the CBRC in its residence province (autonomous regions, directly administered municipalities) where it is registered for approval and issuance of finance license. On April 16, 2009, the CBRC issued the Opinions on Adjusting the Licensing Policies for the Establishment of Branch Outlets by Small- and Medium-Sized Commercial Banks (for Trial Implementation) (《關於中小商業銀行分支機構市場准入政策的調整意見(試行)》). According to this notice: (i) the establishment of branches and sub-branches by city commercial banks is no longer subject to working capital requirement; and (ii) the number of branches and sub-branches of a city commercial bank within the province (autonomous region or directly administered municipality) where it is registered is no longer subject to any limit.

Branches outside the bank's residence province (autonomous region, directly administered municipality)

With regard to the establishment of branches by a city commercial bank outside its residence province (autonomous region or directly administered municipality), the approval from the CBRC is required. The aforementioned Opinions provide for a "Three-Step" principle for establishing branches by a city commercial bank outside its residence province (autonomous region or directly administered municipality), i.e., establishing branches within the province where it is registered before other provinces, establishing branches within the local economic region before other economic regions, and, thereafter establishing branches throughout the country. Since 2011, the CBRC has temporarily suspended the approval of new applications from city commercial banks seeking to expand and establish branches outside their residence provinces. The CBRC issued the Circular of the General Office of the CBRC on Improving Rural Financial Services in February 2013 (Yin Jian Ban Fa [2013] No.51) (《中國銀監會辦公廳關於做好2013年農村金融服務工作的通知》(銀監辦發[2013]51號)), which allows a city commercial bank to apply for the establishment of branches within its home jurisdiction and adjacent regions with close economic connection but not out of their home provinces for the purpose of curtailing blind expansion.

Scope of Business

Under the PRC Commercial Banking Law, commercial banks in the PRC are permitted to engage in the following activities: (i) taking deposits from the public; (ii) extending short-term, medium-term and long-term loans; (iii) effecting domestic and overseas payment settlements; (iv) accepting and discounting instruments; (v) issuing financial bonds; (vi) acting as the issuing agent, cashing agent and underwriter of government bonds; (vii) trading government bonds and financial bonds; (viii) engaging in inter-bank lending; (ix) trading foreign exchange as principal or agent; (x) engaging in bank card business; (xi) providing letters of credit and guarantee services; (xii) collecting and making payment as agents and acting as insurance agents; (xiii) providing safe deposit box service; and (xiv) other businesses approved by the banking regulatory authorities under the State Council.

Commercial banks in the PRC are required to set forth their scope of business in their articles of association and submit their articles of association to the CBRC or its local offices for approval. Subject to approval by the PBoC and the SAFE, commercial banks may engage in settlement and sales of foreign exchange.

REGULATION OF PRINCIPAL COMMERCIAL BANKING ACTIVITIES

Lending

To control risks relating to the extension of credit, PRC banking regulations require commercial banks to: (i) establish a strict and centralized credit risk management system; (ii) set up standard operation procedures for each step in the extension of credit process, including conducting due diligence investigations before granting credit facilities, monitoring borrowers' repayment ability and preparing credit assessment reports on a regular basis; and (iii) appoint qualified risk control personnel.

The CBRC has also issued guidelines and measures to control risks in connection with related party loans. See "Supervision and Regulation — Corporate Governance and Internal Controls — Transactions with Related Parties".

The CBRC and other relevant authorities have issued a number of regulations and rules concerning loans and credit granted. Set out below is a summary of some of these rules and regulations:

- under the newly revised Guidelines on the Mergers and Acquisitions Loan Risk Management for Commercial Banks (《商業銀行併購貸款風險管理指引》) issued by the CBRC on February 10, 2015, commercial banks are required to establish and implement business procedures and internal control systems and report the same to the CBRC before the commencement of merger and acquisition loan business. A commercial bank engaging in the provision of merger and acquisition loans must satisfy the following requirements: (i) it must have a sound risk management system and an effective internal control system; (ii) the capital adequacy ratio must not be less than 10%; (iii) all other regulatory indicators must satisfy the regulatory requirements; (iv) it must have a professional team for due diligence investigation and risk assessment of merger and acquisition loans. The proportion of the total balance of merger and acquisition loans granted by a commercial bank shall not exceed 50% of the net amount of tier-one capital of the bank during the same period. The proportion of the balance of merger and acquisition loans granted by a commercial bank to the same borrower shall not exceed 5% of the net amount of tier-one capital of the bank during the same period. And the proportion of merger and acquisition loans shall not be higher than 60% of the merger and acquisition consideration. In general, the term of merger and acquisition loans is not more than seven years;

- under the Interim Measures for the Administration of Fixed Asset Loans (《固定資產貸款管理暫行辦法》) issued by the CBRC on July 23, 2009, commercial banks are required to improve their internal control system, manage the whole lending process, establish a risk management system for fixed asset loans and an effective mechanism for balancing different positions. Commercial banks are also required to strengthen the management of the use of loans and improve the management of loan extension and payment. In addition, commercial banks are required to agree with borrowers on contractual terms that are material to controlling the loan risks, and establish a loan quality monitoring system and a loan risk alert system. According to the Uniform Interpretation of the China Banking Regulatory Commission concerning the Interim Measures for the Administration of Fixed Asset Loans (中國銀行業監督管理委員會關於《固定資產貸款管理暫行辦法》的解釋口徑), the term "fixed asset loans" refers to loans used for fixed asset investment. No matter how a lender internally defines the type of a loan, as long as the loan is used for fixed asset investment, the loan shall be a fixed asset loan. The fixed asset investment shall refer to a fixed asset investment project with a total investment of 500,000 yuan or more according to the statistical standards for fixed asset investment in the Statistical Statement Rules on Fixed Asset Investment (《固定資產投資統計報表制度》); and

- the Interim Measures for the Administration of Working Capital Loans (《流動資金貸款管理暫行辦法》), implemented by the CBRC on February 12, 2010, requires commercial banks to establish effective internal control and risk management systems in order to monitor the use of working capital loans and get full access to customer information. Commercial banks are required to take reasonable and prudent measures to assess the client's actual borrowing need based on its business operation and the amount of loans granted cannot exceed its actual demand based on its business operation. Commercial banks are also required to set out written rules to ensure that working capital loans are used for legitimate purposes. In particular, these loans may not be used for investments in fixed assets, equity investments or for other purposes prohibited by the state.

In addition, the CBRC and other relevant authorities have issued a number of regulations and rules concerning loans and credit granted to certain specific industries and customers in an effort to control the credit risk of PRC commercial banks and/or to realize the objectives of macroeconomic control. Set out below is a summary of some of the rules and regulations applicable to our Bank:

- the Guidelines on the Risk Management of Risks of Credits Granted by Commercial Banks to Group Borrowers (《商業銀行集團客戶授信業務風險管理指引》), which require commercial banks to establish a risk management system to control the credits granted to group borrowers and file such system with the CBRC. If the credit balance to a single group borrower of a commercial bank exceeds 15% of its net capital, the commercial bank will be required to adopt measures, including syndicated loans, joint loans and transfer of loans, to diversify risks. In line with its prudential supervision requirement, the CBRC may lower the credit balance ratio of a particular commercial bank to a single group borrower;

- the Interim Measures for the Administration of Personal Loans (《個人貸款管理暫行辦法》), which require commercial banks to establish an effective full-process management mechanism and risk management system in connection with the granting of personal loans and set out certain required conditions for personal loan applications, and require that the use of personal loans should comply with relevant laws and policies. Commercial banks should specify the purpose for such personal loans and may not extend personal loans with no designated purpose;

- the Guidelines on Project Financing Business (《項目融資業務指引》), which require banking institutions to establish a sound operation flow and risk management system. Banking institutions are required to fully identify and evaluate risks associated with the project construction and operation period, including policy risk, financing risk, completion risk, product market risk, over-budget risk, raw material risk, operational risk, exchange rate risk, environmental risk and other related risks. Banking institutions are also required to focus on borrowers' repayment capability so that they can evaluate risks associated with technical and financial feasibility as well as repayment sources. In addition, banking institutions must ensure that borrowers set up a designated account to receive all revenues from projects, and must monitor such account and take actions in case of unusual movements;

- the Measures for the Administration of Peasant Household Loans (《農戶貸款管理辦法》), which clarify the scope of peasant household loans and encourage banking institutions to develop the business, formulate relevant operational strategies and enhance risk management capabilities in relation to such loans;

- the Administrative Measures on Automobile Loans (《汽車貸款管理辦法》), which require commercial banks to establish a credit rating system and monitoring system in connection with automobile loans. These regulations also set out certain required conditions in relation to applications for such automobile loans. In addition, the regulations state that the amount of automobile loans shall not, in each case, exceed 80% of the price of vehicles for self-use purpose, 70% of the price of vehicles for commercial purpose and 50% of the price of second-hand vehicles. Commercial banks are also required to ensure that borrowers provide pledges over their vehicles or other types of guarantees for automobile loans;

- the Guidelines on the Management of Risks of Real Estate Loans Granted by Commercial Banks (《商業銀行房地產貸款風險管理指引》), which require commercial banks to establish standards for the review and approval of real estate loans (including land reservation loans, estate development loans, personal residential housing loans, and commercial housing loans) and to develop risk management systems and internal control for the analysis of market risk, legal risk, and operational risk in the real estate loan market. Commercial banks are not allowed to grant real estate development loans to borrowers without land use right certificates and relevant permissions. The CBRC and its local offices conduct periodic inspections of the implementation of the guidelines;

- the Notice of the State Council on Firmly Curbing Excessive Rise of Housing Prices in Some Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which, among other things, requires commercial banks to strengthen the pre-lending examination and post-lending management of loans to real estate development enterprises, and prohibits commercial banks from granting new development loans to real estate developers which have idle land or which are involved in land speculation activities. The Notice of the General Office of the State Council on Further Working on the Market Regulation and Control of Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》) further prohibits commercial banks from making loans for new development projects to real estate developers which are engaged in illegal activities such as land hoarding and price speculation;

- the Notice of the PBoC and the CBRC on Further Improving Housing Financial Services (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), which, among other things, encourages banking institutions to support those shanty town reconstruction and affordable housing projects that meet conditions for credit while keeping risks at a controllable level and maintaining sustainable financial standing. The regulation provides that the maturity of loans to public rental housing and shanty town reconstruction may be extended to no more than 25 years. Subject to the need of risk prevention, banking institutions are required to allocate their credit resources reasonably and to support those real estate enterprises with sound qualification and operational integrity to develop and construct ordinary commercial housing, and to actively meet the reasonable demand for financing of on-going or continued construction projects with good market outlook;

- the Notice of the PBoC and the CBRC on Issues Concerning the Improvement of Differential Housing Credit Policies (《中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知》), which implements the Notice of the State Council on Firmly Curbing Excessive Rise of Housing Prices in Some Cities in respect of housing loans, requires all commercial banks not to grant housing loans to families who are purchasing a third or more residential property or to non-PRC residents who are unable to provide evidence of one or more years' payments of local tax or social security. With respect to a first-time purchase of any commercial residential property, the minimum down payment ratio is set at 30%, while the minimum down payment for a second-time home buyer is 50% with the interest rate being no less than 110% of the PBoC loan benchmark interest rate as set out in the Notice of the State Council on Firmly Curbing Excessive Rise of Housing Prices in Some Cities. In addition, the Notice of the General Office of the CBRC on Issues Concerning the Improvement of Housing Financial Services and the Reinforcement of Risk Management (《中國銀監會辦公廳關於做好住房金融服務加強風險管理的通知》) provides that the minimum down payment for a second-time home buyer is raised to 60% for housing loans granted after the issuance of the Notice of the General Office of the State Council on Issues Concerning Further Enforcing the Regulation and Control of Real Estate Market (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》). On September 29, 2014, the PBoC and the CBRC issued the Notice of the PBoC and the CBRC on Further Improving Housing Financial Services (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), which sets the minimum down payment ratio at 30% and the minimum interest rate at 70% of loan benchmark interest rate for a family purchasing a home for self-use for the first time. The regulation provides that banking institutions should apply the policies for first-time home buyers if a family already owns a residence, has fully repaid the relevant loan, and applies for a loan to purchase another ordinary commercial residence to improve its living condition. Further, in cities that have lifted or have not imposed the restrictions for property purchasing, when a family that owns two or more houses and has repaid in full all relevant loans applies for a loan to purchase another residence, banking institutions shall prudently determine the down payment ratio and the interest rate, taking into account the borrower's ability to make repayment and credit standing;

- the Notice of the PBoC, the Ministry of Housing and Urban-Rural Development and the CBRC on Issues Concerning the Housing Loan Policy for Individuals (《中國人民銀行、住房和城鄉建設部及中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知》) issued on March 30, 2015, which encourages banking institutions to continue to grant commercial individual loans and portfolio loans of housing provident fund entrusted loans to support households to buy ordinary self-use housing, aiming to further improving individual housing credit policy, supporting demand for resident-use houses and improved housing and promoting stable and healthy development of the real estate market. For households which own a set of housing with corresponding purchase loans outstanding and which further apply for commercial individual housing loans to purchase ordinary housings for improvement of living condition, the minimum ratio of down payment is adjusted to not less than 40%, and the specific ratio of down payment and interest rates is to be reasonably determined by banking institutions based on the credit status and repayment ability of borrows. For households of employees with paid-in housing provident funds which have purchased the first set of ordinary housing, the minimum down payment ratio is 20%. For households of employees with paid-in provident funds which have owned a set of housing with the corresponding purchase loans fully repaid and which further apply for housing provident fund entrusted loans to purchase ordinary housing for improvement of living condition, the minimum ratio of down payment is 30%;

- the Notice on Issues Concerning the Further Improvement of Differential Housing Credit Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) which was issued by the PBoC and the CBRC on September 24, 2015, in cities where "purchase restrictions" have not been implemented. For households which apply for commercial individual housing loans to purchase the first set of housing, the minimum down payment ratio is adjusted to be not less than 25%;

- the Notice of the MOF, NDRC, PBoC and CBRC on Implementing Several Matters relating to the Circular of the State Council on Relevant Issues Concerning Strengthening the Administration of Local Government Financing Vehicles (《財政部、國家發展和改革委員會、中國人民銀行、中國銀行業監督管理委員會關於貫徹〈國務院關於加強地方政府融資平台公司管理有關問題的通知〉相關事項的通知》), the Opinions of the MOF, the PBoC and the CBRC on Properly Solve the Follow-up Financing Issues of the On-going Projects of Local Government Financing Vehicles (《財政部、人民銀行、銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題的意見》), the Guiding Opinions of the CBRC on Strengthening the Risk Management of Loans to Financing Vehicles (《中國銀監會關於加強融資平台貸款風險管理的指導意見》), the Notice of Further Implementation of Risk Control and Management of Local Government Financing Vehicles in 2011 (《關於切實做好2011年地方政府融資平台貸款風險監管工作的通知》), the Guiding Opinions of the CBRC on Strengthening the Risk Control and Management of Loans to Local Financing

Vehicles in 2012 (《中國銀監會關於加強2012年地方政府融資平台貸款風險監管的指導意見》), which require that banking institutions strictly implement pre-lending investigation, examination at lending and post-lending inspection systems for loans to Local Government Financing Vehicles (the "LGFVs"), prudently grant loans to LGFVs and apply accurate classifications, and implement dynamic adjustment to reflect and assess accurately the risk profile of such loans. Banking institutions are also required to consider the debt burdens of local governments and the potential risks and expected losses of loans to LGFVs. The various regulations provide that the allowance for impairment losses is to be provided reasonably and the risk-weighting in calculating capital adequacy is to be determined by full coverage, basic coverage, semi-coverage and non-coverage of cash flow of such loans. In addition, the Guiding Opinions of the CBRC on Strengthening the Risk Control and Management of Loans to Local Financing Vehicles in 2013 (《中國銀監會關於加強2013年地方政府融資平台貸款風險監管的指導意見》) require each bank to impose aggregate loan limits on LGFVs and not to expand the scale of LGFVs, and also provide that, for the LGFVs with a cash flow coverage ratio lower than 100% or an asset-liability ratio higher than 80%, the proportion of their loans to total loans granted by the bank to vehicles should not exceed that of the previous year, and that the bank shall take measures to gradually reduce credit extension and actively collect such loans;

- the Guiding Opinions on Further Supporting the Restructuring and Revitalization of Key Industries and Curbing Overcapacity in Certain Industries through Financial Services (《關於進一步做好金融服務支持重點產業調整振興和抑制部分行業產能過剩的指導意見》), which provide that banking institutions should, in compliance with the Notice of the State Council on Ratifying and Forwarding the Several Opinions of the National Development and Reform Commission and Other Ministries on Curbing Overcapacity and Redundant Construction in Certain Industries and Guiding the Sound Development of Industries (《國務院批轉發展改革委等部門關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》) and in response to the national industrial policy and financial control requirements, extend credit based on the principle of differential treatment. For enterprises and projects that revitalize key industries, meet market entry requirements and comply with the bank's lending policy, the regulations provide that credit extension should be made in a timely and efficient manner. For those that fail to satisfy these conditions, the regulations provide that credit should not be extended. For projects in industries with overcapacity, the regulations provide that credit extension should be strictly examined prior to approval; and

- the Guidelines of Green Credit (《綠色信貸指引》), which require banking institutions to support energy saving, emission reduction and environment protection, and avoid the environmental and social risks of their customers. Under these Guidelines, banking institutions are required to effectively identify, measure, monitor and control environmental and social risks in their credit business activities, and to establish relevant risk management systems. Banks are also required to explicitly support green credit, formulate specific guidelines for credit extensions to restricted industries and those with substantial environmental and social risks, carry out differential and dynamic credit extension policies, and implement risk exposure management systems.

Encouraging Providing Financing for Small and Micro-Enterprises

In order to improve the provision of financial services to small enterprises, the CBRC issued the Guidance Opinions on Credit Extension to Small Enterprises by Banks (銀行開展小企業授信工作指導意見) on June 29, 2007 and the Guidelines for the Due Diligence by Commercial Banks in Credit Extension to Small Enterprises (Interim) (商業銀行小企業授信工作盡職指引(試行)) on September 26, 2006, which set forth certain requirements for commercial banks in connection with the provision of better financial services to small enterprises, including the establishment of an independent department to engage in such business, employment of professional staff and the application of differentiated credit extension management.

The CBRC issued the Opinions on Enhancing Financial Services for Micro-enterprises (中國銀監會關於深化小微企業金融服務的意見) on March 21, 2013, which requires commercial banks to further improve the financial service system for small and micro-enterprises. In particular, it encourages small and medium-sized banks to scientifically adjust their credit portfolios and focus on supporting the development of small and micro-enterprises and regional economies. The General Office of the State Council of the PRC issued the Guidance Opinions on Financial Support for the Adjustment, Transformation and Upgrading of Economic Structure (國務院辦公廳關於金融支持經濟結構調整和轉型升級的指導意見) on July 1, 2013 and the Implementation Opinions on Providing Financial Support to the Development of Small and Micro Enterprises (國務院辦公廳關於金融支持小微企業發展的實施意見) on August 8, 2013, which encourage financial institutions to provide comprehensive financial services to support the development of small and micro-enterprises.

In order to promote the provision of financial services for small and micro enterprises by the banking industry, the CBRC issued the Guidance Opinions on Further Improving Financial Services for Small and Micro Enterprises (關於進一步做好小微企業金融服務工作的指導意見) on August 29, 2013, which require commercial banks to actively adjust credit structure, separately list annual credit plans for small and micro enterprises, distribute reasonable tasks to various branches and sub-branches, optimize the performance assessment mechanism and, provided that the business is sustainable and risks are under effective control, such tasks shall be promoted and implemented level-by-level by chief responsible persons. At the same time, financial institutions in the banking industry shall fully utilize the circulation and securitization of credit assets to provide financing support to small and micro enterprises and apply revitalized capital mainly in loans for small and micro enterprises. Commercial banks shall practically increase investments in credit resources and strengthen evaluation efforts for small and micro enterprises so as to achieve the “two no lower” goals, namely, the growth rate of loans to small and micro enterprises shall not be lower than the average growth rate of all kinds of loans, and the increase in volume of loans to small and micro enterprises shall not be lower than that for the same period of the previous year, under the pre-condition of controllable risks and in accordance with their own market positioning and development strategies.

The CBRC issued the Guiding Opinions on the Financial Service Work for Small Enterprises and Micro Enterprises in 2015 (《關於2015年小微企業金融服務工作的指導意見》) on March 3, 2015, which explicitly points out that, in 2015, commercial banks shall continue to implement the existing small enterprises and micro enterprises financial service policy. On the basis of effective enhancing loan increment, it endeavors to achieve (i) the growth rate of loans to small enterprises and micro enterprises being not lower than the average growth of each loan; (ii) the number of small enterprises and micro enterprises loan customers being not lower than that in the same period of last year; and (iii) the approval rate of its loans granted to small and micro enterprises being not lower than that of the previous year.

Foreign Exchange Business

Commercial banks are required to obtain approvals from the CBRC and the SAFE to conduct the business of foreign exchange. Under the PRC's anti-money laundering laws and regulations, PRC financial institutions are required to report to the Anti-money Laundering Monitoring and Analysis Center any large or suspicious foreign exchange transactions which they encounter on a timely basis.

Securities and Asset Management Businesses

Commercial banks in the PRC are generally prohibited from trading and underwriting equity securities. Commercial banks in the PRC are permitted to: (i) underwrite and deal in Chinese government bonds, financial institution bonds and commercial bonds issued by qualified non-financial institutions; (ii) act as agents in transactions involving securities, including bonds issued by the Chinese government, financial institutions and other corporate entities; (iii) provide institutional and individual investors with comprehensive asset management advisory services; (iv) act as financial advisors in connection with large infrastructure projects, mergers and acquisitions and bankruptcy reorganizations; and (v) act as custodians for funds, including securities investment funds and corporate annuity funds.

Under the Administrative Measures on the Custodian Business for Securities Investment Fund (《證券投資基金託管業務管理辦法》) issued by the CSRC on April 2, 2013 and effective on the same day (which replaced the Administrative Measures on Qualifications for Securities Investment Fund (《證券投資基金託管資格管理辦法》), a commercial bank may be permitted to engage in the custodian business for securities investment funds, if, among other requirements, such commercial bank had year-end net assets of not less than RMB2 billion for each of the previous three fiscal years and if its capital adequacy ratio fulfils the relevant regulatory requirements. The fund custodian must ensure the separation of its custodian business from its other businesses, as well as the segregation of its fund assets. The CSRC and the CBRC are jointly responsible for examining and approving the qualifications and supervising the activities of fund custodians. According to the Measures for the Administration of Enterprise Annuity Funds (《企業年金基金管理辦法》) issued jointly by the Ministry of Human Resources and Social Security, the CBRC and other authorities on February 12, 2011 and effective on May 1, 2011 (which replaced the Interim Measures for the Administration of Enterprise Annuity Funds (《企業年金基金管理試行辦法》), commercial banks acting as custodians of enterprise annuity funds are required to report to the relevant regulatory bodies and establish a specialized funds custodian department. On April 30, 2015, the Ministry of Human Resources and Social Security issued the Decision of the Ministry of Human Resources and Social Security on Amendments to Several Regulations (《人力資源社會保障部關於修改部分規章的決定》), which amended the Measures for the Administration of Enterprise Annuity Funds (《企業年金基金管理辦法》) by abolishing relevant requirements regarding the registered capital and net assets of corporate trustee, account manager, custodian and investment manager.

Insurance Agency Business

Commercial banks in the PRC are not permitted to underwrite insurance policies, but are permitted to act as agents to sell insurance products through their distribution networks. Commercial banks that conduct agency sales of insurance products are required to comply with applicable rules issued by the CIRC, for example, each outlet of a commercial bank may, in principle, cooperate with no more than three insurance companies in a fiscal year to sell their insurance products. If the outlet cooperates with more than three insurance companies, the outlet must report to the local branch of the CBRC. Pursuant to the Supervisory Guidance on the Insurance Agency Business of Commercial Banks (《商業銀行代理保險業務監管指引》) jointly issued by the CIRC and the CBRC on March 7, 2011, if a commercial bank operates an insurance agency business, each of its business outlets is required to obtain the requisite license issued by the CIRC and authorization from the tier-one branch of the commercial bank before operating such business. On January 8, 2014, the CIRC and the CBRC jointly issued the Notice Concerning Further Regulation of Agency Sales of Insurance Business Conducted by Commercial Banks (《中國保監會、中國銀監會關於進一步規範商業銀行代理保險業務銷售行為的通知》), which requires commercial banks to assess the demands and risk tolerance of the policyholders, and recommend insurance products based on the assessment results. In addition, the total premium received by a commercial bank from agency sales of accident insurance, health insurance, term life insurance, whole life insurance, annuity insurance with an insurance period of no less than 10 years, endowment insurance with an insurance period of no less than 10 years, property insurance (excluding investment insurance offered by property insurance companies), guarantee insurance and credit insurance shall be no less than 20% of the total premium of its insurance agency business.

Wealth Management

In September 2005, the CBRC issued the Interim Measures on Administration of the Personal Wealth Management Services of Commercial Banks (《商業銀行個人理財業務管理暫行辦法》). In addition to domestic personal wealth management, the PBoC, the CBRC and the SAFE jointly issued the Interim Administrative Measures for Commercial Banks to Provide Overseas Financial Management Services (《商業銀行開辦代客境外理財業務管理暫行辦法》), effective on April 17, 2006, which permitted duly licensed commercial banks to make overseas investments using funds from investors in pre-approved financial products on behalf of domestic institutions and individuals.

Commercial banks are also subject to certain restrictions on personal wealth management products. In addition, under the Guidelines for the Risk Management of the Personal Wealth Management Services of Commercial Banks (《商業銀行個人理財業務風險管理指引》) issued by the CBRC in September 2005, commercial banks are required to establish an auditing and reporting system in respect of their wealth management services and to report any material risk management issues to the relevant authorities. Since then, the CBRC has issued a series of regulations in an effort to further improve the reporting mechanism and risk control of personal wealth management services provided by commercial banks. To further standardize and regulate the sales of wealth management products, the CBRC issued the Administrative Measures on the Sales of Wealth Management Products of Commercial Banks (《商業銀行理財產品銷售管理辦法》) in August 2011, which require commercial banks to prudently operate and disclose their wealth management business to fully protect the interests of consumers in a timely manner. According to the aforementioned measures and the notice, sale of wealth management plans by commercial banks is subject to reporting requirement.

On March 25, 2013, the CBRC issued the Notice on the Regulation of the Investment and Operation of Wealth Management Business by Commercial Banks (《關於規範商業銀行理財業務投資運作有關問題的通知》) to enhance the regulation of the wealth management business of commercial banks. This notice requires commercial banks to clearly link each wealth management product with its underlying investment asset. Moreover, the balance of wealth management funds invested by a commercial bank in non-standard debt-based assets cannot exceed the lower of (i) 35% of the balance of the commercial bank's wealth management products, and (ii) 4% of the commercial bank's total assets as disclosed in its annual audit report for the prior fiscal year.

On July 10, 2014, CBRC issued the Notice on Improving Management System of Bank's Wealth Management Service Organizations (Yin Jian Fa [2014] No.35) (《關於完善銀行理財業務組織管理體系有關事項的通知》(銀監發[2014]35號)), requiring commercial banks to improve their management system of wealth management service organizations. The Notice requires commercial banks to reform their wealth management service divisions based on the requirements of separate accounting, risk isolation, conduct standardization and centralized management, and set a dedicated operating department for wealth management services responsible for the centralized and unified management and management of wealth management services of the bank. It clarifies that commercial banks shall satisfy the following prudential regulatory requirements when providing wealth management services: (1) key regulatory indicators satisfy regulatory requirements; (2) have sound information technology system, able to support the standard operation of business division and the separate accounting of the bank's wealth management products; (3) have set risk monitoring index and risk appetite, and have established complete separate accounting system and internal control system for their respective business lines; (4) have personnel and expert team with corresponding qualifications and extensive experience in the industry; (5) report information on their wealth management products in the National Banking Financial Information Registration System (《全國銀行業理財信息登記系統》) in a timely and accurate way, without any significant fault, omission or other acts of fraud in reporting; and (6) other prudential requirements provided by banking regulations.

Inter-bank Business

On April 24, 2014, the PBoC, the CBRC, the CSRC, the CIRC and the SAFE jointly issued the Circular on Regulating Inter-bank Businesses of Financial Institutions (《關於規範金融機構同業業務的通知》) (Yin Fa [2014] No.127) ("Circular 127"), which sets out certain requirements in connection with regulating inter-bank business operations, the enhancement and improvement in the internal and external management of inter-bank businesses, and the promotion of compliant and innovative assets and liabilities businesses. For example, (i) Circular 127 defines and regulates inter-bank investment and financing businesses, including inter-bank lending, inter-bank deposits, inter-bank borrowing, inter-bank payments, financial assets held under resale agreements or financial assets sold under repurchase agreements; and the Circular also required that inter-bank businesses (with investment and financing being the core businesses) should be classified into different categories in accordance with their substance, and should be managed based on the classification; (ii) financial assets held under resale agreements and financial assets sold under repurchase agreements shall only include bank acceptance bills, bonds, treasury bills and other financial assets with a reasonable fair value and high liquidity that are traded on the interbank market or securities exchange market; (iii) financial institutions that engage in the business of financial assets held under resale agreements and financial assets sold under repurchase agreements and inter-bank investment business shall not accept or provide any direct or indirect, explicit or implicit credit guarantee from or for any third-party financial institutions, except as otherwise permitted by the central government; (iv) financial institutions shall accurately measure risks and set aside capital and make provisions pursuant to the principle of "substance over form" and according to the nature of the underlying assets invested; (v) financial institutions shall determine the financing term in a reasonable and prudent manner; and the term of inter-bank borrowing may not exceed three years and the term of other inter-bank financings may not exceed one year, and such terms may not be extended upon their maturity; (vi) the net balance of inter-bank funds (excluding inter-bank deposits for settlement purposes) extended by a single commercial bank to another financial institution with legal person status after deducting assets with zero risk weight may not exceed 50% of the bank's tier-one capital; and the net balance of inter-bank funds borrowed by a single commercial bank may not exceed one third of its total liabilities; and (vii) financial institutions engaging in inter-bank businesses shall establish a sound risk management system and internal control system and adopt correct accounting treatments.

We have been in strict compliance with the requirements of Circular 127 and no longer carry out the interbank businesses prohibited thereunder, thereby enhancing our compliance management. We have continued to establish our system of sound investment products by collating the characteristics of each type of product to identify risks and have developed the appropriate approval processes and risk prevention measures. Our risk management has been bolstered through examination before investment, monitoring during the investment and post-investment management. The implementation of Circular 127 has not resulted in any material adverse effect on our interbank business operations and our development has maintained its strong momentum.

On May 8, 2014, the General Office of the CBRC issued the Notice on the Regulation of the Management of Inter-bank Business Conducted by Commercial Banks (《關於規範商業銀行同業業務治理的通知》) (Yin Jian Ban Fa [2014] No. 140) ("Circular 140"), which requires commercial banks to establish a management system for inter-bank businesses based on the scale and complexity of the inter-bank businesses conducted, and conduct all inter-bank businesses through specialized departments by the end of September 2014. For the inter-bank businesses which can be conducted in the form of electronic transactions via financial trading markets, such as inter-bank borrowing and lending, bonds held under resale agreements and bonds sold under repurchase agreements and certificates of inter-bank deposits, specialized departments may not entrust other departments or branches to handle them. For the inter-bank business which cannot be conducted in the form of electronic transactions via financial trading markets, specialized departments may entrust other departments or branches to conduct operations such as marketing and inquiry, project initiation and customer relationship maintenance. The specialized departments, however, must approve the counterparty, amount, term, pricing and contract on a case-by-case basis, and shall be responsible for centralizing accounting treatment and assuming full risk control accountability. Commercial banks shall establish a sound management system for the authorization of inter-bank businesses, improve the credit management policies and the counterparty entry system.

Electronic Banking

In January 2006, the CBRC issued the Administrative Measures Regulating the Electronic Banking Business (《電子銀行業務管理辦法》) and Security Evaluation Guidelines on Electronic Banking (《電子銀行安全評估指引》) in an effort to enhance risk management and security standards in this sector. All banking institutions applying to establish an e-banking business are required to have sound internal control and risk management systems and are not permitted to have any major accidents relating to their primary information management and operations processing systems in the year immediately prior to the submission of their application. In addition, all banking institutions conducting e-banking business must adopt security measures to ensure the confidentiality of information and to prevent the unauthorized use of e-banking accounts.

In order to regulate the management of customer information by commercial banks and to effectively protect customer information, the CBRC issued the Notice on Enhancing the Management of Customer Information of Electronic Banking (《關於加強電子銀行客戶信息管理工作的通知》) on August 9, 2011, which stresses the importance of commercial banks to be committed to the work concerning the security and confidentiality of customer information. Without customers' authorization, commercial banks may not directly or indirectly provide customers' sensitive information to third-party organizations. A centralized electronic banking management department shall be specified for the electronic funds transfer and payment business in order to ensure the safe, stable and ongoing operations of the business.

Credit Cards

On January 13, 2011, the CBRC issued the Measures for the Supervision and Administration of the Credit Card Business of Commercial Banks (《商業銀行信用卡業務監督管理辦法》), which set forth conditions that commercial banks must meet to conduct credit card businesses, including obtaining prior approval from the CBRC. Commercial banks are required to establish effective internal control and risk management systems to monitor the operation of their credit card business, as well as to protect the legal rights of customers and protect their personal information. Commercial banks are also required to fully disclose the risks related to the use of credit cards to their customers and establish comprehensive mechanisms to handle relevant complaints.

According to the Measures of CBRC for the Implementation of Administrative Licensing Matters Concerning Chinese-funded Commercial Banks (《中國銀監會中資商業銀行行政許可事項實施辦法》), which came into effect on June 5, 2015, the credit card business application by city commercial banks shall be handled, examined and decided by its local offices of CBRC.

Proprietary Investments

In general, commercial banks in the PRC are prohibited from making domestic investments other than in debt instruments issued by the Chinese government and financial institutions, short-term commercial paper, medium-term notes and corporate bonds issued by qualified non-financial institutions, and certain derivative products. Unless approved by the Chinese government, commercial banks in the PRC are prohibited from engaging in trust investment and securities businesses, or investing in real property (other than for their own use) or non-banking financial institutions and enterprises.

Business of Community Sub-Branches and Sub-Branches for Small and Micro Enterprises

On December 5, 2013, the General Office of the CBRC issued the Notice on Establishment of Community Sub-Branches and SME Sub-Branches by Small- and Medium- sized Commercial Banks (《關於中小商業銀行設立社區支行、小微支行有關事項的通知》), supporting eligible small- and medium-sized commercial banks to set up community sub-branches and sub-branches for small and micro enterprises with their own characteristics on the condition that their risks and costs are manageable. As a special type of sub-branch, the community sub-branches and sub-branches for small and micro enterprises are simply bank outlets that are specially set up to serve community residents and small and micro enterprises. To set up such sub-branches, banks are required to complete relevant administrative examination and approval procedures to obtain the license. The existing bank outlets providing inquiry service, which are characterized by "self-service bank plus people", should be classified as community sub-branches and sub-branches for small and micro enterprises, and applications should be submitted for their establishment pursuant to relevant admission procedures.

Financial Innovation

In December 2006, the CBRC issued the Guidelines on Financial Innovation of Commercial Banks (《商業銀行金融創新指引》), the purpose of which is to encourage PRC commercial banks to prudently engage in financial innovation-related activities, including developing new businesses and products and improving existing businesses and products, expanding their scope of business, enhancing cost efficiency and profitability, and reducing their reliance on lending business for profits. To facilitate financial innovation by PRC commercial banks, the CBRC has indicated that it will streamline and increase the efficiency of the examination and approval procedures for new products.

Internet Finance

On July 18, 2015, PBoC, CBRC, Ministry of Industry and Information Technology, and other authorities jointly issued the Guiding Opinions on Facilitating the Healthy Development of Internet Finance (《關於促進互聯網金融健康發展的指導意見》) to provide the following guidelines to promote the financial reform and innovation and the healthy development of internet finance: (i) to encourage innovations and support the prudent development of internet finance; (ii) to specify the supervisory responsibilities of different internet finance activities; (iii) to establish a sound system to regulate the internet finance market.

Deposit Insurance Program

Deposits

Pursuant to the requirements of the Regulations on Deposit Insurance (《存款保險條例》, the "Regulations") promulgated by the State Council on February 17, 2015, which came into effect on May 1, 2015, deposit-taking banking financial institutions (collectively, "insured institutions") including, among others, commercial banks, rural cooperative banks and rural credit cooperatives, shall maintain deposit insurance in accordance with the requirements of the Regulations. Insured deposits include RMB deposits and foreign currency deposits placed with insured institutions. However, deposits placed with peer financial institutions, deposits of senior management officers of the insured institutions placed with their respective insured institutions and other deposits not subject to insurance pursuant to the requirements of the deposit insurance fund administrative authority are excluded.

Deposit insurance is subject to a maximum settlement limit of RMB500,000. The PBoC and the relevant departments of the State Council may jointly adjust the maximum settlement limit according to factors such as economic development, changes in the structure of deposits and financial risk conditions and others, and report the adjusted limit to the State Council for approval before it is promulgated for implementation. If the amount of funds calculated as the sum of principal and interest of deposits in an insured deposit account with the same insured institution by the same depositor is within the maximum settlement limit, settlement will be made in full amount; any portion in excess of the maximum settlement limit shall be compensated by the liquidated properties of the insured institution according to law. The insured institution shall pay insurance premium once every six months in accordance with the requirements of the deposit insurance fund administrative authority.

PRICING OF PRODUCTS AND SERVICES

Interest Rates for Loans and Deposits

Interest rates for RMB-denominated loans and deposits were historically set by the PBoC. In accordance with the PRC Commercial Banking Law, each commercial bank is required to determine both its loan rate within the maximum and minimum loan rate limits and its deposit rate within the maximum and minimum deposit rate limits, in each case, as set by the PBoC. In recent years, the PBoC has gradually liberalized its regulation of interest rates, allowing banks more flexibility to determine the interest rates for RMB-denominated loans and deposits. According to the current PBoC requirements, a commercial bank in China may set its interest rate for RMB-denominated deposit and the interest rate for RMB-denominated loans (except for personal residential housing loans) at its own discretion. The table below sets out, for the periods indicated, the permitted range of interest rates for RMB-denominated loans and deposits.

	Loans since July 20, 2013(1)	**Deposits since October 24, 2015** (2)
Maximum interest rates	No Cap	No cap
Minimum interest rates	No minimum	No minimum

Source: PBoC

(1) *From March 17, 2005 to August 18, 2006, interest rates for personal residential mortgage loans were regulated in the same way as most other types of loans. Since August 19, 2006, the minimum interest rate for personal residential mortgage loans has been adjusted to 85% of the PBoC benchmark lending rate. Since October 27, 2008, the minimum interest rate for personal residential mortgage loans has been adjusted to 70% of the PBoC benchmark lending rate. Since April 17, 2010, the minimum interest rates for the loans to second-time home buyers have been adjusted to 110% of the PBoC benchmark lending rate. On July 20, 2013, the PBoC removed the minimum interest rate requirement for new loans provided by commercial banks, whereas the minimum interest rates for new personal residential mortgage loans remained at 70% of the PBoC benchmark lending rates. On September 29, 2014, the PBoC and the CBRC stipulated that the policies for first-time home buyers should apply if a family already owned a residence, had fully repaid the relevant loan, and applied for a loan to purchase another ordinary commercial residence to improve its living condition.*

(2) *Beginning on October 29, 2004, commercial banks in the PRC have been permitted to set their own interest rates on RMB-denominated deposits so long as such interest rates were not higher than the relevant PBoC benchmark rates. Since June 8, 2012, commercial banks in the PRC have been allowed to set their own interest rates on RMB-denominated deposits up to 110% of the relevant PBoC benchmark rates. With effect from November 22, 2014, the PBoC raised the maximum interest rates for RMB-denominated deposits to 120% of the PBoC benchmark interest rate. Since March 1, 2015, commercial banks in the PRC have been allowed to set their own interest rates on RMB-denominated deposits up to 130% of the relevant PBoC benchmark rates. With effect from May 11, 2015, PBoC raised the maximum interest rates for RMB -denominated deposits to 150% of PBoC benchmark interest rate. However, these restrictions do not apply to interest rates on negotiated deposits, which are deposits by domestic insurance companies in amounts of RMB30 million or more or deposits by social security funds in amounts of RMB500 million or more, in each case with a term longer than five years; or deposits by Postal Savings Bank of China in amounts of RMB30 million or more with a term longer than three years, or deposits by personal account pension funds in amounts of RMB500 million or more with a term longer than (excluding) five years. With effect from August 26, 2015, PBoC has decided to liberalize the upper floating limit of interest rates for fixed deposits with a term above one year (excluding one year), while the upper floating limit of interest rates for demand deposits and fixed deposits with a term of less than one year shall remain unchanged. Effective from October 24, 2015, PBoC removed interest rate cap on Renminbi-denominated deposits.*

From 2008 to the Latest Practicable Date, the PBoC has adjusted the benchmark rate for RMB-denominated loans 18 times and the benchmark rate for RMB-denominated deposits 17 times.

The table below sets out the PBoC benchmark rates for RMB-denominated loans since 2008.

Date of adjustment	Six months or less	Six months to one year (inclusive of one year)	One to three years (inclusive of three years)	Three to five years (inclusive of five years)	More than five years	Housing Fund Loan: Five years or less	Housing Fund Loan: More than five years
	(interest rate per annum %)						
September 16, 2008	6.21	7.20	7.29	7.56	7.74	4.59	5.13
October 9, 2008	6.12	6.93	7.02	7.29	7.47	4.32	4.86
October 30, 2008	6.03	6.66	6.75	7.02	7.20	4.05	4.59
November 27, 2008	5.04	5.58	5.67	5.94	6.12	3.51	4.05
December 23, 2008	4.86	5.31	5.40	5.76	5.94	3.33	3.87
October 20, 2010	5.10	5.56	5.60	5.96	6.14	3.50	4.05
December 26, 2010	5.35	5.81	5.85	6.22	6.40	3.75	4.30
February 9, 2011	5.60	6.06	6.10	6.45	6.60	4.00	4.50
April 6, 2011	5.85	6.31	6.40	6.65	6.80	4.20	4.70
July 7, 2011	6.10	6.56	6.65	6.90	7.05	4.45	4.90
June 8, 2012	5.85	6.31	6.40	6.65	6.80	4.20	4.70
July 6, 2012	5.60	6.00	6.15	6.40	6.55	4.00	4.50
November 22, 2014	5.60	5.60	6.00	6.00	6.15	3.75	4.25
March 1, 2015	5.35	5.35	5.75	5.75	5.90	3.50	4.00
May 11, 2015	5.10	5.10	5.50	5.50	5.65	3.25	3.75
June 28, 2015	4.85	4.85	5.25	5.25	5.40	3.00	3.50
August 26, 2015	4.60	4.60	5.00	5.00	5.15	2.75	3.25
October 24, 2015	4.35	4.35	4.75	4.75	4.90	2.75	3.25

Source: PBoC

The table below sets out the PBoC benchmark rates for RMB-denominated deposits since 2008.

Date of adjustment	Demand deposits	Time deposits: Three months	Time deposits: Six months	Time deposits: One year	Time deposits: Two years	Time deposits: Three years	Time deposits: Five years
	(interest rate per annum %)						
October 9, 2008	0.72	3.15	3.51	3.87	4.41	5.13	5.58
October 30, 2008.	0.72	2.88	3.24	3.60	4.14	4.77	5.13
November 27, 2008	0.36	1.98	2.25	2.52	3.06	3.60	3.87
December 23, 2008	0.36	1.71	1.98	2.25	2.79	3.33	3.60
October 20, 2010	0.36	1.91	2.20	2.50	3.25	3.85	4.20
December 26, 2010	0.36	2.25	2.50	2.75	3.55	4.15	4.55
February 9, 2011	0.40	2.60	2.80	3.00	3.90	4.50	5.00
April 6, 2011	0.50	2.85	3.05	3.25	4.15	4.75	5.25
July 7, 2011	0.50	3.10	3.30	3.50	4.40	5.00	5.50
June 8, 2012	0.40	2.85	3.05	3.25	4.10	4.65	5.10
July 6, 2012	0.35	2.60	2.80	3.00	3.75	4.25	4.75
November 22, 2014	0.35	2.35	2.55	2.75	3.35	4.00	N/A[(1)]
March 1, 2015	0.35	2.10	2.30	2.50	3.10	3.75	N/A
May 11, 2015	0.35	1.85	2.05	2.25	2.85	3.50	N/A
June 28, 2015	0.35	1.60	1.80	2.00	2.60	3.25	N/A
August 26, 2015	0.35	1.35	1.55	1.75	2.35	3.00	N/A
October 24, 2015	0.35	1.10	1.30	1.50	2.10	2.75	N/A

Source: PBoC

(1) With effect from November 22, 2014, the PBoC will not publish the benchmark interest rate on RMB-denominated deposits for a term of five years.

The PBoC generally does not regulate interest rates for foreign currency-denominated loans or deposits.

Historically, commercial banks were permitted to determine the discount rate based on the rediscount rate set by the PBoC. On November 27, 2008, the PBoC set the rediscount rate to commercial banks at 2.97% per annum, which was lowered to 1.80% on December 23, 2008 and then raised to 2.25% on December 26, 2010. According to the Notice of the People's Bank of China on Further Promoting the Liberalization of Interest Rate (《中國人民銀行關於進一步推進利率市場化改革的通知》) announced by the PBoC in July 2013, since July 20, 2013, commercial banks are permitted to determine the discount rate for their discounted bills.

Pricing for Fee- and Commission-based Products and Services

To improve the service standards of the banking industry and enhance the industry's social responsibilities under the principle of market orientation, the CBRC, the PBoC and the NDRC jointly issued the Notice on the Waiver of Some Service Charges of Banking Institutions (《關於銀行業金融機構免除部分服務收費的通知》) on March 9, 2011, which requires banking institutions to waive 34 charging items in relation to RMB personal accounts starting from July 1, 2011. In an effort to further regulate banking institutions' charging items, on January 20, 2012, the CBRC issued the Notice on Rectifying the Irregular Operations of Banking Financial Institutions (《關於整治銀行業金融機構不規範經營的通知》), which sets out certain prohibited operations in relation to charging items for banking institutions' credit business and enhances the transparency of pricing. Under the Administrative Measures on Pricing of Commercial Banking Services (《商業銀行服務價格管理辦法》) jointly issued by the CBRC and the NDRC on February 14, 2014 and effective on August 1, 2014, other than those services the pricing for which are guided or determined by the government, commercial banks' services are priced based on market conditions. In the event that the commercial bank increases the service prices or sets new service prices based on market conditions, the bank is required to make public such prices at least three months prior to the implementation of such prices in accordance with the Measures. The basic financial services provided by commercial banks to bank clients shall be subject to government-guided pricing and government-fixed pricing management. The basic financial services subject to government-guided pricing and government-fixed pricing shall include remittance transfers, cash remittances, cash withdrawal, bills and other services of commercial banks.

REQUIRED DEPOSIT RESERVE

Commercial banks are required to maintain a percentage of their total deposits as reserves with the PBoC to ensure they have sufficient liquidity to meet customer withdrawals. Currently, we are required to maintain a deposit reserve equal to 13.5% of their total outstanding Renminbi deposits according to the relevant requirements of the PBoC.

SUPERVISION AND REGULATION

The following table sets forth the historical RMB statutory reserve ratios applicable to our Bank since 2008. There has been no further adjustment made by the PBoC to the statutory reserve ratio applicable to our Bank from March 1, 2016 up to the Latest Practicable Date.

Date of adjustment	Deposit reserve ratios
	(%)
January 25,2008	15
March 25, 2008	15.5
April 25, 2008	16
May 20, 2008	16.5
June 15,2008	17
June 25,2008	17.5
September 25, 2008	16.5
October 15, 2008	16
December 5, 2008	14
December 25, 2008	13.5
January 18,2010	14
February 25, 2010	14.5
May 10, 2010	15
November 16, 2010	15.5
November 29, 2010	16
December 20, 2010	16.5
January 20,2011	17
February 24, 2011	17.5
March 25, 2011	18
April 21, 2011	18.5
May 18, 2011	19
June 20,2011	19.5
December 5, 2011	19
February 24, 2012	18.5
May 18, 2012	18
February 5, 2015	17.5
April 20, 2015	16.5
September 6, 2015	16
October 24, 2015	15
February 25, 2016	14
March 1, 2016	13.5

Source: PBoC

SUPERVISION OVER CAPITAL ADEQUACY

Latest CBRC Supervisory Standards Over Capital Adequacy

Prior to March 1, 2004, commercial banks were required to maintain a minimum capital adequacy ratio of 8% and a minimum core capital adequacy ratio of 4%, calculated based on the following formulae in accordance with the CBRC requirements:

$$\text{Capital adequacy ratio} = \frac{\text{Capital - } \textit{capital deductions}}{\textit{on - and off - balance sheet risk - weighted assets}} \text{x100\%}$$

$$\text{Core Capital adequacy ratio} = \frac{\text{Core Capital - core capital deductions}}{\textit{on - and off - balance sheet risk - weighted assets}} \text{x100\%}$$

On February 23, 2004, the CBRC issued the Measures for the Management of Capital Adequacy Ratios of Commercial Banks (《商業銀行資本充足率管理辦法》) ("Capital Adequacy Measures") which became effective on March 1, 2004 and was amended on July 3, 2007 and superseded by the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》) ("Capital Administrative Measures") on January 1, 2013. We were required to comply with the Capital Adequacy Measures before January 1, 2013. While the Capital Administrative Measures did not change the pre-existing requirements of a minimum 8% capital adequacy ratio and a minimum 4% core capital adequacy ratio, it amended the risk weighting for various assets and adjusted the components of capital. In addition, the Capital Administrative Measures required commercial banks to make adequate allowance for various impairment losses, including those associated with loans, before calculating their capital adequacy ratios. These changes resulted in a more stringent capital adequacy requirement.

In accordance with the Capital Adequacy Measures, capital adequacy ratios were calculated based on the following formulae in accordance with the CBRC requirements:

$$\text{Capital adequacy ratio} = \frac{\text{Capital - } \textit{capital deductions}}{\textit{Risk - weighted assets + 12.5 x capital for market risk}} \text{ x 100\%}$$

$$\text{Core Capital adequacy ratio} = \frac{\text{Core Capital - } \textit{core capital deductions}}{\textit{Risk - weighted assets + 12.5 x capital for market risk}} \text{ x 100\%}$$

In the above formulae:

Capital	Includes both core capital and supplementary capital.
Core Capital	Includes paid-in capital or common shares, capital reserve, surplus reserve, retained earnings and minority interests.

Supplementary Capital	Includes up to 70% of the reserve for revaluation, general provisions, preference shares, qualifying convertible bonds, qualifying long-term subordinated debt, qualifying hybrid capital bonds and changes in fair value. (Any positive change of no more than 50% to the fair value of available-for-sale bonds that have been included as part of the owners' equity interests may be calculated as supplementary capital; and any negative change to the fair value shall be deducted from supplementary capital in full. When a commercial bank calculates its capital adequacy ratio, it shall transfer the fair value of available-for- sale bonds that have been included in the capital reserves from the core capital into the supplementary capital.)
Capital deductions	Include goodwill, capital investments in non-consolidated financial institutions, and equity investments in non-banking financial institutions and enterprises and capital investment in real estate that is not for self-use.
Core capital deductions	Include goodwill, 50% of capital investments in non-consolidated financial institutions, 50% of equity investments in non-banking financial institutions and enterprises and 50% of capital investment in real estate that is not for self-use.
Risk-weighted assets	Refer to the assets calculated by multiplying the value of on- and off-balance-sheet assets by their corresponding risk weightings, after taking into account risk-mitigating factors.
Market risk capital	Refers to the capital that a bank is required to provide for the market risks relating to its assets. Commercial banks with total trading book positions greater than 10% of the bank's total on- and off-balance sheet assets or over RMB8,500 million are required to make provisions for market risk capital.

On June 7, 2012, the CBRC announced the Capital Administrative Measures, setting up a new capital adequacy regulatory system by reference to Basel III to replace the Capital Adequacy Measures. The Capital Administrative Measures have been in effect since January 1, 2013. In particular, the Capital Administrative Measures establish a unified and comprehensive capital adequacy regulatory system, redefine the meaning of capital, enlarge the scope of risks to be covered by capital, put stress on the scientific classification and differentiated supervision of the capital adequacy levels of commercial banks and give commercial banks a transitional period for meeting the new capital adequacy requirements.

Under the Capital Administrative Measures, capital adequacy ratios are calculated according to the following formulae in accordance with the CBRC requirements:

$$\text{Capital adequacy ratio} = \frac{\text{Total Capital - } \textit{corresponding capital deductions}}{\textit{Risk-weighted assets}} \times 100\%$$

$$\text{Tier-one Capital adequacy ratio} = \frac{\text{Tier-one Capital - } \textit{corresponding capital deductions}}{\textit{Risk-weighted assets}} \times 100\%$$

$$\text{Core tier-one Capital adequacy ratio} = \frac{\text{Core tier-one capital - } \textit{corresponding capital deductions}}{\textit{Risk-weighted assets}} \times 100\%$$

Total Capital	Includes core tier-one capital, other tier-one capital and tier-two capital.
Tier-one Capital	Includes both core tier-one capital and other tier-one capital.
Core tier-one Capital	Includes paid-in capital or common shares, capital reserve, surplus reserve, general reserve, retained earnings and applicable portions of minority shareholders' capital that may be included.
Other tier-one Capital	Includes both other tier-one capital instrument as well as its premium and applicable portions of minority shareholders' capital that may be included.
Tier-two Capital	Includes both tier-two capital instrument as well as its premium, excess allowance for loss and portions of minority shareholders' capital that may be included.
Corresponding capital deductions	Items that should be deducted correspondingly when commercial banks calculate the capital adequacy ratio at each tier.
Risk-weighted assets	Includes credit risk-weighted assets, market risk- weighted assets and operational risk-weighted assets.

Commercial banks may adopt the weighted method or the internal ratings-based approach to measure credit risk-weighted assets.

Market risk-weighted assets are measured by multiplying the required capital for market risk by 12.5. Calculation of market risk capital should cover the interest rate risk and stock risk associated with the commercial banks' trading accounts as well as all exchange rate risk and commodity risk. Commercial banks may adopt the standardized method or the internal model method to measure the required capital for market risk.

Operational risk-weighted assets are measured by multiplying the required capital for operational risk by 12.5. Commercial banks may adopt the basic indicator method, the standardized method or the advanced measurement method to measure the required capital for operational risk.

The following table sets forth risk weightings for various assets when adopting the weighted method to measure credit risk-weighted assets under the Capital Administrative Measures.

Items		Risk weightings
a.	Cash	
i.	Cash and cash equivalents	0%
b.	Claims on central government and central bank	
i.	Claims on the PRC central government	0%
ii.	Claims on the PBoC	0%
iii.	Claims on central governments or central bank of other countries or jurisdictions where the credit ratings for such countries or jurisdictions are AA- (including AA-) or higher[(1)]	0%
iv.	Claims on central governments or central bank of other countries or jurisdictions where the credit ratings for such countries or jurisdictions are between AA- and A- (including A-)[(1)]	20%
v.	Claims on central governments or central bank of other countries or jurisdictions where the credit ratings for such countries or jurisdictions are between A- and BBB- (including BBB-)[(1)]	50%
vi.	Claims on central governments or central bank of other countries or jurisdictions where the credit ratings for such countries or jurisdictions are between BBB- and B- (including B-)[(1)]	100%
vii.	Claims on central governments or central bank of other countries or jurisdictions where the credit ratings for such countries or jurisdictions are below B-[(1)]	150%
viii.	Claims on central governments or central bank of other countries or jurisdictions without ratings	100%
c.	Claims on public-sector entities of the PRC	20%
d.	Claims on domestically incorporated financial institutions	
i.	Claims on policy banks (not including subordinated bonds)	0%
ii.	Claims on asset management companies invested by the PRC central government	
1.	Claims on debts issued by asset management companies by way of private placements for purposes of acquiring non-performing loans of state-owned banks	0%
2.	Other claims on asset management companies	100%
iii.	Claims on domestically incorporated commercial banks (not including subordinated bonds)	
1.	With an original maturity of three months or less	20%
2.	With an original maturity of over three months	25%
iv.	Claims on subordinated bonds issued by domestically incorporated commercial banks (part not deducted)	100%
v.	Claims on other domestically incorporated financial institutions	100%

Items		Risk weightings
e.	Claims on financial institutions and public-sector entities incorporated in other countries or jurisdictions	
i.	Claims on commercial banks or public-sector entities where the credit ratings for such countries or jurisdictions are AA- (including AA-) or higher[(1)]	25%
ii.	Claims on commercial banks or public-sector entities where the credit ratings for such countries or jurisdictions are between AA- and A- (including A-)[(1)]	50%
iii.	Claims on commercial banks or public-sector entities where the credit ratings for such countries or jurisdictions are between A- and B- (including B-)[(1)]	100%
iv.	Claims on commercial banks or public-sector entities where the credit ratings for such countries or jurisdictions are below B-[(1)]	150%
v.	Claims on commercial banks or public-sector entities without credit ratings for such countries or jurisdictions	100%
vi.	Claims on multilateral development banks, the Bank of International Settlement and the International Monetary Fund	0%
Vii.	Claims on other financial institutions	100%
f.	Claims on ordinary enterprises	100%
g.	Claims on qualified small and micro enterprises	75%
h.	Claims on individuals	
i.	Residential mortgage loans	50%
ii.	The supplementary part of a supplementary financial facility secured by the reevaluated net value of a mortgaged residence before the purchaser has paid up all the loans	150%
iii.	Other claims on individuals	75%
i.	The balance of rental assets	100%
j.	Equity	
i.	Equity investments in financial institutions (part not deducted)	250%
ii.	Passive equity investments in business enterprises	400%
iii.	Equity investment in business enterprises for policy reasons upon the extraordinary approval of the State Council	400%
iv.	Other equity investments in business enterprises	1,250%
k.	Real estate not for own use	
i.	Real estate not for own use, obtained by practicing mortgage rights within the lawful disposition period	100%
ii.	Other real estate not for own use	1,250%
1.	Other assets	
i.	Net deferred tax assets in reliance on the bank's future profit (part not deducted)	250%
ii.	Other assets on balance sheet	100%

Note

(1) These ratings refer to credit ratings of Standard & Poor's or the equivalent thereof.

Regulatory Requirements in respect of Capital Adequacy Ratios

Regulatory requirements in respect of the capital adequacy ratios of commercial banks include the minimum capital requirement, capital conservation buffer requirement, countercyclical capital buffer requirement, additional capital requirement for systematically important banks and capital requirement under the second pillar.

The capital adequacy ratio of commercial banks at each tier must meet the following minimum requirements: (i) capital adequacy ratio shall not be lower than 8%; (ii) tier-one capital adequacy ratio shall not be lower than 6%; and (iii) core tier-one capital adequacy ratio shall not be lower than 5%.

Commercial banks are required to calculate and set aside their capital conservation buffer after meeting the minimum capital requirements. The capital reservation buffer is required to be equal to 2.5% of risk-weighted assets and is to be fulfilled by core tier-one capital. Under certain circumstances, commercial banks are required to calculate and set aside capital for meeting countercyclical capital buffer requirements in addition to meeting the minimum capital requirements and the capital reservation buffer requirements. The countercyclical capital buffer is required to be in the range of 0% to 2.5% of risk-weighted assets and to be fulfilled by core tier-one capital.

In addition, the systematically important banks in the PRC are required to calculate and set aside additional capital in an amount equal to 1% of their risk-weighted assets, which is to be fulfilled by core tier-one capital. If a PRC bank is recognized as a global systematically important bank, the additional capital requirement applicable to it cannot be less strict than those requirements generally provided for by the Basel Committee on Banking Supervision. As of the Latest Practicable Date, the PRC regulator had issued no standards for determining, and no list of, such systematically important banks.

Furthermore, the CBRC has the right to impose more prudent capital requirements under the second pillar framework in order to ensure adequate risk coverage, including: (i) specific capital requirements in respect of certain asset portfolios on the basis of risk assessment; and (ii) specific capital requirements on an individual bank according to the results of supervisory inspections.

Time Limit for Meeting the Requirements

The Capital Administrative Measures provide that commercial banks are required to meet the regulatory requirements on capital adequacy ratios as set forth in those measures before the end of 2018, and where conditions permit, commercial banks are encouraged to meet the requirements ahead of schedule.

To ensure the smooth implementation of the Capital Administrative Measures, on November 30, 2012 the CBRC issued the Notice Regarding the Arrangement of Transition Period of Implementation of Capital Adequacy Measures (《關於實施<商業銀行資本管理辦法(試行)>過渡期安排相關事項的通知》). This notice provides that commercial banks must meet the minimum capital requirements and also provides that the systematically important banks in the PRC are required to meet the additional capital requirements before January 1, 2013. During the transitional period, the capital reservation buffer requirement (2.5%) will be gradually introduced and commercial banks are required to meet the annual capital adequacy ratio requirement as follows:

		As of December 31,					
Type of Bank	**Item**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Systematically Important Banks	Core tier-one capital adequacy ratio	6.5%	6.9%	7.3%	7.7%	8.1%	8.5%
	Tier-one capital adequacy ratio	7.5%	7.9%	8.3%	8.7%	9.1%	9.5%
	Capital adequacy ratio	9.5%	9.9%	10.3%	10.7%	11.1%	11.5%
Other Banks	Core tier-one capital adequacy ratio	5.5%	5.9%	6.3%	6.7%	7.1%	7.5%
	Tier-one capital adequacy ratio	6.5%	6.9%	7.3%	7.7%	8.1%	8.5%
	Capital adequacy ratio	8.5%	8.9%	9.3%	9.7%	10.1%	10.5%

In addition, if the regulatory authorities require commercial banks to set up countercyclical capital buffer requirements or impose capital requirements on an individual bank under the second pillar, the regulatory authorities will prescribe a time limit for meeting the requirements. Commercial banks subject to such additional requirements are required to meet the relevant deadlines.

Issuance of Capital Instruments to Replenish Capital

Since June 17, 2004, PRC commercial banks have been permitted to issue bonds which are subordinated to the banks' other liabilities but are senior to the banks' equity capital, according to the Measures for Administration on Issuance of Subordinated Bonds of Commercial Banks (《商業銀行次級債券發行管理辦法》) jointly issued by the PBoC and the CBRC. Upon approval by the CBRC, PRC commercial banks may include such subordinated bonds in their supplementary capital. Subordinated bonds can be issued either in a public offering in the inter-bank bond market or in a private placement. PRC commercial banks may not hold an aggregate amount of subordinated bonds issued by other banks in excess of 20% of their core capital. The issuance of subordinated bonds by PRC commercial banks is subject to the approval of the CBRC and the PBoC. The CBRC regulates the qualification for bonds issue and the method for the inclusion in the supplementary capital. The PBoC regulates the issuance and trading of subordinated bonds in the inter-bank bond market.

On June 7, 2012, the CBRC issued the Capital Administrative Measures which redefined the capital of a commercial bank from core capital and supplementary capital under the Capital Adequacy Measures to core tier-one capital, other tier-one capital and tier-two capital. Also, the Capital Administrative Measures proposed the concept and criteria for inclusion of tier-two capital instruments, which differ from that of subordinated debt, subordinated bonds and hybrid capital bonds. Pursuant to the Capital Administrative Measures, unqualified tier-two capital instruments issued by a commercial bank before September 12, 2010 may be included in regulatory capital before January 1, 2013, but, from January 1, 2013, such instruments are to be decreased by 10% each year and, from January 1, 2022, such instruments are no longer allowed to be included in regulatory capital. For a tier-two capital instrument issued by a commercial bank between September 12, 2010 and January 1, 2013, if the instrument has no write-down or share conversion clause but meets the other criteria for inclusion of the relevant capital instruments, it may be included in regulatory capital before January 1, 2013, but, from January 1, 2013, such instruments are to be decreased by 10% each year and, from January 1, 2022, such instruments are no longer allowed to be included in regulatory capital.

The Guiding Opinions on Capital Instrument Innovation of Commercial Banks (《關於商業銀行資本工具創新的指導意見》) issued by the CBRC on November 29, 2012 allow and encourage commercial banks to innovate capital instruments (including tier-two capital instruments) which comply with the Capital Administrative Measures. Pursuant to the guiding opinions, other tier-one capital and tier-two capital instruments issued by a commercial bank after January 1, 2013 must contain a provision that requires such instruments to either be written down or converted into common stock upon the occurrence of a triggering event. A triggering event for other tier-one capital instruments occurs when the core tier-one capital adequacy ratio of the commercial bank falls to 5.125% or below. A triggering event for tier-two capital instruments occurs upon the earlier of (i) a decision of write-down or share conversion, without which the commercial bank would become non-viable, as determined by the CBRC; or (ii) the decision to make a public sector injection of capital, or equivalent support, without which the commercial bank would have become non-viable, as determined by relevant authorities.

On October 30, 2013, the CSRC and the CBRC jointly promulgated the Guiding Opinions on the Issuance of Corporate Bonds by Commercial Banks for Capital Replenishment (《關於商業銀行發行公司債券補充資本的指導意見》), which became effective on November 6, 2013. Pursuant to these Guiding Opinions, the listed/pre-IPO commercial banks proposing to issue written-down bonds to supplement capital shall, in accordance with relevant laws and regulations, design the relevant terms of the corporate bonds appropriately, formulate a feasible issuance plan, which shall be submitted to the CBRC for the confirmation of the nature of capital. The CBRC shall then issue a regulatory opinion on such issuance plan.

On November 30, 2013, the State Council promulgated the Guidance Opinions on the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), which sets out the principles regarding the definition of preference shares, the priority of holders of preference shares in receiving profits distribution and remaining assets, the repurchase and conversion of preference shares, the restrictions on voting rights and recovery of voting rights, and the issuance and trading of preference shares. On March 24, 2014, the CSRC promulgated the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》) which sets out the specific requirements in respect of the exercise of the rights of holders of preference shares, the issuance of preference shares by listed companies, the non-public placement of preference shares by non-listed public companies, the trading, transfer, registration and settlement of transactions, the information disclosure, the repurchase, merger and acquisition and reorganization, and the regulatory measures and legal liabilities.

On April 3, 2014, the CBRC and the CSRC jointly promulgated the Guiding Opinions on Commercial Banks Offering Preferred Shares to Replenish Tier-one Capital (《關於商業銀行發行優先股補充一級資本的指導意見》), to offer preferred shares, a commercial bank shall satisfy the relevant provisions of the State Council and the CSRC and the conditions set forth by the CBRC for issuance of capital instruments, and maintain its core tier-one capital adequacy ratio at or above the prudential supervision requirement of the CBRC.

Issuance of Special Financial Bonds for Small and Micro-Enterprise Loans

In May 2011, the CBRC issued the Notice on Supporting Commercial Banks to Further Improve the Financial Services Offered to Small Enterprises (《中國銀監會關於支持商業銀行進一步改進小企業金融服務的通知》), which provides that the CBRC will prioritize its support for commercial banks with the outstanding loans to small enterprises reaching a certain proportion of its total outstanding loans to enterprises, when fulfilling the prudent regulatory requirements, to have the priority to support the financial bonds they issued specifically for loans to small businesses. In October 2011, the CBRC issued the Supplementary Notice on Supporting Commercial Banks to Further Improve the Financing Services Offered to Small-businesses (《中國銀監會關於支持商業銀行進一步改進小型微型企業金融服務的補充通知》), which sets out further provisions for the issuance of special financial bonds for small and micro business loans by commercial banks.

Issuance of Special Financial Bonds for "Agriculture, Farmers, and Rural Areas" Loans

On September 11, 2013, the CBRC issued the Notice on Related Issues Concerning Commercial Banks to Issue Special Financial Bonds for "Agriculture, Farmers, and Rural Areas" Loans (《中國銀監會關於商業銀行發行"三農"專項金融債有關事項的通知》), to improve modernization of agriculture industry, CBRC will support commercial banks with the outstanding loans to agriculture industry reaching a certain proportion of its total outstanding loans, when fulfilling the prudent regulatory requirements, to issue the financial bonds specifically for loans to "Agriculture, Farmers, and Rural Areas" businesses.

CBRC's Supervision of Capital Adequacy

The CBRC is responsible for supervising the capital adequacy of banking institutions in the PRC. It reviews and evaluates banking institutions' capital adequacy through both on-site examination and off-site surveillance. Commercial banks are required to report to the CBRC their unconsolidated capital adequacy ratios on a quarterly basis and their consolidated capital adequacy ratios on a semi-annual basis.

Under the Capital Administrative Measures, commercial banks are classified into four categories based on their capital adequacy ratios, and the CBRC adopts corresponding measures to these banks, the details of which are as follows:

Categories	Capital adequacy	Measures of the CBRC
Grade I	Commercial banks which meet all the capital requirements for capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio.	• to require the commercial bank to improve the analysis and forecast of the reasons for the decrease of its capital adequacy ratios; • to require the commercial bank to formulate a practicable capital adequacy ratio management plan; and • to require the commercial bank to improve its risk control capability.

Categories	Capital adequacy	Measures of the CBRC
Grade II	Commercial banks which fail to meet the second pillar capital requirements but meet all other capital requirements for capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio.	• to adopt the regulatory measures for Grade I banks; • to hold talks on prudent practice with the board of directors and the senior management of the commercial bank; • to issue a regulatory opinion, which must include the problems identified with the capital management of the commercial bank, the proposed measures for rectification and the opinion on meeting the requirements within the prescribed time limit; • to require the commercial bank to formulate a practicable capital replenishment plan and the plan for meeting the requirements within the prescribed time limit; • to increase the frequency of supervision and inspection of the capital adequacy of the commercial bank; and • to require the commercial bank to take risk-mitigation measures for specific risk areas.
Grade III	Commercial banks which meet all the minimum capital requirements for capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio but fail to meet other capital requirements.	• to adopt the regulatory measures for Grades I and II banks; • to restrict the commercial bank from distributing dividends and other income; • to restrict the commercial bank from granting any form of incentives to directors and senior management; • to restrict the commercial bank from making equity investments or repurchasing capital instruments; • to restrict the commercial bank from incurring major capital expenditure; and • to require the commercial bank to control the growth of risky assets.
Grade IV	Commercial banks which fail to meet the minimum capital requirement for any of capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio.	• to adopt the regulatory measures for Grade I, II and III banks; • to require the commercial bank to significantly downsize risky assets; • to order the commercial bank to suspend all high-risk asset businesses; • to restrict or prohibit the commercial bank from establishing new institutions or launching new businesses; • to require the commercial bank to write down tier-two capital instruments or convert them into ordinary shares; • to order the commercial bank to change its directors or senior management or restrict their rights; • to lawfully take over the commercial bank or procure the institutional reorganization of, or even dissolve, the commercial bank; and • to consider other external factors and take other necessary measures in order to solve the problems faced by Grade IV commercial banks.

Introduction of the New Leverage Requirements

In an effort to supplement the effect of risk-based capital adequacy requirements, on June 1, 2011, the CBRC issued the Administrative Measures on the Leverage Ratio of Commercial Banks (《商業銀行槓桿率管理辦法》) (the "former Administrative Measures"), which came into effect on January 1, 2012 and which introduced new leverage requirements.

Pursuant to the former Administrative Measures, commercial banks are required to maintain a leverage ratio not lower than 4%, notwithstanding the consolidation of statements. The formula for calculating the leverage ratio is as follows:

$$\text{Leverage ratio} = \frac{\text{Total Capital - } \textit{tier-one capital deductions}}{\textit{Balance of Adjusted on-balance sheet assets + balance of adjusted off-balance sheet assets - tier-one capital deductions}} \times 100\%$$

Commercial banks are required to report to the CBRC their consolidated leverage ratios on a semiannual basis and their unconsolidated leverage ratios on a quarterly basis. For a commercial bank which fails to meet the minimum leverage ratio, the CBRC may take regulatory measures including requiring the commercial bank to: (i) supplement its tier-one capital within a specified period; (ii) control the growth of its on- and off-balance sheet assets; and (iii) reduce the size of its on- and off-balance sheet assets. If the commercial bank fails to rectify its non-compliance within the specified period, or its behavior has seriously endangered its sound operation or damaged the legitimate interests of depositors or other clients, the CBRC may take relevant regulatory measures pursuant to the PRC Banking Supervision and Regulatory Law. In addition to the above-mentioned measures, the CBRC may also impose an administrative penalty upon the commercial bank.

The former Administrative Measures also provide that systematically important banks are required to meet the regulatory requirements on leverage ratio before the end of 2013 while non-systematically important banks are required to meet such requirements before the end of 2016.

On January 30, 2015, the CBRC issued the Administrative Measures on the Leverage Ratio of Commercial Banks (Revised) (《商業銀行槓桿率管理辦法》) (the "Revised Measures") which became effective on April 1, 2015. In accordance with the Revised Measures, the formula for calculating the leverage ratio is as follows:

$$\text{Leverage ratio} = \frac{\text{Tier-one capital - } \textit{tier-one capital deductions}}{\textit{Balance of adjusted on-balance sheet and off-balance sheet assets}} \times 100\%$$

Basel Accords

The Basel Capital Accord, or Basel I, was introduced by the Basel Committee on Banking Supervision, or the Basel Committee, in 1988. Basel I is a capital measurement system for banks that provides for the implementation of a credit risk measurement framework with a minimum capital standard of 8%. Since 1998, the Basel Committee has issued certain proposals for Basel II, to replace Basel I. Basel II retained the key elements of Basel I, including the general requirement for banks to hold total capital equivalent to at least 8% of their risk-weighted assets, but sought to improve the capital framework in various key respects, including: (i) establishment of the "three pillars" framework, namely the first pillar "minimum capital standard", the second pillar "supervision and regulation by regulatory authorities" and the third pillar "information disclosure"; and (ii) introducing material changes to the calculation of capital adequacy. In response to the deficiencies in financial regulation revealed by the 2008 financial crisis, the Basel Committee on Banking Supervision started to advance the global financial regulatory reform in an effort to further strengthen the regulation, supervision and risk management of the banking industry. In such circumstances, Basel III was drafted and then endorsed by G20 Leaders at their November 2010 Seoul summit. On December 16, 2010, Basel III was officially issued by the Basel Committee on Banking Supervision. Basel III enhances micro-prudential regulation and supervision and adds a macro-prudential overlay. These two approaches to supervision are complementary as greater resilience at the individual bank level reduces the risk of system-wide shocks. Basel III: (i) strengthens capital adequacy in capital resources, risk-weighted assets and capital ratios by requiring banks to hold more higher-quality capital against more conservatively calculated risk-weighted assets; (ii) introduces a new leverage ratio as a backstop to the risk-based requirement, which is aimed at promoting the build-up of capital that can be drawn down in periods of stress; and (iii) introduces two new global liquidity standards, which aim to ensure that adequate funding is maintained in case of crisis.

The CBRC promulgated and amended the Capital Adequacy Measures on February 23, 2004 and July 3, 2007, respectively. The CBRC has advised that the Capital Adequacy Measures are based on Basel I, while also taking into consideration certain aspects of Basel II. In March 2009, China officially joined the Basel Committee and participated in the establishment of international standards for banking supervision, which is conducive to the upgrading of supervision techniques and supervision levels in China's banking industry.

In line with the reform of Basel Accords and the implementation of Basel III, on April 27, 2011, the CBRC promulgated the Guiding Opinions on the Implementation of New Regulatory Standards in China's Banking Industry (《中國銀行業監督管理委員會關於中國銀行業實施新監管標準的指導意見》), which set out the key targets and principles for the reform of China's capital regulatory framework. On June 1, 2011, the CBRC issued the Administrative Measures on the Leverage Ratio of Commercial banks. On June 7, 2012, the CBRC issued the Capital Administrative Measures. The Capital Administrative Measures came into effect on January 1, 2013 and superseded the Capital Adequacy Measures and the various guidelines mentioned above. In an effort to enhance the effectiveness of capital supervision, improve the risk management capability of commercial banks and strengthen the constraint function of the market, on July 19, 2013, the CBRC issued the following four policy documents to complement the Capital Administrative Measures: the Measurement Rules for Risk Exposure Capital of Central Counterparties (《中央交易對手風險暴露資本計量規則》); the Supervisory Requirements Concerning Information Disclosure on the Capital Composition of Commercial Banks (《關於商業銀行資本構成信息披露的監管要求》); the Supplemental Supervisory Requirements Concerning the Implementation of Internal Ratings-based Approach by Commercial Banks (《關於商業銀行實施內部評級法的補充監管要求》); and the Questions and Answers Regarding the Capital Supervisory Policy (《資本監管政策問答》). In September 2015, the CBRC revised the Administrative Measures on the Liquidity Risk of Commercial Banks (Provisional) (商業銀行流動性風險管理辦法(試行)》), according to the amendments of which the loan-to-deposit ratio will cease to be the regulatory indicator of liquidity risk control and management and, the requirement that the loan-to-deposit ratio must not exceed 75% was cancelled. The revised measures became effective on October 1, 2015. In January 2014, the Basel Committee issued the Leverage Ratio Framework and Disclosure Requirements in the Third Installment of Basel Accords (《第三版巴塞爾協議槓桿率框架和披露要求》), which revised the international rules in relation to leverage ratio. According to the new rules of leverage ratio by the Basel Committee, in 2015, CBRC revised the Administrative Measures on the Leverage Ratio of Commercial Banks which was issued on June 1, 2011, and put forward clearer and stricter requirements for the disclosure of leverage ratio of commercial banks.

LOAN CLASSIFICATION, ALLOWANCES AND WRITE-OFFS

Loan Classification

Banks in the PRC are currently required to classify loans under a five-category loan classification system to estimate the likelihood of full repayment of principal and interest by debtors on time, in accordance with the Guidelines of Risk-based Classification of Loans (《貸款風險分類指引》). The five categories are "pass", "special mention", "substandard", "doubtful" and "loss". The primary factors for evaluating the likelihood of repayment include the borrower's cash flow, financial conditions and other non-financial conditions affecting the ability of repayment.

Loan Loss Allowance

According to the Guidelines of Risk-based Classification of Loans, a loan classified as substandard, doubtful or loss is considered to be non-performing, and commercial banks are required to make allowance based on a reasonable estimate of the probable loss on a prudent and timely basis. According to the Guidelines on Bank Loan Loss Allowance (《銀行貸款損失準備計提指引》), the allowance for impairment losses consists of a general allowance, a specific allowance and a special allowance. General allowance refers to the allowance for all unidentified but possible losses, which are made based on certain percentages of the balance of total outstanding loans; specific allowance refers to the allowance made for specific losses in connection with an individual loan based on its categorization under the Guidelines of Risk-based Classification of Loans; and special allowance refers to the allowance made for the risks specifically related to certain countries, regions, industries, or certain types of loans.

Under the Guidelines on Bank Loan Loss Allowance, commercial banks are required to make a general loan loss allowance on a quarterly basis and to have a general allowance of not less than 1% of the total loans outstanding as of the end of the year. The guidelines provide additional guidance on the proportion of specific allowance for each loan category: 2% for special mention loans; 25% for substandard loans; 50% for doubtful loans and 100% for loss loans. Allowance for losses of substandard and doubtful loans may be set aside within a floating range of 20%. Commercial banks may make special allowance in accordance with special risk factors (including risks in association with certain industries and countries), probability of losses and historical experience.

In accordance with the Administrative Measures for Loan Loss Allowance of Commercial Banks (《商業銀行貸款損失準備管理辦法》), which was promulgated by the CBRC on July 27, 2011 and became effective on January 1, 2012, the adequacy ratio of loan loss allowance of a commercial bank is assessed based on its allowance to gross loan ratio (calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers) and its allowance coverage ratio (calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans), the benchmarks of which are 2.5% and 150%, respectively. The higher of the two ratios will be taken to be the supervisory standard. The boards of directors of commercial banks are required to assume ultimate responsibility for the management of loan loss allowance. Systematically important banks are required to reach the standard before the end of 2013, and non-systematically important banks are required to reach such standard before the end of 2016. Those failing to reach the standard before the end of 2016 are required to formulate a plan on how to reach such standard, submit the same to the CBRC and reach such standard by the end of 2018 at the latest. For details of our allowance to gross loan ratio and allowance coverage ratio, please refer to "Financial information—Selected financial data".

CBRC's Supervision of Loan Classification and Loan Loss Allowance

Commercial banks are required to formulate detailed internal procedures that clearly define the responsibilities of each relevant department with respect to loan classification, approval, review and related matters. In addition, commercial banks are required to report to the CBRC information regarding loan classification and loan loss allowance on a regular basis via quarterly report and annual report. Based on the review of these reports, the CBRC may require commercial banks to explain significant changes in loan classification and loan loss allowance levels, or to carry out further inspections. After the Administrative Measures for Loan Loss Allowance of Commercial banks took effect on January 1, 2012, the CBRC can issue risk notices to a commercial bank and require rectifications to be made accordingly if the commercial bank fails to meet the relevant minimum loan loss allowance standards for consecutive three months; the CBRC has the power to take further regulatory actions pursuant to the PRC Banking Supervision and Regulatory Law if such non-compliance lasts for consecutive six months.

Loan Write-offs

Under the regulations issued by the CBRC, the SAT and the MOF, commercial banks are required to establish a strict audit and approval process to write off loan losses. In order to be written off, a loan needs to meet the standards and conditions set by the SAT and the MOF. According to the relevant requirements issued by the MOF, the writing off of loan losses before tax are subject to the specified processes and requirements and required to report to the competent tax authorities.

Bulk Transfer of Non-performing Assets

Pursuant to the Administrative Measures for Bulk Transfer of Non-performing Assets of Financial Enterprises (《金融企業不良資產批量轉讓管理辦法》) issued by the MOF and the CBRC on January 18, 2012, financial enterprises may carry out bulk transfer of their non-performing credit assets and non-credit assets generated from their business operations, including loans in the substandard, doubtful and loss categories recognized according to statutory processes and standards; written-off book assets; assets for the offsetting of debt and other non-performing assets.

Allowance and Statutory General Reserve for Impairment Losses

Pursuant to the Administrative Measures for the Provisioning for Non-performing Assets of Financial Institutions (《金融企業呆賬準備提取管理辦法》) and the subsequent Notice on Relevant Issues Concerning the Provisioning for Non-performing Assets (《關於呆賬準備提取有關問題的通知》), both issued by the MOF, financial institutions in the PRC are required to maintain adequate allowance for impairment losses. In addition, financial institutions are also required to set up a statutory general reserve to cover potential impairment losses that have yet to be identified. Financial institutions are required to assess the risk profile of their assets in determining the statutory general reserve level. In principle, such level should not be less than 1% of the aggregate amount of each financial institution's risk-bearing assets before allowance for impairment losses at the balance sheet date. Financial institutions are not allowed to make profit distributions to shareholders until adequate allowance for impairment losses and statutory general reserve has been made. On March 30, 2012, the MOF issued the Administrative Measures for the Provisioning for Reserves of Financial Institutions (《金融企業準備金計提管理辦法》). These measures became effective on July 1, 2012, and repealed the Administrative Measures for the Provisioning for Non-Performing Assets of Financial Institutions. Under the Administrative Measures for the Provisioning for Reserves of Financial Institutions, the minimum general statutory reserve level was raised to 1.5% of the aggregate amount of risk-bearing assets at the balance sheet date. Financial institutions may choose between an internal model approach and a standardized approach to determine the estimated value of potential risks for the provision of statutory general reserve. Financial institutions that have adopted the standardized approach to calculate the statutory general reserve should temporarily use the following standard risk weightings for credit assets: 1.5% for normal loans, 3% for special mention loans, 30% for substandard loans, 60% for doubtful loans and 100% for loss loans. If the level of general reserve of a financial institution fails to reach 1.5% of the aggregate amount of risk-bearing assets at the balance sheet date, the financial institution is allowed to achieve compliance within a certain period of time not exceeding five years in principle.

OTHER OPERATIONAL AND RISK MANAGEMENT RATIOS

The Core Indicators (Provisional) issued by the CBRC became effective on January 1, 2006.

The table below sets out our Bank's ratios as of December 31, 2012, 2013 and 2014 and September 30, 2015, calculated in accordance with the required ratios as provided in the Core Indicators (Provisional).

				Ratios of our Bank (%)			
				As of December 31			As of September 30
Risk level	**Primary indicators**	**Secondary Indicators**	**Requirement**	**2012**	**2013**	**2014**	**2015**
			(%)				
Risk Level							
Liquidity risk	Liquidity ratio[1]		≥25	35.82	37.21	38.12	40.95
	Core liabilities ratio[2]		≥60	53.11	46.05	48.37	48.64
	Liquidity gap ratio[3]		≥-10	0.03	-16.34	-8.70	-23.55
	Loan-to-deposit ratio		≤75[4]	60.25	59.99	58.51	57.11
Credit risk	Non-performing asset ratio[5]		≤4	0.37	0.45	0.44	0.64
		Non-performing loan ratio[6]	≤5	0.72	1.03	1.09	1.49
	Credit exposure to a single group customer[7]		≤15	11.35	7.30	4.72	7.40
		Loan exposure to a single customer[8]	≤10	8.02	6.38	6.46	4.36
	Overall credit exposure to related parties[9]		≤50	0.77	0.86	6.87	4.98
Market risk	Cumulative foreign currency exposure ratio[10]		≤20	0.14	0.04	0.19	0.19
Risk Cushion							
Profitability	Cost to income ratio[11]		≤45	28.02	25.93	23.69	22.46
	Return on assets[12]		≥0.6	0.98	0.97	1.00	0.93
	Return on capital[13]		≥11	16.94	19.03	18.49	15.68
Allowance Adequacy	Allowance adequacy ratio for asset losses[14]		>100	575.48	651.70	579.15	397.03
		Allowance adequacy ratio for loan losses[15]	>100	669.83	768.84	582.69	398.19
Capital adequacy	Capital adequacy ratio[16]		≥8	12.72	N/A	N/A	N/A
		Core Capital adequacy ratio[16]	≥4	10.13	N/A	N/A	N/A
		Capital adequacy ratio[17]	≥8.9	N/A	11.05	12.61	11.90
		Tier-one Capital adequacy ratio[17]	≥6.9	N/A	8.31	10.64	8.94
		Core tier-one capital adequacy ratio[17]	≥5.9	N/A	8.30	10.64	8.94

Calculated as follows:

(1) Liquidity ratio = Current assets/Current liabilities x 100%. Current assets include cash, gold, surplus deposit reserve, net placement and deposits with banks and other financial institutions due within one month, interest receivable and other receivables due within one month, qualified loans due within one month, bond investments due within one month, debt securities that can be liquidated on the domestic or international secondary market at any time and other liquid assets due within one month (excluding the non-performing portion of such assets). Current liabilities include demand deposits (excluding fiscal deposits), time deposits due within one month (excluding fiscal deposits), net placements and deposits from banks and other financial institutions due within one month, issued bonds due within one month, interest payable and all kinds of payables due within one month, borrowings from the PBoC due within one month and other liabilities due within one month

(2) Core liabilities ratio = Amount of core liabilities/amount of total liabilities x 100%. Core liabilities refer to the combined amount of time deposit with remaining maturities of three months or longer, issued debt securities and 50% of demand deposits. Total liabilities refer to total liabilities on the balance sheet prepared under PRC GAAP.

(3) Liquidity gap ratio = Liquidity gap/Amount of on- or off-balance sheet assets with maturities of 90 days or less x 100%. Liquidity gap refers to the amount of on- or off-balance sheet assets with maturities of 90 days or less minus the amount of on- or off-balance sheet liabilities with maturities of 90 days or less.

(4) Historically, PRC commercial banks were required to maintain a loan-to-deposit ratio of no higher than 75%. Effective October 1, 2015, loan-to-deposit ratio ceased to be a regulatory indicator for PRC commercial banks.

(5) Non-performing asset ratio = Amount of non-performing assets subject to credit risk/Amount of assets subject to credit risk x 100%. Non-performing credit risk assets include non-performing loans and other credit risk assets categorized as non-performing. The categorization of non-loan credit risk assets is in accordance with relevant CBRC regulations.

(6) Non-performing loan ratio = Amount of non-performing loans/Amount of total loans x 100%. Non-performing loans refer to loans in the substandard, doubtful and loss categories according to the PBoC and the CBRC's five category loan classification system.

(7) Credit exposure to a single group customer = Total credit granted to the largest group customer/Net capital x 100%. Largest group customer refers to the single group customer granted the highest credit limit at the end of the period.

(8) Loan exposure to a single customer = Total loans to the largest customer/Net capital x 100%. Largest customer refers to the customer with the highest amount of loans outstanding at the end of the period.

(9) Overall credit exposure to related parties = Total granted credit limit to all related parties/Net capital x 100%. Related parties refer to parties defined in the Administrative Measures on Connected Transactions with Insiders and Shareholders of Commercial Banks (《商業銀行與內部人和股東關聯交易管理辦法》). Total granted credit limit to all related parties refers to total credit limit granted to such parties minus cash deposit guarantees and collateral in the form of bank deposits and Chinese government bonds.

(10) Cumulative foreign currency exposure ratio = Amount of cumulative foreign currency exposure/Net capital x 100%. Cumulative foreign currency exposure refers to exchange rate sensitive foreign currency assets subtracted by exchange rate sensitive foreign currency liabilities.

(11) Cost-to-income ratio = Operating expenses/Operating income x 100%.

(12) Return on assets = Net profit/average balance of assets x 100%.

(13) Return on capital = Net profit/average balance of shareholders' equity for the period x 100%.

(14) Allowance adequacy ratio for asset losses = Actual amount of allowance for assets subject to credit risk/Required amount of allowance for assets subject to credit risk x 100%.

(15) Allowance adequacy ratio for loan losses = Actual amount of allowance for loans/Required amount of allowance for loans x 100%.

(16) Capital adequacy ratio = (Capital - capital deductions)/(Risk-weighted assets + 12.5 x capital charge for market risk).
Core capital adequacy ratio = (Core capital - core capital deductions)/(Risk-weighted assets + 12.5 x capital charge for market risk).

(17) Since 2013, we calculate and disclose the capital adequacy ratio according to the requirements of Measures for Administration on Capital of Commercial Banks (Provisional). Capital adequacy ratio = (Total capital — corresponding capital deductions)/risk-weighted assets; tier-one capital adequacy ratio = (tier-one capital — corresponding capital deductions)/risk-weighted assets; core tier-one capital adequacy ratio = (core tier-one capital — corresponding capital deductions)/risk -weighted assets. Commercial banks in the PRC other than systematically important banks are required to maintain their capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio at or higher than 8.5%, 6.5% and 5.5%, respectively, as of December 31, 2013, and at or higher than 8.9%, 6.9% and 5.9%, respectively, as of December 31, 2014.

In addition, the Core Indicators (Provisional) sets out guidance on other ratios, including ratios relating to interest rate risk sensitivity, operational risk and loan migration. The CBRC may provide the regulatory requirement for those ratios in the future.

As of December 31, 2012, 2013, 2014 and September 30, 2015, our core liabilities ratio was 53.11%, 46.05%, 48.37% and 48.64%, respectively, which did not satisfy the core liabilities ratio requirements under the Core Indicators (Provisional). Such incidence was mainly caused by the continuous diversification of our financing channels, resulting in an increased proportion of interbank liabilities, which are considered non-core liabilities, in our total liabilities. In addition, as of December 31, 2012, 2013, 2014 and September 30, 2015, our liquidity gap ratio was 0.03%, -16.34%,

-8.70% and -23.55%, respectively. Our liquidity gap ratio as of December 31, 2013 and September 30, 2015 did not meet the requirements for liquidity gap ratio requirements under the Core Indicators (Provisional). The decrease in our liquidity gap ratio was mainly caused by the decrease in investments with maturities of 90 days or less and an increase in demand deposits, which leads to an increase in liabilities with maturities of 90 days or less. For further discussion of our demand deposits, please also see the section headed "Asset and Liabilities — Liabilities and Source of Funds — Deposits from Customers".

Tian Yuan Law firm, our PRC legal advisors as to PRC law, is of the opinion that the Core Indicators (Provisional) has not prescribed any penalties in respect of failure in meeting the core liabilities ratio and the liquidity gap ratio requirements contained therein. As stated in the Core Indicators (Provisional), except as otherwise required by law, administrative regulations and departmental rules, the core indicators for risk monitoring contained in the Core Indicators (Provisional) do not act as a direct basis for administrative penalties but represent a set of references for evaluation, monitoring and early warning of the risks within commercial banks. In addition, failing to meet the core liabilities ratio and liquidity gap ratio does not necessarily lead to any direct, significant liquidity risk. Pursuant to the Administrative Measures on the Liquidity Risk of Commercial Banks (Trial) (《商業銀行流動性風險管理辦法(試行)》) promulgated by the CBRC on January 17, 2014 and implemented on March 1, 2014, the core liabilities ratio and the liquidity gap ratio are no longer used as regulatory indicators. As such, failing to comply with the core liabilities ratio and the liquidity gap ratio requirements in the past has not resulted in, and is not expected to result in any penalties for us nor is it expected to otherwise have any material adverse effect on our financial position. However, pursuant to the Core Indicators (Provisional), the CBRC may conduct regulatory interviews with or issue risk warnings to the relevant banks based on its analysis of the data provided by the commercial banks. Therefore, commercial banks failing to comply with the regulatory ratio requirements may be subject to a request for interviews by the CBRC or may receive risk warnings from said regulatory body.

As of the Latest Practicable Date, the Bank has not received any interview request or risk warning by the CBRC. Under normal circumstances, the CBRC will not impose restrictions on the commercial activities of commercial banks or require them to adjust the volume of specific assets or liabilities simply because they do not meet the requirements on certain liquidity ratios; and the CBRC Tianjin office promulgated the Regulatory Opinions on Tianjin Bank from the China Banking Regulatory Commission Tianjin office (《中國銀監會天津監管局對天津銀行的監管意見書》) on November 18, 2015, held that each main regulatory index of our Bank comply with regulatory requirements. Therefore, we believe that our failure to comply with the core liabilities ratio and the liquidity gap ratio will not have a direct adverse effect on our financial performance.

Based on the above mentioned factors, we are of the view that these incidences of failure to meet relevant ratio requirements under the Core Indicators (Provisional) will not have any material adverse effect on our business, financial condition and results of operations, because (i) while these ratios mainly focus on the static and short-term liquidity gap and the stability of core liabilities, respectively, our overall liquidity ratio is significantly higher than regulatory minimum, which amounted to 35.82%, 37.21%, 38.12% and 40.95% as of December 31, 2012, 2013, 2014 and September 30, 2015. For details of our liquidity ratio, please see the table above in this section; and (ii) we can effectively manage risks associated with the core liabilities ratio and liquidity gap ratio through capitalizing on our solid customer base and various interbank channels to adopt flexible measures to manage our product portfolio based on different maturities to mitigate liquidity risks.

We undertook, and plan to continue implementing, different measures to improve our compliance with relevant requirement in relation to core liabilities ratio and liquidity gap ratio, including (i) strengthen our deposit marketing efforts so as to increase our core liabilities; (ii) increase our reserve of high liquidity assets; and (iii) gradually adjust the maturity structure of our liabilities during the course of business operations and increase the proportion of medium- and long-term liabilities.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Corporate Governance

The PRC Company Law, the PRC Commercial Banking Law and other laws, regulations and regulatory documents provided specific requirements for corporate governance. Among them, the Guidelines on Corporate Governance of Commercial Banks (《商業銀行公司治理指引》), which were issued by the CBRC on July 19, 2013, require commercial banks to establish a sound corporate governance system and a clear organizational structure, with management and supervisory powers, functions and responsibilities being clearly split among the board, the supervisory board and the senior management. The guidelines also require commercial banks to abide by the principles of independent operation, effective checks and balances, mutual cooperation and coordinated running, and establish reasonable incentive and restraint mechanisms in order to achieve reasonability and efficiency in decision-making, execution and supervision.

As for the composition of the board of directors, according to Guidelines on the Duties of the Board of Directors of Joint Stock Commercial Banks (Provisional) (《股份制商業銀行 董事會盡職指引(試行)》) issued by the CBRC, a commercial bank with a registered capital exceeding RMB1 billion is required to have at least three independent directors. As for the composition of the supervisory board, according to the Guidelines on the Functioning of Supervisory Board of Commercial Banks (《商業銀行監事會工作指引》) issued by the CBRC, the proportion of employees representative supervisors or that of external supervisors cannot be less than one-third of the supervisory board. In addition, the Guidelines on Independent Directors and External Supervisors of Joint Stock Commercial Banks (《股份制商業銀行獨立董事和外部監事制度指引》) require that the board of directors of a commercial bank should have at least two independent directors and the supervisory board should have at least two external supervisors. According to the Measures for Evaluating the Performance of Directors of Commercial Banks (Provisional) (《商業銀行董事履職評價辦法(試行)》), commercial banks are required to evaluate the performance of their directors in accordance with applicable laws, regulations and rules. According to the Supervisory Guidelines on Sound Compensation in Commercial Banks (《商業銀行穩健薪酬監管指引》), commercial banks are required to establish a compensation mechanism in line with the cultivation of talents and risk control.

Internal Controls

Under the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》) issued by the CBRC in 2007, commercial banks are required to establish internal controls to ensure effective risk management for their business activities. PRC commercial banks are also required to establish a risk management department that formulates and implements risk management system, methods and procedures. In addition, an internal audit department should also be established to independently supervise and evaluate various aspects of all departments, positions and businesses.

In June, 2006, the CBRC issued the Guidelines on Internal Audit for Banking Financial Institutions (《銀行業金融機構內部審計指引》) which became effective on July 1, 2006. Pursuant to the guidelines, commercial banks are required to establish an audit committee of the board with at least three members, a majority of whom must be non-executive directors. Banks are also required to have an Internal Audit Department with employees who meet professional qualifications, which shall in principle represent 1% of the bank's total number of employees. The guidelines set forth the required scope of the Internal Audit Department. Banks are required to evaluate the risk of each business unit at least once per year and conduct internal audit of each business unit at least once every two years.

On May 22, 2008, the Basic Rules on Enterprise Internal Control (《企業內部控制基本規範》) were issued jointly by the MOF, the CBRC, the NAO, the CSRC and the CIRC and became effective on July 1, 2009. The rules require enterprises to establish and implement internal control systems, utilize information technology to strengthen internal control and establish information systems addressing their operational and management needs, among other matters.

In accordance with the Guidelines on the Corporate Governance of Commercial Banks issued by the CBRC on July 19, 2013, commercial banks are required to establish an accountability system for a sound internal control environment. Under this system, the board of directors and senior management are required to maintain their respective accountability for the effectiveness of internal control and are required to be liable for material losses caused by a breakdown in internal control. In addition, the supervisory board is required to perform its supervisory obligations by supervising directors and senior management, and refining the system and rules of internal control. Commercial banks are required to establish an independent department for effectively supervising and evaluating internal control, which reports directly to the board of directors, supervisory board and senior management on the progress of developing the internal control system and its enforcement.

Information Disclosure Requirements

Pursuant to the Measures for the Information Disclosure of Commercial Banks (《商業銀行信息披露辦法》) and the Guidelines on Corporate Governance of Commercial Banks (《商業銀行公司治理指引》) issued by the CBRC on July 3, 2007 and July 19, 2013, respectively, a PRC commercial bank is required to publish an annual report (including an audited financial report) within four months of the end of each financial year disclosing its financial position and operational results. The board of directors of the commercial banks shall be responsible for the disclosure of information. Disclosure documents include periodical reports, interim reports and other relevant materials. The commercial banks shall disclose information via annual reports, website or other methods to facilitate timely access to the disclosed information by the shareholders and other stakeholders. The listed commercial banks shall also disclose information in compliance with the relevant provisions promulgated by the securities regulatory authority.

Transactions with Related Parties

The Administrative Measures on Connected Transactions with Insiders and Shareholders of Commercial Banks (《商業銀行與內部人和股東關聯交易管理辦法》) issued by the CBRC in April 2004, which provided stringent and detailed requirements on the Related Party Transactions of PRC commercial banks, require PRC commercial banks to adhere to the principles of honesty and fairness in conducting Related Party Transactions. PRC commercial banks are not allowed to grant unsecured loans to Related Parties. Under PRC laws and regulations, Related Party Transactions of commercial banks are required to be based on commercial principles and on terms no more favorable than similar transactions with non-related parties.

These measures set out detailed provisions on the definition of a Related Party, the form and content of a Related Party Transaction as well as the procedures and principles which must be followed for related party transactions.

Pursuant to these measures, commercial banks must submit to the CBRC, on a quarterly basis, status reports regarding their Related Party Transactions, and must disclose information relating to Related Parties and Related Party Transactions in the notes to their financial statements. Furthermore, the board of directors of commercial banks is required to report specifically on the implementation of the management of Related Party Transactions and such Related Party Transactions annually to the shareholders' general meeting. The CBRC has the power to take actions against the bank and/or the Related Parties, including ordering rectification of the non-compliance, imposing limitations on shareholders' rights, ordering transfer of shares, ordering change of directors or senior management and imposing fines.

RISK MANAGEMENT

Since its inception, the CBRC has published, in addition to guidelines concerning granting loan and credit to certain specific industries and customers and measures in respect of the implementation of Basel Accords, numerous risk management guidelines and rules in an effort to improve the risk management of PRC commercial banks, including operational risk management, market risk management, compliance risk management, liquidity risk management and a supervisory rating system. For the guidelines concerning loans and credit to certain specific industries and customers and measures in respect of the implementation of Basel Accords, see "Supervision and Regulation — Regulation of Principal Commercial Banking Activities — Lending" and "Supervision and Regulation — Supervision Over Capital Adequacy — Introduction of the New Leverage Requirements — Basel Accords". The CBRC also issued the Core Indicators (Provisional) as a basis of supervising the risk management of PRC commercial banks. The CBRC established requirements for certain ratios relating to risk levels and risk provisions in the Core Indicators (Provisional) and is expected to establish requirements for certain ratios relating to risk mitigation for the purpose of evaluating and monitoring the risks of PRC commercial banks. See "Supervision and Regulation — Other Operational and Risk Management Ratios". The CBRC periodically collects data through off-site surveillance to analyze such indicators and evaluate and issue early warnings of the risks on a timely basis.

Operational Risk Management

On March 22, 2005, the CBRC issued the Circular on Strengthening Control of Operational Risk (《關於加大防範操作風險工作力度的通知》) to further strengthen PRC commercial banks' ability to identify, manage and control operational risks. Under this Circular, commercial banks are required to establish internal policies and procedures specifically for the management and control of operational risks. A bank's internal audit department and business operations department are required to conduct independent and ad hoc reviews and examinations of the bank's business operations from time to time, as well as ongoing reviews and examinations for business areas involving a greater degree of operational risks.

Furthermore, on May 14, 2007, the CBRC issued the Guidelines on Operational Risk Management of Commercial Banks (《商業銀行操作風險管理指引》) to enhance the risk management abilities of the PRC Commercial banks. These guidelines mainly address, among other things, the supervision and controls of the board of directors, responsibilities of senior management, proper organizational structure, and operational risk management policies, approaches, procedures and rules in relation to capital requirement for operational risks of provisions. Those policies and procedures are required to be submitted to the CBRC for filing. If a significant operational risk occurs and the commercial bank fails to adopt effective corrective measures within a specified period, the CBRC has the power to take relevant regulatory measures.

Market Risk Management

On December 29, 2004, the CBRC promulgated the Guidelines on the Market Risk Management of Commercial Banks (《商業銀行市場風險管理指引》), which became effective on March 1, 2005, to strengthen the market risk management of PRC commercial banks. These guidelines mainly address, among other things: (i) the responsibilities of the board of directors and the senior management in supervising market risk management; (ii) the policies and procedures for market risk management; (iii) the detection, quantification, monitoring and control of market risk; (iv) the responsibilities for internal control and conducting external audits; and (v) appropriate capital allocation mechanism for market risks. Under these guidelines, commercial banks are required to have official policies and procedures in writing in respect of the management of market risks.

In addition, the Capital Administrative Measures provide for the basic criteria, approval procedure and other requirements pursuant to which commercial banks may adopt the internal model to measure their market risk capital.

Compliance Risk Management

In order to strengthen the compliance risk management of commercial banks and maintain the safety and stability of the operations of PRC commercial banks, the CBRC promulgated the Guidelines on Compliance Risk Management of commercial Banks (《商業銀行合規風險管理指引》) on October 20, 2006. These guidelines have clarified the responsibilities of the board of directors and the senior management of a PRC commercial bank with respect to compliance risk management, standardized the organizational structure for compliance risk management and set out the regulatory mechanisms for a bank's risk management.

Liquidity Risk Management

In order to strengthen the liquidity risk management and maintain the safe and stable operation of PRC commercial banks, the CBRC issued the Administrative Measures on the Liquidity Risk of Commercial Banks (Trial) (《商業銀行流動性風險管理辦法(試行)》) (CBRC Order [2014] No.2) on January 17, 2014 and effective on March 1, 2014, which mainly address, among other things: (1) the liquidity risk management responsibilities of a commercial bank's board of directors, senior management, board of supervisors and specialized internal department in charge of liquidity risk management; (2) the strategy, policy and procedure of liquidity risk management; (3) the identification, measurement, supervision and control of liquidity risk; and (4) the calculation methods of liquidity coverage ratio, loan-to-deposit ratio and liquidity ratio, and it is also stated that the PRC commercial banks' liquidity coverage ratios must reach 100% by 2018. According to the Administrative Measures on the Liquidity Risk of Commercial Banks (Trial) (《商業銀行流動性風險管理辦法(試行)》), the CBRC should apply regulatory requirement indicators and monitoring reference indicators in its supervision and management of the liquidity risk level and liquidity risk management of commercial banks. In particular, loan-to-deposit ratio and liquidity ratio are regulatory requirement indicators for liquidity risk and liquidity gap ratio and core liability ratio are monitoring reference indicators for liquidity risk. On June 30, 2014, the CBRC released the Notice on Adjusting the Calculation of Loan-to-Deposit Ratio for Commercial Banks (《中國銀監會關於調整商業銀行存貸比計算口徑的通知》) to adjust the rules for calculating the loan-to-deposit ratio beginning from July 1, 2014. On August 29, 2015, the NPC Standing Committee published the Decision on an Amendment to the PRC Commercial Banking Law (《關於修改<中華人民共和國商業銀行法>的決定》). Pursuant to the decision, since October 1, 2015, the requirement that the ratio between the balance of loans and the balance of deposits must not exceed 75% will no longer be applicable for commercial bank loans, and the relevant requirement that penalties for non-compliance with the above "loan-to-deposit ratio" by the banking supervision institution of the State Council was cancelled. In September 2015, CBRC revised the Administrative Measures on the Liquidity Risk of Commercial Banks (Provisional), according to the amendments of which the loan-to-deposit ratio will cease to be the regulatory indicator of liquidity risk control and management and the requirement that the loan-to-deposit ratio must not exceed 75% was cancelled. The revised measures became effective on October 1, 2015.

Management of Other Risks

In addition to the above, the CBRC has issued guidelines in relation to several other risks, including the Guidelines on Reputational Risk Management of Commercial Banks (《商業銀行聲譽風險管理指引》), the Guidelines on Bank Account Interest Risk Management of Commercial Banks (《商業銀行銀行賬戶利率風險管理指引》), the Guidelines on Information Technology Risk Management of Commercial Banks (《商業銀行信息科技風險管理指引》), the Guidelines on Country Risk Management of Banking Financial Institutions (《銀行業金融機構國別風險管理指引》), all in an effort to strengthen commercial banks' risk management capacity in relevant fields.

On September 11, 2014, the General Office of the CBRC, General Office of the Ministry of Finance and General Office of the People's Bank of China jointly issued the Notice on Issues Concerning Strengthening Management of Deposit Deviation of Commercial Banks (《關於加強商業銀行存款偏離度管理有關事項的通知》). By setting up a deposit deviation indicator, it aims to prevent banks from "scrambling to meet regulatory deposit level" by requiring deviations in deposits at the end of each month not to exceed 3%. Deviations in deposits at the end of the month = ("balance of various deposits on the last day of the month" minus "average daily deposit of the month") divided by "average daily deposit of the month" multiplied by 100%.

Supervisory Rating System

Joint-stock commercial banks in the PRC are subject to evaluation by the CBRC based on a provisional supervisory rating system. Under this system, the capital adequacy, asset quality, management quality, profitability, liquidity and exposure to market risk, etc., of joint-stock commercial banks are evaluated and scored by the CBRC on a continuous basis. Each bank is classified into one of six supervisory rating categories based on the scores. The results of ratings will serve as the basis for the regulatory authorities to implement their classified supervision and supervisory measures.

OWNERSHIP AND SHAREHOLDER RESTRICTIONS

Regulations on Equity Investment in Banks

On June 5, 2015, CBRC issued Measures for the Implementation of Administrative Licensing Matters Concerning Chinese-funded Commercial Banks (《中資商業銀行行政許可事項實施辦法》). An application of a city commercial bank for modifying the shareholders that hold 5% or more of its total amount of capital or shares, or an application of an overseas financial institution for making investments or buying shares shall be subject to the acceptance, examination and decision of the local offices of CBRC. If a city commercial bank modifies the shareholders that hold more than 1% but less than 5% of its total amount of capital or shares, it shall report to the local offices of CBRC within 10 days after the share is transferred.

Under the Measures for the Administration of the Investment and Shareholding in Chinese-funded Financial Institutions by Foreign Financial Institutions (《境外金融機構投資入股中資金融機構管理辦法》), foreign financial institutions that meet certain conditions can make investments or hold shares in PRC domestic commercial banks, subject to the CBRC's approval. However, no single foreign financial institution may own 20% or more of the equity interest of such a bank. In addition, if foreign investment in the aggregate exceeds 25% of the total equity interest in a non-listed PRC commercial bank, such bank will be regulated as a foreign-invested bank. Listed PRC commercial banks are regulated as Chinese-funded banks even if foreign investment in the aggregate exceeds 25% of their total equity interest.

CBRC issued the Implementation Opinions on Encouraging and Guiding the Entry into Banking Industry by Non-governmental Capital (《關於鼓勵和引導民間資本進入銀行業的實施意見》) in 2012 to support private enterprises to participate in commercial banks' capital increase and to encourage and guide non-governmental capital to participate in the restructuring of city commercial banks. Private enterprises which participate in city commercial banks' risk disposal can have a shareholding interest of more than 20%. The General Office of the State Council issued the Guidelines of the General Office of the State Council on Financial Support for the Adjustment, Transformation and Upgrading of Economic Structures (《國務院辦公廳關於金融支持經濟結構調整和轉型升級的指導意見》) in 2013 to support non-governmental capital to invest in financial institutions and to participate in their restructuring and reconstruction, and to attempt to have non-government capital to promote and establish private banks which assume their own risks.

Restrictions on Shareholders

The Guidelines on Corporate Governance of Commercial Banks impose additional requirements on shareholders of commercial banks. For example, shareholders, especially substantial shareholders, are required to support the capital planning formulated by the board of directors of the commercial bank so that the capital of the bank can meet the regulatory requirements on an on-going basis. If a commercial bank fails to meet the regulatory requirements, it is required to develop a capital replenishment plan to increase capital adequacy ratio to meet regulatory requirements within a specified period of time. If the requirements are not met within the timeframe, dividends are required to be decreased or even suspended from distribution, and capital is required to be replenished by means of increasing core capital. Under such circumstances, substantial shareholders cannot obstruct the capital injection moves by other shareholders or the participation of new qualified shareholders. If shareholders of a PRC commercial bank fail to repay outstanding loans when due, their voting rights will be restricted for the period during which the relevant loan is overdue.

In addition, the PRC Company Law and relevant CBRC rules and regulations impose certain restrictions on the ability of a commercial bank's shareholders to pledge their shares. For example, a commercial bank may not accept its own shares as collateral. According to the Guidelines on Corporate Governance of Commercial Banks: (i) any shareholder of a commercial bank must give prior notice to the board of directors of the bank if it wishes to pledge its shares as collateral. The office of the board or other departments designated by the board are in charge of daily work of collecting, organizing and reporting the share pledge information. For further details on procedures of notice, please also see sections below; and (ii) where the balance of loans extended by a commercial bank to its shareholder exceeds the audited net value of his or her equity (under PRC GAAP) for the preceding year, the shareholder cannot use his or her stake in the bank as pledge. In November 2013, the CBRC issued the CBRC Notice on Enhanced Management of Pledge of Equity Interest in Commercial Banks (《中國銀監會關於加強商業銀行股權質押管理的通知》) ("Notice on Management of Pledge of Equity Interest"), pursuant to which commercial banks are required to clearly stipulate the following matters in their Articles of Associations in addition to those as stipulated in the foresaid Guidelines on Corporate Governance of Commercial Banks: (i) where a shareholder, who has representation on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the Bank pledges his equity interests in the Bank, it shall make a filing to the Board of Directors of the Bank prior to the pledge. The filing shall state the basic information of the pledge, including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the Board of Directors considers the pledge to be materially adverse to the stability of the Bank's shareholding structure, the corporate governance as well as the control of risk and connected transactions, the filing shall not be accepted. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered; (ii) upon the registration of pledge of equity interests, the shareholders involved shall provide the Bank with the relevant information in relation to the pledge of equity interests in a timely manner, so as to facilitate the Bank's risk management and information disclosure compliance; and (iii) where a shareholder pledges 50% or more of his equity interests in the Bank, the voting rights of such shareholder at the shareholders' general meetings, as well as the voting rights of the Director(s) designated by such shareholder at board meetings, shall be subject to restrictions ("voting restrictions").

Our Bank did not immediately include any provisions on voting restrictions in the Articles of Association according to the Notice on Management of Pledge of Equity Interest, due to the lack of clarification, guidance or authoritative interpretation of voting restrictions in the Notice on Management of Pledge of Equity Interest which does not impose any time limit on when to amend Articles of Association to comply with the Notice. To comply with the Notice on Management of Pledge of Equity Interest, we notified our then top nine shareholders in December 2013 subsequent to the promulgation of the Notice in November 2013, inviting them to discuss inclusion of the aforementioned voting restrictions provision in our Articles of Association. However, due to the fact that the such notice did not provide clarification or guidance on timing and details for implementation of restriction and the absence of authoritative interpretation on such restriction, it took parties a long time in negotiation till we managed to obtain necessary approval from major shareholders in the shareholders' meeting held on October 15, 2015, where we amended the Articles of Association to include provisions on voting restrictions. The amended Articles of Association was approved by the CBRC Tianjin office on November 18, 2015, and will become effective upon Listing. However, we had not imposed the above mentioned voting restriction up to the Latest Practicable Date due to the lack of clarification and guidance in the Notice and authoritative interpretation. Please also see the section headed "Risk Factors — We may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Shares, may be subject to voting restrictions due to their pledge of our shares."

Tian Yuan Law Firm, our PRC legal advisor, is of the view that the Bank shall not be deemed as contravening the Notice for the time difference between (i) the promulgation of the Notice in November 2013 and (ii) the effective date of the Articles of Association as mentioned above, because (1) the Notice on Management of Pledge of Equity Interest neither explicitly provides the details of such regulatory actions, nor does it impose any time limit on effecting the amendment of articles of association to comply with the requirements in the Notice on Management of Pledge of Equity Interest; (2) after the promulgation of the Notice, we immediately initiated the negotiation with major shareholders regarding the amendment of our Articles of Association to include the aforementioned voting restrictions provision; (3) Our Articles of Association which has been amended since the promulgation of the Notice on Management of Pledge of Equity Interest has been approved by the CBRC Tianjin office; our Bank has not received any notifications of any objections or penalties from PRC regulatory authorities in this respect since the promulgation of the Notice on Management of Pledge of Equity Interest as of the Latest Practicable date; (4) according to the confirmation issued by CBRC Tianjin on September 21, 2015 and November 6, 2015, during the Track Record Period, our Bank has complied with relevant banking regulations and laws and our Bank have not committed any material violation against relevant laws and regulations or subject to material administrative penalty as a result of violation of relevant laws and regulations; and (5) the CBRC Tianjin office promulgated the Regulatory Opinions on Tianjin Bank from the China Banking Regulatory Commission Tianjin office (《中國銀監會天津監管局對天津銀行的監管意見書》) on November 18, 2015, held that through the continuous bolstering of our corporate governance, our Bank continues to improve its management standards and ensures our Bank's compliance with laws and regulations, sound management and scientific development. Even so, regulatory authorities may demand us to take remediation measures or bring regulatory actions against us due to our practice of voting rights in the past. Such demand and regulatory actions may adversely affect our business operation. In addition, we may be required by regulatory authorities to impose the voting restrictions on our Shareholders, including holders of our H Shares, in a manner deemed appropriate by such regulatory authorities which, in extreme cases, may involve suspension of the relevant Shareholders' voting rights. Please refer to "Risk Factors — Risks Relating to Our Business — We may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Shares, may be subject to voting restrictions due to their pledge of our shares."

According to PRC law and our Articles of Association, (i) a shareholder who pledges his equity interest shall notify the board of the bank in advance; while (ii) a shareholder, who has a seat on the board of directors or the board of supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the bank, pledges his equity interests in our Bank, he shall make a filing to the board of directors of the bank prior to the pledge. In order to regulate the management and operation of the pledges of shares of our Bank and protect the legal interests of shareholders and our Bank and in accordance with the Notice and the Articles of Association of our Bank, the shareholders of our Bank (including the shareholders of domestic shares and the shareholders of H shares) who pledge his shares shall make filing to our Bank before such pledges. Such notice or filings shall be sent to Ms. ZHANG Furong or Mr. NGAI Wai Fung, the joint company secretary of our Bank, through the following one or more ways: address: No. 15 Youyi Road, Hexi District, Tianjin, China (for shareholders of domestic shares) or 18/F, Tesbury Center, No. 28 Queen's Road E, Wan Chai, Hong Kong (for shareholders of H shares); email: liuyan@bankoftianjin.com; fax: +8622 28405537.

For the purpose of enforcing the voting restriction, we have adopted following internal control measures to record and update the register of our shareholders: (1) we have established an internal record system for share pledges by shareholders and a responsible person designated by the office of the board is in charge of managing share pledges by shareholders; (2) prior to the Listing, Tianjin Market and Quality Supervision Administration, being our industrial and commercial administration authority, currently requires shareholders who wish to pledge their shares to provide the photocopies of their business licenses, the photocopies of our business licenses, the pledge contract and the share certificate issued by us for registration of share pledge. In addition, our Bank requires a prior notice by shareholders of their intention to pledge their shares. By doing so, our Bank is able to timely update its internal record for share pledges by shareholders; (3) after the Listing, when holders of domestic shares pledge their shares registered under securities registration and clearance institution, we will communicate with China Securities Depository and Clearing Corporation Limited ("CSDC") with regard to the procedures for share pledge by shareholders and the requirements under the relevant laws and regulations promulgated by CBRC including the Notice. We will instruct CSDC to require holders of domestic shares who are our directors or supervisors, or directly, indirectly, or jointly hold or control more than 2% of our share capital or voting rights to provide relevant documents issued by us for registration of their share pledge, which would allow us to timely update our internal record. Moreover, designated person by the office of the board will regularly make enquiries at CSDC in relation to share pledges by the holders of domestic shares and will check the aforementioned internal record of the Bank against the record maintained at CSDC. In addition, when the holders of H Shares pledge their shares, they shall report to the Bank according to our Articles of Association and we will update our internal record accordingly upon receipt of such reports.

According to PRC law and our Articles of Association, (i) a shareholder who pledges his equity interest shall notify the board of the bank in advance; while (ii) a shareholder, who has a seat on the board of directors or the board of supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the bank, pledges his equity interests in our Bank, he shall make a filing to the board of directors of the bank prior to the pledge. As advised by our PRC legal advisor, Tian Yuan Law Firm, as of the Latest Practicable Date, there was no clear implementation rule, interpretation or guidance on legal consequence should the relevant shareholder fail to make successful notice or filing, or the relevant filing being rejected by the bank. However, there is no assurance that the PRC authority will not issue more stringent rules and regulations to set restrictions or prohibition against share pledge made by shareholders who failed to complete relevant notice or filing prior to share pledge. Please also see "Risk Factors — We may be subject to more stringent regulatory requirements in the future and our Shareholders, including holders of our H Share, may be subject to voting restrictions due to their pledge of our shares."

Anti-money Laundering Regulation

The PRC Anti-Money Laundering Law (《中華人民共和國反洗錢法》), which became effective on January 1, 2007, sets out the responsibilities of the relevant financial regulatory authorities regarding anti-money laundering, including participating in the formulation of the anti-money laundering rules and regulations for financial institutions under supervision and requires financial institutions to establish sound internal control systems regarding anti-money laundering. To facilitate the implementation of the PRC Anti-money Laundering Law, the PBoC issued the Anti-Money Laundering Regulations for Financial Institutions (《金融機構反洗錢規定》) which became effective on January 1, 2007. In accordance with those regulations, commercial banks are required to establish an internal anti-money laundering procedure and either establish an independent anti-money laundering department or designate a relevant department to implement their anti-money laundering procedures. In accordance with the Administrative Measures for the Financial Institutions' Report of Large-Sum Transactions and Doubtful Transactions (《金融機構大額交易和可疑交易報告管理辦法》) issued by the PBoC which became effective on March 1, 2007, upon the detection of any suspicious transactions or transactions involving large amounts, PRC commercial banks are required to report the transactions to the Anti-money Laundering Information Center. Where necessary and pursuant to appropriate judicial proceedings, PRC commercial banks are required to cooperate with government authorities in preventing money laundering activities and in freezing assets. The PBoC supervises and conducts on-site examinations of commercial banks' compliance with its anti-money laundering regulations and may impose penalties for any violations thereof in accordance with the PRC Anti-Money Laundering Law and Anti-Money Laundering Regulations for Financial Institutions. Commercial banks are required to establish a customer identification system in accordance with the Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》) promulgated jointly by the PBoC, the CBRC, the CSRC and the CIRC which became effective on August 1, 2007. Commercial banks are also required to record the identities of all customers and the information relating to each transaction, and keep personal transaction records and documents.

OTHER REQUIREMENTS

Use of Funds

Under the PRC Commercial Banking Law, commercial banks are not permitted to engage in trust investment or securities investment business, or invest in real property other than for their own use, or invest in non-banking financial institutions and enterprises, unless otherwise approved by the relevant government authorities. The use of funds by commercial banks is limited to the following: (i) short-term, medium-term and long-term loans; (ii) acceptance and discounts on instruments; (iii) inter-bank loans; (iv) trading of government bonds; (v) trading of bonds issued by financial institutions; (vi) investment in banking institutions; and (vii) other uses as may be approved by the relevant government authorities.

Upon approvals by the CBRC and other relevant authorities, commercial banks may invest their funds in domestic insurance companies, fund management companies and financial lease companies in accordance with relevant laws and regulations.

Periodic Reporting Requirements

In accordance with the Notice of China Banking Regulatory Commission on the Official Operation of Off-site Regulatory Information System in 2007 (《關於非現場監管信息系統2007年正式運行的通知》) issued by the CBRC, banking institutions are required to regularly submit to the banking regulatory authorities relevant statements, including basic financial information, credit risk, liquidity risk, capital adequacy ratio and such other information as required under such notice. In the statements required to be submitted by our Bank: the statistical statement of balance sheet items, the supervisory checklist of liquidity ratio and other similar information are required to be submitted monthly; the table of financial derivative business, the profit statement and the table of credit quality migration and other similar information, quarterly; the table of interest rate re-pricing risk, semi-annually; the statement of profit distribution and other similar information, annually.

Although our Bank will continue to submit such periodic reports to relevant regulatory bodies, given the fact that: (i) the financial information contained in such reports will not be shared with the public; and (ii) such financial information would be unaudited, our Bank does not plan to disclose the information contained in the reports by way of announcement after the Global Offering.

REGULATORY AND SHAREHOLDER'S APPROVALS

We have obtained our shareholder's approval for the proposed listing. Please refer to Appendix VIII — "Statutory and General Information — 1. Further Information about Our Bank — D. Resolutions of Our Shareholders".

We have also obtained all necessary PRC regulatory approvals for the submission of the application of the proposed listing, including the CBRC Tianjin Office approval on November 18, 2015 and the CSRC approval on February 26, 2016.

THE U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

The United States has enacted rules commonly referred to as FATCA that target tax evasion by U.S. taxpayers using foreign accounts. FATCA seeks to obtain information on accounts held by U.S. taxpayers in other countries by requiring foreign financial institutions ("FFIs") to report to the U.S. Internal Revenue Service ("IRS") information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a minimum ownership interest. Governments have the option of permitting their FFIs to enter into agreements directly with the IRS to comply with FATCA under U.S. Treasury Regulations or to implement FATCA by entering into one of two alternative model intergovernmental agreements ("IGAs") with the United States.

The governments of the United States and Hong Kong have entered into a Model 2 IGA. Under this agreement, Hong Kong will direct and legally enable FFIs in Hong Kong to register with the IRS and report the information required by FATCA about consenting U.S. accounts directly to the IRS. This requirement is supplemented by government-to-government exchange of information regarding certain pre-existing non-consenting accounts on request.

The governments of the United States and the PRC have in substance agreed to a Model 1 IGA. Under a Model 1 IGA, FFIs will report the information required under FATCA about U.S. accounts to their home governments, which in turn will report the information to the IRS. These agreements are reciprocal, meaning that the United States will also provide similar tax information to these governments regarding individuals and entities from their jurisdictions with accounts in the United States.

A withholding tax of 30% may be imposed under FATCA on certain payments made to us and our subsidiaries that are treated as FFIs, including payments of U.S. source interest and dividends, as well as, beginning in 2017, the gross proceeds of the disposal of assets that can produce United States source interest or dividends, unless we and our subsidiaries that are treated as FFIs (a) enter into an agreement with the United States Treasury to collect and provide to the U.S. tax authorities information regarding United States persons (or foreign entities in which United States persons hold a minimum ownership interest) that directly or indirectly maintain accounts with the FFI (including, in certain circumstances, owning equity or debt issued by the FFI) or (b) comply with legislation that implemented an IGA between the applicable FFI's jurisdiction and the United States. We and each of our subsidiaries intend to comply with FATCA. Such compliance may affect how we structure our operations and conduct our business.

OUR HISTORY

On November 6, 1996, we were established as a joint-stock commercial bank in China under the name of Tianjin City Cooperative Bank Co., Ltd. (天津城市合作銀行股份有限公司) after being approved by the PBoC. Our Bank was promoted and established jointly by the shareholders of 65 urban credit cooperatives and 17 new investors[(1)] including the Tianjin Local Bureau of Finance. At the time of our establishment, our registered capital was RMB1,010 million. Key milestones in our Bank's history are as follows:

November 1996	We were registered and officially incorporated under the name of Tianjin City Cooperative Bank Co., Ltd. (天津城市合作銀行股份有限公司).
May 1998	We were renamed as Tianjin Commercial Bank Co., Ltd. (天津市商業銀行股份有限公司).
May 2006	Binhai branch, our first branch, was officially established in Binhai New Area of Tianjin.
March 2007	We were officially renamed as Bank of Tianjin Co., Ltd. (天津銀行股份有限公司) with the approval from CBRC.
March 2007	The foreign strategic investment of ANZ in our Bank was successfully completed.
November 2007	The Beijing branch, our first non-local branch, officially commenced operation and we became the first Chinese-funded commercial bank to obtain approval to establish a tier-one branch in Beijing since 2000.
June 2008	Our Tangshan branch officially commenced operation.
August 2008	The Jixian County Bank officially commenced operation with our Bank as the chief promoter.
June 2009	Our Small Business Financial Services Center (小企業金融服務中心) officially commenced operation.
November 2009	Our Shanghai branch officially commenced operation, thereby extending our operations to the Yangtze River Delta Economic Zone.
April 2010	The Bank completed internal reforms at the city of Tianjin, set up 6 central sub-branches, and implemented a three-level management structure covering our head office, branches and sub-branches.
May 2010	Our Jinan branch officially commenced operation, thereby marking the completion of the preliminary stage of our strategic plans in the Bohai Economic Zone.

Note:

(1) The 17 new investors were the Tianjin Local Bureau of Finance (天津市財政局), Tianjin Economic Technology Development Group (天津經濟技術開發區總公司), Tianjin Economic-Technological Development Area Finance Bureau (天津經濟技術開發區財政局), Tianjin Economic Construction Investment Group (天津經濟建設投資集團總公司), Tianjin Leadar Real Estate Co. Ltd. (天津立達房地產公司), Tianjin Ningfa Real Estates Development Co., Ltd. (天津市寧發房地產開發公司), Tianjin Jinrong Investment Co., Ltd. (天津金榮投資有限公司), Tianjin Quanyechang (Group) Co., Ltd. (天津勸業場股份有限公司), Tianjin Jinyi Incorporation (天津津益聯合公司), Tianjin Real Estate Development Group (天津市房地產開發總公司), Tianjin Railway Management Bureau (天津市地方鐵路管理局), Tianjin Dawei Textiles Factory (天津市大維制衣廠), China Offshore Oil Bohai Corporation (中國海洋石油渤海公司), Tianjin International Trust & Investment Company (天津市國際信託投資公司), Tianjin Industrial Investment Company (天津工業投資公司), Tianjin Railway Economic Development Group (天津鐵路局經濟開發總公司), and Tianjin Xintong Auditors (天津信通審計事務所).

June 2011	Our Chengdu branch officially commenced operation, marking our expansion into the large region of Mid-Western China.
December 2014	Dongying branch, our first tier-two branch, officially commenced operation.
April 2015	Our Tianjin Free-Trade Zone branch was officially approved for establishment.
October 2015	The Bank obtained approval to exclusively establish a financial leasing company.
November 2015	The Bank obtained approval to prepare for our Shijiazhuang branch.

Changes in Registered Capital

At the time of our establishment, our registered capital was RMB1,010 million, to which the former shareholders of 65 urban credit cooperatives contributed with net assets of the urban credit cooperatives and the 17 new investors (Note 1) contributed in cash. Upon several changes in our registered capital and the introduction of new shareholders, as of the Latest Practicable Date, our registered capital has increased to RMB5,126 million. The changes in our registered capital were summarized as follows:

2001	Our registered capital was increased from RMB1,010 million to RMB1,547.6 million by issuing 537.6 million Shares. In accordance with the proposal approved by CBRC Tianjin Office, 26 corporate Shareholders (of which there were 19 new shareholders and 7 original shareholders), including Tianjin Pharmaceuticals Co., Ltd. (天津藥業集團有限公司), the Tianjin Local Bureau of Finance, Tianjin Jinneng Investment Company (天津市津能投資公司), Tianjin Ningfa Real Estates Development Co. Ltd. (天津市寧發房地產開發公司), Tianjin Economic-Technological Development Area Finance Bureau (天津經濟技術開發區財政局), Tianjin Leadar Real Estate Co., Ltd. (天津立達房地產公司), Tianjin Economic-Technological Development Area Corporation Ltd. (天津經濟技術開發區總公司) and Tianjin Taixing Industrial Development Co., Ltd. (天津泰鑫實業開發有限公司), together with the individual shareholders, subscribed for a total of 537.6 million Shares. Registration of the aforementioned changes was completed with SAIC Tianjin Office.

2007	Our registered capital was increased from RMB1,547.6 million to RMB2,478.1 million by issuing 930.5 million Shares, of which (i) Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司) subscribed for 329.9 million Shares; (ii) ANZ subscribed for 495.6 million Shares; and (iii) Tianjin Hi-Tech Holding Group (天津海泰控股集團有限公司) subscribed for 105.0 million Shares. Registration of the aforementioned changes was completed with the SAIC Tianjin Office.
2008	Our registered capital was increased from RMB2,478.1 million to RMB2,725.9 million by transferring capital reserves to share capital, pursuant to which our capital reserves were transferred to approximately 247.8 million Shares. Registration of the aforementioned changes was completed with the SAIC Tianjin Office.
2012	Our registered capital was increased from RMB2,725.9 million to RMB4,123.3 million upon three transfers from capital reserves to share capital and the third capital increase, under which (i) capital reserves were transferred to approximately 927.3 million Shares upon three transfers from capital reserves; and (ii) 11 corporate shareholders subscribed for an aggregate of 470.0 million Shares. Registration of the aforementioned changes was completed with the SAIC Tianjin Office.
2014	Our registered capital was increased from RMB4,123.3 million to RMB5,126.0 million by issuing 1,027.8 million Shares, with an aim to increase capital for further development. In accordance with the proposal approved by CBRC Tianjin Office, Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) and Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司), who were our existing Shareholders, subscribed for 502.0 million Shares and 500.8 million Shares respectively. Tianjin Bohai Chemical Industry Group Co., Ltd. and Tianjin Pharmaceutical Holdings Ltd. settled an amount of RMB2,610.1 million and RMB2,604.3 million, respectively, in February 2014, among which RMB1,002.8 million was accounted as share equity, and RMB4,211.7 million was set aside as capital reserves. Registration of the aforementioned changes was completed with Tianjin Market and Quality Supervision Administration. The aforementioned share price was arrived after arm's-length negotiation.

The introduction of ANZ as our strategic investor

On December 6, 2005, we entered into the Share Subscription Agreement with ANZ, pursuant to which ANZ subscribed for Shares at a consideration of RMB1.80 per Share. The aforesaid share price was arrived after arm's-length negotiations between the parties thereto with reference to the net asset value of our Bank at the end of the immediately past year. Upon completion of such subscription, purchase and then sale, ANZ held an aggregate of 495,625,000 Foreign Shares, representing 20.0% of our enlarged issued share capital. Our Directors consider that the investment was made on normal commercial terms.

The investment is detailed as follows:

Name of investor:	Australia and New Zealand Banking Group Limited
Date of the Share Subscription Agreement:	December 6, 2005

Number of Shares subscribed:	495,625,000
Amount of consideration paid:	RMB892,126,763.22
Payment date of consideration:	June 21, 2006
Completion date of the investment:	March 14, 2007
Cost per Share paid:	RMB1.80
Shareholding of ANZ as of the Latest Practicable Date:	approximately 14.16% of our issued share capital

ANZ was incorporated in the State of Victoria in Australia on July 14, 1977. Its main business activities are, among others, the provision of commercial banking services including retail, corporate and institutional banking. ANZ's shares are listed on the Australian Securities Exchange (Stock Code: ANZ) and New Zealand Exchange (Stock Code: ANZ:AU). Our introduction of ANZ as an investor and the establishment of a long-term strategic cooperation with ANZ not only have strengthened the cooperation between our Bank and ANZ, but also contributes to the improvements of the corporate governance, risk management and information technology within our Bank. The proceeds of the ANZ's investment were used to supplement the capital base of our Bank.

Shareholders' Rights of ANZ

Pursuant to the terms and conditions of the Share Subscription Agreement, subject to ANZ holding at least 5% of our total issued share capital, ANZ has the right to nominate one qualified person to be appointed as Director. Further, provided ANZ holds Shares amounting to at least 15% of our share capital and is providing (or has undertaken to provide) technical assistance to our Bank, ANZ shall be entitled to certain rights in our Bank, including the right to nominate a second Director, right to nominate members of special committees of the Board of Directors and senior management, right of anti-dilution, right to obtain notice and be invited to participate in certain opportunities to enter into a cooperation arrangement and the right to restrict our Bank from seeking foreign investment.

As of the Latest Practicable Date, ANZ held approximately 14.16% of the total share capital of our Bank. It is expected that ANZ will hold 12.03% of our total issued share capital immediately after the Global Offering (assuming the Over-allotment Option is not exercised), pursuant to the Share Subscription Agreement, except for the right to nominate one qualified person to be appointed as Director, all of the other aforementioned shareholders' rights will not be exercisable by ANZ after the Global Offering since ANZ does not meet the shareholding requirement. ANZ has also been granted the right to be consulted prior to our Bank conducting certain reserved matters, including the appointment of independent Directors, senior management, strategic planning, capital expenditure, declaration of dividends, listing, amendment of articles, merger and acquisition.

Pursuant to a termination agreement dated March 9, 2016 entered into between our Bank and ANZ, the Share Subscription Agreement (including the aforementioned Shareholder's rights granted to ANZ under the Share Subscription Agreement) and a relevant business co-operation agreement and a technical assistance agreement, all entered into between our Bank and ANZ, will be terminated with effect from the Listing Date. For the avoidance of doubt, such termination will not affect the share subscription duly completed and the shareholding of ANZ as of the Latest Practicable Date.

Based on the foregoing, the Joint Sponsors confirm that the subscription of Shares by ANZ detailed above is in compliance with applicable Hong Kong Stock Exchange guidance, namely, the interim guidance of the Hong Kong Stock Exchange on Pre-IPO Investments dated October 13, 2010 (and updated on January 16, 2012) and the Hong Kong Stock Exchange guidance letter HKEx-GL43-12.

Lock-up

Pursuant to Article 141 of the PRC Company Law, for a period of one year from the Listing, ANZ will not be allowed to transfer any of the Shares it held prior to the Listing. As ANZ is expected to be one of our substantial Shareholders after the Listing, the Shares held by it will not be considered as part of the public float according to Rule 8.08 of the Listing Rules.

Issuance of Debt Securities

In November 2009, upon receiving the approvals from CBRC and PBoC, we issued subordinated financial bonds with an aggregate principal amount of RMB 1.5 billion, being ten-year-term financial bonds. The annual interest rate for the first five years is fixed at 5.40%, and if the bonds are not redeemed by the expiry of the first five-year period, the interest rate for the next five-year period will be increased by 3% to 8.40%. These bonds were redeemed in full in 2014.

In December 2012, upon receiving the approvals from CBRC and PBoC, we issued subordinated financial bonds with an aggregate principal amount of RMB 2.7 billion, including ten-year-term financial bonds at a fixed interest rate of 5.90% and fifteen-year-term financial bonds at a fixed interest rate of 5.99%. The ten-year-term financial bonds can be redeemed by the expiry of the first-five year period, and the fifteen-year-term financial bonds can be redeemed by the expiry of the first-ten year period.

In May 2015, upon receiving the approvals from CBRC and PBoC, we completed two issuances of three-year-term financial bonds with an aggregate principal amount of RMB 5.0 billion with a fixed interest rates of 4.64% and 4.27% respectively.

In August 2015, upon approval by CBRC and the PBoC, we issued tier-two capital bonds with aggregate principal amount of RMB 5.0 billion at a fixed annual coupon rate of 5.00%, payable annually. These bonds are redeemable in full or partially at the end of the fifth year with approval from CBRC.

For details of our issuance of debt securities, see "Financial Information — Capital Resources — Debt — Debt Securities Issued".

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding Structure

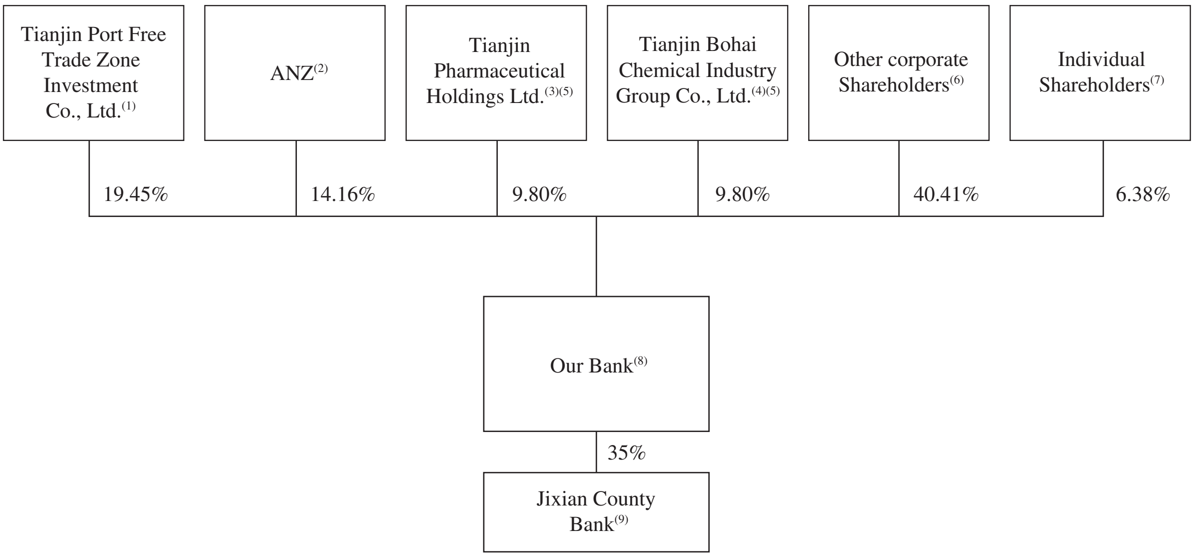
As of the Latest Practicable Date, we had 622 corporate Shareholders and 6,588 individual Shareholders holding in aggregate approximately 93.62% and 6.38% of our Shares, respectively, all of which were domestic Shareholders except that around 14.16% of our Shares were held by ANZ which were Foreign Shares. As of the Latest Practicable Date, four Shareholders were interested in 5% or more of our Shares, namely Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司), ANZ, Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) and Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司), directly holding approximately 19.45%,14.16%, 9.80% and 9.80% respectively of our Shares. In addition, both Tianjin

Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd. held certain Shares through their directly or indirectly owned companies as further described in Note (3) to the shareholding structure chart on page 147 below. Having made due and careful inquiries, Tianjin Port Free Trade Zone Investment Co., Ltd., ANZ, Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd. are independent from each other save that Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd. are both directly or indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會). For details of the above Shareholders, please refer to "Substantial Shareholders".

As of the Latest Practicable Date, we were unable to verify in aggregate 84 corporate shareholders and 318 individual shareholders, holding approximately 0.25% of our Shares. The existence of any of such Shareholders whom we are unable to contact has no material and adverse impact on our ability to carry out corporate actions such as convening Shareholders' general meetings, declaring dividends and implementing the Listing.

Immediately before the Global Offering

The following chart sets forth our shareholding structure as of the Latest Practicable Date and immediately prior to the Global Offering.



Notes:

(1) Tianjin Port Free Trade Zone Investment Co., Ltd. is our largest Shareholder and one of our state-owned Shareholders. It is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd (天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). The principal business of Tianjin Port Free Trade Zone Investment Co., Ltd. covers investments in infrastructure, high technology, environmental protection, other state-approved industries and other sectors.

(2) ANZ, a banking group with its headquarters in the State of Victoria of Australia, is our foreign Shareholder and second largest Shareholder. Its main business activities are, among others, the provision of commercial banking services including retail, corporate and institutional banking.

(3) Tianjin Pharmaceutical Holdings Ltd. is one of our state-owned Shareholders. The principal business of Tianjin Pharmaceutical Holdings Ltd. covers the research in and production of Chinese medicine and pharmaceutical

ingredients, chemical preparations, biopharmaceutical business, high-end modern medical logistics and high-end medical equipment. Tianjin Pharmaceutical Holdings Ltd. directly holds 9.80% of our Shares. Meanwhile, Tianjin New Chinese Medicine Holdings Limited (天津中新藥業集團股份有限公司), Tianjin Jinyao Amino Acids Co., Ltd. (天津金耀氨基酸有限公司) and Tianjin Pharmaceutical Company (天津市醫藥公司), each being a controlled corporation of Tianjin Pharmaceutical Holdings Ltd., holds 0.0131%, 0.0128% and 0.0145% of our Shares respectively, and therefore such Shares are "deemed interests" of Tianjin Pharmaceutical Holdings Ltd. by virtue of the SFO. For further details of Tianjin Pharmaceutical Holdings Ltd.'s interests in our Shares, please refer to "Substantial Shareholders". Tianjin Pharmaceutical Holdings Ltd. is wholly-owned by Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), which is wholly-owned by Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司), an entity wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會).

(4) Tianjin Bohai Chemical Industry Group Co., Ltd. is one of our state-owned Shareholders. The principal business of Tianjin Bohai Chemical Industry Group Co., Ltd. covers the production and the sale of chemical products, raw salt, rubber, plastic products, dyes and fertilizers covers the research in and production of Chinese medicine and pharmaceutical ingredients, chemical preparations, biopharmaceutical business, high-end modern medical logistics and high-end medical equipment. Tianjin Bohai Chemical Industry Group Co., Ltd. directly holds 9.80% of our Shares. Tianjin Bohai Precision Chemical Industry Co., Ltd. (天津渤海精細化工有限公司), Tianjin Changlu Hangu Salt Field Co., Ltd. (天津長蘆漢沽鹽場有限責任公司), Tianjin Bohua Rubber Co., Ltd. (天津渤化橡膠有限責任公司), Tianjin Bohai Chemical Raw Materials Co., Ltd. (天津渤海化學原料有限公司) and Tianjin Bohua Chemical Industry Imports and Exports Co., Ltd. (天津渤化化工進出口有限責任公司), each being a controlled corporation of Tianjin Bohai Chemical Industry Group Co., Ltd., holds 0.00412%, 0.00237%, 0.00151%, 0.00360% and 0.00796% of our Shares respectively, and such Shares are "deemed interests" in Tianjin Bohai Chemical Industry Group Co., Ltd. by virtue of the SFO. For further details of Tianjin Pharmaceutical Holdings Ltd.'s interests in our Shares, please refer to "Substantial Shareholders". Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) is wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會).

(5) Tianjin Bohai Chemical Industry Group Co., Ltd. is wholly-owned by the Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會). Tianjin Pharmaceutical Holdings Ltd. is wholly-owned by the Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), which is wholly-owned by Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司), an entity wholly-owned by Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會). Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會) directly or indirectly holds the entire shareholding interest of Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd..

(6) As of the Latest Practicable Date, 618 other corporate shareholders held approximately 40.41% of our issued Shares in aggregate. The shareholding percentages of each of these corporate shareholders do not exceed 3%.

(7) As of the Latest Practicable Date, 6,588 individual shareholders held approximately 6.38% of our issued Shares in aggregate. The shareholding percentages of each of these individual shareholders do not exceed 0.025%.

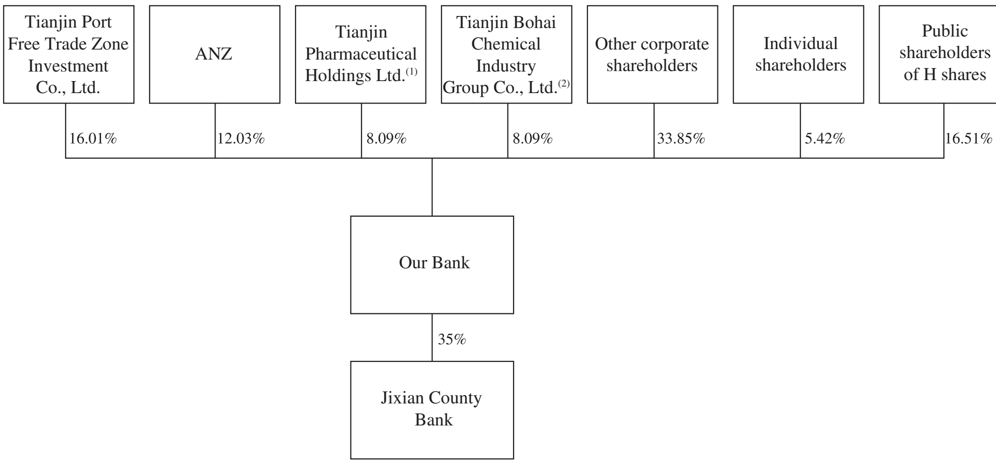
(8) For our principal organizational and management structure, see "—Organizational Structure".

(9) Jixian County Bank was established on August 14, 2008 with registered address at Zheng No. 1, No. 53 Xinghua Avenue, Yuyang Town, Jixian County, Tianjin (天津市薊縣漁陽鎮興華大街53號增1號) and with registered capital of RMB300 million. The principal business of Jixian County Bank includes deposits taking from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in inter-bank lending; engaging in bank card business; acting as the issuing agent, cashing agent and underwriter of government bonds; collecting and making payment as agents;and other businesses approved by the banking regulatory authorities. As of the Latest Practicable Date, we hold 35% equity interest in Jixian County Bank and is its largest shareholder, while Tianjin Trust Co., Ltd. (天津信托有限責任公司), Tianjin Shuanghesheng Food Company Limited (天津市雙合盛食品有限公司), Tianjin Songshan Guache Company Limited (天津嵩山掛車有限公司), Tianjin Jixian Longxing Food Company Limited (天津市薊縣隆興食品有限公司), Tianjin Haizhou Construction Engineering Company Limited (天津市海洲建築工程有限公司), Wanshixing Investment Holdings Group Limited (萬事興投資控股集團有限公司), Tianjin

Ruideyuan Food Company Limited (天津瑞德源食品有限公司), Tianjin Jizhou Green Food Group Limited (天津薊州綠色食品集團有限公司), Tianjin Ningfa Group Limited (天津市寧發集團有限公司), Tianjin Litian Hongkan Investment Development Company Limited (天津市立天紅勘投資發展有限公司), Tianjin Jinrong Investment Services Group Limited (天津津融投資服務集團有限公司), Tianjin Ruitong Real Estate Consultant Company Limited (天津市瑞通房地產諮詢有限公司), Tianjin Tianchuang Real Estate Company Limited (天津市天創置業有限公司), Tianjin Development Zone Huankaifa Real Estate Company Limited (天津開發區環開發置業有限公司), Tianjin Zhongcheng Real Estate Company Limited (天津眾成置業有限公司), Tianjin Jixian Zhonglin Gardening Company Limited (天津市薊縣中林園藝有限公司), North of Tianjin Huaneng Thermal Equipment Co., Ltd. (天津華能北方熱力設備有限公司) and Tianjin Jiangnan Shuian Catering Company Limited (天津江南水岸餐飲有限公司) each hold 20%, 5%, 5%, 5%, 5%, 3.79%, 3.60%, 2.67%, 1.81%, 1.60%, 1.60%, 1.60%, 1.60%, 1.60%, 1.60%, 1.21%, 1.20% and 1.12% in the registered capital of Jixian County Bank respectively. Tianjin Ningfa Group Limited, Tianjin Jinrong Investment Services Group Limited and Tianjin Zhong Cheng Real Estate Company Limited are our Shareholders. All other shareholders of Jixian County Bank as mentioned above are independent third parties of our Bank. The Jixian County Bank is accounted for as a subsidiary in our consolidated financial statements. Please refer to note 25 to the consolidated financial statements of our Bank as set forth in Appendix I — "Accountants' Report" in this prospectus.

Immediately after the Completion of the Global Offering

The following chart sets forth our shareholding structure immediately following the completion of the Global Offering, assuming no exercise of the Over-allotment Option and no change in shareholding by each of the Shareholders listed below after the Latest Practicable Date.



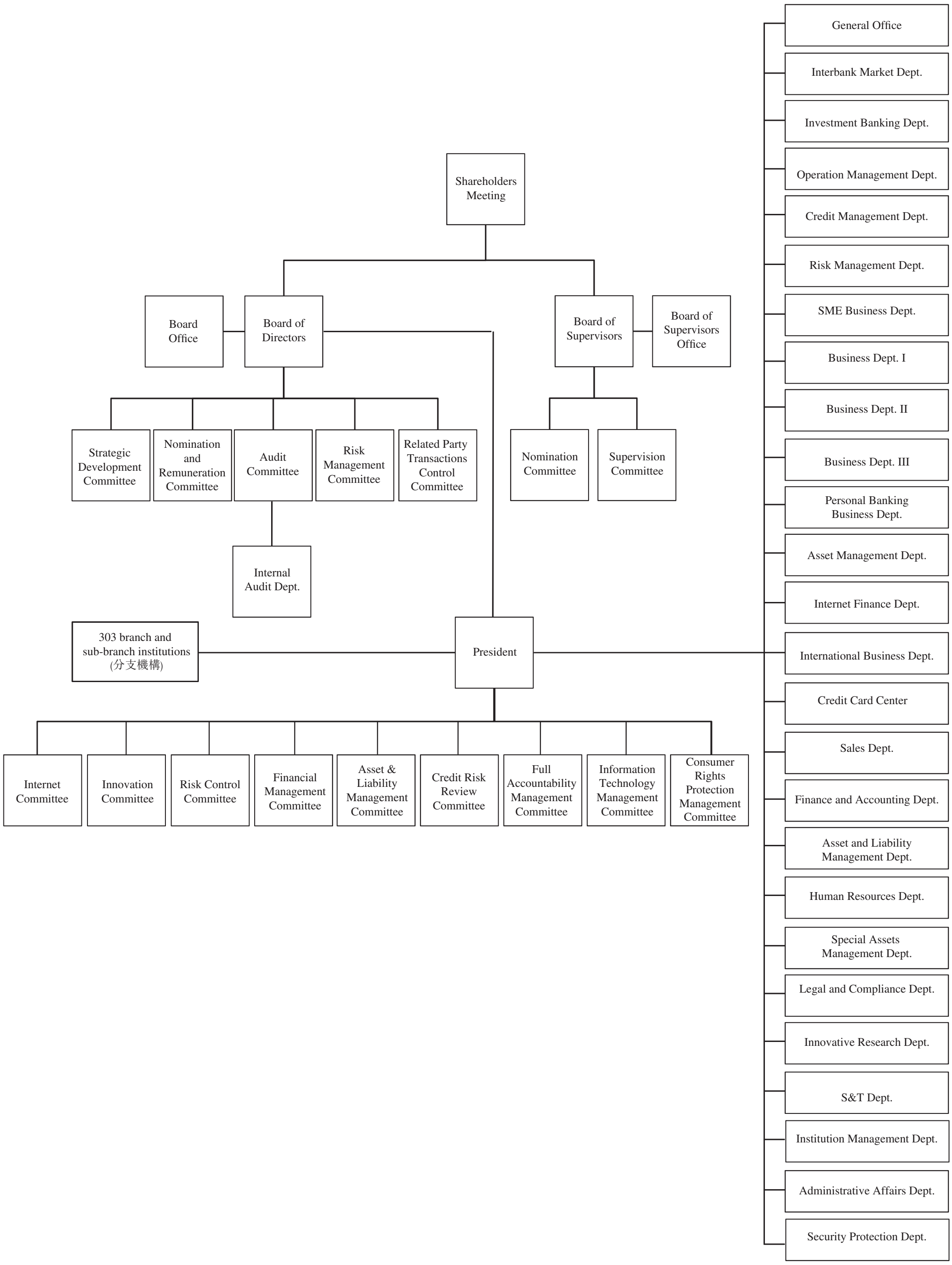
Notes:

(1) Tianjin New Chinese Medicine Holdings Limited (天津中新藥業集團股份有限公司), Tianjin Jinyao Amino Acids Co., Ltd. (天津金耀氨基酸有限公司) and Tianjin Pharmaceutical Company (天津市醫藥公司), each being a controlled corporation of Tianjin Pharmaceutical Holdings Ltd., will hold 0.011%, 0.011% and 0.012% of our Shares respectively, and such Shares are "deemed interests" in Tianjin Pharmaceutical Holdings Ltd. by virtue of the SFO. For further details of Tianjin Pharmaceutical Holdings Ltd.'s interests in our Shares, please see "Substantial Shareholders".

(2) Tianjin Bohai Precision Chemical Industry Co., Ltd. (天津渤海精細化工有限公司), Tianjin Changlu Hangu Salt Field Co., Ltd. (天津長蘆漢沽鹽場有限責任公司), Tianjin Bohua Rubber Co., Ltd. (天津渤化橡膠有限責任公司), Tianjin Bohai Chemical Raw Materials Co., Ltd. (天津渤海化學原料有限公司) and Tianjin Bohua Chemical Industry Imports and Exports Co., Ltd. (天津渤化化工進出口有限責任公司), each being a controlled corporation of Tianjin Bohai Chemical Industry Group Co., Ltd., will hold 0.0034%, 0.0020%, 0.0012%, 0.0030% and 0.0066% of our Shares respectively, and such Shares are "deemed interests" in Tianjin Bohai Chemical Industry Group Co., Ltd. by virtue of the SFO. For further details of Tianjin Pharmaceutical Holdings Ltd.'s interests in our Shares, please see "Substantial Shareholders".

Organizational Structure

The following chart sets forth our principal organizational and management structure as of the Latest Practicable Date.



Corporate Governance Structure

We have established a corporate governance structure which comprises the Shareholders' general meeting, the Board, the Board of Supervisors and the senior management.

Board of Directors

Our Board is accountable to the general meeting of the Shareholders and consists of professionals with diversified backgrounds and qualifications. The major responsibilities of our Board include determination of our policies in relation to business planning, investment planning, risk management, internal control and compliance, determination of our medium and long-term business strategies and material business development plans, formulating capital replenishment plans, listing plans and plans of applying capital funds raised, and the appointment and dismissal of our senior management. Our Board delegates certain powers to its special committees, including the Strategic Development Committee, Nomination and Remuneration Committee, Related Party Transactions Control Committee, Risk Management Committee and Audit Committee. Each committee shall report to our Board. For details of the functions of each committee, see "Directors, Supervisors and Senior Management— Committees under the Board".

Board of Supervisors

The Board of Supervisors is accountable to the general meeting of the Shareholders and is responsible for supervising the performance of the Board and the senior management as well as our financial activities, risk management and internal control. The Board of Supervisors periodically conducts special surveys on specific areas and attends important meetings in order to understand our operation and management and provide supervisory advice, and also supervises the implementation of such advice from time to time. The Board of Supervisors has established a Nomination Committee and a Supervision Committee. Such committees shall report to the Board of Supervisors.

Senior Management

The senior management has the powers vested by our Board to manage our daily operations. Our President is primarily responsible for carrying out the decisions made by our Board and shall report to our Board. We have also appointed four Vice Presidents and other senior management members to work with our President and perform their respective management responsibilities.

OVERVIEW

We are the only city commercial bank headquartered in Tianjin. In terms of the total loans originated from our branch outlets in Tianjin, we are among the best in the banking industry in Tianjin. According to PBoC, during the Track Record Period, we were among the largest banks in Tianjin in terms of the balance of corporate deposits and ranked first in terms of the balance of corporate deposits as of September 30, 2015. From 2012 to 2014, the CAGR of our total assets reached 25.8%, higher than the PRC city commercial banks' overall CAGR of 21.0% for the same period. From 2012 to 2014, our net profit CAGR reached 29.6%, higher than the PRC city commercial banks' overall CAGR of 16.6% for the same period. According to The Banker, a UK publication, we ranked 219th among the "Top 1000 World Banks" in 2015 in terms of tier-one capital as of December 31, 2014, having substantially increased for two consecutive years since 2013, and ranked 32nd among all PRC commercial banks, ninth among the PRC city commercial banks, which are on the list.

We are one of the first city commercial banks to realize cross-regional operations in China. As of September 30, 2015, we had 306 outlets including seven tier-one branches, creating a business network headquartered in Tianjin, with strong presence in the Beijing-Tianjin-Hebei region, covering the Bohai Economic Zone, the Yangtze River Delta and the western China, through which, we are able to successfully implement cross-region business operations in China.

We have received a number of honors and awards for our excellent business performance and sound management capability. For example,

- In 2015, in recognition of our outstanding financial services to SMEs, we won the "Outstanding Financial Services Provider to Small and Micro Enterprises in the PRC Banking Industry and Financial Institutions (全國銀行業金融機構小微企業金融服務先進單位)" award granted by CBRC.

- Since 2011, we have been awarded "Outstanding Financial Services Provider to Small and Micro Enterprises in the Tianjin Banking Industry (天津銀行業小微企業金融服務先進單位)" by the CBRC Tianjin Office for four consecutive years.

- In 2015, as recognition of our capability in providing innovative and efficient services, we were awarded the "2014 Best Direct Finance City Commercial Bank Award (2014年度中國最佳直接融資服務城市商業銀行獎)" by *The Chinese Bankers* Magazine (*中國《銀行家》雜誌*).

- In 2014, we were awarded the "Best Small and Medium Bank of 2013—Best Corporate Banking Business Award (2013年最佳中小銀行—最佳公司業務獎)" by the *Modern Bankers* magazine at the third *Small and Medium Bank Development Summit Forum.*

- In 2013, we were awarded "SME Service Star in Tianjin (天津中小企業服務之星)" by the Tianjin SME Business Association. In 2015, our Shanghai Branch was awarded "2014 Shanghai Banking Industry Small and Micro Enterprises Financial Services Outstanding Contribution Award (2014年度上海銀行業小微企業金融服務突出貢獻獎)" by the Shanghai Banking Association.

OUR COMPETITIVE STRENGTHS

We are well-positioned to capture enormous market opportunities created by the rapid development of Tianjin, five national strategic policies that directly affect this region, and our cross-regional business network with strategic layout, creating vast room for growth.

Our headquarters are in Tianjin, China, one of four municipalities, one of the five national central cities, and one of China's most economically developed cities, ranked first by per capita GDP. In recent years, capitalizing on the strong performance of the manufacturing industry in Tianjin, the strategic location of the Tianjin port and the economic strength of Binhai New Area, Tianjin's economy has grown rapidly, with multiple indicators of economic and social growth achieving a top ranking in China. From 2009 to 2014, Tianjin's per capita nominal GDP has consecutively ranked in the top three among China's 31 provincial level administrative regions, placing first in this category since 2011. During the same period, the total nominal GDP in Tianjin increased from RMB752.2 billion to RMB1,572.2 billion, while the CAGR of GDP growth calculated at comparable prices between 2009 and 2014 reached 14.0%, ranking first in the eastern coastal areas of China, and second in China. With sustained support of many economic and development strategies, from 2009 to 2014, the total assets of banking institutions in Tianjin have achieved a CAGR of 22.0%, higher than China's national banking sector, which saw a CAGR of 16.7% for the same period.

Capitalizing on Tianjin's rapid economic development, our own business has maintained a rapid, stable, and healthy increase, allowing our Bank to establish a preeminent position in Tianjin and amongst city commercial banks nationwide. From 2012 to 2014, the CAGR of our total assets reached 25.8%, higher than the PRC city commercial banks' overall CAGR of 21.0% for the same period. From 2012 to 2014, our net profit CAGR reached 29.6%, higher than the PRC city commercial banks' overall CAGR of 16.6%, for the same period. In terms of total income, total assets, and total loans of our outlets in Tianjin, we are among the best in the banking industry in Tianjin. According to PBoC, during the Track Record Period, we were among the largest banks in Tianjin in terms of the balance of corporate deposits and ranked first in terms of the balance of corporate deposits as of September 30, 2015. According to The Banker, a UK publication, we ranked 219th among the "Top 1000 World Banks" in 2015 in terms of tier-one capital as of December 31, 2014, having substantially increased for two consecutive years since 2013, and ranked 32nd among all PRC commercial banks, ninth among PRC city commercial banks, which are on the list.

We are the only city commercial bank headquartered in Tianjin and benefit from five major economic development policies with national strategic importance in China, including: the Collaborative Development of Beijing, Tianjin and Hebei (京津冀協同發展), the accelerated development and further opening-up of the Binhai New Area, the Tianjin Free-Trade Zone, the National Independent Innovation Demonstration Zone, and the "One Belt, One Road" policy, which bring us a rare historic opportunity, to create a broad space for future development.

- In April of 2015, the "Collaborative Development of Beijing, Tianjin, and Hebei (京津冀協同發展)" was established by the Chinese government as a major strategy and the city of Tianjin was officially defined as "a national advanced manufacturing R&D base, the northern core of international shipping, a Financial Innovation Operations Demonstration area, the first area to open and reform". Moreover, the Chinese government expects that the financial industry in Tianjin may account for 11% of the city's total GDP by 2020. At present, the city of Tianjin has already become an important platform to undertake the strategic eastward transfer of select industries from Beijing. In 2014, Tianjin attracted

1,307 projects that relocated from Beijing and Hebei and received investments of RMB 149.3 billion, accounting for 41.5% of the city's domestic capital expenses for the same year. In 2014, port cargo from Beijing and Hebei accounted for 34.8% of total imports and exports of Tianjin port.

- In 2006, the development and opening-up of the Tianjin Binhai New Area was declared a national strategy. As a national comprehensive reform pilot area, the comprehensive strengths of Binhai New Area emerge from its unique location, space and the various types of resources it is able to manage, as well as relevant favorable policies. Since 2009, the annual GDP of Binhai New Area has accounted for over 50% of total annual GDP in Tianjin for six consecutive years. By 2020, the Chinese government's goals for Binhai New Area include elevating the GDP of this area to RMB1.8 trillion, increasing public finance revenues to over RMB200 billion, establishing a modern manufacturing and R&D transformation base in this area, and significantly enhancing its international shipping and international logistics capabilities.

- In April 2015, the Tianjin Free-Trade Zone was approved by State Council, making it the only free-trade pilot zone located north of the Yangtze River as of the Latest Practicable Date. This area was established with an overall objective of, through three to five years of reform and innovation, establishing a world-class free economic pilot zone with strong competitiveness in terms of trade liberalization, investment facilitation, high-end industrial conglomeration, and comprehensive financial service coverage, thereby playing the leading role in China's economic restructuring and development and the Collaborative Development of Beijing, Tianjin, and Hebei.

- In February, 2015, the Tianjin Hi-tech Zone has been identified as a National Independent Innovation Demonstration Zone. The area has been making efforts to (i) build four high-end industry chains, including modern information technology, intelligent equipment manufacturing, alternative energies and green vehicle manufacturing, and (ii) establish innovative platforms offering finance services to high-tech enterprises and assisting industry upgrade and transformation. By 2025, this zone is expected to reach RMB8 trillion of total revenue, to obtain industrial output of over RMB2 trillion, to achieve with GDP amounting to RMB800 billion, making Tianjin Hi-tech Zone an area with preeminent position in China.

- Tianjin will be able to leverage its location as an important traffic node in the "One Belt, One Road" national development strategy. The development plan of "One Belt, One Road" strategy positioned Tianjin as a new fulcrum connecting Southeast Asia, allowing Tianjin to penetrate into Northeast Asia. It also allows Tianjin to access business opportunities arising from various expected favorable economic development in China, including further cooperation and opening-up of eastern coastal port cities, increased synergies among eastern and western China, and improvement of the inland and seaborne transportation network.

We have established cross-regional business networks that are headquartered in Tianjin with national reach, allowing us to achieve a solid foundation for further rapid growth. We are one of the first city commercial banks to realize cross-regional operations in China. We were also one of the largest city commercial banks in China in terms of geographic coverage in Tianjin and China and number of outlets. As of September 30, 2015, we had 306 outlets including seven tier-one branches, creating a business network headquartered in Tianjin, with strong presence in the Beijing-Tianjin-Hebei region, the Bohai Economic Zone, the Yangtze River Delta and Western China, through which, we are able to successfully implement cross-regional business operations in China. As a result, we are well-positioned to efficiently take advantage of development opportunities brought up by the regional economic growth and the five major national strategies mentioned above. In 2006, we took the lead in opening up a tier-one branch, the Binhai Branch, in the Tianjin Binhai New Area, a pilot area for China economic reform. In 2007, we were permitted to open a tier-one branch in Beijing, making us the first Chinese commercial bank allowed to do so since 2000. We have also strategically developed our presence in Hebei, Shanghai, Shandong, Sichuan. As of the Latest Practicable Date, we had 75 branches including five tier-one branches outside of Tianjin. We were also among the first banks permitted to establish a branch in the Tianjin Free-Trade Zone. In November 2015, we obtained approval to establish branches in Shijiazhuang and Luzhou. In December 2015, we obtained approval to establish branch in Yantai. In addition, in October 2015, we were also approved to establish financial leasing companies and were actively applying to build seven county banks in Xinjiang Uyghur Autonomous Region and Ningxia Hui Autonomous Region.

As of September 30, 2015, our total deposits and total loans originated outside of Tianjin accounted for 34.4% and 43.4% of our total deposits and loans, respectively. Compared with the result as of December 31, 2012, this represented a respective increase of 5.4% and 11.8%. From the end of 2012 to the end of 2014, the CAGR of our total deposits and total loans originated outside of Tianjin reached 31.0% and 36.1%, respectively.

We enjoy competitive advantages in corporate banking business and have high conformance with the regional economic development. In addition, we have established strong relationship with technology SMEs with high growth potential.

With comprehensive coverage of local large enterprises and industries, our corporate banking business enjoys a leading market position and strong competitiveness. With our roots in Tianjin, we have developed an in-depth understanding of Tianjin's economic structure and industry layout over the last 20 years. We have established long-term strategic cooperative relationships with a number of local enterprises with a strong business portfolio, particularly those operating in infrastructures, energy conservation, environmental protection, medical and health care, high-end equipment manufacturing, education, tourism, and public-service, as well as technology-based SMEs. As of the Latest Practicable Date, we were providing services to all state-owned groups that are subject to the direct supervision of Tianjin SASAC and have entered into comprehensive strategic cooperative agreements with all local governments at the district or county level in Tianjin. We have comprehensive payment and settlement service portfolios in Tianjin. From 2012 to 2014, the number of our remittance tax payment transactions amounted to 2.81 million with the aggregate amount equaling RMB67.7 billion, putting us among the top three in the Tianjin banking industry for all three years. We are also the exclusive agency for the housing maintenance fund in Tianjin. As of September 30, 2015, we had 65,869 corporate customers with deposits in total, of which, over 32% of customers have accounts opened at our Bank for more than 10 years. According to PBoC, during the Track Record Period, we ranked first in Tianjin in terms of the balance of our corporate deposits as of September 30, 2015.

We are a market leader in technology SMEs banking services in Tianjin, offering a broad range of financial products and services with distinguished characteristics. The Tianjin municipal government has made the important strategic decision to accelerate technology SME development to enhance the region's overall competitiveness. Since 2010, Tianjin has pooled its resources to introduce and develop a number of SMEs with strong technological focus, high growth potential, and good market prospects. It has successively issued multiple favorable policies in terms of fund raising, talent introduction, intellectual property protection and financing, and has taken the lead in the implementation of financial institutions' risk compensation mechanisms for technology SME related financial products, which in turn nourished a large number of technology SMEs in Tianjin among which, many SMEs have achieved strong business and financial performance and qualified as " Little Giants". As of September 30, 2015, the number of technology SMEs in Tianjin has reached over 70,000, with the number of "Little Giants" numbering approximately 3,400. Technology SMEs have had a stimulating effect on the continuous improvement of the economy, becoming an engine that drives economy development in Tianjin.

In line with the local government's strategic plan, we took active approach in reforming and innovating our management on resource allocation, credit rating, operating procedure, service methods, and product research and development, through which, we have successfully maintained our leading position in the technology SME banking business in Tianjin and assisted the growth of a large number of technology SMEs during the early stage of the their development. From 2012 to 2014, the balance of our loans for technology SMEs has seen a CAGR of 23.5%. As of the December 31, 2014, in terms of number of technology SME clients, our market share of technology SME loan business in Tianjin amounted to approximately 12.0%, covering a broad range of industries with national strategic importance, including biology and medicine, energy conservation and environmental protection, new materials, high-tech services, and electronic information. We believe that with expected continuous growth of technology SMEs in terms of number of enterprises and their business performance, we will be able to better take advantage of our comparative advantage over competitors in this area.

We have a high-quality, award winning SME business. For many years, we have promoted the development of our SME business as a starting point for business transformations, the adjustment and optimization of the business structure, to create quality and rapid development, thereby constantly shaping the "Partner Bank for SMEs" quality brand. From 2012 to 2014, the CAGR of our total loan balance to SMEs reached 21.0%, higher than the CAGR of 12.2% of our total corporate loans for the same period. As of September 30, 2015, our loans to SMEs accounted for 69.5% of our total corporate loans, an improvement of 15.6 percentage points compared with that of 2012. As of September 30, 2015, SME loan customers accounted for 87.4% of our corporate loan customers (excluding individual business). According to the CBRC, we were one of the top three banks in Tianjin in terms of the balance of loans to small and micro enterprises (including discounted bills and personal business loans) as of December 31, 2013, 2014 and September 30, 2015. In particular, we have been ranked the first among all banks in Tianjin in terms of the amount of increase in loans to small and micro enterprises (including discounted bills and personal business loans) from January 1, 2014 to December 31, 2014 and from January 1, 2015 to September 30, 2015.

- In 2015, we were recognized as "Outstanding Financial Services Provider to Small and Micro Enterprises in the PRC Banking Industry and Financial Institutions" (全國銀行業金融機構小微企業金融服務先進單位) by the CBRC.

- In 2008 and 2009, we won the "Top Ten Commercial Banks Supporting the Development of SMEs (全國支持中小企業發展十佳商業銀行)" by the China SME Annual Meeting.

- Since 2011, we have been recognized as "Outstanding Financial Services Provider to Small and Micro Enterprises in the Tianjin Banking Industry (天津銀行業小微企業金融服務先進單位)" by CBRC Tianjin Office for four consecutive years.

- In 2013, we received "SME Service Star in Tianjin (天津中小企業服務之星)" award granted by Tianjin SME Business Association. Our Shanghai Branch was awarded the "2014 Shanghai Banking Industry Small and Micro Enterprises Financial Services Outstanding Contribution Award (2014年度上海銀行業小微企業金融服務突出貢獻獎)" by the Shanghai Banking Association.

Capitalizing on our broad coverage of business network, synergy between our corporate and retail business and through our understanding of Internet banking business development trend, we have acquired and maintained a large pool of retail customers, casting great development potential for our retail business.

Capitalizing on our brand recognition and coverage of business network, we are in a strong competitive position in Tianjin, which enjoys a large retail customer base. As a result, we are able to offer secure and convenient financial services to meet our customers' daily banking requirements. Tianjin's resident population grew from 12.99 million as of December 31, 2010 to 15.17 million as of December 31, 2014, at a CAGR of 4.0%, ranking first in China. Tianjin's per capita disposal income and per capita consumption expenditure in 2014 were RMB 28,832 and RMB 22,343, achieving a preeminent ranking in China for two consecutive years. As of September 30, 2015, we have had 241 outlets in Tianjin, covering all regions of the city. To facilitate our business, we also established 29 community sub-branches enabling us to improve our penetration in relevant residential communities through often convenient quality service. As of September 30, 2015, we had 6,975 thousand individual retail customers in Tianjin. In line with the rapid growth of Tianjin economy, as shown in its population, average disposable income and average consumption, we expect a continuous growth in market demand for banking services. Capitalizing on our strength in local markets and our well-recognized market reputation as a "citizens' bank", we believe that we are well-positioned to capture opportunities arising from this promising market to further expand our business operations.

We are able to access a stable and rich source of potential customers through our comprehensive agency services and our strong cross-selling capabilities. We are currently the only bank in Tianjin to provide agency services for the housing maintenance fund, which covers approximately 1.38 million retail customers. We are also the only bank in Tianjin to issue the Tianjin Trade Union Membership Card, which, as of September 30, 2015, covered approximately 1,090,000 trade union members in Tianjin. We are also an authorized issuer bank of social security cards, and have issued a total of approximately 1.57 million social security cards in Tianjin as of September 30, 2015. Between December 31, 2012 and December 31, 2014, the transaction volume of our RMB-denominated personal wealth management products reached a CAGR of 246.9%. From 2012 to 2014, our personal deposits, personal consumption loans, and client personal assets under financial management reached CAGRs of 14.5%, 27.9%, and 21.8%, respectively. We fully leverage the significant synergies between our corporate banking business and our retail banking business. The salaries, benefits, allowances and subsidies paid through our agency business amounted to RMB45.6 billion. To further raise our customer wallet share and enhance our customer loyalty, we have developed debit card products that can be used for payments, shopping, public transportation and others, which essentially covers the online and offline payment needs of our customers' daily lives. Our "Tian Tian Bao (天天寶)" products allow simultaneous real-time online and offline redemptions, thereby providing more convenient services for our retail customers. In 2015, our "Tian Tian Bao (天天寶)" products won the Innovation Award of Top 10 Financial Products of 2014 (2014年度十大個人金融創新產品獎) granted by *The Chinese Banker* Magazine.

We understand and closely follow the developing trend of Internet finance, and have heavily invested in the improvement of financial products and services to enhance our network functionality, effectively integrating offline and online services, changing from "single point for eligible clients" to finding "eligible customers in batches" and continuing to optimize the user experience and expand the scale of our customer base. We started to provide electronic banking services as early as in 2005, with a complete electronic banking system, with our strong one-stop electronic financial service capability. We have actively implemented our "Internet Plus" business strategy, upgrading our traditional electronic banking business, and have established a cooperative relationship with well-known third-party payment platforms, creating an excellent platform to take advantage of the broad range of customers it supports to promote our online services and e-products, changing from "acquiring clients from individual point of sales" to "obtaining clients in batches". From January 1, 2012 to September 30, 2015, our electronic banking channels accumulated transactions amounted to approximately RMB1.8 trillion. As of September 30, 2015, the number of Internet banking users grew to 223,934 from 47,269 as of January 1, 2012, representing an increase of 373.7%. We commenced mobile banking services since late 2012. As of September 30, 2015, the accumulative number of our mobile banking users amounted to 307,665. Our electronic channels replacement rate increased from 25.0% as of January 1, 2012 to 70.1% as of September 30, 2015.

Our treasury business has become a new engine of business transformation with significantly increased profit contribution, which further improved the development of our comprehensive financial services platform.

In response to the liberalization of interest rates and acceleration of financial disintermediation, we have implemented various measures to enhance our competitiveness through accelerating our business transformation by promoting development of the interbank business, debt securities investment, investment banking business, and asset management business, so as to diversify our income and increase the efficiency of our capital utilization. Revenue from our treasury business increased from RMB1.31 billion for the year ended December 31, 2012 to RMB2.46 billion for the year ended December 31, 2014, accounting for 19.8% and 24.8%, respectively, of our total revenue for the relevant years, representing a CAGR of 37.2%.

In order to further leverage our leading market position and promote cooperation among small and medium regional financial institutions, we, as one of the main promoters, established the "Bohai Rim Interbank Cooperation Platform (環渤海銀銀合作平台)" in September 2015, which is the first interbank cooperation platform in the Bohai Economic Zone. As of the Latest Practicable Date, over 80 small and medium financial institutions have joined this platform, with member banks located in Hebei, Shanxi, Shandong, Inner Mongolia, Ningxia, Liaoning, and other provinces and cities. In September 2015, the cumulative transaction value of transactions accomplished through this platform amounted to over RMB12 billion. Being a promoter of the platform, we intend to capitalize on our leading role to promote resource exchange and integration of member institutions in relation to market opportunities, qualification and license, financial products and investment channels. As a result, members could benefit from enhanced cooperation for interbank business, corporate banking business and investment banking business, which could in turn, broaden our market channels and improve our growth potential.

Our treasury business has a robust growth with solid asset quality. Capitalizing on our distinguished investment banking and asset management capabilities, we have successfully improved the market recognition of our brand name. We have qualifications and licenses to conduct a wide variety of interbank market transactions and bond investment business. As early as 1997, we had obtained primary dealer qualifications for PBoC open market, and qualifications to underwrite bonds issued by the Ministry of Finance and the China Development Bank in 2000 and 1999 respectively. In line with the steady expansion of our interbank business, we also strive to maintain our asset quality under interbank business. For the nine months period ended September 30, 2015, the accumulated amount of our deposits and placements with banks and other financial institutions amounted to RMB145.74 billion, while 80% of our transaction counterparties were large commercial banks and joint-stock commercial banks with AA rating or above, with such ratings granted by domestic rating agencies in China. As of September 30, 2015, we maintained an overall good quality in our financial assets held under resale agreements, 76.6% of which were high-quality assets with low risks, including commercial bills discounted by banks, low-risk Chinese government bonds, bonds of policy banks, and bonds issued by other banks and financial institutions. We were among the first group of commercial banks to obtain B-Class qualification to underwrite debt financing instruments issued by non-financial enterprises. Leveraging our strong customer base and decision-making mechanism that allows us to make prompt response towards market conditions, we have established and maintained relationships with a large number of issuers and investors and have successfully built up well-recognized brand names in the Bohai Economic Zone. In 2015, we won the "2014 Best Direct Finance City Commercial Bank Award (2014年度最佳直接融資服務城市商業銀行獎)" by *The Chinese Bankers* Magazine (中國《銀行家》雜誌). For the nine months ended September 30, 2015, we ranked second among all nine B-Class main underwriters in China in terms of the aggregate amount of debt securities of non-financial enterprises which we have underwritten, according to National Association of Financial Market Institutional Investors, or NAFMII. In terms of asset management business, we established the "JinYin Wealth Management (津銀理財)" brand and developed competitive wealth management products tailored to meet customers' demands. We adopted an active marketing strategy, expanding the marketing of our wealth management to both physical and internet terminals, including counters, internet and mobile platforms, thereby greatly facilitating users in choosing and purchasing our products. During the Track Record Period, the accumulated proceeds raised by the wealth management products issued by us amounted to RMB300 billion, representing a CAGR of 52.0% from 2012 to 2014. In 2015, our "Jufu Plan (聚富計劃)" won the "2014 Golden Bull Wealth Management (Type of Floating Proceeds with Principal-Protected) Award (2014年度"金牛銀行理財產品"(保本浮動收益型)獎)" granted by JNLC.com, the online financial information platform of China Securities Journal.

We have an experienced management team and highly qualified staff with support from a resourceful foreign strategic shareholder and modern corporate structure.

We have an experienced and visionary senior management team. Our senior management team has an average experience of over 20 years in management in China's financial industry, and has forged the perception into the ever-changing financial markets and the capability to make prompt response. Our Chairman, Mr. Yuan Fuhua, has 24 years' experience in banking operations and eight years of experience in credit asset management. He has served as a senior management team member at China Construction Bank Corporation and China Cinda Asset Management Corporation, making him a seasoned senior expert in the areas of banking operations and asset management. Tianjin Bank has flourished under his leadership during his time as our chairman, as according to The Banker, a UK publication, we ranked 219th among the "Top 1,000 World Banks" in 2015 in terms of tier-one capital as of December 31, 2014. In 2015, our Bank ranked among the Top 500 Chinese Enterprises according to the China Enterprise Confederation and the China Enterprise Directors Association. Our general manager, Mr. Wen Yuanhua, holds a doctorate in economics, has 20 years' working experience in the financial sector, performing his duties in CITIC Bank International Limited, China Central Huijing Investment Limited and China Construction Bank Corporation and has developed experience in credit business, financial management, investments, mergers and acquisitions, among other fields. During the performance of his duties, he was involved with the reorganization, restructuring, and listing for Industrial and Commercial Bank of China, as well as being responsible for China Construction Bank's overseas acquisitions. He studied at the School of Management of McGill University in Canada, was selected as one of 16 participants in the Yale World Fellows project at Yale University in 2012, and possesses a first-class strategic and international perspective.

We have fully implemented our talent strategy, and established a pragmatic and efficient corporate culture, to create an excellent quality, practical business with a highly loyal workforce. We promote a market-oriented human resources system. During the Track Record Period, among all employees that we admitted with the title at or above department level, approximately 20.7% of them were hired through public human resources market channels. We have firmly established a strategic line of thinking for our talent; continually strengthening our incentive assessments, training, and other complementary mechanisms. We have adopted a distinctive training system that could serve different needs of various groups of employees, which is characterized with a multiple-level training structure, systematic training programs and comprehensive training subjects. As a result, we managed to cultivate an innovative, pragmatic, studious, motivated and business-minded workforce. We also believe career planning of individual employees to be of great importance and have developed a clear career development path for different roles in our Bank, including administration, non-managerial and client management sectors, which we believe could further encourage our employees to endeavor to maximize his or her value. Our motto of "Excellence is in the details, hard work creates brilliance" exemplifies our corporate culture and best practice, creating an outlook and code of conduct for all employees to follow. As of September 30, 2015, over 55% of our employees had been serving us for no fewer than five years.

We are one of the city commercial banks to successfully cooperate with foreign strategic partners. Our foreign strategic investor ANZ has successfully brought into our Bank profound experience in business operations, operational management and corporate governance. ANZ, one of the four largest banks in Australia, became our strategic shareholder in 2006. Since then, ANZ assigned its experienced senior management members to join our board and select key committees that demand expertise in relevant fields including our Risk Management Committee. In addition, ANZ has adopted various measures to provide us with technical support and consulting services, including the establishment of the "future development fund" and assigning a team of international experts to work closely with us. As of the Latest Practicable Date, we have established over 70 cooperative programs with ANZ in various areas, including retail banking business, international business, corporate governance and risk management.

- *Retail banking business*. ANZ effectively provides us with tremendous assistance in relation to product R&D and our strategic plan for business transformation. For instance, using ANZ's retail product as a reference, we designed the product of "personal residential revolving loans" and launched these types of products in China in 2007. We also actively promote utilization of ANZ's retail banking business model in our Bank, as a result of which, we became one of the earliest Chinese city commercial banks to initiate various measures to transform retail outlets into active marketing ports, instead of offering passive services only. In addition, we established client management teams in outlets and equipping non-cash counters with personal account managers. As a result of the abovementioned factors, we have created a solid foundation for our retail business development in the future.

- *International business*. ANZ provides us with comprehensive business training and delegation opportunities. In addition, it has provided us with technical support in relation to international clearing, international payment, and derivate products.

- *Corporate governance*. ANZ actively assists us in building up a corporate governance structure and institution that are in compliance with regulatory requirements and can meet prevailing market standards. ANZ's assigned director also provided us with a great amount of pragmatic suggestions in relation to a broad range of operations of our Bank, including risk management, capital planning, business development strategy and large capital expenditures.

- *Risk management*. ANZ has arranged over 30 technical support programs in relation to risk management system, policy, operation procedures, and our IT system, through which, we have successfully improved system and operation procedures on credit risk, market risk, and liquidity risk.

We built a prudent and comprehensive risk management system that assisted us acquiring and maintaining high quality assets.

We have formed a comprehensive risk control management system, covering, among other things, credit risk, market risk, liquidity risk, operational risk and reputational risk. We consider our risk management system essential for sustained success of our business and make its continuous improvement and development a priority since the establishment of our Bank. As of the Latest Practicable Date, we had successfully established a risk management system covering a broad range of risks associated with financial industry, which we need to attend to at each area of our business operation, including corporate banking, retail banking, daily operations and investment. In addition, this system also covers risks and challenges at each key sector of our management, including our front, middle and back office teams. Furthermore, in response to the ever changing legal and economic environment, we invest in the continuous improvement of our risk management system. In particular, we have endeavored to improve the vertical management system on operational risk and credit risk, so that we could improve the overall structure of our risk management to mitigate relevant risks at a very early stage. We assign chief accountants and risk management general supervisors at our outlets and have gradually consolidated the middle and back offices operations of our Group to be managed by a centralized and integrated system. We attach great importance to the strict implementation of relevant rules in relation to our business development, risk management, and internal control. Furthermore, we are continuously improving our training, with the goal to enhance the effectiveness of our inspections and internal audits, thereby effectively enforcing the accountability mechanism.

We have always attached great importance to credit risk management and control. We were one of the first city commercial banks to have built up a credit approval system, which, through continuous improvement and upgrades, allows us to implement credit grading and screening measures and centralized supervision over the entire operating process. In order to mitigate risks associated with decreasing trend in overall asset quality of China's banking industry in recent years, we have implemented a series of measures, including: (i) bolstering our monitoring of the quality of loans and taking a proactive approach to resolve and vitalize non-performing loans through various measures including liquidation, restructuring, and write-offs; (ii) implementation of dynamic credit approval authorization at our branches, so that our head office could hold the approval authority for high-risk businesses, fixed asset investments and loans to property development and other businesses which demand close monitoring; (iii) intensifying our efforts in our pre-loan management process, by sending the branch manager and other frontline personnel from the risk management department to participate in comprehensive field studies at relevant enterprises in person; (iv) further improvement of our post-loan management, including the strict implementation of our post-loan inspection and reporting mechanism; (v) making loans to industries with heavy pollution, with high energy consumption, and with excess capacity ("兩高一剩") under close monitoring, so that we may promptly identify relevant risks and withdraw promptly, while increasing our loan portfolios in relation to industries that align with China's development strategy. We are currently building a comprehensive credit risk warning mechanism for corporate clients, and have been developing an internal rating system, which corresponds with the Basel III requirements.

With our prudent risk control system and our continued, unflagging efforts to improve the asset quality, we have successfully withstood the tests of industry volatility. As of September 30, 2015, our non-performing loan ratio was 1.49%, lower than PRC commercial banks' overall non-performing loan ratio of 1.59% as of the same date according to the CBRC; our allowance coverage ratio was 199.79%, higher than PRC commercial banks' overall allowance coverage ratio of 190.79% for the same period according to the CBRC. As of September 30, 2015, none of our local government financing platform loans or real estate development loans has been classified as non-performing loans, where 99.0% of local government financing platform loans reached full cash flow coverage.

OUR DEVELOPMENT STRATEGIES

Our strategic objectives are: (i) being headquartered in Tianjin with strong presence in Beijing-Tianjin-Hebei region and Bohai Economic Zone, we intend to improve our business coverage in Yangtze River Delta and Southwestern China and establish ourselves as a city commercial bank that could serve all major economic zones in China; (ii) capitalizing on distinguished business management to offer good return to shareholders; (iii) to utilize sound risk control mechanisms and strategy to maintain solid asset quality; and (iv) to promote innovation and enhance our competitiveness and growth potential.

We plan to realize our objectives and strategies through following specific measures:

To continuously improve our retail banking business by expanding our customer base and providing products and services designed to capture business opportunities arising from our retail customers' daily lives.

Capitalizing on our strong corporate banking business, we intend to continue expanding our retail banking customer base and diversifying our comprehensive retail banking products portfolio, so that, we could offer quality products and services to capture business opportunities arising from each core area of our retail customers' daily lives. We believe this could help us establish distinguished brand recognition associated with modern retail business and build trust with our retail banking customers to achieve steady growth in retail banking services. Detailed measures include:

- Beginning with providing services in relation to daily transactions, payments and settlements services, we intend to develop, through cooperation or self-development, products and services with user-friendly interface and functions that could create strong client loyalty, so that, we could effectively capture the market demands existing in different aspects of our retail customers' daily lives, including wealth management, transportation, medical care, education and entertainment. In particular, we are committed to expanding our retail banking product lines, improving the quality, efficiency and convenience of our retail banking services, and creating individualized customer experience, thereby significantly enhancing customer retention and increasing our market share.

- Further explore into our large retail customer base to identify their demands for financial services while establishing a customer segmentation system that is capable of delivering differentiated services with standard quality. We intend to prioritize the market demand of mass affluent class to achieve business expansion and revenue growth in the future. Furthermore, we intend to gradually optimize the composition of our retail customer base through developing target customers in existing and new clients pools.

Enhance the competitiveness of our SME business through wider participation in the business transactions and fund management of our corporate banking clients and maintaining our competitive advantages in providing financial services to SMEs in technology industries.

- We intend to provide services for our customers' routine transactions to foster our understanding of users' behavior and relevant data, so that we could improve our capacity in providing clients with one-stop integrated financial services, covering payment and settlement, financing and wealth management, which allows us, in turn, to benefit from offering comprehensive financial services tailored for high-growth enterprise customers.

- Capitalizing on our competitive advantages in corporate banking business, and our market leading position in offering high-quality, award winning SME business, we intend to further enhance our competitiveness by focusing on serving industries that are in line with expected layout of industry portfolio in Beijing-Tianjin-Hebei region and the goal of five national strategic policies, in particular, those high value-added industries with strong growth and low cyclical volatility. For details of our advantages in this area, please see the section headed "Our Competitive Strengths — We enjoy competitive advantages in corporate banking business and have high conformance with the regional economic development. In addition, we have established strong relationship with technology SMEs with high growth potential."

- In line with our strategy of becoming a "partner bank for SMEs", we intend to vigorously continue our investment in developing SMEs banking business, including (i) improving our financial products and services tailored for SMEs, especially SMEs in technology industries based on our study of different demands for financial products and services at different stages of their life cycle, and (ii) enhancing the structure and capacity of specialized institutional and professional teams, seek appropriate opportunities to establish branches especially designed for the financial services to SMEs, through which, we could provide financial solutions covering the entire life cycle of SMEs, promote our risk management capabilities in relation to SME business, and be better positioned in order to capture the business opportunities arising from fast growing SMEs.

Further strengthen our treasury business and interbank cooperation through focusing on enhancing the profitability of treasury business.

While satisfying the dynamic capital management target and liquidity requirement, we will further diversify our financial market business product lines, further enhance the quality and scale of our treasury business, and improve investment bank and asset management business that are characterized with capital-light and high added value, so that, we could make treasury business a new profit center.

- Further improve the recruiting and training efforts to continuously improve the quality of our team managing interbank and securities investments business operations. We also intend to broaden our investment portfolios accompanied with reasonable risk management measures to increase the overall investment return. We intend to capitalize on our leadership in the "Bohai Rim Interbank Cooperation Platform", to actively identify and capture business opportunities through cooperation with other banks and financial institutions, expand the investment channels of our interbank assets, and enhance our interbank market influence.

- To obtain more diversified qualifications and licenses, and continuously improve transaction-based business and the treasury business conducted on behalf of customers. We also intend to encourage product innovation and expand customer base of interbank cooperation.

- Increase our investments in developing investment banking and asset management business, making them new profit channels with strategic importance. Further improve the scale and capacities of our debt securities underwriting business and apply for additional licenses in line with our development strategy, including qualification of A-Class main underwriter for debt financing instruments issued by non-financial enterprises. To accelerate the development of asset securitization, mergers & acquisition, structured finance and encourage business innovation. To further refine and diversify wealth management products portfolios. Leveraging R&D capability and experience of our investment business team, we intend to improve our revenue generation capacity while carefully controlling our risk exposure. To optimize the incentives program, attract and train a number of outstanding talent, and build investment banking and asset management teams with high professional competence.

To become an integrated banking group with great growth potential by expanding the range of our financial services and promoting the synergies among different business segments.

We strive to build various financial services platforms, through which, we may capitalize on synergy between these business with our traditional banking business to develop multiple sources of revenue, in line with our strategy to provide a large number of corporate and retail banking customers with comprehensive financial services. In particular, taking into account our overall development strategy, our customers' needs for financial services, the synergies among different banking business operations and our professional expertise, we intend to offer more comprehensive products and services and actively seek appropriate opportunities to expand into financial leasing, funds, trusts, consumer finance, and other business areas to gradually develop into an integrated banking group that offer comprehensive financial products and services covering a broad range of sectors with a focus on banking services, through which, we could further optimize the profit structure and diversify the sources of income.

To improve the structure of our business network and capture Internet banking opportunities to enhance our competiveness.

We will further integrate online and offline services through optimizing the layout of our offline outlet network and investing in the development of electronic business channels and our capacity to deliver financial services through these channels:

- In line with the five relevant national strategies, including the Collaborative Development of Beijing, Tianjin, and Hebei, and leveraging our existing competitiveness in cross-region operations, we intend to (i) consolidate and optimize our business network in Tianjin to provide the public with a warm and convenient business environment and actively capture business opportunities arising from financial reform and innovation in the Binhai New Area and the Free-Trade Zone through our branches in these areas; (ii) further improve the layout of our outlet network in Hebei province in line with expected industrial upgrades and relocation strategy in this region; (iii) improve establishment of outlets in counties and rural areas as well as new districts with particularly designed functions located around highly developed economies like Beijing and Shanghai; and (iv) improve our market penetration in Shandong and Sichuan province to explore regions with rapid economic growth but relatively weak financial service coverage.

- We intend to continue to develop our electronic and Internet banking services, increase our investment in the construction of our electronic system, and improve the cooperation with well-known internet companies. We also intend to continue to invest in innovations related to consumer financing and supply chain financing, promote the integration of traditional banking business with electronic and Internet banking services, so that we may provide clients with more convenient and customer-tailored online financial services to improve customer loyalty, enhance our ability to capture new customers, and reduce our operating costs, so that we could expand our business operations with light assets portfolio.

Strive to maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control.

We will further strengthen our risk management, extensively transform and upgrade our current information management system, which will, in turn, provide strong support to our overall development and growth:

- We will (i) optimize the structure of our information network, enhance our network management and utilize technology to optimize our operational management, so as to increase efficiency and cut costs; (ii) improve our ability to collect, analyze and apply customer data; (iii) strengthen the team building of our IT department and our staff training.

- We plan to continue investing in the construction of our comprehensive risk management system, further improving our risk management mechanisms and procedures, clarifying the responsibilities of each department, line of business, and level within our organization; consistently improve the tools and methods we use to identify and measure risks and strengthen our risk assessment and data accumulation, thereby accelerating the construction of our internal rating system; promptly adjust and improve the credit approval system; fine tune the tiered system of asset quality risk management, further decrease the amount of loans to high risk industries, meanwhile increase our investments in industries that align with China's development strategy in order to continuously improve our credit structure and asset quality.

To improve our organizational and management structure, establish a market-oriented human resources system and cultivate high-quality financial talent.

We plan to actively explore a quasi-division system of reform, simplify the decision-making process, and continue to enhance the professionalism of our products and services. We also intend to adhere to market-oriented approaches and scientific methods to attract, identify, cultivate and utilize talent, so that we can further improve human resource incentive mechanism and talent evaluation and training system:

- *Front office operations*. We will implement hierarchical management in relevant outlets, and will differentiate the specific function of each branch; for the marketing staff in front office, we will adopt an incentive mechanism that balances profitability and risk control.

- *Mid and back office operations.* In our headquarters, we will promote a flat management model integrating different functions of our departments, and improve talent introduction system to hire and retain more high-quality talent with comprehensive capabilities. In addition, we intend to establish an incentive system for middle and back office staff which emphasizes risk control, innovation, and efficiency.

- Continue to provide professional training for all staff to improve their professional skills and capacities. We intend to enrich our training procedures and content, enhance the influence of our corporate culture and improve our employee loyalty.

OUR PRINCIPAL BUSINESS ACTIVITIES

We generate operating income primarily from net interest income and income derived from fee- and commission-based services. Our principal businesses include corporate banking business, retail banking business and treasury business. We primarily take deposits from our corporate or retail customers, and use these deposits to fund our loan and investment portfolios. We also generate operating income through money market activities, investment and trading activities and transactions on behalf of customers.

The following table sets forth our operating income by segment for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2012		2013		2014		2014 (unaudited)		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)									
Corporate banking	4,129.5	62.7	5,106.2	62.2	5,981.3	60.2	4,332.4	59.9	4,983.4	58.4
Retail banking	1,046.0	15.9	1,199.4	14.6	1,473.1	14.8	1,116.8	15.4	1,380.2	16.1
Treasury business	1,308.2	19.8	1,779.0	21.7	2,462.1	24.8	1,776.3	24.5	2,162.4	25.3
Others(1)	106.3	1.6	119.5	1.5	24.0	0.2	13.9	0.2	20.9	0.2
Total	**6,590.0**	**100.0%**	**8,204.1**	**100.0%**	**9,940.5**	**100.0%**	**7,239.4**	**100.0%**	**8,546.9**	**100.0%**

(1) Consists primarily of income that are not directly attributable to any segment.

Corporate Banking

Overview

Corporate banking is our main source of operating income and operating profit. In 2012, 2013, 2014 and the nine months ended September 30, 2015, operating income from our corporate banking business accounted for 62.7%, 62.2%, 60.2% and 58.4% of our total operating income, respectively. We offer corporate banking customers a broad array of products and services to support their business needs, including corporate loans, discounted bills, corporate deposits and fee- and commission-based services. Our corporate banking customers primarily include fiscal and government agencies and institutions, state-owned enterprises, private enterprises, foreign invested enterprises and financial institutions. Capitalizing on our leading market position in Tianjin and continuous efforts in expanding business operations across China, we have achieved a rapid growth in our corporate banking business. In 2014, we were awarded the "Best Small and Medium Bank of 2013—Best Corporate Banking Business Award (2013年最佳中小銀行—最佳公司業務獎)" by the *Modern Bankers* magazine at the third *Small and Medium Bank Development Summit Forum*.

As of September 30, 2015, we had 2,930 corporate loan customers with total corporate loans of RMB154,273.8 million and 65,869 corporate deposit customers with total deposits of RMB237,311.5 million. Our corporate loans increased steadily from RMB102,620.1 million as of December 31, 2012, to RMB154,273.8 million as of September 30, 2015. Our corporate deposits increased significantly from RMB127,245.7 million as of December 31, 2012 to RMB237,311.5 million as of September 30, 2015.

Corporate Loans

Corporate loans have been the largest component of our loan portfolio, most of which are RMB-denominated loans. The majority of our corporate loan customers are enterprises with operations in Tianjin. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our corporate loans amounted to RMB102,620.1 million, RMB110,837.3 million, RMB129,196.2 million and RMB154,273.8 million, respectively, accounting for 83.6%, 74.8%, 75.6% and 83.1 %, respectively, of our total loans and advances to customers.

Distribution of Corporate Loans by Product Type

We provide our corporate customers with a variety of loan products, including working capital loans, fixed asset loans and trade finance. The following table sets forth, as of the dates indicated, the distribution of our corporate loans by product type.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Working capital loans	61,698.5	60.1	71,002.6	64.1	86,238.3	66.7	106,942.0	69.3
Fixed asset loans	34,765.6	33.9	36,234.6	32.7	36,905.1	28.6	42,731.1	27.7
Trade finance	5,462.1	5.3	2,883.2	2.6	4,420.0	3.4	2,914.4	1.9
Others[(1)]	693.9	0.7	716.9	0.6	1,632.8	1.3	1,686.3	1.1
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

Working Capital Loans

We provide working capital loans to customers to fund their day-to-day operations. Working capital loans typically have maturities of less than three years, with a majority of these loans having maturities of one year or less. As of September 30, 2015, we had working capital loans totaling RMB106,942.0 million, representing 69.3% of our total corporate loans.

Fixed Asset Loans

We provide fixed asset loans to customers primarily to address their funding needs for various fixed asset investment projects, including infrastructure projects and technical transformation projects, as well as housing construction and land development. Our fixed asset loans are generally secured by the purchased or constructed fixed asset projects themselves, with the maximum fixed asset loan amount being usually 70% of the appraised value of the relevant properties or project. The fixed asset loans generally have maturities between two to five years. As of September 30, 2015, we had fixed asset loans of RMB42,731.1 million, representing 27.7% of our total corporate loans.

Trade Finance

With the goal to provide integrated services for domestic and foreign trading activities covering both domestic and foreign currencies, we developed and launched a full suite of trade financing services branded as "Gold Supplychain (金鏈條)", which comprises six main categories of product portfolio, each of which are designed to service specific demand from one sector within the value chain of the Chinese import and export industry, including (i) comprehensive accounts receivable and payable solutions to meet customers' present and immediate cash needs; (ii) financial products and services designed for the import trading business consisting of various import and domestic trade finance products, to meet corporate customers' financing needs and to add value and avoid risks in exchange rates and payments; (iii) financial products and services designed for the domestic trading business including primarily domestic letters of credit and domestic factoring; (iv) financial products and services designed for customers who undertake overseas contracts, have overseas branch offices, acquire overseas resources, or export ships or large mechanical and electrical equipment, such as letters of guarantee financing; (v) financial products and services designed to mitigate business risks for our customers who have purchased credit insurance, which include export credit insurance financing, domestic insurance financing, and long-term insurance financing; and (vi) financial products and services designed for logistics enterprises including primarily pledges of rights on goods which will enable us to effectively control the enterprise logistics and cash flow thereby mitigating the risks. As of September 30, 2015, we had trade finance loans of RMB2,914.4 million, representing 1.9% of our total corporate loans.

Other corporate loans consist primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft. These corporate loans amounted to RMB693.9 million, RMB716.9 million, RMB1,632.8 million and RMB1,686.3 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Distribution of Corporate Loans by Maturity

In terms of loan maturity, our corporate loans comprise short-term loans and medium- and long-term loans. The following table sets forth our corporate loans by maturity as of the dates indicated.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Short-term loans (one year or less)	65,341.1	63.7	69,329.4	62.6	82,458.4	63.8	94,964.9	61.6
Medium- and long-term loans (over one year)	37,279.0	36.3	41,507.9	37.4	46,737.8	36.2	59,308.9	38.4
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Short-term loans

Under the General Rules of Loans of the PBoC, short-term loans are loans with maturity of one year or less. Our corporate loans are mainly short-term loans, including working capital loans, which are our main short-term loan products. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our short term loans were RMB65,341.1 million, RMB69,329.4 million, RMB82,458.4 million and RMB94,964.9 million, respectively, representing 63.7%, 62.6%, 63.8% and 61.6%, respectively, of our total corporate loans.

Medium- and long-term loans

Under the General Rules of Loans of the PBoC, medium- and long- term loans are loans which mature in more than one year. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our medium- and long-term loans were RMB37,279.0 million, RMB41,507.9 million, RMB46,737.8 million and RMB59,308.9 million, respectively, representing 36.3%, 37.4%, 36.2% and 38.4%, respectively, of our total corporate loans.

Distribution of Corporate Loans by Customer Types

Our corporate loan customers primarily include state-owned enterprises, privately-owned enterprises and foreign-invested enterprises, engaging in a broad range of industries primarily including wholesale and retail, manufacturing, construction, real estate, water, environment and public utilities management, leasing and business services industries. In recent years, we have increased loans to large and medium enterprises in the public welfare industry, including enterprises providing water, electricity, gas, heating, healthcare and public transportation services. We also provide credit support for construction of large infrastructure projects.

The following table sets forth our corporate loans by size of corporate banking customers as of the dates indicated.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Small and micro enterprises [(1)]	17,715.5	17.3	24,223.8	21.9	35,894.6	27.8	59,162.6	38.3
Medium enterprises [(1)]	37,557.3	36.6	42,793.0	38.6	45,072.8	34.9	48,110.5	31.2
Large enterprises [(1)]	39,796.2	38.8	37,019.1	33.4	42,904.7	33.2	37,661.8	24.4
Others[(2)]	7,551.1	7.3	6,801.4	6.1	5,324.1	4.1	9,338.9	6.1
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

(1) The classification criteria for large, medium, small and micro enterprises are based on the number of their employees, operating income, and total assets under the Classification Standards of Small and Medium Enterprises. For details, please also see the section headed "Definitions" in this prospectus.

(2) Primarily includes loans to public institutions.

SME Loans

We are committed to providing differentiated financial solutions to SME customers, to help them achieve their business goals, mainly including working capital loans, fixed assets loans and trade financing. Our SME customers are engaged in a wide range of industries, primarily including the manufacturing, wholesale and retail, construction and service industries. As early as December 2005, we established SME business department at our head office which is responsible for marketing, innovation and building a platform for SME business.

In 2009, we took the lead in establishing a Small Business Financial Services Center (小企業金融服務中心), which obtained an independent finance permit specifically to provide financial services for small and micro businesses. In addition, as an experimental platform for the credit services of our small and micro business and business innovation models, this center provides support for our business innovation.

We are committed to becoming the "Partner Bank for SMEs" to serve our SME customers. Guided by the policy of "*One District and 21 Parks Construction* (一區二十一園建設政策)" implemented by Tianjin Government, which encourages development of industrial parks and business zones, we target SME customers concentrated in industrial parks and business zones. In addition, we designed and developed tailor-made products and services to meet specific financing demands of relevant clients.

In 2015, in recognition of our outstanding financial services to small and micro enterprises, we won the " Outstanding Financial Services Provider to Small and Micro Enterprises in the PRC Banking Industry (全國銀行業金融機構小微企業金融服務先進單位)" award granted by CBRC.

In order to support the financing needs of SMEs at growth stage, we have developed a series of unique financing products under the "Golden Sunshine (金光芒)" brand, which comprises different types of loan products that are designed to meet specific demands of SMEs, such as liquidity revolving loans, commercial mortgage installment loans, and enterprise legal person mortgage loans. The table below sets forth details of these loan products:

Liquidity Revolving Loans	We provide liquidity revolving loans to our SME customers to fund their day-to-day operations. Liquidity revolving loan makes it quicker and more convenient for SMEs with cyclical and seasonal working capital needs to withdraw in a number of times, repay in installments and recycle within the terms and amount stipulated in the loan contract. In 2012, our liquidity revolving loan was recognized by CBRC Tianjin as "2011 Small and Micro Enterprises Featured Financial Service Products for Banking Financial Institutions in China (2011年全國銀行業金融機構小微企業金融服務特色產品)".
Commercial Mortgage Installment Loans	To effectively meet the SMEs' mid-term or long-term funding needs, we offer commercial mortgage installment loans with a maximum term of ten years which are secured by properties provided by enterprises or third parties. At the same time, repaying in installments help alleviate the pressure of repaying the principal and interest at once when the loans are due.
Enterprise Legal Person Mortgage Loans	To meet the SMEs' funding needs to purchase their real estate, automobiles, machinery, ships and other fixed assets in their production and operation, we introduce "mortgage" to offer enterprise legal person mortgage loans with a maximum term of ten years. The maximum amount of the loan can be 70% of the fixed assets purchased. This product also effectively alleviates the companies' liquidity pressure by allowing repayment in installments.

To meet the financing needs of the technology SMEs at different stages including start-up, growth and maturity, we offer a series of financial services products for technology SMEs branded under "Golden Torch (金火炬)", such as "Ke Xin Dai (科信貸)", "Technology Business Development Loans (科技展業貸款)" and intellectual property pledge loans. When we review loan applications from relevant technology companies, we take into account various factors, including the applicant's credit status, business conditions, expected development, patent valuation, industry prospects and governmental policy support. We provide "Ke Xin Dai (科信貸)" products to qualified technology companies with strong growth potential, in particular, those enterprises which have been granted government support or recognized for achievement or their technological capacity. We have successfully mitigated our risks associated with our "Ke Xin Dai (科信貸)" loans through entering into strategic cooperation agreements with the science and technology departments of local government, according to which, the relevant government departments will compensate for 80% of the loan losses within the limits stipulated in the agreement.

In addition to the above featured products, we have been committed to enhancing our advantages in SME credit services and providing other effective and specialized financial solutions to our SME customers at different developmental stages. For example, we developed a series of comprehensive financial services branded under "Golden Route (金航線)" which are tailor-made for listed or to-be-listed SMEs to meet their financing needs during the listing process, including debt financing, direct financing, as well as cash management and financial advisory services. Our SME loan business has grown rapidly in recent years. As of September 30, 2015, we had approximately 2,562 SME customers with whom we have conducted loan business and our total SME loans amounted to RMB107,273.1 million. As of December 31, 2012, 2013 and 2014, our total SME loans amounted to RMB55,272.8 million, RMB67,016.8 million and RMB80,967.4 million, respectively.

Non-SME Loans

We provide our non-SME customers with a broad range of loan products, mainly including working capital loans, fixed assets loans and trade financing. Our non-SME loan customers primarily include state-owned enterprises as well as privately owned enterprises and foreign-invested enterprises, which operate in various industries, including manufacturing, wholesale and retail, construction and leasing service industries. As of December 31, 2012, 2013 and 2014, our non-SME loans amounted to RMB47,347.3 million, RMB43,820.5 million and RMB48,228.8 million, respectively. As of September 30, 2015, we had approximately 368 non-SME loan customers, and our non-SME loans amounted to RMB47,000.7 million.

Discounted Bills

Bill discounting refers to our purchase of bank acceptance bills and commercial acceptance bills at a discount from corporate customers. We may also resell the discounted bills at a further discount to the PBoC or other authorized financial institutions to increase our liquidity. As of December 31, 2012, 2013, 2014, and September 30, 2015, our discounted bills amounted to RMB4,746.3 million, RMB16,377.0 million, RMB19,091.0 million, and RMB7,343.5 million, respectively.

Corporate Deposits

We offer our corporate banking customers time and demand deposits in Renminbi and major foreign currencies. We primarily provide RMB-denominated time deposits with maturities ranging from three months up to five years. The following table sets forth our corporate deposits by product type as of the dates indicated:

	As of December 31						**As of September 30**	
	2012		**2013**		**2014**		**2015**	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**
	(in millions of RMB, except percentages)							
Demand deposits	85,436.0	67.1	104,582.0	65.1	110,090.5	55.2	127,140.3	53.6
Time deposits	41,809.7	32.9	56,063.3	34.9	89,472.9	44.8	110,171.2	46.4
Total corporate deposits	**127,245.7**	**100.0**	**160,645.3**	**100.0**	**199,563.4**	**100.0**	**237,311.5**	**100.0**

Our corporate deposit customers primarily include fiscal and government agencies and institutions, state-owned enterprises, schools, hospitals, privately owned enterprises and foreign-invested enterprises. We have established a leading market position in terms of corporate deposits in Tianjin. As of December 31, 2012, 2013 and 2014, and September 30, 2015, the number of our corporate deposit customers was 63,818, 62,313, 62,518, and 65,869, respectively.

As of September 30, 2015, we ranked first in Tianjin in terms of the balance of our corporate deposits with a market share of 9.2% in Tianjin, according to the PBoC. We are able to attract high-quality and stable corporate customers. As of September 30, 2015, 21,393 corporate deposit customers have maintained accounts with us for over ten years which accounted approximately 32.5% of our total corporate deposit customers. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our total corporate deposits amounted to RMB127,245.7 million, RMB160,645.3 million, RMB199,563.4 million and RMB237,311.5 million, respectively, accounting for 63.2%, 65.0%, 68.9% and 72.3% of our total deposits from customers, respectively.

Fee- and Commission-Based Corporate Banking Products and Services

We offer our corporate banking customers an extensive range of fee- and commission-based services, including primarily settlement services, wealth management services, cash management services, investment banking, agency business, guarantee services and entrusted loans services.

Settlement Services

We offer our corporate banking customers with remittance, foreign currency exchange and settlement services including bank drafts, bank notes, corporate checks and other negotiable instruments.

- *Domestic settlement products and services*. Our domestic settlement products and services primarily include settlement effected through drafts, promissory notes, bank acceptance bills, commercial acceptance bills and telegraphic transfers. In 2012, 2013 and 2014, our domestic corporate settlement transaction volume amounted to RMB4,315,308.1 million, RMB5,564,768.7 million and RMB8,705,429.7 million, respectively, representing a CAGR of 42.0%. For the nine months ended September 30, 2015, our domestic corporate settlement transaction volume totaled RMB18,992,245.9 million.

- *International settlement products and services*. We provide corporate customers international settlement products and services primarily including international letters of credit, international remittance, collection, letters of guarantee and cross-border RMB service. The international settlement transaction volume of our customers continue to increase. We have successfully developed a cross-border RMB service and other innovative settlement products. At the same time, we strive to expand our foreign correspondent bank network to provide a greater variety of settlement products. For details, please see "—Our Principal Business Activities—Corporate Banking—International Banking Operations." In 2012, 2013 and 2014, our international settlement transaction volume amounted to US$4,316.5 million, US$5,724.2 million and US$7,080.1 million, respectively, representing a CAGR of 28.1%. For the nine months ended September 30, 2015, our international settlement transaction volume amounted to US$6,146.7 million, representing a 16.7% increase compared to the corresponding period in 2014.

Wealth Management Services

We provide differentiated wealth management products with flexible terms and yields based on customers' needs and risk tolerance to meet the financial and investment needs of corporate banking customers. Our corporate wealth management products mainly consist of principal-protected products with fixed yields and non-principal-protected products with floating yields. We use the funds raised from issuance of corporate wealth management products to invest in high quality assets such as debt securities and other interbank monetary instruments that will generate a higher return than the anemic deposit rates. In 2012, 2013 and 2014, the transaction volume of corporate wealth management products amounted to RMB35,930.0 million, RMB40,121.0 million and RMB39,786.0 million, respectively. For the nine months ended September 30, 2015, the transaction volume of corporate wealth management products amounted to RMB43,430.5 million. As of September 30, 2015, the balance of our corporate wealth management products was RMB13,641.0 million, and the yield typically ranges from 2.4% to 5.8%.

See "—Treasury Business—Treasury Business Conducted On Behalf of Customers."

Cash Management Services

To meet our large corporate banking customers' need for centralized cash management, we provide integrated cash management services for our corporate banking customers, primarily for their liquidity management purposes, including account management, liquidity management, collection and payment management, investment and financing services, risk management and information services, to assist customers in reducing their finance costs, increasing capital gains and achieving a balance between liquidity and profitability.

In 2013, we further formulated the Tianjin Bank cash management plan to deliver different types of cash management products to meet the demands of our customers from different industries, with different scales of business. We have provided cash management services to 13 state-owned groups under the direct supervision of SASAC Tianjin which operate in a wide range of industries such as commerce services, biomedicine and electronics.

Investment Banking

Beginning in 2014, we commenced investment banking business. During the Track Record Period, we steadily expanded products portfolio of our investment banking business and devoted efforts in the recruiting and training of qualified employees with expertise. As of the Latest Practicable Date, our investment banking services included debt securities underwriting and distribution, merger and acquisitions, asset securitization, consulting and financial advisory. Among them, consulting and financial advisory services primarily refer to planning, analysis and solution advice for customers' operations management, financial management and capital and financing operations. Please also see the section headed "— Treasury Business — Debt Securities Underwriting and Distribution".

Agency Business

We offer agency services to local governmental agencies, administrative entities, public institutions, public welfare institutions, social groups and other entities. Our agency business services include tax electronic filing branded "E-tax", collection of non-tax revenues, withholding social security fees, rent collection, management of real estate pre-sale funds, money collection and payments like the centralized payment of salaries, payment of expenditures and the collection of various public utilities bills, among which we provide exclusive collection services for housing maintenance funds in Tianjin.

Guarantee Services

We provide corporate banking customers with bank guarantee services, primarily in the form of loan guarantees, contract performance guarantees, bid guarantees, and prepayment guarantees.

Entrusted Loans

We offer entrusted loan services for our corporate banking customers. We extend entrusted loans to borrowers on behalf of our corporate banking customers according to the lending purpose, amount, term, and interest rates determined by our corporate banking customers. We monitor the utilization and assist with the collection of loans for our corporate banking customers. Our corporate banking customers, being the principals, assume the default risk of loans, while we receive agency fees based on the entrusted loans amount.

International Banking Operations

We have extensive expertise in international banking to reduce payment or collection risks as well as to facilitate our customers' financial transactions around the world. In 1997, we launched our international banking business operations. We provide corporate banking customers with international settlement, settlement and sale of foreign exchange, foreign currency deposits and loans, foreign currency exchange, cooperative handling of settlement and sale of forward foreign exchange, and trade financing products.

Through years of effort, we had over 800 foreign correspondent banks as of September 30, 2015. We have established correspondent banking relationships with many well-known foreign banks, to provide our customers with international settlement and trade financing services through an extensive clearing and settlement network. As of September 30, 2015, we had over 50 interbank trade finance counterparts to facilitate international banking services to our clients. Through overseas visits and exchanges, we have strategically established close cooperative relationships with more than 20 foreign banks in Europe, U.S., Hong Kong, Taiwan, and Southeast Asia. We have also developed various cooperation channels including trade letters of credit, entrusted interbank payments and forfeiting in order to meet the diverse needs of our corporate customers.

Corporate Banking Customer Base

Our corporate loan customers are mainly from (i) the wholesale and retail industry, (ii) manufacturing industry, (iii) construction industry, (iv) real estate industry and (v) water, environment, and public facilities service industry. As of September 30, 2015, our loans to customers in these industries accounted for 22.2%, 21.5%, 14.2%, 11.7% and 8.2%, respectively, of our total corporate loans. See "Assets and Liabilities — Assets — Loans and Advances to Customers — Corporate Loans — Distribution of Corporate Loans by Industry".

We have a large number of high quality and stable corporate customers in northern China, especially in Tianjin. We strive to expand our corporate customer base into other regions of China such as Shanghai, Beijing, Shandong, Sichuan and Hebei, where the number of corporate customers has gradually increased. As of September 30, 2015, we had approximately 65,869 corporate deposit customers and 2,930 corporate loan customers. Our corporate banking customers primarily comprise fiscal and government agencies and institutions, state-owned enterprises, privately owned enterprises and foreign-invested enterprises.

Fiscal and government agencies and institutions have always been our key customers, and we have focused on developing and maintaining a long-term strategic business relationship with them. We are the fund collection bank for the Tianjin fiscal collection account and established cooperative relationships with local government agencies in Tianjin. In managing our corporate business, we also target large local state-owned enterprises and large private enterprises as key customers with strategic importance. As of September 30, 2015, we have provided cash management services to state-owned groups under SASAC Tianjin. Our large enterprise customers are primarily headquartered in Tianjin and Beijing. We provide these large enterprises with tailored financial services.

In addition to our strong partnerships with large enterprise customers, we have also proactively and effectively developed a number of loyal SME customers. As of September 30, 2015, our SME customers accounted for 87.4% of our total corporate customers. We established a SME business department as early as in 2005. Through years of efforts, we have successfully expanded our SME related business and established a wide spread SME focused business network which serves the local economy. As of September 30, 2015, we have established SME business departments at our headquarters and six branches to provide SMEs with both standard and tailor-made financial service solutions. We pay particular attention to the demands from SMEs with growth potential, good credit ratings or with strong government support.

Retail Banking

Overview

We provide our retail banking customers a wide range of products and services, including personal loans, personal deposits, bank cards, and fee- and commission-based services. Our retail banking business has grown significantly in recent years. In 2012, 2013, 2014, and the nine months ended September 30, 2015, operating income from our retail banking business are RMB1,046.0 million, RMB1,199.4 million, RMB1,473.1 million and RMB1,380.2 million, respectively.

Leveraging our local advantages in Tianjin and based on our business orientation to be "citizens' bank", we strive to provide quality and trusted services to local residents by conducting in-depth study of the everyday needs of these local residents to explore new business opportunities and continuously expand our business lines. We are dedicated to providing differentiated retail banking services, thus increasing the loyalty of our customers.

Personal Loans

We provide personal loans including residential mortgage loans, personal consumption loans, personal business loans and credit card overdraft. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our personal loans amounted to RMB15,428.8 million, RMB21,023.5 million, RMB22,630.9 million and RMB24,034.9 million, respectively, representing 12.6%, 14.2%, 13.2% and 12.9% of our gross loans and advances to customers, respectively.

The following table sets forth information on our personal loans by product type as of the dates indicated.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Residential mortgage loans	7,484.0	48.5	9,848.7	46.8	9,812.3	43.4	9,715.7	40.4
Personal consumption loans	5,477.7	35.5	8,113.7	38.6	8,956.0	39.5	10,356.2	43.1
Personal business loans	2,318.9	15.0	2,816.7	13.4	3,594.8	15.9	3,602.7	15.0
Credit card overdrafts	148.2	1.0	244.4	1.2	267.8	1.2	360.3	1.5
Total personal loans	**15,428.8**	**100.0**	**21,023.5**	**100.0**	**22,630.9**	**100.0**	**24,034.9**	**100.0**

Residential Mortgage Loans

We provide retail customers with residential mortgage loan products for their purchase of both new and second-hand residential properties. Our residential mortgage loans have remained relatively stable in recent years. Residential mortgage loans are secured by the underlying real property being purchased by borrowers and have terms of up to 30 years. Generally, the residential mortgage loan amount will not exceed 70 % of the purchase price of the property. In addition, we also provide retail customers in Tianjin with personal housing provident fund loans for the purchase of residential properties; the amount and terms of these housing provident fund loans are varied, taking into account the housing purchase plans and loan repayment ability of our retail customers. Furthermore, we launched our "Relay Loans (接力貸)" in August 2012 as our featured residential loan to recognize the parents, sons or daughters of the borrowers as co-debtors, which enables our retail customers to obtain a higher loan amount as well as to extend the maturity of their loans. As of December 31, 2012, 2013 and 2014 and September 30, 2015, residential mortgage loans amounted to RMB7,484.0 million, RMB9,848.7 million, RMB9,812.3 million and RMB9,715.7 million, respectively, representing 48.5%, 46.8%, 43.4% and 40.4% of our total personal loans, respectively.

Personal Consumption Loans

By leveraging our in-depth knowledge and abundant experience in providing financial solutions to our retail customers, we provide a variety of personal consumption loans to our retail customers for their personal and household consumption needs such as house renovation, purchase of durable consumer goods and automobiles, education expenses and travel. Personal consumption loans primarily consist of consumer automobile loans, personal residential revolving loans, personal education loans, personal pledged loans and other personal consumption loans. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our personal consumption loans amounted to RMB5,477.7 million, RMB8,113.7 million, RMB8,956.0 million and RMB10,356.2 million, representing 35.5%, 38.6%, 39.5% and 43.1% of our total personal loans, respectively.

We extend automobile loans to our retail customers for the purchase of a family car from automobile distributors that we designated. Generally, the amount of a consumer automobile loan will not exceed 70 % of the purchase price of the automobile and the term of the loan will be up to 5 years.

We provide personal residential revolving loans (個人住房循環貸) to retail customers with sound credit for general consumption purposes. These loans are required to be secured by the real properties of the borrower or third parties, which allows borrowers to drawdown the loans by installments at any time and on a revolving basis up to a pre-approved credit limit during the term of the loan. Generally, a personal residential revolving loan can amount up to 70% of the mortgaged house properties. These loans are generally revolving credit lines with a tenure of up to 30 years. As of December 31, 2012, 2013 and 2014 and September 30, 2015, personal residential revolving loans amounted to RMB4,846.5 million, RMB6,729.0 million, RMB6,870.9 million and RMB7,078.9 million, respectively. In addition, we also provide personal loans to college teaching and administrative staff under the brand of "Teacher Happiness Loans (師樂貸)" to support improvements to their housing conditions. We also provide personal education loans to our retail customers to support their comprehensive education needs. On the one hand, we provide student loans to students, their parents or legal guardians to support their university study in China and these loans need to be generated in the form of mortgages or by purchasing guarantee insurance from our designated insurance companies. On the other hand, we extend loans to students who plan to study abroad or to their parents and these loans can be secured by house properties or certificates of deposits/government bonds.

We provide personal pledged loans to retail customers with sound credit to meet their comprehensive consumption needs and such loans need to be secured by pledges of the borrowers' or third parties' certificate of time deposits or government bonds. In particular, we will extend these loans to the borrowers within 24 hours when all the loan application files are received and in order. The sum of principal and interest of said loans can be as much as those of the certificate of time deposits. To capture the market opportunities arising from strong consumption demands of our customers, we have launched various personal consumption loan products with different interest rates, amount caps, restrictions on the use of proceeds and credit requirements. Among them, the loans branded under "Jinyi Loans (金溢貸)" can be up to RMB1.0 million and customers don't need to provide any mortgage to the bank. In 2015, our "Jinyi Loans (金溢貸)" won the *Innovation Award of Top 10 Financial Products of 2014* (2014年度十佳金融產品創新獎) granted by *The Chinese Banker* Magazine, which makes us the only bank to win this award in Tianjin. We determine the amount of a personal consumption loan based on our credit assessment of the loan applicant.

Personal Business Loans

By leveraging our extensive experience in providing financial services and our sound understanding of the needs of the owners of small- and mid-enterprises, we provide personal business loans under the brand of "Golden Seed (金種子)" to qualified privately or individually-owned business and other retail banking customers engaged in business activities in order to serve their needs to commence business, replenish working capital, pay rents of operational shops, purchase premises and equipment for business operation, as well as other individualized financial needs of their businesses. We decide the maximum amount of certain specific loan products based on the credit status, operation condition, and anticipation of development of our retail customers. The credit term of personal business loan is up to ten years. As of December 31, 2012, 2013 and 2014 and September 30, 2015, personal business loans amounted to RMB2,318.9 million, RMB2,816.7 million, RMB3,594.8 million and RMB3,602.7 million, respectively, representing 15.0%, 13.4%, 15.9% and 15.0% of our total personal loans, respectively.

In particular, we provide personal re-employment-related small amount secured loans to further replenish our personal business loans portfolios. Personal re-employment-related small amount secured loans are secured Renminbi loans we extend to support the re-employment of laid-off and unemployed workers, other registered unemployed personnel and demobilized servicemen in urban areas. These personal loan products are designated for our retail customers that are recommended by relevant local government agencies and guaranteed by special guarantee funds established by relevant government agencies. The maximum amount of these loan products generally do not exceed RMB500,000.0 taking into account the specific capital needs of our retail customers. Such loans usually have a term of up to two years.

In addition, we proactively help entrepreneurs develop their businesses. We launched our "Superior Startup Loans (優創貸)" in 2015 as our response to the "Popular entrepreneurship and innovation" employment policy of PRC government. In order to further develop clients with high-growth potential, we actively cooperate with well-known universities and academic institutions in China. For instance, we cooperate with Tsinghua x-lab to establish a financing platform, where we offer a wide variety of financial services including loans, advisory, settlement, wealth management and tax planning to startups set up by Tsinghua students and alumni.

Credit Card Overdrafts

We offer our credit card customers overdraft services for consumption, money transfer and cash withdrawal. As of December 31, 2012, 2013, and 2014 and September 30, 2015, our credit card overdrafts amounted to RMB148.2 million, RMB244.4 million, RMB267.8 million and RMB360.3 million, respectively.

Personal deposits

We provide retail banking customers with various demand deposit and time deposit products. Most of our retail deposits are denominated in Renminbi with maturities ranging from 1 day to 6 years. We also accept demand deposits and time deposits in a wide range of foreign currencies, including the US dollar, the HK dollar, the Euro, Japanese Yen, and the Australian dollar, with maturities ranging from seven days to two years. In particular, we provide education time deposits products to qualified students with terms of one year, three years or six years and students applying for such education time deposit products can enjoy higher interests rates and are exempted from interest income tax. In recent years, we develop new personal deposit products, such as "Ri Zeng Li (日增利)". This financial product is connected with our debit card program. This product automatically transfer our customers' account balance to our retail deposit products with interest rates equal to those of the time deposits in corresponding periods, thus generating higher interest income for our customers. As of December 31, 2012, 2013 and 2014 and September 30, 2015, total retail deposits amounted to RMB43,754.1 million, RMB51,788.4 million, RMB57,408.4 million and RMB62,064.4 million, respectively, accounting for 21.7%, 21.0%, 19.8% and 18.9% of our total deposits from customers, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the total number of our personal deposit customers was 5.8 million, 6.1 million, 6.6 million and 7.1 million, respectively.

Bank Card Services

Debit Cards

We issue various Renminbi debit cards under the brand names such as "Tian Tian Bao (天天寶)", "Li Cai Tong (理財通)" and "Jin Card Tong (津卡通)" to retail customers who maintain deposit accounts with us, through which they could obtain comprehensive financial services by maintaining the relevant debit card account. For instance, our "Tian Tian Bao (天天寶)" product offers the card holders a seamless service package, covering both cash deposits and withdrawals, online payment and flexible investment measure to generate higher income for card holders by utilizing the excessive cash in the underlying saving account. Our "Li Cai Tong (理財通)" product allows the card holders to transfer excessive cash in the account to select financial services for management to generate higher income. Besides, "Jin Card Tong (津卡通)" product allows the card holders to set an automatic transfer of excessive cash in their demand deposit account to their time deposit account in order to generate higher interest income.

As a member of China UnionPay, our debit cards are accepted through the China UnionPay network in China and around the world. As of September 30, 2015, we had issued a total of approximately 15.7 million debit cards. In 2012, 2013 and 2014 and the nine months ended September 30, 2015, the total transaction amount of our debit cards during each period amounted to RMB124,202.8 million, RMB201,594.4 million, RMB292,781.1 million and RMB312,561.4 million, respectively.

In line with our business development strategy, we strive to improve our capacity of delivering financial services and establishing systems in connection with large enterprises and public institutions, though providing payment services to their employees or members and offering convenient comprehensive financial services to relevant account holders. In particular, based on our long term cooperation with Tianjin Municipal Trade Union, we obtained the exclusive right to issue debit cards to its union members in Tianjin, namely, "Labor Union Card (工會卡)". To improve the quality of our services, we have successfully introduced many functions to the "Labor Union Card (工會卡)" enabling the relevant card holder to access a comprehensive range of financial services, including the deposit of relevant member fees and benefits, online transactions and payment for public transportation in Tianjin. As of September 30, 2015, we have issued 1.09 million "Labor Union Card (工會卡)". In addition, in 2014, we launched the third generation bank account balance wealth management products, for example, "Tian Tian Bao (天天寶)" series, which allows our customers to redeem the products within the same day under the "T+0" model, thereby further bolstering our market leading position in offering payment services to our clients.

Credit Cards

In July 2004, we obtained the approval to issue credit cards to the public, including basic credit cards, gold credit cards and platinum credit cards, which are issued to customers with different income, financial assets and credit statuses. Being a member of UnionPay, our credit cards are accepted by our network and by the UnionPay network across the world. As of the December 31, 2012, 2013, and 2014 and the nine months ended September 30, 2015, we had issued a total of 77,659, 102,821, 123,725, and 144,169 credit cards, respectively. In 2012, 2013 and 2014 and the nine months ended September 30, 2015, the transaction volume of our credit cards was RMB2,774.7 million, RMB4,998.7 million, RMB5,938.4 million and RMB4,780.9 million, representing a CAGR of 46.3% from 2012 to 2014. The number of transactions of our credit cards increased from 734,213 for the year ended December 31, 2012 to 1,361,230 for the year ended December 31, 2014, representing a CAGR of 36.2%.

In order to meet market demands for credit cards with distinctive value-added services and to strength our relationship with select large enterprises, we introduced various types of credit cards through cooperation with enterprises in the travel, retail, electronics and insurance industries. These credit cards allow relevant card holders to enjoy various benefits, which in turn, improves our credit card business and the market awareness of our brands. For instance, we issued the "Hong Kong Travelling credit card (香港旅遊卡)" where card holders could enjoy discounts and bonus points for expenditures at select stores in Hong Kong. In addition, we started to issue the Anbang (Car Owner) co-brand credit card (安邦(車主)聯名卡) in September 2015; the credit limit of this credit card is up to RMB500,000 and there is a lifetime waiver of the annual fee; we also offer discounts and six months' installment repayment free of interest and fees when these card holders choose to purchase Anbang car insurance products sold through telephone-marketing with an insured amount of over

RMB100,000. Furthermore, we issued Hilacity co-brand credit card (希樂城聯名卡), Guomei co-brand credit card (國美聯名卡) and Inzone co-brand credit card (銀座聯名卡), to allow relevant card holders to enjoy exclusive discount in purchasing a broad range of products and services that the relevant enterprises offer, covering catering, personal consumption, electronics and entertainment services.

Meanwhile, our credit card business focuses on flexible installments, bills installments, cash installments and other capitalization business, continuously enriches and improves our installments business products. To satisfy our card holders' needs to pay by installments for the purchase of large commercial products or services, we develop "Yi Le Dai (易樂貸)" product for large amount installment payment. To boost the market competitiveness of our products and promote cross-selling, we develop "Lian He Jin (聯合金)" cash installment products which give exclusive preferential rate for our residential mortgage loan customers, provident fund (combined) loans customers and labor union card (with provident fund payment) customers. To focus on differentiated marketing to quality customers, we develop "White Collar Jin (白領金)" product specifically for civil servants, teachers and other employees at government agencies and state-owned enterprises.

As of September 30, 2015, we have established cooperative relationships with 454 special preference merchants (特惠商戶) to provide benefits to holders of our credit cards, covering the catering, entertainment, and home furnishing industries, resulting in a significant increase in the popularity and market competitiveness of our credit card products. Our "Wei Dai Tong" "(微貸通)" credit card won the Second Prize at the 2012 Regional Banking Institution UnionPay Card Competition (區域性銀行業機構銀聯卡競賽) hosted by China UnionPay.

Income from our credit card business primarily includes the service fees we collect from cardholders, interest income from outstanding balances and commissions from merchants.

Fee- and Commission-based Retail Banking Products and Services

For our individual customers, we provide various fee- and commission-based retail banking products and services, primarily including personal wealth management services, PRC treasury bonds agency services, fund agency services, bancassurance, agency trading of precious metals, collection and payment agency services and settlement services.

Personal Wealth Management Services

The target customer groups of our personal wealth management services are medium- and high-income individuals. During the Track Record Period, we launched a broad range of personal wealth management products to capture diversified market demands in terms of investment return expectation, liquidity preference and risk tolerance. Leveraging our strong marketing power, we continuously issue retail wealth management products with high yields, which are well received by customers because of its good investment returns and our effective risk management. We provide our personal wealth management products under the brand of "JinYin Wealth Management (津銀理財)". Our major wealth management products include:

- *"Jufu Plan (聚富計劃)" series*. Products offer floating-proceeds with principal-protected features. In 2015, "Jufu Plan (聚富計劃)" won the "*2014 Golden Bull Wealth Management* (Type of Floating Proceeds with Principal-Protected) *Award* (2014年度"金牛銀行理財產品(保本浮動收益型)獎)" granted by JNLC.com, the online financial information on platform of China Securities Journal.

- *"Huifu Plan (匯富計劃)" series*. These products are non-principal protected with floating proceeds.

As of September 30, 2015, we had 2,245 qualified sales personnel and 683 intermediate and senior financial planners for our personal wealth management services. In 2012, 2013 and 2014, we placed RMB-denominated personal wealth management products with a total transaction volume of RMB4,445.1 million, RMB18,969.1 million and RMB53,478.3 million, respectively, with a CAGR of 246.9% from 2012 to 2014. For the nine months ended September 30, 2015, we placed RMB-denominated personal wealth management products of RMB54,021.6 million.

PRC Treasury Bonds Agency Services

We offer agency services to our retail customers in connection with their purchase and cashing of PRC treasury bonds. In 2012, 2013 and 2014 and the nine month ended September 30, 2015, the aggregate amount of treasury bonds where we acted as an agent of the MOF for its issuance amounted to RMB1,021.0 million, RMB1,260.0 million, RMB1,427.0 million and RMB921.0 million, respectively, and cashed treasury bonds amounting to RMB1,117.0 million, RMB667.0 million, RMB825.0 million and RMB630.0 million, respectively.

Fund Agency Services

We distribute various fund products. Our customers can subscribe, purchase and redeem fund products through our banking, website, mobile devices, and other channels. As of September 30, 2015, we established business relationships with over 13 domestic fund management companies in China and had distributed 181 funds as an agent. For the year ended December 31, 2012, 2013, 2014 and the nine months ended September 30, 2015, we distributed fund products with a total transaction volume of approximately RMB443.4 million, RMB1,165.3 million, RMB6,274.6 million and RMB6,454.4 million, respectively.

Bancassurance

Subject to the authorization of our head office, our outlets distribute insurance products as an agent through our cooperation with market leading insurance companies. During the Track Record Period, to meet our customers' diverse needs at each stage of their lives, we provided four series of insurance products, namely, "Treasure Health (珍愛健康)", "Traveling around the World (暢行天下)", "Great Fortune (萬貫家財)" and "Rich for Old-age (富足養老)", including 35 distinctive insurance products and six main categories which are health insurance, endowment insurance, annuity insurance, life insurance, accident insurance and investment insurance.

As of September 30, 2015, we had 453 qualified bancassurance sales personnel and we had entered into comprehensive cooperative agreements with six insurance companies as an agent for their insurance products. We intend to continue to increase the number of qualified bancassurance sales personnel, and with our extensive retail network and individual customer base, we expect to maintain stable growth of agency sales of insurance. In 2012, 2013 and 2014 and the nine months ended September 30, 2015, we distributed insurance products with a total transaction volume of approximately RMB18.0 million, RMB8.8 million, RMB54.6 million and RMB155.7 million, respectively.

Agency Trading of Precious Metals

Marketing under the brand of "Tiantian Gold (天添金)", we offer agency trading of precious metals and act as customers' agent to conduct precious metals trading and settlement at certified trading platforms in China.

As of September 30, 2015, we had approximately 1,600 precious metals customers. For the year ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, our transaction volume as an agent for third parties for precious metals was approximately 146.6 kilograms, 64,594.2 kilograms, 584,023.0 kilograms and 322,660.2 kilograms, respectively, with an aggregate trade value of approximately RMB1.1 million, RMB344.1 million, RMB3,249.7 million and RMB1,321.4 million, respectively.

Collection and Payment Agency Services

We provide a variety of collection and payment services to public utilities, large SOEs and their end customers through our retail outlets, self-service zones, online and mobile banking and customer service centers, including payroll services, utilities bill payment, individual social insurance premiums, telephone bills, and housing maintenance funds. We also provide payroll services as well as allowance and subsidy disbursement services to the employees of a number of Tianjin government entities, public institutions and corporations, particularly large group corporations. These employees receive their salaries through their personal bank accounts with our bank, which become an important source of our mid- and high-end individual customers.

As of December 31, 2012, 2013 and 2014 and September 30, 2015, we had 709,885, 682,528, 623,032 and 586,224 individual payroll service customers, respectively. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, the average monthly amount of salaries paid through our payroll services was approximately RMB1,258.5 million, RMB1,274.1 million, RMB1,265.4 million and RMB1,307.3 million, respectively.

Settlement Services

We offer settlement services to our retail banking customers, including RMB- and foreign currency-denominated money transfer, remittance and collection, and settlement of bank drafts and checks.

Rural Financial Services

The nationwide developments of modern agriculture and urbanization have facilitated the expansion of our rural financial services. In recent years, Tianjin government has implemented various policies improving financial services for rural areas and encouraging commercial banks to extend their loan business to farmers in order to facilitate a more efficient allocation of capital for different sectors. In consideration of growing business opportunities brought by these government initiatives to develop a rural financial system and improve financial infrastructure in rural areas, we strategically expanded our featured microcredit business and diversified our loan products to more directly address the financing needs of farmers. As of September 30, 2015, we provided rural financial services through a network of 57 outlets, which include 12 financial service stations and 45 convenience service stations in rural areas where there used to be no convenient access to basic financial services such as deposit taking and cash withdrawal. Our rural finance network benefits farmers through our self-service terminals to provide a wide range of services including balance inquiries, cash deposit and withdrawal, money transfer, bank cards and payments of public utilities bills.

Customer Base

Capitalizing on the synergy between corporate and retailing banking business and our capacity to obtain clients in bulk, we have established an extensive and stable retail banking customer base.

As of September 30, 2015, we had approximately 7.1 million retail banking customers, of whom approximately 42,472 customers were personal loan customers. Our personal loan customers consist of approximately 24,122 residential mortgage loan customers, 15,516 personal consumption loan customers and 2,834 personal business loan customers.

We classify our retail banking customers into ordinary customers and mid- and high-end customers depending on the balance of their personal financial assets in their accounts with us. Following our business strategy to cultivate and develop high-end customers, we have established a personal banking customer base with approximately 66,346, 87,223, 107,545 and 116,773 customers with personal financial assets of above RMB200,000 as of December 31, 2012, 2013 and 2014 and September 30, 2015 respectively, and their financial assets under our management totaled RMB34,235.7 million, RMB49,077.7 million, RMB64,853.3 million and RMB75,280.2 million, respectively. We will focus our marketing efforts on growing the number of mid- and high-end customers, including civil servants, private business owners, professionals and other high income individuals.

We believe that the number of our mid- and high-end customers and the average value of their financial assets will continue to increase as a result of the expected continuous growth of GDP and retail disposable income in China. We intend to further broaden our customer base and improve our customer loyalty by providing tailored retail banking products, expanding our retail banking sales force and applying differentiated pricing policies. Moreover, we have expanded the use of electronic banking platforms such as an online banking system, a mobile banking system, and well-known third party payment platforms in China, which offer greater convenience to our customers and reduce our operating expenses.

Treasury Business

The goal of our treasury business is to meet our liquidity needs and, at the same time, maximize the return on our funds for non-lending activities by adopting various measures based on our profound knowledge of a broad range of financial products. We strive to achieve balance between returns and risks in our investment portfolio by taking into account the market and macroeconomic conditions. Our treasury business primarily includes engaging in money market transactions, investing in securities and other financial assets, debt securities underwriting and distribution, interbank discounts and rediscounts of bills and treasury business conducted on behalf of customers. Our treasury business has grown significantly in recent years. In 2012, 2013, 2014 and the nine months ended September 30, 2015, the operating income from our treasury business was RMB1,308.2 million, RMB1,779.0 million, RMB2,462.1 million and RMB2,162.4 million, respectively. From 2012 to 2014, our operating income from the treasury business grew at a CAGR of 37.2%.

Money Market Transactions

Our money market transactions primarily consist of: (i) interbank credit extensions, short-term borrowing from and lending to other domestic banks and non-bank financial institutions and interbank deposit services; and (ii) repurchases and reverse repurchases of securities with other domestic banks and non-bank financial institutions. Securities underlying repurchase and reverse repurchase transactions primarily include bonds issued by the PRC central government and policy banks, etc. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our deposits and placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB48,998.9 million, RMB92,149.8 million, RMB121,310.4 million and RMB112,058.5 million, respectively, representing 16.2%, 22.7%, 25.3% and 20.5% of our total assets, respectively, and our deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements, amounted to RMB74,864.3 million, RMB126,921.9 million, RMB147,232.8 million and RMB161,982.0 million, respectively, representing 26.2%, 32.9%, 32.7% and 31.5%, respectively, of our total liabilities.

In 1997, we became one of the earliest dealers in China's national interbank bond market approved by the PBoC. We have obtained underwriter qualifications for bonds issued by Ministry of Finance, China Development Bank, The Export-Import Bank of China, and Agricultural Development Bank of China. We are also qualified as a first-class dealer for the open market. Additionally, we obtained qualifications for "central treasury cash management time deposit participant bank (*中央國庫現金管理商業銀行定期存款業務參與銀行*)". From 1999 to 2013, we were named as "Outstanding National Interbank Bond Market Proprietary Trading Clearing Member (*全國銀行間債券市場自營業務優秀結算成員*)" by the China Government Securities Depository Trust and Clearing Co., Ltd. (*中央國債登記結算有限責任公司*) for thirteen years, and from 2002 to 2013, "Outstanding Trading Member (*優秀交易成員*)" by the National Interbank Funding Center (*全國銀行間同業拆借中心*), for eleven years. From 2001 to 2006, we were named as "Outstanding Interbank Bond Market Settlement Agency (*銀行間債券市場優秀結算代理人單位*)" for five years by the China Government Securities Depository Trust and Clearing Co., Ltd. for five years.

Investments in Securities and Other Financial Assets

Our investments in securities and other financial assets mainly include investments in debt securities and debt instruments issued by financial institutions.

Investments in Debt Securities

Our investments in debt securities mainly include government bonds, policy banks and other financial institutions and non-financial institutions as well as bills issued by the PBoC. Our investment strategy in debt securities investments is to invest primarily in debt securities with lower risk and higher liquidity such as debt securities issued by the MOF and the debt securities of the policy banks, in order to maintain liquidity and stability of investment yields of our assets. As of September 30, 2015, our investments in the bonds issued by the MOF accounted for approximately 97% of our investments in government bonds. The table below sets forth our investments in debt securities by types of debt securities as of the dates indicated:

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(in millions of RMB)			
PRC government bonds	19,289.2	18,180.7	20,543.4	22,109.2
Debt securities issued by PRC policy banks	17,157.1	15,384.3	19,877.4	21,086.7
Debt securities issued by PRC banks and financial institutions	70.1	240.0	2,168.3	6,254.9
Debt securities issued by PRC corporate issuers	4,132.2	8,330.5	9,682.3	14,561.7
Total	**40,648.6**	**42,135.5**	**52,271.4**	**64,012.5**

During our debt securities investments process, we conduct scenario analysis through various analytical tools on market risks such as adverse movement of asset prices and adverse movement of benchmark rates on the market, and formulate correspondent contingency plans and make adjustments to our investment strategy in a timely manner. See "Risk Management — Market Risk Management — Market Risk Management for Our Banking Book — Interest Rate Risk Management."

As of December 31, 2012, 2013, and 2014 and September 30, 2015, we held debt securities investments with an aggregate principal amount of RMB40.6 billion, RMB42.1 billion, RMB52.3 billion and RMB64.0 billion, respectively. In 2012, 2013, 2014 and the nine months ended September 30, 2015, the interest income from our investments in debt securities was RMB1,304.0 million, RMB1,532.8 million, RMB1,727.4 million and RMB1,416.2 million, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our weighted averages of the agreed return on our investments in debt securities were 3.7%, 4.0%, 4.3% and 4.4%, respectively.

During the Track Record Period, we invested in bonds issued by the PRC local governments financing vehicles. As of December 31, 2012, 2013, 2014 and September 30, 2015, our exposure to bonds investments issued by local government financing vehicles amounted to RMB341.0 million, RMB2,903.6 million, RMB5,222.4 million and RMB8,480.0 million, respectively. Please also see "Risk Factors — Risks Relating to Our Business — Our asset quality, financial condition or results of operation may be materially and adversely affected if the repayment ability of local government financing vehicles deteriorates or the government policies affecting local government financing vehicles change."

Investments in Debt Instruments Issued by Financial Institutions

In managing our treasury business, we invest in Non-standard Credit Assets, including trust beneficiary plans, asset management plans and wealth management products issued by other financial institutions.

As of December 31, 2012, 2013 and 2014 and September 30, 2015, our investment in Non-standard Credit Assets amounted to RMB42,767.6 million, RMB65,861.3 million, RMB71,169.7 million, and RMB126,438.0 million, respectively, representing 14.1%, 16.2%, 14.9%, and 23.2%, respectively, of our total assets at the corresponding dates. For the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015, external interest income generated from our investment in Non-standard Credit Assets amounted to RMB1,850.3 million, RMB3,980.10 million, RMB5,083.4 million and RMB5,011.4 million, respectively, representing 13.9%, 20.3%, 20.5%, and 25.5%, respectively, of our total interest income for the same year/period.

We believe we benefit from investments in Non-standard Credit Assets because this business operation provides us with higher average investment returns compared with that of other business lines. In addition, through strictly following our internal risk management measures, we could effectively manage the overall risks associated with such investment. Furthermore, through investing in Non-standard Credit Assets, we could benefit from the mutual sharing of the latest industry knowledge and market insight in managing relevant business operations and developing relevant products and services from counterparty banks and financial institutions and promote our market recognition and presence in the industry, as a result of which, we could improve and enhance our cooperation with relevant financial institutions. For details on results of our investments in Non-standard Credit Assets during the Track Record Period, please see "Assets and Liabilities —

Assets — Investment Securities and Other Financial Assets". Please also see "Risk Factors — Risks Relating to Our Business — We have made investments in Non-standard Credit Assets, and any adverse development in relation to these types of investments could materially and adversely affect our profitability."

The following table sets forth the breakdown of our investment in Non-standard Credit Assets as of the dates indicated.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in millions, except for percentage)							
Secured by collateral[1]	2,390.0	5.6	11,134.9	16.9	15,552.6	21.9	33,165.8	26.2
Secured by guarantees	5,790.0	13.5	28,121.1	42.7	36,620.3	51.5	57,458.9	45.4
Unsecured	34,587.6	80.9	26,605.4	40.4	18,996.8	26.7	35,813.4	28.3
Total	42,767.6	100.0%	65,861.3	100.0%	71,169.7	100.0%	126,438.0	100.0%

Note:

(1) Consists of Non-standard Credit Assets secured by mortgages or pledges.

The following table sets forth the breakdown of investment in each type of Non-standard Credit Assets by level of collateralization as of the date indicated.

	As of September 30, 2015						
	Trust beneficiary Rights		Asset management Plans		Wealth Management Products Issued by Other Financial Institutions		
	Amount	% of total	Amount	% of total	Amount	% of total	Total
Secured by collateral[1]	10,693.2	27.9%	22,472.5	38.2%	—	—%	33,165.8
Secured by guarantees	23,517.0	61.2%	33,941.9	57.6%	—	—%	57,458.9
Unsecured	4,184.0	10.9%	2,483.6	4.2%	29,145.8	100.0%	35,813.4
Total	38,394.2	100.0%	58,898.0	100.0%	29,145.8[2]	100.0%	126,438.0

Note:

(1) Consists of Non-standard Credit Assets secured by mortgages or pledges.

(2) As of September 30, 2015, our investment in principal protected products and non-principal-protected wealth management products amounted to RMB5,658.4 million and RMB23,487.4 million, respectively, representing 19.4% and 80.6% of the total amount of our investment in wealth management products issued by other PRC financial institutions.

For our risk management with respect to our unsecured investments in Non-standard Credit Assets, please see "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business — Credit Risk Management for Our Investment Business — Investments in Debt Instruments Issued by Financial Institutions."

Going forward, we intend to cautiously expand our operations in relation to investments in Non-standard Credit Assets in compliance with relevant laws, regulations and our internal risk management measures, to achieve stable returns with manageable risks. Please also see "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business — Credit Risk Management for Our Investment Business".

The table below sets forth, as of September 30, 2015, the distribution of our investments in trust beneficiary plans and asset management plans by industry classification.

	As of September 30, 2015			
	Trust beneficiary rights under which credit facilities were extended to financing parties	Asset management plans under which credit facilities were extended to financing parties	Total	% of total
	(RMB in millions, except for percentage)			
Construction	12,478.1	8,634.6	21,112.7	21.7%
Water, environment and public facilities management	6,411.8	12,996.9	19,408.7	20.0%
Real Estate	3,493.9	10,844.0	14,337.9	14.7%
Finance	1,075.0	13,649.2	14,724.2	13.1%
Leasing and business services	9,598.6	2,070.0	11,668.6	12.0%
Public administration, social security and social organization	4,300.2	3,530.0	7,830.2	8.1%
Manufacturing	1,036.6	2,678.2	3,714.8	3.8%
Wholesale and retail	0.00	2,768.0	2,768.0	2.8%
Scientific research and technical services	0.00	1,150.0	1,150.0	1.2%
Agriculture	0.00	250.0	250.0	0.3%
Residential services and other services	0.0	300.0	300.0	0.3%
Mining	0.0	27.4	27.4	0.03%
Total	38,394.2	58,898.0	97,292.2	100.0%

The table below sets forth, as of September 30, 2015, the breakdown of our investment in Non-standard Credit Assets by remaining maturity.

	As of September 30, 2015				
	Trust beneficiary rights	**Asset management plans**	**Wealth management products issued by other financial institutions**	**Total**	**% of total**
	(RMB in millions, except for percentage)				
Due within 3 months	816.0	9,511.5	14,993.8	**25,321.3**	20.03
Due over 3 months up to 6 months	3,183.0	5,380.1	6,652.0	**15,215.1**	12.03
Due over 6 months up to 1 year	7,227.3	12,247.4	7,500.0	**26,974.7**	21.33
Due over 1 year up to 3 years	23,244.4	27,862.8	0.0	**51,107.2**	40.42
Due over 3 years up to 5 years	3,923.5	3,860.0	0.0	**7,783.5**	6.16
Subtotal	**38,394.2**	**58,861.6**	**29,145.8**	**126,401.6**	**99.97**
Overdue	0.0	36.4	0.0	36.4	0.03
Total	**38,394.2**	**58,898.0**	**29,145.8**	**126,438.0**	**100.0**

We strive to improve and maintain the liquidity of our Non-standard Credit Assets. As of September 30, 2015, approximately 53.4% of the Non-standard Credit Assets portfolio had remaining maturities up to one year. To further mitigate liquidity risks associated with our investments in Non-standard Credit Assets, we also formulated a fund position management contingency plan to deal with extreme situation where we expect the disposal of Non-standard Credit Asset may not provide sufficient liquidity for our normal business operations. According to the fund position management contingency plan, we closely monitor liquidity risks of our Bank and make routine liquidity assessment for our management's observation and consideration. Upon occurrence of potential liquidity risks, we would, according to severity of relevant situation, take different measures to ensure reliability and sufficiency of our funding sources and improve our assets and liability mix, including the control or suspension of the development of certain new asset businesses, such as bond investments, bill discounting, loan extension, placements and deposits with banks and other financial institutions, and disposal of certain assets to maintain sufficient liquidity support. Please also see the section headed "Risk Factors — Risks Relating to Our Business — We have made investments in Non-standard Credit Assets, and any adverse development in relation to these types of investments could materially and adversely affect our profitability."

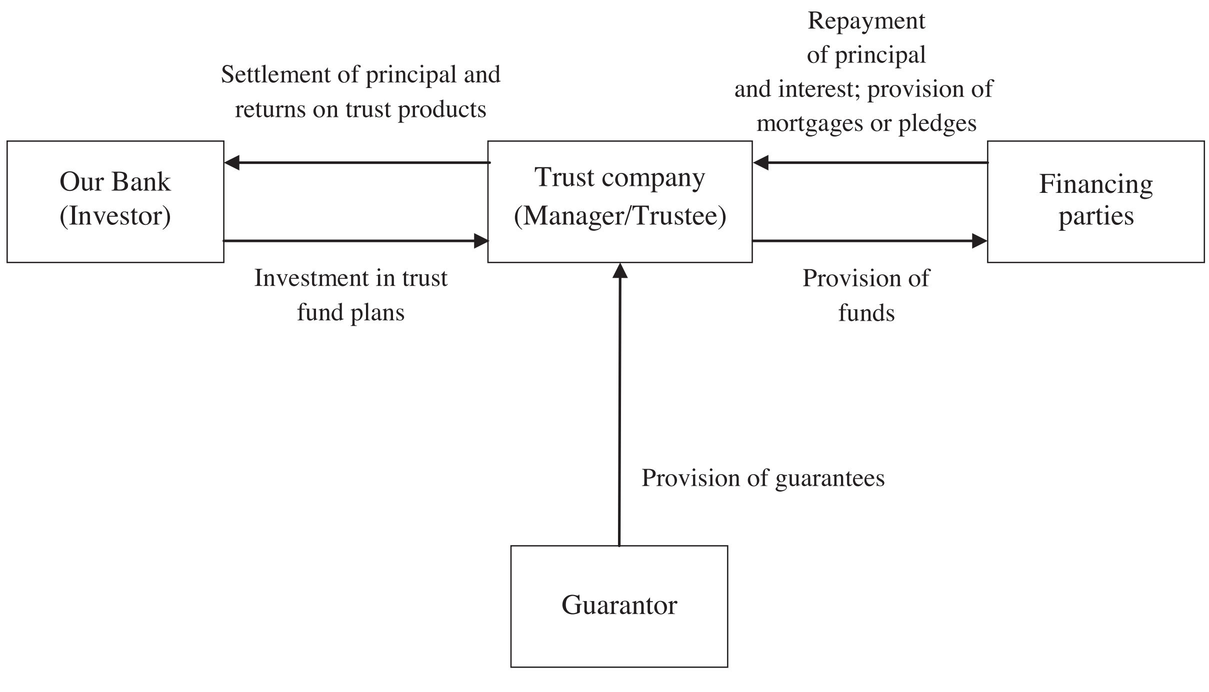
As of September 30, 2015, the amount of our investment in Non-standard Credit Assets with overdue payment of principal and/or interests (the "Overdue Non-standard Credit Assets") was RMB36.4 million, representing 0.03% of our total amount of investment in Non-standard Credit Assets. Payment of principal and interest of the overdue credit facility underlying the Overdue Non-standard Credit Assets is secured by third-party guarantees. Such Overdue Non-standard Credit Assets involved one financing party who used the underlying credit facility to fund projects in steel trading and coal trading industries. Such financing party failed to make timely repayment primarily due to slowdown of PRC economy in recent years that affects relevant industries. As of September 30, 2015, the payment of principal and interest has been overdue for over one year. We have been closely observing the operation and financial performance of such financing party and intend to take all available measures to recover relevant overdue principal and interest based on our assessment, including, where we deem appropriate, requesting the relevant guarantor to perform guarantee obligations or bringing legal proceedings against the default financing parties.

We assess our investments in Non-standard Credit Assets products regularly to determine whether there is any objective evidence for impairments, and, if so, the amount of impairment losses. Please also see in Note 3.8 to the Accountants' Report in Appendix I to this prospectus. As of September 30, 2015, we had made provision for impairment losses on our overdue investment in the above mentioned Non-standard Credit Assets in an amount of RMB36.4 million in accordance with the requirements under IFRS and our accounting policies. We believe that we have made sufficient allowance to cover the estimated losses on our overdue investments in the asset management plan.

Trust Beneficiary Rights

Trust beneficiary rights are financial instruments related to the beneficiary rights under the trust plans sponsored by the trust companies. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the balances of our investments in trust beneficiary rights were RMB9,370.0 million, RMB19,736.9 million, RMB24,091.5 million and RMB38,394.2 million, respectively, and the relevant investment yields were between 2.1% and 13.0%, between 2.1% and 10.2%, between 3.8% and 10.6% and between 5.2% and 10.2%, respectively.

In managing this operation, through purchasing the products issued by trust companies or the existing products from other financial institutions, we entrust trust companies to manage our funds by investing in stand-alone or collective trust schemes operated by trust companies. The trust companies lend the funds raised through these stand-alone or collective trust schemes to the financing parties in their own names. The financing parties' obligations owed to the trust companies are secured by mortgages or pledges granted by the financing parties on their properties to the trust companies or by the irrevocable and joint and several guarantee provided by relevant guarantors to the trust companies. The financing parties use the funds provided by trust companies for business operation, and shall repay the principal as well as the agreed-upon returns pursuant to the trust term. The following chart illustrates the relationship among the parties involved in our investments in trust beneficiary rights:



During the Track Record Period, we invested in trust beneficiary plans issued by reputable trust companies and all of our top five counterparties of our investment in trust beneficiary plans were qualified under applicable laws and regulations to carry out their businesses. As of September 30, 2015, our investments in the trust beneficiary plans with our top five counterparties represented 74.2% of our total investment in trust beneficiary plans as of the corresponding date.

During the Track Record Period, we invested in trust beneficiary rights under which credit facilities were extended to ultimate financing parties that established track record, credit history, growth potential in accordance with our credit risk assessment criteria, and were operating in the industries that are in line with national development plans in China. For details of our credit risk management measures, please also see the section headed "Risk Management — Credit Policies". As of September 30, 2015, our investments in the trust beneficiary rights under which credit facilities were extended to our top five ultimate financing parties represented 13.6% of our total investments in trust beneficiary rights as of the corresponding date.

As of September 30, 2015, the investments with funds at our disposal in trust beneficiary rights were used for providing funds to the following types of financing parties: (i) approximately 32.5% to the construction industry; (ii) approximately 25.0% to the leasing and business services sector; (iii) approximately 16.7% to the water, environment and public facilities management industry; (iv) approximately 11.2% to the public administration, social security and social organization industry; (v) approximately 9.1% to the real estate industry; and (vi) approximately 2.7% to the manufacturing industry. The remaining 2.7% was extended to financing parties in other industries.

We believe we benefited from making investments in trust beneficiary rights, which has enabled us to offer highly demanded financial services in the market in line with the trend of finance disintermediation and interest liberalization in China, which in turn, enhanced our market competitiveness, increased the cross-selling opportunities between us and other financial institutions and expanded our customer base. In addition, capitalizing on our integrated risk management system and stringent risk control measures, we were able to effectively mitigate risks associated with investments in trust beneficiary rights while maximizing the return of our investments. In particular, compared with the traditional corporate loan business, the investment in trust beneficiary rights offer higher average investment yields. Our investment strategy with respect to trust beneficiary rights is to achieve a long-term stable return on investments by investing funds, which are legally owned and freely disposable by us, into financial products issued or sponsored by trust companies. We strive to improve our risk control measures to mitigate risks associated with investments in trust beneficiary rights through adopting various measures, including conducting stringent checks on credit history and the business track records of relevant counterparties, studying the PRC laws, regulations and policies that may affect the industry trend in relation to the trust products; and closely monitoring the fluctuations in market interest rate to select appropriate products. In particular, we have implemented various specific measures to better address risks in relation to investments in trust beneficiary rights. For instance, besides conducting studies on credit risks, regulatory risks and market risks, as well as considering the track record of cooperation with relevant counterparties, we emphasize research on the expected return of relevant trust plans and business growth potential of financing parties to make investment decision. Furthermore, we implemented rules requesting continuous monitoring of quality of relevant assets and demanded timely action from trust companies to enforce their rights under mortgages, pledges or guarantees. For details, please see the section headed "Risk Management — Credit Risk Management — Credit Risk Management for our Treasury Business — Credit Risk Management for Our Investment Business — Investments in Debt Instruments Issued by Financial Institutions."

We have been advised by Tian Yuan Law Firm, our PRC legal advisor, that in accordance with the Trust Law of the PRC, the trust property shall be segregated from the property owned by the trustee, and may not be included in, or become part of, the trustee's own property. Therefore, any security deposits obtained from the guarantor may not be used to repay the trust companies' own debts. The security interests over the trust property or our investments in trust beneficiary rights should not be affected even if the trust companies encounter any financial difficulties.

We generally request financing parties, third parties or guarantors to provide security to payment of principal and interest of our trust beneficiary right investments. As of September 30, 2015, approximately 61.2% of the fund extended under our investments in trust beneficiary rights were secured by third-party guarantees, approximately 20.9% of such funds were secured by properties and land, and approximately 7.0% of these funds were secured by pledges of company shares or accounts receivable. Approximately 10.9% of such fund was unsecured. We only accept collateral of properties and land with clear, legal and valid title and ownership. The value of such collateral is assessed and determined by designated appraisal institutions which meet our requirements. We typically require the loan-to-value ratio (representing the financing amount to the value of the collateral) up to 70%. We will not invest in trust beneficiary rights where the underlying assets are secured by pledges of company shares of value less than the aggregate amount of principal and interest payable by the borrower. We will review the business operations, financial condition, credit quality and the ability to repay of the guarantors to ensure their capabilities of performing guarantee obligation.

For risk management measures and procedures we have adopted for our trust beneficiary right investments, please see "Risk Management—Credit Risk Management—Credit Risk Management for Our Treasury Business — Credit Risk Management for Our Investment Business — Investments in Debt Instruments Issued by Financial Institutions".

During the Track Record Period and as of the Latest Practicable Date, our investments in trust beneficiary rights had remained in normal operation and the payments of principal and interest had been duly made without any default. We have not sustained any loss arising from our investments in trust beneficiary rights.

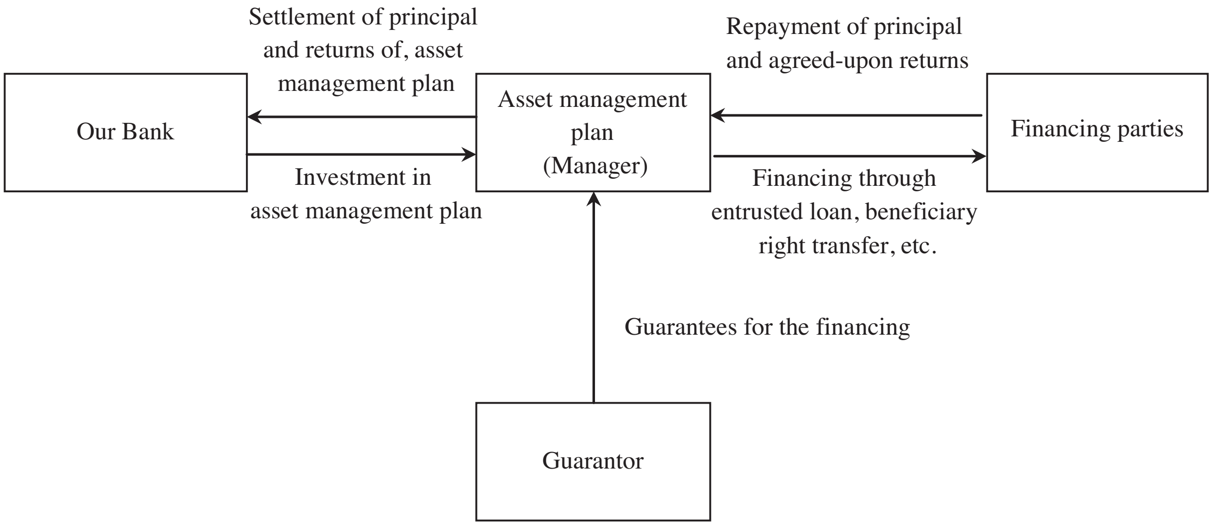
Asset Management Plans

Under our asset management plans, we enter into asset management contracts with quality asset management companies or reputable securities companies who follow our written instructions to invest, using our funds, in specified products, primarily including credit assets.

Our asset management contracts generally have terms up to five years, subject to further renewal. In relevant asset management contracts, parties generally set out key terms such as investment scope and executive procedures of such assets management plans. In addition, pursuant to the terms and conditions of those contracts, we generally provide asset management companies or securities companies with detailed written investment instructions including investment amount, investment terms, interest rate and bank accounts. Upon receiving our instructions, these asset management companies or securities companies shall then proceed to execute investment through our designated accounts with third-party custodian banks.

The funds under the asset management plans are managed by relevant asset management companies or securities companies in accordance with the terms of the contracts in designated accounts with third-party custodian banks. Pursuant to the terms and conditions of the asset management contracts, the asset management companies or the securities companies will be responsible for our loss resulting from their management of our entrusted funds if they fail to carry out our investment instructions or breach the terms and conditions of the asset management contracts; the custodian banks will be responsible for any losses incurred by the asset management companies or securities companies or us as a result of their failure to perform custody services in accordance with the asset management contracts. The asset management companies or the securities companies do not provide any guarantee in relation to the asset management plans they sponsor.

The chart below illustrates the relationship among the parties involved in our investments in asset management plans:



As of December 31, 2012, 2013 and 2014 and September 30, 2015, the balance of our investments in asset management plans were RMB80.0 million, RMB22,819.6 million, RMB31,516.4 million and RMB58,898.0 million, respectively, and the relevant investment yields were 10.0%, between 1.7% and 11.9%, between 4.0% and 10.5% and between 3.5% and 12.0%, respectively.

During the Track Record Period, we invested in asset management plans managed by quality asset management companies or reputable securities companies and all of our top five counterparties of our investment in asset management plans were qualified under applicable laws and regulations to carry out their businesses. As of September 30, 2015, our investment in the asset management plans with our top five counterparties represented 73.9% of our total investment in asset management plans.

During the Track Record Period, we invested in asset management plans under which credit facilities was extended to ultimate financing parties that have established track record, credit history, growth potential in accordance with our credit risk assessment criteria, and who were operating in the industries in line with the national development plan in China. For details of our credit risk management measures, please also see the section headed "Risk Management — Credit Policies". As of September 30, 2015, our investments in the asset management plans under which credit facilities were extended to our top five ultimate financing parties represented 25.6% of our total investment in asset management plans as of the same date.

We adopted stringent standard in reviewing credits of asset management companies and securities companies to mitigate counterparty risks. We started to invest in asset management plans in October 2012. As of September 30, 2015, we had entered into asset management contracts with 19 securities companies and asset management companies, and the balance of our investments in asset management plans was RMB58.9 billion. For reasons for the changes in the balances of our asset management plans, please see "Assets and Liabilities — Assets — Loans and Advances to Customers".

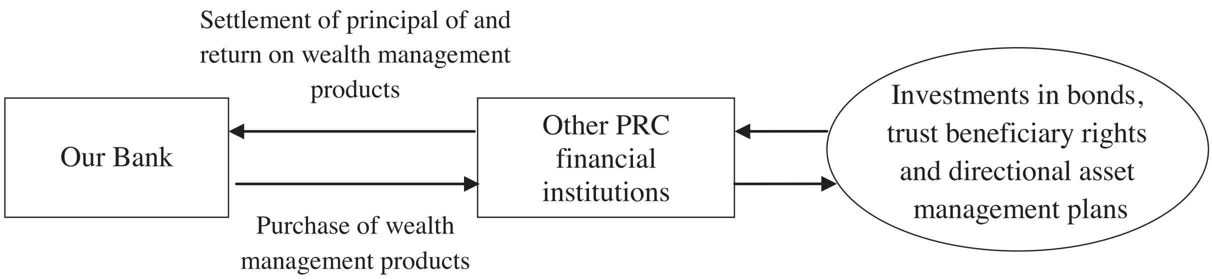
We utilize our centralized risk management system to control risks associated with asset management plan. For the credit approval procedures for our asset management plans, see "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business — Credit Risk Management for Our Investment Business".

Wealth Management Products Issued by Other Financial Institutions

We invest in wealth management products issued by other financial institutions, such as PRC commercial banks. These financial institutions will invest the proceeds in debt securities or trust beneficiary rights, asset management plans and other relevant assets. During the Track Record Period, the wealth management products we invested in are principal-protected products with fixed or floating investment yields and non-principal protected products with floating investment yields depending on the portfolio investments under each product.

According to the agreements we entered into with the financial institutions issuing wealth management products, we are generally requested to deposit payment for purchasing relevant wealth management products to bank accounts designated by the financial institutions issuing such wealth management products. Such financial institutions generally make repayment of principal and investment yields according to terms and conditions in relevant agreements. In addition, the financial institutions issuing relevant wealth management products are entitled to commissions and/or administration fees. Pursuant to relevant agreements, financial institutions issuing wealth management products can, at its discretion, partially or entirely terminate the agreements in advance, upon occurrence of select factors listed in the agreements, including material adverse development in general economic conditions, regulations or policies.

The following chart illustrates the relationship among the parties involved in our investments in wealth management products issued by other financial institutions:



As of September 30, 2015, our investment in the wealth management products issued by other financial institutions with our top five counterparties represented 48.7% of our total investment in wealth management products issued by other financial institutions at the corresponding date. During the Track Record Period, all of our top five counterparties of our investment in wealth management products issued by other financial institutions were qualified under applicable laws and regulations to carry out their business.

As of September 30, 2015, our investment in principal protected products and non-principal-protected wealth management products amounted to RMB5,658.4 million and RMB23,487.4 million, respectively, representing 19.4% and 80.6% of the total amount of our investment in wealth management products issued by other PRC financial institutions. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the balances of our investments in wealth management products issued by other financial institutions were RMB33,317.6 million, RMB23,304.8 million, RMB15,561.8 million and RMB29,145.8 million, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the relevant investment yields were between 4.6% and 8.5%, between 5.0% and 7.6%, between 4.6% and 8.0% and between 3.5% and 7.3%, respectively.

In order to manage the credit risk from our investments in the wealth management products, the interbank business department in our head office centrally approves and manages our investments, and no branches or sub-branch may conduct any such business. In addition, we manage the credit risks of the financial institutions issuing the wealth management products according to the centralized credit extension management over the banks of our interbank business, assess operating conditions, financial conditions, compliance with regulatory indicators, risk events, asset management capabilities, and other indicators of these financial institutions, and determine reasonable limits on our investments in accordance with our assessment, as well as our asset and liability structure and credit approval requirements. See "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business" for details.

The market risks of our investments in non-principal-protected wealth management products issued by other financial institutions primarily arise from the potential losses in the principal or the yield of the wealth management products as a result of the price fluctuations of the underlying assets of the wealth management products. In order to manage the market risks of such investments, we limit the underlying assets in which the wealth management products may invest to only those products considered to have low risks and higher liquidity after our assessment, including bonds issued by the MOF on the interbank bond market, central bank bills, financial debt securities and debt securities issued by companies with a high credit rating, but not credit assets and high-risk instruments such as stocks and derivatives.

Our team members responsible for our investments in other financial assets have extensive knowledge in the macroeconomic policies of the PRC government which are applicable to the development of the industry and the operating system of the PRC financial markets. They are also experienced in investment operations, risk management and market analysis and judgment, and can implement our overall investment strategy effectively to achieve favorable returns on investment. Our head office adopts a centralized approval system to manage the credit risk of investments in other financial assets. See "Risk Management — Credit Risk Management — Credit Risk Management for Our Treasury Business" for details.

Debt Securities Underwriting and Distribution

We offer debt securities underwriting and distribution services through our investment banking team. Capitalizing on our expertise in debt securities and analytical capacity on China's economy, we are able to accurately seize market opportunities in terms of security issuance and can successfully establish and maintain long term cooperation relationship with investors, all of which, enabled us to achieve a successful track record in recent years and established our market leading recognition.

Capitalizing on our expertise in debt securities, we are able to accurately capture debt securities issuance market opportunities and can successfully establish and retain long term cooperative relationships with investors. Due to our abilities in this regard, we have established a proven track record in recent years and established our leading recognition in relevant markets. In March 2014, we were recognized as a B-Class main underwriter by PBoC, which allowed us to underwrite non-financial enterprise debt financing instruments registered in Tianjin. For the nine months ended September 30, 2015, we ranked second among all nine B-Class main underwriters in China in terms of the aggregate amount of debt securities of non-financial enterprises which we have underwritten, according to National Association of Financial Market Institutional Investors, or NAFMII. In October 2015, we become one of the first group of banks that obtained the qualification to underwrite debt financial plans issued by Chinese enterprises through Beijing Financial Assets Exchange, allowing us to undertake the debt securities underwriting business in the provinces and municipalities where our outlets are located. As a result, we can now tap into a market with a large pool of quality clients with high demand for debt securities issuance throughout China, making us well-positioned to capture business opportunities generated from synergy with our different business lines. In 2015, as recognition of our capability in providing innovative and efficient services, we were awarded the "2014 Best Direct Finance City Commercial Bank Award (2014年度中國最佳直接融資服務城市商業銀行獎)" by *The Chinese Bankers* Magazine (中國《銀行家》雜誌). For the year ended December 31, 2014 and the nine months ended September 30, 2015, the aggregate principal amount of bonds underwritten by us reached RMB36,120 million and RMB36,968 million. For the year ended December 31, 2014 and the nine months ended September 30, 2015, we had underwritten non-financial enterprise debt financing instruments with a total amount of RMB1,300.0 million and RMB7,554.0 million.

Interbank Discounts and Rediscounts of Bills

We engage in interbank discounts of commercial bills with other qualified financial institutions or rediscounts of commercial bills with the PBoC, to generate working capital and income from interest spreads. We offer interbank discount services such as bills buyout, bills sell-out, bills held under reverse repurchase agreements and bills held under repurchase agreements. We rediscount bills in accordance with the regulations of the PBoC.

Treasury Business Conducted on Behalf of Customers

Our treasury business also includes management of proceeds received from the issuance of wealth management products to our corporate and personal customers.

For the years ended December 31, 2012, 2013, 2014 and the nine months ended September 30, 2015, the average size of each tranche of wealth management products we issued was RMB74.0 million, RMB65.9 million, RMB82.5 million and RMB98.6 million, respectively. The table below sets out a breakdown, by the size of each tranche, of the wealth management products which we issued during the periods indicated.

	Year ended December 31,						Nine months ended September 30,	
	2012		2013		2014		2015	
	Number of tranches issued	Amount	Number of tranches issued	Amount	Number of tranches issued	Amount	Number of tranches issued	Amount
	(in millions of RMB)							
Up to RMB10 million	151	1,339.5	195	1,865.9	179	1,625.7	182	1,624.1
Over RMB10 million to RMB50 million	247	6,339.2	441	12,193.1	510	14,864.5	393	10,959.9
Over RMB50 million to RMB100 million	60	5,077.3	153	12,185.1	201	16,036.0	148	13,726.7
Over RMB100 million to RMB500 million	86	25,619.0	98	24,309.0	237	57,738.0	246	56,857.2
Over RMB500 million	2	2,000.0	9	8,536.9	4	3,000.1	19	14,284.2
Total	546	40,375.1	896	59,090.1	1,131	93,264.3	988	97,452.1

According to the Measures for the Administration of the Sale of Wealth Management Products of Commercial Banks (《商業銀行理財產品銷售管理辦法》) (CBRC Order [2011] No. 5) issued by the CBRC in 2011, we classify the wealth management products we issued into five categories based on their risk levels: Level 1 refers to low risk, level 2 refers to low-medium risk, level 3 refers to medium risk, level 4 refers to medium-high risk and level 5 refers to high risk. We correlate the risk levels of our wealth management products to the risk tolerance level of customers and only invested in level 1 and level 2 products during the Track Record Period. Wealth management products categorized into level 1 risk group are principal-protected products while those higher than level 2 are non-principal protected products. We strive to improve quality of assets aiming to keep our wealth management products in line with relevant rules and enjoy low risk category recognition.

The table below sets forth details of the wealth management products issued by us by different level of risks during the periods indicated.

	Year ended December 31,						**Nine months ended September 30,**	
	2012		**2013**		**2014**		**2015**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(in millions of RMB, except for percentage)							
Principal-protected products	8,004.0	19.8	17,848.9	30.2	28,625.2	30.7	49,309.3	50.6
Non principal-protected products	32,371.1	80.2	41,241.2	69.8	64,639.1	69.3	48,142.8	49.4
Total	40,375.1	100.0	59,090.1	100.0	93,264.3	100.0	97,452.1	100.0

For the nine months ended September 30, 2015, our wealth management products classified as risk level 1 and risk level 2 was RMB49,309.3 million and RMB48,142.8 million, respectively, representing 50.6% and 49.4% of our total wealth management products issued during this period. As of September 30, 2015, the outstanding amount of wealth management products issued by us was RMB32,796.1 million.

During the Track Record Period, we launched various wealth management products under different brands including *"Jufu Plan (聚富計劃)", "Huifu Plan (匯富計劃)", "Steady Growth (穩健增值)" series* to meet diversified market demands. For details, please see the section headed "—Retail Banking—Fee- and Commission-based Retail Banking Products and Services—Personal Wealth Management Business—Personal Wealth Management Services." In 2012, 2013, 2014 and the nine months ended September 30, 2015, the proceeds raised by our wealth management products were RMB40,375.1 million, RMB59,090.1 million, RMB93,264.3 million and RMB97,452.1 million, respectively. For the same periods, the net fees, commissions from the wealth management products issued by us were RMB55.1 million, RMB60.1 million, RMB123.6 million and RMB183.9 million, respectively.

We invested the proceeds from our wealth management products mainly in debt securities, placements with banks and other financial institutions, money market instruments, cash, trust beneficiary rights and asset management plan. The table below sets forth breakdown of the outstanding amount of our wealth management products by type of investments as of the dates indicated:

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
	(in millions of RMB, except for percentage)							
Debt securities	7,387.1	96.2	12,146.7	88.1	13,968.1	72.4	25,032.6	76.3
Placements with banks and other financial institutions	—	—	177.7	1.3	490.5	2.5	0.0	0.0
Others[(1)]	296.1	3.8	1,461.9	10.6	4,833.5	25.1	7,763.5	23.7
Total	**7,683.2**	**100.0**	**13,786.2**	**100.0**	**19,292.1**	**100.0**	**32,796.1**	**100.0**

Note:

(1) Primarily include money market instruments, cash, trust beneficiary rights and asset management plan.

Regarding the non-principal protected wealth management products, we are not responsible for any loss of principal or expected yield sustained by investors from these products. As of the Latest Practicable Date, all wealth management products issued by us had been under normal operation with the payment of principal and interest duly made without any default, and investors of our non-principal protected wealth management products had not sustained any losses.

Adhering to the decentralized and prudent principles, we manage each of our wealth management products independently through separate accounts and book keeping, with each of our wealth management products earmarked for its underlying investment complied with the requirements of the CBRC.

As of December 31, 2012, 2013 and 2014 and September 30, 2015, the terms of the wealth management products we issued ranged from one month to two years, with the majority of the products the terms of which ranged from one month to three months. While mitigating the risks based on customers' risk tolerance, we seek to maximize our customers' benefits by market anticipation and the integrated use of various investment strategies and techniques during the investment management process.

PRICING

In compliance with applicable PRC regulatory requirements, we have established a competitive product pricing mechanism. In determining the price of our products, we take into account various factors, including cost of funds, management costs, risk exposure and expected yield. We also evaluate contribution of relevant customer to our business, the overall market conditions as well as prices for similar products and services offered by our competitors. Our pricing policies and benchmark prices are determined by the Assets and Liabilities Management Committee at our head office. Our business units determine the specific prices for their respective products and services within their respective authorizations granted by our head office.

Loans

The PBoC regulates the pricing for certain commercial banking products and services such as our RMB-denominated loans. Prior to July 20, 2013, the interest rates we charge on RMB-denominated loans were generally based on the PBoC benchmark rates. For RMB-denominated corporate loans and personal loans, we were not permitted to set interest rates lower than 70% of the relevant PBoC benchmark rate. On July 20, 2013, the PBoC lifted restrictions on interest rates financial institutions can charge, and abolished the minimum rates for RMB-denominated loans. Based on the PBoC new rules, we may charge interest rates pursuant to commercial terms. With respect to interest rates for residential mortgage loans, under a notice issued by the State Council, from October 27, 2008, the lowest interest rate we may charge for personal housing loans is 70% of the PBoC benchmark interest rate of the same term and from April 17, 2010, the lowest interest rate we may charge for personal housing loans for a second residential property is 110% of the PBoC benchmark lending rate. When determining our pricing, we take into consideration factors such as the borrower's financial condition and credit rating, the nature and value of collateral, the term of the loan, the intended use of the loan and prevailing market conditions. We also consider the cost of lending, credit risk and general market competition when pricing our products and services. See "Regulation and Supervision — Pricing of Products and Services" for details.

We set different pricing terms for our corporate loans based on the business scale and contribution of customers, the security and guarantees provided by customers and the industries in which customers operate. We generally enjoy greater pricing power over medium, small and micro enterprise customers compared with large corporate customers. When we determine the floating lending rate, we take into account various factors, including credit ranking and secured methods. We give discounts in the interest rate to customers with good settlement history and historical repayment records.

We price personal loans based on a risk-adjusted pricing principle, and generally apply higher risk-adjusted pricing to personal business loans and unsecured personal loans than other personal loans. We charge interest on credit card overdrafts at a fixed rate which is not tied to the PBoC benchmark interest rates.

Deposits

Effective October 24, 2015, PBoC removed the cap on interest rates on RMB-denominated deposits for financial institutions including commercial banks. We are permitted to provide time deposits to insurance companies and the National Council for Social Security Fund at negotiated interest rates under certain circumstances. In addition, we offer our key corporate customers negotiated interest rates for their deposits based on PBoC prescribed rates. The PBoC has liberalized interest rates on interbank placings, and we determine such rates based primarily on our assets and liabilities management policies and the market interest rate. Our assets and liabilities management committee is responsible for the review of our deposit pricing policies. See "Supervision and Regulation—Pricing of Products and Services" for details.

Fee- and Commission-based Products and Services

With respect to fee- and commission-based products and services, we charge for our services pursuant to government guidance prices or market conditions. Products and services involving the implementation of government guidance prices include basic RMB settlement business specified by the CBRC and the NDRC. We adjust the prices of fee- and commission-based products and services based on factors such as the market and costs, which include constantly changing market conditions, costs of providing the products and services, and prices for similar products and services offered by our competitors. See "Supervision and Regulation—Pricing of Products and Services" for details.

MARKETING

We have adopted a customer-oriented approach to the organization of our marketing function and have established a strong marketing team. Our headquarters formulates our overall business development plans and strategies and develops our bank-wide marketing initiatives and guidelines. The plans and strategies formulated by our headquarters are implemented by the marketing department of our headquarters, branches and sub-branches. Branches and sub-branches generally conduct marketing activities in their respective regions and collect valuable information and feedback from customers. In order to provide high-quality customer service, we emphasize teamwork and cross-department initiatives in our marketing activities.

We strive to establish and maintain long-term and comprehensive strategic cooperative relationships with core corporate customers. We adopt a "headquarters to headquarters" approach to develop and maintain relationship with our key customers, where the professional marketing team at our headquarters manages direct communications with the corresponding departments of key customers to improve the quality and efficiency of our services. In addition, for a marketing event with strategic importance, we generally rely on our headquarters to make the overall plan and take the lead to organize the relevant branches and sub-branches for the implementation, so that we can maximize our return. For example, for our SME business, we rely on our SME business department to formulate the overall SME business marketing strategy and design relevant financial services and products, which will be further implemented by SME team at different branches or sub-branches. Our sales team will study details of target customers and may bring suggestions to SME business department based on their research to refine the product designs, through which, we managed to continue improving market popularity of our products. Furthermore, we encourage the cooperation and cross-selling of products and services among different segments and business lines. From time to time, we organize joint marketing event across different business lines so that each business line is able to benefit from interdepartmental synergy by getting in touch of relevant customers to capture potential business opportunities there.

We pay close attention to the development of economic policy in China and adjust our marketing efforts accordingly to achieve better efficiency. In line with the policy of Collaborative Development of Beijing, Tianjin and Hebei (京津冀協同發展), we improved our marketing efforts in relation to project loans, direct finance and other financial products for industries and enterprises that are expected to benefit from this policy, including infrastructure construction, energy conservation and environmental protection, medical and health care, high-end equipment manufacturing, education, tourism, technology SMEs, and public service in related local markets.

In managing our retail banking business, we have been focusing on building up our capacity of collecting and analyzing customer's behavior information as well as market trend to improve effectiveness of our marketing efforts. Furthermore, we emphasize on developing products targeted at satisfying customers' daily needs to cultivate and enhance customer loyalty. For instance, we developed "Yi Fu Bao (醫付寶)" services, where we placed self-service banking terminals in the hospitals to directly connect our bank's clearing system with the hospitals' billing systems, so that our customers can conveniently pay medical expenses. As a result, we provide one-stop payment solutions for the convenience of both hospitals and patients.

DISTRIBUTION NETWORK

We provide our banking products and services through our extensive distribution channels, consisting of both a branch network and electronic banking channels.

Branch and Sub-Branch Network

We were one of the first city commercial banks to implement cross-regional operation strategy. As of September 30, 2015, we had 306 outlets, including a head office business department, seven tier-one branches, two tier-two branches, six central sub-branches, 242 traditional sub-branches, 44 community sub-branches, a small business financial service center, one county bank and its two sub-branches. As of September 30, 2015, we had 241 outlets in Tianjin and 65 outlets outside of Tianjin and our outlets covered six provinces and municipalities, including Tianjin, Beijing, Hebei Province, Shanghai, Shandong Province and Sichuan Province.

We established our branch in Binhai New Area of Tianjin in 2006 to support the development of Binhai New Area. In 2007, with approval to conduct cross-regional operations, we established our Beijing Branch and became the first Chinese commercial bank to obtain approval to establish tier-one branch in Beijing after 2000. We successively established branches in Hebei, Shanghai, Shandong and Sichuan afterwards to capitalize on the business opportunities in these areas with strong economic development potential. In 2015, we were one of the first banks to establish a branch in Tianjin Free-Trade Zone. In particular, we obtained CBRC approval of our plan to launch seven county banks in Xinjiang Uyghur Autonomous Region and Ningxia Hui Autonomous Region, which are both located in the middle area of the Silk Road Economic Belt and the key districts of Western China.

The following map indicates the distribution of our outlets in China as of September 30, 2015.

The following table sets forth the number of our outlets as of the dates indicated.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Tianjin	194	87.8	194	83.6	212	80.3	241	78.8
Beijing	9	4.1	11	4.7	12	4.5	13	4.2
Shandong province	3	1.4	5	2.2	10	3.8	15	4.9
Shanghai	7	3.2	8	3.4	10	3.8	11	3.6
Hebei province	6	2.7	9	3.9	13	4.9	17	5.6
Sichuan province	2	0.9	5	2.2	7	2.7	9	2.9
Total	**221**	**100.0**	**232**	**100.0**	**264**	**100.0**	**306**	**100.0**

We believe that our branch network plays an important role in developing our brand and providing quality services to our customers. Most of our outlets are located in economically developed regions which present huge market opportunities with high customer flows and convenient transportation. We plan to continue setting up new branches and sub-branches to further optimize our distribution network, business structure and customer base, so that we could improve our penetration in existing markets while expanding our business operations in new regions.

During the Track Record Period, operating income from Tianjin amounted to RMB3,982.8 million, RMB5,233.3 million, RMB6,829.8 million and RMB5,638.9 million, representing 60.4%, 63.8%, 68.6% and 66.0%, respectively, of our total operating income.

Electronic Banking

In 2005, we started to provide electronic banking services, which included online banking services. Currently, our electronic channels provide comprehensive financial services through online banking, mobile banking, telephone banking, self-service banking and WeChat Banking. We place strong emphasis on building up electronic channels to improve our capabilities to provide services to our customers in an efficient and safe way. In recent years, to further enhance our capacity to delivery electronic banking services and to leverage the advantage of enterprises with strong internet business, we have established a cooperative relationship with internet companies and China UnionPay to further increase our brand awareness and closely connect us with plenty of potential customers.

As of September 30, 2015, we had a total of 1,020,031 electronic banking services customers, with a cumulative trading volume of RMB2,296.2 billion.

Online Banking

Our online banking platform, http://www.bankoftianjin.com/, offers a broad range of financial products and services to both corporate customers and retail customers. Besides account management, money transfer and remittance, loan and agency sales services, we also provide investment service for our individual customers, and corporate group fund management service for our corporate customers. In particular, we provide customized financial management services named "Bank — Corporate Direct Connection (銀企直聯)" to corporate customers and such service connects our online banking system with our corporate customers' ERP system, which enables our corporate customers to effectively and timely manage and coordinate their bank accounts and capital via their own financial system. In addition, we offer new generation personal online banking system, which effectively centralizes customer information in the electronic channels, enhances user experience through new vision design, function optimization and easy operation and provides differentiated online banking services to different targeted groups of customers. As of September 30, 2015, we managed to provide the Bank — Corporate Direct Connection services to more than 15 corporate customers. Our online banking business have won numerous awards. For example, we were awarded the "Best Online Banking Business Development for Regional Commercial Bank Award (區域性商業銀行最佳網上銀行業務拓展獎)" in 2014 granted at the Tenth Annual Electronic Banking Conference (第十屆中國電子銀行年會) and "Best Online Banking Function for Regional Commercial Bank Award (區域性商業銀行最佳網上銀行功能獎)" in 2013 granted by CFCA (中國金融認證中心). As of September 30, 2015, we had a total of 223,934 online banking customers, including 23,987 corporate customers and 199,947 individual customers. During the Track Record Period, our cumulative trading volume was RMB2,186.0 billion.

Mobile Banking

We commenced our mobile banking services in late 2012. Our mobile banking not only provides account inquiries, account management, money transfer, credit card repayment and purchase of personal wealth management products and other traditional financial services, but also value-added financial services including payment and recharge, locating outlets in maps, financial news and practical financial instruments. We also proactively cooperate with third parties to provide our customers with everyday life value-added service, which fully meets the financial planning needs of our high-end customers and stabilizes our high-end customer base. In recent years, in response to market demand for conducting secure online transactions through utilizing traditional cellphone telecommunication services, such as SMS, we purchased the right from an independent third party technology company to offer SIM card upgrade services to our customers. This technology requests our customers to stick a layer of special intelligent chip at their SIM cards, which, together with other identity measures, such as log in passwords, enable our system to recognize unique identity of relevant customers, read the encrypted message sent from relevant customers through the upgraded SIM card and perform relevant transactions according to the received instructions. This system constitutes an important complement to our internet-based mobile phone banking services, allowing us to attract and retain a large pool of mobile phone users who are not familiar with smart phones or need to constantly travel to places with limited internet services. Furthermore, we provide text messaging notification services to our customers, including text messages relating to bank account transactions, security verifications and bill payments. As of September 30, 2015, the accumulative number of our mobile banking users amounted to 307,665.

We plan to improve our payment agency services by adding medical services, business travel services and designated driver services through cooperation with online payment companies and third party payment platforms.

We introduced WeChat public platform to our retail customers in 2015 to further diversify our financial services channels. In addition to the new products introduction, promotion, financial knowledge classroom and other information we offer regularly, our WeChat banking also provides our customers with account inquiry, wealth management and credit card inquiry and other multi-functional and user-friendly financial services. Recently, we plan to make our Wechat banking an everyday life service-oriented channel and have established cooperative relationships with various third parties to provide our customers with clothing, food, sheltering, traveling and other comprehensive everyday life financial services.

Telephone Banking

We introduced our telephone banking services in 2004. We offer telephone banking services to both corporate and retail customers, including both automated voice and teller-operated services through our 24-hour nationwide customer service hotlines. Our services include information inquiry, account inquiry and management, emergency lost card reporting, money transfer, bill payment and customer complaints and the handling of recommendations. As of September 30, 2015, we had a total of approximately 60,000 contracted telephone banking customers and 53 customer service staffs.

In addition, we also offer message service under the brand of "Jin Xin Tong (金信通)" as an auxiliary of our telephone banking services. As of September 30, 2015, we had a total of approximately 428,000 contracted customers.

Self-Service Banking

Our self-service banking facilities include ATMs, cash recycling machines, inquiry and payment machines and cards issuance machines, which were effective to provide customers with convenient banking services and reduce operating costs. Our self-service banking facilities are placed in crowded areas in Tianjin and other regions where our outlets are located, providing customers with balance inquiry, cash deposit and withdrawal, fund transfer, payment of public utilities bills and other services. As of September 30, 2015, we had a total of 923 automatic service machines, including 463 ATMs.

INFORMATION TECHNOLOGY

We believe that the use of information technology is critical to the efficient operation and performance of our business and our success and future growth. Our important operational and management areas that rely upon information technology include transaction processing, customer services, product management, risk management and financial management. The application of advanced information technology systems has greatly improved, and will continue to optimize our efficiency, the quality of our customer service and our risk and financial management capabilities. Our information systems include the product management system, distribution channel system, decision support system and other major systems. We have established an information technology platform for centralized data processing, thereby realizing the unified management of our business transactions. In 2012, 2013, 2014 and the nine months ended September 30, 2015, our capital expenditures on information technology and the related equipment were approximately RMB63.5 million, RMB76.4 million, RMB60.5 million and RMB73.3 million, respectively. We will continue to make investments in our information technology systems based on our actual business needs.

Information Technology Management and Professional Team

In order to meet our changing corporate governance and our risk management needs, we have set up the Information Technology Management Committee, which consists of senior management, main business departments and the technology development department. Our chief information officer is responsible for information technology risks, who reports to the president directly. The Technology Department of our head office is in charge of the development, operation, maintenance, management and risk control of IT systems.

The Technology Department of our head office is responsible for the research, development and management of our information technology projects, the operation, maintenance and upgrade of our information technology systems and infrastructures, as well as the internal control of information technology and information security management. We have an experienced information technology team. As of September 30, 2015, our information technology team consisted of 86 information technology experts and professional staff, including 67 employees at our head office and 19 employees in our branches.

Risk Management

We have established relatively comprehensive information security management systems, consisting of branches, the technology department of head office, and the management department of head office, as well as a variety of security measures, including advanced firewall technologies, hacker detection system, digital security certificates and internet security strategies. Our information security management systems satisfied the requirements of the ISO27001 international standard and obtained the certification in 2013.

Similar to other public and private enterprises, including banks and financial institutions, we are relying on proper function of IT systems for our business operations. As a result, we became more vulnerable to cyber-attacks, which may severely damage our internet banking or mobile banking operations, causing temporary or pro-longed suspension of relevant services, or theft of customer data which may lead to further complaint or litigation raised by relevant customers. To prevent the risks associated with cyber-attacks, we have established an information technology risk management system (ISMS) which sets forth a comprehensive information technology management and information security strategy. In addition, we conducted regular information security training for our employees to enhance their awareness on information security and improve the implementation of our information technology risk management. Furthermore, we maintain security of our information system through various technologies including antivirus software, firewall and malicious code protection. In response to cyber-attack risks associated with the electronic banking business, we have also entered into agreement with third-party security company to access a wide range of professional information security services, including the electronic banking safety evaluation, site monitoring and emergency response.

To enhance the reliability of our operations, we have established a same-city backup center for disaster recovery away from our head office, as well as an offsite backup center for disaster recovery in Jinan, Shandong Province to support business continuity in the event of major disruption or failure of our main data center. By August 2013, we have completed the "two-locations, three-centers" disaster recovery system. There are eight systems in the same-city backup center for disaster recovery, including comprehensive business system, modern payment system, interbank card transaction pre-system, online banking system, counter transaction system, enterprise service bus system, nationwide check image system and Tianjin same-city clearing system. In 2015, we initiated a project to establish a new data center in Tianjin, to satisfy the requirements for the development of our business for the next ten years. For details regarding the information technology risk management, see "Risk Management— Operational Risk Management—Information Technology Risk Management".

Our information technology infrastructure and information system are essential to our effective management and business development. Therefore, we will continue to upgrade our core business systems, accelerate the construction of our channel system, management system and decision-making system, further enhance our risk control measures in respect of information technology and optimize our emergency management system, so as to provide technological support for our business development and operations.

COMPETITION

The banking industry in China is becoming increasingly competitive under the current macroeconomic environment. In recent years, promulgation and revision of relevant policies in the PRC has led to increased competition in certain banking sectors. We compete principally with Five Large Commercial Banks and Nationwide Joint-stock Commercial Banks in Tianjin. In addition, we face increasing competition from other city commercial banks launching operations in Tianjin. For details of our competitive landscape, please see "Industry Overview — Competitive Landscape". After joining the World Trade Organization in December 2001, China gradually phased out restrictions on foreign banks with regard to geographical distribution, customer base and scope of operations. Pursuant to the Closer Economic Partnership Arrangements with Hong Kong and Macau, China allows small banks in these two regions to conduct RMB business in China. As a result of the gradual loosening of restrictions on foreign banks, we expect to see increasing competition from foreign banks in the banking sector. We also face competition from other banking institutions, including agriculture credit cooperatives, as well as non-banking financial institutions, such as securities firms, fund management companies and insurance companies. The principal competitive factors in the banking industry include capital strength, risk management, asset quality, reach of distribution network and customer base, brand recognition and scope, quality and pricing of products and services. In response to the increasingly competitive environment, we intend to improve our capabilities in the areas mentioned above and enhance our competitiveness to differentiate us from our competitors and to enable us to compete effectively in Tianjin and other areas where we intend to launch our business operations.

Competition between us and foreign financial institutions may be intensified in the future. In particular, the lifting of various restrictions on foreign financial institutions conducting business in the PRC may cause us to lose certain existing competitive advantages over foreign financial institutions in the banking market of Tianjin and Northern China. We expect to see greater competition from foreign financial institutions in the future. The intensifying competition may have adverse effects on our future business and results of operations. See "Risk Factors — Risks Relating to the PRC Banking Industry — We face increasingly intensive competition in China's banking industry".

In response to the aforementioned competitive environment, we intend to adopt measures such as expanding the business and service network, reinforcing the foundation of traditional businesses, innovating financial products and services and exploring diversified business development, so that we can continue to compete effectively in the commercial banking industry.

EMPLOYEES

As of December 31, 2014 and September 30, 2015, we had 5,516 and 6,048 employees, respectively. As of September 30, 2015, our employees were all located in China which include 800 employees at our head office and 5,145 employees at our branches and sub-branches and 103 employees at our county bank. The following table sets forth the number of full-time employees by function as of September 30, 2015.

	As of September 30, 2015	
	Number of employees	% of total
Corporate banking	1,045	17.3
Retail banking	635	10.5
Treasury business	100	1.7
Finance and accounting	480	7.9
Risk management, internal audit and legal and compliance	278	4.6
Information technology	71	1.2
Management	1,247	20.6
Teller	2,114	35.0
Others	78	1.3
Total	6,048	100.0

The following table sets forth the total number of our employees by age as of September 30, 2015.

	As of September 30, 2015	
	Number of employees	% of total
Aged 31 or below	2,249	37.2
Aged 31-40	1,446	23.9
Aged 41-50	1,938	32.0
Aged over 50	415	6.9
Total	6,048	100.0

The following table sets forth the total number of our employees by education level as of September 30, 2015.

	As of September 30, 2015	
	Number of employees	% of total
Postgraduate	378	6.3
University-level	4,322	71.5
Others	1,348	22.2
Total	6,048	100.0

We believe that our sustainable growth depends on the capability and dedication of our employees. We have developed an appraisal and training system, combing our development strategy with the career development of individual employees. We have also established a performance-based compensation system whereby an employee's compensation is determined based on position and performance reviews. We contribute to our employees' social insurance and other employee benefits, such as pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund in accordance with the applicable PRC laws, rules and regulations.

In 1996, some shareholders of our promoters are employees, and the shares they hold became employee-owned shares after our establishment. In 2000, we issued 126 million additional shares to the employees.

Our labor union represents the interests of the employees and works closely with our management on labor-related issues. During the Track Record Period and as of the Latest Practicable Date, we have not experienced any strikes or other material labor disputes that have affected our operation and we believe that the relationship between our management and the labor union has been satisfactory.

In addition to employees with whom we have entered into employment contracts, we had also engaged 599 independent contractors through third-party human resources agencies as of the Latest Practicable Date. These independent contractors are not our employees and generally hold non-key positions with us. According to the PRC Labor Contract Law, there is no labor contract relationship between the independent contract workers and us, and the independent contractors enter into labor contracts with the relevant human resources agencies. We are not obligated to make social security contributions for these contractors, but we make salary payments, social security contributions and other related payments for the contractors to these agencies. The human resources agencies, in turn, make salary payments to the contractors, social security contributions and other related payments to the government entities. According to PRC laws, if the third party human resources agencies fail to pay remuneration to the independent contractors, we may also be held jointly liable for claims brought by the contractors.

PROPERTIES

Our headquarters are located at No. 15, Youyi Road, Hexi District, Tianjin, the PRC. As of the Latest Practicable Date, we owned 142 properties with an aggregate GFA of approximately 158,616.8 square meters in China. As of Latest Practicable Date, we owned one property under construction, and as of September 30, 2015, leased 267 properties with an aggregate GFA of approximately 135,773.8 square meters in China.

Owned Properties

As of the Latest Practicable Date, we owned 142 properties with an aggregate GFA of approximately 158,616.8 square meters, among which:

1. For 129 properties with an aggregate GFA of approximately 143,604.8 square meters (accounting for 90.5% of the aggregate GFA of our owned properties), we have obtained the relevant building ownership certificates and have been granted the land use right certificates.

2. For two properties with an aggregate GFA of approximately 4,126.0 square meters (accounting for 2.6% of the aggregate GFA of our owned properties), we have obtained building ownership certificates and land use right certificates but the land was allocated to us, we have paid the land premium.

   For the above properties for which we have paid the land premium, we are in the substantive review stage of obtaining the land use right certificates designating the land as granted land. As advised by Tian Yuan Law Firm, our PRC legal advisor, pursuant to the PRC Contract Law, the PRC City Real Estate Administrative Law, the PRC Land Administrative Law and other applicable laws and regulations, there are no material legal obstacles for us to obtain such land use right certificates designating the relevant land as granted land.

3. For 3 properties with an aggregate GFA of approximately 2,207.3 square meters, representing 1.4% of the aggregate GFA of our owned properties, we have obtained the building ownership certificates and land use right certificates but the land was allocated to us. As advised by Tian Yuan Law firm, our PRC Legal Adviser, pursuant to the PRC Land Administrative Law and the PRC City Real Estate Administrative Law, if we fail to complete the procedures for converting the land from allocated land to granted land, any subsequent transfer of the properties may be restricted to a certain extent.

4. For two properties with an aggregate GFA of approximately 5,547.9 square meters, representing 3.5% of the aggregate GFA of our owned properties, we have obtained the building ownership certificates, but have not obtained the land use right certificates for the land on which such buildings were erected. As advised by Tian Yuan Law firm, our PRC legal adviser, as we have obtained the relevant building ownership certificates, there are no material legal impediments for us to occupy and use those properties. However, pursuant to the PRC Property Law, the Land Registration Measures and other applicable laws, rules and regulations, we may be restricted from transferring, mortgaging or otherwise disposing of such properties before we obtain the land use right certificates designating the land as granted land. In the event that the land on which those properties were erected was auctioned or disposed of, the buildings owned by us will also be auctioned or disposed of in conjunction with such land. As a result, we may lose the ownership of such buildings, but we are entitled to the proceeds from the auction or disposal of those buildings.

5. We have not obtained the building ownership certificates or the land use right certificates for 6 properties with a GFA of approximately 3,130.9 square meters, accounting for 2.0% of the aggregate GFA of our owned properties. As advised by Tian Yuan Law firm, our PRC legal adviser, pursuant to the PRC Property Law, the Buildings Registration Measures, the Land Registration Measures and other applicable laws, rules and regulations, we may not legally transfer, mortgage or otherwise dispose of such properties before we obtain the relevant building ownership certificates and land use right certificates for these properties.

We are actively applying for building ownership certificates and land use right certificates and expect to obtain the relevant certificates by the end of 2016. We confirmed that as of the Latest Practicable Date, we had not experienced any material adverse effect on our business operations as a result of the above-mentioned properties with defective titles, nor have we been informed by the government authorities or anyone else that we must cease using the above-mentioned properties. We believe those buildings that we have not obtained building ownership certificates are safe to use. Our Directors are of the view that none of properties with title defects, whether individually or collectively, are crucial to our operation.

In the event that any third party obtains the building ownership rights of such buildings or the land use rights of the land on which such buildings were erected through legal requests or proceedings and we need to relocate, we will immediately effect relocation to alternative premises with full title certificates or legally leased and the cost of such relocation will not have a material adverse effect on our operations and financial condition.

Leased Properties

As of September 30, 2015, we leased 267 properties with an aggregate GFA of approximately 135,773.8 square meters, which we mainly use as business premises:

1. For 233 properties with an aggregate GFA of approximately 127,068.1 square meters, the lessors have obtained the relevant building ownership certificates or the consent letter from the owners to authorize the lessors to lease or sublease the specific properties. Our PRC legal adviser, Tian Yuan Law firm, is of the view that these leases are valid.

2. For 34 properties with an aggregate GFA of approximately 8,705.7 square meters, the lessors have not provided us with the relevant building ownership certificates or the consent letter from the owners to authorize the lessors to lease or sublease the properties. Among these 34 properties, 8 properties with an aggregate GFA of approximately 1,127.1 square meters, the lessors have not provided us with the relevant building ownership certificates or the consent letter from the owners to authorize the lessors to lease or sublease the specific properties, but have provided their written confirmation letters acknowledging their right to lease the properties and undertaking to indemnify us for losses arising from the defective titles of such leased buildings and units.

Among the above leased properties, the lease agreements of seven leased property with a GFA of approximately 2,186.8 square meters have expired, which we are negotiating lease renewal matters with lessors.

Among the above leased properties, for 165 properties with an aggregate GFA of approximately 79,565.1 square meters, we have registered the lease agreements in accordance with the relevant PRC laws. Among these 165 properties, the registration of 21 properties with an aggregate GFA of approximately 12,452.2 square meters has expired, for which we are currently handling the relevant lease registration procedures. We have not registered the lease agreements for the remaining properties.

Our PRC legal adviser, Tian Yuan Law firm, is of the view that, (1) based on Property Law of People's Republic of China (《中華人民共和國物權法》)", "Administration Measures on Commercial Property Leases (《商品房屋租賃管理辦法》)" and other relevant laws and regulations, the lessor will not have the right to lease the properties if it does not have the ownership of the properties or the authorization or consent from the owner. In this case, if any third party raises objection toward the validity of the lease, it may affect our ability to continue leasing such properties, but we may still raise claims against the lessor based on the specific leasing agreements or the written confirmation provided by the lessor. (2) According to the relevant judicial interpretations, the non-registration of the lease agreements will not affect the validity of such lease agreements but we may be exposed to penalties by the relevant PRC authorities.

According to the Administration Measures on Commercial Property Leases, we may be ordered by the competent authority to make corrections for any non-registration of lease agreements, and we may be subject to fine of more than RMB1,000 and less than RMB10,000 for delay in making such corrections. In the past three years, we have not been subject to penalties by the relevant housing administrative authorities for non-registration of lease agreements. Our Directors believe that if the defective legal titles to such properties or the non-registration of the lease agreements prevents us from continuing the lease of any properties so the relevant branches need to move, the branches can relocate to other comparable and duly leased alternative premises in the relevant regions without any material adverse effect on our business and financial condition. In addition, our Directors also believe that if the owner obtains the relevant building ownership certificates, there will not be any material change in the rental costs of the abovementioned properties with the defective titles.

Properties under Construction

As of Latest Practicable Date, we had one properties under construction with an aggregate site area of approximately 16,631.3 square meters.

As of the Latest Practicable Date, we have obtained the construction land planning permit, land use right certificate, construction works planning permit and construction permit. We have obtained the land use right to occupy such land, and we have the right to construct such property under construction pursuant to PRC laws.

Properties to be Acquired

As of the Latest Practicable Date, we have entered into contracts to purchase 7 properties with an aggregate GFA of 9,298.6 square meters for intended uses as outlets or offices. As of the Latest Practicable Date, these properties had not been completed. Our PRC legal advisor, Tian Yuan Law Firm, advised us that the real estate purchase and sale agreements entered into between the sellers and us are legally binding upon the sellers and us, and that since we will make payments in installments pursuant to the purchase contract, pursuant to the PRC Contract Law, the PRC Property Law, the PRC Real Estate Administrative Law and other applicable laws and regulations, there is no material legal impediment to complete the acquisition and obtain the rights of use and titles of these properties.

Property Valuation

As of September 30, 2015, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by section 5.01A of the Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

PERMITS, LICENSES AND QUALIFICATIONS

Our Directors, as advised by our PRC legal advisors, confirm that, as of the Latest Practicable Date, we had obtained all material licenses, approvals, permits and qualifications from relevant PRC authorities for our operations in China.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property rights mainly include trademarks and domain names. We conduct business under the " 天津銀行 BANK OF TIANJIN", " 天津銀行 BANK OF TIANJIN " and "天津銀行" brand names and logos. As of September 30, 2015, we held 11 registered trademarks in the PRC. We also submitted application for 1 trademark registrations in Hong Kong. As of September 30, 2015, we had registered 6 domain names in the PRC including "bank-of-tianjin.com.cn", "bank-of-tianjin.com", "bankoftianjin.com", "tccb.com.cn", "tjzxyh.com" and "tjzxyh.com.cn". Details of our intellectual property rights are set out in Appendix VIII — "Statutory and General Information" to this prospectus.

During the Track Record Period and as of the Latest Practicable Date, we were not aware of any material incidences of intellectual property rights infringement claims or litigations initiated by others or us.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Legal Proceedings

We are involved in various claims and lawsuits in the ordinary course of our business from time to time. As of the Latest Practicable Date, we do not expect any of our current and pending legal or arbitration proceedings to have, individually or in the aggregate, a material adverse effect on our business, financial condition and result of operations. We believe that we have made adequate provisions for our pending litigations. Please also see "Risk Factors—We may be involved in legal and other disputes from time to time arising out of our operations."

Litigations against our Tianbao Sub-branch in relation to customers' deposits

In 2014, Tianjin Zhongxin Huitong Investment Guarantee Co., Ltd ("Zhongxin Huitong"), Tianjin Zhichuan Investment Shareholding Co., Ltd. ("Tianjin Zhichuan"), and five other companies or individuals (collectively, the "Plaintiffs") filed separate suits against us. The Plaintiffs alleged that their deposits in their savings accounts opened with our Tianbao Sub-branch were transferred to an account of a third party without their authorizations, and demanded our Tianbao Sub-branch to compensate their deposits with interest. The aggregate alleged amount of savings amounted to approximately RMB190 million.

Between July and September 2014, the Second Intermediary Court of Tianjin dismissed all the above mentioned cases, on the basis that, as the relevant police departments had initiated criminal investigation on underlying incidents, these cases should not proceed, according to the relevant decisions of the Supreme People's Court of China. Between November and December 2014, the High Court of Tianjin dismissed the appeals raised by every Plaintiff upholding the rulings previously made by the Second Intermediary Court of Tianjin. Subsequently, five companies and individuals, including Tianjin Zhichuan and Zhongxin Huitong, petitioned for retrial at the Supreme People's Court of China, among which, four cases were sent back to the Second Intermediary Court of Tianjin for retrial, while the other one case was still pending for further decision from the Supreme People's Court of China, as of the Latest Practicable Date. As of the Latest Practicable Date, among all four cases that were sent back to the Second Intermediary Court of Tianjin for retrial, one case has started the trial process in Second Intermediary Court of Tianjin pending for final judgment, while the trial process for the remaining three cases have not been initiated yet.

In addition, in 2016, Tianjin Fumude Technology Development Co., Ltd. ("Tianjin Fumude") and Tianjin Guisheng Trading Co., Ltd. ("Guisheng") filed suits separately against us, alleging that their deposits in their savings account with our Tianbao Sub-branch were transferred out without their authorization and asking for repayment of deposits in an aggregate amount of approximately RMB45 million with relevant interest or economic loss. As of the Latest Practicable Date, the court has heard the case initiated by Tianjin Fumude which was pending for judgment and has not yet started the trial of the case initiated by Guisheng. Furthermore, in 2016, Tianjin City Card Co., Ltd. ("Tianjin City Card") filed a suit against us alleging that funds in the amount of RMB100 million was transferred out and then back into its savings account at our Tianbao Sub-branch in various transactions without authorization. Tianjin City Card requested us to confirm that it owned the deposits in the amount of RMB100 million in such savings account. Based on our records and evidence available, Tianjin City Card has closed its saving account at our Tianbao Sub-branch in January 2014 without raising disputes over the amount under such savings account. As of the Latest Practicable Date, the trial of this case has not been initiated yet.

As advised by the legal advisor engaged by us in the above mentioned litigations, we are of the view that, based on the evidence currently available, the likelihood of the court supporting the plaintiffs' requests to demand us to compensate relevant plaintiffs is very low, because (i) according to relevant record and the evidence available, we believe the fund transfers were made based on instructions from relevant customers and the procedures of the relevant fund transfer were in accordance with applicable laws, regulations and our internal procedures, including, without limitation, *Measures on Payment and Settlement* (《支付結算辦法》). In particular, we reviewed relevant documents and conducted verification of seals of relevant customers; (ii) once we noticed potential criminal offence of third parties in relation to transfer of relevant funds, we had immediately made reports to relevant police departments. None of the relevant third parties involved in the criminal investigation is our employees or agents; (iii) to the best of our knowledge and upon due enquiry, as of the Latest Practicable Date, other than the above mentioned litigations, no other litigation or investigation was conducted against the Bank (including our Tianbao Sub-branch), our employees, management and directors in relation to these disputes.

Tian Yuan Law Firm, our PRC legal advisor engaged for the purpose of the Global Offering, is of the view that, based on its interview with our legal advisor in these litigations and the legal opinion of such litigation legal advisor, as the likelihood of the court supporting the plaintiffs' requests to demand us to compensate relevant plaintiffs is very low, there is no material legal adverse impact on our operations or the Global Offering.

Based on the above mentioned factors, our Directors are of the view that the above mentioned litigations, individually or collectively, will not cause any material adverse effect on our business, financial condition and result of operations. For details on risks associated with litigation, please also see the section headed "Risk Factors—We may be involved in legal and other disputes from time to time arising out of our operations."

Litigation against our Jinan Branch raised by Hezhong Asset Management Co., Ltd. in relation to customers' deposits

In April 2015, Hezhong Asset Management Company ("Hezhong Asset Management") (合眾資產管理股份有限公司 ("合眾資管"), filed a suit at the High Court of Shandong against our Jinan Branch alleging that we failed to follow instructions of Hezhong Asset Management in relation to deposits in the amount of RMB300 million, which was transferred out to third parties in May 2014. Hezhong Asset Management demanded our Jinan Branch to return the principal with interest. As of the Latest Practicable Date, approximately RMB100 million of the relevant fund that had been transferred to third parties were seized by police departments. We raised an objection against the civil jurisdiction of the High Court of Shandong over this litigation, motioning to change the venue of the case to the High Court of Tianjin. The motion was still under review by the Supreme People's Court of China as of the Latest Practicable Date.

As advised by the legal advisor engaged by us in this litigation, we are of the view that, based on the evidence currently available, the court shall dismiss the case raised by Hezhong Asset Management and transfer the case to relevant authorities to be solved together with criminal investigation, because (i) according to relevant record and the evidence available, we believe the fund transfers were made based on instructions from relevant customers and the procedures of the deposits and fund transfer were in accordance with applicable laws, regulations and our internal rules including, without limitation, *Measures on Payment and Settlement* (《支付結算辦法》). In particular, we reviewed relevant documents and conducted verification of seals of relevant customers; (ii) the litigation involves a third party individual, Mr. Zhang Chengkang, who was alleged by Hezhong Asset Management to be a client manager of our Jinan Branch, may have committed crime and is under criminal investigation by police department. Mr. Zhang Chengkang, however, was and is not our employee or our agent; (iii) to the best of our knowledge upon due enquiry, as of the Latest Practicable Date, other than the above mentioned litigations, no other litigation or investigation was conducted against the Bank (including our Jinan Branch), our employees, management or directors in relation to these disputes.

Tian Yuan Law Firm, our PRC legal advisor engaged for the purpose of the Global Offering, is of the view that, based on its interview with our legal advisor in this litigation and the legal opinion of such litigation legal advisor, as the court shall dismiss the case raised by Hezhong Asset Management and transfer the case to relevant authorities to be solved together with criminal investigation, and the likelihood for us to be liable under such civil case is very low, therefore, there is no material legal adverse impact on our operations or the Global Offering.

Based on the above mentioned factors, our Directors are of the view that this litigation will not cause any material adverse effect on our business, financial condition and result of operations. For details on risks associated with litigation, please also see the section headed "Risk Factors—We may be involved in legal and other disputes from time to time arising out of our operations."

Regulatory Inspections and Proceedings

We are subject to various regulatory requirements and guidelines promulgated by the relevant PRC regulatory authorities, such as the PBoC, CBRC, MOF, SAFE, SAIC, SAT and the Audit Office and their respective local branches and offices. Inspections and examinations are carried out by such regulatory authorities in respect of our compliance with the legal and regulatory requirements relating to our business operations, risk management and internal controls. We have been subject to administrative penalties, mainly in the form of fines, as a result of these inspections and examinations. Although such penalties did not materially and adversely affect our business, financial condition or results of operations, we have made efforts to improve our compliance system and adopted remedial measures to prevent the occurrence of similar incidents in the future. Save as disclosed in this prospectus, we have been in compliance with relevant regulatory requirements and guidelines relating to our business operations, risk management, tax compliance and internal controls and there have been no other regulatory inspections or proceedings that may cause material and adverse impact to our business operations or financial results during the Track Record Period and up to the Latest Practicable Date.

Administrative Penalties

During the Track Record Period and up to the Latest Practicable Date, we had been subjected to administrative penalties as a result of the relevant inspections and reviews, mainly in the form of fines. We have paid the fines in full and have taken steps to address the relevant issues. During the Track Record Period, the administrative penalties and fines only constituted a minimal part of our latest audited net assets and were fully settled without any material adverse effect on our business. Details of the fines imposed on us and our primary remedial measures are set forth below:

PBoC

Our Bank was subject to one case of penalty imposed by the Tianjin Branch of the PBoC with a total amount of fines equaling approximately RMB50,000. Such penalty was imposed due to our non-compliance with respect to the regulation requirement to obtain prior written authorization from the individuals before making inquiries upon their personal information where it was discovered that the authorization dates of some of our inquiries conducted by four of our branches were later than the actual inquiry dates during the period from July to September 2013.

In October 2013, our Jixian County Bank was subject to a fine of RMB10,000 for unpaid reserve of RMB9,160,000.

PBoC Tianjin issued warning and a fine of RMB10,000 to our Xingke Sub-branch because our Xingke Sub-branch entered a loan contract with a company whose loan card was at suspension when entering into the contract.

In August 2015, our Shanghai branch was fined with an amount of RMB150,000 imposed by PBoC Shanghai Branch for several lack of authorization or authorization dates in our enterprise and personal credit system inquiry which violates relevant credit industry management regulations.

Tax Authorities

Our Bank was subject to two cases of penalties imposed by Jinan local tax authority and Dongying local tax authority, respectively, with a total amount of fines equaling approximately RMB7,873. Such penalties were imposed due to our non-compliance with the relevant regulation requirements in relation to individual income tax, stamp duty and surtax.

- it was discovered that some of our expenses in the amount of RMB74,030 were listed without withholding and remitting personal income taxes by our Jinan Branch during the period from 2010 to 2011. The Jinan local tax authority also discovered that three of our property leasing agreements and nine of our purchase and sale agreements with a total agreement amount of RMB1,054,886 were entered into without declaration of the stamp duty.

- our Dongying Branch was imposed with a fine of RMB150 due to its non-compliance with the requirement to file declaration of its business tax and surtax with the local tax authority in February 2015.

Our Tangshan Branch was penalized by the Tangshan Lubei Branch of SAT (唐山市路北區國家稅務局) with two fines in the total amount of RMB11,300 in February and July, 2012, respectively, of which one is resulted from the two invoices we received which were found to be fake by the SAT and the other was due to our failure to file reports in respect of all our bank accounts within the required time limits.

In August 3, 2015, our Tangshan Branch was subject to a fine of RMB632.7 by Tangshan Local Taxation Inspection Bureau (唐山市地方稅務局稽查局) for not declaring stamp duties for two construction installation contracts.

SAFE Shandong Branch

Our Jinan Branch was subject to one penalty imposed by the Shandong Branch of SAFE with a warning and a fine in the amount of RMB100,000 in November 2014. This penalty was resulted from our failure to correctly report one of our customers' income in foreign currency and collected from its international trade business into the cross-border transaction category when we filed the information with the foreign exchange accounts management information system (外匯賬戶管理信息系統) operated by the SAFE.

Inspections by Tianjin Price Bureau and Beijing Municipal Commission of Development and Reform

According to a notice issued by National Development and Reform Commission, relevant PRC authorities conducted a nation-wide inspection on the entire banking industry against potential pricing violations occurred in the past few years. As a result of this inspection session, we received following penalties for relevant violations during the above mentioned period that is subject to inspection:

- **Tianjin Price Bureau.** In March 2014, we received penalty imposed by Tianjin Price Bureau with a fine in the amount of approximately RMB5.5 million, because we (i) failed to charge clients at our standard rate and (ii) charged relevant clients with fees that should be borne by relevant sub-branch in Tianjin. The underlying non-compliance fees and income in relation to such fines amounted to approximately RMB5.5 million. We have paid the relevant administrative fines in full.

- **Beijing Municipal Commission of Development and Reform.** In May 2015, Beijing Branch was subject to penalty imposed by Beijing Municipal Commission of Development and Reform with a fine in the amount of approximately RMB2.0 million, because we (i) charged relevant clients with fees that should be borne by our Beijing Branch; and (ii) charged clients with fees without providing sound underlying services. The underlying non-compliance fees and income in relation to such fines amounted to approximately RMB2.0 million. We made timely repayments of relevant fees and submitted penalties to relevant PRC authorities.

CBRC

We were subject to four cases of penalties imposed by the CBRC Tianjin Office.

On September 15, 2015, a fine of RMB400,000 was imposed by the CBRC Tianjin Office for not accurate provision of risk assets and not adequate disclosure in the issuance of non-principal-protected wealth management products which violates relevant regulations.

On September 15, 2015, our second central sub-branch was subject to a fine of RMB 200,000 for disbursing a loan of RMB17 million which ultimately returned to the borrower's account with us after several transfers and RMB15 million of which was converted to certificates of deposits, which violates relevant regulations prohibiting conversion of loan into deposits.

On September 15, 2015, our Jixian County Bank was subject to a fine of RMB200,000 for extending loans in violation of relevant entrusted payment principles.

On September 22, 2015, our Jinan Branch was subject to a fine of RMB300,000 by CBRC Shandong Office because our Jinan Sub-branch's violations including failure to timely check the obvious issues in the bank statements, failure to change the enterprise account information and failure to verify the phone content of large remittance.

Save as the non-compliance incidents disclosed in this prospectus, as of the Latest Practicable Date, we have not been subject to any other material administrative penalties. We have taken and will continue to take the following major steps and measures to rectify the problems identified by the PRC regulatory authorities: (i) regarding the problems with clear solutions, we have rectified in a timely manner in accordance with the rectification opinions of the PRC regulatory authorities and our internal policies; (ii) regarding the problems caused by defects in our systems and procedures, we further regulated our business behavior by rectifying and improving the relevant systems and procedures; (iii) regarding problems in connection with the poor implementation of systems, we have held the employees who violated the rules accountable and issued internal warnings and guidance; (iv) regarding the branches and sub-branches which were not inspected by the PRC regulatory authorities, inspected these branches and sub-branches ourselves for problems highlighted by the PRC regulatory authorities to eliminate similar operational risks and hidden potential management obstacles; and (v) to prevent such problems from occurring again, we provided additional training to employees, took new measures in risk management and improved our internal control system.

In particular, we have taken, and intend to continue implementing, the following key steps and measures to rectify the issues identified by the PRC regulatory authorities:

- Regarding the issues related to the regulation on the administration of credit investigation industry, we have strictly implemented relevant credit investigation industry regulations, improved internal control and strengthened the supervision and inspection regarding the implementation of our internal regulations.

- Regarding the unpaid reserve matters, we have strictly implemented relevant regulations on unpaid reserve and strengthened the management of the deposit reserve.

- Regarding the tax non-compliance matters, we have provided additional training of tax law and regulation to our employees, conducted regular self-inspections with respect to tax law compliance and promptly rectified tax issues identified through such self-inspection.

- Regarding the foreign exchange issues, we have strictly implemented relevant regulations on data report to the foreign exchange regulatory authority on our customers' foreign currency transactions and accounts changes, improved our supervision and inspection, and further standardized our foreign exchange data report system.

- Regarding incidences associated with pricing practice that lead to administrative penalties during the Track Record Period, we have (i) established and implemented internal rules and policies prohibiting any pricing activities against relevant PRC laws and regulations for entire Group to follow; (ii) provided specific and routine training programs in relation to pricing practice to all employees, including staff in relevant branches subject to relevant fines; and (iii) improved the supervision and inspection system in relation to updating our internal policies based on latest PRC laws and regulations on the implementation or relevant internal control regulations.

- Regarding the wealth management matters, we have standardized the marketing of our wealth management products, drafted and promulgated relevant internal regulations, enhanced the disclosure of the wealth management sales information, and improved the management of our wealth management products.

- Regarding our working capital loan management, we have strictly implemented relevant laws and regulations on entrusted payment and prohibition of conversion of loan into deposits, improved the loan extension process and the management of working capital loans.

- Regarding the fund transfer issues, we have improved our fund transfer related regulations, provided additional training to our staff and strengthened our supervision and inspection, and reduced our operation risks.

Besides above mentioned specific measures, we have also implemented continuous compliance training program to all of our employees, so that we could enhance the compliance awareness of our staff, which include working ethics and regulation updating sessions.

Through the above remedial measures, we believe that we have taken appropriate actions to rectify the identified deficiencies. As of the Latest Practicable Date, we had not received any objection to our remedial actions or any request to implement further remedial measures from the regulatory authorities. Our Directors believe that the above administrative penalties did not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

Findings of Regulatory Examinations

Regulatory authorities, such as the CBRC, PBoC, SAFE and the audit office, conduct routine or *ad hoc* inspections on our compliance with the relevant laws and regulations, guidelines and regulatory requirements. During the Track Record Period and as of the Latest Practicable Date, regulatory authorities including CBRC Tianjin Office, PBoC Tianjin Branch, SAFE Tianjin Branch and the audit office of Tianjin conducted inspections on our risk management, internal control, corporate governance and various business operations of our head office, branches and sub-branches. Although the above inspections have neither identified any substantial risk or incidents of non-compliance, certain deficiencies or failures of strict compliance with applicable regulatory requirements or guidelines were identified in our business operations, risk management and internal controls. We promptly adopted remedial measures in accordance with recommendations from the relevant regulatory authorities and improved our risk management and internal control systems. The primary results identified during the recent inspections and examinations are set out below.

CBRC

CBRC conducted regular or *ad hoc* inspections on our compliance with the relevant laws, regulations, guidance and regulatory requirements and issued inspection results and guidance accordingly. During the Track Record Period and as of the Latest Practicable Date, certain issues had been identified by the inspections carried out by the relevant local branches of CBRC which primarily included deficiencies in our risk management, internal control, corporate governance and our business operating procedures in respect of our pre-loan investigation, post-disbursement management, bank discounted bills and treasury business, covering our head office, branches and sub-branches. Though no material risk or non-compliance incident was discovered during the inspections, we had adopted immediate rectification measures. We set out below the key issues identified, main recommendations proposed by the relevant local branches of the CBRC and our major rectification measures:

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
Credit risk management		
• Improve internal loan classification system.	• We amended our internal regulations on loan classification to be consistent with the standard set out in the guidelines issued by CBRC, and we adjusted the loan category assigned to certain loans to reflect our real risk exposure to such loans.	• We have implemented corresponding remedial measures and submitted the rectification report in January 2015.

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
• Improve our pre-loan investigation, our credit review and approval, and our post-disbursement management.	• We improved our pre-loan investigation by implementing comprehensive review upon the business operation of the borrowers; improved our post-loan inspections by strictly implementing relevant inspection measures; strengthened our internal trainings on credit extension pre-loan due diligence investigations and post-disbursement management; enhanced our monitoring over the use of loans by the borrowers through timely collection of adequate proofs such as invoices and advanced recollection of loans from borrowers who failed to comply with the usage agreed; strictly enforced our internal regulations on post-disbursement management; conducted comprehensive analysis on our borrowers and guarantee and draft relevant analysis report during our post-disbursement stage.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
• Improve and complement internal regulations on credit business operation.	• We formulated and implemented relevant internal regulations on investments in non-standard debt assets, credit assets transfer and financing leasing business.	• We have implemented corresponding remedial measures and submitted the rectification report in January 2015.
• Improve the credit management system.	• We enhanced our digital credit management system to realize automatic loan classification by using days overdue as an important indicator.	• We have implemented corresponding remedial measures and submitted the rectification report in January 2015.
• Enhance our credit assets quality management.	• We requested relevant sub-branches to rectify their practices by lowering the class of relevant loans according to our internal regulations on loan classifications or by collecting the principal of loans from the borrowers.	• We have implemented corresponding remedial measures and submitted the rectification report in January 2015.
• Improve management and operation of our SME business.	• We enhanced our compliance trainings and emphasized our prohibition on package sales of deposit and credit business; required contracts to include detailed provisions on fees incurred; improved our internal review and self-examination practices in relation to SME business to eliminate incidents of incomplete or inadequate examination.	• We have implemented corresponding remedial measures and submitted the rectification report in March 2014.
• Improve management on loans to local government financing vehicles.	• We requested the relevant corporate customers who serve as the local government financing vehicles to rectify their non-compliance issues where applicable; strictly implemented government regulations regarding credit extension to local government financing vehicles; enhanced our knowledge and operation in respect of credit policy, pre-loan investigation, credit review and approval, and post-disbursement management with respect to loans to local government financing vehicles.	• We have implemented corresponding remedial measures and submitted the rectification report in April 2013.

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
Operation risk management		
• Strictly implement internal regulations in relation to compulsory leave and position rotation.	• We enhanced our internal training on policies and regulations relating to compulsory leave and position rotation; requested all sub-branches to report the implementation status of such policies and regulations to our head office periodically and conducted both on-site and off-site inspections on the sub-branches' implementation results.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
• Strictly implement internal regulations with respect to cash inventory management.	• We required our cash inventory checking records to be recorded on a timely, adequate and complete manner; requested relevant sub-branches to rectify their cash inventory practices so as to be consistent with the internal regulations requirements.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
Bank discounted bills businesses		
• Strengthen the management of our discounted bills businesses.	• We reinforced our internal training and strengthened our management on operation of bank discounted bills business where we required our customer managers to conduct onsite investigation of customers' business operation and collect invoices to check the use indicated against the contract. We also amended the records of certain bank discounted bills transactions to include our investigation results on the use of proceeds.	• We have implemented corresponding remedial measures and submitted the rectification report in March 2013.
• Strengthen our risk review and credit approval with respect to our bank discounted bills businesses.	• We strictly implemented regulations on credit review and approval to ensure that relevant job positions and staff are independent and separated from each other.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2015.
Treasury business		
• Improve risk management and control system of our treasury business.	• We issued internal regulations with respect to our certain treasury business, and we put into operation our new credit extension management system which could conduct systematic management and real time control on our various types of treasury business.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
• Improve the archive management of the asset management plan.	• We implemented strict review on the assets under similar asset management plans we invest in and we also required that records of such review be filed. We controlled our investments in asset management plans where the underlying assets belonged to the other banks' credit assets.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
• Improve the management of our wealth management products.	• We formulated and issued relevant internal regulations on disclosures of information regarding the wealth management products issued by us; requested the operation institutions to conduct on-site inspections on the borrowers' business operation, formulate post-disbursement inspection report and collect records such as contracts and invoices; and improved trainings for our staff on relevant compliance matters.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
• Improve the management of our treasury business operations.	• We followed the principle of truthfulness and recorded the relevant credit assets back into our balance sheet; prohibited our sub-branches from executing similar transactions. We have also adjusted relevant provision.	• We have implemented corresponding remedial measures and submitted the rectification report in January 2015.
• Enhance risk control and risk management on treasury business.	• We strengthened our management and control over our investment in non-standard assets using proceeds from our issuing of wealth management products; strictly implemented pre-investment due diligence investigation, risk review and post-investment risk management; enhanced our accounting recording of our wealth management assets where we included principal-protected wealth management products as our balance sheet items and non-principal-protected wealth management products as off balance sheet items; we would stick to the substance over form principle and make provisions in accordance with our accounting policy for risk assets for wealth management products issued by us.	
Corporate governance		
• Improve our internal regulations on corporate governance.	• We timely updated relevant internal policies and regulations to resolve their inconsistencies; strengthened our board meeting proposals management; amended our articles of association to include requirements on board members' minimum working hours; adjusted our internal performance appraisal on directors; amended and updated our internal information reporting regulations; implemented internal regulations as to internal audits on remunerations.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.
Internal control		
• Improve internal regulations in relation to various aspects of internal control and management.	• We requested the relevant accounting staff to resign from the post-transaction supervision position and reinforced the implementation of internal policies and rules, emphasizing the independence of post-transaction supervision staff where they shall not take any position relating to business operation; strengthened our management of business seals and enhanced our training for relevant staff.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.

In addition, CBRC Tianjin Office conducted annual on-site and off-site inspections on our operations and issued inspection reports based on the inspection results, which mainly set out (i) our major business development and achievements during the period, and (ii) issues spotted during the inspections as well as its major recommendations. In the inspection reports for the three financial years from 2012 to 2014, CBRC Tianjin Office recognized and affirmed our operation results and achievements, confirming that we fulfilled the major requirements of the key regulatory indicators and material risks were largely in our control. The reports also set out major issues requiring our attention, together with their suggestions and recommendations in respect of such issues. Details regarding the corresponding rectification measures we adopted to address such issues are set out as follows:

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
Credit risk management		
• Strengthen the prevention and control of non-performing loans.	• We enhanced our monitoring over credit extension to certain industries with higher inclination of exposure to non-performing loans such as the real estate industry and local government financing vehicle; and strengthened the implementation of our loan classification, credit extension procedures, credit review and post-disbursement management.	• We have implemented corresponding remedial measures and submitted the rectification report in April 2013.
• Improve the credit risk management policies and procedures, and manage the risk exposure of local government financing vehicles.	• We amended our credit extension related regulations; improved credit extension system; promoted credit review and extension training; and strengthened the accountability and incentive regime for credit risk management; insisted on control over our total amount of credit extension to local government financing vehicles.	• We have implemented corresponding remedial measures and submitted the rectification report in April 2013.
• Manage and control credit risk arising from customer and industry concentration.	• We enhanced our control over credit extension to group corporate customers with comparatively higher concentration as well as any new real estate project.	• We have implemented corresponding remedial measures and submitted the rectification report in April 2013.
Liquidity risk management		
• Enhance the development of liquidity risk management policies and procedures.	• We strengthened our adjustment to asset and business structure; enhanced the matching of our interbank business; and improved the liquidity ratio monitoring system.	• We have implemented corresponding remedial measures and submitted the rectification report in July 2015.
Operational risk management		
• Strengthen the operation risk management mechanism.	• We strengthened our operation risk management mechanism by enhancing our internal control management where we further improved our "three defenses" covering our head office, branches and sub-branches and established risk prevention mechanism covering our front, middle and back offices.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.
• Enhance the implementation of compulsory leave and position rotation system.	• We revised our policies and regulations on compulsory leave and position rotation system while strengthening their implementation.	• We have implemented corresponding remedial measures and submitted the rectification report in December 2013.

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
Information technology risk management		
• Strengthen the information technology risk management and enhance the information management system.	• We formulated new information technology three-year development plans and recruited more professional staff for our information technology management; adjusted our "three defenses" mechanism and further clarified the responsibilities of different business and functional departments; conducted internal review upon our digital information technology risk management system and promoted further improvement; reinforced our internal training on information technology to enhance our staff's management capabilities; and implemented several measures to enhance our business continuity, such as the establishment of relevant internal rules and regulations, the formulation of business continuity plans and the setting up of information backup plans and backup centers.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.
Corporate governance		
• Improve the corporate governance mechanism and enhance the incentive and appraisal system.	• We clearly clarified the responsibilities of different business and functional departments; formulated our risk preference policies and established an overall risk control regime covering our credit risk, market risk, liquidity risk, operation risk, information technology risk and reputation risk; and implemented effective incentive and appraisal system within our three-level corporate governance mechanism covering our head office, branches and sub-branches while adjusting our appraisal criteria by taking into consideration of both profitability and risk management.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.
Internal control		
• Enhance the development of internal control management policies and regulations.	• We enhanced our internal audit procedures; strengthened the professional training system for internal audit staff; and promoted special internal audits on market risk, credit risk, operation risk and information technology risk.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.
• Improve the information technology system to support the implementation of internal control.	• We improved the information technology system for internal control by enhancing the modules and functions supporting the weak procedures in our business operations; and strengthened our management of information safety where the reliability and feasibility of key application systems and our business continuity were further enhanced.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.
Business management		
• Enhance capital management in terms of capital usage plan, capital quantity and quality and capital constraint.	• We improved our internal capital accumulation by enhancing our profitability and economic use of our capital while expanding our external source of capital.	• We have implemented corresponding remedial measures and submitted the rectification report in June 2014.

We have submitted reports with respect to our implementation of regulatory recommendations included in the inspection reports issued by the CBRC Tianjin Office and its other relevant local branches. As of the Latest Practicable Date, neither had we received any further comments from either CBRC Tianjin Office or its other relevant local branches, nor had we received any notice requiring us to take further remedial measures or imposing penalties on us. Pursuant to the inspection results issued by CBRC Tianjin Office, we believe that there are no material deficiencies in our business operations, corporate governance, internal controls and risk management. We also believe that the suggestions and recommendations we have taken which were included in the reports and opinions given by CBRC Tianjin Office and other relevant local branches of CBRC have no material and adverse impact on our business, financial condition or results of operations, but instead have enabled us to improve and enhance our operation management capabilities and risk control capabilities.

PBoC

Routine and *ad hoc* inspections, including onsite inspections, were conducted by the relevant local branches of PBoC on our head office, branches, sub-branches, where inspection reports setting out the inspection results and corresponding recommendations were issued based on such inspections.

During the Track Record Period and as of the Latest Practicable Date, the relevant local branches of PBoC had conducted several inspections on our Bank. Non-compliance incidents or deficiencies in respect of cash management, cross-border Renminbi denominated transactions and making complete and accurate report of enterprise credit system were identified during such inspections. The major issues and recommendations raised by the relevant local branches of PBoC and our major rectification measures are summarized as follows.

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
• Strengthen the system related to the prevention of counterfeited money.	• We enhanced our internal training, information sharing, internal reporting on fake bank notes, reinforced the implementation of our internal regulations on fake bank notes collection, formulated inspection teams and conducted onsite inspections on internal control of fake bank notes collection by different outlets, and further implemented internal requirements on the reserve amount of Renminbi with small facial value.	• We have implemented corresponding remedial measures and submitted the rectification support in June 2015.
• Improve the management of our cross-border Renminbi business.	• We improved our internal procedures on data and information collection, reinforced our internal training on the operation procedures in relation to cross boarder RMB transactions and further regulated and enhanced our file management on such transactions.	• We have implemented corresponding remedial measures and submitted the rectification support in February 2015.

As of the Latest Practicable Date, we had not received any further opinions from the relevant local branches of PBoC in respect of our implementation of their recommendations, nor had we been requested to take any further remedial measures or subject to any penalties. Based on the aforesaid inspection results by the relevant local branches of the PBoC, we believe that we do not have significant deficiencies in our business operations, internal audit and risk management which may result in material and adverse impact on our business, financial condition or results of operation.

SAFE

Inspections, both onsite and offsite, are routinely carried out by the relevant local branches of the SAFE on our foreign exchange business, with inspection reports based on such inspections issued by the same regulatory bodies. During the Track Record Period, the relevant local branches of SAFE conducted inspections on our declaration and verification of international payment business, foreign exchange settlement and sales business where inspection results were issued in their reports. Relevant guidance and recommendations were also included in such reports. The major issues identified and main recommendations made by the relevant local branches of SAFE and the primary rectification measures we adopted were set out as follows:

Major issues and main recommendations	Our primary remedial measures	Time of completion of remedial measures
• Improve our risk control capability of foreign exchange management and enhance our operational capacity.	• Enhance training to staff in relation to international balance of payments, strengthen the implementation and monitoring of reporting business in our branches and sub-branches, further improve our internal control system and standardize the operating procedures of international balance of payments, and prevent business risks.	• We have implemented corresponding remedial measures and submitted the rectification support in December 2013.

As of the Latest Practicable Date, we had not been subject to any penalties as a result of aforesaid issues, nor had we been requested by SAFE or its relevant local branches to take any further remedial measures. Based on the inspection results mentioned above, we believe that there is no material deficiency in our foreign exchange business or our risk management and control, and the issues identified during the inspections by the relevant local branches of SAFE did not individually or collectively have material adverse effect on our business, financial condition or results of operations.

Audit Office of Tianjin

The Audit Office of Tianjin audits and conducts supervisions over our assets, liabilities and profits and losses from time to time pursuant to the relevant laws and regulations. The Audit Office of Tianjin conducted special audit of our financial statements of the financial year of 2012. The main issues identified in such audit report and our main rectification measures are set out below.

Main problems identified in audit report	Our primary remedial measures	Time of completion of remedial measures
• Strengthen monitoring of the use of loan funds, pay attention to the risks associated with bank acceptance bills, all of which are physical bills, timely adjust the proportion of loans to the industries with high incidences of non-performing loans and increase the proportion of secured loans.	• We further strengthen the guidance on the loan extension and limit the loan amounts in certain industries; reduce the unsecured loans; Improve our information system and risk management organization, and increase the penalty of staff who are responsible. • To mitigate risks associated with our bank acceptance bills, we promulgate risk management measures and procedures for our bank acceptance bills, which set forth the responsibilities of relevant business departments, conduct regular training of relevant employees in our bank acceptance bill business, conduct bank acceptance bill business in strict compliance with regulatory requirements, reinforce review and verification of the truthfulness of the underlying transaction of the discounted bills, and further strengthen the continued monitoring and management after issuance of bills.	• We have implemented corresponding remedial measures and submitted the rectification support in April 2014.

We have submitted a report regarding our rectification of the issues identified in the audit report to the Audit Office of Tianjin. The above audit results have no material adverse impact on our business, financial conditions or results of operations. Except as disclosed above, as of the Latest Practicable Date, we had not received any dissenting opinions on our report or rectification measures adopted, neither had we been requested to implement any further measures by the Audit Office of Tianjin.

Compliance with Core Indicators

We are required to comply with the various ratios as required by the core indicators (interim) of PBoC. Please see "Supervision and Regulation — Other Operational and Risk Management Ratios" for our compliance with Core Indicators (Provisional) during the Track Record Period. No penalties have been imposed on us due to non-compliance with the Core Indicators in regulatory checks and reviews.

Employee Non-Compliance

We have, from time to time, examined non-compliance incidents committed by our employees, customers and other third parties, which incidents mainly relate to the violation of our internal rules regarding credit review and approval process and accounting related matters. None of our Directors or senior management members has been involved in any such non-compliance matters. We believe that no non- compliance incidents, individually or aggregately, will have any material adverse effect on our business, financial position and results of operation. During the Track Record Period, none of our employees has been found to have committed a crime or any other material non-compliance matter in respect of our operation.

Our Directors believe that, based on the findings of the regulatory authorities, there has been no material deficiency in our business operation, internal audit, internal control and risk management.

Anti-Money Laundering

No material abnormal money laundering incidents had been identified or reported to the senior management during the Track Record Period. For the details of our anti-money laundering measures, see "Risk Management — Legal and Compliance Risk Management — Anti-Money Laundering".

OVERVIEW

Our primary risks arising from operations are credit risk, operational risk, market risk, and liquidity risk. We are also exposed to other risks, such as information technology risk, reputational risk, and legal and compliance risk.

We have established an integrated and comprehensive risk management system, through which we have managed to successfully meet relevant regulatory requirements, mitigate risks associated with turbulent general economic conditions, and secure the sustainable development of our business. In particular, we are committed to developing our risk management system to strike the balance between risk and return, so that we may strictly control our risk exposure while maintaining the flexibility necessary to allow business innovations while preventing the ultimate loss of assets.

Risk Management Initiatives

We have continuously improved our overall risk management through various initiatives, including the following:

- We have established a risk management framework to ensure integrated and effective management and comprehensive coverage. In particular,
  - we have established an integrated risk management structure with clear division of responsibilities among different departments and institutions that are governed by comprehensive rules and policies targeting effective check and balance mechanism and clear reporting lines. This structure is established in line with our corporate structure to ensure effective implementation and prompt decision making;
  - we have implemented a comprehensive risk management framework, consisting of various departments with each focusing on a select group of risks under the centralized management of the Risk Management Committee who oversees and monitors the overall performance of our risk management system; and
  - we have established a vertical and top-down risk management system, setting up an independent "Assigned Risk Management General Supervisor" regime to perform credit risk control work. In particular, our head office nominates and assigns Risk Management General Supervisors to work on-site at each branch who report directly to our head office and get routine evaluation based on key risk management indicators such as non-performance loan ratio, post-disbursement management, loan disbursement, loan classification and risk alerts to ensure that our head office is able to effectively control our overall credit risks.
- We have formulated and implemented comprehensive risk management plans and rules. In particular,
  - we designed, formulated and implemented a comprehensive set of risk management rules and policies in line with applicable laws and regulations, including the new Basel III accord, which covers subjects of risk management in the areas of strategy, organizational structure and functions, policies and systems, procedures, measurement methodologies and tools, data and information systems, as well as disclosure and reporting;

- we have established a reporting system through which we could promptly receive, solicit, collect, and analyze feedback from our employees, clients, and the latest developments within the market to assist our risk management team in reviewing and updating relevant rules, so that we may identify potential loopholes, address emerging risks associated with changing market conditions and innovative financial products and services;

- we have implemented an on-site inspection mechanism on an as-needed basis, where relevant risk management departments at our head office will conduct on-site inspection at relevant outlets to identify potential compliance and operational issues, address lapses in our implementation of policies and procedures, where applicable, and determine solutions on existing risks; and

- we have established and implemented a compulsory leave and position rotation regime where staff at our key operation positons are required to take rotations and compulsory leaves on a regular basis in order to eliminate our exposures to operational risk.

• We invest in continuous optimization of our risk management mechanism and improvement of technology capacity in relation to risk identification and control. In particular,

  - we have developed and implemented a comprehensive online risk management system that covers our head office and branches and all key risk domains, including credit risks, market risks, and liquidity risks. This system comprises multiple functional models which can equip our management team with integrated measures to address each key sector of risk management work, including credit evaluation, identification of potential risks, timely alerts, and routine review on implementation status of risks control measures, so as to assist our management team with their business judgment;

  - we have established an effective incentive mechanism and accountability system. For instance, we have developed a set of key indicators to evaluate performance of risk management work, according to which, our management team determines awards or penalties for relevant employees;

  - To improve the efficiency of evaluation and monitoring, we have also established an "Assigned Risk Management General Supervisor" regime where our risk management general supervisors are evaluated based on the performance of a set of key indicators related to risk management;

  - We hold regular internal control evaluation meetings at our head office and branches, where relevant employees can discuss the status of risk investigations, review rectification work and post rectification results, and study specific issues identified during our day-to-day reviews of business operations, so that our risk management team may have access to in-depth analysis on relevant issues in order to accurately assess issues and achieve effective remediation.

- We have strengthened and refined our risk management methodologies and measures. In particular,

  - to better address market risks, particularly in consideration of turbulence of general economic conditions that pose a challenge to many industries, including the financial and banking industries, we have adopted various measures accordingly, including (i) redefining the relevant risk control management model where our senior management, under the authorization of our Board of Directors, makes authorization determinations for different departments pursuant to the amount of transactions in question; and (ii) implementing real-time monitoring on the fair value of our investments on various financial products and making routine reports and prompt updates to senior management for proper risk control;

  - in respect to our credit business, our credit approval function, operated under a tiered approval system covering a comprehensive set of factors, including industry, scale of business operations, financial or operating status, policy, and regulation. We generally adopt similar procedures for credit approval and extension where both business and independent risk management team members will be involved to make judgments, so that we can better mitigate potential risks associated with market turbulence;

  - taking into consideration the development trend of the global and Chinese economies and in line with our risk management strategy, we have been actively refining the mix of our existing asset portfolios. In addition, we have introduced a number of portfolio management methodologies, including market entry criteria for various industries, customer list, customer rating, approval authorization, performance evaluation, portfolio monitoring, and early warning with the aim to continuously improve quality of our asset portfolio and control our risk exposure;

  - our treasury business is an essential division covered by our credit risk management system, where we have implemented various risk management procedures, including strict risk assessment on relevant products, underlying assets, relevant collateral and counter parties, stringent legal documentation management procedures and operational compliance to mitigate risks in relation to asset losses;

  - we have adopted continuous monitoring measures to prevent information technology risk, ensure information security, develop our information technology systems and strengthen our business continuity management. We have formulated contingency plans for our application systems and established three backup centres for disaster recovery in Tianjin and Jinan, Shandong Province; and

  - we have further improved the methodologies and techniques to identify and assess various risks and established relevant risk management systems utilizing such methodologies accordingly. For example, we have set up our new financial ratio alert system which enables us to periodically oversee our customers' operation performance by analyzing their financial information.

Our Risk Management Objectives and Principles

We determine our overall risk management objectives based on our overall strategic goals, which include: (i) to ensure compliance with all applicable laws and regulations in China as well as compliance with our own policies and procedures; (ii) to ensure the successful implementation of our business development strategies while ensuring risks at an appropriate and acceptable level in line with our objectives; (iii) to ensure the timeliness, accuracy, and completeness of our business records, financial information, and other management information; (iv) to ensure the effectiveness of our risk management system and establish contingency plans in response to various significant risks to avoid substantial losses due to risks arising from disasters or human errors; and (v) to cultivate a good risk management corporate culture to achieve a more efficient risk management system through continuous training for all employees. We intend to continue to improve our existing risk management system in line with Basel III, our development strategy, operation target and financial condition.

Our risk management follows the following principles:

Value-creation To implement risk management measures to ensure that we may sustain healthy development and expansion of business operations while controlling the risk exposure to an acceptable level so that we may maximize shareholders' value while maintaining a sustainable development.

Independence To ensure departments that are responsible for overseeing and managing risks are independent from departments that are in charge of business operations. In addition, our employees in charge of risk management have an independent reporting line and a distinguished evaluation system to ensure that they are able to strictly follow risk management procedures in their daily work.

Comprehensiveness To continuously improve coverage of our risk management system to promptly address risks associated business operations that keep evolving, so that we may properly identify, prevent, mitigate and manage risks raised in all departments, entities, organizations, positions of our Bank, as well as risks emerging from all business lines.

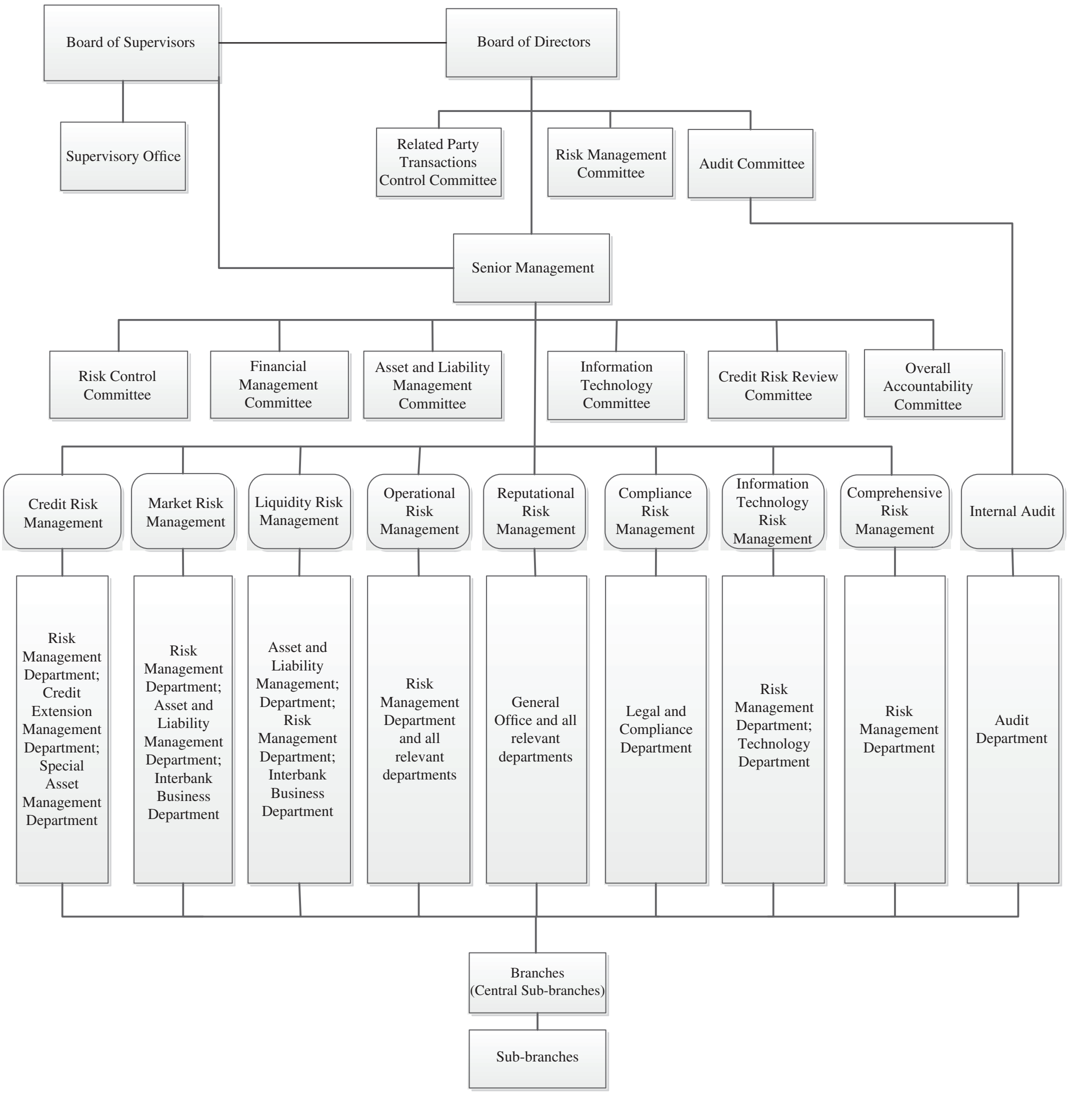
Participation To establish a corporate culture and an effective incentive mechanism and accountability system to encourage every employee to participate in risk management while performing their respective duties in daily work.

Prudence To place priority on internal control at each sector of our business operations, including establishment of new branches or launching new financial products or services.

Effective integration To continuously refine our risk management system in line with developing economic conditions and business operations and commit to promoting the risk awareness of all employees, so that we could ensure the effectiveness of our risk management while maintaining a healthy growth.

RISK MANAGEMENT STRUCTURE

As of the date of this prospectus, our organizational structure of risk management is as follows:



Board of Directors and its Special Committees

Our Board of Directors has the ultimate responsibility for managing our risk exposure, through (i) determining our bank-wide risk preferences and risk tolerance level as to our various types of risks including but not limited to credit risk, market risk, liquidity risk and operational risk; (ii) reviewing our risk management strategies, policies and procedures, and supervising their implementation by our senior management; and (iii) monitoring and assessing the comprehensiveness and effectiveness of our risk management. Our Board of Directors performs its risk management functions through the Risk Management Committee, the Related Party Transactions Control Committee, and the Audit Committee, with support from management team at our head office and branches.

Risk Management Committee

Our Risk Management Committee is primarily responsible for (i) assisting our Board of Directors with their performance of duties in relation to our risk management; (ii) reviewing our risk preferences, risk management policies and procedures, as well as our risk tolerance levels as to our various types of risks; (iii) reviewing our material transactions including risky investments, asset mortgages, and property disposals before they are then submitted to our Board of Directors for further review; (iv) supervising our senior management's control over various risks, conducting periodic appraisals upon our risk management and risk tolerance capabilities; and (v) meeting periodically with our senior management to hear their reports on the status of our overall risk management and providing advice and measures for improvement of our risk management.

Related Party Transactions Control Committee

Our Related Party Transactions Control Committee is primarily responsible for (i) formulating and amending policies, rules and regulations relating to our Related Party Transactions before they are further submitted to our Board of Directors for review and approval while supervising their implementation within our Bank; (ii) identifying and publishing Related Parties and information with respect to our Related Party Transactions; (iii) providing review opinions on significant Related Party Transactions to our Board of Directors for review; and (iv) periodically hearing reports on our Related Party Transactions and giving opinions and advices on how to strengthen our management and enhance our control.

Audit Committee

Our Audit Committee is primarily responsible for (i) reviewing our internal audit system, audit memorandum, and audit plans; (ii) organizing and leading our internal audit work and approving our audit policies, procedures, and annual plans while supervising their implementations; (iii) conducting inspections of our accounting policies, financial results, financial reporting procedures as well as our compliance status; (iv) supervising our internal audit work; (v) reviewing our internal control report and conducting supervision and inspection upon our effectiveness of implementation; and (vi) advising our Board of Directors on the engagement or change of external auditors, supervising their work and reviewing the annual audit report issued by such external auditors so as to identify the genuineness, adequateness, and completeness of the relevant financial information.

For details of the functions and authorities of our Board of Directors, as well as the responsibilities and compositions of the Risk Management Committee, the Related Party Transactions Control Committee and the Audit Committee, please see "Directors, Supervisors and Senior Management — Committees under the Board" and Appendix VI — "Summary of Articles of Association" to this prospectus.

Board of Supervisors and Supervision Committee

Our Board of Supervisors oversees the compliance of our Board of Directors and senior management on risk management with applicable laws and regulations, as well as our own risk management policies. It also examines and supervises our financial activities and internal control. The Board of Supervisors adopts various supervisory measures such as periodic business investigation and attending important meetings in order to understand our operation and management and provide advice. The Supervision Committee under our Board of Supervisors is primarily responsible for formulating our plans to monitor our financial activities while implementing relevant inspections, supervising our Board of Directors' establishment of prudent business operation concepts, value principles and development strategies consistent with our practical needs, monitoring and inspecting our business decisions, risk management and internal control, and performing other roles and responsibilities as authorized by our Board of Supervisors.

For a detailed description of the responsibilities of our Board of Supervisors, please see section headed "Directors, Supervisors and Senior Management — Supervisors" in this prospectus.

Senior Management and its Special Committees

Our senior management is the most senior execution team in our risk management organizational structure and has the overall responsibility for managing the risks associated with our business. It is responsible for implementing our risk management policies and executing our risk management strategies, plans, and policies as determined by our Board of Directors, and coordinating the work and operation of our risk management. Our President, with the assistance from other members of senior management, is responsible for our overall risk management at the senior management level and reports directly to the Board of Directors.

We have established six special committees related to risk management including the Risk Control Committee, the Finance Management Committee, the Asset and Liability Management Committee, the Information Technology Management Committee, the Credit Risk Review Committee and the Comprehensive Accountability Management Committee at the senior management level. Each committee, which generally consists of our senior management and the heads of related departments, works closely to organize, coordinate, and review our risk management measures and their implementations.

Risk Control Committee

The Risk Control Committee is primarily responsible for (i) overseeing daily risks management and internal control work in line with our risk management strategies and policies; (ii) implementing periodic appraisals on the overall risk profile of our business; (iii) approving the disposal of non-performing assets within its authority; and (iv) making proposals on improving our business risk management and internal control as well as other relevant events relating to our business risk management. The members of the committee include our President as the chairman, vice president as the vice chairman, and key officers of various business and functional departments as the other members.

Finance Management Committee

The Finance Management Committee is responsible for (i) supervising our implementation of regulations and policies promulgated by the government regarding financing affairs of financial enterprises; (ii) overseeing the preciseness, timeliness, and completeness of our financial information; (iii) reviewing our analysis on our financial condition and operation results and providing relevant opinions; (iv) reviewing the financial inspection results provided by external institutions and proposing financial ratification plans; and (v) reviewing other material financial expenditures. The members of the committee include our President as the chairman, the vice president overseeing the relevant business at our head office as the vice chairman, and key officers of various business and functional departments as the other members.

Asset and Liability Management Committee

The Asset and Liability Management Committee is primarily responsible for (i) conducting overall management over the scale, structure, and proportion of our asset and liability business; (ii) determining the appropriate adjustments to the relevant overall risk management plans in response to the practical problems identified during our daily operations pursuant to our business development strategies; and (iii) reviewing our price policies and strategies, price management mechanism and internal capital transfer measures, liquidity management regime and procedures, as well as domestic and foreign currency capital management regime and procedures. The members of the committee include our President as the chairman, the vice president overseeing the relevant business at our head office as the vice chairman, and key officers of various business and functional departments as the other members.

Information Technology Management committee

The Information Technology Management Committee is primarily responsible for (i) formulating information technology development plans; (ii) improving our Bank's information technology risk management system and resolving incidents in relation to our Bank's information technology risk and safety; (iii) reviewing and approving our technology development plans and our annual investment plans on technology development, strengthening our information technology staff team, and establishing the incentive mechanism; (iv) reinforcing the risk management of our computer information system; (v) coordinating the organization of technology application related projects, and reviewing and approving material technology projects with respect to our development; (vi) reviewing the technology fees and costs arrangement and submit the budget plan to the Finance Management Committee; and (vii) supervising the performance of various functional departments and periodically reporting relevant affairs to our Board of Directors and senior management. The members of the committee include our President as the chairman, the vice president overseeing the relevant business at our head office as the vice chairman, and key officers of various business and functional departments as the other members.

Credit Risk Review Committee

The Credit Risk Review Committee is responsible for (i) reviewing and approving corporate credit extension business within its authority, including but not limited to corporate loans, bank's acceptance bills and trade financing; and (ii) reviewing and approving personal credit extensions, channel investments, issuance, underwriting and investments in corporate debt instruments, and inter-bank credit extensions. The Credit Risk Review Committee consists of three permanent members, including our vice president in charge of risk management at our head office, Mr. Liang Jianfa (梁建法), the head of credit extension management department at our head office, Mr. Song Hua (宋華), and the head of risk management department at our head office, Mr. Song Jie (宋潔), all of which have multiple years working experience relating to audit or risk management in banking industry. In addition, when we hold meetings of Credit Risk Review Committee, these three permanent members will also randomly select six members from a pool of non-permanent members to form the quorum. The pool of non-permanent members consists of 19 members who are key officers of relevant departments at our head office or risk management directors at branches and central sub-branches with an average working experience of approximately 15 years in banking industry.

Comprehensive Accountability Management Committee

The Comprehensive Accountability Management Committee is responsible for (i) leading, organizing, promoting, and supervising the affairs related to accountability; (ii) researching, formulating and improving the accountability management system and regulations; and (iii) discussing and reviewing the accountability issues according to the accountability authorizations. The members of the committee include our President as the chairman, senior management at our head office in charge of relevant businesses as the vice chairmen, the key officers of various business departments as the fixed members, and the key officers of other departments at our head office as the back-up members who shall become the official members as required by specific events under review.

Risk Management Departments

Risk Management Departments at Our Head Office

Our head office oversees all risk management activities and supervises risk management at our branches and sub-branches. We have established the following designated risk management departments at our head office, each being responsible for managing risks in its respective area, with details of their primary duties and responsibilities set forth below:

Risk Management Department	• primarily responsible for coordinating the establishment and implementation of our comprehensive risk management system • formulates, implements, evaluates and improves the polices, regulations, system, rules and standards in relation to our comprehensive risk management • leads and organizes our comprehensive management work, and guides, supervises and inspects the daily risk management work of the relevant risk management and control departments • manages our credit risk, operation risk and market risk, and formulates, evaluates and amends polices and systems with respect to such risk management • leads and organizes the analysis and evaluation of the relevant factors relating to the different types of risks, and establishes and improves risk limitation, risk alerts, risk supervision mechanism, supervision and evaluation mechanism and risk report mechanism • leads and promotes the establishment of risk management information system
Credit Extension Management Department	• formulates the relevant internal regulations with respect to our credit review and approval procedures, oversees their implementation and makes improvement pursuant to our overall credit extension policies • reviews and approves relevant credit extension business within its authority • conducts risk review upon those credit extension business which requires the approval from the Credit Risk Review Committee at our head office
Interbank Business Department	• primarily responsible for formulating and implementing rules and policies, operational processes and risk management initiatives for interbank business operations, such as our money market transactions and our investments in bonds, bills, and financial assets.
Special Asset Management Department	• primarily responsible for the management, disposal, and collection of our Bank's non-performing assets, and overseeing branches and sub-branches to ensure that they properly dispose of non-performing assets in compliance with laws and regulations

Legal and Compliance Department	• primarily responsible for formulating our legal affairs management system, regulations and procedures, and providing legal services for our daily business operations • responsible for identifying, monitoring and reporting compliance risk, developing and executing compliance management plans, and establishing and cultivating compliance culture • manages our rules and policies, reviews new products, new business, rules and policies as well as contracts, and evaluates and reviews our compliance work
Technology Department	• primarily responsible for formulating our information technology development plans, information system construction plans pursuant to our overall information technology development strategies • responsible for related affairs, such as information technology operation and information safety management • in charge of the establishment of our information technology management system, the improvement of our information technology related regulations, standards, and procedures
Asset and Liability Management Department	• primarily responsible for establishing our bank-wide asset and liability management system and formulating various management regime, regulations, and procedures • analyzes and makes judgments on the macroeconomic situation and our overall business operation, and proposes a bank-wide annual operation plan • responsible for our capital sufficiency management, business operation authorization management, bank accounts interest risk management, level one and level two deposit reserve policy, and regulation management, liquidity risk management, interbank business service pricing management, and interbank lending management
Audit Department	• formulates annual audit plans according to the requirements from the Board of Directors and Board of Supervisors • conducts special audits on our exposures to various risks such as credit risk, market risk, operational risk, and information technology risk, and also conducts audits on commission upon our senior management's economic liabilities during their tenure • periodically reports to the Audit Committee on internal audit works and submits timely project audit reports to the Audit Committee for review
General Office	• responsible for management of reputational risk

Risk Management Framework at Our Branches and Sub-branches

In line with our strategy to establish an integrated risk management system with comprehensive coverage and centralized monitoring and supervision, we have established risk management departments at the branch level, which are responsible for implementing risk management policies and procedures formulated by our head office in daily operations of our branches, including conducting asset risk classification, risk monitoring, and credit risk investigation; establishing and improving risk management and internal control system; reviewing material risk management and internal control issues; and providing proposals on improving risk and internal control management at our braches. Our branches oversee and assess risk management of the sub-branches under their supervision.

The risk management departments at our branches are required to make routine report on risk management work to the risk management departments at our head office on a quarterly basis with interim meetings carried out when necessary. Such major risk events include but are not limited to the branch's overall credit approval business, the quality of the loans approved by our branches, the duty performance of the branch's credit risk approval committee, and the major risk management measures implemented by the branch as well as the sub-branch supervised by it. We also require risk management department at each of our branches to cover the status of the rectification of work in relation to risk management carried out by relevant branches in their report.

CREDIT RISK MANAGEMENT

Credit risk refers to the risk of loss resulting from the failure by an obligor or counterparty to fulfill its obligations under the contract or changes in its credit rating. We are exposed to credit risk primarily associated with our corporate loan business, personal loan business and treasury business.

We have established a standardized authorization and credit review and extension management system that covers our whole Bank, where we have set up comprehensive policies and procedures to identify, assess, measure, monitor, mitigate, and control risks that may arise from each section of the entire credit business process, including our treasury business. We seek to improve our overall credit risk management capabilities through a variety of measures, such as the implementation of a vertical credit risk management system with the branch risk management general officers directly appointed by our head office, the establishment of an internal rating system on corporate customers for better management of credit approval and extension, the establishment of a twelve-level loans categorization system to adopt specific procedures to manage relevant risks, the enhancement to our capacity to process credit risk management utilizing information technology, the improvement of post-credit extension risk management work, and the further tightening of credit review and monitoring. In particular, we have developed and implemented a digital credit extension management system which allows us to efficiently utilize advanced information technology to manage our whole credit extension process including pre-loan investigation, credit review, and post-disbursement inspection, which has further enhanced our credit risk control capability.

Credit Policies

In line with our risk management principles, we aim to ensure our prudent risk management culture will be able to assist in the healthy development of our business operations, in particular, our loan growth. We have developed credit policies setting forth credit extension guidelines for different types of industry, customer groups, and financial products, which we review and update from time to time to ensure that we may address emerging market conditions in a timely manner.

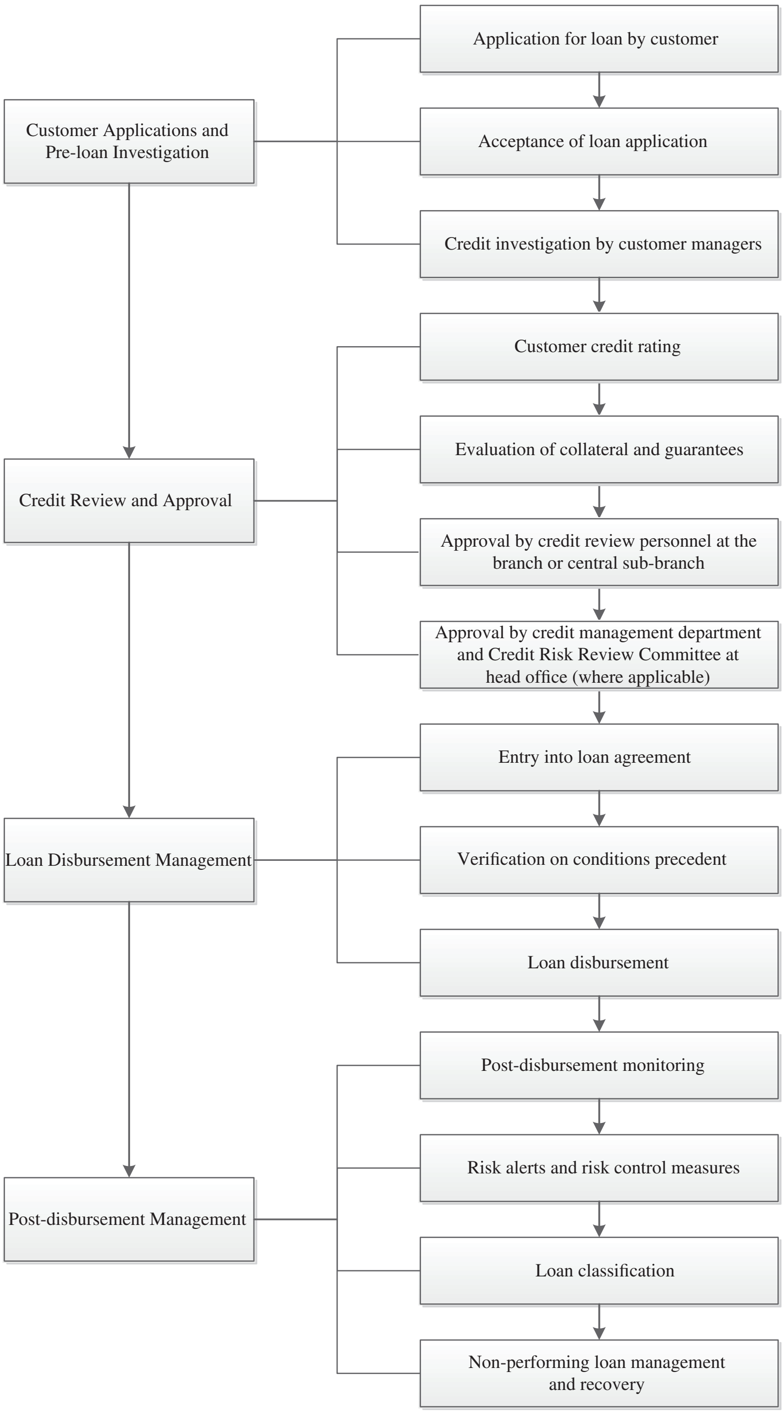
Our credit policies are formulated and adjusted based on our analysis of the macroeconomic environment and outlook, industry policies, and our existing loan portfolio compositions in terms of customer, industry, geographic location, collateral, and maturity. In particular, we implement credit policies to prioritize and expand our credit scale for industries which are in line with the national economic development strategy, experiencing relatively high profit margins from their primary businesses and good growth potential. At the same time, we adopt a prudent credit extension strategy and limit our credit exposure to industries and customers with decreasing profits or unfavorable growth prospects, in particular, those industries with heavy pollution, with high energy consumption, and with excess capacity (兩高一剩), to which, we shall decline to increase credit extension or draw back the existing credit extension, as well as restricting investments in Non-standard Credit Assets where the underlying credit facility may be used in such industries. For instance, we intend to closely study applicable economic promotion policies implemented by the PRC Government, such as the "Collaborative Development of Beijing, Tianjin and Hebei" ("京津冀協同發展") and "One Belt, One Road" ("一帶一路") policies, to identify geographic areas where we can consider refining our credit policy to achieve a balance between business development and prudent risk control.

We have developed industry-specific corporate credit policies to divide our corporate customers into four categories by the following standards: "prioritize and support", "support with caution", "limit exposure", and "reduce exposure or exit". Such classification is used for the differentiation of our customers and our project entry standards, including our project selection in relation to investments in Non-Standard Credit Assets. We prioritize the allocation of credit resources and encourage the expansion of credit exposure for industries belonging to the "prioritize and support" group, while limiting, in stages, our credit extension to industries belonging to the latter groups. At present, the "prioritize and support" category includes industries such as modern agriculture, education, culture, medicine and medical treatment, modern logistics, information technology, and hydroelectric power. The "support with caution" category includes industries such as infrastructures, automobiles, electronic appliances, retail, wholesale, and tourism. The "limit exposure" category includes industries such as construction, papermaking, real estate, and government financing vehicles. The "reduce exposure or exit" category includes industries such as ship construction, coal mining, chemical, and steel.

In addition, depending on the economic development stage of the regions where our branches are located, our credit policies for the same industry may vary with different geographical regions. For example, we require our Chengdu Branch to focus its credit extension on the tourism related business as Sichuan Province features abundant resources for tourism; and as a response to Tianjin's industry consolidation and industry improvements during its economic transitional period, we encourage our Tianjin Branch to proactively support the local key industries, such as manufacturing and logistics, pursuant to the Tianjin government's relevant industry policies.

Credit Risk Management for Corporate Loans

The risks associated with different credit business lines vary widely. In order to unify the management of credit risk from various business lines, our Bank adopts the same set of risk management procedures for all corporate loans, which include pre-loan investigation, credit review and approval, loan disbursement management, post-disbursement management, and risk monitoring and alert. The following flow chart illustrates the basic process of our corporate credit business:



Credit Application and Pre-Loan Investigation

The pre-loan investigation process generally starts with the submission of a corporate loan application by the customer. We generally require the applicant to provide necessary supporting documents, such as organizational documents, financial statements and credit level appraisal report of the applicant and, where applicable, the guarantors. We may also require the applicant to provide ownership certificates and valuation reports where there are any pledges or mortgages involved.

As part of our credit approval process, upon our receipt of the application, we conduct a pre-loan investigation by analyzing the credit risk of the loan application and reviewing the applicant's credit profile pursuant to our established procedures and criteria. The pre-loan investigation is conducted taking into consideration the type of business and their relevant risk appetite, and is carried out in a sufficient manner so as to effectively identify and assess risks, formulate reasonable loan disbursement plans, implement unified credit management, and achieve balance between risks and profits. Our customer managers are required to collect customer information, review credit application materials, and prepare a credit investigation report.

We require that all the information collected from the customers shall be thoroughly analyzed to ensure they are authentic and legally effective. In order to ensure the effectiveness of credit investigation and to prevent operational risk from our customer managers, we have adopted a "two-person investigation" mechanism under which the pre-loan investigation is performed by two customer managers who are required to independently conduct on-site credit investigations by visiting the borrower's business premises, inspecting the manufacturing equipment and the inventory, income and profits, value-added tax invoices and the water and electricity consumptions of the borrowers in order to know the real business operation and use of the loan proceeds of such borrowers. The two customer managers will assume joint responsibility for the objectiveness, accuracy, and completeness of the loan information and the credit investigation report.

Customer Credit Rating

The customer manager accepts the credit application and proceeds with the credit rating upon the completion of the preliminary pre-loan investigation. For corporate customers, credit rating is the prerequisite of credit extension, and no credit extension business is allowed with corporate customers without effective credit rating. We rate our corporate customers based on the type of industry and default likelihood model they belong to. We maintain a 12-grade credit rating system, namely, AAA, AA, A, BBB+, BBB, BBB-, BB, B, CCC, CC, C, and D, and we adopt a comprehensive scoring system when assigning a rating to a corporate customer by considering both quantitative and qualitative assessment of its creditworthiness.

A credit rate is generated automatically by our credit rating system once a customer manager enters the necessary financial and operation information of the borrower into such system. The customer managers and loan reviewers may request a change to the credit rating if they have reasonable grounds, which will be subject to approval by the authorized personnel at our head office and branches.

Subsequent to the loan disbursement, we generally re-rate each customer that has credit balances with our Bank on an annual basis. We will adjust the credit rating of a borrower if there are any significant changes in the financial condition or business operation of such borrower or if there are any other events that may materially and adversely affect its ability to repay our loan.

Evaluation of Collateral and Guarantee

Our corporate loans are primarily secured by collateral, pledges, or guarantee. For loans secured by collateral, we have promulgated internal management regulations setting forth the range of acceptable and non-acceptable collaterals, determination of loan-to-value ratios, and the requirement of the registration of collateral. The value of collateral is determined by reference to third-party evaluation reports from third-party appraisers approved by us. We have formulated different loan-to-value ratios taking into account various factors, including credit evaluation, credit risks, depreciation of collateral, applicability of collateral and price fluctuation. The maximum loan-to-value ratios of the principal types of collateral securing our corporate loans are as follows:

Type of Collateral	Maximum Loan-to-Value Ratio
Mortgages	
Land use rights for commercial and financial constructions	65%
Land use rights for residential constructions	60%
Building ownership for industrial storage	55%
Building ownership for residential purpose	70%
Building ownership for offices and hotels	60%
Pledges	
PRC government bonds	90%
Bank acceptance bills	90%
Commercial acceptance bills	80%
Accounts receivables	80%
Trademark use rights	45%

If the certificate of time deposits is used as the collateral, the sum of principal and interest of loans can be up to those of the certificate of time deposits.

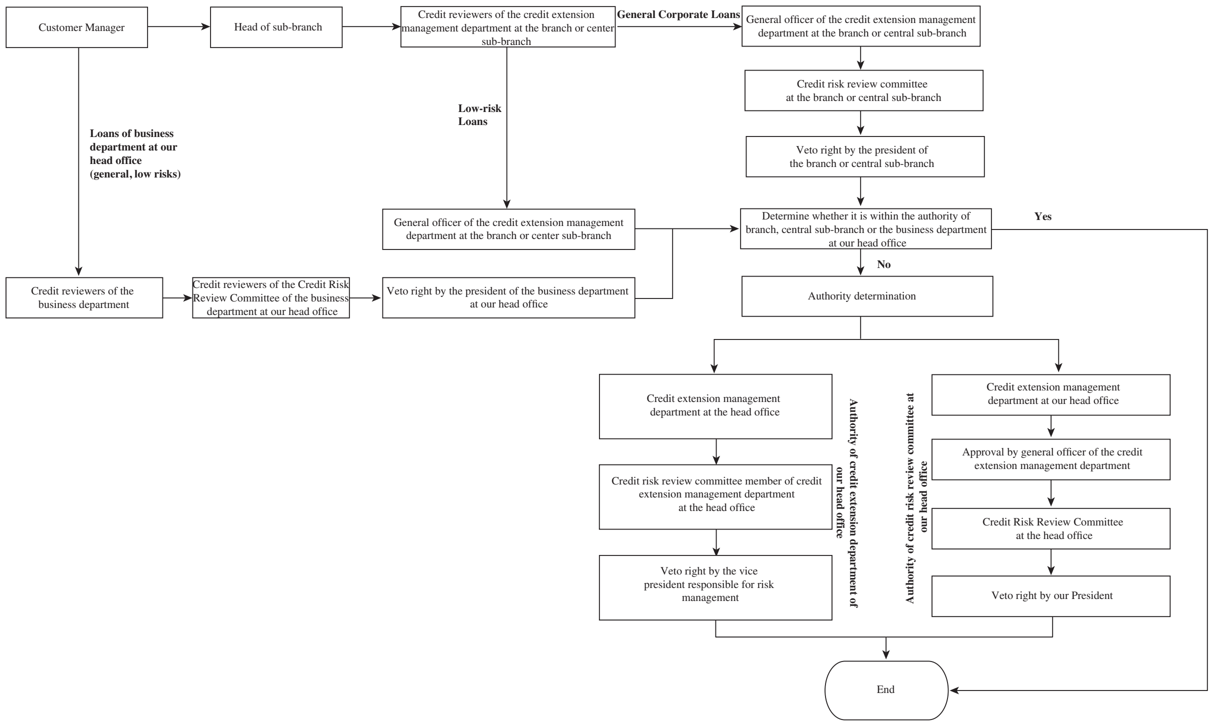
For guaranteed loans, to determine the appropriate guaranteed amount, we evaluate the guarantors by carrying out comprehensive analysis on the guarantors' qualifications, debt repayment capabilities, registered capital, and major business operations. We also take a close look at the guarantor's ability to provide guarantees, his contingent indebtedness level and whether he has close economic connections with the applicant.

Credit Review and Approval

Our credit review and approval procedures feature with a two-level credit review mechanism set up at our head office and branches. Each level has established its comprehensive review and approval system and meeting procedures. The review and approval procedures vary depending on the type and amount of credit extended, and such procedures are carried out independently by the corresponding credit review and approval institutions within their authorizations. To ensure the independence of the credit review and approval procedures, we implement a vertical risk management system where the risk management general officer of each branch, who also takes the role as head of the credit risk review committee at the branch level, is directly designated by the head office. The credit risk review committee at the branch and central sub-branch level is guided and supervised by the Credit Risk Review Committee at the head office level.

We follow the principles of independence, democracy, and strict accountability in our credit review, approval, and decision-making mechanisms. Our credit review and approval procedures are generally divided into three categories, namely, the procedures for general corporate loans, low-risk loans, and small and micro enterprises loans. Meanwhile, we adopt differentiated review and approval procedures for various credit applicants based on the industry they belong to, types of collateral and credit amount they apply for, their financing plans, credit history, as well as their business operations.

The diagram below sets forth the review and approval procedures for our general corporate loans and low-risk loans as of the date of this prospectus:



General Corporate Loans

Based on the amount of the loan and the scope of authorizations, our credit review and approval procedures for general corporate loans include the procedures for credit extensions within the authorizations of the originating branches or central sub-branches, as well as those beyond their authorizations.

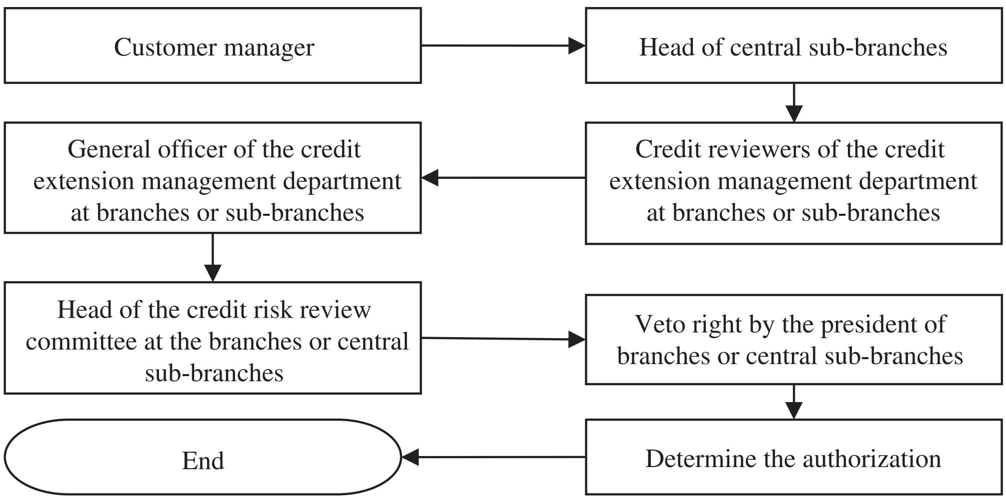
The procedures for credit review and approval within the authorizations of the originating branches or central sub-branches are as follows: after the branch or central sub-branch's customer manager, the head of the central sub-branch, and credit reviewers from the credit extension management department review a credit application, the application is then submitted to the general officer of the credit extension management department and the credit risk review committee of branch or central sub-branch for further review where the president of the branch or central sub-branch has the right to veto. The procedures for those instances where the credit review and approval is beyond the authorizations of the originating branches or central sub-branches are as follows: the credit application is passed on to the credit management extension department at our head office for review, if it is within the authorization of said department, where our vice president responsible for risk management has the right to veto any credit extension approved. It will continue to be passed on to the credit risk review committee in our head office for further review after it has been reviewed by the credit management extension department, if it is within the authorizations of said, committee, where our President has the right to veto any credit extension approved. For the responsibilities and composition of the credit risk review committee, please see "— Risk Management Structure — Senior Management and its Special Committees — Credit Risk Review Committee".

Low-risk Loans

Our low-risk loans generally include loans pledged with certificated bonds, or fixed-term deposit certificates, principal protected wealth management products for corporations, and bank acceptance bills issued by our Bank. Loans with 100% deposit, entrusted loans, and discounted bills issued and accepted by our Bank are also categorized as low-risk loans. Low-risk loans within the authorization limits of the originating branches or central sub-branches are reviewed by the customer manager and the head of the branches or central sub-branches before they are submitted to the reviewer, followed by the general officer of the credit extension management department of the branches or central sub-branches for review. Low-risk loans exceeding the authorization limits of the originating branches or central sub-branches are reviewed and approved by our head office following the same credit approval procedures as applicable to our general corporate loans.

In addition, if the general corporate loans or low-risk loans are within the business scope of the business department at our head office, loans within its authorization limits are reviewed by its customer manager and loan reviewer before they are further passed on to its credit risk review committee for review. The president of the business department at our head office has the right to veto any credit extension approved in this manner. Loans exceeding the authorization limits of the business department at our head office are reviewed and approved by our head office following the same credit approval procedures as applicable to our general corporate loans.

Small and Micro Enterprises Loans



Small and micro enterprises loans are approved at the originating branches or central sub-branches following the same credit approval procedures as applicable to our general corporate loans, except that they are submitted to the head of the credit risk review committee of branches or central sub-branches for review and approval. Small and micro enterprises loans approved by our branches or central sub-branches shall be reviewed by our authorization management staff at our head office where he will perform a final review upon the nature of the loans and determine whether the approval procedures employed in the present case are applicable for said loans.

Loan Disbursement

Our risk management department is responsible for the overall management and monitoring of our corporate loan disbursement. Upon the approval of a corporate loan application, we enter into a loan agreement and other ancillary agreements with the borrower, setting forth the key terms of the loan and, where applicable, the collateral and guarantees. We conduct loan disbursement review through our credit extension management system where we review the completeness, legality, truthfulness, and validity of the documents provided and ensure that all documents are effectively authorized, the relevant information is properly provided, and all conditions precedent specified in the loan agreement are satisfied. Our loan business operation units at each of our branch and sub-branch commence the loan disbursement procedures only upon the approval by the risk management department.

Post-disbursement Management

Our post-disbursement management consists primarily of post-disbursement review and inspection, off-site monitoring, risk alert management, post-disbursement risk control measures, collateral management, loan and interest collection, loan classification, and non-performing assets management.

Post-disbursement review and inspection. We conduct regular reviews on the basic information, financial and operational conditions, bank loans, contingent liabilities, debts, collaterals, and guarantors of our Bank's borrowers. We also closely monitor the use of loan proceeds to ensure that the funds are being used for the purposes specified in the loan agreement. During our regular on-site visit, we interview the senior management and financial staff of the borrowers, conduct on-site inspection of inventories, collateral and staff, and collect necessary documents such as annual audited financial reports and tax records. The frequency of our post-disbursement on-site inspections varies depending on the classification of the loans and the customer types. We generally visit our borrowers in three-month intervals with certain exceptions. For example, we visit the borrowers of loans who have principal, interests, or relevant fees overdue or classified under the latter three categories within our five-category loan system on a monthly basis. We conduct *ad hoc* inspections upon our awareness of significant risks in the borrower's business operations or other material risk alerts identified through our on-site inspections or off-site monitoring.

Off-site monitoring. We carry out off-site monitoring by referring to information collected from third parties, in particular those from government information systems, such as the PBoC's enterprise credit system and the industry and commerce registration information system. We also review electronic and paper documents circulated by counterparties covering information in relation to real time inventory, price fluctuation, sales, and orders.

Risk alert management. To identify and mitigate credit risks at an early stage, we have established three-level risk alert mechanisms for our corporate loans at our head office, branches, and sub-branches. The alert signals on financial and quantitative indicators are assessed and generated by our credit risk management system, and non-financial alerts are initiated by the responsible personnel. Our sub-branches are required to check and analyze credit risk alerts on a monthly basis. They are also required to propose action plans on the credit risk alerts discovered and submit them to the senior level management for approval.

Post-disbursement risk control measures. To safeguard our credit assets, we insist that risk control measures should be implemented at an early stage upon our discovery of risks incurred by our customers. For example, we may increase our post-disbursement inspection frequency, freeze the credit amount, and eliminate any new credit extension.

Loan and interests collection. We conduct on-site inspections or off-site monitoring on our borrowers before their maturity to evaluate their repayment ability and repayment intention. We remind borrowers of timely payments through telephone interviews, on-site visits, and written notices one month prior to the maturity date of their loans. For the borrowers whose repayment ability or repayment intention is in question, we take various actions to mitigate relevant risks, such as freezing the credit amount and eliminating any new credit extension, conducting external reappraising of the collateral, and requiring to increase the amount of collateral.

Loan classification. Loan classification is an important part of our ongoing loan monitoring. For risk management purposes, we have refined the five category loan classification (normal, special mention, substandard, doubtful and loss) as required by CBRC into 12 categories for corporate loans, which include three categories of normal loans, six categories of special mention loans, one category of substandard loans, one category of doubtful loans, and one category of loss loans. We consider the loans in the substandard, doubtful, and loss categories as non-performing loans. The factors we consider when classifying our loans differ between our corporate loans and personal loans. For corporate loans, we consider factors include, among other factors, the borrower's repayment ability, repayment records, willingness to repay, and guarantees and collateral. For personal loans, we classify the risk categories based on the length of the loans overdue. Our branches and sub-branches conduct loan classification under the supervision of our credit management departments at the head office and branches on a quarterly basis.

Non-performing assets management. We proactively manage non-performing loans to reduce credit risk and seek to improve our recovery on disposals. We formulate strategies and disposal plans for each non-performing loan. We seek to recover non-performing loans through multiple means, including cash collection, disposal of collateral, legal proceedings, and loan restructuring.

Credit Risk Management for Discounted Bill Business

Our discounted bill business is managed by our branches and sub-branches. Our sub-branches are responsible for marketing but have not been granted approval authority. We have promulgated administrative measures and protocols for our discounted bills business, and we review and approve all discounted bills business of our sub-branches. We have implemented a policy to separate the operation of the front desks from the middle and back offices in managing our discounted bills business, and the bills are required to be examined by two reviewers. Our customer managers are required to conduct on-site inspections of corporate customers requesting bill discounting and to verify the truthfulness of the underlying transactions before submitting bill discounting applications through our credit extension management system. The approval departments at our branches and central sub-branches review the bill discounting applications and verify the authenticity of the bills. Upon the completion of the review, funds are disbursed by our settlement department at the back office. Prior to the maturity of the bills, our settlement department dispatches the bills to the acceptance banks, requesting payment in accordance with the terms of the bills. Our risk management department classifies discounted bills based on the repayment status. Recently, we further enhanced the risk management and internal control measures of the discounted bill business. We adopted the following key measures: (i) we ask different persons in charge of marketing, risk management, auditing and bills inventory to work together in relevant transactions to create a mechanism of checks and balances in relation to transaction approval and bills inventory management; (ii) our settlement department shall inspect and verify the authenticity of the bills; (iii) in line with relevant risk management measures, we also review relevant documents to ensure the relevant discounted bills are supported with real underlying transaction. In addition, we will check the credit of the banks involved in the transactions to ensure such bills could be honored by such banks in case relevant drawees refuse to honor such bill; (iv) we make routine or random inspections on physical bills business to ensure strict compliance with relevant risk management measures, including bills inventory management. From time to time, we compare and verify data collected from business operation departments, auditing system and physical bill inventory record to ensure consistency and accuracy of relevant physical bills business. In particular, we issued "Notice on further strengthening the operational management of discounted bills and conducting comprehensive self-inspection of discounted bill business《關於進一步切實加強票據條線經營管理及開展票據經營全面自查的通知》" which requires all of our branches and sub-branches to carry out self-inspections. The audit department and interbank market department at our head office conducted comprehensive on-site inspection and strictly reviewed the trade background in the discounted bills business. In addition, we conduct strict verification and review to ensure the truthfulness of the underlying transaction of the discounted bills, provide regular training to our relevant employees to improve the risk awareness of our relevant employees, and further strengthen the continued monitoring and management after issuance of bills.

We acknowledge the inherent risks associated with potential fraud conduct of our employees notwithstanding all the necessary prevention measures, and have discussed risks in relation to difficulty in detecting and preventing fraud or other misconducts by our employees, or third parties, and we may be subject to other operational risks in our bill business. For details, please see the section headed "Risk Factors—We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties, and we may be subject to other operational risks" and the section headed "Risk Factors—Our current risk management systems may not adequately protect us against credit, market, liquidity, operational and other risks."

However, based on the above mentioned internal control factors, we and our Directors are of the view that the current risk management measures we adopted are sufficient to mitigate fraud risks.

As of September 30, 2015, the balance of our physical bills inventory amounted to RMB62,883.7 million, which accounted for 99.9% of our total bills. The following table sets forth the breakdown of our physical bills as of the date indicated.

	As of September 30,	
	2015	
	(in millions of RMB, except percentages)	
Bills held under resale agreements[1]	55,592.3	88.4%
Interbank discounted bills[2]		
Bank acceptance bills	3,366.0	5.4%
Commercial acceptance bills	585.0	0.9%
Sub-total	3,951.0	6.3%
Discounted bills purchased from enterprises[3]		
Bank acceptance bills	224.8	0.4%
Commercial acceptance bills	3,115.6	4.9%
Sub-total	3,340.4	5.3%
Total	62,883.7	100.0%

Note:

(1) All of the counterparties for our bills held under resale agreements are commercial banks qualified under applicable laws and regulations to carry out their businesses.

(2) All of the counterparties for our interbank discounted bills are commercial banks qualified under applicable laws and regulations to carry out their businesses. The bank acceptance bills will be honored by the accepting banks. Commercial acceptance bills will be honored by the enterprises issuing such bills. However, if relevant enterprises fail to honor the commercial acceptance bills, we will have the right of recourse against the relevant counterparties, the commercial banks, to request them to honor such bills.

(3) All of the counterparties for our discounted bills purchased from enterprises are our corporate customers. The bank acceptance bills will be honored by accepting banks when due and those commercial acceptance bills will be honored by our corporate customers when due.

Portfolio Management

We have established specific policies for credit risk management in key risk areas, including loans to local government financing vehicles, loans to real estate developers, and loans to corporations in industries with high pollution, with high energy consumption, and with excess capacity.

Credit Risk Management for Loans to Local Government Financing Vehicles

Our Bank imposes strict control on our exposure to local government financing vehicles. We rigorously manage the risk exposed by loans to government financing vehicles in accordance with both governmental and regulatory policies, and proactively adjust our credit policy and internal risk management regulations pursuant to the changes of governmental policies. Specifically, we strictly supervise the sources of loan repayment, execute installment repayment plans, adopt customer name list management system, rigorously control the total loan amount, and improve the entry requirements for such loan applications.

We analyze and manage the statistics with respect to our loans to local governmental financing vehicles through our digital information system where all credit risk relating to said loans is recorded and monitored on an on-going basis. Our head office has implemented centralized credit risk management upon our loans to local governmental financing vehicles, adopting various measures including (i) upgrading the review and approval authority where all loans to local governmental financing vehicles should be reviewed and approved by the credit risk review committee at our head office, (ii) upgrading the platform entry level with focus on provincial and municipal platforms, and (iii) reinforcing the project entry requirements where support is given to projects within the land reserve, urban transit, and other infrastructure construction areas.

Particularly, we have a risk management system that governs the whole process of our credit extension to the local government financing vehicles. To evaluate the risks associated with loans, through our credit assessment of borrowers, we take into account factors such as their overall solvency and debt servicing ability. We monitor factors that may affect repayment on an on-going basis and adopt a comprehensive early warning system during our post-disbursement management.

The CBRC requires all PRC banks to classify their loans to local government financing vehicles based on the cash flow coverage ratio, which is calculated as a borrower's cash flow divided by its loan principal and interest payable. The following table sets forth the cash flow coverage status of our loans to local government financing vehicles as of September 30, 2015:

Cash flow coverage status	**As a percentage or total loans to local government financing vehicles as of September 30, 2015**(5)
Fully covered (1)	99.0%
Basically covered (2)	0.6%
Half covered (3)	0.0%
Not covered (4)	0.4%
Total	**100.0%**

Notes:

(1) "Fully covered" means that a borrower has sufficient cash flow to repay 100% or more of its loan principal and interest payable.

(2) "Basically covered" means that a borrower has sufficient cash flow to repay 70% to 100% of its loan principal and interest payable.

(3) "Half covered" means that a borrower has sufficient cash flow to repay 30% to 70% of its loan principal and interest payable.

(4) "Not covered" means that a borrower has sufficient cash flow to repay less than 30% of its loan principal and interest payable

(5) The percentages are shown as rounded figures.

As of September 30, 2015, the cash flow of the majority of our local government financing vehicle borrowers was sufficient to cover 100% of the principal and the interests incurred.

As of September 30, 2015, 32.7% of our total loans granted to the local government financing vehicles were extended to entities at the provincial level, 59.6% were at the prefectural level and 7.7% were at lower levels of the administrative division. These loans are distributed to land reserve, urban transit, and other infrastructure construction projects, accounting for 32.3%, 16.0%, and 15.5%, respectively, of our total loans to local government financing vehicles.

As of December 31, 2012, 2013, and 2014 and September 30, 2015, the balance of loans we granted to the local government financing vehicles was RMB17,289.0 million, RMB14,273.6 million, RMB14,562.4 million, and RMB17,308.7 million, respectively, accounting for 16.8%, 12.9%, 11.3%, and 11.2% of the balance of our corporate loans, respectively, and 5.7%, 3.5%, 3.0%, and 3.2% of our total assets, respectively. As of September 30, 2015, none of our loans to the local government financing vehicles were classified as non-performing.

Credit Risk Management for Loans to Real Estate Industries

We carefully study policies of the real estate industry and proactively collect market information to assess risks arising from the real estate market. The credit risk underlying our loans made to the real estate industry mainly comes from our loans to real estate developers for the purpose of real estate development. We have clear regulations on our loans to real estate developers in our Bank's annual credit extension guidelines as to customer selection, project selection, review focus, and post-disbursement management. Only the credit risk review committee at our head office has credit approval authority for said loans and we strictly control our entry into commercial real estate projects. We implement a name list regime where we only extend credit to real estate developers who pass our credit review in order to enter the aforementioned name list. When conducting a credit review, we focus on examining the real estate developers' financial strengths, the type, location, costs, and sale prospects of the real estate development projects, and the required government approvals, permits, and certificates for the projects. We supervise the collection of their sales proceeds to ensure that such sales proceeds are used to make repayment of the loans we extended.

As of September 30, 2015, our loans for real estate industries were RMB18,051.5 million, accounting for 11.7% of our corporate loans. As of September 30, 2015, except for one real property management loan secured by mortgages in the amount of RMB32.5 million, none of our loans to real estate industries were classified as non-performing.

Credit Risk Management for Loans to Industries with Overcapacity

The State Council, CBRC and the Tianjin local government have promulgated policies to restrict loans to industries with severe overcapacity. In accordance with these policies and the list of overcapacity industries that are regularly published by the relevant government authorities, we strive to reduce our risk exposure to such industries and prohibit all forms of new credit extensions to the entities or projects not in compliance with national industrial policies and market entry conditions. For further discussion on this strategy, please see the section headed "Business — Our Development Strategies."

In line with the strategy, we have tightened our post-disbursement credit risk management on existing loans to borrowers in the industries with overcapacity. Meanwhile, we have implemented rigorous entry restrictions with respect to certain industry sectors with overcapacity where leading enterprises are allowed and where industry upgrades must be completed in compliance with all regulatory requirements with respect to energy conservation and emission reduction, as well as environmental protection. We have developed industry-specific corporate credit policies to divide our corporate customers into four categories by the following standards: "prioritize and support", "support with caution", "limit exposure", and "reduce exposure or exit". Such classification is used for the differentiation of our customers and our project entry standards, including the selection of projects in relation to investments in Non-standard Credit Assets. We monitor and keep updating the list of industries subject to restriction based on relevant laws and regulations, and record each enterprise or institution that is identified being among such restricted industries. For further details on our credit policies, please also see the subsection headed "— Credit Policies" ahead.

We closely monitor the borrowers within the industries that have overcapacity issues and demand repayment when loans are due or advanced repayment in accordance with our loan agreements should there be a breach of any covenants or undertakings by such borrower. As of September 30, 2015, the balance of our loans to enterprises in industries with overcapacity was RMB2,242.9 million, the majority of which were classified as "normal".

Credit Risk Management for Personal Loans

Our credit risk management procedures for personal loan business include pre-loan investigation, credit review and approval, loan disbursement, and post-disbursement management.

Customer Applications and Pre-loan Investigation

Our individual borrowers are required make the loan application and provide the relevant information as requested, such as their financial condition, occupation, sources of income, debt status, credit records, and the use of proceeds. With respect to investigations for personal loans, we generally designate two customer managers to verify the information provided by obtaining relevant supporting documents and conducting interviews with the applicants. For personal loans secured by collateral and pledges, the value of the collaterals shall be verified based on the appraisal by a designated third-party appraiser.

Credit Review and Approval

We conduct a comprehensive review and appraisal over the personal loan applications. We focus our review on areas including the completeness and compliance of the loan application information and pre-loan investigation report, the credit status, income level and loan repayment capabilities of the loan applicants, the value of the collaterals, the appropriateness of interest rates, and whether the loan repayment methods comply with our requirements. We stress the completeness of information provided where we give particular attention to information regarding the applicant's financial condition, occupation, sources of income, status of debts, credit records and the value of collaterals, if any. For personal consumption loans, restrictions are also set for the use of loan proceeds, such as the prohibition on investment in the stock market.

Loan applications for personal consumption purposes are made by the originating sub-branches, and are passed to the relevant branches and central sub-branches for credit review. The branches and central sub-branches will approve such loan applications within their authorization limits. Loan applications exceeding the authorization limits of the branches and central sub-branches are submitted to the credit extension management department at our head office. These loan applications are reviewed and approved by the credit approval officers at our head office within their authorization limits, and loan applications exceeding their authorization limits are further passed to the credit risk review committee of the credit extension management department at our head office for review and approval. The credit review and approval procedures for personal loans applied for business operation purposes are the same as that apply to our general corporate loans.

Loan Disbursement and Post-disbursement Management

The disbursement procedures for personal loans are similar to those applicable to our general corporate loans. Loans can be disbursed only upon the satisfaction of all conditions precedent.

The customer managers at the loan originating sub-branch or branch are responsible for post-disbursement management. We primarily focus on changes of the borrowers' loan repayment capabilities and value of collaterals during the post-disbursement stage. We require our customer managers to closely monitor the use of loan proceeds by the borrowers through collection of payment certificates and invoices, on-site inspections, accounts review, and verification to ensure that the loans are used in the pre-agreed manner. We differentiate our post-disbursement inspection into three types, namely, use of proceeds, regular, and special inspections, based on the risk profiles of our borrowers. Our customer managers conduct both on-site and off-site inspections, focusing on the analysis of the borrowers' occupation, salary, family status, loan repayment capabilities, and the status of collateral. We also look into the financial status, contingent liabilities, and business operations of corporate guarantors, if any. Through daily monitoring and inspections, our customer managers implement our internal risk alert procedures upon their discovery of any risk alert in the post-disbursement stage. If we are of the opinion that the borrower's default risk is significant, we will require provision of new loan repayment sources, suspend further drawdowns of the loan or require additional collateral or guarantees.

Our personal loans are categorized into five different types, namely, normal, special mention, substandard, doubtful, and loss. We conduct said classifications on a quarterly basis and make adjustments every month on an on-going basis. Immediate updates will be made if there are any significant changes to the customers' circumstances.

Credit Risk Management for Our Loans to Farmers

We conduct effective management of our exposure to the credit risk associated with our loans to farmers through our control over the total amount and single loan amount of said loans, together with the overall management by our credit extension management department at our head office. A bank-wide unified, basic risk management system and differentiated credit risk management policies are also implemented for our loans to farmers. To further mitigate our credit risk exposures, our Bank has taken the following measures for the credit risk management of our loans to farmers: market research and access, loan application and acceptance, loan review, loan approval and post-disbursement inspection, and risk alert mechanism.

Credit Risk Management for Our Treasury Business

Our treasury business is exposed to credit risk arising primarily from our money market transactions, investments in securities and other financial assets, debt securities underwriting and distribution, interbank discounts of bills, and treasury business conducted on behalf of customers. We control the credit risk of our treasury business mainly through managing credit ratings and credit lines for issuers of fixed income products, post-investment management, and risk appraisal. An aggregate credit limit is granted to all of the financial institutions and debt securities issuers. The Credit Risk Review Committee at our head office is the decision-making authority for the risk management of our treasury business. It is responsible for approving credit lines to other banks and financial institutions, and making adjustments in response to changes in risk profiles of said entities.

To mitigate risks in relation to investments in industries that are subject to restrictions, we utilize similar industry-specific credit policies that are used in our loan business. Similarly to our loan business, we request relevant business departments, where applicable, to prepare due diligence reports for relevant projects, where information necessary for business decision shall be presented, including size, price, investment return, industry background and credit history of relevant counterparties and/or ultimate financing parties, underlying credit asset, guarantee status, expected yield and other restriction we proposed to include to mitigate our risk exposure. Upon approval from our credit extention management department at our head office, the report will be submitted to Credit Risk Review Committee at our head office for final approval. For our investment in wealth management products, we also explicitly request relevant issuer to ensure that proceeds of such wealth management products will not be used in the industries or for purposes that are prohibited under relevant laws and our internal measures, including purchasing stocks, or debt products that do not meet requested rating.

Credit Risk Management for Our Investment Business

Our investment business mainly comprises investments in bond and debt instruments issued by financial institutions. We implement a centralized management model for our investment business where prior approval from our head office is required before any engagement in the investment business by our branches and sub-branches is carried out. Our primary risk management measures for our investment business include entry requirement assessments, credit approval, credit control, and risk assessment.

Debt securities Investments. We implement the principle of prudence when carrying out our debt securities investment business. We believe such strategy enables us to better control our credit risk exposures. Our bond investments primarily focus on bonds guaranteed by the State or those with a lower risk, such as bonds issued by the PRC central government and policy banks. We place strict control on our investments in debt securities issued by enterprises. No branch has the authority to conduct any part of said business. It is required that every single investment in debt securities issued by enterprises, based on the credit rating of its issuers, shall be submitted to either our credit risk review committee under our senior management or the credit extension management department at our head office for prior review. Only upon approval from the aforementioned prior review will our head office proceed to make the investments. We believe such investment strategies make us well-positioned to minimize the impact on our capital adequacy and liquidity while, at the same time, meeting our management requirements on the maturity structure of our assets and liability. As of

September 30, 2015, our investments in debt securities issued by PRC governments and PRC Policy banks and those issued by enterprises amounted to RMB43,195.9 million and RMB14,561.7 million, respectively, representing approximately 67.5% and 22.7% of our total investments in debt securities, respectively.

Investments in Debt Instruments Issued by Financial Institutions. Our investments in the debt instruments issued by financial institutions primarily include trust beneficiary rights, asset management plans, and wealth management products issued by other commercial banks in the PRC.

- *Trust beneficiary rights.* We have managed the risks of our investments in trust beneficiary rights mainly through the following three ways:

  - We have established a transaction counterparty name list management system to evaluate the creditworthiness of trust companies. After reviewing the trust companies' qualifications and management abilities, we include those who meet our requirements and receive approval by our credit risk review committee to place them onto the "entry list" for transaction counterparties. We would examine the due diligence investigation conducted by the trust companies on the financing parties and the financing projects prior to our investments, fully participate in the due diligence investigation on the financing project, and carry out a correspondent credit assessment of the financing project and financing parties.

  - According to the agreement between trust companies and us, trust companies shall effectively manage the trust plans. If trust companies identify any risks that would adversely affect our investments in trust beneficiary rights, trust companies are required to notify us immediately and take actions to reduce the relevant risks.

  - If trust companies fail to fully recover the agreed returns on and the principal of our investments from the financing parties, we would request that trust companies take actions such as initiating a lawsuit in accordance with laws to minimize our losses, and exercise security rights under the guarantee to recover any losses.

The principal and expected yield of our investments in trust beneficiary rights are secured in various manners such as mortgages, pledges, and/or guarantees provided by the financing parties and/or third-party guarantors.

In addition, we have taken actions to manage the risks associated with our investments in trust beneficiary rights throughout the process. For example, we require our credit risk review committee at our head office to review and approve the credit risk associated with the ultimate financing parties in relation to the trust beneficiary rights, and we also require the financing parties or third-party guarantors provide mortgages, pledges, or irrevocable guarantees as security for their obligations under the trust beneficiary rights agreements.

Each of our investments in trust beneficiary rights is subject to a multi-tiered, case-by-case approval process. The initiating department will review due diligence investigations conducted by the trust companies; the legal and compliance department will review legal documents and rights and obligations of the parties to the investment; the credit extension management department at our head office will assess the investment risk and propose risk prevention measures independently, and submit the proposal to our Credit Risk Review Committee for approval. The initiating department will carry out said transactions under the supervision of the risk management department at our head office.

- *Asset Management Plans.* Similar to our investments in trust beneficiary rights, we consider our investments in asset management plans to be beneficial to our business and operation.

  - ○ We manage the credit risks of asset management plans through our centralized approval and management processes by our head office. Our three methods of risk management for our investments in asset management plans are the same as that for our investments in trust beneficiary rights.

  - ○ Based on their risk level, our investments in asset management plans are reviewed and approved by either the departments with authority or the credit risk review committee at our head office.

  - ○ To strengthen our review and information collection of the underlying financial assets so as to understand the substance of the transactions involved in asset management plans, we implement strict review on the underlying assets under the assets management plans we invest in and require that records of such review be timely filed.

  - ○ Each of our investments in asset management plans is subject to a multi-tiered, case-by-case approval process. The initiating department will review due diligence investigations conducted by the asset management companies or securities companies; the legal and compliance department will review legal documents and rights and obligations of the parties to the investment; the credit extension management department at our head office will assess the investment risk and propose risk prevention measures independently, and submit the proposal to our Credit Risk Review Committee for approval. The initiating department will carry out said transactions under the supervision of the risk management department at our head office.

- *Wealth Management Products.* To manage the credit risk from our investments in wealth management products, the interbank business department of our head office centrally approves and manages our investments and no branches have the authority to conduct any part of said business. The general manager and business executive of the interbank business department of our head office are responsible for reviewing and approving our investment in wealth management products and both of them have more than 15 years working experience in banking industry.

  - ○ We manage the credit risks of the financial institutions issuing the wealth management products according to the centralized credit extension management over the banks of our interbank business; assess operating conditions, financial conditions, compliance with regulatory indicators, risk events, asset management capabilities, and other indicators of these financial institutions; and determine reasonable limits on our investments in accordance with our assessment, as well as our asset and liability structure and credit approval requirements.

  - ○ We require the issuing banks of the relevant wealth management products to clearly set out the use of proceeds in our investment agreements, and such use of proceeds may only be implemented upon our appraisal and approval.

  - ○ We have implemented stringent application approval standards for our investments in non-principal protected wealth management products. To mitigate counterparty risks, we check qualifications of issuing banks to ensure that they have necessary qualification to carry out relevant business and conduct due diligence to check financial capacities of such issuing banks. In addition, we maintain a list of banks that have previously passed our credit review and conduct review from time to time to ensure necessary updates. In particular, in determining the amount and investment terms of products from certain issuing bank, the interbank business department of our head office will also inspect the total assets of such issuing bank. For investment in non-principal protected wealth management product, we generally request the relevant issuing bank shall have total assets of no less than RMB100 billion for the year immediately prior to the year of issuing such products.

  - ○ The interbank business department of our head office is the sole department authorized by our senior management at head office to carry out investment in wealth management products and each of our investments in wealth management products is subject to centralized approval by the interbank business department of our head office. The initiating marketing department, which is the subordinated department of the interbank business department of our head office, will submit proposal of said transactions to the responsible officers of such initiating departments for approval; the said responsible officers will submit the aforementioned proposal to the interbank business department of the head office for approval. The initiating department will carry out said transactions when obtaining necessary approvals from responsible staff, business executive and general manager of the interbank business department of our head office. In addition, when a proposed transaction is not within the scope of authorization to the interbank business department of our head office by the senior management of our head office, the interbank business department of our head office shall report such transactions to responsible vice president or president of our head office for approval.

- *Treasury business conducted on behalf of customers.* Our treasury business manages the proceeds received from the issuance of wealth management products to our corporate and personal customers.

  - ○ During the investment management process, we identify suitable investment targets where the investment returns are relatively high and the risks are low by market anticipation and the use of various investment analysis tools. We also closely monitor the liquidity risks including the mismatch between the maturity of the financial products we sold and that of the underlying credit assets.

  - ○ To strengthen our management and control over the proceeds received from our issuance of wealth management products, we strictly implement pre-investment due diligence investigation, risk review and post-investment risk management.

  - ○ To strengthen our compliance with relevant regulations issued by CBRC as to the adequate disclosures to investors regarding the underlying assets of the wealth management products issued by our Bank, we formulate and issue relevant internal regulations on disclosures of information regarding the wealth management products issued by us and enhance trainings for our staff on relevant compliance matters.

  - ○ We enhance our accounting recording of the wealth management products we offer where we identify our principal-protected wealth management products as our balance sheet items and our non-principal-protected wealth management products as off balance sheet items.

- ○ According to our accounting policy, we stick to the substance over form principle and make provisions for risk assets for all wealth management products issued by us.

The credit review, approval and post-investment management of our investment in trust beneficiary rights and asset management plans applied is similar to that which applies to our general corporate loans business. For unsecured investments, investment and loans that are secured by third-party guarantees in our investment in trust beneficiary rights and asset management plans, we have formulated rules and implemented measures to set up stringent approval standards for the selection of counterparties and a strict review process on qualifications and management abilities of third-party guarantees. In particular, for unsecured investments, we adopt similar credit review and approval rules and procedures that we utilize for our unsecured loans, where we study various factors to determine whether to proceed with relevant investments, including size of assets, cash flows, profitability, credit records and development prospects of relevant applicants. For instance, we require ultimate financing parties can only operate in the industries that are in line with national development plan in China. In particular, when we review the qualification of ultimate financing parties for unsecured investment or unsecured loans, we generally only deal with entities that have (i) total assets of no less than RMB500 million; (ii) profit margin of no lower than 2% for each of the most recent three preceding years; (iii) asset-liability ratio of no higher than 60%; (iv) no adverse credit records; and (v) sufficient cash generated from operating activities for the most recent preceding year. As measures of our post-investment evaluations, we also carry out regular inspections on the results of operation, management, the use of proceeds from our investment and creditworthiness of the ultimate financial parties. In the event that a trust company, asset management company or securities company's financial condition has deteriorated, its size of assets, creditworthiness, cash flow or profitability failed to meet our credit risk assessment criteria, or it has failed to perform its obligations under the agreement with us, we will seek to exit the relevant unsecured investments. Furthermore, we closely monitor the overall size of our non-secured investments and loans and take active approach in adjusting mix of products with different maturity to control our risk exposure and improve our risk tolerance. We believe that, capitalizing on our multi-tiered credit review system, post-approval monitoring system and the case-by-case approval process, we could effectively mitigate risks associated with non-secured investments and loans. For investments and loans secured by third party guarantees, we adopt similar credit review and approval rules and procedures that we utilize for our guarantee loans. For factors we take into consideration for granting guarantee loans, please refer to the section headed "Risk Management — Credit Risk Management — Credit Risk Management for Corporate Loans — Evaluation of Collateral and Guarantee".

We also formulated a set of standard requirements for the inspection report of post-investment management for our investment in trust beneficiary rights and asset management plans. We request our client managers to conduct post-investment inspection on our investments on Non-standard Credit Assets on a quarterly basis and they shall submit the inspection report to responsible supervisors, vice presidents or presidents of our branches or central sub-branches based on the credit amount of each investment. For those investments with overdue principal and interests, we will carry out post-investment inspections on monthly basis.

We have also implemented measures for pre-investment and post-investment management for our investment in wealth management products issued by other financial institutions. We believe these measures could effectively help us to mitigate relevant risks associated with our investment, although we generally do not request the relevant issuer to provide information of the ultimate borrower or its investments. For instance, in relation to our investment in non-principal protected wealth management products, we ask the relevant issuer to provide us with information explaining the scope of its investment utilizing our funds, or, in case of no such scope information, a list of assets the issuer has invested, for our review. We explicitly prohibit relevant issuers from using proceeds of such wealth management products for purposes that are prohibited under relevant laws and our internal measures, such as purchasing stocks or debt products that fail to meet requested rating. Failure in relevant counterparties for performing such obligations will cause contractual liabilities and we may take legal actions to protect our interest. In addition, in April, 2015, we formulated internal management rules for our investment in non-principal protected wealth management products, prohibiting the proceeds of such non-principal protected wealth management products to be invested in Non-standard Credit Assets, stocks or debt products that fail to meet requested rating. Under such internal management rules, the underlying assets for our investment in non-principal wealth management products shall also meet the above mentioned approval standards. We also require our marketing department, which is the subordinated department of the interbank business department of our head office, to closely monitor the status of such investment during the investment period, who is also responsible to make timely reminder to the financial institutions to pay us investment principal and yields upon maturity. The interbank business department of our head office is required to carry out inspections and examinations on our overall investment in wealth management products on yearly basis. It will also take lead to implement remedial measures to rectify the problems immediately upon identification. The marketing departments of the interbank business department of our head office will carry out self-inspections on their investments in wealth management products on yearly basis and report the inspection results to the interbank business department of our head office for record and centralized management.

Based on the abovementioned factors, our Directors are of the view that our risk management measures to manage and control potential risks associated with our investment in Non-standard Credit Assets are sufficient and effective.

Credit Risk Management for Our Interbank Business

Our interbank business comprises money market transactions and interbank discounts of bills. Our credit extension management department at our head office manages the credit lines for our interbank business customers and is responsible for reviewing and approving such credit lines. It is also responsible for timely adjusting the credit lines in accordance with our business operations while controlling the use of such credit lines through the relevant systems.

We evaluate our customers in various aspects, including but not limited to capital strength, business operation, financial condition, compliance with regulatory indicators, risk events and proposed cooperation. We set up relevant regulations to conduct internal credit ratings upon our interbank customers who have not received such ratings from external professional rating agencies, taking into considerations of their capital sufficiency, liquidity, management level, capital quality, and profitability. Credit applications by interbank business customers are only allowed for those comply with our rating requirements.

Credit Risk Management for Credit Card Business

Our credit card center formulates our credit card extension strategies pursuant to the risk management policies set out by our head office, and make timely adjustments according to the macroeconomic condition and our business development strategies. We differentiate our credit card customers on entry criteria, application condition, credit extension criteria, approval procedures, and credit limit. We have established a credit card risk management system to prevent and monitor potential risks in the course of credit card application, credit card review and approval, and post-issuance. Our credit card risk management system generally comprises three stages, namely pre-credit extension, credit extension, and post-credit extension. We have formulated and implemented relevant policies and measures covering the whole credit card management process such as the management of credit card products, customer entry requirements, credit review and approval, post-credit extension supervision, and overdue receivables management.

To prevent fraudulent applications, the responsible officers of branches or sub-branches shall, according to managerial requirements, conduct in-person interviews, in-person verifications of original documents, and in-person acquisitions of signatures. In other words, they are required to have face-to-face interviews with the applicant, verify original documents themselves and personally collect the signatures from the applicant. We set up strict entry requirements for credit card applicants. We evaluate the applicant's income, employment status and credit history through an integrated scoring system and by referring to qualified third party credit data in order to grant reasonable lines of credit.

We conduct real-time monitoring of credit card risks through our credit card monitoring system where suspicious transactions are identified and effective prevention measures are promptly implemented. Such system has enabled us to enhance our risk alert management. In respect of a cardholder with higher risk, the credit card center will promptly adopt risk prevention measures such as adjustment of credit line or card suspension.

Meanwhile, in order to improve the effectiveness of collection on our credit cards, our credit card center formulates different collection policies based on days overdue and has staff designated for our collection work or outsources such collection work to professional companies. We collect overdue credit card balances through mobile phone messages, phone calls, in-person visits or legal proceedings, depending on the risk profile of the cardholders.

Information Technology Systems for Credit Risk Management

We are committed to improving our risk management with advanced information technology systems. We developed and put into operation our credit extension management system in 2004. Through the combination of procedures, information, and modules, this credit extension management system manages to provide us with advanced platform and tools for credit extension risk management techniques, covering all our corporate credit extension business exposed to credit risk. Such system has become a necessary platform for our credit risk management, setting up procedures for all the steps throughout our credit extension process, including pre-loan investigation, credit review and approval, loan disbursement, and post-disbursement management.

We developed and established a risk supervision system which was put into operation in 2012. This system oversees all key risk domains, including but not limited to credit risk, market risk, and liquidation risk. It is composed of several modules such as the risk monitoring indicator module, risk management report system module, and risk alert supervision module. This system has been set up in our branches and central sub-branches where it carries out daily supervision over the loans and interests which are overdue.

The credit risk management and supervision system provides us with platforms and tools for advanced credit risk management techniques through integrating procedures, information, and models; covering all businesses exposed to credit risk; including corporate, retail, and treasury business credit extensions. It has become an integrated platform for our credit risk management, establishing the steps for all procedures in the credit extension process including pre-loan investigation, credit review and approval, loan disbursement, and post-disbursement management. It allocates tasks to each relevant department or institution in a timely manner and generates reminders, equips us with automated and intellectualized risk control capabilities, automatically generates risk alerts based on financial data analysis and helps us manage our exposure to specific industries and customers.

Our credit risk management and supervision system is the technical foundation for our bank-wide credit risk management and a prerequisite for achieving the electronic management for risk control prior to and during a risk event. In order to meet our evolving credit risk management requirements, we seek to continue to improve the functionality of our existing information technology systems and develop new systems.

MARKET RISK MANAGEMENT

Market risk is the risk of loss in on- and off-balance sheet positions arising from movements in market prices caused by interest rates, exchange rates and other market factors. We are exposed to market risk primarily through our banking portfolio and trading portfolio. The primary market risks associated with our banking portfolio are interest rate risk and exchange rate risk. The primary market risk associated with our trading portfolio is the fluctuation of market value of our trading positions, which is affected by movements in observable market variables, such as interest rates and exchange rates. Our principal objective for market risk management is to keep potential market losses within acceptable limits based on our risk appetite while seeking to maximize our risk adjusted returns.

We have established a three-level market risk management system covering our Board of Directors, senior management, and functional operation departments including our risk management department, interbank business department, and asset management department. Our Board of Directors is ultimately responsible for supervising our market risk management. Our senior management is responsible for formulating, reviewing and supervising the implementation of market risk management strategies, policies, and procedures, and maintains close monitoring over our market risk level and management status. The interbank business department and asset management department are the business operation departments responsible for implementing our market risk management measures through their daily business operations, while the risk management department is responsible for identifying, calculating, supervising, and controlling our market risk.

We have implemented a series of internal policies and regulations on market risk management, setting forth various matters relating to market risk such as the organizational framework, roles and responsibilities of the different institutions, procedures, and reporting systems. Our market risk management practices consist of the identification, measuring, reporting, executing, and monitoring of market risk, which are carried out by our risk management department. A monthly market risk appraisal report is required to be submitted to the relevant departments and senior management. The aforementioned report sets forth matters such as investment analyses, investments on asset management products, executions of credit limits, and stress testing analyses. In measuring and monitoring market risk, we primarily employ sensitivity analysis, gap analysis, and duration analysis with stress testing as the complementary method. We also set up authorized exposure limits and internal approval procedures for various products based on factors such as our overall market risk tolerance level, business nature, and the market conditions of specific products.

Market Risk Management for Our Banking Book

Interest Rate Risk Management

Interest rate risk refers to the exposure of a bank's financial condition to adverse movements in interest rates. Interest rate risk arising from our banking book primarily lies in the mismatch of maturity dates or the repricing dates of our interest rate-sensitive on- and off-balance sheet assets and liabilities. Maturity or repricing date mismatches may result in changes in net interest income and economic value due to fluctuations of the prevailing interest rates. We are exposed to interest rate risk through our day-to-day lending and deposit-taking activities and our financial market business.

We manage the interest rate risk exposure of our banking book primarily through the adjustment of interest rates and the management of maturity dates. We conduct maturity analysis upon the bond instruments within our investment portfolios where we evaluate their potential price fluctuations through our analysis on the sensitivity of the bonds' price against the interest rate fluctuations. We primarily use repricing gap analysis, duration gap analysis, interest rate sensitivity analysis, stress testing, and scenario analysis to measure our exposure to potential interest rate changes.

Exchange Rate Risk Management

Exchange rate risk refers to risk caused by the adverse impact on the banks' foreign currency position and cash flow as a result of the exchange rate fluctuations of their primary foreign currency. Our primary principle for controlling our exchange rate risk is to match asset and liability denominated in every currency and conduct monitoring over our foreign currency exposure on a daily basis. Based on the relevant regulatory requirements and our management's judgments on the current situation, we seek to control our exposure to exchange rate risk through reasonably arranging our sources and use of funds denominated in foreign currencies and minimizing our mismatches of assets and liabilities in different currencies.

Market Risk Management for the Trading Book

Market risk arising from our trading book comes primarily from fluctuations in the value of the financial instruments on our trading book due to changes in interest rates and exchange rates. Based on our overall market risk management policies and risk appetite, we employ a number of risk management techniques, including exposure limits, stop-loss limits, and value-at-risk analysis, to monitor on a daily basis and control market risk arising from our trading book. We re-evaluate the market value of the bonds assets within the trading accounts and accounts held for trading that are managed by our interbank business department on a daily basis. Our Risk Management Department also have staff designated to station at the interbank business department to ensure that their business operations are in line with the authorization limits. We have introduced a market risk management system, to improve our market risk measurement capability. We conduct sensitivity tests and stress tests on a monthly basis for our trading book.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of failure for commercial banks to acquire sufficient funds in a timely manner and at a reasonable cost to pay off debts due or meet the liquidity demand in line with expansion of our business operations. We are exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions. The primary objective of our liquidity risk management is to effectively identity, measure, monitor, and control our liquidity risk, to comply with the relevant government regulations and policies, and to ensure that we have sufficient funds at all times to meet our payment obligations and fund our business operations on a timely and cost-efficient basis. Factors affecting our liquidity include the maturity structure of our assets and liabilities and changes to the PBoC's monetary policies, such as changes in the statutory deposit reserve ratio.

To effectively assess and manage our liquidity risk, we conduct regular stress tests on a quarterly basis by setting scenarios, taking into considerations the key risk factors stressed by our Board of Directors and senior management as well as changes in external environment. Specifically, through our liquidity risk stress tests, we look into the effects of the changes in policy, developments the macroeconomic environment, and the onset of emergencies upon our three key liquidity indicators, namely, the liquidity gap, the liquidity ratio, and liquidity coverage ratio. We are thus able to comprehensively evaluate the risk tolerance level of our assets under extreme situations, prevent the adverse effects that may be brought by such extreme situations, and provide the basis for our decisions on business operations.

Our organizational structure for liquidity risk management is formed on the principle of independence to ensure the separation of responsibilities relating to the formulation, implementation, and supervision of liquidity risk management policies and procedures. Our Board of Directors is ultimately responsible for our liquidity risk management, while our senior management taking charge in the detailed management work. The Asset and Liability Management Committee at our head office is responsible for formulating the management target and detailed implementation plan for our liquidity risk management for a certain period while at the same time taking charge in our daily liquidity risk management and internal capital management. The risk management department at our head office takes charge in the implementation of our liquidity risk measuring index and risk limitation while monitoring, alerting and reporting our liquidity risk.

We manage liquidity risk primarily through monitoring the maturities of our asset and liability to ensure that we have sufficient funds to meet obligations as they become due. Upon the release by the CBRC of the Notice on Further Strengthening the Supervision of Liquidity Risk of Commercial Banks (《關於進一步加強商業銀行流動性風險監管的通知》), and the Rules Governing Liquidity Risk Management of Commercial Banks (Trial) (《商業銀行流動性風險管理辦法(試行)》), effective October 1, 2015, we have increased our efforts to improve liquidity risk management. We have implemented the heightened regulatory requirements through closely monitoring multiple liquidity indicators, formulating contingency plans, and strengthening liquidity risk assessment and stress tests. Our major liquidity risk management measures are set forth below:

- formulating asset and liabilities management strategies to mitigate liquidity risks by constantly optimizing our own asset structure and improving our liquidity management capability;
- centralized cash flow management and position limit management;
- implementation of large fund flows reporting system and reasonable allocation of funds to improve return on assets;
- monitoring of liquidity risk through a number of key indicators, including loan to deposit ratio, liquidity ratio, liquidity gap ratio, liquidity coverage ratio, surplus deposit reserve ratio, and ratio of assets with high liquidity;
- use of funds transfer pricing to guide our business and adjust the maturity profiles of our assets and liabilities;
- diversification of our asset portfolio and sources of funds, including through expanding interbank deposit business, certificates of deposit, asset-backed securities, and other new funding sources;

- determining the minimum proportion of maturing funds and corresponding debt securities holding structure required for mitigating the liquidity risks and adjusting the asset holding structure in due course according to changes in the market environment. We also actively improve our active liability capability and constantly enhance our financing capability in the interbank market;

- conducting periodical cash flow analysis and liquidity stress tests to identify potential liquidity risk and develop risk mitigation measures;

- establishing an early warning system and solution procedures for liquidity risk;

- formulating a liquidity risk contingency plan to ensure sufficient liquidity under various market conditions;

- conducting liquidity risk assessment before launching new products or business lines; and

- continuously improving our efforts to recover non-performing loans, decreasing the total amount of non-performing loans, strictly controlling the scale of new non-performing loans and ensuring the stable growth of net capital.

OPERATIONAL RISK MANAGEMENT

Operational risk refers to risks caused by inadequate or problematic internal procedures, personnel and information technology systems, as well as external events. Our operational risks primarily rise from internal and external frauds, worksite safety failures, business interruptions, and failure in the information technology system.

Our targets for our operational risk management are (i) to continuously improve and enhance our operational risk management; (ii) establishing an operational risk management system that complies with our practices; (iii) minimizing operational risk events; (iv) reducing operational risk loss; (v) satisfying the standard meeting requirements under the Basel III and the regulatory requirements for operational risk management; and (vi) maintaining our reputation and market value.

We have formulated a number of operational risk management policies and procedures, aiming to effectively identify, assess, monitor, and control/alleviate our operational risk, and minimize any losses arising from our operational risk exposure. In addition, we have established an effective operational risk management system, where our Board of Directors is ultimately responsible for our operational risk management, with support from our senior management, who leads the bank-wide operational risk management on a day-to-day basis. We have established "three lines of defenses" to manage operational risk on an end-to-end basis, where our business departments, risk and compliance departments and audit departments work closely to achieve an effective risk control. Our braches and sub-branches together with our business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The risk management department at our head office is the second line of defense against operational risks, being responsible for the establishment of our operational risk management policies and procedures and the coordination, support, and supervision of our operational risk management. Our audit department is the third line of defense against operational risks, being responsible for evaluating the adequacy and effectiveness of our operational risk management policies and procedures and assessing our internal control system and compliance.

To ensure prompt identification of relevant risks, we have established a bottom-up reporting system for operational risk. Operational risk management reports are submitted to our Board of Directors and the Risk Management Committee on a quarterly basis, while material operational risk incidents are required to be reported immediately by the respective branches and sub-branches, business lines, and functions to our senior management.

We seek to further improve our operational risk management through the following measures:

- strictly separating responsibilities of the front, middle and back offices and improving business processes and risk management procedures;
- regularly reviewing risk alerts and updating operational guidelines covering all departments and functions;
- conducting periodical and *ad hoc* inspections, including inspections on branches and sub-branches by a joint inspection team consisting of management personnel from various business lines and functions of our head office;
- developing standard operation procedures before launching new products and business lines;
- improving staff compliance awareness by continuous training, on-site audits and off-site monitoring;
- deploying technology, including through upgrading information systems and automation, to improve information security;
- establishing contingency plans and launching business continuity programs; and
- tightening our third line of defense against operational risks by continuously strengthening our internal audit procedures.

INFORMATION TECHNOLOGY RISK MANAGEMENT

We are subject to information technology risk which may be caused by natural factors, human factors, technical loopholes, and flawed management in the course of our use of information technology, which can cause risks on our operation, legal risks and reputational risks. We target to identify, assess and monitor information technology risks by establishing an effective mechanism to operate our business. We strive to continuously improve our information technology infrastructure and put our management in line with the ISO27001 standard and the Guidelines on Information Technology Risk Management of Commercial Banks (商業銀行信息科技風險管理指引) issued by the CBRC. We also make efforts to establish and improve our information technology risk management and to promote the safety, continuity, and stable operation of our business. At the same time, we are engaged in business innovation and enhancing the application of information technology which we believe will enable us to strengthen our core competitiveness and our sustainable development capability.

Similar to other public and private enterprises, including banks and financial institutions, we are relying on proper function of IT systems for our business operations. As a result, we became more vulnerable to cyber-attacks, which may severely damage our internet banking or mobile banking operations, causing temporary or pro-longed suspension of relevant services, or theft of customer data which may lead to further complaint or litigation raised by relevant customers. To prevent the risks associated with cyber-attacks, we have established an information technology risk management system (ISMS) which sets forth a comprehensive information technology management and information security strategy. In addition, we conducted regular information security training for our employees to enhance their awareness on information security and improve the implementation of our information technology risk management. Furthermore, we maintain security of our information system through various technologies including antivirus software, firewall and malicious code protection. In response to cyber-attack risks associated with the electronic banking business, we have also entered into agreement with third-party security company to access a wide range of professional information security services, including the electronic banking safety evaluation, site monitoring and emergency response.

Our information technology risk management framework under the leadership of our Board of Directors, and our senior management, is based on the three lines of defense, namely, operation and management, risk monitoring and audit. Our Board of Directors reviews and approves our information technology strategy. The Information Technology Management Committee is responsible for formulating our information technology risk management strategy and supervising our overall information technology risk management. Corresponding to our three lines of defense, we have set up an information technology risk management regime where the technology department at our head office and the operating departments at our branches and sub-branches are responsible for carrying out our information technology operation and risk management while the risk management department at our head office takes charge in the overall information technology risk management, providing advice and relevant compliance information to our business departments and information technology departments, conducting real time and continuous appraisals on information technology risk, overseeing the implementation of the rectification measures and monitoring information safety threats and non-compliance incidents. We have also designated a chief information officer who takes the primary responsibilities in our information technology risk management and reports directly to our President on the implementation status of our information technology risk management strategies, the performance of our technology department at our head office in carrying out its various duties, the implementation of the risk control measures by our internal institutions and branches and sub-branches, and providing trainings to our staff in relation to risk management techniques.

We have sought to build up an effective information technology risk management system consisting primarily of information security management, information technology risk management, and information technology audits under an effective, flexible, and secure infrastructure and application framework.

Information Security Management

To ensure the security of information technology, we have engaged specific personnel to oversee our information security and established a series of information security management measures covering comprehensive areas including safety measures management, information safety organization management, asset management, personnel safety management, physical and environmental security management, telecommunication and operation management, visit control management, system development and maintenance management, information safety incidents management, business continuity management, and compliance management.

Information Technology Audit

We carry out audits over our information technology risk management to safeguard the effective implementation of our various risk management measures. Our internal audit is conducted by our audit department where they formulate, implement and adjust internal audit plans, inspect and evaluate the comprehensiveness and effectiveness of our information technology system and internal control regime, and complete the internal audit work pursuant to the audit plans. Meanwhile, we engage external experts where necessary to carry out external audits upon our hardware, software, files, and data in order to identify existing risks associated with our information technology. The CBRC or its agencies may, where necessary, designate qualified external audit institutions to conduct audit upon our information technology. Their authorized audit reports shall take the same effect as those from the CBRC or its agencies upon review and approval by the CBRC. We are required to further propose and implement rectification measures within the time prescribed based on said audit reports.

REPUTATIONAL RISK MANAGEMENT

Reputational risk refers to the risk of negative comments from relevant interested parties resulting from our operations, management, and other activities or external events. Our reputational risk management sticks to the principle of "prioritization of prevention, participation by all members, duty performance, prudent management, prompt responses, and combination of rewards and penalties". By establishing an effective risk management mechanism, we seek to monitor, identify, report, control, and assess our reputational risk, manage the whole process of our reputational risk emergency handling, and reduce as much as possible the loss and negative impact upon our Bank as a result of the reputational events.

We have established a tiered organizational framework for reputational risk management. Our Board of Directors bears the ultimate responsibility for reputational risk management. We have established a material reputational events emergency leading group at our head office. The office for our emergency leading group for material reputational risk events is located at our head office. It is responsible for leading, coordinating, and supervising our branches and sub-branches in their daily management, establishment of regulations, public relations management and handling of emergencies in relation to reputational risk.

We manage reputational risk primarily through our professional reputation monitoring system where we oversee our reputation status on a daily basis. We collect, organize, and analyze information in relation to our reputation every day. By enhancing the maintenance of our relationship with the press, we strive to promote positive publicity and receive positive feedback on our business operations. We conduct regular reviews of our reputational risk where we issue risk alerts for potential reputation risk incidents and prepare plans to tackle such incidents together with the public relation company which we engaged. In the case of any reputational incident, we will organize an emergency leading team, activate the contingency plan and timely resolve any such incident pursuant to our internal management regulation and workflow. At the same time, in order to minimize the adverse impact of such an incident on our reputation, we will work on reputation management, press communication, information publication, and positive publicity together with the public relation company.

LEGAL AND COMPLIANCE RISK MANAGEMENT

We have implemented an effective risk management system to control our exposure to (i) legal risks, which include risk of legal liability arising from violation of laws and regulations, breach of contracts, infringement on legal rights of others or otherwise in connection with any contract or business activity in which we are involved; and (ii) compliance risk, such as the risk of being subject to legal sanctions, regulatory penalties and significant financial and reputational losses as a result of a failure to comply with applicable laws, regulations, rules, and relevant industry standards.

We have established a series of regimes and measures to manage and control our exposure to legal risk. We have set up a legal document review and approval regime where no legal documents may be issued without the review and approval of the relevant functional departments at our head office as to the authenticity, validity, and completeness of such legal documents. We have put in place a legal enquiry regime where a legal enquiry hotline is set up at our head office which provides enquiry service for legal issues encountered by our various operational units in their daily operation and management work. We have engaged permanent legal advisor to provide group and professional legal support for our daily operation management. We have also engaged external professional lawyers to provide professional legal services support for our material business disputes and legal proceedings. Our branches and sub-branches are responsible for their relevant legal proceedings and legal risk.

To control and manage our exposure to compliance risk, we proactively promote our business departments to identify and assess compliance risk associated with our business operation, while coordinating them to organize and revise business related regulations and operation procedures so as to ensure the compliance of our various business workflows. We have established a compliance management reporting regime where we report our compliance management status to our senior management in a timely manner and distribute such information along our business lines so as to ensure that our business is in compliance with relevant regulations. Meanwhile, we provide periodic compliance training to our staff, covering education on compliance alerts and helping them better understand how to carry out business operations in compliance with the laws and regulations. Our comprehensive accountability regime sets up the method, level, rules, principles, organizational framework and responsibilities, procedures, and reporting system so as to determine the accountability of our relevant staff for their conducts against our regulations or lack of responsibilities.

Anti-money Laundering

In line with the PRC Anti-Money Laundering Law and other applicable rules and regulations promulgated by the PBoC, we have managed our anti-money laundering through the establishment of our bank-wide and professional anti-money laundering team, our anti-money laundering internal control system, our anti-money laundering data monitoring and reporting system, our anti-money laundering internal audit, as well as our relevant staff training. We have carried out our anti-money work for more than 12 years.

We have set up an anti-money laundering lead group within our legal and compliance department. Our anti-money laundering lead group takes charge of calling the meeting of our anti-money laundry lead team, liaising with relevant departments to prevent, identify, and punish actions that breach relevant laws and regulations, and improve our control over relevant risks through promulgating and implementing rules and measures. Our Board of Directors is ultimately responsible for anti-money laundering risk management. Our senior management leads the bank-wide implementation of our anti-money laundering policies and procedures. Our operation management department is responsible for formulating anti-money laundering policies and procedures and monitoring our compliance with anti-money laundering laws and regulations. It is also responsible for coordinating our implementation of such policies and procedures with various business lines, functions, branches, and sub-branches. Our head office, branches, and sub-branches have respective teams to execute anti-money laundering activities and operations on a day-to-day basis.

We have developed many internal policies and measures with respect to anti-money laundering which are primarily related to customer due diligence and identification sanction screening, transaction record keeping, suspected terrorism financing and drug transaction related money monitoring, and large and suspicious transaction reporting. We have also developed and have continuously updated our anti-money data supervision and reporting system which features modules covering fundamental management, data reporting, inspection analysis, statistics reporting, maintenance management, and risk categorization. We have been working on the upgrade of this anti-money laundering system. We plan to include one more analysis module named "self-monitoring" so that our anti-money laundering work will be more in line with the requirements of the PBoC, where it is required to have anti-money laundering work performed by designated staff, professional staff and staff with expertise.

INTERNAL AUDIT

We believe an effective internal audit is essential to ensure the sustainable development of our business operations. The objectives of our internal audit are to ensure our compliance with applicable laws and regulations as well as our internal policies and procedures, to control our risk exposure at an acceptable level, and to improve our business operations. Adopting systematic and standardized internal audit methods, our internal audit covers a comprehensive range of areas including our business operations, risk management, internal control, and corporate governance. We stick to the principles of independence, objectivity, prudence, efficiency, importance, and relevance throughout our internal audit work.

We have established an independent internal audit organizational structure, which is led by our Board of Directors and comprises the Audit Committee, the audit department at our head office, and our internal audit departments at our branches and central sub-branches. The Audit Committee under our Board of Directors is responsible for approving our internal audit method, audit policy and procedures, and annual audit plans while offering guidance and supervising their implementations. It is asked to make timely reports to our Board of Director to assist their supervision of our Bank. The audit department at our head office is our internal audit unit which periodically reports our audit work to our Audit Committee. Its primary responsibilities include formulating and implementing annual audit plans as well as coordinating and carrying out audit work. The audit departments at our branches and central sub-branches formulate and implement annual audit plans in line with our practices, and they report their audit work to the audit department at our head office which has the responsibility to advise and monitor said audit work.

Our audit department at our head office formulates annual internal audit plans according to the requirements of our Board of Directors, Board of Supervisors while taking into account the regulatory requirements, our business development and the business operations of our branches and sub-branches. Said audit plans will then be implemented upon the approval by our Audit Committee. We conduct special audits on our exposures to various risks such as credit risk, market risk, operational risk, and information technology risk, and we also conduct audits on commission upon our senior management's economic liabilities during their tenure. Our internal audit work generally adopts methods including but not limited to on-site audit, off-site audit, and audit inspections. Our audit procedures comprise preparation, implementation, reporting, and closing. Our audit report covers audit overview, audit basis, audit conclusions, and audit opinions. To ensure the effectiveness of these audits, our internal audit departments will conduct subsequent audits upon the rectification made by our audited unit and provide subsequent audit reports based on our implementation process and the results of our subsequent audit.

CONNECTED TRANSACTIONS

Upon the Listing, the transactions we have entered into with our connected persons (as defined in the Listing Rules) will constitute connected transactions for us under Chapter 14A of the Listing Rules. We expect such transactions will continue following the Listing, thereby constituting continuing connected transactions under the Listing Rules.

Fully Exempt Continuing Connected Transaction

Technical Assistance by ANZ

It is expected that ANZ will hold 12.03% of our total issued share capital immediately after the Global Offering (assuming the Over-allotment Option is not exercised) and will therefore be our connected person.

As set out in the section headed "Our History and Development", pursuant to a termination agreement dated March 9, 2016 entered into between our Bank and ANZ, the Share Subscription Agreement, together with the relevant business co-operation agreement and technical assistance agreement, will be terminated with effect from the Listing Date, except that as a transitional arrangement agreed by our Bank and ANZ, ANZ will continue to provide certain ongoing technical assistance to us for a maximum period of one year after the Listing Date.

Such technical assistance will be provided on normal commercial terms and the transaction is expected to be a de minimis transaction under Rule 14A.76 of the Listing Rules.

Exempt Continuing Connected Transactions

We are a commercial bank incorporated in the PRC and regulated by CBRC and PBoC. We provide commercial banking services and products in our ordinary and usual course of business to members of the public in the PRC, which include our connected persons (such as Directors, Supervisors and/or their respective associates). Set forth below are details of connected transactions between us and our connected persons. These transactions are entered into on normal commercial terms (or commercial terms that are better to us) in the ordinary and usual course of our business, and thus are fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Commercial banking services and products provided in the ordinary and usual course of business — Loans and other credit facilities to connected persons

We extend loans and other credit facilities in the ordinary and usual course of our business to certain of our connected persons on normal commercial terms (or commercial terms that are better to us) with reference to prevailing market interest rates. We expect that we will continue to provide loans and other credit facilities to our connected persons following the Listing, which will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

The above loans and other credit facilities provided by us to our connected persons are in the ordinary and usual course of our business and on normal commercial terms (or commercial terms that are better to us) with reference to prevailing market interest rates. Therefore, these transactions will be fully exempt continuing connected transactions under Rule 14A.87(1) of the Listing Rules, namely financial assistance provided by us in our ordinary and usual course of business to a connected person on normal commercial terms (or commercial terms that are better to us), and thus will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Commercial banking services and products provided in the ordinary and usual course of business — Deposits taking

We take deposits in the ordinary and usual course of our business from certain of our connected persons at normal interest rates and on normal commercial terms (or commercial terms that are better to us). We expect that our connected persons will continue to place deposits with us following the Listing Rules, which will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

The deposits placed by our connected persons are on normal commercial terms (or commercial terms that are better to us) with reference to prevailing market interest rates. Therefore, these transactions will be fully exempt continuing connected transactions under Rule 14A.90 of the Listing Rules, namely financial assistance received by us from a connected person in the form of deposits on normal commercial terms (or commercial terms that are better to us) and not secured by our assets, and thus will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Commercial banking services and products provided in the ordinary and usual course of business — Other banking services and products

We provide various commercial banking services and products (including credit/debit cards and wealth management products) to certain of our connected persons at normal fee standards, service fees and charges in the ordinary and usual course of our business and on normal commercial terms and conditions (or commercial terms that are better to us). We expect that we will continue to provide such banking services and products to our connected persons following the Listing, which will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

These continuing connected transactions are the provision of various commercial banking services and products to our connected persons and/or their respective associates in the ordinary and usual course of business and on normal commercial terms that are comparable or no more favorable than those offered to independent third parties and are expected to constitute de minimis transactions under Chapter 14A of the Listing Rules. As a result, these transactions will constitute fully exempt continuing connected transactions pursuant to Rule 14A.76(1) of the Listing Rules, and thus will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD OF DIRECTORS

Our Board consists of fourteen Directors, including four Executive Directors, five Non-executive Directors and five Independent Non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an Independent Non-executive Director shall not exceed six years in accordance with PRC laws and regulations. The following table sets forth certain information regarding our Directors.

Name	Age	Time of Joining Our Bank	Date of Appointment as a Director	Position held as of the Latest Practicable Date	Responsibility
Mr. YUAN Fuhua (袁福華)	55	March 2007	May 2007	Executive Director, Chairman	Responsible for duties of the Board, performing his duties as the chairman of the Strategic Development Committee and a member of the Nomination and Remuneration Committee under the Board
Mr. WEN Yuanhua (文遠華)	46	September 2014	December 2014	Executive Director, President	Performing his duties as the chairman of the Risk Management Committee and a member of the Strategic Development Committee under the Board and responsible for our daily business and management
Mr. YUE Desheng (岳德生)	52	January 1997	December 2014	Executive Director, Vice President	Performing his duties as our Director through the Board and the Risk Management Committee and Related Party Transactions Control Committee under the Board
Ms. ZHANG Furong (張富榮)	54	November 1996	December 2014	Executive Director, Vice President, Secretary of the Board of Directors	Performing her duties as our Director through the Board, Risk Management Committee, and the Nomination and Remuneration Committee under the Board
Mr. YU Yang (于暘)	37	May 2015	May 2015	Non-executive Director	Responsible for performing his duties as our Director through the Board, the Strategic Development Committee and the Audit Committee under the Board
Mr. JIA Hongqian (賈鴻潛)	52	April 2013	April 2013	Non-executive Director	Responsible for performing his duties as our Director through the Board, and the Audit Committee under the Board
Mr. Alistair Marshall Bulloch (布樂達)	58	June 2009	June 2009	Non-executive Director	Responsible for performing his duties as our Director through the Board, the Strategic Development Committee and the Risk Management Committee under the Board
Mr. ZHAO Wei (趙煒)	46	December 2014	December 2014	Non-executive Director	Responsible for performing his duties as our Director through the Board, and the Risk Management Committee under the Board
Mr. LUAN Fengxiang (欒鳳祥)	57	December 2014	December 2014	Non-executive Director	Responsible for performing his duties as our Director through the Board, and the Related Party Transactions Control Committee under the Board

Name	Age	Time of Joining Our Bank	Date of Appointment as a Director	Position held as of the Latest Practicable Date	Responsibility
Mr. LIU Baorui (劉寶瑞)	59	March 2011	March 2011	Independent Non-executive Director	Responsible for performing his duties as our Director through the Board, the Related Party Transactions Control Committee and the Strategic Development Committee under the Board, and being the chairman of the Related Party Transactions Control Committee
Mr. LIANG Zhixiang (梁志祥)	42	December 2014	December 2014	Independent Non-executive Director	Responsible for performing his duties as our Director through the Board, and the Nomination and Remuneration Committee under the Board
Mr. FENG Heping (封和平)	56	December 2014	December 2014	Independent Non-executive Director	Responsible for performing his duties as our Director through the Board, the Audit Committee and the Related Party Transactions Control Committee under the Board, and being the chairman of the Audit Committee
Mr. GUO Tianyong (郭田勇)	47	December 2014	December 2014	Independent Non-executive Director	Responsible for performing his duties as our Director through the Board, the Nomination and Remuneration Committee, the Audit Committee and the Related Party Transactions Control Committee under the Board, and being the chairman of the Nomination and Remuneration Committee
Mr. LAW Yee Kwan, Quinn (羅義坤)	63	October 2015	October 2015	Independent Non-executive Director	Responsible for performing his duties as our Director through the Board, the Audit Committee and the Nomination and Remuneration Committee under the Board

Executive Director

Mr. YUAN Fuhua (袁福華), aged 55, was appointed as our Executive Director in May 2007 and has been our Chairman since March 2014. Mr. Yuan has been the secretary of the party committee of our Bank since October 2013. He is primarily responsible for works of the Board of Directors and the party committee. He also oversees the Office of the Board of Directors, the office of the party committee and the party committee organization department.

Mr. Yuan has over 30 years of experience in banking operations and management. He joined our Bank in March 2007 as assistant secretary of the Party Committee. Mr. Yuan served as the President of our Bank from July 2007 to December 2014. Prior to joining our Bank, Mr. Yuan served as the secretary of the Party Committee and head of the Tianjin office of China Cinda Asset Management Corporation (中國信達資產管理公司) from October 2005 to March 2007, and as the secretary of the Party Committee and head of the Urumqi office of China Cinda Asset Management Corporation from August 1999 to April 2003. Mr. Yuan worked as the deputy general manager and assistant secretary of the Party Committee of Cinda Investment Co., Ltd. (信達投資有限公司) between April 2003 and October 2005. Mr. Yuan held a number of positions at the Xinjiang branch and Professional Railway Construction branch of China Construction Bank Corporation from August 1983 to August 1999, including being the vice president and a member of the Party Committee of the Xinjiang Branch, and the president and secretary of the party leadership group of the Professional Railway Construction Branch. Mr. Yuan received his bachelor's degree of infrastructure finance and credit practice from the Faculty of Infrastructure Economics at Dongbei University of Finance and Economics (東北財經大學) (formerly known as Liaoning Institute of Finance (遼寧財經學院)) in Liaoning Province, China. He is a qualified senior economist, accredited by China Construction Bank (formerly known as the People's Construction Bank of China (中國人民建設銀行) in 1996.

Mr. WEN Yuanhua (文遠華), aged 46, was appointed as our Executive Director in December 2014 and has been the deputy secretary of the Party Committee of our Bank since September 2014 and President of our Bank since December 2014. He is primarily responsible for our overall business and management, and oversees the General Office, Asset and Liability Management Department, S&T Department, Operation Management Department, Investment Banking Department and Asset Management Department.

Mr. Wen has 20 years of experience in banking business operations and management. Prior to joining our Bank, Mr. Wen held a number of positions at the China Construction Bank Corporation, including being the deputy head of the office of the board of directors of China Construction Bank Corporation and deputy president of the Tianjin branch of China Construction Bank Corporation from September 2006 to March 2008 and March 2008 to July 2013, respectively. Mr. Wen also served as the deputy general manager of the strategic planning and equity investment division and equity management division at China Construction Bank Corporation from July 2013 to March 2014 and March 2014 to September 2014, respectively. Prior to that, Mr. Wen worked at China Central Huijin Investment Limited as the deputy head of equity management division from September 2005 to September 2006. Between September 1996 to August 2000, August 2000 to March 2002 and January 2003 to September 2005, Mr. Wen held various positions at CITIC Bank International Limited, including being the deputy general manager of the financial planning division and credit management division, and general manager of the integrated banking and comprehensive managing services division, respectively.

Mr. Wen received a bachelor's degree of engineering in geophysical surveying from the East China Institute of Technology (東華理工大學) (formerly known as East China Geological Institute (華東地質學院)) in Jiangxi Province, China in July 1991. He also received his master degree in quantitative economics from the Capital University of Economics and Business (首都經濟貿易大學) in Beijing, China in June 1996. Mr. Wen received his doctorate degree in economics from the Chinese Academy of Social Sciences (中國社會科學院) in Beijing, China in June 2003. Mr. Wen studied at the Centre for International Management Studies of McGill University, Canada from March 2002 to November 2002 and was a participant in the World Fellows Program at the Yale University, the US from August to December 2012. He is qualified as a senior economist, accredited by China CITIC Bank (formerly known as CITIC Industrial Bank) in 2004.

Mr. YUE Desheng (岳德生), aged 52, was appointed as our Executive Director in December 2014, and has been Vice President and a member of the Party Committee of our Bank since June 2006. He is primarily responsible for works in respect of corporate business segments, and oversees Business Department I, Business Department III, SME Business Department, Interbank Market Department, International Business Department, Direct Sales Banking Team, Innovative Research Department and assisting the management of our Investment Banking Department.

Mr. Yue has around 20 years of experience in banking business operations and management. He held a number of positions in our Bank since January 1997. He served successively as the principal of the Hangzhou Road sub-branch from January 1997 to November 2000, the party branch secretary and the deputy branch manager of the Bada Road sub-branch from November 2000 to November 2002, and the general manager of the financial business department of our Bank from November 2002 to June 2006, respectively. From November 1991 to January 1997, Mr. Yue served as deputy staff principal and senior staff member at the economic cadre office of the organization department of the Communist Party of China Tianjin Municipal Committee (中共天津市委組織部經濟幹部處). He is a qualified senior economist accredited by the Tianjin Municipal Evaluation Committee for Senior Qualifications in Economics (天津市經濟專業高級資格評審委員會) in December 2005.

Mr. Yue obtained a bachelor's degree of engineering in industrial electrical automation from the Electromechanical Branch of Tianjin University (天津大學機電分校) in Tianjin, China in July 1984. He also obtained an executive master of business administration from Nankai University (南開大學) in Tianjin, China in June 2011.

Ms. ZHANG Furong (張富榮), aged 54, was appointed as our Executive Director in December 2014 and has been the secretary of the Board of Directors of our Bank since June 2015. Ms. Zhang was appointed as our Vice President in January 2016. Ms. Zhang has been a member of the Party Committee of our Bank since September 2009 and the trade union president of our Bank since November 2009. She is primarily responsible for works relating to labor unions, corporate culture, maintenance of stability, and our business relations with institutions of city, district and county government, and is in charge of Trade Union Working Department, Sales Department, Institution Management Department, Business Department II and township and county banking. Ms. Zhang is also the director of the listing office of the Bank, in charge of work in relation to the listing of our Bank.

Ms. Zhang has around 30 years of experience in banking business operations and management. Between January 1988 and November 1996, she held various positions of the Tianjin City Credit Cooperative (Tanggu District), our predecessor, including the chief of credit section, head of General Office, assistant manager and deputy manager, and she held a number of positions of our Bank thereafter. Ms. Zhang was the president and party branch secretary of our Bank's Tanggu sub-branch from November 1996 to May 2006. From May 2006 to May 2007, Ms. Zhang was the deputy branch president and a member of the party committee of the Binhai branch of our Bank. Ms. Zhang was the president and the deputy secretary of the party committee of the Binhai branch of our Bank from May 2007 to October 2007 and served as the president and the secretary of the party committee of the Binhai Branch of our Bank from October 2007 to November 2011. Ms. Zhang served as director of our Bank from November 1996 to March 2011, supervisor of our Bank from March 2011 to November 2014, and acting Chairman of the Board of Supervisors from January 2014 to November 2014. Ms. Zhang served as the representative of the 13th, 14th and 15th People's Congress of Tianjin, and was a member of the 15th Federation of Trade Unions Committee of Tianjin. Ms. Zhang was elected as a committee member of the 13th of the Women's Executive Committee in April 2013 and became a national representative of the 16th National Congress of PRC Trade Unions in October 2013.

Ms. Zhang obtained a diploma in finance from the Tianjin Tanggu Professional College (天津市塘沽職工中專) in April 1993, and obtained a China diploma in business administration from the Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China in May 1998. In September 2001, she obtained a master's degree in business administration from Wisconsin International University, Ukraine. In June 2005, she obtained a higher certificate in Professional Finance Management for China's Managers. In July 2008, she also obtained a on-job postgraduate certificate in economic law from the Central Party School of the Communist Party of China

(中共中央黨校) in Beijing, China. She obtained an executive master of business administration from Nankai University (南開大學) in Tianjin, China in June 2011. She is a qualified senior economist accredited by the Review Committee for Senior Positions of Non-national Enterprises of Suizhou (隨州市非全民企業高級職務評審委員會) in May 2006.

Non-executive Directors

Mr. YU Yang (于暘), aged 37, was appointed as our Non-executive Director on May 2015. Mr. Yu has over 10 years of experience in the operations and management of banking and securities. Mr. Yu served as senior manager at Bohai Securities Co., Ltd. from September 2003 to March 2007. Mr. Yu served as the head of the asset management department of Tianjin Tianbao Holdings Ltd. from April 2007 to December 2008. Since January 2009, Mr. Yu served as assistant to the general manager and deputy general manager and currently serves as the general manager at Tianjin Port Free Trade Zone Investment Co., Ltd.

Mr. Yu graduated from Nankai University (南開大學) in Tianjin, China in June 2001 with a bachelor's degree of sector economics in real estate operation and management from the Department of Economics.

Mr. JIA Hongqian (賈鴻潛), aged 52, was appointed as our Non-executive Director on April 2013. He has been serving as head of Tianjin Finance Investment Management Center and Chairman and general manager of Tianjin State-owned Assets Management Co., Ltd. since May 2012. He also served as the deputy general manager of Tianjin State-owned Assets Management Co., Ltd. from October 2001 to May 2012. He was deputy head of Tianjin Restructuring and Land Acquisition Center from December 2002 to June 2012 and deputy head of Tianjin Finance Investment Management Center from December 2002 to May 2012. Mr. Jia was also the section chief of the 3rd section at the Tianjin Local Bureau of Finance (Collection Bureau) from January 2001 to October 2001. From January 1982 to January 2001, Mr. Jia worked at the 3rd tax administration division of Tianjin Municipal Bureau of Finance, holding various positions, including staff, deputy section chief and section chief of the 1st section.

Mr. Jia received a professional diploma in internet accounting from Hunan University in Hunan Province, China in July 2005 and a master's degree in software engineering from Tianjin University in Tianjin, China in January 2012. He was accredited as an accountant by Tianjin Municipal Evaluation Committee of Senior Professional Title in Accounting (天津市會計專業高評委) and Tianjin Personnel Bureau (天津市人事局) in December 2002. Mr. Jia was also accredited as an engineer by Tianjin Personnel Bureau in November 2004.

Mr. Alistair Marshall BULLOCH (布樂達), aged 58, was appointed as our Non-executive Director on June, 2009. Mr. Bulloch has held a number of positions at ANZ. He has been Managing Director of the Partnerships, International and Institutional Banking division of ANZ, and Trustee of the ANZ UK Death Service Plan of ANZ Pensions (UK) Limited since June 2014. He joined ANZ in April 2008 and held the positions of CEO of North East Asia and CEO of Hong Kong from April 2008 to December 2009. He has since successively held positions in ANZ as Deputy CEO of Asia Pacific, Europe and America from December 2009 to September 2010 and as Managing Director of Asia Pacific, Europe and America from September 2010 to 2014. He has been Chairman and Director of ANZ Bank (Vietnam) Limited since April 2010, of ANZ Insurance Broker Co., Ltd. since April 2010 and of ANZ Bank (Taiwan) Limited since October 2012. He has been serving as director of ANZ Royal Bank (Cambodia) Ltd. since March 2011 and has held the position of Chairman since June 2012. He has been serving as director of ANZ Bank (Europe) Limited since March 2010, of ANZ Pensions (UK) Limited since June 2013, of ANZ Bank (China) since October 2010, of ANZ Royal Bank (Cambodia) Limited since March 2011, and of ANZ V-Trac International Leasing Company since October 2012.

Mr. Alistair Marshall Bulloch obtained a bachelor's degree in business studies from Dundee College of Technology in Scotland, the United Kingdom in January 1980.

Mr. ZHAO Wei (趙煒), aged 46, was appointed as our Non-executive Director on December 2014. He served as the deputy general manager of Tianjin Pharmaceutical Holdings Ltd. since December 2013. Prior to that, he served successively as deputy general manager of Tsinlien Group (Tianjin) Assets Management Company Limited (香港津聯集團(天津)資產管理有限公司), general manger of the financial market department of Tsinlien Group Company Limited in Hong Kong, general manager of Tianjin Development Assets Management Company Limited (天津發展資產管理有限公司) and assistant to general manager of Tsinlien Group Company Limited in Hong Kong from September 2005 to December 2013. Between July 1992 and September 2005, Mr. Zhao held a number of positions at Northern International Trust and Investment Corporation (北方國際信託投資股份有限公司), including being assistant to manager of the international business department, assistant to manager of the trading department, manager of the international business department and vice general manager of the securities investment department.

Mr. Zhao received his bachelor's degree in international economic cooperation and his master degree in economics from the faculty of finance at Tianjin University of Finance (天津財經學院) in Tianjin, China in July 1992 and September 1999, respectively.

Mr. LUAN Fengxiang (欒鳳祥), aged 57, was appointed as our non-executive Director on December 2014. He has been serving as deputy general manager and general counsel and was a member of the party committee of Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) since March 2014. Mr. Luan was the vice chairman and member of the party committee of the Tianjin Federation of Trade Unions from August 2011 to February 2014. Prior to that, he served as the deputy general manager of Tianjin Textile Group (Holdings) Co., Ltd. (天津紡織集團(控股)有限公司) from June 2001 to August 2011. Between November 1997 and June 2001, Mr. Luan worked as the assistant to the general manager and chief economist of Tianjin Textile Industrial Corporation (天津市紡織工業總公司). Mr. Luan held a number of positions at Tianjin Textiles Factory (天津麻紡織廠) from November 1989 to November 1997, including being the deputy director, director and deputy secretary of the party committee.

Mr. Luan received a bachelor's degree in chemical fibers from Tianjin Institute of Textile Science & Technology (天津紡織工學院) in Tianjin, China in July1982.

Independent Non-executive Directors

Mr. LIU Baorui (劉寶瑞), aged 59, has been our Independent Non-executive Director since March 2011. He has been serving as chairman of the board of Shenzhen First Financial Services Limited (深圳第一金融服務有限公司) since February 2014. Mr. Liu served as the executive director and CEO of China Financial International Investments Limited (中國金融國際投資有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00721) from February 2011 to November 2013, the deputy president, deputy secretary of the party committee of Shenzhen Develop Bank Co., Ltd. (深圳發展銀行股份有限公司) (a company formerly listed on the Shenzhen Stock Exchange, former stock code: 000001) (currently known as Ping An Bank Co. Ltd., following merger and restructuring of the former Shenzhen Development Bank Co. Ltd. and the former Ping An Bank Co. Ltd.) from March 2000 to December 2010.

Mr. Liu obtained a certificate of graduation in fundamental basics for party cadres from Tianjin Normal University in Tianjin, China in December 1986. He also obtained an executive master of business administration from Shanghai Jiao Tong University in Shanghai, China in April 2005. He is a senior economist accredited by the Agricultural Bank of China.

Mr. LIANG Zhixiang (梁志祥), aged 42, has been our Independent Non-executive Director since December 2014. Mr. Liang worked in Beijing Baidu Netcom Science and Technology Company Limited from June 2005 to June 2011, where he successively served as vice president and general counsel since June 2011 and assistant to the CEO since January 2013, being primarily responsible for handling work for the CEO's office and overseeing legal and audit supervision systems of the company including the legal department, online management department, policy research department, patent matters department, sales supervision department and professional ethics department.

Mr. Liang obtained his master degrees of laws from the University of New South Wales, Australia and the University of Yale, United States of America in April 2005 and May 2012, respectively.

Mr. FENG Heping (封和平), aged 56, was appointed as our Independent Non-executive Director on December 2014. Mr. Feng has been supervisor of China Galaxy Securities Company Limited (中國銀河證券股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 06881) since June 2015. He was the managing director of Beijing branch of Morgan Stanley, from March 2011 to August 2014. Mr. Feng joined in PricewaterhouseCoopers in 1992 (he worked at Arthur Andersen from 1992 to 1997, which subsequently merged with PricewaterhouseCoopers), and served as the managing partner of the Beijing office of PricewaterhouseCoopers. Prior to that, Mr. Feng worked at China Financial Management Accounting Firm (中華財務會計諮詢公司) from 1985 to 1992.

Mr. Feng obtained a bachelor's degree in accounting from Shanxi University of Finance and Economics (山西財經大學) (formerly known as Shanxi College of Finance and Economics (山西財經學院)) in September 1982. He obtained the Chinese Certified Public Accountant qualification from the Chinese Institute of Certified Public Accountants in June 2011.

Mr. GUO Tianyong (郭田勇), aged 47, has been our Independent Non-executive Director since December 2014. He has been a professor and doctoral tutor of the School of Finance of Central University of Finance and Economics (中央財經大學金融學院) since September 1999. Prior to that, Mr. Guo worked at the Yantai Branch of People's Bank of China from July 1990 to August 1993.

Mr. Guo received his bachelor's degree in mathematics from Shandong University (山東大學) in Shandong Province, China, in July 1990. He received his master degree in economics from the School of Finance, Renmin University of China (中國人民大學財政金融學院) in Beijing, China in July 1996. Mr. Guo received his doctorate degree in economics from Tsinghua University PBC School of Finance (清華大學五道口金融學院) (formerly known as the Postgraduate School for the Head Office of PBoC (中國人民銀行總行研究生部)) in Beijing, China in September 1999.

Mr. LAW Yee Kwan, Quinn (羅義坤), aged 63, was appointed as our Independent Non-executive Director in October 2015. Mr. Law serves as a council member cum audit committee chairman of the Hong Kong University of Science and Technology and has been a member of the Financial Affairs Expert Working Group of University Grants Committee since December 2013. Mr. Law has been a director and Vice President of the Hong Kong Business Accountants Association since October 2014. He has also served on a number of committees of the Hong Kong Institute of Certified Accountants and lately on its Professional Conduct Committee from 2008 to 2015. Mr. Law has been independent non-executive director of ENN Energy Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02688) since May 2014 and HKBN Limited (a company listed on the Hong Kong Exchange, stock code : 01310) since February 2015. From December 2013 to June 2015, Mr. Law was one of the independent non-executive directors of National Agricultural Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01236). From March 2008 to March 2013, Mr. Law was the deputy chairman and managing director of the Urban Renewal Authority, a statutory organization in Hong Kong.

Mr. Law is an professional accountant. Mr. Law has been a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since June 1985 and has been a fellow of the Association of Chartered Certified Accountants (formerly known as the Association of Certified Accountants) in the United Kingdom since December 1982. He has been an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom since November 1980. Mr. Law is a Justice of Peace in Hong Kong and was awarded the Silver Bauhinia Star in 2014 by the Hong Kong Special Administrative Region.

The spouse of Mr. Law, Ms. Shing Mo Han, Yvonne ("Mrs. Law") is a partner of Deloitte Touche Tohmatsu, Hong Kong ("Deloitte HK"), the auditors of the Bank. She is not in the management team or on the board of Deloitte HK. Mrs. Law has not been involved and will not be involved in providing any services (including any audit, assurance or other services) to the Bank.

SUPERVISORS

The PRC Company Law requires a joint stock company to establish a board of supervisors that is responsible for supervising the performance of the board and senior management and our financial operations, internal control and risk management. Our Board of Supervisors consists of six Supervisors, including two Employee Representative Supervisors, two Shareholder Representative Supervisors and two External Supervisors. Our Supervisors are elected for a term of three years and may be subject to re-election, and the cumulative term of an External Supervisor shall not exceed six years. The following table sets forth certain information about our Supervisors.

Name	Age	Time of joining our Bank	Date of Appointment as a Supervisor	Position held as of the Latest Practicable Date	Responsibility
Mr. ZHANG Xiang (張祥)	58	November 1996	November 2014	Chairman of our Board of Supervisors, Employee Representative Supervisor	Performing his duties as our Supervisor through the Board of Supervisors, and the Supervision Committee and the Nomination Committee under the Board of Supervisors
Mr. YAO Tao (姚濤)	53	November 2000	November 2014	Employee Representative Supervisor	Performing his duties as our Supervisor through the Board of Supervisors and the Supervision Committee and the Nomination Committee under the Board of Supervisors
Ms. FENG Xia (馮俠)	44	April 2013	April 2013	Shareholder Representative Supervisor	Performing her duties as our Supervisor through the Board of Supervisors and the Supervision Committee under the Board of Supervisors

Name	Age	Time of joining our Bank	Date of Appointment as a Supervisor	Position held as of the Latest Practicable Date	Responsibility
Ms. CHENG Yifeng (程懿豐)	32	March 2011	March 2011	Shareholder Representative Supervisor	Performing her duties as our Supervisor through the Board of Supervisors and the Nomination Committee under the Board of Supervisors
Mr. ZHANG Lianming (張連明)	52	December 2014	December 2014	External Supervisor	Performing his duties as our Supervisor through the Board of Supervisors and the Supervision Committee under the Board of Supervisors
Ms. ZHANG Xiaoli (張曉莉)	58	December 2014	December 2014	External Supervisor	Performing her duties as our Supervisor through the Board of Supervisors, and the Nomination Committee under the Board of Supervisors

Mr. ZHANG Xiang (張祥), aged 58, was appointed as our Chairman of the Board of Supervisors in December 2014, responsible for the overall work of the Board of Supervisors. Mr. Zhang is primarily responsible for the Board of Supervisors, the maintenance of safety and stability, the audit work and the training affairs of the Bank, and is in charge of Human Resources Department, the Office of the Board of Supervisors, Internal Audit Department, Administrative Affairs Department, Security Protection Department, and assisting the management of the office and the Organization Department of the Party Committee.

Mr. Zhang joined our Bank in November 1996 and served as deputy president from July 2002 to January 2015, and has been primarily responsible for international business, training, security, personnel, funds, risk, credit, special assets and administrative affairs. He has been serving as vice secretary of the party committee since September 2014. He served as the assistant to the president of the Bank from March 1998 to July 2002. Mr. Zhang also served as a member of the party committee of the Bank from March 1998 to September 2014. Mr. Zhang served as the manager of fund planning division of the Bank from November 1996 to June 1998 and director of personnel division of the Bank from June 1998 to July 2002 where he was primarily responsible for personnel. Between January 1985 and August 1995, Mr. Zhang served at the Tianjin branch of Industrial and Commercial Bank of China and served as the deputy director of planning department from May 1992 to August 1995. Prior to that, Mr. Zhang worked at the Tianjin Branch of the People's Bank of China from March 1980 to January 1985.

Mr. Zhang graduated from Tianjin School of Finance and Trade (天津市財貿學校) in Tianjin, China in March 1980, majoring in finance. He obtained a graduation certificate in finance from Tianjin Hexi Professional College (天津市河西區職工大學) in Tianjin, China in September 1986, a postgraduate course certificate in management science and engineering from Tianjin University (天津大學) in Tianjin, China in February 2000 and a undergraduate certificate in finance from the Open University of China (中央廣播電視大學) in Beijing, China in July 2006. He is a qualified senior economist, accredited by the Evaluation Committee for Senior Economists in 1994.

Mr. YAO Tao (姚濤), aged 53, was appointed as our Supervisor on November 2014. Mr. Yao is currently an Employee Representative Supervisor of our Bank. He joined our Bank in November 2000, and served as head in charge of the ideological and political work of Xilian sub-branch and Xietong sub-branch of the Bank from November 2000 to June 2005, and as the president of Huafeng sub-branch from June 2005 to April 2008. He served as the general manager of Institutions Management department from March 2009 to August 2014 and served successively as the general manager of the Human Resources Department from April 2008 to March 2009 and since January 2014. Mr. Yao served as secretary of department level and carder of section level of organization department of Tianjin Federation of Trade Unions from May 1991 to October 2000. Mr. Yao also worked at trade union and youth league committee of the Tianjin Bureau of Chemical Industries (天津市化工局) from March 1990 to May 1991 and October 1983 to July 1988, respectively.

Mr. Yao obtained a college diploma in basic course for party and government cadres from Tianjin Normal University (天津師範大學) in Tianjin, China in December 1986. He also obtained his bachelor's degree in economics and management from the Open College of Central Communist Party School (中共中央黨校函授學院) in Beijing, China in December 1999.

Ms. FENG Xia (馮俠), aged 44, was appointed as our Shareholder Representative Supervisor on April 2013. She has served as the deputy general manager and member of the party committee of Tianjin Financial Investment Services Group Limited (天津金融投資服務集團有限公司) since June 2013. Ms. Feng also served as the deputy general manager and member of the party committee of Tianjin Investment Group (天津投資集團公司) from October 2012 to June 2013. She served as the deputy secretary of the Tianjin Municipal Committee of the Communist Youth League from June 2007 to October 2012, deputy secretary and secretary of Tianjin Dongli District Youth League (天津市東麗區團委) from April 1998 to June 2007 and the clerk and the deputy director of office of the Tianjin Dongli District Enterprises Economic Commission (天津市東麗區企經委) from July 1994 to April 1998.

Ms. Feng received her bachelor's degree in youth ideological education from China Youth University of Political Studies (中國青年政治學院) in Beijing, China in July 1994. She obtained a master's degree in economics from Tianjin Municipal Party School of the Communist Party of China (中共天津市委黨校) in Beijing, China in December 2002. She also obtained a master's degree in public administration and management from the National University of Singapore, Singapore in February 2011.

Ms. CHENG Yifeng (程懿豐), aged 32, was appointed as our Shareholder Representative Supervisor on March 2011. She has served as the manager of the project management department of Tianjin Heng Yuen Industrial Co., Ltd. (天津恒昌圓實業有限公司) since June 2009, and she was also assistant to the general manager of the same company from July 2005 to June 2009.

Ms. Cheng obtained a bachelor's degree in chemistry from College of Chemistry and Molecular Engineering, Peking University (北京大學化學與分子工程學院) in Beijing, China in July 2005.

Mr. ZHANG Lianming (張連明), aged 52, was appointed as our External Supervisor on December 2014. He has served as the partner of the Tianjin office of Lixin Certified Tax Agents Co., Ltd. (立信稅務師事務所有限公司) (previously known as Tianjin Haohua Certified Tax Agents Co., Ltd. (浩華稅務師事務所有限公司)). Mr. Zhang served as sub-division secretary of the personnel department and deputy chief of Section III of the Tianjin Municipal Tax Bureau Heping District Sub-Administration from January 1982 to March 1990. He served as director of external business department of Tianjin Tax Consultancy Agency (天津稅務諮詢事務所) from November 1994 to December 1997.

Mr. Zhang obtained a college diploma in Accounting from Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China and a college diploma in Party Work and Administration from Tianjin Open University (天津廣播電視大學) in Tianjin, China respectively in July 1993 and July 1986. He also obtained a master's degree in business administration from Macau University of Science and Technology in Macau, China in June 2004.

Ms. ZHANG Xiaoli (張曉莉), aged 58, was appointed as our External Supervisor in December 2014. Prior to joining our Bank, she served as vice president of Jinan Branch from June 2001 to August 2007 and president of Qingdao Branch from August 2007 to January 2013.

Ms. Zhang obtained a bachelor's degree in International Finance (economics) from Wuhan University (武漢大學) in Hubei Province, China in July 1999 and an executive master's degree in Business Administration from Tsinghua University (清華大學) in Beijing, China in July 2005 respectively. Ms. Zhang obtained the qualification of senior economist from Construction Bank of China (formerly known as the People's Construction Bank of China) in March 1996.

SENIOR MANAGEMENT

The following table sets out certain information regarding our senior management.

Name	Age	Time of Joining Our Bank	Date of First Appointment as a Senior Management	Position held as of the Latest Practicable Date	Responsibility
Mr. WEN Yuanhua (文遠華)	46	September 2014	December 2014	President	Responsible for our daily business and management, in charge of General Office, Asset and Liability Management Department, S&T Department, Operation Management Department, Investment Banking Department and Asset Management Department
Mr. YUE Desheng (岳德生)	52	January 1997	November 2002	Vice President	Responsible for works in respect of corporate business segments, and in charge of Business Department I, Business Department III, SME Business Department, Interbank Market Department, International Business Department, Direct Sales Banking Team, Innovative Research Department and assisting management of Investment Banking Department
Ms. ZHANG Ying (張穎)	40	September 2014	September 2014	Secretary of the disciplinary committee	Responsible for case prevention and control, internal control management and the handling of petitions, in charge of the Disciplinary Committee and Legal and Compliance Department

Name	Age	Time of Joining Our Bank	Date of First Appointment as a Senior Management	Position held as of the Latest Practicable Date	Responsibility
Ms. ZHANG Furong (張富榮)	54	November 1996	November 2009	Vice President, Secretary for the Board of Directors, trade union president	Responsible for works related to labor unions, corporate culture and assistance and maintenance of stability, in charge of Labor Unions Working Department, Institution Management Department, Sales Department, Business Department II and township and county banking and in charge of the Bank's listing
Mr. LIANG Jianfa (梁建法)	50	September 2014	December 2014	Vice President	Responsible for overall risk management, in charge of Credit Management Department, Risk Management Department, Special Assets Management Department, Finance and Accounting Department, and assisting the management of Operation Management Department
Mr. YUAN I-Pei (袁以沛)	44	July 2011	July 2011	Vice President	Responsible for Personal Banking Business Department, Internet Finance Department and Credit Card Center
Mr. XIA Zhenwu (夏振武)	46	November 1996	January 2008	Assistant to President	Responsible for the overall work of Binhai branch and Tianjin Free Trade Zone branch

For biographical details of **Mr. WEN Yuanhua**, please refer to "Executive Directors" of this section.

For biographical details of **Mr. YUE Desheng**, please refer to "Executive Directors" of this section.

Ms. ZHANG Ying (張穎), aged 40, has been serving as our secretary of the disciplinary committee and a member of the party committee since September 2014. She is primarily responsible for case prevention and control, internal control management and the handling of petitions, and is in charge of the Disciplinary Committee and Legal and Compliance Department.

Ms. Zhang has nearly 20 years of experience in banking operations and management. Ms. Zhang joined the China Bank of Communications in July 1998 and had held several positions up to September 2014, including being the senior manager, assistant to president and vice president of the business division and human resources department of the Tianjin branch.

Ms. Zhang graduated from Tianjin University of Finance (天津財經學院) in Tianjin, China, majoring in banking and currencies, and obtained her bachelor's degree in finance in July 1998. Ms. Zhang obtained a master's degree in Economics from the Faculty of Finance at Nankai University (南開大學) in Tianjin, China in June 2010. She was also accredited the qualification of intermediate economist by the Ministry of Personnel of the PRC in November 2002.

For biographical details of **Ms. ZHANG Furong**, please refer to "Executive Directors" of this section.

Mr. LIANG Jianfa (梁建法), aged 50, has served as a member of the party committee since September 2014, Vice President since December 2014 and the chief financial officer of our Bank since June 2015. Mr. Liang is primarily responsible for the overall risk management and financial work, overseeing Financial Accounting Department, the Credit Management Department, the Risk Management Department, the Special Assets Management Department and assisting the management of Operation Management Department.

Mr. Liang has nearly 30 years of experience in banking operations and management. Prior to joining our Bank, he held a number of positions at China Bohai Bank from August 2006 to September 2014, including being the Vice President, the deputy general manager, general manager of the human resources department and audit department. He was also a member of the party committee. From April 2003 to August 2006, he served as the deputy general manager of the risk management department of CITIC Holdings Company Limited (中信控股有限責任公司). Prior to that, he held a number of positions at the Hebei Provincial branch and Tianjin branch of People's Bank of China from July 1986 to March 1995 and February 1996 to April 2003, including being the auditor, the auditor of department level, as well as the deputy director and the director of the first regulatory division and director of bank management division. He also served as a supervisor of Bank of England from March 1995 to February 1996.

Mr. Liang received his bachelor's degree in economics from Nankai University (南開大學) in Tianjin, China in July 1986 and obtained a master's degree in economics from the Finance Department, Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China in September 1999. Mr. Liang was qualified as a senior economist, accredited by the People's Bank of China since May 2000.

Mr. YUAN I-Pei (袁以沛), aged 44, has been serving as our vice president since September 2011, and is primarily responsible for Personal Banking Business Department, Internet Finance Department and Credit Card Center, overseeing the team of ANZ staff stationed in Tianjin.

Mr. Yuan has over 15 years of experience in banking operations and management. Mr. Yuan was seconded to our Bank from April 2011 to July 2011, during his tenure with ANZ. Prior to joining our bank, he served as the Director of the Advanced Client Solutions division of ANZ from December 2009 to April 2011. Mr. Yuan served as the director of the investment department of US PEM Group Investment Consulting (Shanghai) Co., Ltd. (美國保盛豐投資諮詢(上海)有限公司) from July 2008 to 2009, where he was primarily responsible for investment business. Between December 2006 and June 2008, he served as the vice president of the SME and Commercial Business division of Fullerton Financial Holdings Pte. Ltd. (formerly Asia Financial Holdings Pte. Ltd.), where he was responsible for investment and consulting business. He served as the associate director of the investment banking division of Barclays Bank PLC Taiwan from November 2005 to November 2006 and the vice president of the II Department of Industrial Marketing Center (產業行銷中心二部) division of CTBC Bank from July 2003 to November 2005. Prior to that, he was an vice president of the corporate banking division of Citigroup from July 1999 to June 2003.

Mr. Yuan obtained a master of business administration from University of Wisconsin-Madison, the US (located in Madison city, the state capital of Wisconsin, the US) in December 1998.

Mr. XIA Zhenwu (夏振武), aged 46, has been serving as assistant to our president of the Bank since April 2014, primarily responsible for the overall work of our Binhai branch and Tianjin Free Trade Zone branch.

Mr. Xia has over 20 years of experience in banking operations and management. Mr. Xia joined the Bank in November 1996 and has served as several positions in the Bank since then, including as president of Jinlian sub-Branch from November 1996 to July 2002, president of Tianjin Bonded Area sub-Branch from July 2002 to April 2004, manager of International Business Department from March 2003 to December 2003 and general manager of Financial Planning Department from December 2003 to July 2010). He served as our Chief Financial Officer from January 2008 to April 2014. He served as secretary of the party committee of First Central Branch (第一中心支行) from January 2012 to March 2014 and served as president of First Central Branch (第一中心支行) of the Bank from June 2012 to March 2014. He has served as secretary of the party committee of Binhai Branch of the Bank since March 2014 and as an assistant to the president of the Bank since April 2014. He has been serving as party secretary of Tianjin Free Trade Zone branch since June 2015, being primarily responsible for the branch's overall management. Prior to this, he served as several positions of Tianjin Jinlian Urban Credit Cooperatives (天津市津聯城市信用社), the predecessor of the Bank, from January 1991 to November 1996, including assistant to the director, deputy director and director, being primarily responsible for the overall work of this credit cooperatives.

Mr. Xia graduated from Tianjin Administrative Cadre Vocational School (天津市行政幹部職業學校) in Tianjin, China in July 1988, majoring in administrative cadre, and obtained a vocational diploma. He obtained a certificate in Accountancy from Xinhua Workers College (新華職工大學) in Tianjin, China in July 1993, a certificate in economic management from Correspondence School, Central Party School (中央黨校函授學院) in Beijing, China in December 1996 and a certificate in finance from the Open University of China (中央廣播電視大學) in Beijing, China in January 2007. He was qualified as a senior economist accredited by Tianjin Personnel Bureau (天津市人事局) in March 2009.

JOINT COMPANY SECRETARIES

Ms. ZHANG Furong (張富榮), aged 54, served as our Director between November 1996 and March 2011, served as a Supervisor of the Bank between March 2011 and November 2014, served as an acting chairman of our supervision committee between January 2014 and November 2014, was appointed as executive director in December 2014, and was appointed as our secretary to the Board since June 2015. Ms. Zhang has been acting as our joint company secretary since September 2015. Ms. Zhang was appointed as our Vice President in January 2016. For her biography, see "— Executive Directors".

Dr. NGAI Wai Fung (魏偉峰), aged 53, FCIS, FCS (PE), CPA and FCCA, has been acting as our joint company secretary since September 2015. Dr. Ngai is also currently a director and chief executive officer of SW Corporate Services Group Limited.

Dr. Ngai is immediate past president of the Hong Kong Institute of Chartered Secretaries. Dr. Ngai has substantial company secretarial experience. Dr. Ngai became a fellow member of the Hong Kong Institute of Chartered Secretaries in November 2000, a fellow member of the Institute of Chartered Secretaries and Administrators in November 2000, a member of the Hong Kong Institute of Certified Public Accountants in July 2007 and a fellow member of the Association of Chartered Certified Accountants in March 2012. Dr. Ngai was appointed a member of the Working Group on

Professional Services of the Economic Development Commission by the Chief Executive of the Hong Kong Special Administrative Region and a member of the Qualifications and Examinations Board by the Hong Kong Institute of Certified Public Accountants in January 2013. Dr. Ngai has been an adjunct professor of law at Hong Kong Shue Yan University since September 2012.

Dr. Ngai received a master's degree in business administration from Andrews University of Michigan in August 1992, a bachelor's degree (with honors) in law from the University of Wolverhampton in the United Kingdom in October 1994, a master's degree in corporate finance from the Hong Kong Polytechnic University in November 2002 and a doctorate in finance from the Shanghai University of Finance and Economics in June 2011.

COMMITTEES UNDER THE BOARD

Our Bank currently has the following committees under the Board: a Strategic Development Committee, an Audit Committee, a Related Party Transactions Control Committee, a Risk Management Committee, a Nomination and Remuneration Committee. The committees operate in accordance with their respective terms of reference established by our Board.

Strategic Development Committee

Our Bank has established the Strategic Development Committee with written terms of reference. The Strategic Development Committee consists of five Directors, being Mr. YUAN Fuhua, Mr. WEN Yuanhua, Mr. YU Yang, Mr. LIU Baorui and Mr. Alistair Marshall BULLOCH. The chairman of the Strategic Development Committee is Mr. YUAN Fuhua. The primary duties of the Strategic Development Committee include the following:

- studying and providing advice on our mid- and long-term development strategies;
- supervising and inspecting the implementation of annual operation plans and investment plans;
- studying and formulating our capital supplement plans and channels;
- studying and providing advice on our material investment plans and other material matters which have effect on our development;
- reviewing modification proposals of articles of association; and
- inspecting the implementation of the above items.

Audit Committee

Our Bank has established an Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee consists of five Directors, being Mr. FENG Heping, Mr. GUO Tianyong, Mr. LAW Yee Kwan, Quinn, Mr. YU Yang and Mr. JIA Hongqian. The chairman of the Audit Committee is Mr. FENG Heping. The primary duties of the Audit Committee include the following:

- reviewing our accounting policies, financial position and financial reporting procedures, and inspecting our risk and compliance;
- considering our financial statements, annual report and accounts, half-year report and (if prepared for publication) quarterly reports as issued by the external auditor on our

operating results in the previous year, and to review significant financial reporting views contained in such statements and reports; to make judgements on the truthfulness, accuracy, completeness and timeliness of the information of the audited financial reports, and to submit the deliberations to the Board of Directors

- making recommendations to the Board on the appointment or change of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- reviewing the management letter (or equivalent document) presented by the external auditors to the management and ensuring that the Board of Directors will provide a timely response to it, and reviewing any material queries raised by the external auditors to the management about meeting records, financial accounts or systems of control, and the management's response;

- being responsible for the communication between internal auditors and external auditors, and ensuring coordination between the internal auditors and external auditors

- organizing and leading our internal audit work pursuant to the authority of the Board, to approve our audit policies and procedures and our annual audit work plan, and to supervise the implementation;

- considering the internal control reports, supervising and inspecting the effectiveness of the implementation, and submitting comments and suggestions to the Board of Directors while informing the senior management and the Board of Supervisors; and

- listening to the audit report of the internal audit department regularly, and submitting it to the Board of Directors and informing the senior management and the Board of Supervisors.

Related Party Transactions Control Committee

Our Bank has established a Related Party Transactions Control Committee with written terms of reference. The Related Party Transactions Control Committee consists of five Directors, being Mr. LIU Baorui, Mr. YUE Desheng, Mr. FENG Heping, Mr. GUO Tianyong, and Mr. LUAN Fengxiang. The chairman of the Related Party Transactions Control Committee is Mr. LIU Baorui. The primary duties of the Related Party Transactions Control Committee include the following:

- identifying Related Parties and connected persons; and

- conducting review of Related Parties and connected transactions subject to review by the Board and general meeting of shareholders, reporting such Related Parties and connected transactions to the Board, and reviewing the Related Parties and connected transactions within the scope of authority of the Board.

Risk Management Committee

Our Bank has established a Risk Management Committee with written terms of reference. The Risk Management Committee consists of five Directors, being Mr. WEN Yuanhua, Mr. Alistair Marshall BULLOCH, Mr. YUE Desheng, Ms. ZHANG Furong and Mr. ZHAO Wei. The chairman of the Risk Management Committee is Mr. WEN Yuanhua. The primary duties of the Risk Management Committee include the following:

- supervising the risk control condition conducted by the senior management in respect of credit risks, marketing risks, liquidity risks, operation risks, compliance risks, information technology risks and reputation risks, and conducting regular reviews of the risk reports;
- assessing our risk policies, management, tolerance and capacity;
- supervising our risk management and internal control systems, and making proposals on the improvement plans of our risk management and internal control;
- discussing our risk management and internal control system with senior management to ensure the effectiveness of our risk management systems; and
- conducting regular review of and supervising the effectiveness of our risk management system.

Nomination & Remuneration Committee

Our Bank has established the Nomination & Remuneration Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Nomination & Remuneration Committee consists of five Directors, being Mr. GUO Tianyong, Mr. YUAN Fuhua, Ms. ZHANG Furong, Mr. LIANG Zhixiang and Mr. LAW Yee Kwan, Quinn. The chairman of the Nomination & Remuneration Committee is Mr. GUO Tianyong. The primary duties of the Nomination & Remuneration Committee include the following:

Nomination Duties

- reviewing the structure, size and composition of the Board annually, and making recommendations on any proposed changes to the Board to complement our strategy;
- formulating the criteria and procedures for selecting directors and senior management members and succession planning for directors, and making recommendations to the Board;
- extensively identifying qualified candidates for directors and senior management members, and making recommendations to the Board;
- conducting the preliminary examination of qualifications of candidates for directorships and senior management positions, and making recommendations to the Board on the selection; and
- assessing the independence of independent non-executive directors.

Remuneration and Appraisal Duties

- studying the criteria for appraising Directors and senior management members, conducting the appraisal, and submitting the appraisement reports to the Board;

- reviewing our policy and structure of remuneration management, formulating the policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board and overseeing the execution of the proposal;

- reviewing and approving compensations payable to directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

- reviewing and approving compensation arrangements relating to dismissal or removal of any director for his misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate.

COMMITTEES UNDER THE BOARD OF SUPERVISORS

Our Bank has established two committees under our Board of Supervisors: a Supervision Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Supervisors.

Supervision Committee

The Supervision Committee consists of 4 Supervisors, being Mr. ZHANG Xiang, Mr. YAO Tao, Ms. FENG Xia and Mr. ZHANG Lianming. The chairman of the Supervision Committee is Mr. ZHANG Lianming. The primary duties of the Supervision Committee include the following:

- drafting the plans on supervising our Bank's financial activities, and implementing such supervisions;

- supervising the Board for the establishment of stable operation principle, value criterion, and formulating the development strategy appropriate for our current situation; and

- supervising and examining our Bank's operation decisions, risk management and internal control.

Nomination Committee

The Nomination Committee consists of 4 Supervisors, being Mr. ZHANG Xiang, Mr. YAO Tao, Ms. CHENG Yifeng and Ms. ZHANG Xiaoli. The chairman of the Nomination Committee is Ms. ZHANG Xiaoli. The primary duties of the Nomination Committee include the following:

- researching the criteria and procedures for selecting supervisors, and providing advice to our Board of Supervisors;

- conducting preliminary review on the qualifications of supervisor candidates, and providing advice on it;

- supervising the procedures for the selection and appointment of directors and independent directors; and

- conducting comprehensive evaluation on the work performance of directors, supervisors and members of senior management and reporting to the Board of Supervisors.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Bank offers our Executive Directors, Employee Representative Supervisors and senior management members, who are also our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our Independent Non-executive Directors and External Supervisors receive compensation based on their responsibilities.

The aggregate amounts of pre-tax remuneration paid by us to our Directors and Supervisors for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 were approximately RMB12.7 million, RMB12.8 million, RMB11.0 million and RMB3.0 million, respectively.

The aggregate amounts of pre-tax remuneration paid by us to our five highest paid individuals for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015 were approximately RMB9.9 million, RMB10.7 million, RMB10.4 million and RMB2.5 million, respectively.

It is estimated that pre-tax remuneration equivalent to approximately RMB2.0 million in aggregate will be paid to the Directors and Supervisors by our Bank in 2015 based on the arrangements in force as of the date of this prospectus.

No remuneration was paid to the Directors, Supervisors or our five highest paid individuals as an inducement to join, or upon joining, our Bank. No compensation was paid to, or is receivable by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of office as our director or of any other offices in connection with the management of the affairs. None of the Directors waived any emoluments during the same period.

Except as disclosed above, no other payments have been paid or are payable, in the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively, by us to the Directors.

DIRECTORS’ AND SUPERVISORS’ INTEREST

Except as disclosed in this Prospectus, each of the Directors and Supervisors: (i) did not hold other positions in our Bank as of the Latest Practicable Date; (ii) had no other relationship with any of our Directors, senior management or substantial shareholder as of the Latest Practicable Date; and (iii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. For our Directors’ and Supervisors’ interests in the Domestic Shares within the meaning of Part XV of the SFO, see Appendix VIII—”Statutory and General Information”.

Except as disclosed herein, none of our Directors are interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business under Rule 8.10(2) of the Listing Rules.

Except as disclosed herein, to the best of the knowledge, information and belief of our Directors and Supervisors, having made all reasonable inquiries, there were no additional matters with respect to the appointment of our Directors or Supervisors that need to be brought to the attention of the Shareholders and there were no additional information relating to our Directors or Supervisors that are required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

COMPLIANCE ADVISOR

We have appointed First Shanghai Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Bank in the following circumstances.

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where our Bank proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this Prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of our Bank regarding unusual movements in the price or trading volume of our H Shares, the possible development of a false market in our H Shares or any other matters.

The terms of the appointment of the compliance advisor will commence on the Listing Date and end on the date when we distribute the annual report of our financial results for the first full financial year commencing after the Listing Date.

As of the Latest Practicable Date, our share capital was 5,126,047,731 Shares, which comprised of 5,126,047,731 Shares with nominal value of RMB1.00 each. The following persons directly or indirectly control, or are entitled to exercise, or control the exercise of, 5% or more of our Shares:

Name of Shareholder	Number of Shares directly or indirectly held	Approximate % of interest in our Bank
Tianjin Port Free Trade Zone Investment Co., Ltd. [(1)] (天津保稅區投資有限公司)	996,778,167	19.45%
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd [(1)] (天津保稅區投資控股集團有限公司)	996,778,167	19.45%
Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司)	725,644,563	14.16%
Tianjin Pharmaceutical Holdings Ltd. [(2)(3)] (天津市醫藥集團有限公司)	504,424,089	9.84%
Tianjin Bohai State-owned Assets Management Co., Ltd. [(2)] (天津渤海國有資產經營管理有限公司)	504,424,089	9.84%
Tianjin Jinlian Investment Holdings Limited [(2)] (天津津聯投資控股有限公司)	504,424,089	9.84%
Tianjin Bohai Chemical Industry Group Co., Ltd. [(4)] (天津渤海化工集團有限責任公司)	503,355,445	9.82%

Notes:

(1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.

(2) Tianjin Pharmaceutical Holdings Ltd. is wholly-owned by Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), which is wholly-owned by Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司), which is in turn wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會). By virtue of the SFO, Tianjin Bohai State-owned Assets Management Co., Ltd. and Tianjin Jinlian Investment Holdings Limited are deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd.

(3) Tianjin Pharmaceutical Holdings Ltd. directly holds 9.800% of our Shares. Tianjin New Chinese Medicine Holdings Limited (天津中新藥業集團股份有限公司), Tianjin Jinyao Amino Acids Co., Ltd. (天津金耀氨基酸有限公司) and Tianjin Pharmaceutical Company (天津市醫藥公司), each being a controlled corporation of Tianjin Pharmaceutical Holdings Ltd., holds 0.0131%, 0.0128% and 0.0145% of our Shares respectively, and therefore such Shares held by them are "deemed interests" of Tianjin Pharmaceutical Holdings Ltd. in our Bank by virtue of the SFO.

(4) Tianjin Bohai Chemical Industry Group Co., Ltd. directly holds 9.800% of our Shares. Tianjin Bohai Precision Chemical Industry Co., Ltd. (天津渤海精細化工有限公司), Tianjin Changlu Hangu Salt Field Co., Ltd. (天津長蘆漢沽鹽場有限責任公司), Tianjin Bohua Rubber Co., Ltd. (天津渤化橡膠有限責任公司), Tianjin Bohai Chemical Raw Materials Co., Ltd. (天津渤海化學原料有限公司) and Tianjin Bohua Chemical Industry Imports and Exports Co., Ltd. (天津渤化化工進出口有限責任公司), each being a controlled corporation of Tianjin Bohai Chemical Industry Group Co., Ltd., holds 0.00412%, 0.00237%, 0.00151%, 0.00360% and 0.00796% of our Shares, respectively, and therefore such equity interests held by them are "deemed interests" of Tianjin Bohai Chemical Industry Group Co., Ltd. in our Bank by virtue of the SFO.

Having made due and careful inquiry, save as disclosed above, the above-named Shareholders are independent from each other save that Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd. are both directly or indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會).

Immediately following the completion of the Global Offering:

- assuming the Over-allotment Option is not exercised, our share capital will comprise 4,309,903,168 Domestic Shares and 1,721,144,563 H Shares, representing approximately 71.46% and 28.54% of the enlarged total share capital of our Bank, respectively; and

- assuming the Over-allotment Option is fully exercised, our share capital will comprise 4,296,328,168 Domestic Shares and 1,870,469,563 H Shares, representing approximately 69.67% and 30.33% of the enlarged total share capital of our Bank, respectively.

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)			**Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)**		
Name of Shareholder	**Nature of Interest**	**Class of Shares**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Bank**	**Approximate % of the relevant class of Shares**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Bank**	**Approximate % of the relevant class of Shares**
Tianjin Port Free Trade Zone Investment Co., Ltd.[(1)] (天津保稅區投資有限公司)	Beneficial owner	Domestic Shares	965,562,287	16.01%	22.40%	960,879,905	15.58%	22.37%
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd.[(1)] (天津保稅區投資控股集團有限公司)	Interest in controlled corporation	Domestic Shares	965,562,287	16.01%	22.40%	960,879,905	15.58%	22.37%
Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司)	Beneficial owner	H Shares	725,644,563	12.03%	42.16%	725,644,563	11.77%	38.79%
Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司)[(2)]	Beneficial owner	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%

			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)			Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)		
Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares directly or indirectly held	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares	Number of Shares directly or indirectly held	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司)(2)	Interest in controlled corporation	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%
Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司)(2)	Interest in controlled corporation	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%
Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司)(3)	Beneficial owner	Domestic Shares	488,690,770	8.10%	11.34%	486,491,069	7.89%	11.32%

Notes:

(1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.

(2) Upon completion of the Global Offering, Tianjin Pharmaceutical Holdings Ltd. will (i) directly hold 487,717,217 Shares (assuming the Over-allotment Option is not exercised) and 485,521,898 Shares (assuming the Over-allotment Option is fully exercised); and (ii) through a number of controlled corporations, hold an aggregate of 2,030,599 Shares (assuming the Over-allotment Option is not exercised) and 2,024,477 Shares (assuming the Over-allotment Option is fully exercised). As such, Tianjin Pharmaceutical Holdings Ltd. will be interested in a total of 489,747,816 Shares (assuming the Over-allotment Option is not exercised) and 487,546,375 Shares (assuming the Over-allotment Option is fully exercised) by virtue of the SFO. For more details of the shareholding interest of the controlled corporations of Tianjin Pharmaceutical Holdings Ltd. in our Bank, please see Note (3) to table on page 290 above. Tianjin Pharmaceutical Holdings Ltd. is wholly-owned by Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), which is wholly-owned by Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司), an entity wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會). By virtue of the SFO, Tianjin Jinlian Investment Holdings Limited and Tianjin Bohai State-owned Assets Management Co., Ltd. are deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd.

(3) Upon completion of the Global Offering, Tianjin Bohai Chemical Industry Group Co., Ltd. will (i) directly hold 487,717,217 Shares (assuming the Over-allotment Option is not exercised) and 485,521,898 Shares (assuming the Over-allotment Option is fully exercised); and (ii) through a number of controlled corporations, hold an aggregate of 973,553 Shares (assuming the Over-allotment Option is not exercised) and 969,171 Shares (assuming the Over-allotment Option is fully exercised). As such, Tianjin Bohai Chemical Industry Group Co., Ltd. will be interested in a total of 488,690,770 Shares (assuming the Over-allotment Option is not exercised) and 486,491,069 Shares (assuming the Over-allotment Option is fully exercised) by virtue of the SFO. For more details of the shareholding interest of the controlled corporations of Tianjin Bohai Chemical Industry Group Co., Ltd. in our Bank, please see Note (4) to the table on page 290 above. Tianjin Bohai Chemical Industry Group Co., Ltd. is wholly-owned by the Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會).

As of the Latest Practicable Date, our share capital was 5,126,047,731 Shares, which comprised of 4,400,403,168 Domestic Shares representing approximately 85.84% of our issued share capital, with nominal value of RMB1.00 each, and 725,644,563 Foreign Shares representing approximately 14.16% of our issued share capital, with nominal value of RMB1.00 each.

Immediately after completion of the Global Offering if the Over-Allotment Option is not exercised, our total share capital would be as follows:

Class of Shares	Number of Shares	Approximate percentage of share capital
Domestic Shares	4,309,903,168	71.46%
H Shares to be converted from Foreign Shares	725,644,563	12.03%
H Shares to be converted from Domestic Shares	90,500,000	1.50%
H Shares to be issued pursuant to the Global Offering	905,000,000	15.01%
Total	6,031,047,731	100%

If the Over-allotment Option is exercised in full, our total share capital would be as follows:

Class of Shares	Number of Shares	Approximate percentage of share capital
Domestic Shares	4,296,328,168	69.67%
H Shares to be converted from Foreign Shares	725,644,563	11.77%
H Shares to be converted from Domestic Shares	104,075,000	1.69%
H Shares to be issued pursuant to the Global Offering	1,040,750,000	16.88%
Total	6,166,797,731	100%

OUR SHARES

Upon completion of the Global Offering and the conversion of Foreign Shares, we would have two classes of Shares, namely Domestic Shares and H Shares. Both Domestic Shares and H Shares are ordinary shares in our share capital. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and other persons entitled to hold our H Shares pursuant to relevant PRC laws and regulations, or upon approval by any competent authorities, our H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC.

Domestic Shares and H Shares are regarded as different classes of shares under our Articles of Association. The differences between Domestic Shares and H Shares and the provisions on class rights, the dispatch of notices and financial reports to shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of share transfer and appointment of dividend receiving agents are set forth in our Articles of Association and summarized in Appendix VI—"Summary of Articles of Association". The rights conferred on any class of shareholders may not be varied or abrogated unless approved by a special resolution of the shareholders' general meeting and by holders of such class of shares at a separate shareholders' general meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class of shareholders are listed in Appendix VI—"Summary of Articles of Association". However, the procedures for approval by separate classes of Shareholders do not apply: (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, Shares representing no more than 20% of each of the existing issued Domestic Shares and H Shares, either separately or concurrently once every 12 months; (ii) where our plan to issue Domestic Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval by the securities regulatory authorities of the State Council; or (iii) where the conversion of our unlisted shares into overseas listed shares for listing and trading abroad by our Shareholders upon the approval by the banking regulatory authorities and the securities regulatory authorities.

Except for the differences above, Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be declared in Renminbi and paid by us in Hong Kong Dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of shares.

TRANSFER AND SALE OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding transfer of state-owned shares, our 240 state-owned Shareholders are required to transfer to NSSF, such number of Shares in aggregate equivalent to 10% of the issued share capital of our Bank (being 90,500,000 H Shares before the exercise of the Over-allotment Option or 104,075,000 H Shares in the case of full exercise of the Over-allotment Option) or pay equivalent cash to NSSF at the Offer Price of the Global Offering, or a combination of both. At the time of listing of our H Shares on the Hong Kong Stock Exchange, such Domestic Shares transferred to NSSF by our state-owned Shareholders will be converted into H Shares on a one-for-one basis. Our Bank and such state-owned Shareholders will not receive any amount in respect of the transfer of Domestic Shares to NSSF.

The transfer of state-owned Shares by the abovementioned state-owned Shareholders to NSSF was approved by the SASAC on December 7, 2015. The conversion of such Domestic Shares into H Shares was approved by CSRC on February 26, 2016.

Pursuant to a letter issued by NSSF (She Bao Ji Jin Fa [2016] No. 9) on January 18, 2016, NSSF instructed us to (i) arrange for the sale of the Sale Shares; and (ii) remit the proceeds from the sale of the Sale Shares to an account designated by NSSF. We have been advised by our PRC legal advisor, Tian Yuan Law Firm, that the transfer and sale described above and the conversion have been approved by the relevant PRC authorities and are in compliance with PRC law.

CONVERSION OF OUR DOMESTIC AND FOREIGN SHARES INTO H SHARES

Domestic Shares

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, our Domestic Shares may be converted into overseas listed shares. Such converted Shares could be listed or traded on an overseas stock exchange. Such conversion and listing and trading shall have gone through any requisite internal approval process and approved by the relevant authorities, including CSRC, and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant stock exchange. If any Domestic Shares are to be converted to H Shares and traded on the Hong Kong Stock Exchange, such conversion shall require the approval of the relevant regulatory authorities, including CSRC. The listing and trading of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the conversion of Domestic Shares into H Shares as disclosed below, we may apply for the listing of all or any portion of the Domestic Shares on the Hong Kong Stock Exchange as H Shares before any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No approval by separate class meeting is required for the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the China Securities Depository and Clearing Corporation Limited and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the conditions that (i) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to trade on the Hong Kong Stock Exchange complies with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such shares would not be listed as H Shares.

Foreign Shares

Upon the Global Offering, the Foreign Shares held by ANZ will be converted into H Shares, which will be traded on the Hong Kong Stock Exchange. We obtained the approval from CSRC on February 26, 2016 in respect of the conversion of Foreign Shares into H Shares.

LOCK-UP PERIODS

In accordance with Article 141 of the PRC Company Law, the shares issued prior to any public offering of shares by the company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Bank prior to our issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of senior management shall declare their shareholdings in our Bank and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Bank. The Shares that the aforementioned persons held in our Bank cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in our Bank. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management.

In accordance with Article 2(3) of the Notice on the Regulation of Internal Staff Shares in Financial Enterprises (《關於規範金融企業內部職工持股的通知》), for the regulation of the listing and circulation of staff shares and the strengthening of the management of secondary market circulation of such, a financial enterprise (which is listed or will be listed in the future) shall take steps to regulate the secondary market circulation of its staff shares which are held by its senior management, or individuals holding more than 50,000 staff shares. The aforementioned members of senior management or individuals shall undertake not to transfer the shares held by them within three years from the date of listing of the financial enterprise. After the lapse of the lock-up period, the shares transferred by each of them in each year shall not exceed 15% of their respective total shareholdings in the financial enterprise. The aggregate number of shares transferred by them within 5 years of the lapse of the lock-up period shall not exceed 50% of their respective total shareholdings in the financial enterprise. Apart from the 6-month lockup on our Bank's issue of Shares and the 12-month lockup on the controlling shareholders' disposal of shares, the laws of Hong Kong do not provide for restrictions related to shareholding volume or share transfers.

In addition, ANZ, our existing Shareholder, has undertaken not to transfer H Shares it will hold at the time of Listing, within one year since the Listing Date. All Shares held by ANZ before the Listing Date will be converted into H Shares.

SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which our Shareholders' general meeting and Shareholders' class meeting are required, see subsections "Notice of Meetings and Business to be Conducted Thereat" and "Change of Rights of Existing Shares or Classes of Shares" in Appendix VI—"Summary of Articles of Association".

You should read the discussion and analysis set forth in this section in conjunction with our historical financial information, together with the accompanying notes included in Appendix I — "Accountants' Report". You should also read the following discussion and analysis in conjunction with the preliminary financial information of the Group for the year ended December 31, 2015 and the accompanying notes, as well as the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Appendix IV to this prospectus. Our historical financial information has been prepared in accordance with IFRS.

ASSETS

Our total assets increased by 34.2% from RMB302,346.0 million as of December 31, 2012 to RMB405,687.0 million as of December 31, 2013, and further increased by 18.0% to RMB478,859.1 million as of December 31, 2014, representing a CAGR of 25.8%. As of September 30, 2015, our total assets amounted to RMB545,689.5 million. The increase of our assets during the Track Record Period was mainly caused by the increase in financial assets held under resale agreements primarily as a result of (i) our decision to increase our holding of discounted bills with higher-yields to achieve higher returns, and (ii) our continued efforts to diversify our investment portfolios to meet our financing and liquidity needs. The increase in our total assets was also attributed to the increase in gross loans and advances to customers primarily as a result of our continued efforts to grow our corporate banking and retail banking business. The principal components of our assets consist of (i) loans and advances to customers and (ii) investment securities and other financial assets, representing 33.0% and 34.9%, respectively, of our total assets as of September 30, 2015. The following table sets forth, as of the dates indicated, the components of our total assets.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Gross loans and advances to customers	122,795.2	40.6	148,237.8	36.5	170,918.1	35.7	185,652.2	34.0
Allowance for impairment losses	(4,027.9)	(1.3)	(4,098.8)	(1.0)	(4,456.8)	(0.9)	(5,526.8)	(1.0)
Loans and advances to customers, net	118,767.3	39.3	144,139.0	35.5	166,461.3	34.8	180,125.4	33.0
Investment securities and other financial assets	83,474.8	27.6	108,055.4	26.6	123,400.2	25.8	190,275.9	34.9
Financial assets held under resale agreements	9,582.1	3.2	71,893.2	17.7	80,050.7	16.7	73,728.0	13.5
Cash and deposits with central bank	47,558.1	15.7	56,774.0	14.0	62,689.2	13.1	57,511.7	10.5
Deposits with banks and other financial institutions	37,025.0	12.2	16,453.0	4.1	31,685.0	6.6	24,476.4	4.5
Placements with banks and other financial institutions	2,391.8	0.8	3,803.6	0.9	9,574.7	2.0	13,854.1	2.5
Other assets[(1)]	3,546.9	1.2	4,568.8	1.2	4,998.0	1.0	5,718.0	1.1
Total assets	**302,346.0**	**100.0**	**405,687.0**	**100.0**	**478,859.1**	**100.0**	**545,689.5**	**100.0**

Note:

(1) Consists primarily of interest receivable, property and equipment, deferred tax assets, long-term deferred expenses, intangible assets and other receivables.

Loans and Advances to Customers

Loans and advances to customers are a substantial component of our assets. Our loans and advances to customers, net of allowance for impairment losses, represented 39.3%, 35.5%, 34.8% and 33.0% of our total assets as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. We provide a broad range of loan products to our customers through our distribution network. Substantially all of our customer loans are denominated in Renminbi. Except as otherwise indicated, the following discussion is based on our gross loans and advances to customers, before taking into account the related allowance for impairment losses, rather than our net loans and advances to customers. Our loans and advances to customers are reported net of the allowance for impairment losses on our statements of financial position.

Our gross loans and advances to customers increased by 20.7% from RMB122,795.2 million as of December 31, 2012 to RMB148,237.8 million as of December 31, 2013, which further increased by 15.3% to RMB170,918.1 million as of December 31, 2014. As of September 30, 2015, our gross loans and advances to customers amounted to RMB185,652.2 million.

Distribution of Loans by Business Line

Our loans and advances to customers consist of corporate loans, personal loans and discounted bills. For a description of the loan products we offer, please see the section headed "Business — Our Principal Business Activities". The following table sets forth, as of the dates indicated, our loans to customers by business line.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Corporate loans[1]	102,620.1	83.6	110,837.3	74.8	129,196.2	75.6	154,273.8	83.1
Personal loans	15,428.8	12.6	21,023.5	14.2	22,630.9	13.2	24,034.9	12.9
Discounted bills	4,746.3	3.8	16,377.0	11.0	19,091.0	11.2	7,343.5	4.0
Total loans to customers	**122,795.2**	**100.0**	**148,237.8**	**100.0**	**170,918.1**	**100.0**	**185,652.2**	**100.0**

Note:

(1) Including trade financing business, which amounted to RMB5,462.1 million, RMB2,833.2 million, RMB4,420.0 million and RMB2,914.4 million as of December 31, 2012, 2013 and 2014 and September 30, 2015.

Corporate Loans

Corporate loans and advances are the largest component of our loan portfolio, representing 83.6%, 74.8%, 75.6% and 83.1% of our total loans and advances to customers as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our corporate loans increased by 8.0% from RMB102,620.1 million as of December 31, 2012 to RMB110,837.3 million as of December 31, 2013, which further increased by 16.6% to RMB129,196.2 million as of December 31, 2014. As of September 30, 2015, our corporate loans amounted to RMB154,273.8 million. The continued increase in our corporate loans was in line with the development of our corporate banking business.

Distribution of Corporate Loans by Contract Maturity

A majority of our corporate loans were short-term loans, with maturity of one year or less. The following table sets forth, as of the dates indicated, the distribution of our corporate loans by contract maturity:

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Short-term loans (one year or less)	65,341.1	63.7	69,329.4	62.6	82,458.4	63.8	94,964.9	61.6
Medium- and long-term loans (over one year)	37,279.0	36.3	41,507.9	37.4	46,737.8	36.2	59,308.9	38.4
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Short-term loans as a percentage of our corporate loan portfolio remained relatively stable, representing 63.7%, 62.6%, 63.8% and 61.6% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Medium- and long-term loans as a percentage of our corporate loan portfolio remained relatively stable, representing 36.3%, 37.4%, 36.2% and 38.4% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Distribution of Corporate Loans by Product Type

The following table sets forth, as of the dates indicated, the distribution of our corporate loans by product type. For details of each type of our corporate loans, please see the section headed "Business — Our Principal Business Activities — Corporate Banking — Corporate Loans".

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Working capital loans	61,698.5	60.1	71,002.6	64.1	86,238.3	66.7	106,942.0	69.3
Fixed asset loans	34,765.6	33.9	36,234.6	32.7	36,905.1	28.6	42,731.1	27.7
Trade finance	5,462.1	5.3	2,883.2	2.6	4,420.0	3.4	2,914.4	1.9
Others[1]	693.9	0.7	716.9	0.6	1,632.8	1.3	1,686.3	1.1
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Note:

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

Working capital loans are the largest component of our corporate loans, representing 60.1%, 64.1%, 66.7% and 69.3% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our working capital loans increased by 15.1% from RMB61,698.5 million as of December 31, 2012 to RMB71,002.6 million as of December 31, 2013, which further increased by 21.5% to RMB86,238.3 million as of December 31, 2014. As of September 30, 2015, our working capital loans amounted to RMB106,942.0 million. The increase in our working capital loans was primarily due to our continued efforts to extend short-term loans, which mainly were working capital loans, to meet our SME borrowers' increasing funding needs and support their development.

Fixed asset loans are the second largest component of our corporate loans, representing 33.9%, 32.7%, 28.6% and 27.7% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our fixed asset loans increased by 4.2% from RMB34,765.6 million as of December 31, 2012 to RMB36,234.6 million as of December 31, 2013, which further increased by 1.9% to RMB36,905.1 million as of December 31, 2014. As of September 30, 2015, our fixed asset loans amounted to RMB42,731.1 million. The continued increase of our fixed asset loans was primarily due to our efforts to cater to the credit demands of our corporate customers for infrastructure construction projects as our response to PRC government's policy to support the municipal infrastructure construction.

Trade finance represented 5.3%, 2.6%, 3.4% and 1.9% of our total corporate loans as of December 31, 2012, 2013, 2014 and September 30, 2015, respectively. At the same dates, our trade finance amounted to RMB5,462.1 million, RMB2,883.2 million, RMB4,420.0 million and RMB2,914.4 million, respectively.

Other corporate loans consist primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft. Other corporate loans amounted to RMB693.9 million, RMB716.9 million, RMB1,632.8 million and RMB1,686.3 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Distribution of Corporate Loans by Industry

Our corporate loans consist of loans to corporate customers in a broad range of industries. The following table sets forth, as of the dates indicated, the distribution of our corporate loans by industry classification.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Wholesale and retail	24,844.6	24.2	24,278.0	21.9	29,340.9	22.7	34,240.8	22.2
Manufacturing	23,811.9	23.2	26,873.3	24.3	29,521.1	22.9	33,291.8	21.5
Construction	10,504.7	10.3	11,765.8	10.6	15,217.0	11.8	21,900.3	14.2
Real estate(1)	13,978.1	13.6	14,312.0	12.9	15,489.8	12.0	18,051.5	11.7
Water, environment and public facilities management	7,772.0	7.6	9,952.6	9.0	10,924.1	8.5	12,679.9	8.2
Leasing and business services	5,349.9	5.2	5,200.3	4.7	8,278.3	6.4	9,179.5	6.0

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Transportation, storage and postal services	3,067.8	3.0	2,826.0	2.6	2,890.3	2.2	4,775.4	3.1
Resident services and other services	1,684.0	1.6	1,553.4	1.4	2,168.0	1.7	4,716.2	3.1
Public administration, social security and social organization	2,678.9	2.6	3,006.3	2.7	2,351.5	1.8	2,670.0	1.7
Finance	704.4	0.7	1,448.7	1.3	3,529.4	2.7	2,497.2	1.6
Scientific research and technical services	1,781.6	1.7	2,014.3	1.8	1,725.4	1.3	2,227.9	1.4
Electricity, gas and water production and supply	1,651.9	1.6	1,393.4	1.3	1,648.2	1.3	1,870.2	1.2
Accommodation and catering	1,455.5	1.4	1,454.4	1.3	1,438.2	1.1	1,659.8	1.1
Agriculture, forestry, animal husbandry and fishery	859.9	0.8	1,862.7	1.7	1,706.1	1.3	1,598.1	1.0
Others[(2)]	2,474.9	2.5	2,896.1	2.5	2,967.9	2.3	2,915.2	2.0
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Note:

(1) Consists primarily of following: (i) real estate development and operation, (ii) real property management, (iii) real estate intermediary services, and (iv) self-owned real estate operation.

(2) Consists primarily of following industries: (i) information transmission, software and information technology services, (ii) mining, (iii) health and social services, (iv) education, and (v) cultural, sports and entertainment.

The aggregate balance of loans to our corporate borrowers in (i) wholesale and retail industry, (ii) manufacturing industry, (iii) construction industry, (iv) real estate industry, as well as (v) our water, environment and public facilities management industry, being the top five industries in terms of our aggregate corporate loan exposure as of September 30, 2015, collectively represented 78.9%, 78.7%, 77.9% and 77.8% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Our loans to corporate borrowers in the wholesale and retail industry represented 24.2%, 21.9%, 22.7% and 22.2% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to corporate borrowers in the wholesale and retail industry decreased by 2.3% from RMB24,844.6 million as of December 31, 2012 to RMB24,278.0 million as of December 31, 2013, which further increased by 20.9% to RMB29,340.9 million as of December 31, 2014. As of September 30, 2015, our loans to corporate borrowers in the wholesale and retail industry increased to RMB34,240.8 million. The continued increase in our loans to corporate borrowers in the wholesale and retail industry from 2013 were primarily due to our expansion of lending to SME borrowers, of which many are in the wholesale and retail industry, in recent years.

Our loans to corporate borrowers in the manufacturing industry represented 23.2%, 24.3%, 22.9% and 21.5% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to corporate borrowers in the manufacturing industry increased by 12.9% from RMB23,811.9 million as of December 31, 2012 to RMB26,873.3 million as of December 31, 2013, which further increased by 9.9% to RMB29,521.1 million as of December 31, 2014. As of September 30, 2015, our loans to corporate borrowers in manufacturing industry amounted to RMB33,291.8 million. The continued increase in our loans to corporate borrowers in the manufacturing industry was primarily due to our increased credit exposure to our corporate customers in manufacturing industry to meet their robust financing demands in light of the growing manufacturing industry in Tianjin and other locations of our branches.

Our loans to corporate borrowers in the construction industry represented 10.3%, 10.6%, 11.8% and 14.2% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to corporate borrowers in the construction industry, which mainly construction enterprises, were increased by 12.0% from RMB10,504.7 million as of December 31, 2012 to RMB11,765.8 million as of December 31, 2013, which further increased by 29.3% to RMB15,217.0 million as of December 31, 2014. As of September 30, 2015, our loans to corporate borrowers in the construction industry amounted to RMB21,900.3 million. The continued increase in our loans to corporate borrowers in the construction industry was primarily due to our increased credit support for infrastructure construction projects sponsored by the PRC government.

Our loans to corporate borrowers in the real estate industry represented 13.6%, 12.9%, 12.0% and 11.7% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to corporate borrowers in the real estate industry increased by 2.4% from RMB13,978.1 million as of December 31, 2012 to RMB14,312.0 million as of December 31, 2013, which further increased by 8.2% to RMB15,489.8 million as of December 31, 2014. As of September 30, 2015, our loans to corporate borrowers in the real estate industry amounted to RMB18,051.5 million. The continued decrease in the percentage of our loans to borrowers in the real estate industry of our total corporate loans primarily resulted from our efforts to limit our overall exposure ratio to this industry. The continued increase in our loans to borrowers in the real estate industry of our total corporate loans was primarily due to our efforts to increase lending for real estate projects with relatively high quality on the premise of further strengthening our risk management policy.

Our loans to corporate borrowers in the water, environment and public facilities management industry represented 7.6%, 9.0%, 8.5% and 8.2% of our total corporate loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to corporate borrowers in the water, environment and public facilities management industry, increased by 28.1% from RMB7,772.0 million as of December 31, 2012 to RMB9,952.6 million as of December 31, 2013, which further increased by 9.8% to RMB10,924.1 million as of December 31, 2014. As of September 30, 2015, our loans to corporate borrowers in the water, environment and public facilities management industry amounted to RMB12,679.9 million. The continued increase in our loans to corporate borrowers in the water, environment and public facilities management industry was primarily due to (i) our increased efforts to extend loans to corporate customers in water, environment and public facilities management industry as our active response to the Green Credit Guidelines issued by CBRC in 2012, and (ii) our active efforts to cater to the credit demands of our corporate customers to infrastructure construction projects and irrigation and water conservancy projects.

Distribution of Corporate Loans by Exposure Size

The following table sets forth, as of the dates indicated, the distribution of our corporate loan exposure to borrowers by size.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Over RMB500 million	15,240.6	14.8	18,990.9	17.1	31,122.3	24.1	37,414.5	24.2
Over RMB100 million to RMB500 million	38,004.4	37.0	38,836.0	35.1	43,546.4	33.8	51,804.8	33.6
Over RMB50 million to RMB100 million	11,155.5	10.9	12,571.5	11.3	15,163.6	11.7	20,122.9	13.0
Over RMB10 million to RMB50 million	32,839.1	32.0	35,125.7	31.7	34,788.0	26.9	39,963.8	25.9
Up to RMB10 million	5,380.5	5.3	5,313.2	4.8	4,575.9	3.5	4,967.8	3.3
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Corporate loans of over RMB500 million increased by 24.6% from RMB15,240.6 million (representing 14.8% of our total corporate loans) as of December 31, 2012 to RMB18,990.9 million (representing 17.1% of our total corporate loans) as of December 31, 2013, which further increased by 63.9% to RMB31,122.3 million (representing 24.1% of our total corporate loans) as of December 31, 2014. As of September 30, 2015, our loans of over RMB500 million amounted to RMB37,414.5 million, representing 24.2% of our total corporate loans. The continued increase in our loans of over RMB500 million, both in absolute terms and as a percentage of our total corporate loans, was primarily due to our efforts to cater to the credit demands of our corporate customers, most of which engage in infrastructure construction projects in light of the accelerated overall development of infrastructure construction projects in China.

Distribution of Corporate Loans by Size of Corporate Borrowers

The following table sets forth, as of the dates indicated, distribution of our corporate loans by size of borrowers.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Small and Micro enterprises [(1)]	17,715.5	17.3	24,223.8	21.9	35,894.6	27.8	59,162.6	38.3
Medium enterprises [(1)]	37,557.3	36.6	42,793.0	38.6	45,072.8	34.9	48,110.5	31.2
Large enterprises [(1)]	39,796.2	38.8	37,019.1	33.4	42,904.7	33.2	37,661.8	24.4
Others[(2)]	7,551.1	7.3	6,801.4	6.1	5,324.1	4.1	9,338.9	6.1
Total corporate loans	**102,620.1**	**100.0**	**110,837.3**	**100.0**	**129,196.2**	**100.0**	**154,273.8**	**100.0**

Notes:

(1) The classification criteria for large, medium, small and micro enterprises are set forth in the Provisions on the Standards for the Classification of Small and Medium Enterprises.

(2) Primarily includes loans to public institutions.

Our loans to large enterprises as a percentage of our corporate loan portfolio was 38.8%, 33.4%, 33.2% and 24.4% as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. The continued decrease of our loans to large enterprises as a percentage of our total corporate loans was primarily due to our decision to allocate more resources to develop business relationship with SME borrowers.

Our SME loans include corporate loans to medium, small and micro enterprises. Our SME loans increased by 21.2% from RMB55,272.8 million as of December 31, 2012 to RMB67,016.8 million as of December 31, 2013, which further increased by 20.8% to RMB80,967.4 million as of December 31, 2014. As of September 30, 2015, our SME loans amounted to RMB107,273.1 million, representing 69.5% of our total corporate loans. The increase in our SME loans resulted primarily due to (i) our continued efforts to extend loans to SME borrowers aiming to become a partner bank with SMEs, and (ii) a rapid growth in our client base of SME borrowers.

Personal Loans

As of December 31, 2012, 2013 and 2014 and September 30, 2015, our personal loans represented 12.6%, 14.2%, 13.2% and 12.9% of our total loans to customers.

Our personal loans increased by 36.3% from RMB15,428.8 million as of December 31, 2012 to RMB21,023.5 million as of December 31, 2013, which further increased by 7.6% to RMB22,630.9 million as of December 31, 2014. As of September 30, 2015, our personal loans amounted to RMB24,034.9 million. The continued increase in our personal loans was primarily due to our strategy and continued efforts to grow our retail banking business.

Distribution of Personal Loans by Product Type

The table below sets forth, as of the dates indicated, our personal loans by product type.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Residential mortgage loans	7,484.0	48.5	9,848.7	46.8	9,812.3	43.4	9,715.7	40.4
Personal consumption loans	5,477.7	35.5	8,113.7	38.6	8,956.0	39.5	10,356.2	43.1
Personal business loans	2,318.9	15.0	2,816.7	13.4	3,594.8	15.9	3,602.7	15.0
Credit card overdrafts	148.2	1.0	244.4	1.2	267.8	1.2	360.3	1.5
Total personal loans	**15,428.8**	**100.0**	**21,023.5**	**100.0**	**22,630.9**	**100.0**	**24,034.9**	**100.0**

Residential mortgage loans represented 48.5%, 46.8%, 43.4% and 40.4% of our personal loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our residential mortgage loans increased by 31.6% from RMB7,484.0 million as of December 31, 2012 to RMB9,848.7 million as of December 31, 2013, primarily due to (i) our efforts to grow our residential mortgage loan business to meet the various needs of our retail customers, and (ii) our increased marketing efforts on residential mortgage loans as our response to the PRC government's sound policy on the residential mortgage loans. Our residential mortgage loans as of September 30, 2015 remained relatively stable compared to that as of December 31, 2013 and December 31, 2014.

Personal consumption loans represented 35.5%, 38.6%, 39.5% and 43.1% of our personal loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our personal consumption loans increased by 48.1% from RMB5,477.7 million as of December 31, 2012 to RMB8,113.7 million as of December 31, 2013, and further increased by 10.4% to RMB8,956.0 million as of December 31, 2014, primarily due to our efforts to grow our personal consumption loan business to meet the increasing consumption needs of our retail customers. As of September 30, 2015, our personal consumption loans amounted to RMB10,356.2 million.

Personal business loans represented 15.0%, 13.4%, 15.9% and 15.0% of our personal loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our personal business loans increased by 21.5% from RMB2,318.9 million as of December 31, 2012 to RMB2,816.7 million as of December 31, 2013, which further increased by 27.6% to RMB3,594.8 million as of December 31, 2014, primarily due to our continued efforts to provide credit support to small and micro business owners including individual businesses, and the expansion of our distribution network. As of September 30, 2015, personal business loans amounted to RMB3,602.7 million.

Credit card overdrafts represented 1.0%, 1.2%, 1.2% and 1.5% of our personal loans as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Distribution of Personal Loans by Exposure Size

The following table sets forth, as of the dates indicated, the distribution of our outstanding personal loans by exposure size.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Up to RMB500,000	7,719.0	50.0	8,537.9	40.6	8,240.1	36.4	7,964.1	33.1
Over RMB500,000 to RMB1,000,000	3,563.9	23.1	4,440.2	21.1	4,347.8	19.2	4,145.2	17.3
Over RMB1,000,000 to RMB10,000,000	3,945.5	25.6	7,307.1	34.8	8,868.3	39.2	9,832.0	40.9
Over RMB10,000,000	200.4	1.3	738.3	3.5	1,174.7	5.2	2,093.6	8.7
Total personal loans	**15,428.8**	**100.0**	**21,023.5**	**100.0**	**22,630.9**	**100.0**	**24,034.9**	**100.0**

Our personal loans of over RMB10 million increased, as a percentage of our total personal loans, from 1.3% as of December 31, 2012 to 3.5% as of December 31, 2013, which further increased to 5.2% as of December 31, 2014. Our personal loans of over RMB10 million amounted to RMB2,093.6 million as of September 30, 2015, representing 8.7% of our total personal loans. The continued increase in our personal loans of over RMB10 million as a percentage of our total personal loans was primarily due to our increasing credit support to small and micro business owners, including individual businesses, which was in line with our strategy to help small and micro businesses to support the capital needs.

Discounted Bills

Discounted bills represented an important component of our portfolio of loans and advances to customers. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our total discounted bills represented 3.8%, 11.0%, 11.2% and 4.0% of our total corporate loans, respectively. These loans increased by 245.0% from RMB4,746.3 million as of December 31, 2012 to RMB16,377.0 million as of December 31, 2013, primarily due to our efforts to grow such business in consideration of the relatively lower risk and higher liquidity of discounted bills. Our discounted bills retained relatively stable as of December 31, 2014 compared to the year ended December 31, 2013, which amounted to RMB19,091.0 million. As of September 30, 2015, these loans decreased to RMB7,343.5 million, primarily due to our allocation of funds to other assets with higher yields in light of the decrease of the market interest rates of discounted bills in 2015.

The following table sets forth, as of the dates indicated, a breakdown of our discounted bills by type of obligations:

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Bank acceptance bills	4,337.3	91.4	15,877.0	96.9	16,573.4	86.8	3,642.9	49.6
Commercial acceptance bills	409.0	8.6	500.0	3.1	2,517.6	13.2	3,700.6	50.4
Total discounted bills	**4,746.3**	**100.0**	**16,377.0**	**100.0**	**19,091.0**	**100.0**	**7,343.5**	**100.0**

Our discounted bills consisted of bank acceptance bills and commercial acceptance bills. Bank acceptance bills generally present lower credit risk than commercial acceptance bills, whereas commercial acceptance bills bear higher discount rates. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our bank acceptance bills accounted for 91.4%, 96.9%, 86.8% and 49.6% of our total discounted bills, respectively. The changes in bank acceptance bills as a percentage of total discounted bills primarily reflected our adjustments of the composition of our discounted bill portfolio to balance risk and return.

Distribution of Loans to Customers by Geographical Region

We classify loans geographically based on the location of the branch or sub-branch that originated the loan. Our branches or sub-branches generally originate loans to borrowers located in the same geographical areas. The following table sets forth, as of the dates indicated, the distribution of our loans to customers by geographic region based on the location of relevant braches and sub-branches that originated such loan.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Tianjin	83,935.1	68.4	93,693.1	63.2	98,948.7	57.9	105,114.5	56.6
Shandong Province	7,837.5	6.4	11,010.2	7.4	15,812.2	9.3	19,406.7	10.5
Shanghai	7,651.9	6.2	10,769.5	7.3	13,917.0	8.1	18,831.6	10.1
Beijing	10,517.6	8.6	15,080.0	10.2	17,827.0	10.4	15,560.2	8.4
Sichuan Province	5,307.3	4.3	8,330.0	5.6	13,674.8	8.0	13,970.4	7.5
Hebei Province	7,545.8	6.1	9,355.0	6.3	10,738.4	6.3	12,768.8	6.9
Total loans and advances to customers	**122,795.2**	**100.0**	**148,237.8**	**100.0**	**170,918.1**	**100.0**	**185,652.2**	**100.0**

Our loans and advances to customers originated in Tianjin represented the largest component of our total loans to customers, representing 68.4%, 63.2%, 57.9% and 56.6% of our total loans to customers as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our loans to customers originated in Tianjin increased by 11.6% from RMB83,935.1 million as of December 31, 2012 to RMB93,693.1 million as of December 31, 2013, and further increased by 5.6% to RMB98,948.7 million as of December 31, 2014, which was in line with our business development. As of September 30, 2015, our loans to customers originated in Tianjin amounted to RMB105,114.5 million. Our loans and advances to customers originated in Tianjin decreased as a percentage of our total loans to customers, primarily due to our business strategy to grow business in branches and sub-branches outside of Tianjin and our continued efforts to extend our distribution network.

We opened a tier-one branch in Shandong Province in May 2010. Our loans to customers originated by our branch and sub-branches in Shandong Province increased by 40.5% from RMB7,837.5 million as of December 31, 2012 to RMB11,010.2 million as of December 31, 2013, which further increased by 43.6% to RMB15,812.2 million as of December 31, 2014. As of September 30, 2015, our loans to customers originated by our branch and sub-branches in Shandong Province amounted to RMB19,406.7 million. The continued increase in our loans to customers originated by our branch and sub-branches in Shandong Province, both in absolute terms and as a percentage of our total loans, was primarily attributable to the robust financing demands from SMEs and individual borrowers in Shandong Province.

We opened a tier-one branch in Shanghai in October 2009. Our loans to customers originated by our branch and sub-branches in Shanghai increased by 40.7% from RMB7,651.9 million as of December 31, 2012 to RMB10,769.5 million as of December 31, 2013, which further increased by 29.2% to RMB13,917.0 million as of December 31, 2014. As of September 30, 2015, our loans to customers originated by our branch and sub-branches in Shanghai amounted to RMB18,831.6 million. The continued increase in our loans to customers originated by our branch and sub-branches in Shanghai was in line with our business development in such area.

We opened a tier-one branch in Beijing in September 2007. Our loans to customers originated by our branch and sub-branches in Beijing increased by 43.4% from RMB10,517.6 million as of December 31, 2012 to RMB15,080.0 million as of December 31, 2013, which further increased by 18.2% to RMB17,827.0 million as of December 31, 2014, primarily due to an increase of our business volumes with corporate customers located in Beijing. Our loans to customers originated by branches and sub-branches in Beijing decreased to RMB15,560.2 million as of September 30, 2015, primarily due to the recovery of certain loans to large state-owned enterprises with relatively lower loan interest rates to achieve higher return on assets.

We opened a tier-one branch in Sichuan Province in May 2011. Our loans to customers originated by our branch and sub-branches in Sichuan Province increased by 57.0% from RMB5,307.3 million as of December 31, 2012 to RMB8,330.0 million as of December 31, 2013, which further increased by 64.2% to RMB13,674.8 million as of December 31, 2014. As of September 30, 2015, our loans to customers originated by our branch and sub-branches in Sichuan Province amounted to RMB13,970.4 million. The continued increase in our loans to customers originated by our branch and sub-branches in Sichuan Province was primarily attributable to our continued efforts to extend our loans to SME borrowers in Sichuan Province to support their capital needs.

We opened a tier-one branch in Hebei Province in June 2008. Our loans to customers originated by our branch and sub-branches in Hebei Province increased by 24.0% from RMB7,545.8 million as of December 31, 2012 to RMB9,355.0 million as of December 31, 2013, which further increased by 14.8% to RMB10,738.4 million as of December 31, 2014. As of September 30, 2015, our loans to customers originated by our branch and sub-branches in Hebei Province amounted to RMB12,768.8 million. The continued increase in our loans to customers originated by our branch and sub-branches in Hebei Province primarily reflected the increasing demand for credit along with the economic development in this area.

Distribution of Loans by Collateral

A substantial amount of our loans and advances to customers is secured by mortgages, pledges or guarantees. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our loans and advances to customer secured by mortgages, pledges or guarantees amounted to RMB113,739.7 million, RMB139,160.1 million, RMB159,277.3 million and RMB172,775.9 million, respectively, representing 92.6%, 93.9%, 93.2% and 93.1% of our total loans to customers, respectively. The following table sets forth, as of the dates indicated, the distribution of our loans to customers by type of collateral.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Unsecured loans	9,055.5	7.4	9,077.7	6.1	11,640.8	6.8	12,876.3	6.9
Guaranteed loans	64,884.6	52.8	70,505.1	47.6	82,699.4	48.4	83,105.3	44.8
Collateralized loans(1)	41,937.3	34.2	49,782.9	33.6	51,113.1	29.9	60,180.1	32.4
Pledged loans(1)	6,917.8	5.6	18,872.1	12.7	25,464.8	14.9	29,490.5	15.9
Total loans and advances to customers	**122,795.2**	**100.0**	**148,237.8**	**100.0**	**170,918.1**	**100.0**	**185,652.2**	**100.0**

Note:

(1) Represents the total amount of loans fully or partially secured by collateral in each category. If a loan is secured by more than one form of security interest, the allocation is based on the primary form of security interest.

In order to effectively manage and control potential risks associated with unsecured loans, we have implemented stringent application approval standards and procedures for granting unsecured loans. Conditions we request for granting unsecured loans include size of assets, asset-liability ratio, profitability, credit records and shareholder background of relevant applicants. Our unsecured loans were RMB9,055.5 million, RMB9,077.7 million, RMB11,640.8 million and RMB12,876.3 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively, representing 7.4%, 6.1%, 6.8% and 6.9% of our total loans to customers at the same dates, respectively, which remained relatively stable.

Borrowers Concentration

In accordance with applicable PRC banking laws and regulations, we are subject to a lending limit of 10% of our regulatory capital to any single borrower. Please see "Supervision and Regulation — Other Operational and Risk Management Ratios". The following table sets forth, as of the date indicated, our loan exposure to our ten largest single borrowers, all of which were classified as normal at that date.

		As of September 30, 2015			
	Industry	**Amount**	**% of total loans**	**% of regulatory capital(1)**	**Classification**
		(in millions of RMB, except percentages)			
Borrower A	Wholesale and retail	1,835.5	1.0	4.4	Normal
Borrower B	Real estate	1,550.0	0.8	3.7	Normal
Borrower C	Water, environment and public facilities management	1,395.0	0.8	3.3	Normal
Borrower D	Construction	1,200.0	0.7	2.9	Normal
Borrower E	Water, environment and public facilities management	1,148.9	0.6	2.7	Normal
Borrower F	Water, environment and public facilities management	1,126.9	0.6	2.7	Normal
Borrower G	Manufacturing	1,060.0	0.6	2.5	Normal
Borrower H	Real estate	1,049.0	0.6	2.5	Normal
Borrower I	Real estate	1,015.0	0.6	2.4	Normal
Borrower J	Real estate	1,015.0	0.6	2.4	Normal
Total		**12,395.3**	**6.7**	**29.5**	

Note:

(1) Represents loan balances as a percentage of our regulatory capital, calculated in accordance with the requirements of the Capital Administration Measures and based on our financial statements prepared in accordance with PRC GAAP. For a calculation of our regulatory capital as of September 30, 2015, please see "Financial Information — Capital Resources — Capital Adequacy".

In accordance with applicable PRC banking guidelines, we are subject to a credit limit of 15% of our regulatory capital to any single group customer. The following table sets forth, as of the date indicated, our credit exposure to our ten largest group customers, all of which were classified as normal at that date.

	As of September 30, 2015					
	Industry	Credit exposure[(1)]	% of regulatory capital[(2)]	Loan balance	% of total loans	Classification
		(in millions of RMB, except percentages)				
Group A	Water, environment and public facilities management	3,113.0	7.4	33.0	0.0	Normal
Group B	Water, environment and public facilities management	3,000.0	7.1	—	—	Normal
Group C	Resident services and other services	2,965.0	7.0	2,465.0	1.3	Normal
Group D	Manufacturing	2,801.3	6.7	1,230.0	0.7	Normal
Group E	Real estate	2,624.0	6.2	1,844.6	1.0	Normal
Group F	Water, environment and public facilities management	2,591.9	6.2	1,606.9	0.9	Normal
Group G	Water, environment and public utilities management	2,270.0	5.4	—	—	Normal
Group H	Leasing and commercial services	2,000.0	4.8	—	—	Normal
Group I	Real estate	1,940.0	4.6	1,550.0	0.8	Normal
Group J	Resident services and other services	1,910.0	4.5	275.0	0.1	Normal
Total		**25,215.2**	**59.9**	**9,004.5**	**4.9**	

Notes:

(1) Calculated pursuant to the applicable CBRC requirements by (i) adding up all on-balance-sheet credit amount and off-balance-sheet credit amount in respect of each group borrower; and (ii) deducting the total amount of security deposits, certificates of deposit and government bonds in respect of each group borrower.

(2) Represents credit exposure as a percentage of our regulatory capital, calculated in accordance with the requirements of the Capital Administration Measures and based on our financial statements prepared in accordance with PRC GAAP. For a calculation of our regulatory capital as of September 30, 2015, please see "Financial Information — Capital Resources — Capital Adequacy".

Maturity Profile of Loan Portfolio

The following table sets forth, as of the date indicated, our loan products by remaining maturity.

	As of September 30, 2015					
	Due in 3 months or less	Due over 3 months up to 12 months	Due over 1 year up to 5 years	Due in more than 5 years	Indefinite/ repayable on demand	Total
	(in millions of RMB)					
Corporate loans						
Working capital loans	16,953.9	75,243.3	12,421.3	170.5	2,153.0	106,942.0
Fixed asset loans	1,667.0	6,047.8	27,790.2	7,226.1	—	42,731.1
Trade finance	2,213.8	286.5	—	—	414.1	2,914.4
Others[1]	175.9	335.0	—	—	1,175.4	1,686.3
Sub-total	21,010.6	81,912.6	40,211.5	7,396.6	3,742.5	154,273.8
Personal loans						
Residential mortgage loans	133.8	399.6	2,070.7	7,103.2	8.4	9,715.7
Personal consumption loans	363.9	3,081.9	246.6	6,648.4	15.4	10,356.2
Personal business loans	292.4	1,349.1	529.2	1,323.5	108.5	3,602.7
Credit card overdrafts	328.5	0.0	0.0	0.0	31.8	360.3
Subtotal	1,118.6	4,830.6	2,846.5	15,075.1	164.1	24,034.9
Discounted bills						
Bank acceptance bills	2,320.3	1,322.6	0.0	0.0	0.0	3,642.9
Commercial acceptance bills	2,326.4	1,374.2	0.0	0.0	0.0	3,700.6
Subtotal	4,646.7	2,696.8	0.0	0.0	0.0	7,343.5
Total loans and advances to customers	**26,775.9**	**89,440.0**	**43,058.0**	**22,471.7**	**3,906.6**	**185,652.2**

Note:

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

As of September 30, 2015, our corporate loans with remaining maturities of up to one year amounted to RMB102,923.2 million, representing 66.7% of our total corporate loans, consisting primarily of working capital loans, whose tenors are generally no longer than one year.

Our personal loans with remaining maturities of more than five years amounted to RMB15,075.1 million as of September 30, 2015, representing 62.7% of our total personal loans, consisting primarily of residential mortgage loans, which are generally of longer tenors.

Loan Interest Rate Profile

In recent years, PBoC has implemented a series of initiatives to gradually liberalize interest rates and establish a market-based interest rate regime. On July 20, 2013, PBoC removed the floor rates for RMB-denominated loans (except for interest rates on residential mortgage loans) and allowed financial institutions in China to set interest rates based on commercial considerations. During the Track Record Period, we adopted a dynamic approach to repricing our loans with floating interest rates and closely reviewed our loan repricing policies. Currently, a significant portion of our loans to customers with contract maturities up to one year are of fixed interest rates. Our loans to customers with contract maturities of over one year are generally of floating interest rates and we generally reset interest rates on these loans on an annual basis.

Interest rates on residential mortgage loans have been set at no less than 70% of the PBoC benchmark lending rate since October 27, 2008. Interest rates on residential mortgage loans to second-home buyers are required to be no less than 110% of the PBoC benchmark lending rate since April 17, 2010. Please see "Supervision and Regulation — Pricing of Products and Services".

Asset Quality of Our Loan Portfolio

We measure and monitor the asset quality of our loans to customers through our loan classification system. Pursuant to the Guidelines of Risk-based Classification of Loans (《貸款風險分類指引》) issued by CBRC on July 3, 2007, the principal determinants in classifying a loan should be based on the assessment of the repayment ability of the borrower. We classify our loans using a five-category loan classification system, in accordance with CBRC's guidelines. Please see "Supervision and Regulation — Loan Classification, Allowances and Write-Offs — Loan Classification".

Loan Classification Criteria

In determining the classification of our loan portfolio, we apply a series of criteria derived from the Guidelines of Risk-based Classification of Loans (《貸款風險分類指引》). These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of the principal and interest on the loan.

Corporate Loans

Our corporate loan (excluding loans to small or micro enterprises) classification criteria focus on a number of factors, to the extent applicable, including (i) the borrower's ability to repay the loan, based on such factors as the borrower's cash flows, financial condition, profitability and other non-financial factors affecting the borrower's repayment ability; (ii) the borrower's repayment history; (iii) the borrower's willingness to repay; (iv) the profitability of the project financed by our loans; (v) the net realizable value of any collateral and the prospect for support from any guarantor; and (vi) the enforceability of our claims. The key factors for each loan classification are listed below. This is not intended to be an exhaustive list of all factors taken into account in classifying our loans. Please see "Risk Management — Credit Risk Management — Credit Risk Management for Corporate Loans — Post-disbursement Management".

Normal. Loans are classified as normal only if the borrower can honor the terms of its loans and there is no sufficient reason to doubt its ability to repay principal and interest in full on a timely basis.

Special Mention. Loans should be classified as special mention if the borrower is able to service its loans, although repayment may be adversely affected by specific factors, including:

- the principal or any interest payments are overdue for 90 days or less;
- the borrower has used the loan proceeds for a purpose inconsistent with the intended use of the proceeds;
- the borrower is suspected to seek to evade its repayment obligations to banks through mergers and acquisitions, reorganization or spin-offs in bad faith, or other factors that could affect its repayment obligation, although principal and interest payments are still current;
- the new loans used for repaying previous loans and loans with extension of terms are overdue, or needed to be repaid by other financing method;
- the borrower's certain other debt due to us or other banks has become non-performing; or
- there is an apparent trend that the borrower will encounter deteriorated operation and financial condition.

Substandard. Loans should be classified as substandard if the borrower's ability to service its loans is in question as it cannot rely entirely on normal business revenues to repay the principal and interest, and losses may ensue even when collateral or guarantees are invoked. Loans are generally classified as substandard if any of the following circumstances arises:

- the borrower's repayment of loans made by other banks is overdue for more than 90 days and in large amounts;
- the borrower is suspected to seek to evade its repayment obligations to banks through mergers or spin-offs in bad faith, or other factors that could affect its repayment obligation, and principal and interest payments are overdue; or
- the loan requires restructuring by amending repayment terms of loan contract because of the borrower's deteriorated financial condition or inability to pay.

Doubtful. Loans should be classified as doubtful if the borrower cannot repay the principal and interest in full and significant losses will need to be recognized even when collateral or guarantees are invoked. Loans in the doubtful category generally demonstrate the following characteristics:

- the borrower is unable to make payments when due and its production or operations have been suspended or partially suspended, or the infrastructure project financed by our loan has been suspended;
- the loan is still overdue or the borrower is still unable to repay the loan notwithstanding a restructuring of the loan; or
- the borrower has been dissolved or closed down, or had their business licenses deregistered, but it is expected that certain of the principal can be recovered.

Loss. Loans should be classified as loss if only a minimal portion or no principal and interest could be recovered after all possible measures have been taken and all legal remedies have been exhausted. Corporate loans in the loss category generally demonstrate the following characteristics:

- the borrower or the guarantor has been declared bankrupt and the loan or a portion thereof remains unpaid after the liquidation process; or
- the loan remains unpaid even after the conclusion of a judicial proceeding with respect to the borrower or the enforcement of the guarantee or foreclosure on the collateral, either because the borrower or the guarantor has no assets for enforcement, or they do not meet the qualification requirements or have ceased to be in existence, or the court ruled against us due to the lapse of the statute of limitations or the loss of important documents evidencing our credit rights.

Loans that need to be restructured should be at least classified as substandard. Restructured loans refer to loans of which the Bank amends the repayment terms under the loan contract due to deterioration of the borrower's financial position or the borrower's inability to repay the loan. The restructured loan should be at least classified as doubtful if it is still overdue after the restructuring, or if the borrower is still unable to repay the loan after the restructuring.

Loans to Small or Micro Enterprises and Personal Business Loans

In applying the loan classification criteria to loans to small or micro enterprises and personal business loans, we primarily take into account the length of time by which payments of principal or interest are overdue and the type of collateral.

The following table sets forth the five-category classification of our loans to small or micro enterprises and personal business loans, to which our credit exposure is up to RMB5 million, by time for which payments of the principal or interest are overdue and by type of collateral.

		Overdue by				
	Current	**1-30 days**	**31-90 days**	**91-180 days**	**181-360 days**	**Over 361 days**
Unsecured loans	Normal	Special attention	Substandard	Doubtful	Doubtful	Loss
Guaranteed loans	Normal	Special attention	Special attention	Substandard	Doubtful	Loss
Loans secured by mortgages	Normal	Special attention	Special attention	Special attention	Substandard	Doubtful
Loans secured by pledges	Normal	Normal	Special attention	Special attention	Substandard	Doubtful

Personal Loans (Excluding Personal Business Loans)

The following table sets forth the five-category classification of our on-balance sheet loans to retail customers by time for which payments of principal or interest are overdue.

	Overdue days
Normal	0
Special mention	1-90
Substandard	91-180
Doubtful	181-360
Loss	>360

Credit Cards Overdraft

In applying the loan classification criteria to credit card overdrafts, we consider the time by which the principal or interest is overdue. The table below sets forth the five-category classification of our credit card overdraft business in terms of the overdue period of loans:

	Overdue days
Normal	0
Special mention	1-90
Substandard	91-120
Doubtful	121-180
Loss	>180

Distribution of Loans by Loan Classification

The following table sets forth, as of the dates indicated, the distribution of our loan portfolio by the five-category loan classification. We use the term "non-performing loans" and "impaired loans" synonymously to refer to the loans identified as "impaired loans and advances" in Note 21 to our historical financial information included in the Accountants' Report in Appendix I to this document. Under our five-category loan classification system, our non-performing loans are classified as substandard, doubtful or loss, as applicable.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Normal	116,431.4	94.82	142,422.8	96.07	163,703.7	95.78	176,326.1	94.98
Special mention	5,475.4	4.46	4,291.7	2.90	5,343.0	3.13	6,559.8	3.53
Sub-total	**121,906.8**	**99.28**	**146,714.5**	**98.97**	**169,046.7**	**98.91**	**182,855.9**	**98.51**
Substandard	115.5	0.09	1,384.3	0.94	1,300.9	0.76	1,405.4	0.76
Doubtful	236.4	0.19	79.6	0.05	179.4	0.10	910.5	0.49
Loss	536.5	0.44	59.4	0.04	391.1	0.23	450.4	0.24
Sub-total	**888.4**	**0.72**	**1,523.3**	**1.03**	**1,871.4**	**1.09**	**2,766.3**	**1.49**
Total loans to customers	**122,795.2**	**100.00**	**148,237.8**	**100.00**	**170,918.1**	**100.00**	**185,652.2**	**100.00**
Non-performing loan ratio[1]		**0.72**		**1.03**		**1.09**		**1.49**

Note:

(1) Calculated by dividing total non-performing loans by gross loans to customers.

The following table sets forth, as of the dates indicated, the distribution of our loans to customers by business line and by the five-category loan classification system.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total(3)	Amount	% of total(3)	Amount	% of total(3)	Amount	% of total(3)
	(in millions of RMB, except percentages)							
Corporate loans								
Normal	96,486.8	94.02	105,376.3	95.08	122,559.1	94.86	145,789.5	94.50
Special mention	5,290.5	5.16	4,071.4	3.67	4,967.6	3.85	6,049.0	3.92
Substandard	99.1	0.10	1,355.7	1.22	1,263.6	0.98	1,333.8	0.86
Doubtful	225.8	0.22	19.7	0.02	130.5	0.10	828.0	0.54
Loss	517.9	0.50	14.2	0.01	275.4	0.21	273.5	0.18
Subtotal	**102,620.1**	**100.00**	**110,837.3**	**100.00**	**129,196.2**	**100.00**	**154,273.8**	**100.00**
Non-performing loan ratio(1)		**0.82**		**1.25**		**1.29**		**1.58**
Personal loans								
Normal	15,198.3	98.50	20,669.5	98.32	22,190.0	98.05	23,193.1	96.49
Special mention	184.9	1.20	220.3	1.05	239.0	1.06	510.8	2.13
Substandard	16.4	0.11	28.6	0.14	37.3	0.16	71.6	0.30
Doubtful	10.6	0.07	59.9	0.28	48.9	0.22	82.5	0.34
Loss	18.6	0.12	45.2	0.21	115.7	0.51	176.9	0.74
Subtotal	**15,428.8**	**100.00**	**21,023.5**	**100.00**	**22,630.9**	**100.00**	**24,034.9**	**100.00**
Non-performing loan ratio(1)		**0.30**		**0.64**		**0.89**		**1.38**
Discounted bills								
Normal	4,746.3	100.00	16,377.0	100.00	18,954.6	99.29	7,343.5	100.00
Special mention	—	—	—	—	136.4	0.71	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Subtotal	**4,746.3**	**100.00**	**16,377.0**	**100.00**	**19,091.0**	**100.00**	**7,343.5**	**100.00**
Non-performing loan ratio(1)		**—**		**—**		**—**		**—**
Total loans to customers	**122,795.2**		**148,237.8**		**170,918.1**		**185,652.2**	
Non-performing loan ratio(2)		**0.72**		**1.03**		**1.09**		**1.49**

Notes:

(1) Calculated by dividing non-performing loans in each business line by gross loans in that business line.

(2) Calculated by dividing total non-performing loans by gross loans to customers.

(3) Calculated by dividing total loans by gross loans in that business line.

Our non-performing loan ratio was 0.72%, 1.03%, 1.09% and 1.49% as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Our non-performing loan ratio increased from 0.72% as of December 31, 2012 to 1.03% as of December 31, 2013, primarily due to a significant increase of our substandard corporate loans from RMB99.1 million in 2012 to RMB1,355.7 million in 2013, resulting from operational difficulties and deteriorated repayment abilities of certain of our corporate customers, especially borrowers in steel manufacturing and steel trading enterprise, as a result of the slowdown in the PRC economy.

Our non-performing loan ratio increased from 1.03% as of December 31, 2013 to 1.09% as of December 31, 2014, primarily attributable to (i) an increase in our non-performing corporate loans, reflecting the operational difficulties and deteriorated repayment abilities of our corporate customers, especially borrowers in steel manufacturing and steel trading enterprise, as a result of the slowdown in the PRC economy, and (ii) an increase of our personal loans of loss category from RMB45.2 million in 2013 to RMB115.7 million in 2014, primarily resulted from operational difficulties and deteriorated repayment abilities of certain of our retail customers during the slowdown in the PRC economy.

Our non-performing loan ratio increased from 1.09% as of December 31, 2014 to 1.49% as of September 30, 2015, primarily attributable to (i) an increase in our non-performing corporate loans, reflecting the operational difficulties and deteriorated repayment abilities of our corporate customers in steel manufacturing and steel trading industries as a result of the slowdown in the PRC economy, and (ii) an increase of non-performing personal loans, reflecting operational difficulties and deteriorated repayment our abilities of certain individual businesses during the slowdown in the PRC economy.

Loans classified as special mention

As of December 31, 2012, 2013 and 2014 and September 30, 2015, the volume of our loans and advances to customers that are classified as special mention was RMB5,475.4 million, RMB4,291.7 million, RMB5,343.0 million and RMB6,559.8 million, respectively, representing 4.5%, 2.9%, 3.1% and 3.5%, respectively, of our total loans and advances to customers. The percentage of loans classified as special mention increased from 2.9% as of December 31, 2013 to 3.1% as of December 31, 2014, and further increased to 3.5% as of September 30, 2015, primarily due to our decision to classify several loans to corporate customers in manufacturing industry and wholesale and retail industry with potential risks as special mention as a result of the slowdown in the PRC economy. The percentage of loans classified as special mention decreased from 4.5% as of December 31, 2012 to 2.9% as of December 31, 2013. The decrease was primarily due to the fact that we managed to recover a certain amount of our loans and advances to customers classified as special mention in 2013.

The following table sets forth, as of the dates indicated, the distribution of our loans of special mention category to customers by collateral.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Unsecured loans	207.1	3.8	39.8	0.9	26.2	0.5	8.2	0.1
Guaranteed loans	3,819.5	69.8	2,657.8	62.0	2,528.9	47.3	3,939.8	60.1
Collateralized loans	1,436.9	26.2	1,271.2	29.6	2,523.3	47.2	2,610.4	39.8
Pledged loans	11.9	0.2	322.9	7.5	264.6	5.0	1.4	0.0
Total loans special mention category to customers	**5,475.4**	**100.0**	**4,291.7**	**100.0**	**5,343.0**	**100.0**	**6,559.8**	**100.0**

Changes in Asset Quality of Our Loans

The following table sets forth, for the periods indicated, the changes in our non-performing loans.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(in millions of RMB, except percentages)			
Beginning of the year/period	894.0	888.4	1,523.3	1,871.4
Increase	**613.0**	**1,750.7**	**1,356.0**	**1,014.1**
Additions[(1)]	194.3	372.7	342.9	149.4
Downgrades	418.7	1,378.0	1,013.1	864.7
Decrease	**618.6**	**1,115.8**	**1,007.8**	**119.2**
Recoveries	618.6	247.1	630.2	110.7
Upgrades	0.0	0.0	0.0	8.5
Write offs	0.0	6.6	377.6	0.0
Disposals	0.0	862.3	0.0	0.0
End of the year/period	**888.4**	**1,523.3**	**1,871.4**	**2,766.3**
NPL Ratio	**0.72**	**1.03**	**1.09**	**1.49**

Note:

(1) Includes non-performing loans incurred as a result of new loans and advances to customers.

Our new loans downgraded to non-performing classifications consist primarily of advances under bank acceptances and letters of credits issued by us.

The following table sets forth, for the periods indicated, the migration ratios of our loan portfolio, calculated in accordance with the applicable CBRC requirements.

	For the year ended December 31,			For the nine months ended September 30,
	2012	2013	2014	2015
Normal and special mention loans[(1)]	0.31%	1.37%	0.85%	0.90%
Normal loans[(2)]	2.66%	2.54%	3.41%	4.00%
Special mention loans[(3)]	0.58%	36.28%	7.78%	22.90%
Substandard loans[(4)]	20.59%	12.13%	14.46%	67.92%
Doubtful loans[(5)]	6.98%	10.27%	87.57%	24.25%

(1) Represents migration ratios of loans classified as normal or special mention which were downgraded to non-performing loans. The migration ratio of normal and special mention loans represents a fraction, the numerator of which equals the sum of (i) loans classified as normal at the beginning date of the period and downgraded to non-performing classifications at the end of the period, and (ii) loans classified as special mention at the beginning date of the period and downgraded to non-performing classifications at the end of the period, and the denominator of which equals the sum of (i) the difference between the balance of normal loans at the beginning date of the period and the decrease, in the period, in the loans which were classified as normal at the beginning date of the period, and (ii) the difference between the balance of special mention loans at the beginning date of the period and the decrease in such loans in the period.

(2) Represents migration ratio of loans classified as normal which were downgraded to other classifications. The normal loan migration ratio represents a fraction, the numerator of which equals loans classified as normal at the beginning date of the period and downgraded to lower classifications at the end of the period, and the denominator of which equals the difference between the balance of normal loans at the beginning date of the period and the decrease in such loans in the period.

(3) Represents migration ratio of loans classified as special mention which were downgraded to non-performing loans. The special mention loan migration ratio represents a fraction, the numerator of which equals the loans which were classified as special mention at the beginning date of the period and downgraded to non-performing loans at the end of the period, and the denominator of which equals the difference between the balance of special mention loans at the beginning date of the period and the decrease in such loans in the period.

(4) Represents migration ratio of loans classified as substandard which were downgraded to doubtful or loss. The substandard loan migration ratio represents a fraction, the numerator of which equals the loans classified as substandard at the beginning date of the period and downgraded to doubtful or loss at the end of the period, and the denominator of which equals the difference between the balance of substandard loans at the beginning date of the period and the decrease in such loans in the period.

(5) Represents migration ratio of loans classified as doubtful which were downgraded to loss. The doubtful loan migration ratio represents a fraction, the numerator of which equals the loans classified as doubtful at the beginning date of the period and downgraded to loss at the end of the period, and the denominator of which equals the difference between the balance of doubtful loans at the beginning date of the period and the decrease in such loans in the period.

Distribution of Non-Performing Loans by Product Type

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans by product type.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	NPL ratio(2)	Amount	% of total	NPL ratio(2)	Amount	% of total	NPL ratio(2)	Amount	% of total	NPL ratio(2)
	(in millions of RMB, except percentages)											
Corporate loans												
Working capital loans	290.5	34.5	0.47	795.3	57.2	1.12	1,116.2	66.9	1.29	1,670.6	68.6	1.56
Fixed asset loans	449.8	53.4	1.29	197.1	14.2	0.54	7.4	0.4	0.02	38.1	1.6	0.09
Trade finance	—	—	—	—	—	—	8.2	0.5	0.18	8.1	0.3	0.28
Others(1)	102.5	12.1	14.77	397.2	28.6	55.40	537.7	32.2	32.93	718.5	29.5	42.61
Subtotal	**842.8**	**100.0**	**0.82**	**1,389.6**	**100.0**	**1.25**	**1,669.5**	**100.0**	**1.29**	**2,435.3**	**100.0**	**1.58**
Personal loans												
Residential mortgage loans	21.2	46.5	0.28	43.7	32.7	0.44	52.3	25.9	0.53	77.4	23.4	0.80
Personal consumption loans	6.2	13.6	0.11	12.7	9.5	0.16	18.3	9.1	0.20	41.1	12.4	0.40
Personal business loans	16.0	35.1	0.69	71.2	53.2	2.53	119.2	59.0	3.32	188.8	57.0	5.24
Credit card overdrafts	2.2	4.8	1.46	6.1	4.6	2.49	12.1	6.0	4.50	23.7	7.2	6.59
Subtotal	**45.6**	**100.0**	**0.30**	**133.7**	**100.0**	**0.64**	**201.9**	**100.0**	**0.89**	**331.0**	**100.0**	**1.38**
Total non-performing loans	**888.4**		**0.72**	**1,523.3**		**1.03**	**1,871.4**		**1.09**	**2,766.3**		**1.49**

Notes:

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

(2) Calculated by dividing non-performing loans in each product type by gross loans in that product type.

The non-performing loan ratio for our corporate loans increased from 0.82% as of December 31, 2012 to 1.25% as of December 31, 2013, with a 64.9% increase in our non-performing corporate loans from RMB842.8 million to RMB1,389.6 million. The increase in our non-performing corporate loans was primarily due to the increase of the non-performing loans of our working capital loans by 173.8% from RMB290.5 million in 2012 to RMB795.3 million in 2013, resulting from operational difficulties and deteriorated repayment abilities of certain of our corporate customers, especially some borrowers in steel manufacturing and steel trading industry, as a result of the slowdown in the PRC economy.

Our non-performing corporate loans increased by 20.1% from RMB1,389.6 million (representing non-performing loan ratio of 1.25%) as of December 31, 2013 to RMB1,669.5 million (representing non-performing loan ratio of 1.29%) as of December 31, 2014, primarily due to the increase of the non-performing loans of our working capital loans by 40.3% from RMB795.3 million in 2013 to RMB1,116.2 million in 2014, reflecting the operational difficulties and deteriorated repayment abilities of our corporate customers, especially some borrowers in steel manufacturing and steel trading industry, due to a general slowdown in the PRC economy.

As of September 30, 2015, our non-performing corporate loans amounted to RMB2,435.3 million, representing a non-performing loan ratio of 1.58%, primarily due to the operational difficulties and deteriorated repayment abilities of our corporate customers, especially some borrowers in steel manufacturing and steel trading industry, due to a general slowdown in the PRC economy.

The non-performing loan ratio for our personal loans increased from 0.30% as of December 31, 2012 to 0.64% as of December 31, 2013, which further increased to 0.89% as of December 31, 2014. Our non-performing personal loans amounted to RMB331.0 million as of September 30, 2015, representing a non-performing loan ratio of 1.38%. The increases in our non-performing personal loans and the non-performing loan ratio for our personal loans were primarily due to the increase in our non-performing personal business loans, reflecting the operational difficulties and deteriorated repayment abilities of certain individual business during the slowdown in the PRC economy.

Distribution of Non-Performing Corporate Loans by Industry

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans to corporate customers by industry.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	NPL ratio[1]	Amount	% of total	NPL ratio[1]	Amount	% of total	NPL ratio[1]	Amount	% of total	NPL ratio[1]
	(in millions of RMB, except percentages)											
Wholesale and retail	247.1	29.3	0.99	1,082.4	77.9	4.46	1,281.4	76.7	4.37	1,684.6	69.2	4.92
Manufacturing	281.5	33.4	1.18	104.2	7.5	0.39	173.0	10.4	0.59	426.9	17.5	1.28
Resident services and other services	0.0	0.0	0.00	0.0	0.0	0.00	142.3	8.5	6.56	149.3	6.1	3.16
Leasing and business services	75.0	8.9	1.40	0.0	0.0	0.00	25.0	1.5	0.30	77.9	3.2	0.85
Accommodation and catering	0.0	0.0	0.00	3.4	0.2	0.23	21.0	1.3	1.46	33.0	1.4	1.99
Real estate[2]	7.1	0.8	0.05	0.0	0.0	0.00	0.0	0.0	0.00	32.5	1.3	0.18
Transportation, storage and postal services	0.0	0.0	0.00	0.0	0.0	0.00	11.8	0.7	0.41	11.6	0.5	0.24
Health and social services	0.0	0.0	0.00	0.0	0.0	0.00	9.8	0.6	1.54	9.8	0.4	1.69
Cultural, sports and entertainment	0.0	0.0	0.00	0.0	0.0	0.00	5.2	0.3	2.71	5.2	0.2	1.56
Agriculture, forestry, animal husbandry and fishery	2.5	0.3	0.29	3.6	0.3	0.19	0.0	0.0	0.00	4.5	0.2	0.28

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	NPL ratio[(1)]	Amount	% of total	NPL ratio[(1)]	Amount	% of total	NPL ratio[(1)]	Amount	% of total	NPL ratio[(1)]
	(in millions of RMB, except percentages)											
Construction	1.0	0.1	0.01	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.0	0.00
Electricity, gas and water production and supply	30.0	3.6	1.82	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.00
Scientific research and technical services	196.0	23.3	11.00	196.0	14.1	9.73	0.0	0.0	0.00	0.0	0.0	0.00
Information transmission, software and information technology services	2.6	0.3	0.56	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.0	0.00
Others[(3)]	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.0	0.00
Total non-performing corporate loans	**842.8**	**100.0**	**0.82**	**1,389.6**	**100.0**	**1.25**	**1,669.5**	**100.0**	**1.29**	**2,435.3**	**100.0**	**1.58**

Notes:

(1) Calculated by dividing non-performing loans to corporate customers in each industry by gross loans to corporate customers in that industry.

(2) Consists primarily of following: (i) real estate development and operation, (ii) real property management, (iii) real estate intermediary services, and (iv) self-owned real estate operation.

(3) Consists primarily of the following industries: (i) water, environment and public facilities management, (ii) finance, (iii) public administration, social security and social organization, (iv) mining, and (v) education.

Our non-performing corporate loans consist primarily of non-performing loans to corporate borrowers in the wholesale and retail industry. The non-performing loan ratio for our corporate loans in the wholesale and retail industry was 0.99%, 4.46%, 4.37% and 4.92% as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, non-performing corporate loans to borrowers in this industry accounted for 29.3%, 77.9%, 76.7% and 69.2% of our total non-performing corporate loans, respectively. The increase in the non-performing loan ratio for our corporate loans to borrowers in the wholesale and retail industry primarily reflected the financial condition of certain borrowers including steel trading enterprises and coal trading enterprises deteriorated in the wholesale and retail industry due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the manufacturing industry was 1.18%, 0.39%, 0.59% and 1.28% as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, non-performing corporate loans to borrowers in this industry accounted for 33.4%, 7.5%, 10.4% and 17.5% of our total non-performing corporate loans, respectively. Our non-performing loan ratio for our corporate loans to borrowers in the manufacturing industry increased from 0.39% as of December 31, 2013 to 0.59% as of December 31, 2014, which further increased to 1.28% as of September 30, 2015, primarily reflected the financial condition of certain corporate borrowers including steel manufacturing enterprises and small processing and manufacturing enterprises deteriorated due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the resident services and other services industry was 6.56% and 3.16% as of December 31, 2014 and September 30, 2015, respectively. Our non-performing loans for our corporate loans to borrowers in the resident services and other services industry increased from nil as of December 31, 2013 to RMB142.3 million as of December 31, 2014, which further increased by 4.9% to RMB149.3 million as of September 30, 2015, primarily due to the financial condition of certain corporate borrowers deteriorated due to the failure to recover their trade receivables during the slowdown in the PRC economy. As of December 31, 2012 and 2013, we did not have any non-performing loans to corporate borrowers in the resident services and other services industry.

The non-performing loan ratio for our corporate loans in the leasing and business services industry was 1.40%, nil, 0.30% and 0.85% as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. As of December 31, 2012, 2013 and 2014 and September 30, 2015, non-performing corporate loans to borrowers in this industry accounted for 8.9%, nil, 1.5% and 3.2% of our total non-performing corporate loans, respectively. Our non-performing ratio for our corporate loans to borrowers in the leasing and business services industry decreased from 1.40% as of December 31, 2012 to nil as of December 31, 2013, primarily due to we disposed such non-performing loans in 2013. Our non-performing ratio for our corporate loans to borrowers in the leasing and business services industry increased from nil as of December 31, 2013 to 0.30% as of December 31, 2014, which further increased to 0.85% as of September 30, 2015, primarily due to operational difficulties and deteriorated repayment abilities of certain of our corporate customers as a result of a general slowdown in the PRC economy.

Distribution of Non-Performing Loans by Geographical Region

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans by geographical region.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in millions of RMB, except percentages)											
Tianjin	791.6	89.2	0.94	1,357.6	89.2	1.45	1,297.6	69.4	1.31	1,765.2	63.8	1.68
Beijing	68.6	7.7	0.65	54.6	3.6	0.36	97.6	5.2	0.55	155.0	5.6	1.00
Shandong Province	0.7	0.1	0.01	0.7	0.0	0.01	30.8	1.6	0.20	80.6	2.9	0.42
Shanghai	26.2	2.9	0.34	110.4	7.2	1.03	399.1	21.3	2.87	483.4	17.5	2.57
Hebei Province	1.3	0.1	0.02	0.0	0.0	0.00	0.3	0.0	0.00	224.0	8.1	1.75
Sichuan Province	0.0	0.0	0.00	0.0	0.0	0.00	46.0	2.5	0.34	58.1	2.1	0.42
Total non-performing loans	**888.4**	**100.0**	**0.72**	**1,523.3**	**100.0**	**1.03**	**1,871.4**	**100.0**	**1.09**	**2,766.3**	**100.0**	**1.49**

Note:

(1) Calculated by dividing non-performing loans in each region by total loans in that region.

Our non-performing loans as of December 31, 2012, 2013 and 2014 and September 30, 2015 were primarily originated in Tianjin because most of our loans in these years were originated in Tianjin. For the distribution of loans to customers by geographical region, please see the section headed "— Loans and Advances to Customers — Distribution of Loans to Customers by Geographical Region".

Distribution of Non-Performing Loans by Collateral

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans by types of collateral.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in millions of RMB, except percentages)											
Corporate loans												
Unsecured loans	—	—	—	—	—	—	—	—	—	20.0	0.7	0.16
Guaranteed loans	552.1	62.1	0.91	915.6	60.2	1.40	1,161.3	62.1	1.50	1,761.2	63.6	2.26
Collateralized loans	290.7	32.7	0.91	441.9	29.0	1.24	475.2	25.4	1.31	621.1	22.5	1.38
Pledged loans	—	—	—	32.1	2.1	0.18	33.0	1.8	0.14	33.0	1.2	0.13
Subtotal	**842.8**	**94.8**	**0.82**	**1,389.6**	**91.3**	**1.25**	**1,669.5**	**89.3**	**1.29**	**2,435.3**	**88.0**	**1.58**
Personal loans												
Unsecured loans	8.8	1.0	4.44	6.1	0.4	2.16	12.1	0.6	3.81	23.7	0.9	5.57
Guaranteed loans	5.9	0.7	0.13	26.4	1.7	0.51	23.2	1.2	0.43	24.7	0.9	0.48
Collateralized loans	30.9	3.5	0.31	101.2	6.6	0.72	165.6	8.8	1.12	257.8	9.3	1.71
Pledged loans	—	—	—	—	—	—	1.0	0.1	0.05	24.8	0.9	0.73
Subtotal	**45.6**	**5.2**	**0.30**	**133.7**	**8.7**	**0.64**	**201.9**	**10.7**	**0.89**	**331.0**	**12.0**	**1.38**
Total non-Performing loans	**888.4**	**100.0**	**0.72**	**1,523.3**	**100.0**	**1.03**	**1,871.4**	**100.0**	**1.09**	**2,766.3**	**100.0**	**1.49**

Note:

(1) Calculated by dividing non-performing loans in each business line secured by each type of collateral by gross loans in that type of collateral.

Distribution of Non-performing Corporate Loans by Collateral

As of December 31, 2014, we did not have any unsecured non-performing corporate loans. Our unsecured non-performing corporate loans were RMB20.0 million as of September 30, 2015, primarily due to the operational difficulties and deteriorated repayment abilities of one of our corporate customers resulting from the failure to recover its trade receivables during the general slowdown in the PRC economy.

Our guaranteed non-performing corporate loans increased by 65.8% from RMB552.1 million (representing a non-performing loan ratio of 0.91%) as of December 31, 2012 to RMB915.6 million (representing a non-performing loan ratio of 1.40%) as of December 31, 2013, and further increased by 26.8% to RMB1,161.3 million (representing a non-performing loan ratio of 1.50%) as of December 31, 2014. As of September 30, 2015, our guaranteed non-performing corporate loans increased to RMB1,761.2 million (representing a non-performing loan ratio of 2.26%). The continued increase in our guaranteed non-performing corporate loans was primarily due to the operational difficulties and deteriorated financial condition of certain of our corporate customers in the slowdown of the PRC economy.

Our collateralized non-performing corporate loans increased by 52.0% from RMB290.7 million as of December 31, 2012 to RMB441.9 million as of December 31, 2013, and further increased by 7.5% to RMB475.2 million as of December 31, 2014. As of September 30, 2015, our collateralized non-performing corporate loans increased to RMB621.1 million (representing a non-performing loan ratio of 1.38%). The continued increase in our collateralized non-performing loans was primarily due to the operational difficulties and deteriorated financial condition of certain of our corporate customers in the slowdown of the PRC economy.

Distribution of Non-performing Personal Loans by Collateral

Our unsecured non-performing personal loans decreased by 30.7% from RMB8.8 million (representing a non-performing loan ratio of 4.44%) as of December 31, 2012 to RMB6.1 million (representing a non-performing loan ratio of 2.16%) as of December 31, 2013, primarily due to our increased efforts to recover certain amount of the overdue credit card payments in 2013. Our unsecured non-performing personal loans increased by 98.4% from RMB6.1 million (representing a non-performing loan ratio of 2.16%) as of December 31, 2013 to RMB12.1 million (representing a non-performing loan ratio of 3.81%) as of December 31, 2014. As of September 30, 2015, our unsecured non-performing personal loans amounted to RMB23.7 million, representing a non-performing loan ratio of 5.57%. The continued increase in our unsecured non-performing personal loans was primarily due to the operational difficulties and deteriorated repayment abilities of certain of our retail customers as a result of the slowdown in the PRC economy.

Our guaranteed non-performing personal loans increased by 347.5% from RMB5.9 million (representing a non-performing loan ratio of 0.13%) as of December 31, 2012 to RMB26.4 million (representing a non-performing loan ratio of 0.51%) as of December 31, 2013, primarily due to the financial condition of certain of our clients which are small business owners in Shanghai were adversely affected by the economic downturn. Our guaranteed non-performing personal loans decreased by 12.1% from RMB26.4 million (representing a non-performing loan ratio of 0.51%) as of December 31, 2013 to RMB23.2 million (representing a non-performing loan ratio of 0.43%) as of December 31, 2014, which remained relatively stable. As of September 30, 2015, our guaranteed non-performing personal loans amounted to RMB24.7 million, representing a non-performing loan ratio of 0.48%.

Our collateralized non-performing personal loans increased by 227.5% from RMB30.9 million (representing a non-performing loan ratio of 0.31%) as of December 31, 2012 to RMB101.2 million (representing a non-performing loan ratio of 0.72%) as of December 31, 2013, and further increased by 63.6% to RMB165.6 million (representing a non-performing loan ratio of 1.12%) as of December 31, 2014. As of September 30, 2015, our collateralized non-performing personal loans amounted to RMB257.8 million, representing a non-performing loan ratio of 1.71%. The continued increase in our collateralized non-performing personal loans was primarily attributable to our residential mortgage loans and personal business loans to certain retail customers, which were downgraded to non-performing loans resulting from their operational difficulties and deteriorated financial condition in the downturn of the PRC economy.

Ten Largest Non-performing Borrowers

The following table sets forth, as of the date indicated, our borrowers with the ten largest non-performing loan balances outstanding.

	As of September 30, 2015				
	Industry	Outstanding principal amount	Classification	% of total non-performing loans	% of total regulatory capital[(1)]
		(in millions of RMB, except percentages)			
Borrower A	Wholesale and retail	631.8	Doubtful	22.8	1.50
Borrower B	Wholesale and retail	200.9	Loss	7.3	0.48
Borrower C	Resident services and other services	113.4	Substandard	4.1	0.27
Borrower D	Wholesale and retail	78.7	Substandard	2.8	0.19
Borrower E	Leasing and business services	50.0	Substandard	1.8	0.12
Borrower F	Wholesale and retail	48.6	Loss	1.8	0.12
Borrower G	Manufacturing	39.8	Substandard	1.4	0.09
Borrower H	Wholesale and retail	39.5	Substandard	1.4	0.09
Borrower I	Wholesale and retail	33.3	Substandard	1.2	0.08
Borrower J	Real estate	32.5	Substandard	1.2	0.08
Total		**1,268.5**		**45.8**	**3.02**

Note:

(1) Represents loan balance as a percentage of our regulatory capital, calculated in accordance with the requirements of the Capital Administration Measures and based on our financial statements prepared in accordance with PRC GAAP. For a calculation of our regulatory capital as of September 30, 2015, please see "Financial Information — Capital Resources — Capital Adequacy."

Loan Aging Schedule

The following table sets forth, as of the dates indicated, our loan aging schedule.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Current loans	121,484.5	99.0	146,216.1	98.7	166,612.7	97.5	180,030.3	97.0
Loans past due								
Loans past due for Up to 3 months[(1)]	602.5	0.5	470.2	0.3	2,408.0	1.4	2,470.4	1.3
Over 3 months up to 6 months[(1)]	43.8	0.0	442.5	0.3	506.9	0.3	923.2	0.5
Over 6 months up to 1 year[(1)]	285.6	0.2	582.0	0.4	527.6	0.3	498.2	0.3
Over 1 year up to 3 years[(1)]	60.1	0.0	469.9	0.3	858.9	0.5	1,705.2	0.9
Over 3 years[(1)]	318.7	0.3	57.1	0.0	4.0	0.0	24.9	0.0
Sub-total	**1,310.7**	**1.0**	**2,021.7**	**1.3**	**4,305.4**	**2.5**	**5,621.9**	**3.0**
Total loans to customers	**122,795.2**	**100.0**	**148,237.8**	**100.0**	**170,918.1**	**100.0**	**185,652.2**	**100.0**

Note:

(1) Represents the principal amount of the loans on which principal or interest is overdue.

Allowance for Impairment Losses on Loans to Customers

We assess our loans for impairment, determine a level of allowance for impairment losses, and recognize any related provisions in accordance with the requirements of IAS39. Please see "Financial Information — Critical Accounting Judgments and Key Sources of Estimation Uncertainty — Impairment Losses on Financial Assets" and Note 3.8 to our historical financial information included in the Accountants' Report in Appendix I to this prospectus.

Our loans are reported net of allowance for impairment losses on our consolidated statement of financial position. We first assess whether objective evidence of impairment exists individually for our loans that are individually significant, and individually or collectively for our loans that are not individually significant. If we determine that no objective evidence of impairment exists for an individually assessed loans, whether significant or not, such loans are included in a group of loans with similar credit risk characteristics and collectively assessed for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

An impairment loss is recognized in profit or loss when there is objective evidence that loans are impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loans' original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

For further discussion on impairment losses of our loans, please see "Financial Information — Critical Accounting Judgments and Key Sources of Estimation Uncertainty — Impairment Losses on Financial Assets" and Note 3.8 to our historical financial information included in the Accountants' Report in Appendix I to this prospectus.

Distribution of Allowance for Impairment Losses by Loan Classification

The following table sets forth, as of the dates indicated, the allocation of our allowance for impairment losses by loan classification category.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Allowance to loans[(1)]	Amount	% of total	Allowance to loans[(1)]	Amount	% of total	Allowance to loans[(1)]	Amount	% of total	Allowance to loans[(1)]
	(in millions of RMB, except percentages)											
Normal	2,448.0	60.8	2.10	2,712.7	66.2	1.90	2,938.3	65.9	1.79	3,145.5	57.0	1.78
Special mention	804.8	20.0	14.70	507.4	12.4	11.82	295.0	6.6	5.52	480.0	8.7	7.32
Substandard	64.9	1.6	56.21	769.5	18.8	55.60	712.6	16.0	54.78	790.8	14.3	56.27
Doubtful	173.7	4.3	73.45	49.8	1.2	62.52	119.8	2.7	66.77	660.1	11.9	72.50
Loss	536.5	13.3	100.00	59.4	1.4	100.00	391.1	8.8	100.00	450.4	8.1	100.00
Total allowance	**4,027.9**	**100.0**	**3.28**	**4,098.8**	**100.0**	**2.76**	**4,456.8**	**100.0**	**2.61**	**5,526.8**	**100.0**	**2.98**

Note:

(1) Calculated by dividing allowance for impairment losses on loans in each category by the gross loans in that category.

The following table sets forth, as of the dates indicated, the allocation of our allowance for impairment losses by business line and by loan classification category.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	Allowance to NPLs(%)[(2)]	Allowance to loans[(1)]	Amount	Allowance to NPLs(%)[(2)]	Allowance to loans[(1)]	Amount	Allowance to NPLs(%)[(2)]	Allowance to loans[(1)]	Amount	Allowance to NPLs(%)[(2)]	Allowance to loans[(1)]
	(in millions of RMB, except percentages)											
Corporate loans												
Normal	2,311.4	N/A	2.40	2,328.4	N/A	2.21	2,529.5	N/A	2.06	2,976.5	N/A	2.04
Special mention	797.0	N/A	15.06	495.8	N/A	12.18	274.6	N/A	5.53	454.0	N/A	7.51
Substandard	59.3	59.84	59.84	757.3	55.87	55.87	700.7	55.45	55.45	770.9	57.80	57.80
Doubtful	169.4	75.00	75.00	14.9	75.53	75.53	97.9	75.00	75.00	631.8	76.31	76.31
Loss	517.9	100.00	100.00	14.2	100.00	100.0	275.4	100.00	100.0	273.6	100.00	100.00
Subtotal	**3,855.0**	**457.42**	**3.76**	**3,610.6**	**259.83**	**3.26**	**3,878.1**	**232.29**	**3.00**	**5,106.8**	**209.69**	**3.31**
Personal loans												
Normal	22.7	N/A	0.15	22.1	N/A	0.11	17.9	N/A	0.08	19.2	N/A	0.08
Special mention	7.8	N/A	4.23	11.6	N/A	5.28	12.8	N/A	5.37	26.0	N/A	5.10
Substandard	5.6	34.31	34.31	12.2	42.80	42.80	11.9	31.85	31.85	19.9	27.74	27.74
Doubtful	4.3	40.48	40.48	34.9	58.24	58.24	21.9	44.79	44.79	28.3	34.24	34.24
Loss	18.6	100.00	100.00	45.2	100.00	100.00	115.7	100.00	100.00	176.8	100.00	100.00
Subtotal	**59.0**	**129.50**	**0.38**	**126.0**	**94.27**	**0.60**	**180.2**	**89.25**	**0.80**	**270.2**	**81.65**	**1.12**
Discounted bills												
Normal	113.9	N/A	2.40	362.2	N/A	2.21	390.9	N/A	2.06	149.8	N/A	2.04
Special mention	—	—	—	—	—	—	7.6	—	5.54	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**113.9**	**N/A**	**2.40**	**362.2**	**N/A**	**2.21**	**398.5**	**N/A**	**2.09**	**149.8**	**—**	**2.04**
Total allowance	**4,027.9**			**4,098.8**			**4,456.8**			**5,526.8**		

Notes:

(1) Calculated by dividing the allowance for impairment losses on loans in each category by the total loans in that category.

(2) Calculated by dividing the allowance for impairment losses on loans in each category by the total non-performing loans in that category.

Changes to Allowance for Impairment Losses

We report net provisions for impairment losses on loans to customers on our income statement. Please see "Financial Information — Results of Operation for the Nine Months Ended September 30, 2014 and 2015 — Impairment Losses on Assets" and "Financial Information — Results of Operation for the Years Ended December 31, 2012, 2013 and 2014 — Impairment Losses on Assets".

The following table sets forth, for the periods indicated, the changes to the allowance for impairment losses on loans to customers.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	NPL Ratio	Amount	NPL Ratio	Amount	NPL Ratio	Amount	NPL Ratio
	(in millions of RMB, except percentages)							
Beginning of period	3,125.1	0.93	4,027.9	0.72	4,098.8	1.03	4,456.8	1.09
Charge-offs for the period[(1)]	917.1		798.2		770.6		1,105.1	
Unwinding of discount	(18.4)		(21.3)		(49.1)		(35.4)	
Write-offs	—		(710.3)		(377.6)		—	
Recoveries	4.1		4.3		14.1		0.3	
Exchange of different	0		—		—		—	
End of period	**4,027.9**	**0.72**	**4,098.8**	**1.03**	**4,456.8**	**1.09**	**5,526.8**	**1.49**

Note:

(1) Represents the net amount of allowance for impairment losses recognized in the profit statement.

Our allowance for impairment losses on loans to customers increased by 1.8% from RMB4,027.9 million as of December 31, 2012 to RMB4,098.8 million as of December 31, 2013, which further increased by 8.7% to RMB4,456.8 million as of December 31, 2014. As of September 30, 2015, our allowance for impairment losses on loans to customers amounted to RMB5,526.8 million. The continued increase in our allowance for impairment losses on loans to customers was primarily due to the overall increase of our total loan portfolio and an increase in our non-performing loans.

Distribution of Allowance for Impairment Losses by Product Type

The following table sets forth, as of the dates indicated, the distribution of our allowance for impairment losses on loans to customers by product type.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Allowance to NPLs(%)[(2)]	Amount	% of total	Allowance to NPLs(%)[(2)]	Amount	% of total	Allowance to NPLs(%)[(2)]	Amount	% of total	Allowance to NPLs(%)[(2)]
	(in millions of RMB, except percentages)											
Corporate loans												
Working capital loans	2,043.0	50.7	703.24	2,234.4	54.5	280.92	2,506.5	56.2	224.54	3,527.1	63.8	211.11
Fixed asset loans	1,528.5	37.9	339.86	1,079.1	26.3	547.55	814.5	18.3	11,081.62	932.8	16.9	2,450.83
Trade finance	131.1	3.3	N/A	65.2	1.6	N/A	95.6	2.1	1,169.96	65.2	1.2	809.50
Others[(1)]	152.4	3.8	148.72	231.9	5.7	58.38	461.5	10.4	85.82	581.7	10.5	80.96
Subtotal	3,855.0	95.7	457.42	3,610.6	88.1	259.83	3,878.1	87.0	232.29	5,106.8	92.4	209.69
Personal loans												
Residential mortgage loans	29.6	0.8	139.78	47.1	1.1	107.69	50.7	1.1	96.80	66.4	1.2	85.88
Personal consumption loans	15.4	0.4	247.31	23.2	0.6	182.29	26.4	0.6	144.35	43.7	0.8	106.39
Personal business loans	12.1	0.3	75.70	50.3	1.2	70.76	91.9	2.1	77.07	138.7	2.5	73.45
Credit card overdrafts	1.9	0.0	87.64	5.4	0.1	88.9	11.2	0.2	93.23	21.4	0.4	90.28
Subtotal	59.0	1.5	129.50	126.0	3.0	94.27	180.2	4.0	89.25	270.2	4.9	81.65
Discounted bills												
Bank acceptance bills	104.1	2.6	N/A	351.1	8.6	N/A	341.9	7.7	N/A	74.3	1.3	N/A
Commercial acceptance bills	9.8	0.2	N/A	11.1	0.3	N/A	56.6	1.3	N/A	75.5	1.4	N/A
Subtotal	113.9	2.8	N/A	362.2	8.9	N/A	398.5	9.0	N/A	149.8	2.7	N/A
Total allowance	**4,027.9**	**100.0**	**453.41**	**4,098.8**	**100.0**	**269.08**	**4,456.8**	**100.0**	**238.15**	**5,526.8**	**100.0**	**199.79**

Notes:

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdrafts.

(2) Calculated by dividing allowance for impairment losses on loans to customers in each product type by non-performing loans to customers in that in product type.

Distribution of Allowance for Impairment Losses on Corporate Loans by Industry

The following table sets forth, as of the dates indicated, the allowance for impairment losses on corporate loans by industry.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Allowance to NPLs(1)	Amount	% of total	Allowance to NPLs(1)	Amount	% of total	Allowance to NPLs(1)	Amount	% of total	Allowance to NPLs(1)
	(in millions of RMB, except percentages)											
Wholesale and retail	1,005.7	26.1	406.99	1,312.0	36.3	121.21	1,482.2	38.1	115.66	2,006.3	39.4	119.09
Manufacturing	929.9	24.1	330.37	728.2	20.2	698.86	761.3	19.6	440.07	1,068.9	20.9	250.40
Construction	308.9	8.0	30,886.90	297.1	8.2	N/A	329.9	8.5	N/A	450.8	8.8	N/A
Real estate(2)	646.5	16.8	9,095.57	394.4	10.9	N/A	342.7	8.8	N/A	417.0	8.2	1,284.10
Water, environment and public facilities management	185.9	4.8	N/A	236.4	6.5	N/A	225.2	5.8	N/A	259.2	5.1	N/A
Leasing and business services	203.1	5.3	270.79	119.4	3.3	N/A	191.0	4.9	764.10	235.8	4.6	302.82
Residential and other services	44.5	1.2	N/A	34.1	0.9	N/A	121.9	3.1	85.70	178.5	3.5	119.61
Transportation, storage and postal services	75.2	2.0	N/A	63.6	1.8	N/A	83.1	2.1	707.15	138.1	2.7	1,185.63
Public administration, social security and social organizations	64.3	1.7	N/A	66.5	1.8	N/A	48.5	1.3	N/A	54.5	1.1	N/A
Finance	16.9	0.4	N/A	32.0	0.9	N/A	72.8	1.9	N/A	50.9	1.0	N/A
Accommodation and catering	40.1	1.0	N/A	33.1	0.9	973.68	40.9	1.1	194.65	52.4	1.0	158.71
Scientific research and technical services	185.0	4.8	94.41	149.6	4.1	76.30	37.1	1.0	N/A	47.0	0.9	N/A
Electricity, gas and water production and supply	57.0	1.5	190.07	30.8	0.9	N/A	34.7	0.9	N/A	38.1	0.7	N/A
Agriculture, forestry, animal husbandry and fishery	22.3	0.6	897.24	41.9	1.2	1,161.14	34.8	0.9	N/A	36.8	0.7	815.18
Mining	8.8	0.2	N/A	12.7	0.4	N/A	18.1	0.5	N/A	20.0	0.4	N/A
Information transmission, software and information technology services	13.0	0.3	502.50	15.5	0.4	N/A	17.5	0.5	N/A	17.4	0.3	N/A
Health and social services	19.4	0.5	N/A	16.6	0.5	N/A	19.4	0.5	198.69	14.7	0.3	150.91
Education	20.8	0.5	N/A	20.9	0.6	N/A	10.2	0.3	N/A	10.7	0.2	N/A
Cultural, sports and entertainment	7.7	0.2	N/A	5.8	0.2	N/A	6.8	0.2	129.66	9.7	0.2	186.49
Total allowance for corporate loans	**3,855.0**	**100.0**	**457.42**	**3,610.6**	**100.0**	**259.83**	**3,878.1**	**100.0**	**232.29**	**5,106.8**	**100.0**	**209.69**

Notes:

(1) Calculated by dividing allowance for impairment losses on loans to corporate customers in each industry by non-performing loans to corporate customers in that industry.

(2) Consists primarily of following: (i) real estate development and operation, (ii) real property management, (iii) real estate intermediary services, and (iv) self-owned real estate operation.

Distribution of Allowance for Impairment Losses by Geographical Region

The following table sets forth, as of the dates indicated, the allocation of our allowance for impairment losses by geographical region.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Allowance to NPLs(1)	Amount	% of total	Allowance o NPLs(1)	Amount	% of total	Allowance to NPLs(1)	Amount	% of total	Allowance to NPLs(1)
	(in millions of RMB, except percentages)											
Tianjin	3,010.3	74.8	380.30	2,881.3	70.3	212.24	2,651.4	59.6	204.32	3,156.1	57.1	178.80
Beijing	340.3	8.4	496.02	323.8	7.9	593.50	340.9	7.6	349.28	336.4	6.1	217.07
Shandong Province	186.3	4.6	26,235.21	235.9	5.8	32,945.39	327.6	7.4	1,062.13	451.3	8.2	559.80
Shanghai	195.6	4.9	747.55	295.2	7.2	267.26	612.1	13.7	153.39	742.2	13.4	153.52
Hebei Province	174.4	4.3	13,496.90	189.9	4.6	N/A	210.9	4.7	73,474.56	513.7	9.3	229.31
Sichuan Province	121.0	3.0	N/A	172.7	4.2	N/A	313.9	7.0	682.46	327.1	5.9	563.12
Total allowance	**4,027.9**	**100.0**	**453.41**	**4,098.8**	**100.0**	**269.08**	**4,456.8**	**100.0**	**238.15**	**5,526.8**	**100.0**	**199.79**

Note:

(1) Calculated by dividing allowance for impairment losses on loans in each region by non-performing loans originated in that region.

Distribution of Allowance for Impairment Losses by Assessment Methodology

The following table sets forth, as of the dates indicated, the distribution of the allowance for impairment losses for our loans and advances to customers by our assessment methodology.

	As of December 31,									As of September 30,		
	2012			2013			2014			2015		
	Amount	Allowance to NPLs(%)(2)	Allowance to loans(1)	Amount	Allowance to NPLs(%)(2)	Allowance to loans(1)	Amount	Allowance to NPLs(%)(2)	Allowance to loans(1)	Amount	Allowance to NPLs(%)(2)	Allowance to loans(1)
	(in millions of RMB, except percentages)											
Collectively assessed	3,281.3	7,195.19	2.69	3,312.4	2,478.39	2.26	3,382.8	1,675.54	2.00	3,850.5	1,163.38	2.10
Individually assessed	745.6	88.58	88.58	786.4	56.59	56.59	1,074.0	64.33	64.33	1,676.3	68.83	68.83
Total allowance	**4,027.9**	**453.41**	**3.28**	**4,098.8**	**269.08**	**2.76**	**4,456.8**	**238.15**	**2.61**	**5,526.8**	**199.79**	**2.98**

Notes:

(1) Calculated by dividing the amount of the allowance for impairment losses on loans in each category by the total amount of loans and advances in that category.

(2) Calculated by dividing allowance for impairment losses on loans in each category by non-performing loans originated in that category.

Investment Securities and Other Financial Assets

Investment securities and other financial assets are another important component of our assets, representing 27.6%, 26.6%, 25.8% and 34.9% of our total assets as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Our investment securities and other financial assets consist of debt securities, wealth management products issued by other financial institutions, trust beneficiary rights and assets management plans, and equity investments.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Debt securities								
Held-to-maturity debt securities	22,607.4	27.1	21,360.6	19.8	26,233.9	21.3	31,920.9	16.8
Available-for-sale debt securities	11,356.1	13.6	13,482.4	12.4	13,516.9	11.0	9,626.4	5.0
Debt securities held for trading	5,449.0	6.5	4,764.3	4.4	7,512.2	6.1	10,042.6	5.3
Debt securities classified as receivables	1,236.1	1.5	2,528.2	2.3	5,008.4	4.1	12,422.6	6.5
Sub-total	**40,648.6**	**48.7**	**42,135.5**	**38.9**	**52,271.4**	**42.5**	**64,012.5**	**33.6**
Wealth management products issued by other financial institutions	33,317.6	39.9	23,304.8	21.6	15,561.8	12.6	29,145.8	15.3
Sub-total	**33,317.6**	**39.9**	**23,304.8**	**21.6**	**15,561.8**	**12.6**	**29,145.8**	**15.3**
Trust beneficiary rights and assets management plans, net								
Asset management plans	80.0	0.1	22,819.6	21.1	31,516.4	25.5	58,898.0	31.0
Trust beneficiary rights	9,370.0	11.2	19,736.9	18.3	24,091.5	19.5	38,394.2	20.2
Allowance for impairment losses	—		—		(99.5)	(0.1)	(233.2)	(0.1)
Sub-total	**9,450.0**	**11.3**	**42,556.5**	**39.4**	**55,508.4**	**44.9**	**97,059.0**	**51.1**
Equity investments								
Available-for-sale equity investments	58.6	0.1	58.6	0.1	58.6	0.0	58.6	0.0
Sub-total	**58.6**	**0.1**	**58.6**	**0.1**	**58.6**	**0.0**	**58.6**	**0.0**
Total investment securities and other financial assets, net	**83,474.8**	**100.0**	**108,055.4**	**100.0**	**123,400.2**	**100.0**	**190,275.9**	**100.0**

Our total investment securities and other financial assets increased by 29.5% from RMB83,474.8 million as of December 31, 2012 to RMB108,055.4 million as of December 31, 2013, primarily because an increase of our holding of trust beneficiary rights and assets management plans. Our total investment securities and other financial assets increased by 14.2% from RMB108,055.4 million as of December 31, 2013 to RMB123,400.2 million as of December 31, 2014, primarily due to an increase in our holding of debt securities, trust beneficiary rights and assets management plans. As of September 30, 2015, our investment securities and other financial assets amounted to RMB190,275.9

million. The following discussion is based on our gross investment securities and other financial assets before taking into account the allowance for impairment losses. Our investment securities and other financial assets are reported net of the allowance for impairment losses on our statement of financial position.

Debt Securities

Debt securities represented 48.7%, 39.0%, 42.5% and 33.8% of our investment securities and other financial asset portfolio as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our debt securities consist primarily of debt securities issued by the PRC government, PRC policy banks, PRC banks and financial institutions, and PRC corporate issuers. All of the debt securities we held as of December 31, 2012, 2013 and 2014 and September 30, 2015 were denominated in Renminbi. The following table sets forth, as of the dates indicated, the components of our debt securities.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
PRC government bonds	19,289.2	47.4	18,180.7	43.1	20,543.4	39.3	22,109.2	34.6
Debt securities issued by PRC policy banks	17,157.1	42.2	15,384.3	36.5	19,877.4	38.0	21,086.7	32.9
Debt securities issued by PRC banks and other financial institutions	70.1	0.2	240.0	0.6	2,168.3	4.2	6,254.9	9.8
Debt securities issued by PRC corporate issuers	4,132.2	10.2	8,330.5	19.8	9,682.3	18.5	14,561.7	22.7
Total debt securities	**40,648.6**	**100.0**	**42,135.5**	**100.0**	**52,271.4**	**100.0**	**64,012.5**	**100.0**

Debt securities increased by 3.7% from RMB40,648.6 million as of December 31, 2012 to RMB42,135.5 million as of December 31, 2013, primarily due to the increase in our holding in debt securities issued by PRC corporate issuers. Our holding of debt securities increased by 24.1% from RMB42,135.5 million as of December 31, 2013 to RMB52,271.4 million as of December 31, 2014, primarily due to the increase in our holding in PRC government bonds, debt securities issued by PRC policy banks, debt securities issued by PRC banks and other financial institutions and debt securities issued by PRC corporate issuers. As of September 30, 2015, our holding of debt securities amounted to RMB64,012.5 million.

Debt securities issued by PRC governments are the largest component of our debt securities portfolio, representing 47.4%, 43.1%, 39.3% and 34.6% of our total debt securities portfolio as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. Our holding of debt securities issued by PRC governments decreased by 5.7% from RMB19,289.2 million as of December 31, 2012 to RMB18,180.7 million as of December 31, 2013, primarily because our allocation of funds to other assets with higher yields, such as debt securities issued by PRC corporate issuers. Our holding of debt securities issued by PRC governments increased by 13.0% from RMB18,180.7 million as of December 31, 2013 to RMB20,543.4 million as of December 31, 2014, primarily due to our preference for their high liquidity and relatively low risk. As of September 30, 2015, we held debt securities issued by PRC governments of RMB22,109.2 million.

Debt securities issued by PRC policy banks decreased by 10.3% from RMB17,157.1 million as of December 31, 2012 to RMB15,384.3 million as of December 31, 2013, which primarily because our allocation of funds to other assets with higher yields, such as debt securities issued by PRC corporate issuers. Debt securities issued by PRC policy banks increased by 29.2% from RMB15,384.3 million as of December 31, 2013 to RMB19,877.4 million as of December 31, 2014, which primarily because our preference for their high liquidity and relatively low risk. As of September 30, 2015, we held debt securities issued by PRC policy banks of RMB21,086.7 million.

Debt securities issued by PRC banks and other financial institutions increased by 242.4% from RMB70.1 million as of December 31, 2012 to RMB240.0 million as of December 31, 2013. Debt securities issued by PRC banks and other financial institutions increased significantly from RMB240.0 million as of December 31, 2013 to RMB2,168.3 million as of December 31, 2014, which primarily because we increased our investment in debt securities issued by PRC banks and other financial institutions reflecting our preference for such financial debt securities with relatively high returns. As of September 30, 2015, we held debt securities issued by PRC banks and other financial institutions of RMB6,254.9 million.

Debt securities issued by PRC corporate issuers increased by 101.6% from RMB4,132.2 million as of December 31, 2012 to RMB8,520.5 million as of December 31, 2013. Debt securities issued by PRC corporate issuers increased by 16.2% from RMB8,520.5 million as of December 31, 2013 to RMB9,872.3 million as of December 31, 2014. As of September 30, 2015, we held debt securities issued by PRC corporate issuers of RMB14,561.7 million. The continued increase in our holding of debt securities issued by PRC corporate issuers was primarily due to our decision to achieve higher returns on investments whilst maintaining a reasonable level of liquidity.

The following table sets forth, as of the date indicated, the balance of our debt securities portfolio by remaining maturity.

	As of September 30, 2015					
	Overdue	Due within 3 months	Due between 3 to 12 months	Due over 1 year up to 5 years	Due in more than 5 years	Total
	(in millions of RMB)					
PRC government bonds	—	666.0	3,855.4	13,968.3	3,619.5	22,109.2
Debt securities issued by PRC policy banks	—	790.6	5,884.0	14,110.9	301.2	21,086.7
Debt securities issued by PRC banks and other financial institutions	—	1,002.9	1,251.5	3,810.5	190.0	6,254.9
Debt securities issued by PRC corporate issuers	—	1,071.7	2,235.1	9,201.1	2,053.8	14,561.7
Total debt securities	**—**	**3,531.2**	**13,226.0**	**41,090.8**	**6,164.5**	**64,012.5**

The following table sets forth, as of the dates indicated, a breakdown of our debt securities between fixed interest rates and floating interest rates.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Fixed interest rates	36,099.0	88.8	39,477.1	93.7	48,858.0	93.5	60,949.0	95.2
Floating interest rates	4,549.6	11.2	2,658.4	6.3	3,413.4	6.5	3,063.5	4.8
Total debt securities	**40,648.6**	**100.0**	**42,135.5**	**100.0**	**52,271.4**	**100.0**	**64,012.5**	**100.0**

Wealth Management Products Issued by Other Financial Institutions

Wealth management products issued by other financial institutions consist primarily of wealth management products issued by other commercial banks. Our holding of wealth management products issued by other financial institutions amounted to RMB33,317.6 million, RMB23,304.8 million, and RMB15,561.8 million as of December 31, 2012, 2013 and 2014, respectively and the continued decrease of our holding of investment in wealth management products issued by other financial institutions was primarily due to we decided to reduce the investments in this assets type and optimize asset allocations by increasing investments with higher yields, such as asset management plans and trust beneficiary rights, to generate stable investment returns. As of September 30, 2015, our holding of wealth management products issued by other financial institutions amounted to RMB29,145.8 million, representing 15.3% of our investment securities and other financial asset portfolio, primarily due to our decision to invest in non-principal protected wealth management products with higher yields that are issued by PRC reputable financial institutions in order to generate higher returns. Our holding of principal protected wealth management products increased significantly from RMB615.7 million as of December 31, 2013 to RMB3,105.0 million as of December 31, 2014, which further increased by 82.24% to RMB5,658.4 million as of September 30, 2015, primarily due to our decision to increase our holding of principal protected wealth management products from 2013 to generate stable returns.

The following table sets forth, as of the dates indicated, a breakdown of our balance of our wealth management products issued by other financial institutions by category:

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	Amount	Amount	Amount	Amount
	(in millions of RMB, except percentages)			
Principal protected	801.8	615.7	3,105.0	5,658.4
Non-principal protected	32,515.8	22,689.1	12,456.8	23,487.4
Total balance	**33,317.6**	**23,304.8**	**15,561.8**	**29,145.8**

For more information, please see the section headed "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions — Wealth Management Products Issued by Other Financial Institutions".

Asset Management Plans

Asset management plans consist primarily of credit assets, forfeiting domestic letters of credit, bonds and assets backed securities. Our holding of asset management plans increased significantly from RMB80.0 million as of December 31, 2012 to RMB22,819.6 million as of December 31, 2013, and further increased by 38.1% to RMB31,516.4 million as of December 31, 2014. The continued increase of our holding of asset management plans primarily reflected (i) the increases in our funds available for investments, and (ii) our continued efforts to diversify, and seek higher returns on our investment portfolios. As of September 30, 2015, our holding of asset management plans amounted to RMB58,898.0 million. For more information, please see the section headed "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions — Asset Management Plans".

Trust Beneficiary Rights

Trust beneficiary rights are financial instruments that are linked with the beneficiary rights of trust plans sponsored by trust companies. Our holding of trust beneficiary rights increased by 110.6% from RMB9,370.0 million as of December 31, 2012 to RMB19,736.9 million as of December 31, 2013, and further increased by 22.1% to RMB24,091.5 million as of December 31, 2014. The continued increase of our holding of trust beneficiary rights primarily reflected (i) the increases in our funds available for investments, and (ii) our continued efforts to diversify, and seek higher returns on our investment portfolios. As of September 30, 2015, our holding of trust beneficiary rights amounted to RMB38,394.2 million. For more information, please see the section headed "Business — Our Principal Business Activities — Treasury Business — Investments in Securities and Other Financial Assets — Investments in Debt Instruments Issued by Financial Institutions — Trust Beneficiary Rights".

Equity Investments

Our equity investments consist primarily of Renminbi-denominated unlisted equity investments in China UnionPay, Nanyang Country Bank Co., Ltd. (南陽村鎮銀行股份有限公司), and the Clearing Center for City Commercial Banks. Our equity investments remained stable from December 31, 2012 to September 30, 2015 at RMB58.6 million.

Distribution of Investment Securities and Other Financial Assets by Investment Intention

Our investment securities and other financial assets are classified into (i) financial assets at fair value through profit or loss, (ii) available-for-sale financial assets, (iii) held-to-maturity investments, and (iv) investments classified as receivables, primarily based on our investment intentions. Financial assets at fair value through profit or loss are (i) financial assets held for trading purposes and (ii) financial assets we designated upon initial recognition to be carried at fair value through profit or loss in accordance with IAS 39. Held-to-maturity investments are non-derivative investments with fixed or determinable payments and fixed maturities which we intend to and are able to hold to maturity. Investments classified as receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market or are not actively traded. Available-for-sale financial assets are non-derivative financial assets that are not designated or classified as financial assets at fair value through profit or loss, held-to maturity investments, or investments classified as receivables.

The following table sets forth, as of the dates indicated, the distribution of our investment securities and other financial assets by our investment intention. For further details on the components of each category of our investment securities and other financial assets, please see Notes 22 and 23 to our historical financial information included in the Accountants' Report in Appendix I to this prospectus.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Financial assets at fair value through profit or loss	5,449.0	6.5	4,764.3	4.4	7,512.2	6.1	10,042.6	5.3
Available-for-sale financial assets	11,414.7	13.7	13,541.0	12.5	13,575.5	10.9	9,685.0	5.0
Held-to-maturity investments	22,607.4	27.1	21,360.6	19.8	26,233.9	21.3	31,920.9	16.8
Investments classified as receivables	44,003.7	52.7	68,389.5	63.3	76,078.6	61.7	138,627.4	72.9
Total	**83,474.8**	**100.0**	**108,055.4**	**100.0**	**123,400.2**	**100.0**	**190,275.9**	**100.0**

Our financial assets at fair value through profit or loss consist primarily of debt securities issued by the PRC government, PRC policy banks, PRC banks and other financial institutions and PRC corporate entities. Our financial assets at fair value through profit or loss decreased by 12.6% from RMB5,449.0 million as of December 31, 2012 to RMB4,764.3 million as of December 31, 2013, primarily because of our decreased holding of PRC government bonds and debt securities issued by PRC policy banks, which have relatively low yields, to invest in other products with higher investment return. These financial assets increased by 57.7% from RMB4,764.3 million as of December 31, 2013 to RMB7,512.2 million as of December 31, 2014, primarily due to our increased holding in debt securities issued by PRC policy banks to generate stable investment returns in light of the relatively low market risks attributable to decrease of market interests in 2014. As of September 30, 2015, these financial assets increased to RMB10,042.6 million, primarily because we increased our holding of debt securities issued by PRC corporate issuers with high-yields to achieve higher returns.

Our available-for-sale financial assets consist primarily of debt securities issued by the PRC government, PRC policy banks, PRC banks and other financial institutions and PRC corporate entities. Our available-for-sale financial assets increased by 18.6% from RMB11,414.7 million as of December 31, 2012 to RMB13,541.0 million as of December 31, 2013, primarily because our increased holding of debt securities issued by PRC government and PRC policy banks. Our available-for-sale financial assets remained stable as of December 31, 2014 compared with the year ended December 31, 2013, which amounted to RMB13,575.5 million. As of September 30, 2015, these financial assets decreased by 28.7% to RMB9,685.0 million, primarily reflected our decreased holding of debt securities issued by PRC government.

Our held-to-maturity investments consist primarily of debt securities issued by the PRC government, PRC policy banks, PRC banks and other financial institutions and PRC corporate entities. Our held-to-maturity investments decreased by 5.5% from RMB22,607.4 million as of December 31, 2012 to RMB21,360.6 million as of December 31, 2013, primarily due to certain of our held-to-maturity investments came to maturity in 2013, the amount of which were larger than our addition of investment in held-to-maturity investment in the same period. Our held-to-maturity investments increased by 22.8% from RMB21,360.6 million as of December 31, 2013 to RMB26,233.9 million as of December 31, 2014, primarily due to we increased our holding of debt securities issued by PRC government and PRC policy banks that classified as held-to-maturity financial assets in order to generate stable investment returns. As of September 30, 2015, these financial assets increased by 21.7% to RMB31,920.9 million as of September 30, 2015, primarily because our increased holding of debt securities issued by the PRC government and PRC policy banks to meet our liquidity needs.

Our investments classified as receivables consist of asset management plans, trust beneficiary rights, wealth management products issued by financial institutions and debt securities that classified as receivables. Our investments classified as receivables increased by 55.4% from RMB44,003.7 million as of December 31, 2012 to RMB68,389.5 million as of December 31, 2013, and further increased by 11.2% from RMB68,389.5 million as of December 31, 2013 to RMB76,078.6 million as of December 31, 2014, primarily due to an increase in our holding of asset management plans, trust beneficiary rights and debt securities issued by PRC corporate issuers. As of September 30, 2015, our investments classified as receivables further increased by 82.2% to RMB138,627.4 million, primarily due to our continued efforts to diversify, and seek higher returns on our investment portfolios.

Distribution of Investment Securities and Other Financial Assets by Remaining Maturities

The table below sets forth, as of the date indicated, the distribution of our investment securities and other financial assets by remaining maturities.

	As of September 30, 2015					
	Due in 3 month or less	Due over 3 month up to 1 year	Due over 1 year up to 5 years	Due in more than 5 years	Undated	Total
	(in millions of RMB)					
Held-to-maturity investments	969.1	6,243.0	21,649.5	3,059.3	—	31,920.9
Available-for-sale financial assets	889.4	3,087.3	5,112.8	536.9	58.6	9,685.0
Financial assets at fair value through profit or loss	578.0	1,193.0	6,005.1	2,266.5	—	10,042.6
Investments classified as receivables	26,140.3	45,104.0	67,081.3	301.8	—	138,627.4
Total	**28,576.8**	**55,627.3**	**99,848.7**	**6,164.5**	**58.6**	**190,275.9**

Carrying Value and Fair Value

All investment securities classified as available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value. The following table sets forth, as of the dates indicated, the carrying value and the fair value of the held-to-maturity investments in our investment portfolio.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	(in millions of RMB)							
Held-to-maturity investments	22,607.4	22,527.4	21,360.6	20,636.1	26,233.9	26,236.7	31,920.9	32,293.2

Investments classified as receivables are stated in our financial statements at amortized cost. As of December 31, 2012, 2013 and 2014 and September 30, 2015, the carrying value of our investments classified as receivables was substantially the same as their fair value.

Investment Concentration

The table below sets forth, as of the date indicated, our investment securities and other financial assets whose carrying value exceeded 10% of our total equity.

	As of September 30, 2015			
Issuer	**Carrying value**	**% of total investment securities and other financial assets**	**% of total equity**	**Market/fair value**
	(in millions of RMB, except percentage)			
MOF	21,484.2	33.6	67.6	21,326.5
China Development Bank	11,518.8	18.0	36.2	11,558.8
Agricultural Development Bank of China	4,908.8	7.7	15.4	4,953.4
The Export-Import Bank of China	4,649.2	7.3	14.6	4,673.5
Total	**42,561.0**	**66.5**	**133.8**	**42,512.2**

Financial Assets Held under Resale Agreements

Our financial assets held under resale agreements consist primarily of discounted bills we held under resale agreements with PRC banks, debt securities as well as certain other financial assets. Our financial assets held under resale agreements increased significantly by 650.3% from RMB9,582.1 million as of December 31, 2012 to RMB71,893.2 million as of December 31, 2013, and further increased by 11.3% to RMB80,050.7 million as of December 31, 2014, primarily due to (i) our decision to increase our holding of discounted bills with higher-yields to achieve higher returns, and (ii) our continued efforts to diversify our investment portfolios to meet our financing and liquidity needs. As of September 30, 2015, these financial assets decreased to RMB73,728.0 million, primarily due to certain of our other financial assets held under resale agreements came to maturity.

The table below sets forth, as of the date indicated, the distribution of our financial assets held under resale agreements by collateral type.

	As of December 31,			As of September 30,
	2012	**2013**	**2014**	**2015**
	(in millions of RMB)			
Analysed by collateral type:				
Bills	2,484.3	35,533.3	54,626.0	55,592.2
Trust beneficial rights and asset management plans[(1)]	1,460.0	36,185.1	25,129.3	12,857.0
Bonds	5,637.8	174.8	295.4	5,278.8
Total	**9,582.1**	**71,893.2**	**80,050.7**	**73,728.0**

Note:

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

Our holding of trust beneficial rights and assets management plans held under resale agreements increased significantly from RMB1,460.0 million as of December 31, 2012 to RMB36,185.1 million as of December 31, 2013, primarily as we increased our investment in such assets to generate higher returns. Our holding of trust beneficial rights and assets management plans held under resale agreements decreased by 30.6% from RMB36,185.1 million as of December 31, 2013 to RMB25,129.3 million as of December 31, 2014, which further deceased by 48.8% to RMB12,857.0 million as of September 30, 2015, primarily due to (i) the termination of our practice to increase our holding of such financial assets since May 2014 so as to be in compliance with relevant regulatory requirements, and (ii) certain of such financial assets matured as of the corresponding dates.

Other Components of Our Assets

Other components of our assets consist primarily of (i) cash and deposits with central bank, (ii) deposits with banks and other financial institutions, (iii) placements with banks and other financial institutions, and (iv) other assets. Other components of our assets amounted to RMB90,521.8 million, RMB81,599.4 million, RMB108,946.9 million and RMB101,560.2 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Cash and deposits with central bank consist primarily of cash, statutory deposit reserves and surplus deposit reserves. Statutory deposit reserves represent the minimum level of cash deposits that we are required to maintain with PBoC. The minimum level is determined as a percentage of our deposits from customers. For details of changes in statutory deposit reserve ratio, please see "Supervision and Regulation — Required Deposit Reserve". Surplus deposit reserves are deposits with PBoC in excess of statutory deposit reserves which we maintain for clearing purposes. As of December 31, 2012, 2013 and 2014, our cash and deposits with central bank amounted to RMB47,558.1 million, RMB56,774.0 million and RMB62,689.2 million, respectively. The increase in our cash and deposits with central bank was primarily due to an increase in our statutory deposit reserves in line with the increase of our deposits from customers. Our cash and deposits with central bank remained relatively stable at 57,511.7 million as of September 30, 2015.

Deposits with banks and other financial institutions consist primarily of our balances maintained with other banks and financial institutions within and outside of mainland China for settlement and clearance purposes and negotiated deposits with other PRC banks. Our deposits with banks and other financial institutions decreased by 55.6% from RMB37,025.0 million as of December 31, 2012 to RMB16,453.0 million as of December 31, 2013, which increased by 92.6% to RMB31,685.0 million as of December 31, 2014. As of September 30, 2015, these financial assets decreased to RMB24,476.4 million. The fluctuations from December 31, 2012 to December 31, 2014 were primarily due to our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs.

We lend funds to banks and other financial institutions through the lending market. As of December 31, 2012, 2013 and 2014 and September 30, 2015, our placements with banks and other financial institutions amounted to RMB2,391.8 million, RMB3,803.6 million, RMB9,574.7 million and RMB13,854.1 million, respectively, primarily due to our enhanced business cooperation with other banks and financial institutions and our continued efforts in developing inter-bank operations with other banks and financial institutions so as to achieve better liquidity level.

Our other assets consist primarily of interest receivable, property and equipment, deferred tax assets, long-term deferred expenses, intangible assets and other receivables. Our other assets increased by 28.8% from RMB3,546.9 million as of December 31, 2012 to RMB4,568.8 million as of December 31, 2013, primarily due to the increase of our interest receivable and other receivables, resulting from the increase of our interest-earning assets and our increased holding of financial investments. Our other assets increased by 9.4% from RMB4,568.8 million as of December 31, 2013 to RMB4,998.0 million as of December 31, 2014, primarily due to the increase of our interest receivable and property and equipment, resulting from the increase of our holding of financial investments as well as the addition and renovations of our branches and sub-branches. As of September 30, 2015, our other assets amounted to RMB5,718.0 million, primarily due to the increase of our interest receivable, resulting from our increased holding of debt securities classified as receivables, financial assets held under resale agreements and placements with banks and other financial institutions.

LIABILITIES AND SOURCES OF FUNDS

Our total liabilities increased by 35.2% from RMB285,586.2 million as of December 31, 2012 to RMB386,237.5 million as of December 31, 2013, which further increased by 16.5% from RMB449,969.2 million as of December 31, 2014. As of September 30, 2015, our total liabilities further increased to RMB513,888.4 million.

The following table sets forth, as of the dates indicated, the components of our total liabilities.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Deposits from customers	201,416.2	70.5	247,207.8	64.0	289,467.4	64.3	328,439.8	63.9
Deposits from banks and other financial institutions	47,043.8	16.5	110,363.7	28.6	122,471.7	27.2	150,823.5	29.3
Debt securities issued	4,266.4	1.5	4,290.5	1.1	2,698.9	0.6	12,907.9	2.5
Financial assets sold under repurchase agreements	16,749.3	5.9	11,080.7	2.9	13,856.0	3.1	7,657.4	1.5
Placements from banks and other financial institutions	11,071.2	3.9	5,477.5	1.4	10,905.1	2.4	3,501.1	0.7
Borrowings from central bank	160.0	0.1	350.0	0.1	405.9	0.1	292.6	0.1
Tax payable	288.9	0.1	250.6	0.1	433.7	0.1	598.4	0.1
Other liabilities[(1)]	4,590.4	1.5	7,216.7	1.8	9,730.5	2.2	9,667.7	1.9
Total liabilities	**285,586.2**	**100.0**	**386,237.5**	**100.0**	**449,969.2**	**100.0**	**513,888.4**	**100.0**

Note:

(1) Consists primarily of interest payable, employee benefits payables, dividend payable, accrued liabilities, and certain other liabilities.

Deposits from Customers

Deposits from customers have historically been our primary source of funding, representing 70.5%, 64.0%, 64.3% and 63.9% of our total liabilities as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. We provide demand and time deposit products to corporate and retail customers. The following table sets forth, as of the dates indicated, our deposits from corporate and retail customers by product type.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Corporate deposits								
Demand	85,436.0	42.4	104,582.0	42.3	110,090.5	38.0	127,140.3	38.7
Time[1]	41,809.7	20.8	56,063.3	22.7	89,472.9	30.9	110,171.2	33.6
Subtotal	127,245.7	63.2	160,645.3	65.0	199,563.4	68.9	237,311.5	72.3
Personal deposits								
Demand	12,992.5	6.4	14,875.9	6.0	16,337.0	5.6	15,071.7	4.6
Time[1]	30,761.6	15.3	36,912.5	14.9	41,071.4	14.2	46,992.7	14.3
Subtotal	**43,754.1**	**21.7**	**51,788.4**	**21.0**	**57,408.4**	**19.8**	**62,064.4**	**18.9**
Others[2]	**30,416.4**	**15.1**	**34,774.1**	**14.1**	**32,495.6**	**11.3**	**29,063.9**	**8.8**
Total deposits from customers	**201,416.2**	**100.0**	**247,207.8**	**100.0**	**289,467.4**	**100.0**	**328,439.8**	**100.0**

Notes:

(1) Includes principal-protected wealth management products, which we classify as deposits from customers pursuant to PBoC rules

(2) Consisted primarily of margin deposits, funds deposited with us for remittance and temporary deposits.

Our total deposits from customers increased by 22.7% from RMB201,416.2 million as of December 31, 2012 to RMB247,207.8 million as of December 31, 2013 primarily as a result of increases in both corporate and personal deposits. Our total deposits from customers increased by 17.1% from RMB247,207.8 million as of December 31, 2013 to RMB289,467.4 million as of December 31, 2014, primarily due to a 24.2% increase in our corporate deposits from RMB160,645.3 million as of December 31, 2013 to RMB199,563.4 million as of December 31, 2014. Our total deposits from customers increased to RMB328,439.8 million as of September 30, 2015, primarily due to an increase of our corporate deposits.

Our corporate deposits increased, both in absolute terms and as a percentage of our total deposits, from RMB127,245.7 million and 63.2%, respectively, as of December 31, 2012 to RMB160,645.3 million and 65.0%, respectively, as of December 31, 2013, which further increased to RMB199,563.4 million and 68.9% as of December 31, 2014, respectively. As of September 30, 2015, our corporate deposits were RMB237,311.5 million, representing 72.3% of our total deposits from customers. The increase in our corporate deposits, both in absolute terms and as a percentage of total deposits, was primarily due to (i) the increase in our business with our core cooperate customers that we have attributed to the long term strategic cooperation relationship, and (ii) the growth of our small- and medium- corporate client base as a result of continued marketing efforts.

Our personal deposits increased by 18.4% from RMB43,754.1 million as of December 31, 2012 to RMB51,788.4 million as of December 31, 2013, which further increased by 10.9% to RMB57,408.4

million as of December 31, 2014. As of September 30, 2015, our personal deposits were RMB62,064.4 million. The increase in the absolute terms of our personal deposits resulted was due to our continued efforts to grow retail banking business, the expansion of our branch and sub-branch network for our retail banking business and the growth in our retail customer base.

Our demand deposits increased by 21.4% from RMB98,428.5 million as of December 31, 2012 to RMB119,457.9 million as of December 31, 2013, which further increased by 5.8% to RMB126,427.5 million as of December 31, 2014. Our demand deposits amounted to RMB142,212.0 million as of September 30, 2015. The increase in our demand deposits primarily reflected our overall business growth, in particular, the growth in our corporate banking business. Our time deposits increased, both in absolute terms and as a percentage of our total customer deposits, from RMB72,571.3 million and 36.0% as of December 31, 2012 to RMB92,975.8 million and 37.6% as of December 31, 2013, and continuously increased to RMB130,544.3 million and 45.1% as of December 31, 2014. As of September 30, 2015, our time deposits further increased to RMB157,163.9 million, representing 47.9% of our total customer deposits. The continued increases in our time deposits, both in absolute terms and as a percentage of our total customer deposits, resulted primarily from our focused efforts to market our time deposits and principal-protected wealth management products to continue to build up a stable deposit customer base, and preference of our customers for time deposits for higher returns. We believe these measures are helpful for us to mitigate potential liquidity risks associated with the negative net position in non-derivative financial assets and liabilities. Please also see the section headed “Risk Factors — We mainly rely on deposits from customers to fund our business and manage our liquidity.”

Distribution of Deposits by Geographical Region

We classify the geographic distribution of deposits based on the location of the branch or sub-branch taking the deposits. The following table sets forth, as of the dates indicated, the distribution of our deposits from customers by geographic region.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Tianjin	142,997.6	71.0	164,981.2	66.7	189,228.5	65.4	215,535.1	65.6
Beijing	15,034.9	7.5	23,151.3	9.4	26,088.6	9.0	28,978.3	8.8
Shanghai	13,006.6	6.5	17,496.1	7.1	23,053.3	8.0	27,644.0	8.4
Shandong Province	12,293.4	6.1	15,762.9	6.4	21,023.5	7.3	26,156.2	8.0
Sichuan Province	8,415.6	4.1	12,046.6	4.8	15,705.3	5.3	17,671.4	5.4
Hebei Province	9,668.1	4.8	13,769.7	5.6	14,368.2	5.0	12,454.8	3.8
Total deposits from customers	**201,416.2**	**100.0**	**247,207.8**	**100.0**	**289,467.4**	**100.0**	**328,439.8**	**100.0**

Distribution of Deposits by Currency

Substantially all of our deposits are Renminbi-denominated deposits. The following table sets forth, as of the dates indicated, the distribution of our amounts due to customers by currency.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
RMB-denominated deposits	200,037.9	99.3	243,917.3	98.7	276,950.3	95.7	313,515.6	95.5
USD-denominated deposits	1,312.3	0.7	3,250.3	1.3	12,436.5	4.3	14,882.5	4.5
Other foreign currency-denominated deposits	66.0	—	40.2	—	80.6	—	41.7	—
Total amounts due to customers	**201,416.2**	**100.0**	**247,207.8**	**100.0**	**289,467.4**	**100.0**	**328,439.8**	**100.0**

Distribution of Deposits by Remaining Maturity

A majority of our deposits from customers as of September 30, 2015 were demand deposits. The following table sets forth, as of the dates indicated, the distribution of our deposits from customers by remaining maturity.

	As of September 30, 2015											
	Repayable on demand		Due in less than 3 months		Due over 3 months up to 12 months		Due over 1 year up to 5 years		Due in more than 5years			
	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Total	% of total deposits
	(in millions of RMB, except percentages)											
Corporate deposits	130,174.7	39.7	35,949.1	11.0	35,902.6	10.9	34,785.1	10.5	500.0	0.2	237,311.5	72.3
Personal deposits	15,159.0	4.6	11,855.7	3.6	22,048.5	6.7	13,001.0	4.0	0.2	0.0	62,064.4	18.9
Other deposits[(1)]	27,958.6	8.5	1,103.4	0.3	1.9	0.0	—	—	—	—	29,063.9	8.8
Total deposits from customers	**173,292.3**	**52.8**	**48,908.2**	**14.9**	**57,953.0**	**17.6**	**47,786.1**	**14.5**	**500.2**	**0.2**	**328,439.8**	**100.0**

Note:

(1) Consists primarily of margin deposits, funds deposited with us for remittance and temporary deposits.

A majority of our deposits from customers is due within one year, representing 85.3% of our total deposits as of September 30, 2015. At the same date, our corporate deposits due within one year represented 85.1% of our total corporate deposits. Personal deposits due within one year represented 79.1% of our total personal deposits as of September 30, 2015.

Distribution of Corporate Deposits by Size

The following table sets forth, as of the dates indicated, the distribution of our corporate deposits, in terms of total balance of deposits from a single corporate customer, by size of the deposits.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Less than RMB10 million	22,336.6	17.5	22,231.0	13.9	22,173.7	11.1	21,015.2	8.9
RMB10 million or more up to RMB100 million	41,579.6	32.7	51,598.0	32.1	59,310.2	29.7	62,411.1	26.3
RMB100 million or more	63,329.5	49.8	86,816.3	54.0	118,079.5	59.2	153,885.2	64.8
Total corporate deposits from customers	**127,245.7**	**100.0**	**160,645.3**	**100.0**	**199,563.4**	**100.0**	**237,311.5**	**100.0**

Distribution of Personal Deposits by Size

The following table sets forth, as of the dates indicated, the distribution of our personal deposits, in terms of total balance of deposits from a single retail customer, by size of the deposits.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Less than RMB10,000	4,701.5	10.8	5,038.6	9.7	4,870.2	8.5	4,672.3	7.5
RMB10,000 up to less than RMB50,000	15,230.0	34.8	17,439.6	33.7	18,112.7	31.5	17,896.1	28.8
RMB50,000 up to less than RMB100,000	6,332.9	14.5	7,337.6	14.2	8,230.9	14.3	8,632.2	13.9
RMB10,000 up to less than RMB150,000	2,763.1	6.3	3,192.5	6.2	3,701.5	6.4	3,967.2	6.4
RMB150,000 up to less than RMB200,000	1,986.5	4.5	2,327.2	4.5	2,692.9	4.7	2,969.1	4.8
RMB200,000 up to less than RMB500,000	5,112.0	11.7	6,074.1	11.7	7,345.2	12.8	7,793.2	12.6
RMB500,000 up to less than RMB1 million	2,506.8	5.7	2,907.3	5.6	3,473.8	6.1	3,584.3	5.8
RMB1 million up to less than 5 million	3,299.5	7.5	4,259.0	8.2	5,102.0	8.9	5,927.2	9.5
RMB5 million or more	1,821.8	4.2	3,212.5	6.2	3,879.2	6.8	6,622.8	10.7
Total personal deposits from customers	**43,754.1**	**100.0**	**51,788.4**	**100.0**	**57,408.4**	**100.0**	**62,064.4**	**100.0**

Other Components of Our Liabilities

Other components of our liabilities consist primarily of (i) deposits from banks and other financial institutions, (ii) placements from banks and other financial institutions, (iii) financial assets sold under repurchase agreements, (iv) tax payable, (v) debt securities issued, (vi) borrowings from central bank, and (vii) other liabilities.

Our deposits from banks and other financial institutions amounted to RMB47,043.8 million, RMB110,363.7 million, RMB122,471.7 million and RMB150,823.5 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. The increase in our deposits from banks and other financial institutions was primarily due to our increased funding needs in line with the growth of our inter bank operations.

Debt securities issued consist primarily of fixed-rate bonds we issued in 2009, 2012 and 2015. For details of our debt securities issued, please refer to "Financial Information — Capital Resources — Debt — Debt Securities Issued". Our debt securities issued amounted to RMB4,266.4 million, RMB4,290.5 million, RMB2,698.9 million and RMB12,907.9 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Financial assets sold under repurchase agreements consist primarily of debt securities and discounted bills we sold under repurchase agreements. As of December 31, 2012, 2013 and 2014 and September 30, 2015, financial assets sold under repurchase agreements were RMB16,749.3 million, RMB11,080.7 million, RMB13,856.0 million and RMB7,657.4 million, respectively. The changes in financial assets sold under repurchase agreements primarily reflected changes in our liquidity needs at respective dates.

Placements from banks and other financial institutions consist primarily of money market borrowings. As of December 31, 2012, 2013 and 2014 and September 30, 2015, placements from banks and other financial institutions amounted to RMB11,071.2 million, RMB5,477.5 million, RMB10,905.1 million and RMB3,501.1 million, respectively. The changes in placements from banks and other financial institutions primarily reflected changes in our liquidity needs at the respective dates.

We had borrowings from central bank of RMB160.0 million, RMB350.0 million, RMB405.9 million and RMB292.6 million as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively.

Our other liabilities consist primarily of interest payable, employee benefits payables, dividend payable, accrued liabilities and certain other liabilities. Our other liabilities increased by 57.2% from RMB4,590.5 million as of December 31, 2012 to RMB7,216.7 million as of December 31, 2013, and further increased by 34.8% to RMB9,730.5 million as of December 31, 2014, primarily due to an increase in our interest payable, resulting from the increase of our deposits from customers and deposits with banks and other financial institutions. As of September 30, 2015, our other liabilities remained relatively stable at RMB9,667.7 million.

You should read the discussion and analysis set forth in this section in conjunction with our historical financial information, together with the accompanying notes, included in Appendix I to this prospectus. You should also read the following discussion and analysis in conjunction with the preliminary financial information of the Group for the year ended December 31, 2015 and the accompanying notes, as well as the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Appendix IV to this prospectus. Our historical financial information has been prepared in accordance with IFRS. Capital adequacy ratios discussed in this section are calculated in accordance with applicable CBRC guidelines and based on our financial statements prepared in accordance with PRC GAAP.

OVERVIEW

We are the only city commercial bank headquartered in Tianjin, one of the four Municipalities in China. As of September 30, 2015, we had total assets of RMB545,689.5 million, total loans and advances (before taking into account the related allowance for impairment losses) of RMB185,652.2 million and total deposits from customers of RMB328,439.8 million. According to The Banker, a UK publication, we ranked 219th among the Top 1000 World Banks in 2015 in terms of tier-one capital as of December 31, 2014, and ranked 32nd among all PRC commercial banks, ninth among the PRC city commercial banks, which are on the list.

In recent years, we have experienced rapid profit growth. From 2012 to 2014, our net profit increased from RMB2,636.7 million to RMB4,429.0 million at a CAGR of 29.6% and our operating income increased from RMB6,590.0 million to RMB9,940.5 million at a CAGR of 22.8%. For the nine months ended September 30, 2014 and 2015, our net profit was RMB3,290.8 million and RMB3,568.2 million, respectively. For the nine months ended September 30, 2014 and 2015, our operating income was RMB7,239.4 million and RMB8,546.9 million, respectively.

GENERAL FACTORS THAT AFFECT OUR RESULTS OF OPERATION

Our results of operation and financial condition have been, and will be, affected by various factors including, among others, certain general factors set out below.

Economic Conditions of the PRC and Tianjin

As a city commercial bank headquartered in Tianjin, our financial condition and results of operation are affected by the economic conditions of the PRC, Tianjin in particular, and the macroeconomic policies implemented by the PRC government. From 2009 to 2014, according to data released by NBS, the PRC's GDP grew at a CAGR of 8.6% calculated at comparable prices. The PRC's economic growth has resulted in a substantial increase in corporate financing activities and individual wealth, which has in turn contributed to the rapid growth in the corporate and retail banking business of PRC commercial banks. For example, according to PBoC, from December 31, 2009 to December 31, 2014, total Renminbi denominated loans and Renminbi denominated deposits in the PRC banking industry grew at a CAGR of 15.4% and 13.8%, respectively. Recently, according to the 2014 CBRC Annual Report released by CBRC, total assets of PRC commercial banks have reached RMB134.8 trillion as of year-end 2014, growing at a CAGR of 17.0% from 2009 to 2014.

After three decades of rapid development, China's economy has entered a "new normal" stage, where the economy experiences a transformation with the target to achieve sustainable growth with emphasize on efficiency and quality instead of quick expansion. In 2014, China's real GDP growth rate was 7.40%. The slowdown of growth in the overall economy and certain industries may affect the results of operation and financial condition of PRC commercial banks.

As our operating income is primarily derived from Tianjin during the Track Record Period, the current and future economic conditions of Tianjin may affect our business, results of operation and financial condition. Notwithstanding the above mentioned factors, capitalizing on its strategic location and favorable policy encouraging development of local industries with good growth potential, Tianjin has undergone a rapid and sustained economic growth in recent years. From 2009 to 2014, Tianjin's per capita nominal GDP has always ranked in the top three among China's 31 provincial level administrative regions and placing first in this category since 2011. During the same period, the total nominal GDP in Tianjin increased from RMB752,190 million to RMB1,572,250 million, while the CAGR of GDP growth calculated at comparable prices between 2009 and 2014 reached 14.0%, ranking first in the eastern coastal areas of China, and second in China. Furthermore, as a result of implementation of various policies with expected stimulation of economy development in Tianjin, such as "Collaborative Development of Beijing, Tianjin and Hebei" and Tianjin Free-Trade Zone, operations of commercial banks in Tianjin are expected to benefit from growing demand for financial services and products from local enterprises.

In recent years, the PRC government has implemented a series of macroeconomic policies, including (i) adjusting the benchmark interest rates and the PBoC statutory deposit reserve ratio for commercial banks, as well as gradually liberalizing the regulation on interest rates; (ii) imposing lending limits to control the growth of bank loans; and (iii) promoting the growth of certain industries or controlling overcapacity in certain other industries by issuing industry development guidelines. For example, on March 1, 2016, PBoC lowered the statutory deposit reserve ratio by 50bp for all deposit-taking financial institutions, which lowered banks' funding cost and increased their liquidity. These macroeconomic policies have had significant impact on lending activities of PRC commercial banks and borrowers' demand for bank financing, which in turn may affect the business, results of operation and financial condition of PRC commercial banks, including ours.

Interest Rates

Our operating income is largely derived from our net interest income. For the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, our net interest income represented 93.4%, 95.4%, 92.0% and 88.6% of our total operating income, respectively. Net interest income is affected by interest rates and the average balance of our interest-earning assets and interest-bearing liabilities. Interest rates applicable to us are impacted by many factors that are beyond our control, such as the benchmark interest rates set by the PBoC, regulations in the banking and financial sectors in the PRC domestic and international economic and political conditions, and competition among banks.

In the PRC, interest rates on RMB-denominated loans and deposits are set by financial institutions with reference to the benchmark interest rates on loans and deposits published, and adjusted from time to time by PBoC. As part of the overall reform of the PRC's banking system during the past decade, the PBoC started to gradually adopt a market-based interest rate policy. The PBoC has, in the past few years, made adjustments to the benchmark interest rates for deposits and loans multiple times. In October 2015, the PBoC further adjusted the benchmark interest rates for RMB-denominated deposits and loans, as a result of which the benchmark interest rates of RMB-denominated deposits and loans with a term of one year were lowered to 1.50% and 4.35%, respectively.

In recent years, interest rate liberalization has been accelerating. Effective from June 8, 2012, PBoC allowed financial institutions to set interest rates on RMB-denominated deposits up to 110% of the PBoC benchmark rates, which was subsequently raised to 120%, 130% and 150% of the PBoC benchmark rates on November 22, 2014, March 1, 2015 and May 11, 2015, respectively. Effective from August 26, 2015, PBoC removed interest rate cap on Renminbi-denominated time deposits with maturities over one year. Effective from October 24, 2015, PBoC removed interest rate cap on Renminbi-denominated demand deposits as well as time deposits with maturities within one year. On July 20, 2013, PBoC removed the floor rates for Renminbi-denominated loans (except for interest rates on residential mortgage loans) and allowed financial institutions to set interest rates based on commercial considerations. The liberalization of interest rates may intensify competition in the PRC banking industry, thereby affecting our business, results of operation and financial condition. Please also see the section headed "Risk Factors — Risks Relating to the PRC Banking Industry — Further development of interest rate liberalization may materially and adversely affect our results of operation".

Regulatory Environment

The PRC banking industry is highly regulated. PRC commercial banks are mainly regulated by CBRC and PBoC. Additionally, PRC commercial banks are also subject to the supervision and regulation of other regulatory bodies such as SAFE, CSRC, CIRC, NDRC and MOF. Please see "Supervision and Regulation — Principal Regulators".

Our business, financial condition and results of operation are affected by changes in PRC banking laws, regulations and policies such as the scope of business activities PRC commercial banks are permitted to engage in, interests and fees PRC commercial banks are allowed to charge, and restrictions imposed by regulatory authorities on PRC commercial banks in respect of credit extension to borrowers in specific industries or specific loan products. In addition, the PRC banking regulatory authorities have enhanced regulation on wealth management and interbank businesses of commercial banks, while restrictions on the asset securitization market have been relaxed. New regulations issued by regulatory authorities may impact our business, results of operation and financial condition.

Development of China's Capital Markets and Internet-based Financial Service Platforms

Recently, China has launched a number of initiatives to develop a multi-layered capital market and has encouraged enterprises to seek direct financing from the capital markets, which may affect the core businesses of PRC banks. The deepening of China's debt capital markets may impact our lending business, as certain corporate borrowers may issue debt securities at lower costs to meet their financing needs and thus have lower demands for bank loans. On the other hand, the development of China's capital markets may allow us to expand our fee- and commission-based business, such as our investment banking business and funds distribution, and broaden the scope of securities we may invest in.

Furthermore, China's traditional banking institutions are also facing new challenges from innovations in financial products and technology, e.g., online wealth management products, third-party online payment platforms and Internet-based financing service platforms. These innovations in products and technologies may affect the business, results of operation and financial condition of PRC banks.

Competitive Landscape in the Banking Industry

We compete primarily with commercial banks conducting business in Tianjin. We compete with our competitors mainly on product mix and prices, service quality, brand recognition, distribution networks and information technology capabilities. The increase in competition in the PRC banking industry may affect the pricing of our loans and deposits and the pricing of and income from our fee- and commission-based banking business. Please also see the section headed "Business — Competition."

SELECTED FINANCIAL DATA

The following table sets forth, for the periods indicated, our income statement.

	For the year ended December 31,			For the nine months ended September 30,	
	2012	2013	2014	2014 (unaudited)	2015
	(in millions of RMB, except earnings per share)				
Interest income	13,357.5	19,632.4	24,769.3	18,487.4	19,675.4
Interest expense	(7,203.9)	(11,801.6)	(15,620.5)	(11,749.5)	(12,101.9)
Net interest income	**6,153.6**	**7,830.8**	**9,148.8**	**6,737.9**	**7,573.5**
Fee and commission income	348.9	443.3	560.7	374.8	658.0
Fee and commission expense	(16.3)	(26.0)	(36.5)	(31.0)	(17.0)
Net fee and commission income	**332.6**	**417.3**	**524.2**	**343.8**	**641.0**
Net trading (losses)/gains	(41.9)	(164.9)	180.5	114.9	227.9
Net gains/(losses) arising from investments securities	14.0	(3.9)	2.4	0.9	62.6
Other operating income, net[1]	131.7	124.8	84.6	41.9	41.9
Operating income	**6,590.0**	**8,204.1**	**9,940.5**	**7,239.4**	**8,546.9**
Operating expenses	(2,384.6)	(2,906.1)	(3,261.2)	(2,318.1)	(2,727.4)
Impairment losses	(906.8)	(912.8)	(975.3)	(692.6)	(1,248.8)
Profit before tax	**3,298.6**	**4,385.2**	**5,704.0**	**4,228.7**	**4,570.7**
Income tax expense	(661.9)	(950.3)	(1,275.0)	(937.9)	(1,002.5)
Profit for the year/period	**2,636.7**	**3,434.9**	**4,429.0**	**3,290.8**	**3,568.2**
Earnings per share (Expressed in RMB Yuan per share)					
Basic and diluted	**0.64**	**0.83**	**0.88**	**0.66**	**0.69**

Note:

(1) Consisted primarily of compensation for relocation, government subsidy, rental income and gains from dormant accounts.

The following table sets forth, for the periods or as of the dates indicated, selected financial ratios. Please see "Summary — Summary Historical Financial Information" for selected financial ratios as of and for the year ended December 31, 2015.

	For the year ended December 31,			For the nine months ended September 30,	
	2012	**2013**	**2014**	**2014(1)**	**2015(1)**
Profitability indicators					
Return on average total assets(2)	0.98%	0.97%	1.00%	0.99%	0.93%
Return on average equity(3)	16.97%	18.97%	18.32%	18.64%	15.68%
Net interest spread(4)	2.29%	1.88%	1.73%	1.74%	1.66%
Net interest margin(5)	2.50%	2.12%	2.06%	2.05%	2.00%
Net fee and commission income to operating income	5.05%	5.09%	5.27%	4.75%	7.50%
Cost-to-income ratio(6)	27.63%	25.63%	23.63%	22.85%	22.43%

Notes:

(1) On an annualized basis.

(2) Calculated by dividing net profit for the period by average balance of total assets at the beginning and the end of the period.

(3) Calculated by dividing net profit for the period by average balance of total equity at the beginning and the end of the period.

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

(5) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

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

The following table sets forth, as of the dates indicated, information relating to certain regulatory indicators, calculated in accordance with the requirements of the PRC banking regulatory authorities and applicable accounting standards. Please see "Summary — Summary Historical Financial Information" for certain regulatory indicators as of and for the year ended December 31, 2015.

	Regulatory requirement[9]	As of December 31,			As of September 30,	
		2012	2013	2014	2014	2015
Capital adequacy indicators						
Calculated based on Capital Adequacy Measures						
Core capital adequacy ratio[1]	≥4%	10.13%	N/A	N/A	N/A	N/A
Capital adequacy ratio[2]	≥8%	12.72%	N/A	N/A	N/A	N/A
Calculated based on Capital Administrative Measures						
Core tier-one capital adequacy ratio[3]	≥5.9%[10]	N/A	8.30%	10.64%	10.07%	8.94%
Tier-one capital adequacy ratio[4]	≥6.9%[10]	N/A	8.31%	10.64%	10.07%	8.94%
Capital adequacy ratio[5]	≥8.9%[10]	N/A	11.05%	12.61%	12.54%	11.90%
Total equity to total assets		5.54%	4.79%	6.03%	5.78%	5.83%
Asset quality indicators						
Non-performing loan ratio[6]	≤5%	0.72%	1.03%	1.09%	1.07%	1.49%
Allowance coverage ratio[7]	≥150%	453.41%	269.08%	238.15%	263.57%	199.79%
Allowance to gross loan ratio[8]	≥2.5%	3.28%	2.76%	2.61%	2.81%	2.98%

Notes:

(1) Calculated by dividing (i) core capital, net of core capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk. For the components of core capital, core capital deductions and risk-weighted assets under the Capital Adequacy Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(2) Calculated by dividing (i) total capital, net of capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk. For the components of regulatory capital and risk-weighted assets under the Capital Adequacy Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(3) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets. For the components of core tier-one capital, core tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(4) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets. For the components of tier-one capital, tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(5) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets. For the components of our total capital, capital deductions and risk weighted assets under the Capital Administrative Measures, please see "Supervision and Regulation—Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(6) Calculated by dividing total non-performing loans by gross loans.

(7) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.

(8) Calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers.

(9) For a detailed discussion of the requirement of the ratios, please see "Supervision and Regulation — Other operational and risk management ratios" of this document.

(10) Commercial banks (other than systematically important banks) in the PRC are required to maintain (i) their capital adequacy ratio at or higher than 8.5%, 8.9% and 9.3% respectively, as of December 31, 2013, 2014 and 2015; (ii) their tier-one capital adequacy ratio at or higher than 6.5%, 6.9% and 7.3%, respectively, as of December 31, 2013, 2014 and 2015; and (iii) their core tier-one capital adequacy ratio at or higher than 5.5%, 5.9% and 6.3%, respectively, as of December 31, 2013, 2014 and 2015.

RESULTS OF OPERATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2015

The following table sets forth, for the periods indicated, our condensed results of operation.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Interest income	18,487.4	19,675.4
Interest expense	(11,749.5)	(12,101.9)
Net interest income	**6,737.9**	**7,573.5**
Fee and commission income	374.8	658.0
Fee and commission expense	(31.0)	(17.0)
Net fee and commission income	**343.8**	**641.0**
Net trading (losses)/gains	114.9	227.9
Net gains/(losses) arising from investments securities	0.9	62.6
Other operating income, net	41.9	41.9
Operating income	**7,239.4**	**8,546.9**
Operating expenses	(2,318.1)	(2,727.4)
Impairment losses	(692.6)	(1,248.8)
Profit before tax	**4,228.7**	**4,570.7**
Income tax expense	(937.9)	(1,002.5)
Profit for the year/period	**3,290.8**	**3,568.2**
Earnings per share (Expressed in RMB Yuan per share)		
Basic and diluted	**0.66**	**0.69**

Our net profit increased by 8.4% from RMB3,290.8 million for the nine months ended September 30, 2014 to RMB3,568.2 million for the nine months ended September 30, 2015, primarily due to increases in net interest income and net fee and commission income.

Net Interest Income

Net interest income is the largest component of our operating income, representing 93.1% and 88.6% of our operating income for the nine months ended September 30, 2014 and 2015, respectively.

The following table sets forth, for the periods indicated, our interest income, interest expense and net interest income.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Interest income	18,487.4	19,675.4
Interest expense	(11,749.5)	(12,101.9)
Net interest income	**6,737.9**	**7,573.5**

Our net interest income increased by 12.4% from RMB6,737.9 million for the nine months ended September 30, 2014 to RMB7,573.5 million for the nine months ended September 30, 2015, primarily due to a 6.4% increase in interest income, reflecting the growth of our business, which was partially offset by a 3.0% increase in interest expense.

The following table sets forth, for the periods indicated, the daily average balances of our interest-earning assets and interest-bearing liabilities and the related interest income or expenses and the related average yields on assets or related average costs of liabilities.

	For the nine months ended September 30,					
	2014			2015		
	(in millions of RMB, except percentages)					
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost
Interest-earning assets						
Loans and advances to customers	157,262.2	7,699.3	6.53%	186,249.0	8,524.4	6.10%
Investment securities and other financial assets, including	112,697.8	4,970.6	5.88%	151,242.0	6,427.6	5.67%
Trust beneficiary rights, wealth management products and asset management plans	56,383.2	3,936.6	9.31%	87,575.2	5,011.4	7.63%
Debt securities investment	56,314.6	1,034.0	2.45%	63,666.8	1,416.2	2.97%
Amounts due from banks and other financial institutions(1)	96,547.0	4,513.5	6.23%	82,146.5	3,116.9	5.06%
Deposits with banks and other financial institutions	19,265.0	710.2	4.92%	29,197.1	967.4	4.42%
Balances with central bank	52,213.6	593.8	1.52%	55,931.7	639.1	1.52%
Total interest-earning assets	**437,985.6**	**18,487.4**	**5.63%**	**504,766.3**	**19,675.4**	**5.20%**
Allowance for impairment losses	(4,860.1)			(5,473.8)		
Non-interest earning assets(2)	4,428.9			5,191.1		
Total assets	**437,554.4**	**18,487.4**	**5.63%**	**504,483.6**	**19,675.4**	**5.20%**
Interest-bearing liabilities						
Due to customers	254,668.4	5,546.7	2.90%	297,147.1	6,796.2	3.05%
Deposits from banks and other financial institutions	129,283.0	5,529.8	5.70%	130,486.3	4,464.7	4.56%
Amounts due to banks and other financial institutions(3)	13,425.7	459.5	4.56%	22,368.2	604.7	3.60%
Debt securities issued	4,295.7	200.2	6.21%	5,678.1	229.6	5.39%
Borrowings from central bank	601.2	13.3	2.95%	294.3	6.7	3.04%
Total interest-bearing liabilities	**402,274.0**	**11,749.5**	**3.89%**	**455,974.0**	**12,101.9**	**3.54%**
Non-interest-bearing liabilities(4)	10,536.2			18,846.3		
Total liabilities	**412,810.2**	**11,749.5**	**3.79%**	**474,820.3**	**12,101.9**	**3.40%**
Net interest income		**6,737.9**			**7,573.5**	
Net interest spread(5)			**1.74%**			**1.66%**
Net interest margin(6)			**2.05%**			**2.00%**

Notes:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(2) Consists of cash, interest receivable, equity securities held for trading, long-term equity investments, fixed assets, intangible assets, other receivables, debt-repayment assets and deferred income tax assets.

(3) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

(4) Consists of interest payable, taxes payable, other payables, accrued liabilities, accrued staff salaries and dividends payable.

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

(6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

The following table sets forth, for the periods indicated, the allocation of changes in our interest income and interest expense due to changes in volume and changes in rate. Changes in volume are measured by changes in the daily average balances and changes in rates are measured by changes in the average rates. Changes caused by both volume and rates have been allocated to changes in volume.

	For the nine months ended September 30, 2015 vs. 2014		
	Increase/ (decrease) due to		Net increase/ (decrease)[3]
	Volume[1]	Rate[2]	
	(in millions of RMB)		
Assets			
Loans and advances to customers	1,892.8	(1,067.7)	825.1
Investment securities and other financial assets	2,266.4	(809.4)	1,457.0
Deposits with banks and other financial institutions	488.7	(231.5)	257.2
Deposits with central bank	56.5	(11.2)	45.3
Amounts due from banks and other financial institutions[4]	(897.2)	(499.4)	(1,396.6)
Changes in interest income	**3,807.2**	**(2,619.2)**	**1,188.0**
Liabilities			
Due to customers	1,231.9	17.6	1,249.5
Deposits from banks and other financial institutions	68.6	(1,133.7)	(1,065.1)
Amounts due to banks and other financial institutions[5]	407.8	(262.6)	145.2
Debt securities issued	85.8	(56.4)	29.4
Borrowings from central bank	(9.1)	2.5	(6.6)
Changes in interest expense	**1,785.0**	**(1,432.6)**	**352.4**
Changes in net interest income	**2,022.2**	**(1,186.6)**	**835.6**

Notes:

(1) Represents the daily average balance for the period minus the daily average balance for the previous period, multiplied by the average yield/cost for the previous period.

(2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the daily average balance for the period.

(3) Represents interest income/expense for the period minus interest income/expense for the previous period.

(4) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(5) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

Interest Income

The following table sets forth, for the periods indicated, the breakdown of our interest income.

	For the nine months ended September 30,			
	2014 (unaudited)		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)			
Interest income from				
Loans and advances to customers, including:				
Corporate loans and advances	5,863.2	31.7%	6,922.1	35.2%
Personal loans and advances	1,024.3	5.5%	1,057.8	5.4%
Discounted bills	811.8	4.4%	544.5	2.8%
Investment, including:				
Trust beneficiary rights, wealth management products and asset management plans	3,936.6	21.3%	5,011.4	25.5%
Debt securities investment	1,034.0	5.7%	1,416.2	7.2%
Amounts due from banks and other financial institutions[(1)]	4,513.5	24.4%	3,116.9	15.8%
Deposits with banks and other financial institutions	710.2	3.8%	967.4	4.9%
Balances with central bank	593.8	3.2%	639.1	3.2%
Total interest income	**18,487.4**	**100.0%**	**19,675.4**	**100.0%**

Note:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

Our interest income increased by 6.4% from RMB18,487.4 million for the nine months ended September 30, 2014 to RMB19,675.4 million for the nine months ended September 30, 2015, primarily due to a 15.2% increase in the average balance of our interest-earning assets from RMB437,985.6 million for the nine months ended September 30, 2014 to RMB504,766.3 million for the nine months ended September 30, 2015, reflecting the increase in the average balance of our loans and advances to customers and the average balance of our investment securities and other financial assets, which was partially offset by a decrease of our average yield of interest-earning assets from 5.63% for the nine months ended September 30, 2014 to 5.20% for the nine months ended September 30, 2015, primarily due to a decrease in the average yield of our loans and advances to customers, amounts due from banks and other financial institutions, and investment securities and other financial assets as a result of the reductions of benchmark interest rates by PBoC in the second half of 2014.

Interest Income from Loans and Advances to Customers

Interest income from loans and advances to customers is the largest component of our interest income, representing 41.6% and 43.4% of our interest income for the nine months ended September 30, 2014 and 2015, respectively.

The following table sets forth, for the periods indicated, the daily average balance, interest income and average yield for each component of our loans and advances to customers.

	For the nine months ended September 30,					
	2014			2015		
	Average balance	Interest income	Average yield(1)	Average balance	Interest income	Average yield(1)
	(in millions of RMB, except percentages)					
Corporate loans and advances	121,013.6	5,863.2	6.46%	149,074.3	6,922.1	6.19%
Personal loans and advances	21,805.1	1,024.3	6.26%	23,770.2	1,057.8	5.93%
Discounted bills	14,443.5	811.8	7.49%	13,404.5	544.5	5.42%
Total	**157,262.2**	**7,699.3**	**6.53%**	**186,249.0**	**8,524.4**	**6.10%**

Note:

(1) On an annualized basis.

Our interest income from loans and advances to customers increased by 10.7% from RMB7,699.3 million for the nine months ended September 30, 2014 to RMB8,524.4 million for the nine months ended September 30, 2015, primarily due to a 18.4% increase of our average balance of loans and advances to customers from RMB157,262.2 million for the nine months ended September 30, 2014 to RMB186,249.0 million for the nine months ended September 30, 2015, which was partially offset by a decrease of our average yield of loans and advances to customers from 6.53% for the nine months ended September 30, 2014 to 6.10% for the nine months ended September 30, 2015. The increase in the average balance of our loans and advances to customers primarily reflected the overall growth of our lending business. The decrease in the average yield on our loans and advances to customers was primarily due to the consecutive cuts in benchmark interest rates by PBoC.

Corporate Loans and Advances. Our interest income from corporate loans and advances represented 76.2% and 81.2% of our total interest income from loans and advances to customers for the nine months ended September 30, 2014 and 2015, respectively. Our interest income from corporate loans and advances increased by 18.1% from RMB5,863.2 million for the nine months ended September 30, 2014 to RMB6,922.1 million for the nine months ended September 30, 2015, primarily due to a 23.2% increase of the average balance of our corporate loans and advances from RMB121,013.6 million for the nine months ended September 30, 2014 to RMB149,074.3 million for the nine months ended September 30, 2015, which was partially offset by a decrease of our average yield of corporate loans and advances from 6.46% for the nine months ended September 30, 2014 to 6.19% for the nine months ended September 30, 2015. The increase in the average balance of our corporate loans and advances primarily reflected the overall growth of our corporate loan business.

Personal Loans and Advances. Our interest income from personal loans and advances increased by 3.3% from RMB1,024.3 million for the nine months ended September 30, 2014 to RMB1,057.8 million for the nine months ended September 30, 2015, primarily due to a 9.0% increase of the average balance of our personal loans and advances from RMB21,805.1 million for the nine months ended September 30, 2014 to RMB23,770.2 million, which was partially offset by a decrease of the average yield of our personal loans and advances from 6.26% for the nine months ended September 30, 2014 to 5.93% for the nine months ended September 30, 2015. The increase in the average balance of our personal loans and advances primarily reflected our increased efforts to grow our retail banking business.

Discounted bills. Our interest income from discounted bills decreased by 32.9% from RMB811.8 million for the nine months ended September 30, 2014 to RMB544.5 million for the nine months ended September 30, 2015, primarily due to a 7.2% decrease in the average balance of our discounted bills from RMB14,443.5 million for the nine months ended September 30, 2014 to RMB13,404.5 million for the nine months ended September 30, 2015, which was accompanied by a decrease of the average yield of our discounted bills from 7.49% for the nine months ended September 30, 2014 to 5.42% for the nine months ended September 30, 2015. The decrease in the average balance of our discounted bills primarily reflected our allocation of funds to other assets with higher yields in light of the decrease of the market interests of discounted bills.

Interest Income from Trust Beneficiary Rights, Wealth Management Products and Asset Management Plans

Our interest income from trust beneficiary rights, wealth management products and asset management plans increased by 27.3% from RMB3,936.6 million for the nine months ended September 30, 2014 to RMB5,011.4 million for the nine months ended September 30, 2015, primarily due to the average balance of trust beneficiary rights, wealth management products and asset management plans increased by 55.3% from RMB56,383.2 million for the nine months ended September 30, 2014 to RMB87,575.2 million for the nine months ended September 30, 2015, partially offset by a decrease in the average yield of our trust beneficiary rights, wealth management products and asset management plans from 9.31% for the nine months ended September 30, 2014 to 7.63% for the nine months ended September 30, 2015. The increase in the average balance of our trust beneficiary rights, wealth management products and asset management plans was primarily due to our increased investment in trust beneficiary rights, wealth management products and asset management plans to generate higher returns. The decrease in the average yield of our trust beneficiary rights, wealth management products and asset management plans primarily resulted from a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Debt Securities Investment

Our interest income from debt securities investment increased by 37.0% from RMB1,034.0 million for the nine months ended September 30, 2014 to RMB1,416.2 million for the nine months ended September 30, 2015, primarily due to the average balance of debt securities investment increased by 13.1% from RMB56,314.6 million for the nine months ended September 30, 2014 to RMB63,666.8 million for the nine months ended September 30, 2015, accompanied by an increase in the average yield of our debt securities investment from 2.45% for the nine months ended September 30, 2014 to 2.97% for the nine months ended September 30, 2015. The increase in the average balance of our debt securities investment was primarily due to an increase in our holding of debt securities to generate higher returns and meet our liquidity needs, taking account of the relatively lower market risk attributable to the decrease of market interest rates since 2014. The increase in the average yield of our debt securities investment primarily reflected an increase of our holding of debt securities with higher yields issued by banks and other financial institutions and PRC corporate issuers.

Interest Income from Amounts Due from Banks and Other Financial Institutions

Our interest income from amounts due from banks and other financial institutions decreased by 30.9% from RMB4,513.5 million for the nine months ended September 30, 2014 to RMB3,116.9 million from the nine months ended September 30, 2015, primarily due to a 14.9% decrease of the average balance of amounts due from banks and other financial institutions from RMB96,547.0 million for the nine months ended September 30, 2014 to RMB82,146.5 million for the nine months ended September 30, 2015, which accompanied by a decrease of the average yield of our amounts due from banks and other financial institutions from 6.23% for the nine months ended September 30, 2014 to 5.06% for the nine months ended September 30, 2015. The decrease in the average amounts due from banks and other financial institutions was primarily due to (i) the termination of our practice to increase our holding of trust beneficiary rights and asset management plans held under resale agreements since May 2014 so as to be in compliance with relevant regulatory requirements; and (ii) our trust beneficiary rights and asset management plans held under resale agreements with higher yields came to maturity. The decrease in the average yield of our amounts due from banks and other financial institutions primarily reflected a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Deposits with Banks and Other Financial Institutions

Our interest income from deposits with banks and other financial institutions increased by 36.2% from RMB710.2 million for the nine months ended September 30, 2014 to RMB967.4 million for the nine months ended September 30, 2015, primarily due to a 51.6% increase in the average balance of our deposits with banks and other financial institutions from RMB19,265.0 million for the nine months ended September 30, 2014 to RMB29,197.1 million for the nine months ended September 30, 2015, which partially offset by a decrease of the average yield of our deposits with banks and other financial institutions from 4.92% for the nine months ended September 30, 2014 to 4.42% for the nine months ended September 30, 2015. The increase in the average balance of our deposits with banks and other financial institutions was primarily due to our decision to allocate more funds to deposits with banks and other financial institutions to meet our liquidity needs. The decrease in the average yield of our deposits with banks and other financial institutions was primarily due to a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Balance with Central Bank

Our interest-earning balances with central bank consist primarily of statutory deposit reserves and surplus deposit reserves with PBoC. Statutory deposit reserves represent the minimum level of cash deposits that we are required to maintain at PBoC, calculated as a percentage of the balance of our general deposits from customers. Surplus deposit reserves are deposits with PBoC in excess of statutory deposit reserves, which we maintain with PBoC for clearing purposes.

Our interest income from deposits with central bank for the nine months ended September 30, 2014 and 2015 remained relatively stable at RMB593.8 million and RMB639.1 million, respectively.

Interest Expense

The following table sets forth, for the periods indicated, the breakdown of our interest expense.

	For the nine months ended September 30,			
	2014 (unaudited)		2015	
	Amount	% of total	Amount	%of total
	(in millions of RMB, except percentages)			
Interest expense on				
Due to customers	(5,546.7)	47.2%	(6,796.2)	56.2%
Deposits from banks and other financial institutions	(5,529.8)	47.1%	(4,464.7)	36.9%
Amounts due to banks and other financial institutions[(1)]	(459.5)	3.9%	(604.7)	5.0%
Debt securities issued	(200.2)	1.7%	(229.6)	1.8%
Borrowings from central bank	(13.3)	0.1%	(6.7)	0.1%
Total interest expense	**(11,749.5)**	**100.0%**	**(12,101.9)**	**100.0%**

Note:

(1) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

Our interest expense increased by 3.0% from RMB11,749.5 million for the nine months ended September 30, 2014 to RMB12,101.9 million for the nine months ended September, 30, 2015, primarily due to a 13.3% increase in the average balance of our interest-bearing liabilities from RMB402,274.0 million for the nine months ended September 30, 2014 to RMB455,974.0 million for the nine months ended September 30, 2015, partially offset by a decrease in the average cost of our interest-bearing liabilities from 3.89% for the nine months ended September 30, 2014 to 3.54% for the nine months ended September 2015. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balances of our amounts due to customers and amounts due to banks and other financial institutions. The decrease in the average cost of our interest-bearing liabilities primarily reflected a decrease in the average cost in our deposits from banks and other financial institutions, amounts due to banks and other financial institutions.

Interest Expense on Amounts Due to Customers

Amounts due to customers is our primary source of funding. Interest expense on amounts due to customers represented 47.2% and 56.2% of our total interest expense for the nine months ended September 30, 2014 and 2015, respectively.

The following table sets forth, for the periods indicated, the daily average balance, interest expense and average cost of our amounts due to customers by product type.

	For the nine months ended September 30,					
	2014			2015		
	Average balance	Interest expenses	Average cost(1)	Average balance	Interest expenses	Average cost(1)
	(in millions of RMB)					
Corporate deposits						
Time	101,153.5	2,802.0	3.69%	126,164.0	3,321.2	3.51%
Demand	103,334.5	1,541.6	1.99%	116,906.5	2,145.8	2.45%
Subtotal	**204,488.0**	**4,343.6**	**2.83%**	**243,070.5**	**5,467.0**	**3.00%**
Personal deposits						
Time	37,585.3	1,175.7	4.17%	41,075.4	1,292.1	4.19%
Demand	12,595.1	27.4	0.29%	13,001.2	37.1	0.38%
Subtotal	**50,180.4**	**1,203.1**	**3.20%**	**54,076.6**	**1,329.2**	**3.28%**
Total amounts due to customers	**254,668.4**	**5,546.7**	**2.90%**	**297,147.1**	**6,796.2**	**3.05%**

Note:

(1) On an annualized basis.

Our interest expense on amounts due to customers increased by 22.5% from RMB5,546.7 million for the nine months ended September 30, 2014 to RMB6,796.2 million for the nine months ended September 30, 2015, primarily due to a 16.7% increase in the average balance of our amounts due to customers from RMB254,668.4 million for the nine months ended September 30, 2014 to RMB297,147.1 million for the nine months ended September 30, 2015, accompanied by an increase of the average cost of our amounts due to customers from 2.90% for the nine months ended September 30, 2014 to 3.05% for the nine months ended September 30, 2015. The increase in the average balance of our amounts due to customers was primarily due to our overall business growth. The increase in the average cost of our amounts due to customers was primarily due to (i) our decision to raise interest rates on certain Renminbi-denominated deposits from customers to respond to the increased competition, as PBoC lifted the interest rate cap for Renminbi-denominated deposits while lowering the benchmark interest rates on Renminbi-denominated deposits, and (ii) an increase of our time deposits, the average cost of which was relatively higher.

Interest Expense on Deposits from Banks and Other Financial Institutions

Interest expense on deposits from banks and other financial institutions represented 47.1% and 36.9% of our interest expense for the nine months ended September 30, 2014 and 2015, respectively.

Our interest expense on deposits from banks and other financial institutions decreased by 19.3% from RMB5,529.8 million for the nine months ended September 30, 2014 to RMB4,464.7 million for the nine months ended September 30, 2015, primarily due to a decrease of the average cost of our deposits with banks and other financial institutions from 5.70% for the nine months ended September 30, 2014 to 4.56% for the nine months ended September 30, 2015, which was partially offset by a 0.9% increase in the average balance of our deposits from banks and other financial institutions from RMB129,283.0 million for the nine months ended September 30, 2014 to RMB130,486.3 million for the nine months ended September 30, 2015. The decrease in the average cost of our deposits from banks and other financial institutions primarily reflected increased market liquidity and a decrease in the interbank market interest rate resulted from consecutive benchmark interest rate cuts by PBoC.

Interest Expense on Amounts Due to Banks and Other Financial Institutions

Interest expense on amounts due to banks and other financial institutions represented 3.9% and 5.0% of our interest expense for the nine months ended September 30, 2014 and 2015, respectively.

Our interest expense on amounts due to banks and other financial institutions increased by 31.6% from RMB459.5 million for the nine months ended September 30, 2014 to RMB604.7 million for the nine months ended September 30, 2015, primarily due to a 66.6% increase of the average balance of our amounts due to banks and other financial institutions from RMB13,425.7 million for the nine months ended September 30, 2014 to RMB22,368.2 million for the nine months ended September 30, 2015, partially offset by a decrease of the average cost of our amounts due to banks and other financial institutions from 4.56% for the nine months ended September 30, 2014 to 3.60% for the nine months ended September 30, 2015. The increase in the average balance of our amounts due to banks and other financial institutions was primarily due to our decision to increase our inter-bank liabilities to meet our liquidity needs. The decrease in the average cost of our amounts due to banks and other financial institutions was primarily due to a decrease in the interbank market interest rate resulted from consecutive benchmark interest rate cuts by PBoC.

Interest Expense on Debt Securities Issued

Interest expense on debt securities issued represented 1.7% and 1.8% of our interest expense for the nine months ended September 30, 2014 and 2015, respectively.

Our interest expense on debt securities issued increased by 14.7% from RMB200.2 million for the nine months ended September 30, 2014 to RMB229.6 million for the nine months ended September 30, 2015, primarily due to a 32.2% increase in the average balance of our debt securities issued from RMB4,295.7 million for the nine months ended September 30, 2014 to RMB5,678.1 million for the nine months ended September 30, 2015, partially offset by a decrease in the average cost of our debt securities issued from 6.21% for the nine months ended September 30, 2014 to 5.39% for the nine months ended September 30, 2015. The increase in the average balance of our debt securities issued was primarily due to our consecutive issuance of the financial bonds in the aggregate principal amount of RMB5 billion and tier-two capital bonds in the aggregate principal amount of RMB5 billion in 2015. The decrease in the average cost of our debt securities issued was primarily due to the coupon rates of our financial bonds and tire-two capital bonds we issued in 2015 was relatively lower than the coupon rates of the subordinated bonds we issued in 2009, which we redeemed in full in 2014.

Interest Expense on Borrowings from Central Bank

Our interest expense on borrowings from central bank decreased by 49.6% from RMB13.3 million for the nine months ended September 30, 2014 to RMB6.7 million for the nine months ended September 30, 2015, primarily due to a 51.0% decrease of the average balance of borrowings from central bank from RMB601.2 million for the nine months ended September 30, 2014 to RMB294.3 million for the nine months ended September 30, 2015, partially offset by an increase in the average cost of our borrowings from central bank from 2.95% for the nine months ended September 30, 2014 to 3.04% for the nine months ended September 30, 2015.

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. The net interest rate spread is a crucial determinant of a financial institution's profitability. Net interest margin is the ratio of net interest income to the daily average balance of total interest-earning assets.

Our annualized net interest spread decreased from 1.74% for the nine months ended September 30, 2014 to 1.66% for the nine months ended September 30, 2015, primarily due to the annualized average yield on interest-earning assets decreasing by 43 basis points, higher than the decrease of the annualized average cost by 35 basis points. Our annualized net interest margin decreased from 2.05% for the nine months ended September 30, 2014 to 2.00% for the nine months ended September 30, 2015, because our net interest income increased by 12.4% for the nine months ended September 30, 2015, lower than the 15.2% increase in the average balance of our interest-earning assets. The decrease in our annualized net interest margin and annualized net interest spread were primarily due to a combination of (i) a decrease in the average yield on our loans and advances to customers, deposits with banks and other financial institutions and amounts due from banks and other financial institutions, and (ii) an increase in the average cost in our amounts due to customers.

Net Fee and Commission Income

Net fee and commission income represented 4.7% and 7.5% of our total operating income for the nine months ended September 30, 2014 and 2015, respectively. The following table sets forth, for the periods indicated, the principal components of our net fee and commission income.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Fee and commission income		
Settlement and clearing fees	181.1	203.7
Wealth management service fees	64.6	183.9
Acceptance and guarantee commitment fees	45.0	170.5
Agency and fiduciary services fees	52.5	68.1
Bank card fees	15.2	13.3
Others(1)	16.4	18.5
Subtotal	374.8	658.0
Fee and commission expenses	**(31.0)**	**(17.0)**
Net fee and commission income	**343.8**	**641.0**

Note:

(1) Consists primarily of personal loans fees and fees earned from assets management plans and trust beneficiary rights.

Our net fee and commission income increased by 86.4% from RMB343.8 million for the nine months ended September 30, 2014 to RMB641.0 million for the nine months ended September 30, 2015, primarily due to an increase in our gross income from our fee- and commission-based business.

Fee and Commission Income

Our fee and commission income increased by 75.6% from RMB374.8 million for the nine months ended September 30, 2014 to RMB658.0 million for the nine months ended September 30, 2015, primarily due to an increase in our settlement and clearing fees, wealth management services fees and acceptance and guarantee commitment fees.

Settlement and Clearing Fees

Settlement and clearing fees consist primarily of fees earned on settlement and clearing services in respect of bank drafts, commercial drafts, promissory notes and checks, as well as fees earned on money transfers and clearing services. Our settlement and clearing fees increased by 12.5% from RMB181.1 million for the nine months ended September 30, 2014 to RMB203.7 million for the nine months ended September 30, 2015, primarily due to the increase in the volume of our international settlement transactions.

Wealth management service fees

Wealth management service fees consist primarily of fees and commissions received for wealth management services provided to our customers. Our wealth management service fees increased by 184.7% from RMB64.6 million for the nine months ended September 30, 2014 to RMB183.9 million for the nine months ended September 30, 2015, primarily due to an increase in our wealth management products issued.

Acceptance and guarantee commitment fees

Acceptance and guarantee commitment fees consist primarily of fees earned from issuing bank acceptances, letters of guarantee and letters of credit to our customers. Acceptance and guarantee commitment fees increased by 278.9% from RMB45.0 million for the nine months ended September 30, 2014 to RMB170.5 million for the nine months ended September 30, 2015, primarily due to the increase in our fees earned from issuing bank acceptances, letters of guarantee and letters of credit to our customers to meet their increasing needs for these products and support their business operations.

Agency and Fiduciary Services Fees

Agency and fiduciary services fees consist primarily of fees earned from our PRC treasury bonds agency services, agency sales of insurance and fee collection and payment services, syndicated loan arrangement fees and entrusted loan fees. Agency and fiduciary services fees increased by 29.7% from RMB52.5 million for the nine months ended September 30, 2014 to RMB68.1 million for the nine months ended September 30, 2015, primarily due to an increase in our syndicated loan arrangement fees, reflecting the growth of our syndicated loans business.

Bank Card Service Fees

Bank card service fees consist primarily of transaction fees from merchants and customers on the use of our bank cards. Bank card service fees decreased by 12.5% from RMB15.2 million for the nine months ended September 30, 2014 to RMB13.3 million for the nine months ended September 30, 2015, primarily due to our adjusting our revenue recognition policy of credit card services at the end of 2014.

Fee and Commission Expenses

Fee and commission expenses consist primarily of fees paid to third parties in connection with our fee- and commission-based services that can be directly allocated to the provision of such services. Our fee and commission expenses was RMB31.0 million for the nine months ended September 30, 2014 and RMB17.0 million for the nine months ended September 30, 2015.

Other Component of our Operating Income

Other components of our operating income consisted primarily of exchange gains, government subsidies, rental income and dividends income. Other components of our operating income totaled RMB41.9 million for the nine months ended September 30, 2014 and RMB41.9 million for the nine months ended September 30, 2015.

Operating Expenses

The following table sets forth, for the periods indicated, the principal components of our total operating expenses.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB, except percentages)	
Staff costs	984.1	1,172.0
Business tax and surcharges	663.9	810.4
Other general and administrative expenses[(1)]	192.6	203.9
Rental and property management expenses	158.1	207.4
Office expenses	190.8	186.8
Depreciation and amortization	114.8	127.6
Others[(2)]	13.8	19.3
Total operating expenses	**2,318.1**	**2,727.4**
Cost-to-income ratio[(3)]	**22.9%**	**22.5%**

Notes:

(1) Including audit fee, which amounted to RMB 0.85 million and RMB 0.95 million for nine months ended September 30, 2014 (unaudited) and 2015, respectively.

(2) Consists primarily of tax expenses.

(3) Calculated by dividing (i) total operating expenses, excluding business tax and surcharges, by (ii) total operating income.

Our operating expenses increased by 17.7% from RMB2,318.1 million for the nine months ended September 30, 2014 to RMB2,727.4 million for the nine months ended September 30, 2015. Our cost-to-income ratio (excluding business tax and surcharges) was 22.9% and 22.5% for the nine months ended September 30, 2014 and 2015, respectively. The decrease in our cost-to-income ratio was primarily due to the fact that our operating income increased at a higher rate than the increase in our operating expenses (excluding business tax and surcharges), which was primarily due to (i) expansion of our lending business and interbank business, and (ii) our enhanced cost management.

Staff Costs

Staff costs are the largest component of our operating expenses, representing 42.5% and 43.0% of our total operating expenses for the nine months ended September 30, 2014 and 2015, respectively.

The following table sets forth, for the periods indicated, the components of our staff costs.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Salaries, bonuses and allowances	700.1	823.7
Social insurance and housing funds	225.4	270.6
Contributions to annuity funds	28.5	45.0
Staff welfare	21.8	23.3
Labor union fees and staff education expenses	8.3	9.4
Total staff costs	**984.1**	**1,172.0**

Staff costs increased by 19.1% from RMB984.1 million for the nine months ended September 30, 2014 to RMB1,172.0 million for the nine months ended September 30, 2015, primarily due to an increase in our salaries, bonuses and allowances.

Salaries, bonuses and allowances increased by 17.7% from RMB700.1 million for the nine months ended September 30, 2014 to RMB823.7 million for the nine months ended September 30, 2015, primarily due to (i) an increase in the number of our employees from 4,970 for the nine months ended September 30, 2014 to 5,570 for the nine months ended September 30, 2015, and (ii) an increase in the average compensation and the total performance salaries of our employees in line with our business growth.

Social insurance expenses consist of mandatory social insurance contributions paid under applicable laws and regulations and contributions to supplemental medical insurance schemes we provide to our employees. Social insurance and housing funds increased by 20.1% from RMB225.4 million for the nine months ended September 30, 2014 to RMB270.6 million for the nine months ended September 30, 2015, primarily due to the increase in the number of our employees and an increase in our total salaries, as social insurance and housing funds expenses are set at certain percentages of salaries.

Contributions to annuity funds increased by 57.9% from RMB28.5 million for the nine months ended September 30, 2014 to RMB45.0 million for the nine months ended September 30, 2015. These expenses increased as a result of the rate of our contributions to annuity funds increasing from 5% for the nine months ended September 30, 2014 to 8% for the nine months ended September 30, 2015.

Business Taxes and Surcharges

Business tax is levied at 5% primarily on our interest income from loans to customers, income from securities sales and trading and our gross fee and commission income. In addition, certain surcharges are levied at rates of 12.0% to 13.4% of the amount of our business tax paid. Business taxes and surcharges increased by 22.1% from RMB663.9 million for the nine months ended September 30, 2014 to RMB810.4 million for the nine months ended September 30, 2015.

Other General Operating and Administrative Expenses

Our other general operating and administrative expenses primarily consist of business marketing expenses, security expenses, and regulatory expenses and other management expenses. Our other general operating and administrative expenses increased by 5.9% from RMB192.6 million for the nine months ended September 30, 2014 to RMB203.9 million for the nine months ended September 30, 2015, primarily due to the increase of security expenses, and regulatory expenses and other management expenses.

Rental and Property Management Expenses

Our rental and property management expenses increased by 31.2% from RMB158.1 million for the nine months ended September 30, 2014 to RMB207.4 million for the nine months ended September 30, 2015, primarily due to the increase of number of our outlets.

Office Expenses

Our office expenses primarily consist of electronic equipment operating expenses, incidental expenses, expenses on automobiles and postage expenses. Our office expenses decreased by 2.1% from RMB190.8 million for the nine months ended September 30, 2014 to RMB186.8 million for the nine months ended September 30, 2015.

Depreciation and Amortization

Our depreciation and amortization consist primarily of depreciation of our property and equipment and amortization of land use rights, software and other intangible assets. Our depreciation and amortization increased by 11.1% from RMB114.8 million for the nine months ended September 30, 2014 to RMB127.6 million for the nine months ended September 30, 2015, primarily due to (i) increases in depreciation charges for the properties and equipment of new branches and sub-branches and amortization charges for the intangible assets in connection with the updating of our information technology systems, and (ii) an increase in amortization of renovations expenses of our leased operating fixed assets in line with our business growth.

Others

Other operating expenses consist primarily of tax expenses. Our other operating expenses increased by 39.9% from RMB13.8 million for the nine months ended September 30, 2014 to RMB19.3 million for the nine months ended September 30, 2015, which is in line with our business development.

Impairment Losses on Assets

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

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Impairment losses on assets:		
Loans and advances to customers	648.3	1,105.0
Others[(1)]	44.3	143.8
Total	**692.6**	**1,248.8**

Note:

(1) Consists primarily of impairment losses on investments classified as receivables and off-balance sheet credit assets.

Impairment losses on assets increased by 80.3% from RMB692.6 million for the nine months ended September 30, 2014 to RMB1,248.8 million for the nine months ended September 30, 2015, primarily due to our impairment losses on loans and advances to customers increasing by 70.4% from RMB648.3 million to RMB1,105.0 million, primarily reflecting an increase in our non-performing loans as a result of the general slowdown in the PRC economy.

For details on changes in our allowance for loan losses, please see the section headed "Assets and Liabilities — Assets — Allowance for Impairment Losses on Loans to Customers".

Income Tax Expenses

The following table sets forth, for the periods indicated, the reconciliation between the income tax expenses calculated at the statutory income tax rate applicable to our profit before tax and our actual income tax expenses.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Profit before tax	4,228.7	4,570.7
Tax calculated at applicable statutory tax rate of 25%	1,057.2	1,142.7
Underprovision of tax in prior years	0.7	2.7
Tax effect of expenses not deductible for tax purpose	1.9	2.4
Tax effect of income not taxable for tax purpose[(1)]	(121.9)	(145.3)
Income tax expense	**937.9**	**1,002.5**

Note:

(1) The income not taxable for tax purpose mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulations.

Our income tax expenses increased by 6.9% from RMB937.9 million for the nine months ended September 30, 2014 to RMB1,002.5 million for the nine months ended September 30, 2015, primarily due to the increase in our profit before tax. Our effective income tax rate was 22.2% and 21.9% for the nine months ended September 30, 2014 and 2015, respectively.

The following table sets forth, for the periods indicated, the components of our income tax expenses.

	For the nine months ended September 30,	
	2014 (unaudited)	2015
	(in millions of RMB)	
Current income tax:		
— PRC Enterprise Income Tax	915.2	1,219.9
Deferred income tax	22.7	(217.4)
Total income tax expenses	**937.9**	**1,002.5**

Net Profit

Primarily as a result of all of the foregoing factors, our net profit increased by 8.4% from RMB3,290.8 million for the nine months ended September 30, 2014 to RMB3,568.2 million for the nine months ended September 30, 2015.

RESULTS OF OPERATION FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014

The following table sets forth, for the years indicated, our condensed results of operation.

	For the year ended December 31,		
	2012	2013	2014
	(in millions of RMB, except earnings per share)		
Interest income	13,357.5	19,632.4	24,769.3
Interest expense	(7,203.9)	(11,801.6)	(15,620.5)
Net interest income	**6,153.6**	**7,830.8**	**9,148.8**
Fee and commission income	348.9	443.3	560.7
Fee and commission expense	(16.3)	(26.0)	(36.5)
Net fee and commission income	**332.6**	**417.3**	**524.2**
Net trading (losses)/gains	(41.9)	(164.9)	180.5
Net gains/(losses) arising from investments securities	14.0	(3.9)	2.4
Other operating income, net	131.7	124.8	84.6
Operating income	**6,590.0**	**8,204.1**	**9,940.5**
Operating expenses	(2,384.6)	(2,906.1)	(3,261.2)
Impairment losses	(906.8)	(912.8)	(975.3)
Profit before tax	**3,298.6**	**4,385.2**	**5,704.0**
Income tax expense	(661.9)	(950.3)	(1,275.0)
Profit for the year/period	**2,636.7**	**3,434.9**	**4,429.0**
Earnings per share			
(Expressed in RMB Yuan per share)			
Basic and diluted	**0.64**	**0.83**	**0.88**

Our net profit increased by 30.3% from RMB2,636.7 million for the year ended December 31, 2012 to RMB3,434.9 million for the year ended December 31, 2013, which further increased by 28.9% to RMB4,429.0 million for the year ended December 31, 2014, primarily due to increases in our net interest income and net fee and commission income.

Net Interest Income

Net interest income is the largest component of our operating income, representing 93.4%, 95.4% and 92.0% of our operating income for the years ended December 31, 2012, 2013 and 2014, respectively.

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

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Interest income	13,357.5	19,632.4	24,769.3
Interest expense	(7,203.9)	(11,801.6)	(15,620.5)
Net interest income	**6,153.6**	**7,830.8**	**9,148.8**

Our net interest income increased by 27.3% from RMB6,153.6 million in 2012 to RMB7,830.8 million in 2013, primarily due to a 47.0% increase in interest income, which was partially offset by a 63.8% increase in interest expense. Our net interest income increased by 16.8% from RMB7,830.8 million in 2013 to RMB9,148.8 million in 2014, primarily due to a 26.2% increase in interest income, which was partially offset by a 32.4% increase in interest expense.

The following table sets forth, for the years indicated, the daily average balances of our interest-earning assets and interest-bearing liabilities and the related interest income or expense and the related average yields on assets or related average costs of liabilities.

	For the year ended December 31,								
	2012			2013			2014		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost
	(in millions of RMB, except percentages)								
Interest-earning assets									
Loans and advances to customers	109,932.6	7,971.1	7.25	136,978.4	9,121.1	6.66	160,062.5	10,392.5	6.49
Investment securities and other financial assets	65,068.3	3,154.3	4.85	104,082.7	5,512.9	5.30	114,884.2	6,810.8	5.93
-Trust beneficiary rights and wealth management products and asset management plans	22,324.7	1,850.3	8.29	58,533.2	3,980.1	6.80	61,907.8	5,083.4	8.21
-Debt securities investment	42,743.6	1,304.0	3.05	45,549.5	1,532.8	3.37	52,976.4	1,727.4	3.26
Amounts due from banks and other financial institutions(1)	10,324.4	495.7	4.80	55,773.1	3,030.6	5.43	95,894.9	5,783.6	6.03
Balances with central bank	38,154.9	574.2	1.50	46,596.7	700.6	1.50	52,964.0	801.9	1.51
Deposits with banks and other financial institutions	22,188.2	1,162.2	5.24	25,702.4	1,267.2	4.93	20,532.8	980.5	4.78
Total interest-earning assets	**245,668.4**	**13,357.5**	**5.44%**	**369,133.3**	**19,632.4**	**5.32%**	**444,338.4**	**24,769.3**	**5.57%**
Allowance for impairment losses	(3,867.4)			(4,700.6)			(4,948.9)		
Non-interest earning assets(2)	3,280.8			3,589.8			4,439.5		
Total assets	**245,081.8**	**13,357.5**	**5.45%**	**368,022.5**	**19,632.4**	**5.33%**	**443,829.0**	**24,769.3**	**5.58%**
Interest-bearing liabilities									
Due to customers	178,970.5	4,771.7	2.67	223,451.9	5,952.9	2.66	259,176.4	7,603.1	2.93
Deposits from banks and other financial institutions	35,340.3	1,749.3	4.95	92,484.3	4,550.5	4.92	129,032.0	7,235.2	5.61
Amounts due to banks and other financial institutions(3)	12,582.3	576.7	4.58	22,139.8	1,026.0	4.63	13,854.8	610.7	4.41
Debt securities issued	1,584.5	104.9	6.62	4,277.2	265.5	6.21	4,108.9	149.8	3.65
Borrowings from central bank	93.4	1.3	1.39	222.3	6.7	3.01	725.2	21.7	2.99
Total interest-bearing liabilities	**228,571.0**	**7,203.9**	**3.15%**	**342,575.5**	**11,801.6**	**3.44%**	**406,897.3**	**15,620.5**	**3.84%**
Non-interest-bearing liabilities(4)	3,029.5			5,568.8			11,530.3		
Total liabilities	**231,600.5**	**7,203.9**	**3.11%**	**348,144.3**	**11,801.6**	**3.39%**	**418,427.6**	**15,620.5**	**3.73%**
Net interest income		**6,153.6**			**7,830.8**			**9,148.8**	
Net interest spread(5)			**2.29%**			**1.88%**			**1.73%**
Net interest margin(6)			**2.50%**			**2.12%**			**2.06%**

Notes:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(2) Consists of cash, interest receivable, equity securities held for trading, long-term equity investments, fixed assets, intangible assets, other receivables, debt-repayment assets and deferred income tax assets.

(3) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

(4) Consists of interest payable, taxes payable, other payables, accrued liabilities, accrued staff salaries and dividends payable.

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

(6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

The following table sets forth, for the years indicated, the allocation of changes in our interest income and interest expense due to changes in volume and changes in rate. Changes in volume are measured by changes in the daily average balances and changes in rate are measured by changes in the average rates. Changes caused by both volume and rate have been allocated to changes in volume.

	For the year ended December 31,					
	2013 vs. 2012			2014 vs. 2013		
	Increase/ (decrease) due to		Net increase/	Increase/ (decrease) due to		Net increase/
	Volume(1)	Rate(2)	(decrease)(3)	Volume(1)	Rate(2)	(decrease)(3)
	(in millions of RMB)					
Assets						
Loans and advances to customers	1,960.8	(810.8)	1,150.0	1,537.4	(266.0)	1,271.4
Investment securities and other financial assets	1,892.2	466.4	2,358.6	572.5	725.4	1,297.9
Amounts due from banks and other financial institutions(4)	2,181.5	353.4	2,534.9	2,178.6	574.4	2,753.0
Balance with central bank	126.6	(0.2)	126.4	95.5	5.8	101.3
Deposits with banks and other financial institutions	184.1	(79.1)	105.0	(254.9)	(31.8)	(286.7)
Changes in interest income	**6,345.2**	**(70.3)**	**6,274.9**	**4,129.1**	**1,007.8**	**5,136.9**
Liabilities						
Due to customers	1,187.7	(6.5)	1,181.2	950.3	699.9	1,650.2
Deposits from banks and other financial institutions	2,828.6	(27.4)	2,801.2	1,798.1	886.6	2,684.7
Amounts due to banks and other financial institutions(5)	437.7	11.6	449.3	(383.6)	(31.7)	(415.3)
Debt securities issued	178.3	(17.7)	160.6	(10.5)	(105.2)	(115.7)
Borrowings from central bank	1.8	3.6	5.4	15.1	(0.1)	15.0
Changes in interest expense	**4,634.1**	**(36.4)**	**4,597.7**	**2,369.4**	**1,449.5**	**3,818.9**
Changes in net interest income	**1,711.1**	**(33.9)**	**1,677.2**	**1,759.7**	**(441.7)**	**1,318.0**

Notes:

(1) Represents the daily average balance for the year minus the daily average balance for the previous year, multiplied by the average yield/cost for the year.

(2) Represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the daily average balance for the previous year.

(3) Represents interest income/expense for the year minus interest income/expense for the previous year.

(4) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(5) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

Interest Income

The following table sets forth, for the years indicated, the breakdown of our interest income.

	For the year ended December 31,					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)					
Interest income from						
Loans and advances to customers, including:						
Corporate loans and advances	6,755.8	50.6%	7,407.3	37.7%	8,054.0	32.5%
Personal loans and advances	890.2	6.7%	1,122.1	5.7%	1,384.0	5.5%
Discounted bills	325.1	2.4%	591.7	3.0%	954.5	3.9%
Investment, including:						
Trust beneficiary rights, wealth management products and asset management plans	1,850.3	13.9%	3,980.1	20.3%	5,083.4	20.5%
Debt securities investment	1,304.0	9.7%	1,532.8	7.8%	1,727.4	7.0%
Amounts due from banks and other financial institutions[(1)]	495.7	3.7%	3,030.6	15.4%	5,783.6	23.4%
Deposits with banks and other financial institutions	1,162.2	8.7%	1,267.2	6.5%	980.5	4.0%
Balances with central bank	574.2	4.3%	700.6	3.6%	801.9	3.2%
Total interest income	**13,357.5**	**100.0%**	**19,632.4**	**100.0%**	**24,769.3**	**100.0%**

Note:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

Our interest income increased by 47.0% from RMB13,357.5 million in 2012 to RMB19,632.4 million in 2013, primarily due to a 50.3% increase in the average balance of interest-earning assets from RMB245,668.4 million in 2012 to RMB369,133.3 million in 2013, primarily due to increases in the average balance of investment securities and other financial assets, the average balance of amounts due from banks and other financial institutions and the average balance of loans and advances to customers, which is generally in line with our business growth, partially offset by a decrease in the average yield on our interest-earning assets from 5.44% in 2012 to 5.32% in 2013, primarily as a result of the decrease of our average yield of our loans and advances to customers and deposits with banks and other financial institutions.

Our interest income increased by 26.2% from RMB19,632.4 million in 2013 to RMB24,769.3 million in 2014, primarily due to a 20.4% increase in the average balance of interest-earning assets from RMB369,133.3 million in 2013 to RMB444,338.4 million in 2014 as a result of increases in the average balance of loans and advances to customers and the average balance of amounts due from banks and other financial institutions in line with our business growth, which was accompanied by an increase of the average yield on our interest-earning assets from 5.32% in 2013 to 5.57% in 2014, primarily as a result of the increase of the average yield of our investment securities and other financial assets and the average yield of our amounts due from banks and other financial institutions.

Interest Income from Loans and Advances to Customers

Interest income from loans and advances to customers is the largest component of our interest income, representing 59.7%, 46.4% and 41.9% of our interest income in 2012, 2013 and 2014, respectively.

The following table sets forth, for the years indicated, the daily average balance, interest income and average yield for each component of our loans and advances to customers.

	For the year ended December 31,								
	2012			2013			2014		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(in millions of RMB, except percentages)								
Corporate loans and advances	91,440.3	6,755.8	7.39%	108,521.7	7,407.3	6.83%	122,673.5	8,054.0	6.57%
Personal loans and advances	13,677.6	890.2	6.51%	18,290.2	1,122.1	6.13%	22,021.1	1,384.0	6.28%
Discounted bills	4,814.7	325.1	6.75%	10,166.5	591.7	5.82%	15,367.9	954.5	6.21%
Total loans and advances to customer	**109,932.6**	**7,971.1**	**7.25%**	**136,978.4**	**9,121.1**	**6.66%**	**160,062.5**	**10,392.5**	**6.49%**

Our interest income from loans and advances to customers increased by 14.4% from RMB7,971.1 million in 2012 to RMB9,121.1 million in 2013, which further increased by 13.9% to RMB10,392.6 million in 2014. The continued increase in interest income from loans to customers from 2012 to 2014 was primarily due to a year-on-year increase in the average balance of our total loans and advances to customers, reflecting the overall growth of our business, partially offset by a decrease in the average yield on loans and advances to customers. The average balance of our total loans and advances to customers was RMB109,932.6 million, RMB136,978.4 million and RMB160,062.5 million in 2012, 2013 and 2014, respectively. The average yield on our loans and advances to customers was 7.25%, 6.66% and 6.49% in 2012, 2013 and 2014, respectively. The decrease in the average yield on loans to customers from 2012 to 2014 was primarily due to the decrease in the average yield of corporate loans and advances.

The largest component of our interest income from loans and advances to customers has been interest income from corporate loans, representing 84.8%, 81.2% and 77.5% of our total interest income from loans to customers for the years ended December 31, 2012, 2013 and 2014, respectively.

Corporate Loans and Advances. Our interest income from corporate loans and advances increased by 9.6% from RMB6,755.8 million in 2012 to RMB7,407.3 million in 2013, which further increased by 8.7% to RMB8,054.0 million in 2014. The continued increase in interest income from corporate loans and advances from 2012 to 2014 was primarily due to a year-on-year increase in the average balance of our corporate loans and advances, which was partially offset by a decrease in the average yield on our corporate loans and advances. The average balance of our corporate loans and advances increased by 18.7% from RMB91,440.3 million in 2012 to RMB108,521.7 million in 2013, which further increased by 13.0% to RMB122,673.5 million in 2014, which is line with the growth of our corporate loans business. The average yield on our corporate loans and advances was 7.39%, 6.83% and 6.57% in 2012, 2013 and 2014, respectively. The decrease in the average yield on corporate loans and advances was primarily due to the decrease in the PBoC benchmark interest rate and increased market competition.

Personal Loans and Advances. Interest income from personal loans and advances increased by 26.1% from RMB890.2 million in 2012 to RMB1,122.1 million in 2013, primarily due to a 33.7% increase in the average balance of our personal loans and advances from RMB13,677.6 million in 2012 to RMB18,290.2 million in 2013, primarily as a result of our efforts to grow our retail banking business, partially offset by a decrease in the average yield on our personal loans and advances from 6.51% in 2012 to 6.14% in 2013. The decrease in the average yield on our personal loans and advances primarily reflected the decrease in the PBoC benchmark interest rate and increased competition in the PRC banking industry. Our interest income from personal loans and advances increased by 23.3% from RMB1,122.1 million in 2013 to RMB1,384.0 million in 2014, primarily due to a 20.4% increase in the average balance of our personal loans and advances from RMB18,290.2 million in 2013 to RMB22,021.1 million in 2014, which was in line with our business development. The average yield on our personal loans and advances remained relatively stable in 2013 and 2014.

Discounted Bills. Interest income from discounted bills increased by 82.0% from RMB325.1 million in 2012 to RMB591.7 million in 2013, primarily due to a 111.2% increase in the average balance of our discounted bills from RMB4,814.8 million in 2012 to RMB10,166.5 million in 2013, reflecting our decision to grow discounted bills business taking account of its high liquidity, partially offset by a decrease in the average yield on our discounted bills from 6.75% in 2012 to 5.82% in 2013, primarily due to a decrease in the market interest rates of discounted bills as a result of increased market liquidity in the first half of 2013. Our interest income from discounted bills increased by 61.3% from RMB591.7 million in 2013 to RMB954.5 million in 2014, primarily due to a 51.2% increase in the average balance of our discounted bills from RMB10,166.5 million in 2013 to RMB15,367.9 million in 2014, which was in line with our business development, accompanied by an increase in the average yield on our discounted bills from 5.82% in 2013 to 6.21% in 2014, primarily due to an increase in the market interest rates of discounted bills as a result of tight market liquidity in the first half of 2014.

Interest Income from Trust Beneficiary Rights, Wealth Management Products and Asset Management Plans

Interest income from trust beneficiary rights, wealth management products and asset management plans represented 13.9%, 20.3% and 20.5% of our interest income in 2012, 2013 and 2014, respectively.

Our interest income from trust beneficiary rights, wealth management products and asset management plans increased by 115.1% from RMB1,850.3 million in 2012 to RMB3,980.1 million in 2013, primarily due to a 162.2% increase in the average balance of our trust beneficiary rights, wealth management products and asset management plans from RMB22,324.7 million in 2012 to RMB58,533.2 million in 2013, partially offset by a decrease in the average yield on trust beneficiary rights, wealth management products and asset management plans from 8.29% in 2012 to 6.80% in 2013. The increase in the average balance of our trust beneficiary rights, wealth management products and asset management plans primarily reflected an increased holding of our trust beneficiary rights, wealth management products and asset management plans to generate higher returns. The decrease in the average yield on trust beneficiary rights, wealth management products and asset management plans primarily resulted from the consecutive reductions of benchmark interest rates by PBoC.

Our interest income from trust beneficiary rights, wealth management products and asset management plans increased by 27.7% from RMB3,980.1 million in 2013 to RMB5,083.4 million in 2014, primarily due to a 5.8% increase in the average balance of our trust beneficiary rights, wealth management products and asset management plans from RMB58,533.2 million in 2013 to RMB61,907.8 million in 2014, which was accompanied by an increase in the average yield on our trust beneficiary rights, wealth management products and asset management plans from 6.80% in 2013 to 8.21% in 2014. The increase in the average balance of our trust beneficiary rights, wealth management products and asset management plans was primarily due to our increased holding of our trust beneficiary rights, wealth management products and asset management plans to generate higher returns. The increase in the average yield on our trust beneficiary rights, wealth management products and asset management plans was primarily due to our continuous holding of such assets with relatively higher yields.

Interest Income from Debt Securities Investment

Interest income from debt securities investment represented 9.7%, 7.8% and 7.0% of our interest income in 2012, 2013 and 2014, respectively.

Our interest income from debt securities investment increased by 17.5% from RMB1,304.0 million in 2012 to RMB1,532.8 million in 2013, primarily due to a 6.6% increase in the average balance of our debt securities investment from RMB42,743.6 million in 2012 to RMB45,549.5 million in 2013, accompanied by an increase in the average yield on debt securities investment from 3.05% in 2012 to 3.37% in 2013. The increase in the average balance of our debt securities investment primarily reflected our increased holding of debt securities investments to achieve better liquidity. The increase in the average yield on debt securities investment was primarily due to our increased holding of debt securities issued by PRC corporate issuers with relatively higher yields.

Our interest income from debt securities investment increased by 12.7% from RMB1,532.8 million in 2013 to RMB1,727.4 million in 2014, primarily due to a 16.3% increase in the average balance of our debt securities investment from RMB45,549.5 million in 2013 to RMB52,976.4 million in 2014, partially offset by a decrease in the average yield on debt securities investment from 3.37% in 2013 to 3.26% in 2014. The increase in the average balance of our debt securities investment primarily reflected an increase in our holding of debt securities to generate higher returns and meet our liquidity needs, taking account of the relatively lower market risk attributable to the decrease of market interest rates since 2014. The decrease in the average yield on debt securities investment was primarily due to the consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Amounts Due from Banks and Other Financial Institutions

Interest income from amounts due from banks and other financial institutions represented 3.7%, 15.4% and 23.4% of our interest income in 2012, 2013 and 2014, respectively.

Our interest income from amounts due from banks and other financial institutions increased by 511.3% from RMB495.7 million in 2012 to RMB3,030.6 million in 2013, primarily due to a 440.2% increase in the average balance of amounts due from banks and other financial institutions from RMB10,324.4 million in 2012 to RMB55,773.1 million in 2013, primarily due to an increase in the amount of financial assets we held under resale agreements with higher yields, including trust beneficiary right and asset management plans, and discounted bills, to better manage our liquidity and yield, accompanied by an increase in the average yield on amounts due from banks and other financial institutions from 4.80% in 2012 to 5.43% in 2013, primarily due to an increase of market interest rates as a result of tight market liquidity in the second half of 2013.

Our interest income from amounts due from banks and other financial institutions increased by 90.8% from RMB3,030.6 million in 2013 to RMB5,783.6 million in 2014, primarily due to a 71.9% increase in the average balance of our amounts due from banks and other financial institutions from RMB55,773.1 million in 2013 to RMB95,894.9 million in 2014, primarily due to an increase in our holding in discounted bills hold under resale agreements and the increase of our placements with banks and other financial institutions as a result of an increase in our funds available for investment, which was accompanied by an increase in the average yield on our amounts due from banks and other financial institutions from 5.43% in 2013 to 6.03% in 2014, primarily due to an increase in the market interest rates as a result of tight market liquidity in the first half of 2014.

Interest Income from Deposits with Banks and Other Financial Institutions

Interest income from deposits with banks and other financial institutions represented 8.7%, 6.5% and 4.0% of our interest income in 2012, 2013 and 2014, respectively.

Our interest income from deposits with banks and other financial institutions increased by 9.0% from RMB1,162.2 million in 2012 to RMB1,267.2 million in 2013, primarily due to a 15.8% increase in the average balance of our deposits with banks and other financial institutions from RMB22,188.2 million in 2012 to RMB25,702.4 million in 2013, partially offset by a decrease in the average yield on these deposits from 5.24% in 2012 to 4.93% in 2013. The increase in the average balance of our deposits with banks and other financial institutions primarily reflected our overall business growth. The decrease in the average yield on these deposits primarily reflected alteration of the duration mix of our deposits with banks and other financial institutions.

Our interest income from deposits with banks and other financial institutions decreased by 22.6% from RMB1,267.2 million in 2013 to RMB980.5 million in 2014, primarily due to a combination of a 20.1% decrease in the average balance of our deposits with banks and other financial institutions from RMB25,702.4 million in 2013 to RMB20,532.8 million in 2014 and a decrease in the average yield on these deposits from 4.93% in 2013 to 4.78% in 2014. The decrease in the average balance on these deposits was primarily due to our decision to allocate funds to financial assets with higher yields. The decrease in the average yield on these deposits was primarily due to a decrease in the interbank market interest rates as a result of the increased market liquidity in the second half of 2014.

Interest Income from Balance with Central Bank

Our interest-earning balances of our balance with central bank consist primarily of statutory deposit reserves and surplus deposit reserves with PBoC. Statutory deposit reserves represent the minimum level of cash deposits that we are required to maintain at PBoC, calculated as a percentage of the balance of our general deposits from customers. Surplus deposit reserves are deposits with PBoC in excess of statutory deposit reserves, which we maintain for clearing purposes.

Our interest income from balance with central bank increased by 22.2% from RMB574.2 million in 2012 to RMB700.6 million in 2013, which further increased by 14.5% to RMB801.9 million in 2014. The continued increase in our interest income from our balance with central bank was primarily due to a year-on-year increase in the average balance of our deposits with central bank. The average balance of our deposits with central bank increased by 22.1% from RMB38,154.9 million in 2012 to RMB46,596.7 million in 2013, which further increased by 13.7% to RMB52,964.0 million in 2014, primarily due to the increase of our deposits from customers.

Interest Expense

The following table sets forth, for the years indicated, the breakdown of our interest expense.

	For the year ended December 31,					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)					
Interest expense on						
Due to customers	(4,771.7)	66.2%	(5,952.9)	50.4%	(7,603.1)	48.7%
Deposits from banks and other financial institutions	(1,749.3)	24.3%	(4,550.5)	38.6%	(7,235.2)	46.3%
Amounts due to banks and other financial institutions[(1)]	(576.7)	8.0%	(1,026.0)	8.7%	(610.7)	3.9%
Debt securities issued	(104.9)	1.5%	(265.5)	2.2%	(149.8)	1.0%
Borrowings from central bank	(1.3)	0.0%	(6.7)	0.1%	(21.7)	0.1%
Total interest expense	**(7,203.9)**	**100.0%**	**(11,801.6)**	**100.0%**	**(15,620.5)**	**100.0%**

Note:

(1) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

Our interest expense increased by 63.8% from RMB7,203.9 million in 2012 to RMB11,801.6 million in 2013, primarily due to a 49.9% increase in the average balance of our interest-bearing liabilities from RMB228,571.0 million in 2012 to RMB342,575.5 million in 2013, primarily due to an increase of the average balance of amounts due to customers and an increase of the average balance of deposits from banks and other financial institutions, accompanied by an increase in the average cost of our interest-bearing liabilities from 3.15% in 2012 to 3.44% in 2013.

Our interest expense increased by 32.4% from RMB11,801.6 million in 2013 to RMB15,620.5 million in 2014, primarily due to a 18.8% increase in the average balance of our interest-bearing liabilities from RMB342,575.5 million in 2013 to RMB406,897.3 million in 2014, accompanied by an increase in the average cost of our interest-bearing liabilities from 3.44% in 2013 to 3.84% in 2014. The increase in the average balance of our interest-bearing liabilities resulted from an increase of the average balance of amounts due to customers and an increase of the average balance of deposits from banks and other financial institutions. The increase in the average cost of our interest-bearing liabilities resulted from an increase of the average cost of amounts due to customers and deposits from banks and other financial institutions.

Interest Expense on Amounts Due to Customers

Amounts due to customers is our primary source of funding. Interest expense on amounts due to customers represented 66.2%, 50.4% and 48.7% of our total interest expense for the years ended December 31, 2012, 2013 and 2014, respectively.

The following table sets forth, for the years indicated, the daily average balance, interest expense and average cost of our amounts due to customers by product type.

	For the year ended December 31,								
	2012			2013			2014		
	Average balance	Interest expense	Average cost	Average balance	Interest expense	Average cost	Average balance	Interest expense	Average cost
	(in millions of RMB, except percentages)								
Corporate deposits									
Time[(1)]	64,797.0	2,342.5	3.62	82,777.0	2,731.6	3.30	104,535.0	3,899.8	3.73
Demand	75,472.0	1,287.0	1.71	93,342.9	1,771.7	1.90	104,289.0	2,087.2	2.00
Subtotal	**140,269.0**	**3,629.5**	**2.59**	**176,119.9**	**4,503.3**	**2.56**	**208,824.0**	**5,987.0**	**2.87**
Personal deposits									
Time[(1)]	26,992.3	1,102.5	4.08	34,855.1	1,410.3	4.05	37,726.9	1,577.6	4.18
Demand	11,709.2	39.7	0.34	12,476.9	39.3	0.31	12,625.5	38.5	0.30
Subtotal	**38,701.5**	**1,142.2**	**2.95**	**47,332.0**	**1,449.6**	**3.06**	**50,352.4**	**1,616.1**	**3.21**
Total amounts due to customers	**178,970.5**	**4,771.7**	**2.67%**	**223,451.9**	**5,952.9**	**2.66%**	**259,176.4**	**7,603.1**	**2.93%**

Note:

(1) Including principal-protected wealth management products, which we classify as amounts due to customers pursuant to PBoC rules.

Our interest expense on amounts due to customers increased by 24.8% from RMB4,771.7 million in 2012 to RMB5,952.9 million in 2013, which further increased by 27.7% to RMB7,603.1 million in 2014, primarily due to increases in both the average balance of, and the average cost on, our amounts due to customers. The average balance of our amounts due to customers increased by 24.9% from RMB178,970.5 million in 2012 to RMB223,451.9 million in 2013, which further increased by 16.0% to RMB259,176.4 million in 2014, resulting primarily from the expansion of our distribution network and our increased efforts to grow our corporate banking business. The average cost of our amounts due to customers was 2.67% in 2012 and remained stable at 2.66% in 2013, which increased to 2.93% in 2014. The increase in the average cost of our amounts due to customers resulted primarily from (i) our decision to raise interest rates on certain Renminbi-denominated deposits to respond to the increased competition, as the PBoC lifted the interest rate cap for Renminbi-denominated deposits while lowering the benchmark interest rates on Renminbi-denominated deposits, and (ii) an increase of our time deposits, the average cost of which was relatively higher.

Interest Expense on Deposits from Banks and Other Financial Institutions

Interest expense on deposits from banks and other financial institutions represented 24.3%, 38.6% and 46.3% of our interest expense in 2012, 2013 and 2014, respectively.

Our interest expense on deposits from banks and other financial institutions increased by 160.1% from RMB1,749.3 million in 2012 to RMB4,550.5 million in 2013, primarily due to an increase in the average balance of our deposits from banks and other financial institutions by 161.7% from RMB35,340.3 million in 2012 to RMB92,484.3 million in 2013, primarily due to our decision to increase our inter-bank liabilities to invest in financial assets with higher yields, which was partially offset by a decrease in the average cost of these deposits from 4.95% in 2012 to 4.92% in 2013, primarily due to a decrease in the market interest rates as a result of increased market liquidity in the first half of 2013.

Our interest expense on deposits from banks and other financial institutions increased by 59.0% from RMB4,550.5 million in 2013 to RMB7,235.2 million in 2014, primarily due to a 39.5% increase in the average balance of our deposits from banks and other financial institutions from RMB92,484.3 million in 2013 to RMB129,032.0 million in 2014, accompanied by an increase in the average cost of our deposits from banks and other financial institutions from 4.92% in 2013 to 5.61% in 2014. The increase in the average balance of our deposits from banks and other financial institutions was primarily due to our decision to increase our inter-bank liabilities to invest in financial assets with higher yields. The increase in the average cost of our deposits from banks and other financial institutions was primarily due to an increase in the market interest rates as a result of tight market liquidity in the first half of 2014.

Interest Expense on Amounts Due to Banks and Other Financial Institution

Interest expense on amounts due to banks and other financial institution represented 8.0%, 8.7% and 3.9% of our interest expense in 2012, 2013 and 2014, respectively.

Our interest expense on amounts due to banks and other financial institution increased by 77.9% from RMB576.7 million in 2012 to RMB1,026.0 million in 2013, primarily due to a 76.0% increase in the average balance of our amounts due to banks and other financial institution from RMB12,582.3 million in 2012 to RMB22,139.8 million in 2013, accompanied by an increase in the average cost of our amounts due to banks and other financial institution from 4.58% in 2012 to 4.63% in 2013. The increases in the average balance of our amounts due to banks and other financial institution primarily due to our decision to increase our inter-bank liabilities to invest in financial assets with higher yields. The increase in the average cost of our amounts due to banks and other financial institution was primarily due to an increase of market interest rates as a result of tight market liquidity in the second half of 2013.

Our interest expense on amounts due to banks and other financial institution decreased by 40.5% from RMB1,026.0 million in 2013 to RMB610.7 million in 2014, primarily due to a 37.4% decrease in the average balance of our amounts due to banks and other financial institution from RMB22,139.8 million in 2013 to RMB13,854.8 million in 2014, accompanied by a decrease in the average cost of our amounts due to banks and other financial institution from 4.63% in 2013 to 4.41% in 2014. The decreases in the average balance of our amounts due to banks and other financial institution was primarily due to our decision to decrease the scale of financial assets sold under repurchase agreements to support our debt securities investment. The decrease in the average cost of our amounts due to banks and other financial institution primarily due to decrease of market interest rates resulted from increased market liquidity in the second half of 2014.

Interest Expense on Debt Securities Issued

Interest expense on debt securities issued represented 1.5%, 2.2% and 1.0% of our interest expense in 2012, 2013 and 2014, respectively. For details of our debt securities issued, please see "— Capital Resources — Debt — Debt Securities Issued".

Our interest expense on debt securities issued increased by 153.1% from RMB104.9 million in 2012 to RMB265.5 million in 2013, primarily due to a 169.9% increase in the average balance of our debt securities issued from RMB1,584.5 million in 2012 to RMB4,277.2 million in 2013 as a result of our issuance of subordinated bonds with a principal amount of RMB2,700 million in December, 2012, partially offset by a decrease in the average cost of our debt securities issued from 6.62% in 2012 to 6.21% in 2013, resulting from the issuance of our financial bonds with a relatively low interest rate.

Our interest expense on debt securities issued decreased by 43.6% from RMB265.5 million in 2013 to RMB149.8 million in 2014, primarily due to a 3.9% decrease in the average balance of our debt securities issued from RMB4,277.2 million in 2013 to RMB4,108.9 million in 2014 primarily due to that we redeemed in full our subordinated bonds issued in 2009 with a principal amount of RMB1,500 million in November 2014, accompanied by a decrease of the average cost of our debt securities issued from 6.21% in 2013 to 3.65% in 2014, primarily due to that we redeemed the subordinated bonds we issued in 2009 in full in 2014.

Interest Expense on Borrowings from Central Bank

Interest expense on borrowings from central bank represented 0.02%, 0.1% and 0.1% of our interest expenses in 2012, 2013 and 2014, respectively.

Our interest expense on borrowings from central bank increased by 415.4% from RMB1.3 million in 2012 to RMB6.7 million in 2013, which further increased by 223.9% to RMB21.7 million in 2014, primarily due to a year-on-year increase in the average balance of our borrowings from central bank, accompanied by a year-on-year increase in the average cost of our borrowings from central bank. The average balance of our borrowings from central bank was RMB93.4 million, RMB222.3 million and RMB725.2 million in 2012, 2013 and 2014, respectively. The average cost on borrowings from central bank was 1.39%, 3.01% and 2.99% in 2012, 2013 and 2014, respectively.

Net Interest Spread and Net Interest Margin

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

Our net interest spread decreased from 2.29% in 2012 to 1.88% in 2013, because the average cost of our interest-bearing liabilities increased by 29 basis points and the average yield on our interest-earning assets decreased by 12 basis points. Our net interest margin decreased from 2.50% in 2012 to 2.12% in 2013, because our net interest income increased by 27.3% in 2013, lower than the 50.3% increase in the average balance of our interest-earning assets. The decrease in our net interest margin and net interest spread was primarily due to a combination of (i) a decrease in the average yield of our loans and advances to customers, which primarily resulted from PBoC's cuts in benchmark interest rates and increased competition, (ii) a decrease in the average yield of deposits with banks and other financial institutions, and (iii) increases in the average balances of our deposits from banks and other financial institutions and debt securities issued, which are of relatively high costs compared with other interest-bearing liabilities.

Our net interest spread decreased from 1.88% in 2013 to 1.73% in 2014, because the average cost of our interest-bearing liabilities increased by 40 basis points, higher than the 25 basis points increase in the average yield on our interest-earning assets. Our net interest margin decreased from 2.12% in 2013 to 2.06% in 2014, because our net interest income increased by 16.8% in 2014, lower than the 20.4% increase in the average balance of our interest-earning assets. The decrease in our net interest margin and net interest spread were primarily due to a combination of (i) a decrease in the average yield of our loans and advances to customers, deposits with banks and other financial institutions and amounts due from banks and other financial institutions, and (ii) an increase in the average cost of our deposits from banks and other financial institutions.

Net Fee and Commission Income

Net fee and commission income represented 5.0%, 5.1% and 5.3% of our total operating income for the years ended December 31, 2012, 2013 and 2014, respectively. The following table sets forth, for the years indicated, the principal components of our net fee and commission income.

	For the years ended December 31,		
	2012	**2013**	**2014**
	(in millions of RMB)		
Fee and commission income			
Settlement and clearing fees	167.7	178.7	240.7
Wealth management service fee	55.1	60.1	123.6
Acceptance and guarantee commitment fees	61.2	65.6	58.2
Agency and fiduciary services fees	33.5	61.9	89.7
Bank card fees	24.8	30.3	25.9
Others[(1)]	6.6	46.7	22.6
Subtotal	348.9	443.3	560.7
Fee and commission expenses	(16.3)	(26.0)	(36.5)
Net fee and commission income	**332.6**	**417.3**	**524.2**

Note:

(1) Consists primarily of fees earned from financial assets beneficiary rights transfer business.

Our net fee and commission income increased by 25.5% from RMB332.6 million in 2012 to RMB417.3 million in 2013, which in turn increased by 25.6% to RMB524.2 million in 2014, resulting primarily from our continued efforts to grow fee- and commission-based business.

Fee and Commission Income

Our fee and commission income increased by 27.1% from RMB348.9 million in 2012 to RMB443.3 million in 2013, which further increased by 26.5% to RMB560.7 million in 2014.

Settlement and Clearing Fees

Settlement and clearing fees consist primarily of fees earned on settlement and clearing services in respect of bank drafts, commercial drafts, promissory notes and checks, as well as fees earned on money transfers and clearing services. Our settlement and clearing fees increased by 6.6% from RMB167.7 million in 2012 to RMB178.7 million in 2013, which was in line with our business growth of settlement and clearing services. Our settlement and clearing fees increased by 34.7% from RMB178.7 million in 2013 to RMB240.7 million in 2014, primarily attributable to the expansion in the volume of our trade financing transactions.

Wealth management service fee

Wealth management service fees consist primarily of fees and commissions received for wealth management services provided to our customers. Wealth management service fees increased by 9.1% from RMB55.1 million in 2012 to RMB60.1 million in 2013, which further increased by 105.7% to RMB123.6 million in 2014, primarily due to an increase in our wealth management products issued.

Acceptance and guarantee commitment fees

Acceptance and guarantee commitment fees consist primarily of fees earned from issuing bank acceptances, letters of guarantee and letters of credit to our customers. Our acceptance and guarantee commitment fee was RMB61.2 million, RMB65.6 million and RMB58.2 million in 2012, 2013 and 2014, respectively, which remained relatively stable.

Agency and Fiduciary Services Fees

Agency and fiduciary service fees consist primarily of fees earned from our PRC treasury bonds agency services, agency sales of insurance and fee collection and payment services, syndicated loan arrangement fees, and entrusted loans fees. Agency and fiduciary service fees increased by 84.8% from RMB33.5 million in 2012 to RMB61.9 million in 2013, which further increased by 44.9% to RMB89.7 million in 2014, primarily due to our increased marketing efforts and the growth of our agency services and fiduciary services.

Bank Card Service Fees

Bank card service fees consist primarily of transaction fees from merchants and customers on the use of our bank cards. Bank card service fees increased by 22.2% from RMB24.8 million in 2012 to RMB30.3 million in 2013, primarily due to the increase in the number of credit cards issued by us from 77,659 as of December 31, 2012 to 102,821 as of December 31, 2013. Bank card service fees decreased by 14.5% from RMB30.3 million in 2013 to RMB25.9 million in 2014, primarily as we adjusted our revenue recognition policy of credit card services at the end of 2014.

Fee and Commission Expense

Fee and commission expenses consist primarily of fees paid to third parties in connection with our fee- and commission-based services that can be directly allocated to the provision of such services. Our fee and commission expenses increased by 59.5% from RMB16.3 million in 2012 to RMB26.0 million in 2013, primarily due to the increase in the fee and commission expenses paid when issuing our wealth management products. Our fee and commission expenses increased by 40.4% from RMB26.0 million in 2013 to RMB36.5 million in 2014, primarily due to the increase of fee and commission expenses of our settlement and clearing services and agency services.

Other Components of our Operating Income

Other components of our operating income consisted primarily of compensation for relocation, government subsidy, rental income, gains from dormant accounts and certain of other operating income. Other components of our operating income decreased by 5.2% from RMB113.1 million in 2012 to RMB124.8 million in 2013, which further decreased by 32.2% to RMB84.6 million in 2014, primarily due to our gains from compensation for relocation of our sub-branches in Tianjin of RMB131.1 million and RMB69.6 million, respectively, and we did not have such gains from compensation for relocation in 2014.

Operating Expenses

The following table sets forth, for the years indicated, the principal components of our total operating expenses.

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Staff costs	1,044.8	1,131.8	1,298.2
Business tax and surcharges	563.7	803.1	912.7
Other general and administrative expenses[1]	294.4	335.0	313.5
Office expenses	186.4	291.0	312.8
Rental and property management expenses	134.8	175.6	221.2
Depreciation and amortization	142.3	149.5	182.7
Others[2]	18.1	20.1	20.2
Total operating expenses	**2,384.6**	**2,906.1**	**3,261.3**
Cost-to-income ratio[3]	**27.6%**	**25.6%**	**23.6%**

Notes:

(1) Including audit fee, which amounted to RMB1.80 million, RMB0.95 million and RMB1.05 million for the years ended December 31, 2012, 2013 and 2014, respectively.

(2) Consists primarily of tax expenses.

(3) Calculated by dividing (i) total operating expenses, excluding business tax and surcharges, by (ii) total operating income.

Our operating expenses increased by 21.9% from RMB2,384.6 million in 2012 to RMB2,906.1 million in 2013, which in turn increased by 12.2% to RMB3,261.3 million in 2014. Our cost-to-income ratio (excluding business tax and surcharges) was 27.6%, 25.6% and 23.6% in 2012, 2013 and 2014, respectively. The continued decrease in our cost-to-income ratio from 2012 to 2014 was primarily due to the fact that our operating income increased at a higher rate than the increase in our operating expenses (excluding business tax and surcharges), which was primarily due to (i) expansion of our lending business and interbank business, and (ii) our enhanced cost management.

Staff Costs

Staff costs are the largest component of our operating expenses, representing 43.8%, 38.9% and 39.8% of our total operating expenses in 2012, 2013 and 2014, respectively.

The following table sets forth, for the years indicated, the components of our staff costs.

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Salaries, bonuses and allowances	715.8	773.6	901.8
Social insurance and housing funds	240.9	268.0	303.3
Staff welfare	36.5	39.3	39.1
Contributions to annuity funds	35.0	35.5	38.0
Labor union fees and staff education expenses	16.6	15.4	16.0
Total staff costs	**1,044.8**	**1,131.8**	**1,298.2**

Staff costs increased by 8.3% from RMB1,044.8 million in 2012 to RMB1,131.8 million in 2013, which in turn increased by 14.7% to RMB1,298.2 million in 2014, primarily due to an increase in salaries, bonuses and allowances, resulting from the addition of our new branches and sub-branches and our overall business growth.

Salaries, bonuses and allowances are the largest component of our staff costs, representing 68.5%, 68.4% and 69.5% of our total staff costs in 2012, 2013 and 2014, respectively. Salaries, bonuses and allowances increased by 8.0% from RMB715.8 million in 2012 to RMB773.6 million in 2013, which further increased by 16.6% to RMB901.8 million in 2014, primarily due to (i) the number of our employees increased from 4,337 in 2012 to 4,596 in 2013, which further increased to 5,048 in 2014, and (ii) an increase in the average compensation and total performance salaries of our employees in line with our business growth.

Social insurance expenses consist of mandatory social insurance contributions paid under applicable laws and regulations, and contributions to supplemental medical insurance schemes we provide to our employees. Social insurance and housing funds are the second largest component of our staff costs, representing 23.1%, 23.7% and 23.4% of our total staff costs in 2012, 2013 and 2014, respectively. Social insurance and housing funds increased by 11.2% from RMB240.9 million in 2012 to RMB268.0 million in 2013, and further increased by 13.2% to RMB303.3 million in 2014, primarily due to the increase of our employees and an increase in our total salaries, as social insurance and housing funds expenses are set at certain percentages of salaries.

Business Taxes and Surcharges

Business tax is levied at 5% primarily on our interest income from loans to customers, income from securities sales and trading and our gross fee and commission income. In addition, certain surcharges are levied at rates of 12.0% to 13.4% of the amount of our business tax paid. Business tax and surcharges increased by 42.5% from RMB563.7 million in 2012 to RMB803.1 million in 2013, which further increased by 13.6% to RMB912.7 million in 2014, primarily due to continued increases of our taxable income.

Other General Operating and Administrative Expenses

Our other general operating and administrative expenses primarily consist of business marketing expenses, security expenses and regulatory expenses and other management expenses. Our other general operating and administrative expenses increased by 13.8% from RMB294.4 million in 2012 to RMB335.0 million in 2013, primarily due to the increase of business marketing expenses. Our other general operating and administrative expenses decreased by 6.4% from RMB335.0 million in 2013 to RMB313.5 million in 2014.

Office Expenses

Our office expenses primarily consist of electronic equipment operating expenses, incidental expenses, expenses on automobiles and postage expenses. Our office expenses increased by 56.1% from RMB186.4 million in 2012 to RMB291.0 million in 2013, primarily due to the increase of electronic equipment operating expenses, incidental expenses, and expenses on automobiles. Our office expenses increased by 7.5% from RMB291.0 million in 2013 to RMB312.8 million in 2014, primarily due to the increase of electronic equipment operating expenses.

Rental and Property Management Expenses

Our rental and property management expenses increased by 30.3% from RMB134.8 million in 2012 to RMB175.6 million 2013, which further increased by 26.0% to RMB221.2 million 2014, primarily due to the increase of number of our outlets.

Depreciation and Amortization

Our depreciation and amortization consists primarily of depreciation of our property and equipment and amortization of land use rights, software and other intangible assets. Our depreciation and amortization increased by 5.0% from RMB142.3 million in 2012 to RMB149.5 million in 2013, and further increased by 22.2% to RMB182.7 million in 2014, primarily as a result of (i) increases in depreciation charges for the properties and equipment of new branches and sub-branches and amortization charges for the intangible assets in connection with the updating of our information technology systems, and (ii) an increase in amortization of renovations expenses of our leased operating fixed assets in line with our business growth.

Others

Other operating expenses consist primarily of tax expenses. Our other operating expenses increased by 11.0% from RMB18.1 million in 2012 to RMB20.1 million in 2013, which further increased by 0.5% to RMB20.2 million in 2014, which was in line with our business development.

Impairment Losses on Assets

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

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Impairment losses on assets:			
Loans and advances to customers	917.0	798.1	770.7
Other assets[1]	(10.2)	114.7	204.6
Total	906.8	912.8	975.3

Note:

(1) Consists primarily of impairment losses on investments classified as receivables, off-balance sheet credit assets, debt-repayment assets and other assets.

Impairment losses on assets increased by 0.7% from RMB906.8 million in 2012 to RMB912.8 million in 2013, primarily attributable to an increase in our provision for off-balance sheet credit assets. Impairment losses on assets increased by 6.8% from RMB912.8 million in 2013 to RMB975.3 million in 2014, primarily due to we increased our provision for investments classified as receivables in 2014 in accordance with relevant regulatory requirements.

Impairment losses on loans and advances to customers decreased by 13.0% from RMB917.0 million in 2012 to RMB798.1 million in 2013, primarily reflecting (i) our dynamic adjustments of provisions for losses on loans and advances to customers, and (ii) write-offs of non-performing loans in 2013. Impairment losses on loans and advances to customers for the year ended December 31, 2014 remained relatively stable compared to the year ended December 31, 2013, which amounted to RMB770.7 million.

For details on changes in our allowance for loan losses, please see "Assets and Liabilities — Assets — Allowance for Impairment Losses on Loans to Customers".

Income Tax Expenses

The following table sets forth, for the years indicated, the reconciliation between the income tax expenses calculated at the statutory income tax rate applicable to our profit before tax and our actual income tax expenses.

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Profit before tax	3,298.6	4,385.3	5,703.9
Tax calculated at applicable statutory tax rate of 25%	824.7	1,096.3	1,426.0
Underprovision of tax in prior years	0.1	0.3	0.7
Tax effect of expenses not deductible for tax purpose	8.1	7.7	16.9
Tax effect of income not taxable for tax purpose[1]	(171.0)	(154.0)	(168.6)
Income tax expense	**661.9**	**950.3**	**1,275.0**

Note:

(1) The income not taxable for tax purpose mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulations.

Our income tax expenses increased by 43.6% from RMB661.9 million in 2012 to RMB950.3 million in 2013, which in turn increased by 34.2% to RMB1,275.0 in 2014, primarily due to the increases in our profit before tax. Our effective income tax rate was 20.1%, 21.7% and 22.4% in 2012, 2013 and 2014, respectively.

The following table sets forth, for the years indicated, the components of our income tax expenses.

	For the years ended December 31,		
	2012	2013	2014
	(in millions of RMB)		
Current income tax			
- PRC Enterprise Income Tax	855.3	944.1	1,303.5
Deferred income tax	(193.4)	6.2	(28.5)
Total income tax expenses	**661.9**	**950.3**	**1,275.0**

Net Profit

Primarily as a result of all the foregoing factors, our net profit increased by 30.3% from RMB2,636.7 million in 2012 to RMB3,435.0 million in 2013, which further increased by 28.9% to RMB4,429.0 million in 2014.

SUMMARY OF SEGMENT OPERATING RESULTS

Summary Business Segment Information

We have three principal business activities: corporate banking business, retail banking business and treasury business. Please see "Business — Our Principal Business Activities." The following table sets forth, for the years indicated, our operating results for each of our principal segment.

	For the year ended December 31,															For the nine months ended September 30,									
	2012					2013					2014					2014 (unaudited)					2015				
	Corporate banking	Retail banking	Treasury business	Others[1]	Total	Corporate banking	Retail banking	Treasury business	Others[1]	Total	Corporate banking	Retail banking	Treasury business	Others[1]	Total	Corporate banking	Retail banking	Treasury business	Others[1]	Total	Corporate banking	Retail banking	Treasury business	Others[1]	Total
	(in millions of RMB, except percentages)																								
External interest income[2]	7,325.9	1,022.8	5,008.8	—	13,357.5	7,860.1	1,355.8	10,416.5	—	19,632.4	9,082.7	1,552.1	14,134.5	—	24,769.3	6,743.1	1,156.0	10,588.3	—	18,487.4	7,403.3	1,176.8	11,095.3	—	19,675.4
External interest expense[3]	(3,465.7)	(1,168.0)	(2,570.2)	—	(1,203.9)	(3,971.1)	(1,497.1)	(6,333.4)	—	(11,801.6)	(5,635.8)	(1,590.4)	(8,394.3)	—	(15,620.5)	(4,205.1)	(1,201.7)	(6,342.7)	—	(11,749.5)	(5,142.6)	(1,329.3)	(5,630.0)	—	(12,101.9)
Inter-segment interest income/(expense)[4]	40.0	1,095.2	(1,135.2)	—	(7,203.9)	919.7	1,262.1	(2,181.8)	—	—	2,133.3	1,394.7	(3,528.0)	—	—	1,547.9	1,087.5	(2,635.4)	—	—	2,255.4	1,400.9	(3,656.3)	—	—
Net interest income	**3,900.2**	**950.0**	**1,303.4**	**—**	**6,153.6**	**4,808.7**	**1,120.8**	**1,901.3**	**—**	**7,830.8**	**5,580.2**	**1,356.4**	**2,212.2**	**—**	**9,148.8**	**4,085.9**	**1,041.8**	**1,610.2**	**—**	**6,737.9**	**4,156.1**	**1,248.4**	**1,809.0**	**—**	**7,573,5**
Fee and commission income	239.7	101.9	7.3	—	348.9	317.8	84.3	41.2	—	443.3	410.3	117	33.4	—	560.7	276.9	75.6	22.3	—	374.8	483.9	132.2	41.9	—	658.0
Fee and commission expense	(10.4)	(5.9)	—	—	(16.3)	(20.3)	(5.7)	—	—	(26.0)	(30.4)	(5.3)	(0.8)	—	(36.5)	(30.4)	(0.6)	—	—	(31.0)	(16.6)	(0.4)	—	—	(17.0)
Net fee and commission income	229.3	96.0	7.3	—	332.6	297.5	78.6	41.2	—	417.3	379.9	111.7	32.6	—	524.2	246.5	75	22.3	—	343.8	467.3	131.8	41.9	—	641.0
Net trading losses	—	—	(41.9)	—	(41.9)	—	—	(164.9)	—	(164.9)	—	—	185.0	—	180.5	—	—	114.9	—	114.9	—	—	227.9	—	227.9
Net gains arising from investment securities	—	—	14.0	—	14.0	—	—	(3.9)	—	(3.9)	—	—	2.4	—	2.4	—	—	0.9	—	0.9	—	—	62.6	—	62.6
Other operating income, net	-	—	25.4	106.3	131.7	—	—	5.3	119.5	124.8	21.2	5.0	34.4	24.0	84.6	—	—	28.0	13.9	41.9	—	—	21	20.9	41.9
Operating income	**4,129.5**	**1,046.0**	**1,308.2**	**106.3**	**6,590.0**	**5,106.2**	**1,199.4**	**1,779**	**119.5**	**8,204.1**	**5,981.3**	**1,473.1**	**2,462.1**	**24.0**	**9,940.5**	**4,332.4**	**1,116.8**	**1,776.3**	**13.9**	**7,239.4**	**4,983.4**	**1,380.2**	**2,162.4**	**20.9**	**8,546.9**
Operating expenses	**(1,535.6)**	**(705.8)**	**(143.2)**	**—**	**(2,384.6)**	**(1,830.7)**	**(774.1)**	**(301.3)**	**—**	**(2,906.1)**	**(1,975.5)**	**(910.1)**	**(375.6)**	**—**	**(3,261.2)**	**(1,343.2)**	**(681.3)**	**(293.6)**	**—**	**(2,318.1)**	**(1,496.5)**	**(807.1)**	**(423.8)**	**—**	**(2,727.4)**
Impairment losses on assets	(817.9)	(88.9)	—	—	(906.8)	(826.5)	(86.3)	—	—	(912.8)	(780)	(84.9)	(110.4)	—	(975.3)	(579.5)	(79.6)	(33.5)	—	(692.6)	(1,023.3)	(91.8)	(133.7)	—	(1,248.8)
Profit before tax	1,776	251.3	1,165	106.3	3,298.6	2,449	339	1,477.7	119.5	4,385.2	3,255.8	478.1	1,976.1	24.0	5,704.0	2,409.7	355.9	1,449.2	13.9	4,228.7	2,463.6	481.3	1,604.9	20.9	4,570.7
Income tax expense					(661.9)					(950.3)					(1,275.0)					(937.9)					(1,002.5)
Profit for the year					**2,636.7**					**3,434.9**					**4,429.0**					**3,290.8**					**3,568.2**

Notes:

(1) Consists primarily of income and expenses that are not directly attributable to any specific segment.

(2) Consists of net interest income from outside clients or activities.

(3) Consists of net interest expenses from outside clients or activities.

(4) Consists of net interest income/(expense) attributable to transactions with other segments.

The following table sets forth, for the years indicated, the operating income of each of our principal segment.

	For the year ended December 31,						For the nine months ended September 30,			
	2012		2013		2014		2014 (unaudited)		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)									
Corporate banking	4,129.5	62.7	5,106.2	62.2	5,981.3	60.2	4,332.4	59.9	4,983.4	58.4
Retail banking	1,046.0	15.9	1,199.4	14.6	1,473.1	14.8	1,116.8	15.4	1,380.2	16.1
Treasury business	1,308.2	19.8	1,779.0	21.7	2,462.1	24.8	1,776.3	24.5	2,162.4	25.3
Others[(1)]	106.3	1.6	119.5	1.5	24.0	0.2	13.9	0.2	20.9	0.2
Total	**6,590.0**	**100.0%**	**8,204.1**	**100.0%**	**9,940.5**	**100.0%**	**7,239.4**	**100.0%**	**8,546.9**	**100.0%**

Note:

(1) Consists primarily of income that are not directly attributable to any specific segment.

Corporate banking has historically been our primary source of income, representing 62.7%, 62.2%, 60.2% and 58.4% of our operating income in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. Operating income from our corporate banking business increased by 23.7% from RMB4,129.5 million in 2012 to RMB5,106.2 million in 2013, which further increased by 17.1% to RMB5,981.3 million in 2014, primarily reflecting the overall growth of our corporate banking business. Our operating income from corporate banking business was RMB4,332.4 million and RMB4,983.4 million for the nine months ended September 30, 2014 and 2015, respectively.

Operating income from our retail banking represented 15.9%, 14.6%, 14.8% and 16.1% of our total operating income in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. Operating income from our retail banking business increased by 14.7% from RMB1,046.0 million in 2012 to RMB1,199.4 million in 2013, which further increased by 22.8% to RMB1,473.1 million in 2014. Our retail banking business recorded an operating income of RMB1,380.2 million for the nine months ended September 30, 2015, representing a 23.6% increase compared to RMB1,116.8 million for the nine months ended September 30, 2014. The continued increase in operating income from our retail banking business resulted primarily from our continued efforts to grow our retail banking business.

Operating income from our treasury business represented 19.8%, 21.7%, 24.8% and 25.3% of our total operating income in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. Operating income from our treasury business increased by 36.0% from RMB1,308.2 million in 2012 to RMB1,779.0 million in 2013, which further increased by 38.4% to RMB2,462.1 million in 2014. Our treasury business recorded an operating income of RMB2,162.4 million for the nine months ended September 30, 2015, representing a 21.7% increase compared to RMB1,776.3 million for the nine months ended September 30, 2014. The continued increase in operating income from our treasury business, both in absolute terms and as a percentage of our total operating income, was primarily attributable to our continued efforts to grow our treasury business.

Summary of Segment Information by Geographical Regions

In presenting information on the basis of geographical regions, operating income is gathered according to the locations of the branches or subsidiaries that generated the income. For the purpose of presentation, we categorize such information by geographical regions. The following table sets forth the total operating income of each of the geographical regions for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2012		2013		2014		2014 (unaudited)		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)									
Tianjin	3,982.8	60.4	5,233.3	63.8	6,829.8	68.6	4,784.7	66.2	5,638.9	66.0
Shandong Province	257.4	3.9	598.5	7.3	791.8	8.0	596.2	8.2	941.2	11.0
Shanghai	300.1	4.6	622.5	7.6	557.0	5.6	458.9	6.3	548.7	6.4
Hebei Province	269.5	4.1	596.8	7.3	584.3	5.9	464.5	6.4	490.2	5.7
Sichuan Province	151.3	2.3	517.8	6.3	455.1	4.6	388.9	5.4	472.0	5.5
Beijing	1,628.9	24.7	635.2	7.7	722.5	7.3	546.2	7.5	455.9	5.4
Total	**6,590.0**	**100.0%**	**8,204.1**	**100.0%**	**9,940.5**	**100.0%**	**7,239.4**	**100.0%**	**8,546.9**	**100.0%**

We mainly operated our business in Tianjin. For the year ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, operating income from Tianjin accounted for 60.4%, 63.8%, 68.6% and 66.0%, respectively, of our total operating income.

CASH FLOWS

The following table sets forth our cash flows for the years indicated. Please see Appendix I — "Accountants' Report — A. Financial Information — Consolidated Cash Flow Statements".

	For the year ended December 31,			For the nine months ended September 30,	
	2012	2013	2014	2014 (unaudited)	2015
	(in millions of RMB)				
Net cash generated from/(used in) operating activities	26,739.3	3,847.9	35,148.5	27,011.5	46,026.7
Net cash generated from/(used in) investing activities	(8,083.4)	(20,936.1)	(5,775.6)	(8,335.5)	(58,256.1)
Net cash generated from/(used in) financing activities	2,434.5	(638.8)	2,846.6	4,398.7	9,279.0
Effect of exchange rate changes on cash and cash equivalents	0.2	(20.7)	(2.0)	1.7	108.1
Net increase/(decrease) in cash and cash equivalents	21,090.6	(17,747.7)	32,217.5	23,076.4	(2,842.3)

Cash Flows Generated from/(Used in) Operating Activities

Cash inflows from operating activities are primarily attributable to the increases in amounts due to customers, increase in deposits from banks and other financial institutions and increase in other operating liabilities.

Cash outflows from operating activities are primarily attributable to the increase in loans and advances to customers, balances with central bank and deposits with banks and other financial institutions, and the increase in financial assets held under resale agreements.

The increase in our amounts due to customers was RMB31,280.9 million, RMB45,791.6 million, RMB42,259.7 million and RMB38,972.3 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. The increase in our deposits from banks and other financial institutions was RMB18,295.8 million, RMB63,320.0 million, RMB12,108.0 million and RMB28,351.7 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. The increase in our other operating liabilities was RMB780.0 million, RMB2,762.2 million and RMB2,504.5 million in 2012, 2013 and 2014, respectively. The decrease in our other operating liabilities was RMB98.0 million for the nine months ended September 30, 2015.

The increase in our loans and advances to customers was RMB26,727.4 million, RMB26,148.6 million, RMB23,043.8 million and RMB14,698.3 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. For a discussion on increases in our loans and advances to customers from December 31, 2012 to September 30, 2015, please see "Assets and Liabilities — Assets — Loans and Advances to Customers." The increase in our deposits with central bank and deposits with banks and other financial institutions amounted to RMB12,571.3 million, RMB741.0 million, RMB12,540.2 million and RMB3,248.8 million in 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. The increase in our financial assets held under resale agreements was RMB1,229.6 million and RMB68,780.0 million in 2012 and 2013, respectively. The decrease in our financial assets held under resale agreements was RMB15,195.9 million and RMB15,989.6 million in 2014 and the nine months ended September 30, 2015, respectively.

Primarily as a result of the foregoing, our net cash generated from operating activities was RMB26,739.3 million in 2012 and RMB35,148.5 million in 2014. Our net cash used operating activities was RMB26,739.3 million in 2012 and RMB35,148.5 million in 2014. Our net cash used in operating activities amounted to RMB46,026.7 million for the nine months ended September 30, 2015, while our net cash generated from operating activities amounted to RMB27,011.5 million for the nine months ended September 30, 2014.

Cash Flows Generated from/(Used in) Investing Activities

Cash inflows from investing activities are primarily attributable to cash received from disposal and redemption of investments and interest income received from investment securities. Cash received from disposal and redemption of investments was RMB50,419.9 million, RMB195,548.0 million, RMB134,310.2 million and RMB163,922.7 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively. Interest income received from investment securities was RMB2,962.8 million, RMB5,171.7 million, RMB6,599.1 million and RMB6,348.9 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015.

Our cash outflows from investing activities are primarily attributable to cash paid for purchase of investment securities and cash paid for purchases of property, equipment and other assets. We used cash of RMB61,317.3 million, RMB221,274.0 million, RMB146,438.9 million and RMB228,332.7 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively, to purchase investment securities. We used cash of RMB153.3 million, RMB391.3 million, RMB246.6 million and RMB200.6 million in 2012, 2013 and 2014 and for the nine months ended September 30, 2015, respectively, to purchase property, equipment and other assets.

Cash Flows Generated from/(Used in) Financing Activities

Our cash inflows from financing activities are primarily attributable to (i) contribution from non-controlling shareholders, and (ii) cash received from bonds issued. We record capital injection into Jixian County Bank of RMB142.6 million in 2013 and we received capital fund of RMB5,214.5 million raised from a total of 1,002.8 million shares we privately issued in 2014. In addition, we issued financial bonds with fixed interest rates in an aggregate principal amount of RMB2,700.0 million in 2012 and we issued financial bonds and tier-two capital bonds with fixed interest rates in an aggregate principal amount of RMB10,000.0 million in 2015.

Our cash outflows from financing activities are primarily attributable to dividend paid to shareholders, interest expenses paid for debt securities issued and repayment for bonds issued. Our dividend paid to shareholders was RMB184.4 million, RMB536.0 million, RMB626.5 million and RMB700.5 million for the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. Our repayment for bonds issued was RMB1,509.5 million as we redeemed the subordinated bonds issued in 2009 of full amount RMB1,509.5 million in November 2014. Our interest expenses paid for debt securities issued was RMB92.2 million, RMB245.4 million, RMB231.9 million and RMB227.8 million for the three years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively.

LIQUIDITY

We fund our loans and investment portfolios principally through our deposits from customers. Although a majority of our deposits from customers have been short-term deposits, deposits from customers have been, and we believe will continue to be, a stable source of our funding. Deposits from customers with remaining maturities of less than one year represented 91.1%, 88.0%, 86.9% and 85.3% of total deposits from customers as of December 31, 2012, 2013 and 2014 and September 30, 2015, respectively. For additional information about our short-term liabilities and sources of funds, please see "Assets and Liabilities — Liabilities and Sources of Funds" and "Supervision and Regulation — Other Operational and Risk Management Ratios".

We manage liquidity by monitoring the maturities of our assets and liabilities in an effort to ensure that we have sufficient funds to meet obligations as they become due. We do not, nor are we required to, maintain cash resources to meet all the demands for cash payments, and based on our experience, a majority of the maturing deposits will be rolled over. We also maintain certain amount of cash and surplus deposit reserve, as well as certain financing ability on the interbank market to meet any unexpected liquidity requirements. Please see "Risk Management — Liquidity Risk Management".

The following table sets forth, as of September 30, 2015, the remaining maturities of our assets and liabilities.

	As of September 30, 2015							
	Undated	on demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Total
	(in millions of RMB)							
Assets								
Cash and deposits with central bank	48,914.7	8,597.0	—	—	—	—	—	57,511.7
Deposits with banks and other financial institutions	—	4,534.6	6,230.0	3,270.0	10,441.8	—	—	24,476.4
Placements with banks and other financial institutions	—	—	7,573.3	3,598.3	2,682.5	—	—	13,854.1
Financial assets held for trading	—	—	316.9	261.1	1,193.0	6,005.1	2,266.5	10,042.6
Financial assets held under resale agreements	—	—	27,296.2	30,137.1	14,510.7	1,784.0	—	73,728.0
Loans and advances to customers	1,574.1	—	8,525.8	18,017.9	87,520.5	42,195.2	22,291.9	180,125.4
Available-for-sale financial assets	58.6	—	648.9	240.5	3,087.3	5,112.8	536.9	9,685.0
Held-to-maturity investments	—	—	60.0	909.1	6,243.0	21,649.5	3,059.3	31,920.9
Investments classified as receivables	—	—	6,972.4	19.168.0	45,104.0	67,081.2	301.8	138,627.4
Others[(1)]	2,976.3	344.9	330.2	1,291.1	772.2	0.4	2.9	5,718
Total assets	**50,523.7**	**13,476.5**	**57,953.7**	**76,893.1**	**171,555.0**	**143,828.2**	**28,459.3**	**545,689.5**
Liabilities								
Borrowings from central bank	—	—	—	159.7	132.9	—	—	292.6
Deposits from banks and other financial institutions	—	137.5	44,799.2	64,053.9	40,832.9	1,000.0	—	150,823.5
Placements from banks	—	—	762.2	2,686.5	52.4	—	—	3,501.1
Financial assets sold under repurchase agreements	—	—	6,515.7	838.2	303.5	—	—	7,657.4
Due to customers	—	173,292.3	14,228.2	34,680.0	57,953.0	47,786.1	500.2	328,439.8
Debt securities issued	—	—	—	122.1	107.5	11,479.7	1,198.6	12,907.9
Others[(2)]	—	4,799.3	546.1	154.8	2,144.7	1,621.1	0.1	10,266.1
Total liabilities	**—**	**178,229.1**	**66,851.4**	**103,695.2**	**101,526.9**	**61,886.9**	**1,698.9**	**513,888.4**
Net position	**53,523.7**	**(164,752.6)**	**(8,897.7)**	**(26,802.1)**	**70,028.1**	**81,941.3**	**26,760.4**	**31,801.1**

Notes:

(1) Consists primarily of interest receivable and other trade receivables.

(2) Consists primarily of interest payable and other trade payables.

CAPITAL RESOURCES

Shareholders' Equity

Our total shareholders' equity increased by 16.0% from RMB16,759.8 million as of December 31, 2012 to RMB19,449.5 million as of December 31, 2013, which further increased by 48.5% to RMB28,889.9 million as of December 31, 2014. Our total shareholders' equity further increased to RMB31,801.1 million as of September 30, 2015. The following table sets forth, for the periods indicated, the components of the changes in our total equity attributable to shareholders.

	Shareholders' equity
	(in millions of RMB)
As of December 31, 2011	**14,321.8**
Share capital	4,123.3
Capital reserve	1,780.1
Other comprehensive income	(50.1)
Surplus reserve	1,572.8
General reserve	1,560.5
Retained earnings	7,710.5
Non-controlling interests	62.7
As of December 31, 2012	**16,759.8**
Share capital	4,123.3
Capital reserve	1,778.4
Other comprehensive income	(396.6)
Surplus reserve	1,914.6
General reserve	2,872.5
Retained earnings	8,940.4
Non-controlling interests	216.9
As of December 31, 2013	**19,449.5**
Share capital	5,126.0
Capital reserve	5,990.8
Other comprehensive income	29.3
Surplus reserve	2,356.3
General reserve	4,879.7
Retained earnings	10,290.0
Non-controlling interests	217.8
As of December 31, 2014	**28,889.9**
Share capital	5,126.0
Capital reserve	5,990.8
Other comprehensive income	81.0
Surplus reserve	2,356.3
General reserve	5,817.1
Retained earnings	12,207.6
Non-controlling interests	222.3
As of September 30, 2015	**31,801.1**

Debt

Debt Securities Issued

Debt securities have been, and are expected to continue to be an important source of capital raising for us. In November 2009, we issued fixed-rate subordinated bonds named "09 Tianjin Bank bonds" with a maturity of 10 years, face value of RMB1.5 billion, and a fixed coupon rate of 5.4% per annum from the first year to the fifth year. The interest rate will increase to 8.4% from the sixth year. According to the issuing term, we have the option to redeem all the bonds at face value at the last day of the fifth year. We have redeemed all the bonds at face value on November 20, 2014.

In December 2012, we issued fixed-rate subordinated bonds named "12 Tianjin Bank bonds01" with a maturity of 10 years, face value of RMB1.5 billion, and a fixed coupon rate of 5.90%. According to the issuing term, we have the option to redeem all the bonds at face value at the last day of the fifth year. If no early redemption is exercised, the interested rate will remain fixed at 5.90% per annum.

In December 2012, we issued fixed-rate subordinated bonds named "12 Tianjin Bank bonds02" with a maturity of 15 years, face value of RMB1.2 billion, and a fixed coupon rate of 5.99%. According to the issuing term, we have the option to redeem all the bonds at face value at the last day of the 10th year. If no early redemption is exercised, the interested rate will remain fixed at 5.99% per annum.

In May 11, 2015, we issued fixed-rate financial bonds named "15 Tianjin Bank bonds01" with a maturity of three years, at a face value of RMB2.5 billion with a fixed coupon rate of 4.64% per annum, payable annually.

In May 22, 2015, we issued fixed-rate financial bonds named "15 Tianjin Bank bonds02" with a maturity of three years, at a face value of RMB2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.

In August 21, 2015, we issued fixed-rate tier-two capital bonds named "15 Tianjin Bank bonds," at a face value of RMB5.0 billion with a fixed coupon rate of 5.00% per annum, payable annually. We have the option to redeem part or all of the bonds at face value on the last day of the 5th year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. If no early redemption is exercised, the interested rate will remain at 5.00% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows us to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These tier-two capital bonds are qualified as Tier-two Capital Instruments in accordance with the CBRC requirements.

Capital Adequacy

We are subject to capital adequacy requirements as promulgated by CBRC. We shall maintain our capital adequacy ratio above the minimum level required by CBRC during the transitional period.

The following table sets forth, as of the dates indicated, certain information relating to our capital adequacy ratio, calculated in accordance with the Capital Adequacy Measures and PRC GAAP.

	As of December 31, 2012
	(in millions of RMB, except percentages)
Core capital	
Share capital	4,123.3
Capital reserve	1,730.0
Surplus reserve and provisions for general risks	3,133.3
Retained earnings	7,174.5
Non-controlling interests	62.7
Total core capital	**16,223.8**
Less: 50% of unconsolidated equity investments	25.0
50% of other deductible item	53.8
Net core capital	**16,145.0**
Supplement capital	
General provision for loan impairment losses	6.4
Long-term subordinated bonds	4,200.0
Total supplementary capital	4,206.4
Total capital base before deductions	**20,430.2**
Deduction	
Unconsolidated equity investments	50.0
Other deductible item	107.6
Net capital base	**20,272.6**
Net core capital base	**16,145.0**
Risk weighted assets	**159,366.1**
Core capital adequacy ratio	**10.13%**
Capital adequacy ratio	**12.72%**

The following table sets forth, as of the dates indicated, certain information relating to our capital adequacy ratio, calculated in accordance with the Capital Administrative Measures and PRC GAAP.

	As of December 31,		As of September 30	
	2013	2014	2014	2015
			(unaudited)	
	(in millions of RMB, except percentages)			
Core tier-one capital				
Paid-in capital	4,123.3	5,126.0	5,126.0	5,126.0
Portion of capital reserve that may be included	1,381.8	6,020.1	5,907.8	6,071.8
Surplus reserve	1,914.6	2,356.3	1,914.6	2,356.3
General risk reserve	2,872.5	4,879.7	4,879.7	5,817.1
Retained earnings	8,940.4	10,290.0	9,594.9	12,207.6
Portion of minority shareholders that may be included	47.4	41.3	40.0	49.9
Total core tier-one capital	**19,280.0**	**28,713.4**	**27,463**	**31,628.7**
Core tier-one capital deductible items				
Other intangible assets (excluding land use rights)	(29.7)	(33.3)	26.8	(43.4)
Net core tier-one capital	**19,250.3**	**28,680.1**	**27,436.2**	**31,585.3**
Other tier-one capital[1]	6.3	5.5	5.3	6.7
Net tier-one capital	**19,256.6**	**28,685.6**	**27,441.5**	**31,592.0**
Tier-two capital				
Net tier-two capital instruments and related premiums	3,780.0	2,700.0	3,780.0	7,700.0
Surplus allowance for impairment losses on loans	2,576.4	2,586.2	2,930.7	2,761.2
Portion of minority shareholders that may be included	12.6	11.0	10.7	13.3
Total tier-two capital	**6,369.0**	**5,297.2**	**6,721.4**	**10,474.5**
Net capital base[2]	**25,625.6**	**33,982.8**	**34,162.9**	**42,066.5**
Total risk-weighted assets	**231,849.8**	**269,479.2**	**272,539.0**	**353,373.2**
Core tier-one capital adequacy ratio	**8.30%**	**10.64%**	**10.07%**	**8.94%**
Tier-one capital adequacy ratio	**8.31%**	**10.64%**	**10.07%**	**8.94%**
Capital adequacy ratio	**11.05%**	**12.61%**	**12.54%**	**11.90%**

Notes:

(1) Includes portion of non-controlling interest of Jixian County Bank that may be included.

(2) Also referred to in this document as "regulatory capital".

As of December 31, 2013 and 2014 and September 30, 2015, our core tier-one capital adequacy ratio was 8.30%, 10.64% and 8.94%, respectively, our tier-one capital adequacy ratio was 8.31%, 10.64% and 8.94%, respectively, and our capital adequacy ratio was 11.05%, 12.61% and 11.90%, respectively, which were all in compliance with the CBRC requirements.

OFF-BALANCE SHEET COMMITMENTS

Our off-balance sheet commitments consist primarily of bank acceptances, letters of credit, letters of guarantees and loan commitments. We issue letters of guarantee and letters of credit to guarantee the performance of our customers to third parties. The following table sets forth the contractual amounts of our off-balance sheet commitments as of the dates indicated.

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Bank acceptances	60,817.7	67,654.6	71,835.4	57,086.4
Letters of credit	3,851.1	9,755.5	14,605.4	13,890.2
Letters of guarantee issued	965.8	3,852.0	3,447.9	4,941.5
Unused credit card commitments	726.0	1,635.6	2,011.1	2,352.7
Subtotal	**66,360.6**	**82,897.7**	**91,899.8**	**78,270.8**
Operating lease commitments	389.5	770.0	886.7	839.9
Capital commitments	75.9	126.2	148.9	152.2
Total	**66,826.0**	**83,793.9**	**92,935.4**	**79,262.9**

Our total off-balance sheet commitments increased by 25.4% from RMB66,826.0 million as of December 31, 2012 to RMB83,793.9 million as of December 31, 2013, and further increased by 10.9% to RMB92,935.4 million as of December 31, 2014, primarily due to (i) the increases in bank acceptances letters of credit and letters of guarantee issued, resulting from the increase of our clients base and our clients' increasing needs for these products to support their business operations, and (ii) the increase in letters of guarantee issued, resulting from our active marketing efforts to issue letters of guarantee to corporate customers in construction industry for their business operations. Our total off-balance sheet commitments decreased to RMB79,262.9 million as of September 30, 2015, primarily due to we optimized our lending structure by reducing issuance of bank acceptances and letters of credit.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table sets forth the face value of our known contractual obligations by remaining contract maturity classified into the categories specified below as of September 30, 2015. For the remaining maturities of our assets and liabilities as of September 30, 2015, please see "— Liquidity".

	As of September 30, 2015			
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	(in millions of RMB)			
Certain contractual obligations on balance sheet				
Financial bonds issued	81.9	4,991.2	—	5,073.1
Tier-two capital bonds issued	25.7	4,989.6	—	5,015.3
Subordinated debts issued	122.1	1,498.8	1,198.6	2,819.5
Certain contractual obligations not on balance sheet				
Bank acceptances	57,086.4	—	—	57,086.4
Letters of credit	13,890.2	—	—	13,890.2
Letters of guarantee issued	2,552.0	2,389.5	—	4,941.5
Total	**73,528.6**	**14,043.9**	**1,253.5**	**88,826.0**

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into transactions with certain of our related parties, such as taking deposits from, extending credit facilities to and providing other banking services to, the relevant related parties. These transactions were conducted on normal commercial terms and in the ordinary course of our business. Our Directors believe that these related party transactions were carried out on an arm's-length basis and would not distort our results of operation during the Track Record Period or make such results not reflective of our future performance. Please see Note 44 to the Accountants' Report attached hereto as Appendix I — "Accountants' Report" to this document.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF MARKET RISK

Market risk is the risk of financial loss arising from changes in the value of a financial instrument as a result of changes in interest rates, foreign exchange rates, equity prices and commodity prices and other market changes that affect market risk-sensitive instruments. We are exposed to market risk primarily through the assets and liabilities on our balance sheet, as well as our off-balance sheet commitments and guarantees. The market risks to which we are primarily exposed are interest rate risk and exchange rate risk. We have imposed a set of exposure limits on our investment and trading activities in an effort to manage potential market losses within acceptable limits.

Interest Rate Risk

The primary source of our interest rate risk arises from mismatches in the maturity or repricing periods of our banking book. Maturity mismatches may cause net interest income to be affected by changes in the prevailing level of interest rates. Currently, we primarily use gap analysis and sensitivity analysis to assess our exposure to interest rate risks. In addition, different pricing bases for different assets and liabilities may also lead to interest rate risk for our assets and liabilities within the same repricing period. We manage our interest rate risk exposure primarily by adjusting the maturity profile and prepricing pattern of our banking book based on our assessment of potential changes in the interest rate environment.

Repricing Gap Analysis

The following table sets forth, as of September 30, 2015, the results of our gap analysis based on the earlier of (i) the next expected repricing dates, and (ii) the final maturity dates for our financial assets and liabilities.

	As of September 30, 2015						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	(in millions of RMB)						
Financial Assets							
Cash and deposits with central bank	55,783.6	—	—	—	—	1,728.1	57,511.7
Deposits with banks and other financial institutions	10,764.6	3,270.0	10,441.8	—	—	—	24,476.4
Placements with banks and other financial institutions	7,573.3	3,598.3	2,682.5	—	—	—	13,854.1
Financial assets held for trading	316.9	261.1	1,244.1	5,954.0	2,266.5	—	10,042.6
Financial assets held under resale agreements	27,296.2	30,137.1	14,510.7	1,784.0	—	—	73,728.0
Loans and advances to customers	9,821.4	17,925.2	87,188.6	65,190.2	—	—	180,125.4
Available-for-sale financial assets	759.1	487.7	3,565.4	4,277.3	536.9	58.6	9,685.0
Held-to-maturity investments	360.0	909.1	6,703.0	20,889.5	3,059.3	—	31,920.9
Investments classified as receivables	7,238.8	19,318.1	45,187.5	66,581.2	301.8	—	138,627.4
Other financial assets[(1)]	—	—	—	—	—	2,741.7	2,741.7
Total financial assets	**119,913.9**	**75,906.6**	**171,523.6**	**164,676.2**	**6,164.5**	**4,528.4**	**542,713.2**

	As of September 30, 2015						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	(in millions of RMB)						
Financial Liabilities							
Borrowings from central bank	—	159.7	132.9	—	—	—	292.6
Deposits from banks and other financial institutions	44,936.7	64,053.9	40,832.9	1,000.0	—	—	150,823.5
Placements from banks	762.2	2,686.5	52.4	—	—	—	3,501.1
Financial assets sold under repurchase agreements	6,515.7	838.2	303.5	—	—	—	7,657.4
Due to customers	186,988.6	34,680.0	57,953.0	47,786.0	500.2	532.0	328,439.8
Debt securities issued	—	122.0	107.5	11,479.8	1,198.6	—	12,907.9
Other financial liabilities[(2)]	—	—	—	—	—	8,383.3	8,383.3
Total financial liabilities	**239,203.2**	**102,540.3**	**99,382.2**	**60,265.8**	**1,698.8**	**8,915.3**	**512,005.6**
Interest rate gap	**(119,289.3)**	**(26,633.7)**	**72,141.4**	**104,410.4**	**4,465.7**	**(4,386.9)**	**30,707.6**

Notes:

(1) Consists primarily of interest receivable and other trade receivables.

(2) Consists primarily of interest payable and other trade payables.

Sensitivity Analysis

We use sensitivity analysis to measure the potential effect of changes in interest rates on our net interest income. The following table sets forth, as of the dates indicated, the results of our interest rate sensitivity analysis based on our assets and liabilities at the same date.

	As of December 31,						As of September 30,	
	2012		2013		2014		2015	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
Change in net profit:								
+ 100 basis-point	405.7	(348.8)	343.8	(456.3)	424.7	(364.8)	280.4	(124.6)
- 100 basis-point	(405.7)	373.7	(343.8)	481.1	(424.7)	383.9	(280.4)	128.7

Based on our assets and liabilities as of September 30, 2015, if interest rates increase/decrease (or decrease) by 100 basis points instantaneously, our net interest income for the year following September 30, 2015 would increase/decrease (or increase) by RMB280.4 million.

This sensitivity analysis, which is based on a static interest rate risk profile of assets and liabilities, is used for risk management purposes only. The analysis measures only the impact of changes in the interest rates within a year, which are reflected by the repricing of our assets and liabilities within a year, on our net interest income. The analysis is based on the following assumptions: (i) all assets and liabilities that are repriced or due within three months and in more than three months but within one year, as shown in the table under "— Repricing Gap Analysis," are repriced or due at the beginning of the respective periods (i.e., all the assets and liabilities that are repriced or due within three months are repriced or due immediately, and all the assets and liabilities that are repriced or due in more than three months but within one year are repriced or due in three months); (ii) there is a parallel shift in the yield curve and in interest rates; and (iii) there are no other changes to the portfolio, and all positions will be retained and rolled over upon maturity. Actual changes in our net interest income resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

Exchange Rate Risk

Exchange rate risk refers to risk caused by the adverse impact on the banks' foreign currency position and cash flow as a result of the exchange rate fluctuations of their primary foreign currency. Our primary principle for controlling our exchange rate risk is to match asset and liability denominated in every currency and conduct monitoring over our foreign currency exposure on a daily basis. Based on the relevant regulatory requirements and our management's judgments on the current situation, we seek to control our exposure to exchange rate risk through reasonably arranging our sources and use of funds denominated in foreign currencies and minimizing our mismatches of assets and liabilities in different currencies.

The following table sets forth, as of the date indicated, our financial assets and liabilities by currency.

	As of September 30, 2015				
	RMB	USD	HKD	Others currencies	Total
	(in millions of RMB equivalent)				
Financial Assets					
Cash and deposits with central bank	56,667.4	837.2	1.9	5.2	57,511.7
Deposits with banks and other financial institutions	21,402.4	3,018.6	5.7	49.7	24,476.4
Placements with banks and other financial institutions	7,990.1	5,858.9	—	5.1	13,854.1
Financial assets held for trading	10,042.6	—	—	—	10,042.6
Financial assets held under resale agreements	73,728.0	—	—	—	73,728.0
Loans and advances to customers	173,415.3	6,660.0	—	50.1	180,125.4
Available-for-sale financial assets	9,636.1	48.9	—	—	9,685.0
Held-to-maturity investments	31,920.9	—	—	—	31,920.9
Investments classified as receivables	138,627.4	—	—	—	138,627.4
Other financial assets(1)	2,720.1	21.6	—	0	2,741.7
Total financial assets	**526,150.3**	**16,445.2**	**7.6**	**110.1**	**542,713.2**
Liabilities					
Borrowings from central bank	292.6	—	—	—	292.6
Deposits from banks and other financial institutions	150,823.5	—	—	—	150,823.5
Placements from banks	2,230.0	1,223.8	—	47.3	3,501.1
Financial assets sold under repurchase agreements	7,657.4	—	—	—	7,657.4
Due to customers	313,515.6	14,882.5	5.6	36.1	328,439.8
Debt securities issued	12,907.9	—	—	—	12,907.9
Other financial liabilities(2)	8,327.1	55.9	0.1	0.2	8,383.3
Total financial liabilities	**495,754.1**	**16,162.2**	**5.7**	**83.6**	**512,005.6**
Net exposure	**30,396.2**	**283.0**	**1.9**	**26.5**	**30,707.6**

Notes:

(1) Consists primarily of other trade receivables.

(2) Consists primarily of interest payable and other trade payables.

We use sensitivity analysis to measure the potential effect of changes in foreign exchange rates on our net profit. The following table sets forth, as of the dates indicated, the results of our exchange rate sensitivity analysis based on our assets and liabilities as of the same dates:

	As of December 31,			As of September 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Rise in exchange rate of foreign currency to RMB by 5%	21.9	42.2	14.0	11.7
Decline in exchange rate of foreign currency to RMB by 5%	(21.9)	(42.2)	(14.0)	(11.7)

CAPITAL EXPENDITURES

Our capital expenditures for the years ended December 31, 2012, 2013 and 2014 and for the nine months ended September 30, 2015 were primarily for the acquisition of properties for and refurbishment of our branch and sub-branches, purchases of self-service banking equipment, and development of our information system.

Our capital expenditures amounted to RMB47.0 million, RMB83.0 million, RMB79.0 million, and RMB55.2 million for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2015, respectively. As of September 30, 2015, we had authorized capital commitments of RMB152.0 million, of which RMB97.0 million were all contracted for, and RMB55.0 million were authorized but not contracted for. The foregoing amounts and purposes may change depending on business conditions.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of our accounting policies described in Note 3 of the Accountants' Report included in Appendix I to this prospectus, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. During the Track Record Period, we consistently adopted these accounting estimates and judgments, and we currently do not expect any significant changes to these estimates in the foreseeable future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgments and key estimation uncertainty that we have made in the process of applying our accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements and/or in the next twelve months.

Impairment Losses on Financial Assets

We review our loan portfolio, amounts due to banks and other financial institutions, debt securities and other investment securities issued by financial institutions to assess impairment on a periodic basis. In determining whether an impairment loss should be recognized in profit or loss, we make judgments as to whether there is any observable data indicating that there is an objective evidence of impairment which will have a measurable decrease in the estimated future cash flows from a portfolio. When the decrease may not have been identified individually or the individual financial asset is not significant, we use estimates based on historical loss experience on a collective basis with similar credit risk characteristics to assess the impairment loss while estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity Investments

We classify non-derivative financial assets with fixed or determinable payments and fixed maturity that our management has the positive intention and ability to hold to maturity as held-to-maturity investments. This classification requires significant judgment. In making this judgment, we evaluate our management's intention and ability to hold such investments to maturity. If we fail to hold these investments to maturity other than for specific circumstances (such as selling an insignificant amount close to maturity), the entire portfolio of assets will be reclassified as available-for-sale financial assets.

Fair value of financial instruments

We use the valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis or other valuation methods as appropriate. To the extent practical, our pricing models use only observable data; certain inputs to our valuation models such as credit risk of the Bank and counterparties, volatilities and correlations require the management to make estimates. Changes in assumptions when making these assumptions could affect reported fair value of financial instruments.

Income Taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the year during which such a determination is made.

INDEBTEDNESS

As of January 31, 2016 (being the date for the purpose of this indebtedness statement, before this document is printed), we have the following indebtedness:

- The 10 year tier-two capital bonds with an aggregate principal amount of RMB5.0 billion issued on August 21, 2015, with a fixed coupon rate of 5.00% per annum and an option to redeem the bonds partially or fully on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval;

- The 3 year financial bonds with an aggregate principal amount of RMB2.5 billion issued on May 11, 2015, with a fixed coupon rate of 4.64% per annum;

- The 3 year financial bonds with an aggregate principal amount of RMB2.5 billion issued on May 22, 2015, with a fixed coupon rate of 4.27% per annum;

- The 10 year subordinated bonds with an aggregate principal amount of RMB1.5 billion issued on December 27, 2012, with a fixed coupon rate of 5.90% per annum and an option to redeem the bonds on the last day of the fifth year;
- The 15 year subordinated bonds with an aggregate principal amount of RMB1.2 billion issued in December 27, 2012, with a fixed coupon rate of 5.99% per annum and an option to redeem the bonds on the last day of the tenth year;
- Interbank certificates of deposit in an aggregate principal amount of RMB4.0 billion;
- deposits from customers, borrowing from the central bank, deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements that arose from the normal course of our banking business; and
- undrawn credit card commitments, acceptances, letters of credit and letters of guarantee issued, other commitments and contingencies that arose from the normal course of our banking business.

Except as disclosed above, we did not have, as of January 31, 2016, any outstanding mortgages, charges, debentures, other debt capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantees or other material contingent liabilities.

Our directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of our Bank since January 31, 2016 and up to the Latest Practicable Date.

RULE 13.13 TO RULE 13.19 OF THE LISTING RULES

We confirm that there are no circumstances which will trigger disclosure requirements under Rule 13.13 to Rule 13.19 of the Listing Rules.

DIVIDEND

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders' general meeting for approval. The determination of whether to pay dividends and the amount of such dividends is based on our results of operation, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board of Directors considers relevant. Subject to our Articles of Association and laws and regulations on profit distribution by banks, our

Board of Directors will recommend dividend payments to our Shareholders' general meetings. As approved by our Shareholders' general meeting, our current and new shareholders are both entitled to the cumulated retained earnings prior to the Listing. Under the PRC Company Law and our Articles of Association, all of our Shareholders holding the same class of shares have equal rights to dividends and other distributions proportionate to their shareholding. Pursuant to PRC Laws and our Articles of Association, we shall distribute dividends from our distributable profits in accordance with the PRC GAAP or IFRS (or the accounting standards of the overseas jurisdictions where our Shares are listed), whichever is lower.

Under PRC laws and our Articles of Association, we may only pay dividends out of our distributable profit. Our distributable profit represents the lowest of (i) our consolidated net profit attributable to our equity holders for a period plus the distributable profit or net of the accumulated losses, if any, at the beginning of such period as determined under PRC GAAP, (ii) the unconsolidated net profit of our Bank for the period plus distributable profit or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, (iii) our consolidated net profit attributable to our equity holders for the period plus distributable profit or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS and (iv) the unconsolidated net profit of our Bank for the period plus distributable profit or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS, less:

- appropriations we are required to make to the statutory surplus reserve, which is currently 10% of the unconsolidated net profit of our Bank as determined under PRC GAAP, until such reserve reaches an amount equal to 50% of our registered capital;

- a general reserve we are required to set aside; and

- appropriations to a discretionary surplus reserve as approved by the shareholders in an annual general meeting.

Under relevant MOF regulations, we are required to maintain a general reserve no less than 1.5% of the balance of our risk-bearing assets from our net profits after tax. This general reserve constitutes part of our reserves. As of September 30, 2015, the balance of our general reserve amounted to RMB5,817.1 million, which was all in compliance with the MOF requirements in respect of appropriation of the general reserve.

Any distributable profit that is not distributed in a given year is retained and available for distribution in subsequent years. However, generally we do not pay any dividends in a year in which we do not have any distributable profit in respect of that year. The payment of any dividends by us must also be approved at a shareholders' general meeting. We are prohibited from making any profit distributions to our Shareholders before recovering our accumulated losses and making appropriations to the statutory surplus reserve, the general reserve, and any discretionary surplus reserve as approved by our Shareholders' general meeting. If we make any profit distributions in violation of these rules, our Shareholders are required to return the amounts they received in such profit distributions to us.

CBRC has the authority to prohibit any bank that fails to meet the relevant capital adequacy ratio requirements, or has violated other relevant PRC banking regulations, from paying dividends or making other forms of distributions. As of September 30, 2015, we had a capital adequacy ratio of 11.90%, a tier-one capital adequacy ratio of 8.94% and a core tier-one capital adequacy ratio of 8.94%, which were all in compliance with the relevant CBRC regulations. Please see “Supervision and Regulation — Supervision Over Capital Adequacy — Regulatory Requirements in respect of Capital Adequacy Ratios” and “Supervision and Regulation — Principal Regulators — CBRC — Examination and Supervision”.

On April 19, 2013, we declared dividends of RMB536.0 million for the year ended December 31, 2012. On April 17, 2014, we declared dividends of RMB618.0 million for the year ended December 31, 2013. On May 20, 2015, we declared dividends of RMB701.0 million for the year ended December 31, 2014. Declared but unpaid dividends, namely (i) dividends payable to shareholders that we were unable to contact, (ii) dividends payable to shareholders who did not timely claim the dividends, and (iii) dividends that are frozen according to the court judgment, are recorded as “dividends payable” under “other liabilities” on our financial statements. We intend to make payment of such declared but undistributed dividends after locating relevant shareholders using our internal funds, according to the relevant PRC laws and regulations. For the avoidance of doubt, as of the Latest Practicable Date, the above mentioned declared but undistributed dividends with the amount of RMB23.5 million are no longer part of our accumulated retained earnings and are not subject to approval from Shareholders’ meeting for payment. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form or size dividends will be paid in the future.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB239.3 million (equivalent to approximately HK$284.8 million, assuming full exercise of the Over-allotment Option and the mid-point of the Offer Price of HK$8.48). None of the Listing expenses were reflected in our statements of profit or loss and other comprehensive income during the Track Record Period. After September 30, 2015, approximately RMB34.1 million is expected to be charged to our statements of profit or loss and other comprehensive income, and approximately RMB205.2 million is expected to be accounted for as a deduction from equity. The Listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such Listing expenses to have a material adverse impact on our results of operation for the year ending December 31, 2016.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets is prepared based on our net tangible assets attributable to our Shareholders as of September 30, 2015 derived from our financial information as of September 30, 2015 as set out in the Accountants’ Report set forth in Appendix I to this prospectus, adjusted as described below.

The unaudited pro forma statement of adjusted net tangible assets has been prepared to show the effect on our net tangible assets as of September 30, 2015 as if the Global Offering had occurred on September 30, 2015. The unaudited pro forma adjusted net tangible assets per share are calculated in accordance with Rule 4.29 of the Listing Rules.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, as a result, may not be an accurate reflection of our financial position.

	Net tangible assets attributable to our Shareholders as of September 30, 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per share	
		(in millions of RMB)		(RMB)	(HK$)
	Note(1)	Note(2)/(5)	Note(3)	Note(4)	Note(6)
Based on an offer price of HK$7.37 per share	31,535.40	5,405.17	36,940.57	6.13	7.30
Based on an offer price of HK$9.58 per share	31,535.40	7,408.81	38,584.21	6.40	7.62

(1) The net tangible assets attributable to our Shareholders as of September 30, 2015 is based on our total equity of RMB31,578.79 million less intangible assets of RMB43.39 million as of September 30, 2015.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$7.37 per H Share (being the minimum offer price) and HK$9.58 per H Share (being the maximum offer price) and the assumption that there are 905,000,000 newly issued H Shares in the Global Offering, after deduction of the underwriting fees and other expenses related to the Global Offering and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets do not take into account the financial results or other transactions subsequent to September 30, 2015.

(4) The unaudited pro forma adjusted net tangible assets per share is arrived on the basis of 6,031,047,731 outstanding shares assuming that the Global Offering has been completed on September 30, 2015 and that the Over-allotment Option is not exercised.

(5) The estimated net proceeds from the Global Offering are translated into Renminbi at the rate of RMB0.84029 to HK$1.00, the exchange rate set by the PBoC prevailing on March 4, 2016. No representation is made that the Hong Kong Dollar amounts have been, could have been or could be converted to Renminbi at that rate or at any other rate.

(6) The unaudited pro forma adjusted net tangible assets per share is translated into Hong Kong Dollars at exchange rate of RMB0.84029 to HK$1.00. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong Dollars at that rate or at any other rate.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Our directors confirm that, except as disclosed in this document, there has been no material adverse change in our financial or trading position since September 30, 2015.

WORKING CAPITAL

Rule 8.21A(1) and Paragraph 36 of Part A of Appendix 1A of the Hong Kong Listing Rules require this document to include a statement by our directors that, in their opinion, the working capital available to our Bank is sufficient for at least 12 months from the publication of this document or, if not, how it is proposed to provide the additional working capital our directors consider to be necessary. We are of the view that the traditional concept of "working capital" does not apply to banking businesses such as ours. We are regulated in the PRC by, among others, PBoC and CBRC. These regulatory authorities impose minimum capital adequacy and liquidity requirements on commercial banks operating in the PRC. Rule 8.21A(2) of the Hong Kong Listing Rules provides that such a working capital statement will not be required to be made by an issuer whose business is entirely or substantially that of the provision of financial services, provided that the Hong Kong Stock Exchange is satisfied that the inclusion of such a statement would not provide significant information for investors and the issuer's solvency and capital adequacy are subject to prudential supervision by another regulatory body. In view of the above, pursuant to Rule 8.21A(2) of the Listing Rules we are not required to include a working capital statement from the directors in this document.

FUTURE PLANS

See the section entitled "Business — Our Development Strategies" of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$7.37, being the low-end of the proposed Offer Price range, we estimate that the net proceeds of the Global Offering accruing to us (after deduction of underwriting commissions and estimated expenses payable by us in relation to the Global Offering) to be approximately HK$6,432.5 million, if the Over-allotment Option is not exercised; or approximately HK$7,411.0 million, if the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK$8.48, being the mid-point of the proposed Offer Price range of HK$7.37 to HK$9.58, we estimate that the net proceeds of the Global Offering accruing to us (after deduction of underwriting commissions and estimated expenses payable by us in relation to the Global Offering) to be approximately HK$7,414.9 million, if the Over-allotment Option is not exercised; or to be approximately HK$8,540.8 million, if the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK$9.58, being the high-end of the proposed Offer Price range, we estimate that the net proceeds of the Global Offering accruing to us (after deduction of underwriting commissions and estimated expenses payable by us in relation to the Global Offering) to be approximately HK$8,388.5 million, if the Over-allotment Option is not exercised; or to be approximately HK$9,660.4 million, if the Over-allotment Option is exercised in full.

We intend to use the net proceeds from the Global Offering (after deduction of underwriting commissions and estimated expenses payable by us in relation to the Global Offering) to strengthen our capital base to support the ongoing growth of our business.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the following investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have respectively agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for in an aggregate amount of US$560.0 million (approximately HK$4,348.2 million[(1)]) at the Offer Price (the "**Cornerstone Placing**"). Based on the Offer Price of HK$7.37 (being the low-end of the proposed Offer Price range), the total number of H Shares to be subscribed by the Cornerstone Investors would be 589,989,000, representing approximately (i) 59.27% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 51.54% of the Offer Shares, assuming that the Over-allotment Option is fully exercised, (iii) 9.78% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iv) 9.57% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised. Based on the Offer Price of HK$8.48 (being the mid-point of the proposed Offer Price range), the total number of H Shares to be subscribed by the Cornerstone Investors would be 512,760,500, representing approximately (i) 51.51% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 44.79% of the Offer Shares, assuming that the Over-allotment Option is fully exercised, (iii) 8.50% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iv) 8.31% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised. Based on the Offer Price of HK$9.58 (being the high-end of the proposed Offer Price range), the total number of H Shares to be subscribed by the Cornerstone Investors would be 453,885,000, representing approximately (i) 45.59% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 39.65% of the Offer Shares, assuming that the Over-allotment Option is fully exercised, (iii) 7.53% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iv) 7.36% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

To the best knowledge of our Bank, save as disclosed in the subsection headed "—Cornerstone Investors" below, each of the Cornerstone Investors is independent of our Bank, our connected persons and their respective associates, and not an existing Shareholder. Save and except for Tianfang Jincheng (HK) Limited (天房津城(香港)有限公司) ("**Tianfang Jincheng**") and Teda Hong Kong Property Company Limited ("**Teda HK**"), both of which are close associates (as defined in the Listing Rules) of some of our existing Shareholders, each of the Cornerstone Investors is independent from us. For details of the waiver obtained in relation to the allocation of Offer Shares to Tianfang Jincheng and Teda HK, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in relation to Subscription of H Shares by Close Associates of Existing Shareholders" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Bank on or around March 29, 2016.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank pari passu in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Bank. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in our Bank, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in "Structure of the Global Offering—The Hong Kong Public Offering".

Note:

(1) Calculated based on an exchange rate of US$1:HK$7.76470 as described in the section headed "Information about this Prospectus and the Global Offering—Exchange Rate" in this prospectus. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

CORNERSTONE INVESTORS

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount	Indicative Offer Price[2]	Number of H Shares to be subscribed for	Approximate percentage of the International Offer Shares	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
FORTUNE ERIS HOLDING COMPANY LIMITED	US$270 million (approximately HK$2,096.5 million[1])	HK$7.37	284,459,500	30.89%	28.57%	4.72%	4.61%
		HK$8.48	247,225,000	26.85%	24.83%	4.10%	4.01%
		HK$9.58	218,838,000	23.77%	21.98%	3.63%	3.55%
SINOTAK LIMITED	US$100 million (approximately HK$776.5 million[1])	HK$7.37	105,355,000	11.44%	10.58%	1.75%	1.71%
		HK$8.48	91,564,500	9.94%	9.20%	1.52%	1.48%
		HK$9.58	81,051,000	8.80%	8.14%	1.34%	1.31%
TEWOO INVESTMENT CO., LIMITED	US$50 million (approximately HK$388.2 million[1])	HK$7.37	52,677,500	5.72%	5.29%	0.87%	0.85%
		HK$8.48	45,782,000	4.97%	4.60%	0.76%	0.74%
		HK$9.58	40,525,500	4.40%	4.07%	0.67%	0.66%
TIANFANG JINCHENG	US$50 million (approximately HK$388.2 million[1])	HK$7.37	52,677,500	5.72%	5.29%	0.87%	0.85%
		HK$8.48	45,782,000	4.97%	4.60%	0.76%	0.74%
		HK$9.58	40,525,500	4.40%	4.07%	0.67%	0.66%
RUIFUXIANG INVESTMENT LIMITED	US$30million (approximately HK$232.9 million[1])	HK$7.37	31,606,500	3.43%	3.17%	0.52%	0.51%
		HK$8.48	27,469,000	2.98%	2.76%	0.46%	0.45%
		HK$9.58	24,315,000	2.64%	2.44%	0.40%	0.39%
TEDA HK	US$30 million (approximately HK$232.9 million[1])	HK$7.37	31,606,500	3.43%	3.17%	0.52%	0.51%
		HK$8.48	27,469,000	2.98%	2.76%	0.46%	0.45%
		HK$9.58	24,315,000	2.64%	2.44%	0.40%	0.39%
HUI DING HOLDINGS LIMITED	US$30 million (approximately HK$232.9 million[1])	HK$7.37	31,606,500	3.43%	3.17%	0.52%	0.51%
		HK$8.48	27,469,000	2.98%	2.76%	0.46%	0.45%
		HK$9.58	24,315,000	2.64%	2.44%	0.40%	0.39%

Notes:

(1) Calculated based on the exchange rate of US$1: HK$7.76470 as described in the section headed "Information about this Prospectus and the Global Offering—Exchange Rate" in this prospectus. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

(2) Being the low-end, mid-point and high-end of the proposed Offer Price range set out in this prospectus respectively.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. FORTUNE ERIS HOLDING COMPANY LIMITED

Fortune Eris Holding Company Limited ("**Fortune Eris**") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$270 million (equivalent to approximately HK$2,096.5 million) at the Offer Price.

Fortune Eris, a company incorporated in the British Virgin Islands, is a special investment vehicle directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited ("**CSSC Shipping**"). CSSC Shipping was established by China State Shipbuilding Corporation in Hong Kong. CSSC Shipping is one of the leading financial services institutions in the field of shipping finance, focusing on financial leasing, assets management, consultancy, investment and financing for ship, offshore and marine engineering, among other services.

2. SINOTAK LIMITED

Sinotak Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$100 million (equivalent to approximately HK$776.5 million) at the Offer Price.

Sinotak Limited was incorporated in 2011 in British Virgin Islands with limited liability. It is wholly-owned by Mr. Zhang Wei and is principally engaged in investment activities.

3. TEWOO INVESTMENT CO., LIMITED

Tewoo Investment Co., Limited ("**Tewoo Investment**") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$50 million (equivalent to approximately HK$388.2 million) at the Offer Price.

Tewoo Investment is a company incorporated in Hong Kong with limited liability. Tewoo Investment is a wholly-owned subsidiary of Tewoo Group Co., Ltd. (天津物產集團有限公司) ("**Tewoo Group**"). The principal activity of Tewoo Investment is investment while Tewoo Group is a state-owned enterprise of Tianjin engaged in the distribution of manufacturing materials. Tewoo Group's principal activities include the import and export of metals, energy resources, minerals, chemicals and automotive and electromechanical products, and other products falling within the five categories of commodities, as well as modern logistics, real estate development, financial services. Tewoo Group is wholly owned by SASAC Tianjin.

4. TIANFANG JINCHENG

Tianfang Jincheng has agreed to subscribe at the Offer Price for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$50 million (equivalent to approximately HK$388.2 million).

Tianfang Jincheng is a company incorporated in Hong Kong. It is principally engaged in trading and investment activities and is directly and wholly-owned by Tianjin Real Estate Group Co., Ltd. (天津房地產集團有限公司) ("**Tianjin Real Estate**") which is also the single largest shareholder of Tianjin Realty Development (Group) Co., Ltd. (天津市房地產發展(集團)股份有限公司) ("**Tianjin Realty Development**"), an existing Shareholder of our Bank. As such, Tianfang Jincheng is considered as a close associate of Tianjin Realty Development pursuant to the Listing Rules. Tianjin Real Estate is wholly-owned by Tianjin Government and is a large state-owned real estate enterprise of Tianjin.

5. RUIFUXIANG INVESTMENT LIMITED

Ruifuxiang Investment Limited (瑞蚨祥投資有限公司) ("**Ruifuxiang**") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$30 million (equivalent to approximately HK$232.9 million) at the Offer Price.

Ruifuxiang is a company incorporated in Hong Kong, in which it is a wholly-owned special purpose overseas investment vehicle of Shandong Tianye Real Estate Development Group Co., Ltd (山東天業房地產開發集團) ("**Shandong Tianye**"). Shandong Tianye is a company in Jinan, China and its principal business includes real estate, clean energy, mining, financial investment and cultural industry.

6. TEDA HK

Teda HK has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$30 million (equivalent to approximately HK$232.9 million) at the Offer Price.

Teda HK is a company incorporated in Hong Kong. It is a special investment vehicle directly and wholly-owned by Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司) ("**Teda Investment Holding**"). Teda Investment Holding invests in the following industries: including industrial manufacturing, agriculture, infrastructure development and construction, finance, insurance, securities, real estate, transportation, electricity, gas, construction, warehousing and tourism.

Teda HK is a wholly-owned subsidiary of Teda Investment Holding which is the holding company of eight existing Shareholders of our Bank holding an aggregate of 201,877,286 Domestic Shares as of the date of this prospectus (namely, Tianjin Industry and Trade Company (天津市工貿公司), Tianjin Economic and Technology Development Zone Real Estate Development Company (天津經濟技術開發區房地產開發公司), Tianjin Teda Limited (天津泰達股份有限公司), Tianjin Investment Financial Services Group Limited (天津津融投資服務集團有限公司), Tianjin Jinyi Investments Limited (天津津益投資有限責任公司), Tianjin Haihua Development Company Limited (天津海華實業發展有限公司), Tianjin Jinrong Investments Limited (天津金榮投資有限公司) and

Tianjin Jintou Jinsha Real Estate Development Company Limited (天津津投金廈房地產發展股份有限公司) (each an "**Existing Teda Shareholder**" and collectively the "**Existing Teda Shareholders**"). As such, Tianjin Realty Development is a close associate (as defined in the Listing Rules) of each Existing Teda Shareholder.

7. HUI DING HOLDINGS LIMITED

Hui Ding Holdings Limited (匯鼎控股有限公司)("**Hui Ding Holdings**") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with US$30 million (approximately HK$232.9 million) at the Offer Price.

Hui Ding Holdings is an investment holding company incorporated in British Virgin Islands. Its controlling shareholder is Huiyuan International Holding Limited which is wholly-owned by Mr. Zhu Xinli. Huiyuan International Holding Limited is also the parent holding company of China Huiyuan Juice Holding Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1886.HK).

Conditions Precedent

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) and not having been terminated; and (ii) the Listing Committee of the Hong Kong Stock Exchange having granted the Listing of, and permission to deal in, the H shares and that such approval or permission has not been revoked.

Restrictions on the Cornerstone Investors' Investment

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Bank and the relevant underwriter(s), it will not, at any time during the period of six (6) months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the H Shares or any interest in any company or entity holding any of the relevant H Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor.

HONG KONG UNDERWRITERS

CCB International Capital Limited
BOCI Asia Limited
ABCI Securities Company Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
AMTD Asset Management Limited
Crosby Securities Limited
CMB International Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Bank is offering initially 74,663,000 Hong Kong Offer Shares for subscription by the public in Hong Kong and subject to the terms and conditions of this prospectus and the Application Forms. Subjecting to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us, on behalf of ourselves and the Selling Shareholders, and the Joint Representatives, on behalf of the Joint Bookrunners and the Hong Kong Underwriters. For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between us, on behalf of ourselves and the Selling Shareholders, and the Joint Global Coordinators, Joint Representatives on behalf of the Joint Bookrunners and the Hong Kong Underwriters, the Global Offering will not proceed.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in our H Shares commences on the Hong Kong Stock Exchange any of the events set out below shall develop, occur, exist or come into force:

- any new law or regulation or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a "**Relevant Jurisdiction**"); or

- any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or credit or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a change of the Hong Kong Dollars or a change of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or

- any local, national, regional or international event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, outbreak of diseases, epidemics or pandemics including, but not limited to, SARS, swine or avian flu, H5N1, H5N6, H1N1, H1N7, H7N9 and such related/mutated forms) in or directly or indirectly affecting any Relevant Jurisdiction; or

- any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

- the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

- any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange; or

- any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of any other member of the Group listed or quoted on a stock exchange or an over-the-counter market; or

- any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Governmental Authority (as defined in the Hong Kong Underwriting Agreement)), New York (imposed at Federal or New York State level or other competent Governmental Authority (as defined in the Hong Kong Underwriting Agreement)), London, Singapore, the PRC, the European Union (or any member thereof), Japan or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

- any change or prospective change in exchange controls, currency exchange rates or foreign investment regulations, or any change or prospective change in Taxation (as defined in the Hong Kong Underwriting Agreement) in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

- the issue or requirement to issue by the Bank of a supplemental or amendment to this prospectus, Application Forms, preliminary offering circular or offering circular of the Bank or other documents in connection with the offer and sale of the H Shares pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

- any change or development involving a prospective change which has the effect of the materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

- occurence of any Action (as defined in the Hong Kong Underwriting Agreement); or

- any contravention by the Bank, any Subsidiary or any Director or Supervisor of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law or the Listing Rules; or

- a Governmental Authority (as defined in the Hong Kong Underwriting Agreement) or a regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against the Bank, any Subsidiary, any Director or any Supervisor; or

- any of the chairman or president vacating his/her office, any Director or any Supervisor being charged with an indictable offence or prohibited by operation of Laws (as defined in the Hong Kong Underwriting Agreement) or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any Director or Supervisor in his or her capacity as such or an announcement by any governmental, political, regulatory body that it intends to take any such action; or

- any material adverse change or prospective material adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of the Bank, any Subsidiary; or

- any breach of any of the obligations of the Bank under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

- any petition being presented for the winding-up or liquidation of the Bank or any Subsidiary, or the Bank or any Subsidiary making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of the Bank or any Subsidiary or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Bank or any Subsidiary or anything analogous thereto occurs in respect of the Bank or any Subsidiary; or

- a prohibition on the Bank for whatever reason from allotting or selling the H Shares (including the H Shares which may be issued upon exercise of the Over-allotment Option) pursuant to the terms of the Global Offering,

and which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters:

- is or will be or is reasonably expected to be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Bank or any Subsidiary as a whole or to any present or prospective shareholder of the Bank in its capacity as such; or

- has or will have or is reasonably expected to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or will make it impracticable or inadvisable or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

- makes or will make or is reasonably expected to make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice, the preliminary offering circular or the offering circular of the Bank; or

- would have or is reasonably expected to have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

there has come to the notice of the Joint Representatives, the Joint Global Coordinations, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(a) that any statement contained in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, publication, advertisements, communications issued or used by or on behalf of the Bank in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, incorrect or misleading or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), and/or any notices, announcements, publication, advertisements, communications so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(b) any contravention by the Bank, any Subsidiary, or any Director or any Supervisor of any Law (as defined in the Hong Kong Underwriting Agreement); or

(c) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(e) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Bank or any Selling Shareholder; or

(f) any of the Reporting Accountants, or any of the counsel or advisor of the Bank or other experts has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(g) any event, act or omission which gives or is likely to give rise to any liability of the Bank pursuant to the indemnities given by the Bank under the Hong Kong Underwriting Agreement; or

(h) a significant portion of the investment commitments by any cornerstone investor after the signing of the relevant cornerstone investment agreement with such cornerstone investor, have been withdrawn, terminated or cancelled or if any cornerstone investor is unlikely to fulfill its obligation under the respective cornerstone investment agreement; or

(i) any material adverse change or prospective material adverse change or development involving a prospective material adverse change in the assets, business, general affairs, management, shareholder's equity, profits, losses, properties, results of operations, in the position condition (financial or otherwise) or prospects of the Bank and its Subsidiary, as a whole; or

(j) admission of the H Shares to trade on the Hong Kong Stock Exchange is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(k) the Bank has withdrawn this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

then the Joint Representatives may (for themselves and on behalf of the Joint Bookrunners and Hong Kong Underwriters), in their sole and absolute discretion and upon giving notice in writing to the Bank, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

Undertakings by Us

We have undertaken to the Hong Kong Stock Exchange that, except in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules, the Global Offering and the Over-allotment Option, no further shares or securities convertible into securities of our Bank (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by Us

We have also undertaken to each of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the "**First Six Month Period**"), we will not, without the prior written consent of the Joint Representatives (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Bank, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of our Bank, as applicable), or deposit any share capital or other securities of our Bank, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of such share capital or any other securities of our Bank or any shares or other securities of such other Subsidiary(ies), as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such Subsidiary(ies), as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction described above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Bank will or may enter into any transaction described above.

Our Bank further agrees that, in the event of an issue or disposal of any H Shares or any interest therein after the First Six Month Period expires, we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Bank will, create a disorderly or false market for any Shares or other securities of our Bank.

The International Offering

In connection with the International Offering, it is expected that our Bank will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Bank and the Selling Shareholders are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Bank and the Selling Shareholders to issue and allot or to sell up to an aggregate of 149,325,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 1% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Bank will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Representatives, the Joint Global Coordinators and/or the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, the Bank may, in its sole discretion, pay certain Underwriters an incentive commission of up to 1% of the Offer Price per Offer Share.

Assuming the Over-allotment Option is fully exercised at all and based on an Offer Price of HK$8.48 per H Share (being the midpoint of the indicative offer price range of HK$7.37 to HK$9.58 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Bank relating to the Global Offering (collectively the "Commissions and Fees") are estimated to be approximately HK$284.8 million in total.

We have agreed to indemnify the Hong Kong Underwriters and International Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by our Bank of the Underwriting Agreements.

Activities by Syndicate Members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Information About this Prospectus and the Global Offering — Over-allotment and Stabilization." These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

Hong Kong Underwriters' Interests in Our Bank

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Bank or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Bank.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other Services to Our Bank

Certain of the Joint Representatives, the Joint Global Coordinators, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Bank and our respective affiliates, for which such Joint Representatives, Joint Global Coordinators, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

Over-allotment Option and Stabilization

For details of the arrangements relating to the Over-allotment Option and stabilization, Please refer to "Structure of the Global Offering — The International Offering — Stabilization."

Sponsors' Independence

The Joint Sponsors satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 74,663,000 New Shares in Hong Kong as described below in the paragraph entitled "Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 920,837,000 H Shares to be offered outside the United States in offshore transactions in accordance with Regulation S. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Representatives, as representatives of the International Underwriters, have an option to require our Bank and the Selling Shareholders to issue and allot or to sell up to an aggregate of 149,325,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 16.5% of the enlarged issued share capital of the Bank immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 18.6% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "Reallocation" below.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Bank is initially offering 74,663,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 7.5% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares initially offered will represent approximately 1.24% of the Bank's issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 37,331,500 Offer Shares are liable to be rejected.

Reallocation and clawback

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, the allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments:

- 74,663,000 Offer Shares, representing approximately 7.5% of the total number of the Offer Shares which are initially available in the Hong Kong Public Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 30 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 119,460,000 Offer Shares, representing 12% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 30 times or more but less than 60 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 149,325,000 Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 60 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 298,650,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, under particular circumstances, be reallocated as between these offerings by the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters). Subject to the foregoing paragraph, the Joint Representatives may reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Representatives may in their sole and absolute discretion to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$9.58 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" below, is less than the maximum price of HK$9.58 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 920,837,000 Offer Shares, representing approximately 92.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph entitled "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Bank and our shareholders as a whole.

The Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we and the Selling Shareholders are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Representatives on behalf of the Joint Bookrunners and the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Representatives (on behalf of the Joint Bookrunners and the International Underwriters) have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Bank and the Selling Shareholders to issue and allot or to sell up to an aggregate of 149,325,000 additional Offer Shares (including 135,750,000 New Shares and 13,575,000 Sale Shares), representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.4% of the Bank's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

The Selling Shareholders

The Selling Shareholders are initially offering a total of 90,500,000 Sale Shares as part of the Global Offering. The Selling Shareholders may sell up to an aggregate of 104,075,000 Sale Shares if the Over-allotment Option is exercised in full. Pursuant to a letter issued by the NSSF on January 18, 2016, the NSSF instructed us, among other things, to remit the proceeds (after deduction of the SFC transaction levy and Hong Kong Stock Exchange trading fee) from the sale of the Sale Shares currently registered in the name of the Selling Shareholders in the Global Offering to an account designated by the NSSF in accordance with the relevant PRC laws and regulations.

Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 149,325,000 H Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

1. over-allocation for the purpose of preventing or minimizing any reduction in the market price;

2. selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

3. subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

4. purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

5. selling the H Shares to liquidate a long position held as a result of those purchases; and

6. offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on April 17, 2016. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Pricing of the Global Offering

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, March 18, 2016, and in any event on or before Tuesday, March 29, 2016, by agreement between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and the Bank (on behalf of ourselves and the Selling Shareholders) and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$9.58 per H Share and is expected to be not less than HK$7.37 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.**

The Joint Representatives, on behalf of the Joint Bookrunners and the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Bank (on behalf of ourselves and the Selling Shareholders), reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Bank will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Bank (**www.bankoftianjin.com**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Representatives, on behalf of the Joint Bookrunners and the Underwriters, and our Bank, on behalf of ourselves and the Selling Shareholders, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Bank and the Joint Representatives, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 7.5% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives.

The net proceeds of the Global Offering accruing to our Bank (after deduction of underwriting commissions and other expenses payable by our Bank in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$6,432.5 million, assuming an Offer Price per H Share of HK$7.37, or approximately HK$8,388.5 million, assuming an Offer Price per H Share of HK$9.58 (or if the Over-allotment Option is exercised in full, approximately HK$7,411.0 million, assuming an Offer Price per H Share of HK$7.37, or approximately HK$9,660.4 million, assuming an Offer Price per H Share of HK$9.58).

The Offer Price for H Shares under the Global Offering is expected to be announced on Tuesday, March 29, 2016. The indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Tuesday, March 29, 2016 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Bank (**www.bankoftianjin.com**).

Hong Kong Underwriting Agreement

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Bank expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section entitled "Underwriting."

H Shares will be eligible for CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Bank complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, March 30, 2016, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, March 30, 2016. Our H Shares will be traded in board lots of 500 H Shares each and the stock code of our H Shares will be 1578.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Bank (on behalf of ourselves and the Selling Shareholders) and the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Bank in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Tuesday, March 29, 2016 but will only become valid certificates of title at 8:00 a.m. on Wednesday, March 30, 2016 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Bank, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Bank and/or any of its subsidiaries;
- a Director or chief executive officer of the Bank and/or any of its subsidiaries;
- an associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of the Bank or going to become a connected person of the Bank immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, March 15, 2016 to 12:00 noon on Friday, March 18, 2016 from:

(i) ***the following offices of the Hong Kong Underwriters:***

CCB International Capital Limited	12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
BOCI Asia Limited	26/F, Bank of China Tower 1 Garden Road Central, Hong Kong
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Haitong International Securities Company Limited	22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

AMTD Asset Management Limited	Room 2501-2503, World Trade Centre 280 Gloucester Road Causeway Bay Hong Kong
Crosby Securities Limited	5/F, AXA Centre 151 Gloucester Road Wanchai, Hong Kong
CMB International Capital Limited	Units 1803-4, 18/F, Bank of America Tower 12 Harcourt Road Central, Hong Kong

(ii) ***any of the following branches of the receiving bank:***

Bank of China (Hong Kong) Limited

	Branch	**Address**
Hong Kong Island	Central District Branch	2A Des Voeux Road Central
	Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong
	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
Kowloon	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Kwai Chung Plaza Branch	A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung
	Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road
New Territories	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin
	Tai Po Branch	68-70 Po Heung Street, Tai Po Market
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, March 15, 2016 until 12:00 noon on Friday, March 18, 2016 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong, or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — Bank of Tianjin Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Tuesday, March 15, 2016 — 9:00 a.m. to 5:00 p.m.

- Wednesday, March 16, 2016 — 9:00 a.m. to 5:00 p.m.
- Thursday, March 17, 2016 — 9:00 a.m. to 5:00 p.m.
- Friday, March 18, 2016 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, March 18, 2016, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists."

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Bank and/or the Joint Representatives (or its agents or nominees), as agents of the Bank, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;

(vi) agree that none of the Bank, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Bank, our H Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Bank, the Joint Representatives and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Bank to place your name(s) or the name of the HKSCC Nominees on the Bank's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Bank and/or its agents to send any H Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in this prospectus to collect the H Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Bank and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "— 2. Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Bank. If you apply through the designated website, you authorize the **White Form eIPO** service to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, March 15, 2016 until 11:30 a.m. on Friday, March 18, 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, March 18, 2016 or such later time under the "— 10. Effects of Bad Weather on the Opening of the Application Lists."

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Bank and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2.00 for each "BANK OF TIANJIN CO., LTD." **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dongjiang-Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Bank, the Joint Representatives and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Bank, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Bank to place HKSCC Nominees' name on the Bank's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Bank, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Bank, our H Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Bank agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in

Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Bank's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Bank, for itself and for the benefit of each Shareholder (and so that the Bank will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong;

- agree with the Bank, for itself and for the benefit of each shareholder of the Bank and each director, supervisor, manager and other senior officer of the Bank (and so that the Bank will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Bank and each director, supervisor, manager and other senior officer of the Bank, with each CCASS Participant giving electronic application instructions):

  (a) to refer all differences and claims arising from the Articles of Association of the Bank or any rights or obligations conferred or imposed by the Bank Law or other relevant laws and administrative regulations concerning the affairs of the Bank to arbitration in accordance with Articles of Association;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Bank (for the Bank itself and for the benefit of each shareholder of the Bank) that H shares in the Bank are freely transferable by their holders; and

- authorize the Bank to enter into a contract on its behalf with each director and officer of the Bank whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Bank or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, March 15, 2016 — 9:00 a.m. to 8:30 p.m.[(1)]

- Wednesday, March 16, 2016 — 8:00 a.m. to 8:30 p.m.[(1)]

- Thursday, March 17, 2016 — 8:00 a.m. to 8:30 p.m.[(1)]

- Friday, March 18, 2016 — 8:00 a.m.[(1)] to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, March 15, 2016 until 12:00 noon on Friday, March 18, 2016 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, March 18, 2016, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists."

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Bank and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Bank, the H Share Registrar, the receiving bankers, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** service to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Bank, the Directors, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, March 18, 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to "Structure of the Global Offering — the International Offering — Pricing of the Global Offering."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 18, 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, March 18, 2016 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Bank expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, March 29, 2016 in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on the Bank's website at (**www.bankoftianjin.com**) and the website of the Stock Exchange at **www.hkexnews.com**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Bank's website at (**www.bankoftianjin.com**) and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, March 29, 2016;
- from the designated results of allocations website at www.iporesults.com.hk with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, March 29, 2016 to 12:00 midnight on Monday, April 4, 2016;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, March 29, 2016 to Friday, April 1, 2016;
- in the special allocation results booklets which will be available for inspection during opening hours on Tuesday, March 29, 2016 to Thursday, March 31 2016 at all the receiving bank designated branches.

If the Bank accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Bank.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Bank or its agents exercise their discretion to reject your application:**

The Bank, the Joint Representatives, the **White Form eIPO** service and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Bank of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Bank or the Joint Representatives believe(s) that by accepting your application, it/they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, March 29, 2016.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, H Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your Company may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on Tuesday, March 29, 2016. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Wednesday, March 30, 2016 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, March 29, 2016, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, March 29, 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, March 29, 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Bank will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by the Bank and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 29, 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO Service***

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your H Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, March 29, 2016, or such other date as notified by the Bank in the newspapers as the date of dispatch/collection of H Share certificates/ e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, March 29, 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, March 29, 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Bank expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Bank will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Tuesday, March 29, 2016. You should check the announcement published by the Bank and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 29, 2016 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, March 29, 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, March 29, 2016.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

March 15, 2016

The Directors
Bank of Tianjin Co., Ltd
BOCI Asia Limited
ABCI Capital Limited
CCB International Capital Limited

Dear Sirs,

We set out below our report on the Financial Information regarding Bank of Tianjin Co., Ltd (the "Bank") and its subsidiary (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015 (the "Relevant Periods") (the "Financial Information") for inclusion in this prospectus of the Bank dated March 15, 2016 (the "Prospectus") in connection with the initial listing of shares of the Bank on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Bank was formerly known as Tianjin City Cooperative Bank Co., Ltd., a joint-stock commercial bank established in Tianjin Municipality of the People's Republic of China (the "PRC") in November 1996 with the approval of the People's Bank of China ("PBoC"). The Bank changed its name to Tianjin City Commercial Bank Co., Ltd. in May 1998 and then to Bank of Tianjin Co., Ltd. in March 2007.

The statutory financial statements of the Group prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP") for the year ended December 31, 2012 were audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company, and those for the years ended December 31, 2013 and 2014 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, both are firms of certified public accountants registered in the PRC. The statutory financial statements of the principal subsidiary of the Bank were audited by an independent auditor as set out in note 25 to this report.

For the purpose of this report, the directors of the Bank have prepared the financial statements of the Group for the Relevant Periods in accordance with the accounting policies which conform with the International Financial Reporting Standards (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in this prospectus.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Bank are responsible for the preparation of the

Underlying Financial Statements and the contents of this prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Bank as at December 31, 2012, 2013 and 2014 and September 30, 2015 and of the consolidated results and consolidated cash flows of the Group for each of the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015.

The comparative consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the nine months ended September 30, 2014 together with the notes thereon have been extracted from the Group's unaudited financial information for the same period (the "September 2014 Financial Information") which was prepared by the directors of the Bank solely for the purpose of this report. We conducted our review of the September 2014 Financial Information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our review of the September 2014 Financial Information consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the September 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the September 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	Year ended December 31, 2012	2013	2014	Nine months ended September 30, 2014	2015
					(Unaudited)	
Interest income	5	13,357,473	19,632,392	24,769,304	18,487,421	19,675,356
Interest expense	5	(7,203,911)	(11,801,613)	(15,620,494)	(11,749,477)	(12,101,817)
Net interest income		6,153,562	7,830,779	9,148,810	6,737,944	7,573,539
Fee and commission income	6	348,867	443,277	560,684	374,830	657,976
Fee and commission expense	6	(16,236)	(25,977)	(36,481)	(31,022)	(16,973)
Net fee and commission income		332,631	417,300	524,203	343,808	641,003
Net trading (losses)/gains	7	(41,866)	(164,934)	180,540	114,898	227,867
Net gains/(losses) arising from investment securities	8	13,987	(3,913)	2,354	847	62,591
Other income, gains or losses	9	131,683	124,901	84,639	41,854	41,901
Operating income		6,589,997	8,204,133	9,940,546	7,239,351	8,546,901
Operating expenses	10	(2,384,594)	(2,906,067)	(3,261,328)	(2,318,084)	(2,727,350)
Impairment losses on assets	11	(906,800)	(912,780)	(975,286)	(692,605)	(1,248,821)
Profit before tax		3,298,603	4,385,286	5,703,932	4,228,662	4,570,730
Income tax expense	12	(661,928)	(950,337)	(1,274,971)	(937,885)	(1,002,481)
Profit for the year/period		2,636,675	3,434,949	4,428,961	3,290,777	3,568,249
Attributable to:						
Equity holders of the Bank		2,630,222	3,418,026	4,417,231	3,279,764	3,555,723
Non-controlling interests		6,453	16,923	11,730	11,013	12,526
		2,636,675	3,434,949	4,428,961	3,290,777	3,568,249
Earnings per share (Expressed in RMB Yuan per share)						
- Basic and diluted	13	0.64	0.83	0.88	0.66	0.69

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Profit for the year/period	2,636,675	3,434,949	4,428,961	3,290,777	3,568,249
Other comprehensive (expenses)/income					
Items that may be reclassified subsequently to profit or loss:					
Net changes in investment revaluation reserve for available-for-sale financial assets	(16,995)	(462,080)	567,847	419,113	68,991
Income tax relating to available-for-sale financial assets	4,249	115,520	(141,962)	(104,778)	(17,248)
Other comprehensive (expenses)/income for the year/period, net of tax	(12,746)	(346,560)	425,885	314,335	51,743
Total comprehensive income for the year/period	2,623,929	3,088,389	4,854,846	3,605,112	3,619,992
Total comprehensive income attributable to:					
Equity holders of the Bank	2,617,476	3,071,466	4,843,116	3,594,099	3,607,466
Non-controlling interests	6,453	16,923	11,730	11,013	12,526
Total comprehensive income for the year/period	2,623,929	3,088,389	4,854,846	3,605,112	3,619,992

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands of Renminbi, unless otherwise stated)

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
ASSETS					
Cash and balances with central bank	16	47,558,077	56,774,007	62,689,198	57,511,677
Deposits with banks and other financial institutions	17	37,025,032	16,453,007	31,684,999	24,476,357
Placements with banks and other financial institutions	18	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held for trading	19	5,448,989	4,764,348	7,512,182	10,042,565
Financial assets held under resale agreements	20	9,582,074	71,893,179	80,050,673	73,728,036
Loans and advances to customers	21	118,767,291	144,139,041	166,461,335	180,125,380
Available-for-sale financial assets	22	11,414,744	13,540,973	13,575,516	9,685,028
Held-to-maturity investments	23	22,607,435	21,360,611	26,233,883	31,920,946
Investments classified as receivables	24	44,003,697	68,389,479	76,078,628	138,627,352
Property and equipment	26	1,324,089	1,520,666	1,532,852	1,604,866
Deferred tax assets	27	919,822	1,029,159	915,719	1,115,902
Other assets	28	1,302,967	2,018,923	2,549,399	2,997,308
Total assets		302,346,017	405,687,013	478,859,079	545,689,497

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
LIABILITIES					
Borrowings from central bank		160,000	350,000	405,912	292,600
Deposits from banks and other financial institutions	29	47,043,755	110,363,745	122,471,748	150,823,486
Placements from banks	30	11,071,219	5,477,459	10,905,077	3,501,102
Financial assets sold under repurchase agreements	31	16,749,300	11,080,700	13,856,000	7,657,372
Due to customers	32	201,416,200	247,207,751	289,467,447	328,439,762
Income tax payable		288,871	250,574	433,738	598,363
Debt securities issued	33	4,266,368	4,290,501	2,698,891	12,907,899
Other liabilities	34	4,590,534	7,216,807	9,730,325	9,667,848
Total liabilities		285,586,247	386,237,537	449,969,138	513,888,432
EQUITY					
Share capital	35	4,123,268	4,123,268	5,126,048	5,126,048
Capital reserve	36	1,780,120	1,778,401	5,990,757	5,990,757
Investment revaluation reserve	37	(50,070)	(396,630)	29,255	80,998
Surplus reserve	38	1,572,801	1,914,618	2,356,347	2,356,347
General reserve	39	1,560,482	2,872,517	4,879,734	5,817,143
Retained earnings		7,710,526	8,940,389	10,290,027	12,207,497
Equity attributable to equity holders of the Bank		16,697,127	19,232,563	28,672,168	31,578,790
Non-controlling interests		62,643	216,913	217,773	222,275
Total equity		16,759,770	19,449,476	28,889,941	31,801,065
Total equity and liabilities		302,346,017	405,687,013	478,859,079	545,689,497

A. FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at September 30, 2015
ASSETS					
Cash and balances with central bank	16	47,311,108	56,615,753	62,382,527	57,334,348
Deposits with banks and other financial institutions	17	36,929,928	16,001,578	31,363,603	23,950,631
Placements with banks and other financial institutions	18	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held for trading	19	5,448,989	4,764,348	7,512,182	10,042,565
Financial assets held under resale agreements	20	9,582,074	71,893,179	80,050,673	73,728,036
Loans and advances to customers	21	118,408,738	143,330,454	165,640,247	179,140,426
Available-for-sale financial assets	22	11,414,744	13,540,973	13,575,516	9,685,028
Held-to-maturity investments	23	22,527,861	21,360,611	26,233,883	31,920,946
Investments classified as receivables	24	44,003,697	68,389,479	76,078,628	138,627,352
Investments in a subsidiary	25	61,200	105,000	105,000	105,000
Property and equipment	26	1,323,731	1,497,835	1,487,578	1,534,843
Deferred tax assets	27	919,822	1,029,159	915,719	1,115,902
Other assets	28	1,301,935	2,018,123	2,546,276	2,972,844
Total assets		301,625,627	404,350,112	477,466,527	544,012,001

A. FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
LIABILITIES					
Borrowings from central bank		130,000	330,000	215,912	92,600
Deposits from banks and other financial institutions	29	47,045,178	110,441,794	122,471,984	150,839,059
Placements from banks	30	11,071,219	5,477,459	10,905,077	3,501,102
Financial assets sold under repurchase agreements	31	16,749,300	11,080,700	13,856,000	7,657,372
Due to customers	32	200,943,722	246,050,132	288,511,598	327,224,846
Income tax payable		287,206	247,873	429,257	597,055
Debt securities issued	33	4,266,368	4,290,501	2,698,891	12,907,899
Other liabilities	34	4,447,461	7,210,890	9,717,905	9,627,967
Total liabilities		284,940,454	385,129,349	448,806,624	512,447,900
EQUITY					
Share capital	35	4,123,268	4,123,268	5,126,048	5,126,048
Capital reserve	36	1,778,401	1,778,401	5,990,076	5,990,076
Investment revaluation reserve	37	(50,070)	(396,630)	29,255	80,998
Surplus reserve	38	1,572,801	1,914,618	2,356,347	2,356,347
General reserve	39	1,560,482	2,872,517	4,879,734	5,817,143
Retained earnings	40	7,700,291	8,928,589	10,278,443	12,193,489
Total equity		16,685,173	19,220,763	28,659,903	31,564,101
Total equity and liabilities		301,625,627	404,350,112	477,466,527	544,012,001

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to equity holders of the Bank								
	NOTES	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at January 1, 2012		3,768,387	2,133,736	(37,324)	1,310,155	1,499,046	5,588,956	14,262,956	58,811	14,321,767
Profit for the year		—	—	—	—	—	2,630,222	2,630,222	6,453	2,636,675
Other comprehensive expenses for the year		—	—	(12,746)	—	—	—	(12,746)	—	(12,746)
Total comprehensive (expenses)/ income for the year		—	—	(12,746)	—	—	2,630,222	2,617,476	6,453	2,623,929
Capitalization of reserve	35	354,881	(354,881)	—	—	—	—	—	—	—
Appropriation to surplus reserve	38	—	—	—	262,646	—	(262,646)	—	—	—
Appropriation to general reserve	39	—	—	—	—	61,436	(61,436)	—	—	—
Dividend distribution	14	—	—	—	—	—	(182,958)	(182,958)	(2,621)	(185,579)
Others		—	1,265	—	—	—	(1,612)	(347)	—	(347)
As at December 31, 2012		4,123,268	1,780,120	(50,070)	1,572,801	1,560,482	7,710,526	16,697,127	62,643	16,759,770
Profit for the year		—	—	—	—	—	3,418,026	3,418,026	16,923	3,434,949
Other comprehensive expenses for the year		—	—	(346,560)	—	—	—	(346,560)	—	(346,560)
Total comprehensive (expenses)/ income for the year		—	—	(346,560)	—	—	3,418,026	3,071,466	16,923	3,088,389
Contribution from non-controlling shareholders		—	—	—	—	—	—	—	142,600	142,600
Appropriation to surplus reserve	38	—	—	—	341,817	—	(341,817)	—	—	—
Appropriation to general reserve	39	—	—	—	—	1,312,035	(1,312,035)	—	—	—
Dividend distribution	14	—	—	—	—	—	(536,025)	(536,025)	(5,240)	(541,265)
Others		—	(1,719)	—	—	—	1,714	(5)	(13)	(18)
As at December 31, 2013		4,123,268	1,778,401	(396,630)	1,914,618	2,872,517	8,940,389	19,232,563	216,913	19,449,476
Profit for the year		—	—	—	—	—	4,417,231	4,417,231	11,730	4,428,961
Other comprehensive income for the year		—	—	425,885	—	—	—	425,885	—	425,885
Total comprehensive income for the year		—	—	425,885	—	—	4,417,231	4,843,116	11,730	4,854,846
Contribution from shareholders	35	1,002,780	4,211,675	—	—	—	—	5,214,455	—	5,214,455
Appropriation to surplus reserve	38	—	—	—	441,729	—	(441,729)	—	—	—
Appropriation to general reserve	39	—	—	—	—	2,007,217	(2,007,217)	—	—	—
Dividend distribution	14	—	—	—	—	—	(618,490)	(618,490)	(10,955)	(629,445)
Others		—	681	—	—	—	(157)	524	85	609
As at December 31, 2014		5,126,048	5,990,757	29,255	2,356,347	4,879,734	10,290,027	28,672,168	217,773	28,889,941

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to equity holders of the Bank								
	NOTES	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at January 1, 2014		4,123,268	1,778,401	(396,630)	1,914,618	2,872,517	8,940,389	19,232,563	216,913	19,449,476
Profit for the period		—	—	—	—	—	3,279,764	3,279,764	11,013	3,290,777
Other comprehensive income for the period		—	—	314,335	—	—	—	314,335	—	314,335
Total comprehensive income for the period		—	—	314,335	—	—	3,279,764	3,594,099	11,013	3,605,112
Contribution from shareholders	35	1,002,780	4,211,675	—	—	—	—	5,214,455	—	5,214,455
Appropriation to general reserve	39	—	—	—	—	2,007,217	(2,007,217)	—	—	—
Dividend distribution	14	—	—	—	—	—	(618,490)	(618,490)	(10,955)	(629,445)
Others		—	—	—	—	—	464	464	(27)	437
As at September 30, 2014(Unaudited)		5,126,048	5,990,076	(82,295)	1,914,618	4,879,734	9,594,910	27,423,091	216,944	27,640,035
As at January 1, 2015		5,126,048	5,990,757	29,255	2,356,347	4,879,734	10,290,027	28,672,168	217,773	28,889,941
Profit for the period		—	—	—	—	—	3,555,723	3,555,723	12,526	3,568,249
Other comprehensive income for the period		—	—	51,743	—	—	—	51,743	—	51,743
Total comprehensive income for the period		—	—	51,743	—	—	3,555,723	3,607,466	12,526	3,619,992
Appropriation to general reserve	39	—	—	—	—	937,409	(937,409)	—	—	—
Dividend distribution	14	—	—	—	—	—	(700,723)	(700,723)	(7,800)	(708,523)
Others		—	—	—	—	—	(121)	(121)	(224)	(345)
As at September 30, 2015		5,126,048	5,990,757	80,998	2,356,347	5,817,143	12,207,497	31,578,790	222,275	31,801,065

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
OPERATING ACTIVITIES					
Profit before tax	3,298,603	4,385,286	5,703,932	4,228,662	4,570,730
Adjustments for:					
Depreciation and amortisation	142,320	149,505	182,662	114,817	127,578
Impairment losses on assets	906,800	912,780	975,286	692,605	1,248,821
Interest income arising from investment securities	(2,946,339)	(5,175,607)	(6,595,932)	(4,809,650)	(6,285,323)
Interest income arising from impaired financial assets	(18,360)	(21,261)	(49,148)	(36,861)	(35,380)
Interest expense arising from debt securities issued	104,904	265,519	149,770	200,199	229,558
Net trading unrealised losses/(gains)	32,167	25,485	(108,035)	(90,584)	(163,200)
Net (gains)/losses arising from investment securities	(13,987)	3,913	(2,354)	(847)	(62,591)
Unrealised exchange (gains)/ losses	(169)	20,654	2,041	(26,816)	(123,931)
Dividend income from investment securities	(280)	(320)	(360)	—	(5,440)
Other income, gains or losses	(3,052)	51	402	(8,312)	2,793
Operating cash flows before movements in working capital	1,502,607	566,005	258,264	263,213	(496,385)
Increase in balances with central bank and deposits with banks and other financial institutions	(12,571,349)	(740,989)	(12,540,215)	(7,517,224)	(3,248,824)
Decrease/(increase) in placements with banks and other financial institutions	4,746,753	(593,529)	(5,514,011)	(8,938,935)	(1,153,741)
(Increase)/decrease in financial assets held for trading	(35,379)	659,156	(2,639,799)	(2,686,570)	(2,367,183)
(Increase)/decrease in financial assets held under resale agreements	(1,229,595)	(68,780,005)	15,195,895	3,485,892	15,989,649
Increase in loans and advances to customers	(26,727,358)	(26,148,618)	(23,043,809)	(19,706,144)	(14,698,303)
Increase/(decrease) in borrowings from central bank	103,370	190,000	55,912	823,850	(113,312)
Increase in deposits from banks and other financial institutions	18,295,781	63,319,990	12,108,003	28,574,030	28,351,738
Increase/(decrease) in placements from banks	7,672,475	(5,593,760)	5,427,618	4,296,425	(7,403,975)
Increase/(decrease) in financial assets sold under repurchase agreements	3,516,270	(5,668,600)	2,775,300	(4,672,405)	(6,198,628)

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Increase in due to customers	31,280,922	45,791,551	42,259,696	25,779,239	38,972,315
Decrease/(increase) in other operating assets	224,868	(938,782)	(587,332)	(1,139,890)	(463,034)
Increase/(decrease) in other operating liabilities	779,980	2,762,153	2,504,501	9,239,404	(97,964)
Cash generated by operating activities	27,559,345	4,824,572	36,260,023	27,800,885	47,072,353
Income tax paid	(820,095)	(976,669)	(1,111,551)	(789,397)	(1,045,682)
Net cash generated by operating activities	26,739,250	3,847,903	35,148,472	27,011,488	46,026,671
INVESTING ACTIVITIES					
Cash received from disposal and redemption of investment securities	50,419,855	195,547,978	134,310,245	97,282,320	163,922,660
Cash received from disposal of property and equipment and other assets	4,206	9,160	189	53	90
Cash paid for purchase of investment securities	(61,317,259)	(221,274,033)	(146,438,906)	(110,303,206)	(228,332,669)
Cash paid for purchase of property and equipment and other assets	(153,287)	(391,284)	(246,624)	(126,034)	(200,512)
Interest income received from investment securities	2,962,774	5,171,694	6,599,105	4,811,329	6,348,918
Dividend income from investment securities	280	320	360	—	5,440
Net cash used in investing activities	(8,083,431)	(20,936,165)	(5,775,631)	(8,335,538)	(58,256,073)
FINANCING ACTIVITIES					
Cash received from capital contribution	—	142,600	5,214,455	5,214,455	—
Cash received from debt securities issued	2,711,232	—	—	—	10,207,284
Repayment of debt securities issued	—	—	(1,509,450)	—	—
Interest expenses paid for debt securities issued	(92,233)	(245,403)	(231,930)	(192,617)	(227,834)
Dividends paid	(184,419)	(535,974)	(626,454)	(623,158)	(700,499)
Net cash generated by/(used in) financing activities	2,434,580	(638,777)	2,846,621	4,398,680	9,278,951
Net increase/(decrease) in cash and cash equivalents	21,090,399	(17,727,039)	32,219,462	23,074,630	(2,950,451)

A. FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

		Year ended December 31,			Nine months ended September 30,	
	NOTE	2012	2013	2014	2014	2015
					(Unaudited)	
Cash and cash equivalents at beginning of the year/period		22,948,567	44,039,135	26,291,442	26,291,442	58,508,863
Effect of foreign exchange rate changes		169	(20,654)	(2,041)	1,678	108,119
Cash and cash equivalents at end of the year/period	41	44,039,135	26,291,442	58,508,863	49,367,750	55,666,531

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Net cash generated by operating activities include:					
Interest received	11,126,342	15,311,748	18,258,984	13,738,125	14,153,055
Interest paid	(6,830,881)	(10,107,162)	(14,284,104)	(10,256,647)	(11,887,658)
Net interest received from operating activities	4,295,461	5,204,586	3,974,880	3,481,478	2,265,397

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION
(Amounts in thousands of Renminbi, unless otherwise stated)

1. GENERAL INFORMATION

Bank of Tianjin Co., Ltd. (the "Bank") is formerly known as Tianjin City Cooperative Bank Co., Ltd., a limited liability commercial bank established in Tianjin Municipality of the People's Republic of China (the "PRC") in November 1996 with the approval of the People's Bank of China ("PBoC"). The Bank changed its name to Tianjin City Commercial Bank Co., Ltd. in May 1998 and then to Bank of Tianjin Co., Ltd. in March 2007.

The Bank is licensed as a financial institution by the China Banking Regulatory Commission (the "CBRC") Tianjin Bureau (No. B0108H212000001) and is registered as a business enterprise with the approval of Tianjin Administration of Industry and Commerce of the PRC (No. 120000000007636) which was subsequently renamed as Tianjin Market and Quality Supervision Administration with new license issued (No. 911200001030702984).

As at September 30, 2015, the number of ordinary shares of the Bank was 5.126 billion.

As at September 30, 2015, the Bank had a total of 13 tier-one branches, 8 of them are located in Tianjin Municipality and 5 of them are located outside the Tianjin Municipality. Information on the subsidiary of the Bank is presented in note 25.

The approved Renminbi business scope consists of deposit taking; granting of loans; domestic settlement; bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund. The approved business scope in foreign currencies includes deposit taking, granting of loans; remittance, currency exchange; international settlement; foreign currency sale and purchase; inter-bank foreign currency placement; foreign currency guarantee; foreign currency borrowing; foreign currency bill acceptance and discount; credit investigation, consulting, and assurance; proprietary and broker trading of foreign currency marketable securities other than stocks; proprietary and broker trading of foreign exchange; and other business activities approved by the CBRC.

The Bank and its subsidiary, as detailed in note 25, are collectively referred to as the Group. The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Bank and its subsidiary.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the purpose of preparing and presenting the financial statements, the Group has consistently applied International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRS"), amendments and the related Interpretations ("IFRICs") issued by the International Accounting Standards Board ("IASB") (herein collectively referred to as the "IFRSs") which are effective for the Group's financial year beginning on January 1, 2015, for each of the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015 (the "Relevant Periods").

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs which are relevant to the Group that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Account[3]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[5]

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for annual periods beginning on or after January 1, 2016

3 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

4 Effective for annual periods beginning on or after January 1, 2019

5 Effective for annual periods beginning on or after January 1, 2017

6 Effective for annual periods beginning on or after a date to be determined

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and revised IFRSs issued but not yet effective (continued)

The Bank is in the process of assessing the impact of the new standards and amendments on the Financial Information. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Financial Information except for the following:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 as compared with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"), are described as follows:

- All recognized financial assets that are within the scope of IAS 39 are subsequently measured at amortized cost or fair value under IFRS 9. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods and their fair value changes are recognized in profit or loss. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. All of the above represent new requirements for classification and measurement for financial assets under IFRS 9 that will change the way the Group classifies and measures its financial assets in 'financial assets at fair value through profit or loss', "held-to-maturity investments', 'loans and receivables' and 'available-for-sale financial assets' under the existing IAS 39.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and revised IFRSs issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss. Based on the nature and classification of financial liabilities of the Group recorded on the consolidated statement of financial position as at September 30, 2015, it is expected that this new requirement under IFRS 9 will not have significant impact on the Group's financial position or performance.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets under the expected credit loss model will require a loss allowance equals to 12-month expected credit losses at initial recognition and a lifetime expected credit losses when there is a significant increase in credit risk subsequent to initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Lifetime expected credit losses represent all credit losses over the remaining life of a financial asset on a probability-weighted basis and 12-month expected credit losses represent the losses expected to arise from default events within the next 12 months after the reporting date. In principle, the adoption of expected credit loss model will accelerate the recognition of the loss allowance as it requires a loss allowance equals to 12-month expected credit losses at initial recognition of financial assets as compared with loss allowance recognized only when there exists observable evidence of impairment under the current standard. However, the Group is still assessing the full impact of adopting the expected credit loss model and therefore it is not practicable to quantify the impact on the Group's operating results and financial position.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and revised IFRSs issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

The adoption of this requirement is also expected to have impacts on the Group's systems and processes of collecting and analyzing data, as it changes the timing of assessment of the potential credit loss for recognition of impairment and the ultimate amount of impairment recognized on financial assets. The Bank is in the process of upgrading its systems, building up models as well as engaging in data governance related work. These will provide a base for future adoption of expected credit loss model.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. It is expected that this new requirement will not have any significant impact on the Group's financial position or performance given the Group continues not to enter into significant hedging activities.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15. The Group has not completed its assessment of the full impact of adopting IFRS 15 and therefore its possible impacts on the Group's operating results and financial position have not been quantified.

IFRS 16 Leases

IFRS 16 — Leases was issued by IASB in January 2016. It will be effective for annual periods beginning on or after January 1, 2019. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognize a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 — Property, Plant and Equipment, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

As set out in note 45 to Appendix I, total operating lease commitment of the Group in respect of leased premises as at September 30, 2015 amounted to RMB 839.91 million. The directors of the Bank do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3.2 Basis of preparation

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in note 49.

3.3 Basis of consolidation

The Financial Information incorporates the financial statements of the Bank and of the subsidiary controlled by the Bank. Control is achieved when the Bank:

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation (continued)

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

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

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

When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The carrying amount of the non-controlling interests is adjusted at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of fair value of the consideration received and fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 **Revenue recognition**

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

Interest income and expense

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

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

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

Fee and commission income

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

Dividend income

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

3.5 **Taxation**

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Financial Information because it excludes items of income or expense that are

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 **Taxation (continued)**

taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of each reporting period.

Deferred tax

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

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 **Taxation (continued)**

Deferred tax (continued)

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

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

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

3.6 **Employee benefits**

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

Social welfare

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 **Employee benefits (continued)**

Annuity plan

In December 2007, the Bank set up its annuity plan, the scope of beneficiary has covered all staff under current employment and in the early retirement arrangement of the Bank. It is a defined contribution plan where the Bank contributes certain percentage of the gross employee salaries, and the contributions are charged or credited to profit or loss immediately as "Operating expenses" when they occur. Besides the fixed amount contributed to the pension plan, even if the pension plan is not sufficient to pay for the employees' future retirement benefits, the Group has no further obligation to contribute to the plan.

Early retirement benefits

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

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

3.7 **Government grants**

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

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments**

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

Financial assets

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments (continued)**

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

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

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

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

Held-to-maturity investments

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

a) those that the Group upon initial recognition designates as at fair value through profit or loss;

b) those that the Group designates as available-for-sale; and

c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments (continued)**

Available-for-sale financial assets

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

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period.

Loans and receivables

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

Impairment of financial assets

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments (continued)**

Impairment of financial assets (continued)

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

(1) significant financial difficulty of the issuer or obligor;

(2) breach of contract, such as a default or delinquency in interest or principal payments;

(3) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(4) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(5) the disappearance of an active market for that financial asset because of financial difficulties; or

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

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Impairment of financial assets carried at amortised cost

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

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

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

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

Impairment of available-for-sale financial assets

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments (continued)**

Impairment of available-for-sale financial assets (continued)

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

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

Financial liabilities and equity instruments

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

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

Financial liabilities at FVTPL

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

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Financial instruments (continued)**

Other financial liabilities

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

Equity instruments

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

Derecognition

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

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

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

Offsetting

Financial assets and financial liabilities are offset and presented on the statement of financial position at net amount when the Bank has a legally enforceable right to set off the recognised amounts and the intention to settle on a net basis, or by realising the asset and settling the liability simultaneously.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 **Financial guarantee contracts**

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

3.10 **Repurchase agreements and agreements to resell**

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

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

3.11 **Property and equipment**

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Property and equipment (continued)

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

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20-50 years	3%-5%	1.94%-4.75%
Electronic equipment	3-5 years	3%-5%	19.00%-32.33%
Motor vehicles	4-5 years	3%-5%	19.00%-24.25%
Furniture and fixtures	5-10 years	3%-5%	9.50%-19.40%

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

Certain properties are used by the Group as investment properties. They are initially measured at cost and stated at cost less accumulated depreciation and any accumulated impairment losses subsequent to initial recognition. Depreciation is recognised on the same basis as buildings stated above.

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

3.12 Land use rights

Land use rights are included in other assets and amortised on a straight-line basis over the lease term.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 **Repossessed assets**

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

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

A repossessed asset used by the Group is transferred to property and equipment at carrying amount.

3.14 **Cash and cash equivalents**

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

3.15 **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 **Leasing (continued)**

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, leasehold interests in land (i.e. land use rights) is accounted for as operating leases and is amortised over the lease term on a straight-line basis.

3.16 **Intangible assets**

Intangible assets acquired separately

Intangible assets acquired separately with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

3.17 **Impairment of tangible and intangible assets**

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made on the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows(where the effect of the time value of money is material).

3.19 Foreign currencies

In preparing the Financial Information of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 **Foreign currencies (continued)**

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3.20 **Fiduciary Activities**

The Group acts in fiduciary activities as a manager, custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

3.21 **Segment reporting**

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated as "others" segment if they share a majority of these criteria.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgements and key sources of estimation uncertainty that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information and/or in the next twelve months.

Impairment losses on financial assets

The directors of the Bank review its loan portfolio, amounts due from banks and other financial institutions, debt securities and other investment securities issued by financial institutions to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the directors of the Bank make judgements as to whether there is any observable data indicating that there is an objective evidence of impairment which will have a measurable decrease in the estimated future cash flows from a portfolio. When the decrease may not have been identified individually or the individual financial asset is not significant, the directors of the Bank use estimates based on historical loss experience on a collective basis with similar credit risk characteristics to assess the impairment loss while estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments. This classification requires significant judgement. In making this judgement, the directors of the Bank evaluate its intention and ability to hold such investments to maturity. If the Bank fails to hold these investments to maturity other than for specific circumstances (such as selling an insignificant amount close to maturity), it will be required to reclassify the entire portfolio of assets as available-for-sale financial assets. There was neither disposal of held-to-maturity investments nor any change of intention during the year/period.

Fair value of financial instruments

The directors of the Bank use the valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis or other valuation methods as appropriate. To the extent practical, models use only observable data, however areas such as credit risk of the Bank and counterparties, volatilities and correlations require the directors of the Bank to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the year during which such a determination is made.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

5. NET INTEREST INCOME

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Interest income:					
Loans and advances to customers, including:					
Corporate loans and advances	6,755,806	7,407,271	8,054,023	5,863,184	6,922,112
Personal loans and advances	890,236	1,122,131	1,384,003	1,024,335	1,057,818
Discounted bills	325,101	591,697	954,532	811,809	544,452
Balances with central bank	574,141	700,663	801,932	593,858	639,109
Deposits with banks and other financial institutions	1,162,156	1,267,203	980,474	710,186	967,351
Placements with banks and other financial institutions and financial assets held under resale agreements	495,741	3,030,569	5,783,597	4,513,466	3,116,870
Investment, including:					
Bonds investment	1,304,040	1,532,787	1,727,368	1,033,955	1,416,202
Other investments classified as receivables*	1,850,252	3,980,071	5,083,375	3,936,628	5,011,442
Subtotal	13,357,473	19,632,392	24,769,304	18,487,421	19,675,356
Interest expense:					
Borrowings from central bank	(1,334)	(6,793)	(21,677)	(13,255)	(6,698)
Deposits from banks and other financial institutions	(1,749,270)	(4,550,451)	(7,235,244)	(5,529,847)	(4,464,654)
Placements from banks and financial assets sold under repurchase agreements	(576,737)	(1,025,986)	(610,666)	(459,525)	(604,685)
Due to customers	(4,771,666)	(5,952,864)	(7,603,137)	(5,546,651)	(6,796,222)
Debt securities issued	(104,904)	(265,519)	(149,770)	(200,199)	(229,558)
Subtotal	(7,203,911)	(11,801,613)	(15,620,494)	(11,749,477)	(12,101,817)
Net interest income	6,153,562	7,830,779	9,148,810	6,737,944	7,573,539
Including: Interest income on impaired financial assets	18,360	21,261	49,148	36,861	35,380

* Other investments classified as receivables mainly include trust beneficiary rights, wealth management products and asset management plans.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

5. NET INTEREST INCOME (continued)

Notes:

(i) Interest expense on financial liabilities with maturity over five years mainly included the interest expense on customer deposits and debt securities issued.

(ii) Total interest income arising from financial assets that are not at fair value through profit or loss for the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015 amounted to RMB13,150 million, RMB19,299 million, RMB24,554 million, RMB18,326 million and RMB19,532 million, respectively.

(iii) Total interest expense arising from financial liabilities that are not at fair value through profit or loss for the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015 amounted to RMB7,204 million, RMB11,802 million, RMB15,620 million, RMB11,749 million and RMB12,102 million, respectively.

6. NET FEE AND COMMISSION INCOME

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Fee and commission income					
Settlement and clearing fees	167,681	178,735	240,685	181,053	203,663
Wealth management service fees	55,129	60,091	123,610	64,566	183,886
Acceptance and guarantee commitment fees	61,227	65,622	58,202	45,018	170,537
Agency commissions and fiduciary service fees	33,486	61,900	89,744	52,538	68,127
Bank card fees	24,819	30,314	25,903	15,195	13,284
Others	6,525	46,615	22,540	16,460	18,479
Subtotal	348,867	443,277	560,684	374,830	657,976
Fee and commission expense	(16,236)	(25,977)	(36,481)	(31,022)	(16,973)
Total	332,631	417,300	524,203	343,808	641,003

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

7. NET TRADING (LOSSES)/GAINS

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Realized (losses)/gains from debt securities	(9,699)	(139,449)	72,505	24,314	64,667
Unrealized (losses)/gains from debt securities	(32,167)	(25,485)	108,035	90,584	163,200
Total	(41,866)	(164,934)	180,540	114,898	227,867

Net trading gains or losses arise from buying and selling of, and changes in the fair value of financial assets held for trading.

8. NET GAINS/(LOSSES) ARISING FROM INVESTMENT SECURITIES

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Net gains/(losses) on disposal of available-for-sale financial assets	13,987	(3,913)	2,354	847	62,591

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

9. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Dividends income	280	320	360	—	5,440
Government subsidies	5,329	12,379	2,018	1,976	17,434
Exchange gains	25,080	5,014	34,098	25,572	15,554
Compensation for relocation	113,144	69,579	—	—	—
Dormant accounts	5,081	7,844	26,199	—	—
Rental income	2,952	20,884	16,085	10,822	7,073
Others	(20,183)	8,881	5,879	3,484	(3,600)
Total	131,683	124,901	84,639	41,854	41,901

10. OPERATING EXPENSES

		Year ended December 31,			Nine months ended September 30,	
	NOTES	2012	2013	2014	2014	2015
					(Unaudited)	
Staff costs	(1)	1,044,842	1,131,805	1,298,196	984,057	1,171,980
Office expenses		186,448	290,991	312,836	190,791	186,791
Rental and property management expenses		134,804	175,569	221,200	158,094	207,421
Other general and administrative expenses	(2)	294,388	335,009	313,518	192,635	203,894
Business tax and surcharges		563,660	803,091	912,689	663,903	810,375
Depreciation		110,763	116,319	129,574	82,408	91,471
Amortisation		31,557	33,185	53,088	32,409	36,107
Others		18,132	20,098	20,227	13,787	19,311
Total		2,384,594	2,906,067	3,261,328	2,318,084	2,727,350

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

10. OPERATING EXPENSES (continued)

Notes:

(1) Staff costs

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Salaries, bonuses and allowances	715,816	773,634	901,807	700,061	823,653
Social insurance	179,759	198,138	224,237	166,816	205,106
Housing funds	61,082	69,856	79,055	58,626	65,531
Staff welfare	36,474	39,250	39,131	21,820	23,268
Labor union fees and staff education expenses	16,633	15,379	15,961	8,282	9,415
Contribution to annuity funds	35,078	35,548	38,005	28,452	45,007
Total	1,044,842	1,131,805	1,298,196	984,057	1,171,980

(2) The audit fee for the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015 are RMB1.80 million, RMB0.95 million, RMB1.05 million, RMB0.85 million and RMB0.95 million respectively.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

11. IMPAIRMENT LOSSES ON ASSETS

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Loans and advances to customers	917,044	798,129	770,663	648,251	1,105,018
Off-balance sheet credit commitments	6,324	114,922	99,404	10,822	10,110
Investments classified as receivables	—	—	99,544	33,518	133,702
Repossessed assets	(11,467)	4,542	(3,142)	—	—
Other assets	(5,101)	(4,813)	8,817	14	(9)
Total	906,800	912,780	975,286	692,605	1,248,821

12. INCOME TAX EXPENSE

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Income tax expense comprises:					
Current income tax					
- PRC Enterprise Income Tax	855,303	944,154	1,303,493	915,239	1,219,912
Deferred tax (note 27)	(193,375)	6,183	(28,522)	22,646	(217,431)
Total	661,928	950,337	1,274,971	937,885	1,002,481

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit during the Relevant Periods.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

12. INCOME TAX EXPENSE (continued)

The tax charges for the year/period can be reconciled to profit before tax per the consolidated statements of profit or loss as follows:

	NOTE	Year ended December 31,			Nine months ended September 30,	
		2012	2013	2014	2014	2015
					(Unaudited)	
Profit before tax		3,298,603	4,385,286	5,703,932	4,228,662	4,570,730
Tax calculated at applicable statutory tax rate of 25%		824,651	1,096,322	1,425,983	1,057,166	1,142,683
Underprovision of tax in prior years		103	319	659	659	2,719
Tax effect of expenses not deductible for tax purpose		8,106	7,745	16,919	1,947	2,374
Tax effect of income not taxable for tax purpose	(1)	(170,932)	(154,049)	(168,590)	(121,887)	(145,295)
Income tax expense		661,928	950,337	1,274,971	937,885	1,002,481

Note:

(1) The income not taxable for tax purpose mainly represents interest income arising from government bonds, which is income tax free in accordance with the PRC tax regulations.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

		Year ended December 31,			Nine months ended September 30,	
	NOTE	2012	2013	2014	2014	2015
					(Unaudited)	
Earnings:						
Profit for the year/period attributable to equity holders of the Bank		2,630,222	3,418,026	4,417,231	3,279,764	3,555,723
Numbers of shares:						
Weighted average number of shares in issue (in thousand)	(1)	4,123,268	4,123,268	5,002,418	4,960,755	5,126,048
Basic and diluted earnings per share (RMB Yuan)		0.64	0.83	0.88	0.66	0.69

Note:

(1) As approved in the shareholder meeting on April 24, 2012, the Bank capitalised its reserve in the amount of RMB354.88 million, divided into 354.88 million shares at RMB1 per share. The additional shares were issued to shareholders on the Bank's shareholder register as of December 31, 2011 on the base of 1 new share for every 10 existing shares for qualified shareholders. Earnings per share is computed as if the shares were issued on January 1, 2012.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

14. DIVIDENDS

		Year ended December 31,			Nine months ended September 30,	
	NOTES	2012	2013	2014	2014	2015
					(Unaudited)	
2011 Final Dividend	(1)	182,958	—	—	—	—
2012 Final Dividend	(2)	—	536,025	—	—	—
2013 Final Dividend	(3)	—	—	618,490	618,490	—
2014 Final Dividend	(4)	—	—	—	—	700,723

Notes:

(1) A final dividend of RMB5 cents per share (tax inclusive) in respect of the year ended December 31, 2011 amounting in a total of RMB183 million was proposed by the board of directors and approved by the 2011 annual general meeting on April 24, 2012.

(2) A final dividend of RMB13 cents per share (tax inclusive) in respect of the year ended December 31, 2012 amounting in a total of RMB536 million was proposed by the board of directors and approved by the 2012 annual general meeting on April 19, 2013.

(3) A final dividend of RMB15 cents per share (tax inclusive) in respect of the year ended December 31, 2013 amounting in a total of RMB618 million was proposed by the board of directors and approved by the 2013 annual general meeting on April 17, 2014.

(4) A final dividend of RMB14 cents per share (tax inclusive) in respect of the year ended December 31, 2014 amounting in a total of RMB701 million was proposed by the board of directors and approved by the 2014 annual general meeting on May 20, 2015.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(1) Directors' and supervisors' emoluments

Year ended December 31, 2012

Name	Fees	Basic salaries, bonuses and allowances	Contribution to pension schemes	Total
Executive directors				
Yuan Fuhua	—	2,031	228	2,259
Zhang Xiang	—	1,561	183	1,744
Wang Jinlong	—	1,991	239	2,230
Lu Shenggang	—	1,561	183	1,744
Non-executive directors				
Zhang Mingxing	55	—	—	55
Zhu Zhenshan	59	—	—	59
Alistair Marshall Bulloch	56	—	—	56
Gilles Plante	53	—	—	53
Wang Weidong	58	—	—	58
Zhang Tongsheng	55	—	—	55
Independent non-executive directors				
Wei Wensheng	100	—	—	100
Li Yanjing	100	—	—	100
Ning Dianfang	90	—	—	90
Liu Baorui	86	—	—	86
Liang Qi	90	—	—	90
Supervisors				
Zhang Furong	—	1,561	176	1,737
Sang Ruimin	—	1,693	193	1,886
Hu Liyun	95	—	—	95
Zhang Jialin	86	—	—	86
Song Jie	58	—	—	58
Cheng Yifeng	54	—	—	54
Total	1,095	10,398	1,202	12,695

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

Year ended December 31, 2013

Name	Fees	Basic salaries, bonuses and allowances	Contribution to pension schemes	Total
Executive directors				
Yuan Fuhua	—	2,034	225	2,259
Zhang Xiang	—	1,567	174	1,741
Wang Jinlong(1)	—	2,034	242	2,276
Lu Shenggang	—	1,567	174	1,741
Non-executive directors				
Zhang Mingxing	49	—	—	49
Zhu Zhenshan(2)	35	—	—	35
Jia Hongqian(2)	24	—	—	24
Alistair Marshall Bulloch	60	—	—	60
Gilles Plante	48	—	—	48
Wang Weidong(3)	25	—	—	25
Zhang Tongsheng	54	—	—	54
Independent non-executive directors				
Wei Wensheng	99	—	—	99
Li Yanjing	100	—	—	100
Ning Dianfang	100	—	—	100
Liu Baorui	89	—	—	89
Liang Qi	93	—	—	93
Supervisors				
Zhang Furong	—	1,567	179	1,746
Sang Ruimin(4)	—	1,702	183	1,885
Hu Liyun	100	—	—	100
Zhang Jialin	96	—	—	96
Song Jie(5)	35	—	—	35
Feng Xia(5)	24	—	—	24
Cheng Yifeng	60	—	—	60
Total	1,091	10,471	1,177	12,739

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

Year ended December 31, 2014

Name	Fees	Basic salaries, bonuses and allowances	Contribution to pension schemes	Total
Executive directors				
Yuan Fuhua	—	2,031	231	2,262
Wen Yuanhua(6)	—	208	—	208
Yue Desheng(6)	—	141	14	155
Zhang Xiang(7)	—	1,420	150	1,570
Lu Shenggang(8)	—	1,128	120	1,248
Zhang Furong(9)	—	141	14	155
Non-executive directors				
Zhang Mingxing	54	—	—	54
Jia Hongqian(2)	—	—	—	—
Alistair Marshall Bulloch	60	—	—	60
Gilles Plante(10)	51	—	—	51
Cathryn Carver(10)	—	—	—	—
Zhang Tongsheng(11)	52	—	—	52
Zhao Wei(11)	—	—	—	—
Luan Fengxiang(11)	—	—	—	—
Independent non-executive directors				
Wang Jinlong(1)	—	2,031	231	2,262
Wei Wensheng(12)	96	—	—	96
Li Yanjing(12)	100	—	—	100
Ning Dianfang(12)	100	—	—	100
Liu Baorui	96	—	—	96
Liang Qi	97	—	—	97
Liang Zhixiang(12)	—	—	—	—
Feng Heping(12)	—	—	—	—
Guo Tianyong(12)	—	—	—	—
Supervisors				
Zhang Furong(9)	—	1,552	159	1,711
Zhang Xiang(7)	—	284	30	314
Yao Tao(13)	—	75	9	84
Hu Liyun(14)	100	—	—	100
Zhang Jialin(14)	100	—	—	100
Zhang Lianming(14)	—	—	—	—
Zhang Xiaoli(14)	—	—	—	—
Feng Xia	52	—	—	52
Cheng Yifeng	60	—	—	60
Total	1,018	9,011	958	10,987

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

Nine months ended September 30, 2014 (Unaudited)

Name	Fees	Paid remuneration and other benefits(16)	Contribution to pension schemes	Total
Executive directors				
Yuan Fuhua	—	586	173	759
Zhang Xiang	—	473	135	608
Lu Shenggang	—	421	120	541
Non-executive directors				
Zhang Mingxing	45	—	—	45
Jia Hongqian(2)	—	—	—	—
Alistair Marshall Bulloch	27	—	—	27
Gilles Plante	27	—	—	27
Zhang Tongsheng	43	—	—	43
Independent non-executive directors				
Wang Jinlong(1)	—	586	173	759
Wei Wensheng	81	—	—	81
Li Yanjing	85	—	—	85
Ning Dianfang	85	—	—	85
Liu Baorui	81	—	—	81
Liang Qi	82	—	—	82
Supervisors				
Zhang Furong	—	473	130	603
Hu Liyun	85	—	—	85
Zhang Jialin	85	—	—	85
Feng Xia	43	—	—	43
Cheng Yifeng	51	—	—	51
Total	820	2,539	731	4,090

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

Nine months ended September 30, 2015

Name	Fees	Paid remuneration and other benefits[16]	Contribution to pension schemes	Total
Executive directors				
Yuan Fuhua	—	184	175	359
Wen Yuanhua	—	118	161	279
Yue Desheng	—	152	144	296
Zhang Furong	—	152	144	296
Non-executive directors				
Zhang Mingxing[15]	30	—	—	30
Yu Yang[15]	—	—	—	—
Jia Hongqian[2]	—	—	—	—
Alistair Marshall Bulloch	66	—	—	66
Cathryn Carver[10]	45	—	—	45
Zhao Wei	49	—	—	49
Luan Fengxiang	49	—	—	49
Independent non-executive directors				
Liu Baorui	113	—	—	113
Liang Qi	102	—	—	102
Liang Zhixiang	83	—	—	83
Feng Heping	83	—	—	83
Guo Tianyong	83	—	—	83
Supervisors				
Zhang Xiang	—	161	144	305
Yao Tao	—	344	110	454
Zhang Lianming	73	—	—	73
Zhang Xiaoli	73	—	—	73
Feng Xia	63	—	—	63
Cheng Yifeng	68	—	—	68
Total	980	1,111	878	2,969

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

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(1) In December 2013, Wang Jinlong resigned from the position of executive director. In January 2014, he was appointed as independent non-executive director. In December 2014, he resigned from the position of independent non-executive director.

(2) In April 2013, Jia Hongqian succeeded Zhu Zhenshan as non-executive director. In 2014 and nine months ended September 30, 2015, the director's fees of Jia Hongqian were waived with his authorisation.

(3) In April 2013, Wang Weidong resigned from the position of non-executive director.

(4) In December 2013, Sang Ruimin resigned from the position of supervisor.

(5) In April 2013, Feng Xia succeeded Song Jie as external supervisor.

(6) In December 2014, Wen Yuanhua and Yue Desheng were appointed as executive directors.

(7) In November 2014, Zhang Xiang resigned from the position of executive director and was appointed as employee supervisor.

(8) In November 2014, Lu Shenggang resigned from the position of executive director.

(9) In December 2014, Zhang Furong resigned from the position of employee supervisor and was appointed as executive director.

(10) In December 2014, Cathryn Carver succeeded Gilles Plante as non-executive director of the Bank. Cathryn Carver did not receive any director's fee in 2014. In September 2015, Cathryn Carver resigned from the position of non-executive director.

(11) In December 2014, Zhang Tongsheng resigned from the position of non-executive director and Zhao Wei and Luan Fengxiang were appointed as non-executive directors of the Bank. They did not receive director's fees in 2014.

(12) In December 2014, Liang Zhixiang, Feng Heping and Guo Tianyong were appointed as independent non-executive directors. They did not receive any director's fees in 2014. Wei Wensheng, Li Yanjing and Ning Dianfang resigned from the position of independent non-executive director in December 2014.

(13) In November 2014, Yao Tao was appointed as employee supervisor.

(14) In December 2014, Hu Liyun and Zhang Jialin resigned from the position of external supervisor. Zhang Lianming and Zhang Xiaoli were appointed as external supervisors. They did not receive any supervisor's fees in 2014.

(15) In May 2015, Yu Yang succeeded Zhang Mingxing as non-executive director.

(16) The amounts did not include any discretionary bonus as the amounts cannot be determined before year end.

The Chief Executive of the Bank for the years ended December 31, 2012 and 2013 and for the period up to December 2014 was Yuan Fuhua. Since then, Wen Yuanhua succeeded as the Chief Executive of the Bank. Their emoluments disclosed above cover their role as the Chief Executive of the Bank.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS (continued)

(2) Five highest paid individuals

Among the five highest paid individual, 2, 2, 3, 3 and none of them are directors and 1, 1, 1, 1 and 1 of them are supervisors whose emoluments are disclosed above for the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015 respectively.

The total emoluments payable to the five individuals whose emoluments were the highest in the Group for the Relevant Periods are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Basic salaries and allowances	4,638	3,101	3,307	2,592	1,873
Discretionary bonuses	4,405	6,597	6,055	—	—
Contribution to pension schemes	902	1,035	1,027	742	652
Total	9,945	10,733	10,389	3,334	2,525

Discretionary bonuses for nine months ended September 30, 2014 (unaudited) and 2015 cannot be determined before year end.

Emoluments of the five highest paid individuals were within the following bands:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
RMB0 - RMB1,000,000	—	—	—	5	5
RMB1,500,001 - RMB2,000,000	3	1	2	—	—
RMB2,000,001 - RMB2,500,000	2	4	3	—	—
Total	5	5	5	5	5

During the years ended December 31, 2012, 2013, 2014 and nine months ended September 30, 2014 (unaudited) and 2015, no emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

16. CASH AND BALANCES WITH CENTRAL BANK

THE GROUP

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Cash		854,364	732,434	898,298	856,959
Mandatory reserve deposits	(1)	35,800,628	42,906,264	49,785,365	48,846,389
Surplus reserve deposits	(2)	10,898,760	12,980,450	11,987,981	7,740,043
Other deposits	(3)	4,325	154,859	17,554	68,286
Total		47,558,077	56,774,007	62,689,198	57,511,677

THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Cash		850,987	728,728	894,303	852,050
Mandatory reserve deposits	(1)	35,728,510	42,770,989	49,665,954	48,716,643
Surplus reserve deposits	(2)	10,727,286	12,961,177	11,804,716	7,697,369
Other deposits	(3)	4,325	154,859	17,554	68,286
Total		47,311,108	56,615,753	62,382,527	57,334,348

Notes:

(1) The Group places mandatory reserve deposits with the PBoC. This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at December 31, 2012, 2013, 2014 and September 30, 2015, mandatory reserve deposits with the PBoC were calculated at 18%, 18%, 18% and 16% of eligible RMB deposits for the Bank, and at 14%, 14%, 14% and 10.5% of those for the subsidiary respectively; and at 5% of foreign currency deposits for the Bank throughout the three years ended December 31, 2014 and nine months ended September 30, 2015. The foreign currency reserve deposits placed with the PBoC are non-interest bearing.

(2) The surplus reserve deposits are maintained with the PBoC mainly for the purpose of clearing.

(3) Other deposits mainly represent the required fiscal deposits placed with the PBoC, which are non-interest bearing.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

17. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Deposits with:				
Banks and other financial institutions in mainland China	36,563,931	16,099,956	29,232,270	21,649,668
Banks outside mainland China	461,101	353,051	2,452,729	2,826,689
Total	37,025,032	16,453,007	31,684,999	24,476,357

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Deposits with:				
Banks and other financial institutions in mainland China	36,468,827	15,648,527	28,910,874	21,123,942
Banks outside mainland China	461,101	353,051	2,452,729	2,826,689
Total	36,929,928	16,001,578	31,363,603	23,950,631

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Placements with:				
Banks in mainland China	61,800	853,620	4,342,680	2,966,250
Other financial institutions in mainland China	2,330,000	2,950,000	5,232,015	10,887,830
Total	2,391,800	3,803,620	9,574,695	13,854,080

19. FINANCIAL ASSETS HELD FOR TRADING

THE GROUP AND THE BANK

		As at December 31,			As at September 30,
	NOTE	2012	2013	2014	2015
Debt securities issued by:					
Government		747,413	437,735	1,189,614	1,710,768
Financial institutions					
- Policy banks		4,016,278	386,969	895,960	1,510,728
- Commercial banks and other financial institutions		—	—	198	—
Corporations		685,298	3,939,644	5,426,410	6,821,069
Total		5,448,989	4,764,348	7,512,182	10,042,565
Listed outside Hong Kong	(1)	5,448,989	4,764,348	7,512,182	10,042,565

Note:

(1) All held-for-trading debt securities are traded on the China Interbank Bond Market and are included in "Listed outside Hong Kong".

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

THE GROUP AND THE BANK

Analysed by counterparties:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Banks in mainland China	5,291,115	71,829,679	79,756,149	69,445,286
Other financial institutions in mainland China	4,290,959	63,500	294,524	4,282,750
Total	9,582,074	71,893,179	80,050,673	73,728,036

Analysed by collateral type:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Bills	2,484,315	35,533,251	54,625,915	55,592,286
Trust beneficial rights and asset management plans(1)	1,460,000	36,185,128	25,129,334	12,857,000
Bonds	5,637,759	174,800	295,424	5,278,750
Total	9,582,074	71,893,179	80,050,673	73,728,036

Note:

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS

(1) Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Corporate loans and advances				
- Loans	102,620,094	110,837,309	129,196,237	154,273,789
- Discounted bills	4,746,344	16,377,037	19,091,045	7,343,481
Subtotal	107,366,438	127,214,346	148,287,282	161,617,270
Retail loans and advances				
- Residential mortgage loans	7,484,020	9,848,709	9,812,313	9,715,677
- Personal loans for consumption	5,477,718	8,113,681	8,955,976	10,356,247
- Personal loans for business purposes	2,318,878	2,816,659	3,594,781	3,602,724
- Credit card	148,166	244,418	267,800	360,264
Subtotal	15,428,782	21,023,467	22,630,870	24,034,912
Gross loans and advances to customers	122,795,220	148,237,813	170,918,152	185,652,182
Allowance for impairment losses	(4,027,929)	(4,098,772)	(4,456,817)	(5,526,802)
Including: Individually assessed	(746,561)	(786,431)	(1,074,012)	(1,676,346)
Collectively assessed	(3,281,368)	(3,312,341)	(3,382,805)	(3,850,456)
Loans and advances to customers, net	118,767,291	144,139,041	166,461,335	180,125,380

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS (continued)

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Corporate loans and advances				
- Loans	102,288,894	110,116,022	128,450,304	153,346,088
- Discounted bills	4,746,344	16,377,037	19,091,045	7,343,481
Subtotal	107,035,238	126,493,059	147,541,349	160,689,569
Retail loans and advances				
- Residential mortgage loans	7,484,020	9,848,709	9,812,313	9,715,677
- Personal loans for consumption	5,477,718	8,113,681	8,955,976	10,356,247
- Personal loans for business purposes	2,285,921	2,711,660	3,488,691	3,514,551
- Credit card	148,166	244,418	267,800	360,264
Subtotal	15,395,825	20,918,468	22,524,780	23,946,739
Gross loans and advances to customers	122,431,063	147,411,527	170,066,129	184,636,308
Allowance for impairment losses	(4,022,325)	(4,081,073)	(4,425,882)	(5,495,882)
Including: Individually assessed	(745,812)	(784,331)	(1,063,550)	(1,671,605)
Collectively assessed	(3,276,513)	(3,296,742)	(3,362,332)	(3,824,277)
Loans and advances to customers, net	118,408,738	143,330,454	165,640,247	179,140,426

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

THE GROUP

	Loans and advances for which allowance is collectively assessed[1]	Identified impaired loans and advances[2]			Total	Identified impaired loans and advances as a % of gross loans and advances
		For which allowance is collectively assessed	For which allowance is individually assessed	Subtotal		
As at December 31, 2012						
Gross loans and advances	121,906,847	45,605	842,768	888,373	122,795,220	0.72
Allowance for impairment losses	(3,252,855)	(28,513)	(746,561)	(775,074)	(4,027,929)	
Loans and advances to customers, net	118,653,992	17,092	96,207	113,299	118,767,291	
As at December 31, 2013						
Gross loans and advances	146,714,559	133,649	1,389,605	1,523,254	148,237,813	1.03
Allowance for impairment losses	(3,220,029)	(92,312)	(786,431)	(878,743)	(4,098,772)	
Loans and advances to customers, net	143,494,530	41,337	603,174	644,511	144,139,041	
As at December 31, 2014						
Gross loans and advances	169,046,703	201,895	1,669,554	1,871,449	170,918,152	1.09
Allowance for impairment losses	(3,233,328)	(149,477)	(1,074,012)	(1,223,489)	(4,456,817)	
Loans and advances to customers, net	165,813,375	52,418	595,542	647,960	166,461,335	
As at September 30, 2015						
Gross loans and advances	182,885,854	330,973	2,435,355	2,766,328	185,652,182	1.49
Allowance for impairment losses	(3,625,494)	(224,962)	(1,676,346)	(1,901,308)	(5,526,802)	
Loans and advances to customers, net	179,260,360	106,011	759,009	865,020	180,125,380	

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS (continued)

THE BANK

	Loans and advances for which allowance is collectively assessed(1)	Identified impaired loans and advances(2)			Total	Identified impaired loans and advances as a % of gross loans and advances
		For which allowance is collectively assessed	For which allowance is individually assessed	Subtotal		
As at December 31, 2012						
Gross loans and advances	121,545,189	45,605	840,269	885,874	122,431,063	0.72
Allowance for impairment losses	(3,248,000)	(28,513)	(745,812)	(774,325)	(4,022,325)	
Loans and advances to customers, net	118,297,189	17,092	94,457	111,549	118,408,738	
As at December 31, 2013						
Gross loans and advances	145,895,273	133,649	1,382,605	1,516,254	147,411,527	1.03
Allowance for impairment losses	(3,204,430)	(92,312)	(784,331)	(876,643)	(4,081,073)	
Loans and advances to customers, net	142,690,843	41,337	598,274	639,611	143,330,454	
As at December 31, 2014						
Gross loans and advances	168,215,838	201,322	1,648,969	1,850,291	170,066,129	1.09
Allowance for impairment losses	(3,213,146)	(149,186)	(1,063,550)	(1,212,736)	(4,425,882)	
Loans and advances to customers, net	165,002,692	52,136	585,419	637,555	165,640,247	
As at September 30, 2015						
Gross loans and advances	181,891,128	325,400	2,419,780	2,745,180	184,636,308	1.49
Allowance for impairment losses	(3,601,012)	(223,265)	(1,671,605)	(1,894,870)	(5,495,882)	
Loans and advances to customers, net	178,290,116	102,135	748,175	850,310	179,140,426	

Notes:

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

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS (continued)

(3) Movements of allowance on loans and advances to customers are as follows:

THE GROUP

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 2012	473,744	2,651,375	3,125,119
Charge for the year	447,507	1,478,879	1,926,386
Reversal for the year	(160,456)	(848,886)	(1,009,342)
Recovery after write-off	4,126	—	4,126
Unwinding of discount on allowance	(18,360)	—	(18,360)
As at December 31, 2012	746,561	3,281,368	4,027,929
Charge for the year	976,397	1,701,179	2,677,576
Reversal for the year	(215,857)	(1,663,590)	(1,879,447)
Written off	(703,705)	(6,616)	(710,321)
Recovery after write-off	4,296	—	4,296
Unwinding of discount on allowance	(21,261)	—	(21,261)
As at December 31, 2013	786,431	3,312,341	4,098,772
Charge for the year	1,062,145	1,604,841	2,666,986
Reversal for the year	(379,482)	(1,516,841)	(1,896,323)
Written off	(360,016)	(17,557)	(377,573)
Recovery after write-off	14,082	21	14,103
Unwinding of discount on allowance	(49,148)	—	(49,148)
As at December 31, 2014	1,074,012	3,382,805	4,456,817
Charge for the period	673,021	1,794,592	2,467,613
Reversal for the period	(35,654)	(1,326,941)	(1,362,595)
Recovery after write-off	347	—	347
Unwinding of discount on allowance	(35,380)	—	(35,380)
As at September 30, 2015	1,676,346	3,850,456	5,526,802

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

21. LOANS AND ADVANCES TO CUSTOMERS (continued)

THE BANK

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 2012	473,744	2,648,928	3,122,672
Charge for the year	446,758	1,476,471	1,923,229
Reversal for the year	(160,456)	(848,886)	(1,009,342)
Recovery after write-off	4,126	—	4,126
Unwinding of discount on allowance	(18,360)	—	(18,360)
As at December 31, 2012	745,812	3,276,513	4,022,325
Charge for the year	975,046	1,690,435	2,665,481
Reversal for the year	(215,857)	(1,663,590)	(1,879,447)
Written off	(703,705)	(6,616)	(710,321)
Recovery after write-off	4,296	—	4,296
Unwinding of discount on allowance	(21,261)	—	(21,261)
As at December 31, 2013	784,331	3,296,742	4,081,073
Charge for the year	1,053,783	1,599,967	2,653,750
Reversal for the year	(379,482)	(1,516,841)	(1,896,323)
Written off	(360,016)	(17,557)	(377,573)
Recovery after write-off	14,082	21	14,103
Unwinding of discount on allowance	(49,148)	—	(49,148)
As at December 31, 2014	1,063,550	3,362,332	4,425,882
Charge for the period	673,021	1,786,514	2,459,535
Reversal for the period	(29,933)	(1,324,569)	(1,354,502)
Recovery after write-off	347	—	347
Unwinding of discount on allowance	(35,380)	—	(35,380)
As at September 30, 2015	1,671,605	3,824,277	5,495,882

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

THE GROUP AND THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Debt securities issued by:					
Government		4,269,348	4,513,429	3,065,054	1,665,072
Financial institutions					
- Policy banks		6,035,399	8,293,031	9,441,448	6,618,567
- Commercial banks and other financial institutions		20,070	—	180,299	780,606
Corporations		1,031,327	675,913	830,115	562,183
Subtotal		11,356,144	13,482,373	13,516,916	9,626,428
Equity instruments	(1)	58,600	58,600	58,600	58,600
Total		11,414,744	13,540,973	13,575,516	9,685,028
Analysed as:					
Listed outside Hong Kong	(2)	11,356,144	13,482,373	13,516,916	9,626,428
Unlisted		58,600	58,600	58,600	58,600
Total		11,414,744	13,540,973	13,575,516	9,685,028

Notes:

(1) The unlisted equity instruments are measured at cost because their fair values cannot be reliably measured.

(2) All available-for-sale debt securities are traded on the China Interbank Bond Market and are included in "Listed outside Hong Kong".

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

23. HELD-TO-MATURITY INVESTMENTS

THE GROUP

		As at December 31,			As at September 30,
	NOTE	2012	2013	2014	2015
Debt securities issued by:					
Government		13,236,391	12,713,926	15,983,697	18,273,587
Financial institutions					
-Policy banks		7,105,455	6,704,307	9,539,996	12,957,359
- Commercial banks and other financial institutions		50,054	239,998	240,000	690,000
Corporations		2,215,535	1,702,380	470,190	—
Total		22,607,435	21,360,611	26,233,883	31,920,946
Listed outside Hong Kong	(1)	22,607,435	21,360,611	26,233,883	31,920,946

THE BANK

		As at December 31,			As at September 30,
	NOTE	2012	2013	2014	2015
Debt securities issued by:					
Government		13,236,391	12,713,926	15,983,697	18,273,587
Financial institutions					
- Policy banks		7,105,455	6,704,307	9,539,996	12,957,359
- Commercial banks and other financial institutions		50,054	239,998	240,000	690,000
Corporations		2,135,961	1,702,380	470,190	—
Total		22,527,861	21,360,611	26,233,883	31,920,946
Listed outside Hong Kong	(1)	22,527,861	21,360,611	26,233,883	31,920,946

Note:

(1) All held-to-maturity investments are traded on the China Interbank Bond Market and are included in "Listed outside Hong Kong".

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

24. INVESTMENTS CLASSIFIED AS RECEIVABLES

THE GROUP AND THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Certificate government bonds		1,036,050	515,630	305,056	459,816
Asset-backed securities		—	—	1,747,780	4,784,297
Corporate bonds		200,000	2,012,527	2,955,596	7,178,472
Wealth management products	(1)	33,317,647	23,304,812	15,561,844	29,145,775
Asset management plans	(2)	80,000	22,819,579	31,516,447	58,898,025
Trust beneficiary rights	(3)	9,370,000	19,736,931	24,091,449	38,394,213
Subtotal		44,003,697	68,389,479	76,178,172	138,860,598
Allowance for impairment losses		—	—	(99,544)	(233,246)
Including: Individually assessed		—	—	(36,363)	(36,363)
Collectively assessed		—	—	(63,181)	(196,883)
Total		44,003,697	68,389,479	76,078,628	138,627,352
Unlisted	(4)	44,003,697	68,389,479	76,078,628	138,627,352

Movements of allowance on investments classified as receivable are as follows:

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 2012 and December 31, 2012 and 2013	—	—	—
Charge for the year	36,363	63,181	99,544
As at December 31, 2014	36,363	63,181	99,544
Charge for the period	—	135,651	135,651
Reversal for the period	—	(1,949)	(1,949)
As at September 30, 2015	36,363	196,883	233,246

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

24. INVESTMENTS CLASSIFIED AS RECEIVABLES (continued)

Notes:

(1) Wealth management products were issued by other commercial banks.

(2) Asset management plans refer to designated asset management plans managed by securities companies for the Bank and mainly invested in corporate loans.

(3) Trust beneficiary rights refer to beneficial right of trust plans that mainly invested in corporate loans.

(4) Total unlisted investments classified as receivables include corporate bonds that have no active market.

25. INVESTMENTS IN A SUBSIDIARY

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Investment cost	61,200	105,000	105,000	105,000

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

25. INVESTMENTS IN A SUBSIDIARY (continued)

Details of the Bank's subsidiary as at December 31, 2012, 2013, 2014 and September 30, 2015 are set out below:

				Proportion of ownership held by the Group				Proportion of voting rights held by the Group					
				As at December 31,			As at September 30,	As at December 31,			As at September 30,		
Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/paid-in capital as at September 30, 2015	2012	2013	2014	2015	2012	2013	2014	2015	Principal activities	Statutory auditor
			(In'000)	%	%	%	%	%	%	%	%		
Tianjian Jixian County Bank Co., Ltd (天津市薊縣村鎮銀行股份有限公司)	Tianjin, PRC	August 2008	RMB300,000	53.87	35	35	35	53.87	35	35	35	Banking	note [1]

Tianjin Jixian County Bank Co., Ltd. ("Jixian County Bank") was established on August 14, 2008. The Bank initially held a 53.87% equity interests in Jixian County Bank with a capital contribution of RMB61.2 million. Jixian County Bank business scopes mainly include deposit-taking, lending to customers and other business activities approved by the CBRC.

The registered capital of Jixian County Bank was increased from RMB113.6 million to RMB300 million in July 2013, of which the Bank subscribed for RMB43.8 million. Total investment in Jixian County Bank reached RMB105 million in total. The equity interest held by the Bank changed to 35%.

As the main launching shareholder, the Bank has continued to take a key role in the operations of Jixian County Bank. The Bank has the right to appoint the Chairman, President and one executive director of Jixian County Bank who oversee the finance and operation of Jixian County Bank. Jixian County Bank is accounted for as a subsidiary of the Bank.

As at December 31, 2012, 2013, 2014 and September 30, 2015, the amounts of Jixian County Bank's total assets were RMB783 million, RMB1,520 million, RMB1,498 million and RMB1,798 million respectively, representing 0.26%, 0.37%, 0.31% and 0.33% of the Group's total assets. The amount of non-controlling interests is not material to the Group.

(1) Statutory auditor for the year ended December 31, 2012 was Tianjin Shuntong CPA Co., Ltd. and for the years ended December 31, 2013 and 2014 was Tianjin Jinlian CPA Co., Ltd.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

26. PROPERTY AND EQUIPMENT

THE GROUP

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at January 1, 2012	1,400,775	310,693	87,105	160,440	17,519	1,976,532
Additions	859	26,659	7,197	12,763	55,142	102,620
Transfers	—	1,704	—	—	(1,704)	—
Transfers to other assets	—	—	—	—	(14,465)	(14,465)
Disposals	(1,431)	(268)	(3,147)	(3,851)	—	(8,697)
As at December 31, 2012	1,400,203	338,788	91,155	169,352	56,492	2,055,990
Additions	2,232	58,973	6,672	15,903	242,573	326,353
Transfers to other assets	—	—	—	—	(6,121)	(6,121)
Disposals	(10,201)	(233)	(1,344)	(10,972)	—	(22,750)
As at December 31, 2013	1,392,234	397,528	96,483	174,283	292,944	2,353,472
Additions	597	49,327	3,050	26,590	111,541	191,105
Transfers	208,058	—	488	8,525	(217,071)	—
Transfers to other assets	—	—	—	—	(49,076)	(49,076)
Disposals	(82)	—	(7,635)	(609)	—	(8,326)
As at December 31, 2014	1,600,807	446,855	92,386	208,789	138,338	2,487,175
Additions	—	46,010	855	8,333	128,556	183,754
Transfers	69,028	423	—	—	(69,451)	—
Transfers to other assets	—	—	—	—	(18,331)	(18,331)
Disposals	—	(6,304)	(797)	—	—	(7,101)
As at September 30, 2015	1,669,835	486,984	92,444	217,122	179,112	2,645,497
ACCUMULATED DEPRECIATION						
As at January 1, 2012	(242,029)	(196,466)	(61,773)	(128,413)	—	(628,681)
Provided for the year	(35,527)	(57,511)	(12,475)	(5,250)	—	(110,763)
Disposals	477	260	3,068	3,738	—	7,543
As at December 31, 2012	(277,079)	(253,717)	(71,180)	(129,925)	—	(731,901)
Provided for the year	(50,166)	(46,370)	(9,393)	(10,390)	—	(116,319)
Disposals	3,496	224	1,132	10,562	—	15,414
As at December 31, 2013	(323,749)	(299,863)	(79,441)	(129,753)	—	(832,806)

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

26. PROPERTY AND EQUIPMENT (continued)

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Provided for the year	(58,208)	(49,268)	(6,203)	(15,895)	—	(129,574)
Disposals	66	—	7,401	590	—	8,057
As at December 31, 2014	(381,891)	(349,131)	(78,243)	(145,058)	—	(954,323)
Provided for the period	(44,664)	(30,070)	(3,559)	(13,178)	—	(91,471)
Disposals	—	4,366	797	—	—	5,163
As at September 30, 2015	(426,555)	(374,835)	(81,005)	(158,236)	—	(1,040,631)
NET BOOK VALUE						
As at December 31, 2012	1,123,124	85,071	19,975	39,427	56,492	1,324,089
As at December 31, 2013	1,068,485	97,665	17,042	44,530	292,944	1,520,666
As at December 31, 2014	1,218,916	97,724	14,143	63,731	138,338	1,532,852
As at September 30, 2015	1,243,280	112,149	11,439	58,886	179,112	1,604,866

The net book value of buildings are analysed by the remaining terms of the land leases as follows:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Held in mainland China				
over 50 years	130,313	124,607	118,893	114,610
10-50 years	990,781	941,993	1,098,282	1,127,038
less than 10 years	2,030	1,885	1,741	1,632
Total	1,123,124	1,068,485	1,218,916	1,243,280

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

26. PROPERTY AND EQUIPMENT (continued)

THE BANK

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at January 1, 2012	1,400,775	308,868	86,308	160,025	17,519	1,973,495
Additions	859	26,496	7,197	12,761	55,142	102,455
Transfers	—	1,704	—	—	(1,704)	—
Transfers to other assets	—	—	—	—	(14,465)	(14,465)
Disposals	(1,431)	(268)	(3,147)	(3,851)	—	(8,697)
As at December 31, 2012	1,400,203	336,800	90,358	168,935	56,492	2,052,788
Additions	2,232	58,763	6,672	15,895	220,073	303,635
Transfers to other assets	—	—	—	—	(6,121)	(6,121)
Disposals	(10,201)	(233)	(1,344)	(10,972)	—	(22,750)
As at December 31, 2013	1,392,234	395,330	95,686	173,858	270,444	2,327,552
Additions	597	49,239	3,050	26,436	89,169	168,491
Transfers	208,058	—	488	8,525	(217,071)	—
Transfers to other assets	—	—	—	—	(49,076)	(49,076)
Disposals	(82)	—	(7,635)	(609)	—	(8,326)
As at December 31, 2014	1,600,807	444,569	91,589	208,210	93,466	2,438,641
Additions	—	43,084	855	7,206	103,873	155,018
Transfers	—	423	—	—	(423)	—
Transfers to other assets	—	—	—	—	(18,331)	(18,331)
Disposals	—	(4,481)	—	—	—	(4,481)
As at September 30, 2015	1,600,807	483,595	92,444	215,416	178,585	2,570,847
ACCUMULATED DEPRECIATION						
As at January 1, 2012	(242,029)	(194,767)	(61,197)	(128,202)	—	(626,195)
Provided for the year	(35,527)	(57,418)	(12,286)	(5,174)	—	(110,405)
Disposals	477	260	3,068	3,738	—	7,543
As at December 31, 2012	(277,079)	(251,925)	(70,415)	(129,638)	—	(729,057)
Provided for the year	(50,166)	(46,235)	(9,362)	(10,311)	—	(116,074)
Disposals	3,496	224	1,132	10,562	—	15,414

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

26. PROPERTY AND EQUIPMENT (continued)

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
As at December 31, 2013	(323,749)	(297,936)	(78,645)	(129,387)	—	(829,717)
Provided for the year	(58,208)	(49,130)	(6,203)	(15,862)	—	(129,403)
Disposals	66	—	7,401	590	—	8,057
As at December 31, 2014	(381,891)	(347,066)	(77,447)	(144,659)	—	(951,063)
Provided for the period	(43,059)	(30,003)	(3,559)	(12,686)	—	(89,307)
Disposals	—	4,366	—	—	—	4,366
As at September 30, 2015	(424,950)	(372,703)	(81,006)	(157,345)	—	(1,036,004)
NET BOOK VALUE						
As at December 31, 2012	1,123,124	84,875	19,943	39,297	56,492	1,323,731
As at December 31, 2013	1,068,485	97,394	17,041	44,471	270,444	1,497,835
As at December 31, 2014	1,218,916	97,503	14,142	63,551	93,466	1,487,578
As at September 30, 2015	1,175,857	110,892	11,438	58,071	178,585	1,534,843

The net book value of buildings are analysed by the remaining terms of the land leases as follows:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Held in mainland China				
over 50 years	130,313	124,607	118,893	114,610
10-50 years	990,781	941,993	1,098,282	1,059,615
less than 10 years	2,030	1,885	1,741	1,632
Total	1,123,124	1,068,485	1,218,916	1,175,857

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

26. PROPERTY AND EQUIPMENT (continued)

The carrying amount of buildings of the Group and the Bank with incomplete title deeds as at December 31, 2012, 2013 and 2014, and September 30, 2015 amounted to RMB 244.31 million, RMB 204.53 million, RMB 167.88 million and RMB 87.77 million, respectively. The Group and the Bank are still in the process of applying for the outstanding title deeds for the above buildings. The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, buildings of the Group and the Bank with net book value amounted to RMB107.55 million, RMB102.07 million, RMB96.88 million and RMB92.88 million were rented out to third parties as investment properties. Their fair values were estimated to be closed to their net book value. The net book value of investment properties are analysed by the remaining terms of the land leases as follows:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Held in mainland China				
over 50 years	—	—	—	—
10-50 years	107,551	102,066	96,881	92,879
less than 10 years	—	—	—	—
Total	107,551	102,066	96,881	92,879

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

27. DEFERRED TAXATION

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

THE GROUP AND THE BANK

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Liabilities related to off-balance sheet credit commitments	Fair value changes of available-for-sale financial assets	Fair value changes of financial assets held for trading	Others	Total
As at January 1, 2012	561,934	55,102	89,980	12,441	(3,794)	6,535	722,198
Credit/(charge) to profit or loss	173,748	10,937	1,581	—	8,041	(932)	193,375
Credit to other comprehensive income	—	—	—	4,249	—	—	4,249
As at December 31, 2012	735,682	66,039	91,561	16,690	4,247	5,603	919,822
(Charge)/credit to profit or loss	(57,411)	16,783	28,731	—	6,371	(657)	(6,183)
Credit to other comprehensive income	—	—	—	115,520	—	—	115,520
As at December 31, 2013	678,271	82,822	120,292	132,210	10,618	4,946	1,029,159
Credit/(charge) to profit or loss	14,754	16,540	24,851	—	(27,008)	(615)	28,522
Charge to other comprehensive income	—	—	—	(141,962)	—	—	(141,962)
As at December 31, 2014	693,025	99,362	145,143	(9,752)	(16,390)	4,331	915,719
Credit/(charge) to profit or loss	247,369	9,014	2,527	—	(40,800)	(679)	217,431
Charge to other comprehensive income	—	—	—	(17,248)	—	—	(17,248)
As at September 30, 2015	940,394	108,376	147,670	(27,000)	(57,190)	3,652	1,115,902

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

28. OTHER ASSETS

THE GROUP

	NOTE	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at September 30, 2015
Interest receivable		1,088,390	1,413,418	2,233,394	2,420,197
Other receivables		63,612	428,391	64,983	321,535
Prepaid expenses		77,885	113,694	184,492	179,968
Intangible assets		21,958	29,703	33,332	43,385
Land use rights	(1)	35,017	33,717	32,417	31,442
Repossessed assets		16,105	—	781	781
Total		1,302,967	2,018,923	2,549,399	2,997,308

THE BANK

	NOTE	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at September 30, 2015
Interest receivable		1,088,390	1,413,418	2,233,394	2,419,671
Other receivables		63,612	428,373	64,319	297,822
Prepaid expenses		76,853	112,912	182,033	179,743
Intangible assets		21,958	29,703	33,332	43,385
Land use rights	(1)	35,017	33,717	32,417	31,442
Repossessed assets		16,105	—	781	781
Total		1,301,935	2,018,123	2,546,276	2,972,844

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

28. OTHER ASSETS (continued)

(1) **Land use rights**

The carrying value of land use rights is analysed based on the remaining terms of the leases as follows:

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Held in mainland China				
over 50 years	20,606	20,305	20,003	19,785
10-50 years	6,108	5,947	5,786	5,665
less than 10 years	8,303	7,465	6,628	5,992
Total	35,017	33,717	32,417	31,442

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Banks in mainland China	42,348,226	96,176,445	84,602,382	99,627,196
Other financial institutions in mainland China	4,695,529	14,187,300	37,869,366	51,196,290
Total	47,043,755	110,363,745	122,471,748	150,823,486

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Banks in mainland China	42,349,649	96,254,494	84,602,618	99,642,769
Other financial institutions in mainland China	4,695,529	14,187,300	37,869,366	51,196,290
Total	47,045,178	110,441,794	122,471,984	150,839,059

30. PLACEMENTS FROM BANKS

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Banks in mainland China	10,699,572	4,858,666	10,721,507	3,501,102
Banks outside mainland China	371,647	618,793	183,570	—
Total	11,071,219	5,477,459	10,905,077	3,501,102

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

THE GROUP AND THE BANK

Analysed by counterparties:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Banks in mainland China	16,479,300	9,759,700	12,167,000	7,357,372
Other financial institutions in mainland China	270,000	1,321,000	1,689,000	300,000
Total	16,749,300	11,080,700	13,856,000	7,657,372

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (continued)

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Analysed by collateral type:				
Bonds	16,749,300	11,080,700	13,306,000	5,410,000
Bills	—	—	550,000	2,247,372
Total	16,749,300	11,080,700	13,856,000	7,657,372

32. DUE TO CUSTOMERS

THE GROUP

		As at December 31,			As at September 30,
	NOTE	2012	2013	2014	2015
Demand deposits					
Corporate customers		85,435,958	104,581,957	110,090,456	127,140,283
Individual customers		12,992,430	14,875,870	16,337,031	15,071,655
Time deposits					
Corporate customers		41,809,742	56,063,328	89,472,934	110,171,239
Individual customers		30,761,647	36,912,490	41,071,395	46,992,701
Pledged deposits	(1)	30,305,729	34,628,881	32,330,785	28,853,117
Others		110,694	145,225	164,846	210,767
Total		201,416,200	247,207,751	289,467,447	328,439,762

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

32. DUE TO CUSTOMERS (continued)

(1) Pledged deposits analysed by products for which deposit is required:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Acceptances	25,061,996	27,412,765	24,870,412	20,121,615
Guarantees	3,357,712	1,203,739	983,406	1,750,341
Letters of guarantee	153,701	1,838,677	716,919	2,175,701
Letters of credit	1,491,828	3,650,127	5,677,842	4,674,051
Others	240,492	523,573	82,206	131,409
Total	30,305,729	34,628,881	32,330,785	28,853,117

THE BANK

		As at December 31,			As at September 30,
	NOTE	2012	2013	2014	2015
Demand deposits					
Corporate customers		85,195,103	103,789,823	109,595,577	126,431,370
Individual customers		12,953,956	14,817,212	16,292,554	15,037,639
Time deposits					
Corporate customers		41,723,965	55,911,877	89,361,634	110,028,440
Individual customers		30,669,168	36,772,749	40,803,665	46,677,478
Pledged deposits	(1)	30,290,836	34,613,246	32,293,322	28,839,152
Others		110,694	145,225	164,846	210,767
Total		200,943,722	246,050,132	288,511,598	327,224,846

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

32. DUE TO CUSTOMERS (continued)

(1) Pledged deposits analysed by products for which deposit is required:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Acceptances	25,061,996	27,412,765	24,870,412	20,121,615
Guarantees	3,357,712	1,203,739	983,382	1,736,400
Letters of guarantee	153,701	1,838,677	716,919	2,175,677
Letters of credit	1,491,828	3,650,127	5,677,842	4,674,051
Others	225,599	507,938	44,767	131,409
Total	30,290,836	34,613,246	32,293,322	28,839,152

33. DEBT SECURITIES ISSUED

THE GROUP AND THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
09 Tianjin Bank bonds	(1)	1,568,563	1,592,169	—	—
12 Tianjin Bank bonds 01	(2)	1,498,778	1,499,171	1,499,587	1,566,292
12 Tianjin Bank bonds 02	(3)	1,199,027	1,199,161	1,199,304	1,253,327
15 Tianjin Bank 01	(4)	—	—	—	2,540,403
15 Tianjin Bank 02	(5)	—	—	—	2,532,620
15 Tianjin Bank bonds	(6)	—	—	—	5,015,257
Total		4,266,368	4,290,501	2,698,891	12,907,899

(1) The 10 year fixed-rate subordinated bonds were issued on November 18, 2009 by the Bank at a face value of RMB1.5 billion with a fixed coupon rate of 5.4% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. If no early redemption is exercised, the interest rate will be increased to 8.4% from the sixth year. The Bank redeemed all the bonds at face value on November 20, 2014.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

33. DEBT SECURITIES ISSUED (continued)

(2) The 10 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.5 billion with a fixed coupon rate of 5.9% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. If no early redemption is exercised, the interested rate will remain at 5.90% per annum.

(3) The 15 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.2 billion with a fixed coupon rate of 5.99% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the tenth year. If no early redemption is exercised, the interested rate will remain at 5.99% per annum.

(4) The 3 year fixed-rate financial bonds were issued on May 11, 2015 by the Bank at a face value of RMB2.5 billion with a fixed coupon rate of 4.64% per annum, payable annually.

(5) The 3 year fixed-rate financial bonds were issued on May 22, 2015 by the Bank at a face value of RMB2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.

(6) The 10 year fixed-rate tier-two capital bonds were issued on August 21, 2015 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 5% per annum, payable annually. The Bank has an option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. If no early redemption is exercised, the interest rate will remain at 5% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These tier-two capital bonds are qualified as tier-two capital instruments in accordance with the CBRC requirements.

34. OTHER LIABILITIES

THE GROUP

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Interest payable		2,318,093	4,533,180	6,163,343	6,492,145
Other payables		638,909	556,666	594,431	1,177,964
Settlement payable		866,200	1,056,201	1,705,700	713,221
Provision	(1)	366,244	481,166	580,570	590,680
Salaries payable	(2)	296,940	361,435	424,304	479,939
Business and other tax payables		96,835	215,595	246,899	190,388
Dividends payable		7,313	12,564	15,078	23,511
Total		4,590,534	7,216,807	9,730,325	9,667,848

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

34. OTHER LIABILITIES (continued)

THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Interest payable		2,315,539	4,527,938	6,151,695	6,476,158
Other payables		498,742	556,459	594,099	1,156,560
Settlement payable		866,200	1,056,201	1,705,700	713,221
Provision	(1)	366,244	481,166	580,570	590,680
Salaries payable	(2)	296,940	361,435	424,304	478,411
Business and other tax payables		96,483	215,127	246,459	189,835
Dividends payable		7,313	12,564	15,078	23,102
Total		4,447,461	7,210,890	9,717,905	9,627,967

(1) Provision refers to the allowance made on exposure relating to off-balance sheet credit commitments.

Movements of provisions related to off-balance credit commitments are as follows:

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
At beginning of the year/period	359,920	366,244	481,166	580,570
Charge for the year/period	365,601	480,901	580,310	583,110
Reversal for the year/period	(359,277)	(365,979)	(480,906)	(573,000)
At end of the year/period	366,244	481,166	580,570	590,680

(2) Salaries payables included the Group's and the Bank's obligations in respect of the early retirement benefits, amounting to RMB22.4 million, RMB19.8 million, RMB17.3 million and RMB17.3 million as at December 31, 2012, 2013, 2014 and September 30, 2015 respectively, estimated based on the projected unit credit actuarial cost method.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

35. SHARE CAPITAL

THE BANK

	Year ended December 31,			Nine months ended September 30,
	2012	2013	2014	2015
At beginning of the year/period	3,768,387	4,123,268	4,123,268	5,126,048
Capitalised reserves	354,881	—	—	—
Contribution from shareholders	—	—	1,002,780	—
At end of the year/period	4,123,268	4,123,268	5,126,048	5,126,048

As approved in the shareholder meeting on April 24, 2012, the Bank capitalised its reserve in the amount of RMB354.88 million, divided into 354.88 million shares at RMB1 per share. The additional shares were issued to shareholders on the Bank's shareholder register as of December 31, 2011 on the base of 1 new share for every 10 existing shares for qualified shareholders.

As approved by CBRC on December 30, 2013 and in the shareholder meeting on April 17, 2014, the Bank issued 1,002,779,770 shares to Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd. in a private placement at a consideration of RMB5.2 per share, amounting to RMB5,214.45 million in total. The additional capital had been verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company with the related capital verification report (PWC Zhongtian Beijing Yanzi [2014] No.009) issued.

36. CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in capital reserve.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

37. INVESTMENT REVALUATION RESERVE

THE GROUP AND THE BANK

	Gross amount	Tax effect	Net amount
As at January 1, 2012	(49,765)	12,441	(37,324)
Fair value changes in available-for-sale financial assets	(3,008)	752	(2,256)
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(13,987)	3,497	(10,490)
As at December 31, 2012	(66,760)	16,690	(50,070)
Fair value changes in available-for-sale financial assets	(465,993)	116,498	(349,495)
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	3,913	(978)	2,935
As at December 31, 2013	(528,840)	132,210	(396,630)
Fair value changes in available-for-sale financial assets	570,201	(142,550)	427,651
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(2,354)	588	(1,766)
As at December 31, 2014	39,007	(9,752)	29,255
Fair value changes in available-for-sale financial assets	131,582	(32,896)	98,686
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(62,591)	15,648	(46,943)
As at September 30, 2015	107,998	(27,000)	80,998

38. SURPLUS RESERVE

Under relevant PRC Laws, corporation is required to transfer 10% of its net profit, determined under the PRC GAAP, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

38. SURPLUS RESERVE (continued)

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

For the years ended December 31, 2012, 2013, 2014 and nine months ended September 30, 2014 (unaudited) and 2015, the Group and the Bank respectively appropriated approximately RMB263 million, RMB342 million, RMB442 million, nil and nil to the statutory surplus reserve.

39. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures by year 2017.

During the years ended December 31, 2012, 2013, 2014 and nine months ended September 30, 2014 (unaudited) and 2015, the Group and the Bank transferred approximately RMB61 million, RMB1,312 million, RMB2,007 million, RMB2,007 million and RMB937 million respectively to general reserve.

40. RETAINED EARNINGS

The movements of retained earnings of the Bank are set out below:

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
At beginning of the year/period	5,580,872	7,700,291	8,928,589	8,928,589	10,278,443
Profit for the year/period	2,626,459	3,418,175	4,417,290	3,280,209	3,553,178
Appropriation to surplus reserve	(262,646)	(341,817)	(441,729)	—	—
Appropriation to general reserve	(61,436)	(1,312,035)	(2,007,217)	(2,007,217)	(937,409)
Dividends recognised as distribution	(182,958)	(536,025)	(618,490)	(618,490)	(700,723)
At end of the year/period	7,700,291	8,928,589	10,278,443	9,583,091	12,193,489

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than three months:

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Cash	854,364	732,434	898,298	856,959
Balances with central bank	10,898,760	12,980,450	11,987,981	7,740,043
Deposits with banks and other financial institutions	23,933,532	9,876,688	19,310,261	7,964,551
Placements with banks and other financial institutions	—	818,291	1,075,355	4,200,998
Financial assets held under resale agreements	8,352,479	1,883,579	25,236,968	34,903,980
Total	44,039,135	26,291,442	58,508,863	55,666,531

42. SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews financial information mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and result is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Financial Information.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from/incurred with third parties are referred to as "external interest income/expense".

The Group has no major customer which contributes to 10 per cent or more of the Group's income. No geographical information is presented as most of the Group's operations are conducted and majority of its non-current assets are located and therefore revenue is derived from activities in Tianjin Municipality of the PRC.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating Segments

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment for its own accounts or on behalf of customers.

Others

Others include head office operations as well as items that are not attributed to the above segments.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Operating Segments (continued)

THE GROUP

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2012					
External interest income	7,325,880	1,022,833	5,008,760	—	13,357,473
External interest expense	(3,465,696)	(1,167,996)	(2,570,219)	—	(7,203,911)
Inter-segment interest income/(expense)	40,029	1,095,190	(1,135,219)	—	—
Net interest income	3,900,213	950,027	1,303,322	—	6,153,562
Fee and commission income	239,702	101,877	7,288	—	348,867
Fee and commission expense	(10,334)	(5,867)	(35)	—	(16,236)
Net fee and commission income	229,368	96,010	7,253	—	332,631
Net trading losses	—	—	(41,866)	—	(41,866)
Net gains arising from investment securities	—	—	13,987	—	13,987
Other income, gains or losses	—	—	25,360	106,323	131,683
Operating income	4,129,581	1,046,037	1,308,056	106,323	6,589,997
Operating expenses	(1,535,584)	(705,771)	(143,239)	—	(2,384,594)
Impairment losses on assets	(817,803)	(88,997)	—	—	(906,800)
Profit before tax	1,776,194	251,269	1,164,817	106,323	3,298,603
Income tax expense					(661,928)
Profit for the year					2,636,675
Depreciation and amortisation	(102,599)	(14,118)	(25,603)	—	(142,320)
Capital expenditure	110,505	15,206	27,576	—	153,287
As at December 31, 2012					
Segment assets	100,716,346	15,953,896	184,697,353	978,422	302,346,017
Segment liabilities	(160,100,668)	(45,278,559)	(79,907,716)	(299,304)	(285,586,247)
Supplementary information					
Credit commitment	65,634,640	725,995	—	—	66,360,635

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Operating Segments (continued)

THE GROUP (continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2013					
External interest income	7,860,038	1,355,818	10,416,536	—	19,632,392
External interest expense	(3,971,115)	(1,497,078)	(6,333,420)	—	(11,801,613)
Inter-segment interest income/(expense)	919,759	1,261,965	(2,181,724)	—	—
Net interest income	4,808,682	1,120,705	1,901,392	—	7,830,779
Fee and commission income	317,740	84,373	41,164	—	443,277
Fee and commission expense	(20,244)	(5,727)	(6)	—	(25,977)
Net fee and commission income	297,496	78,646	41,158	—	417,300
Net trading losses	—	—	(164,934)	—	(164,934)
Net losses arising from investment securities	—	—	(3,913)	—	(3,913)
Other income, gains or losses	—	—	5,334	119,567	124,901
Operating income	5,106,178	1,199,351	1,779,037	119,567	8,204,133
Operating expenses	(1,830,682)	(774,039)	(301,346)	—	(2,906,067)
Impairment losses on assets	(826,502)	(86,278)	—	—	(912,780)
Profit before tax	2,448,994	339,034	1,477,691	119,567	4,385,286
Income tax expense					(950,337)
Profit for the year					3,434,949
Depreciation and amortisation	(110,977)	(19,450)	(19,077)	—	(149,504)
Capital expenditure	290,411	50,906	49,928	—	391,245
As at December 31, 2013					
Segment assets	112,997,109	21,699,009	269,903,136	1,087,759	405,687,013
Segment liabilities	(197,939,072)	(53,763,881)	(134,274,147)	(260,437)	(386,237,537)
Supplementary information					
Credit commitment	81,262,053	1,635,667	—	—	82,897,720

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Operating Segments (continued)

THE GROUP (continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2014					
External interest income	9,082,711	1,552,074	14,134,519	—	24,769,304
External interest expense	(5,635,796)	(1,590,409)	(8,394,289)	—	(15,620,494)
Inter-segment interest income/(expense)	2,133,228	1,394,723	(3,527,951)	—	—
Net interest income	5,580,143	1,356,388	2,212,279	—	9,148,810
Fee and commission income	410,338	116,982	33,364	—	560,684
Fee and commission expense	(30,401)	(5,332)	(748)	—	(36,481)
Net fee and commission income	379,937	111,650	32,616	—	524,203
Net trading gains	—	—	180,540	—	180,540
Net gains arising from investment securities	—	—	2,354	—	2,354
Other income, gains or losses	21,116	5,083	34,458	23,982	84,639
Operating income	5,981,196	1,473,121	2,462,247	23,982	9,940,546
Operating expenses	(1,975,622)	(910,128)	(375,578)	—	(3,261,328)
Impairment losses on assets	(779,946)	(84,874)	(110,466)	—	(975,286)
Profit before tax	3,225,628	478,119	1,976,203	23,982	5,703,932
Income tax expense					(1,274,971)
Profit for the year					4,428,961
Depreciation and amortisation	(116,557)	(58,232)	(7,873)	—	(182,662)
Capital expenditure	157,371	78,624	10,629	—	246,624
As at December 31, 2014					
Segment assets	131,803,199	22,751,820	323,329,741	974,319	478,859,079
Segment liabilities	(232,642,076)	(58,493,511)	(158,384,295)	(449,256)	(449,969,138)
Supplementary information					
Credit commitment	89,888,644	2,011,112	—	—	91,899,756

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Operating Segments (continued)

THE GROUP (continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Nine months ended September 30, 2014 (Unaudited)					
External interest income	6,743,050	1,156,020	10,588,351	—	18,487,421
External interest expense	(4,205,052)	(1,201,711)	(6,342,714)	—	(11,749,477)
Inter-segment interest income/(expense)	1,547,921	1,087,456	(2,635,377)	—	—
Net interest income	4,085,919	1,041,765	1,610,260	—	6,737,944
Fee and commission income	276,907	75,599	22,324	—	374,830
Fee and commission expense	(30,373)	(634)	(15)	—	(31,022)
Net fee and commission income	246,534	74,965	22,309	—	343,808
Net trading gains	—	—	114,898	—	114,898
Net gains arising from investment securities	—	—	847	—	847
Other income, gains or losses	—	—	27,996	13,858	41,854
Operating income	4,332,453	1,116,730	1,776,310	13,858	7,239,351
Operating expenses	(1,343,228)	(681,293)	(293,563)	—	(2,318,084)
Impairment losses on assets	(579,450)	(79,637)	(33,518)	—	(692,605)
Profit before tax	2,409,775	355,800	1,449,229	13,858	4,228,662
Income tax expense					(937,885)
Profit for the period					3,290,777
Depreciation and amortisation	(68,890)	(40,186)	(5,741)	—	(114,817)
Capital expenditure	64,267	57,840	6,427	—	128,534

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

42. SEGMENT ANALYSIS (continued)

Operating Segments (continued)

THE GROUP (continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Nine months ended September 30, 2015					
External interest income	7,403,303	1,176,767	11,095,286	—	19,675,356
External interest expense	(5,142,591)	(1,329,228)	(5,629,998)	—	(12,101,817)
Inter-segment interest income/(expense)	2,255,394	1,400,864	(3,656,258)	—	—
Net interest income	4,516,106	1,248,403	1,809,030	—	7,573,539
Fee and commission income	483,871	132,164	41,941	—	657,976
Fee and commission expense	(16,583)	(382)	(8)	—	(16,973)
Net fee and commission income	467,288	131,782	41,933	—	641,003
Net trading gains	—	—	227,867	—	227,867
Net gains arising from investment securities	—	—	62,591	—	62,591
Other income, gains or losses	—	—	20,994	20,907	41,901
Operating income	4,983,394	1,380,185	2,162,415	20,907	8,546,901
Operating expenses	(1,496,431)	(807,113)	(423,806)	—	(2,727,350)
Impairment losses on assets	(1,023,354)	(91,765)	(133,702)	—	(1,248,821)
Profit before tax	2,463,609	481,307	1,604,907	20,907	4,570,730
Income tax expense					(1,002,481)
Profit for the period					3,568,249
Depreciation and amortisation	(76,547)	(44,652)	(6,379)	—	(127,578)
Capital expenditure	100,256	90,230	10,026	—	200,512
As at September 30, 2015					
Segment assets	154,200,505	24,731,910	365,340,622	1,416,460	545,689,497
Segment liabilities	(271,435,137)	(64,306,168)	(177,283,293)	(863,834)	(513,888,432)
Supplementary information Credit commitment	75,918,137	2,352,694	—	—	78,270,831

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

43. STRUCTURED ENTITIES

43.1 Consolidated structured entities

The consolidated structured entities of the Group mainly include principal-guaranteed wealth management products sponsored by the Bank. As at December 31, 2012, 2013 and 2014 and September 30, 2015, the amount of assets held by the consolidated principal-guaranteed wealth management products sponsored by the Bank amounted to RMB100 million, RMB994 million, RMB6,204 million and RMB15,217 million respectively.

For the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015, the management fee recognised amounted to RMB5.19 million, RMB9.98 million, RMB29.18 million, RMB11.80 million and RMB69.93 million respectively.

43.2 Unconsolidated structured entities

(1) Structured entities sponsored by third party institutions in which the Bank holds an interest

The Bank holds an interest in these structured entities sponsored by third party institutions through investments in the rights or plans issued relating to these structured entities. The Bank does not consolidate these structured entities. Such structured entities include wealth management products issued by financial institutions, asset management plans, trust beneficiary rights and asset-backed securities.

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2012, 2013 and 2014 and September 30, 2015 in the structured entities sponsored by third party institutions.

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Asset-backed securities	—	—	1,747,780	4,784,297
Wealth management products	33,317,647	23,304,812	15,561,844	29,145,775
Asset management plans	80,000	22,819,579	31,516,447	58,898,025
Trust beneficiary rights	9,370,000	19,736,931	24,091,449	38,394,213
Total	42,767,647	65,861,322	72,917,520	131,222,310

All of these unconsolidated structured entities are recorded in Investments Classified as Receivables. The maximum exposures to loss in the above investment products are the amortised cost of the assets held by the Group at the end of each reporting period.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

43. STRUCTURED ENTITIES (continued)

(2) Unconsolidated structured entities sponsored by the Bank in which the Bank holds an interest

The types of unconsolidated structured entities sponsored by the Bank mainly include non-principal-guaranteed wealth management products. The purpose of sponsoring these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

For the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015, the management fee recognised amounted to RMB 49.94 million, RMB 50.11 million, RMB 94.43 million, RMB 52.77 million and RMB 113.96 million respectively.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products sponsored by the Bank amounted to RMB7,583 million, RMB12,792 million, RMB13,088 million and RMB17,579 million respectively.

In addition, unconsolidated structured entities sponsored by the Bank also include asset-backed securities. Details of this are included in note 47.

The Group did not provide any financial or other support to these unconsolidated structured entities during the Relevant Periods.

44. RELATED PARTY TRANSACTIONS

(1) Following major shareholders holding more than 5% interest of the Bank are considered as related parties of the Group:

	Percentage of shares held			
	As at December 31,			As at September 30,
Name of shareholders	2012	2013	2014	2015
	%	%	%	%
Tianjin Bonded Zone Investment Co., Ltd.	24.17%	24.17%	19.45%	19.45%
Australia and New Zealand Banking Group Limited ("ANZ")	17.60%	17.60%	14.16%	14.16%
Tianjin Pharmaceutical Holdings Ltd.	0.04%	0.04%	9.80%	9.80%
Tianjin Bohai Chemical Industry Group Co., Ltd.	0.01%	0.01%	9.80%	9.80%

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (continued)

Balances and transactions between the Group and the Bank and these major shareholders and entities under their control

During the Relevant Periods, the Group and the Bank had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Balances at the end of the year/period:				
Assets				
Bond investments	100,000	100,000	—	100,000
Deposits with banks and other financial institutions	3,139	2,769	4,954	4,617
Loans and advances to customers	—	—	200,000	—
Interest receivable from related parties	3,978	3,978	2,352	5,003
Total	107,117	106,747	207,306	109,620
Liabilities				
Placements from banks	328,498	708,399	409,570	—
Due to customers	100,667	30,235	678,739	728,411
Interest payable to related parties	653	4,324	939	—
Total	429,818	742,958	1,089,248	728,411

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (continued)

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Transactions during the year/period:					
Interest income	4,990	4,990	30,539	11,408	7,808
Interest expense	10,561	16,732	22,337	15,846	12,959
Interest rate ranges during the year/period:	%	%	%	%	%
Bond investments	4.99	4.99	4.99~5.55	4.99~5.55	4.99
Deposits with banks and other financial institutions	—	—	—	—	—
Loans and advances to customers	N/A	N/A	5.88	5.88	N/A
Placements from banks	0.25~4.16	0.18~5.60	0.45~6.80	0.45~6.80	0.80~5.40
Due to customers	0.12~1.38	0.39~1.27	0.39~1.27	0.39~0.42	0.39~0.42

(2) Subsidiary of the Bank

Details of the subsidiary of the Bank are set out in note 25.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the Bank's deposits from its subsidiary amounted to RMB1.53 million, RMB78.21 million, RMB0.41 million and RMB15.76 million respectively and the interest expenses for the years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2014 (unaudited) and 2015 amounted to RMB0.47 million, RMB2.35 million, RMB2.36 million, RMB2.36 million and RMB1.40 million respectively.

(3) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (continued)

(3) Other related parties (continued)

Balances and transactions with other related parties

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Balances at the end of the year/period:				
Assets				
Bond investments	200,000	200,000	—	—
Loans and advances to customers	156,000	250,000	—	—
Interest receivable from related parties	10,511	10,433	—	—
Total	366,511	460,433	—	—
Liabilities				
Due to customers	54,587	55,777	65,197	129,066
Total	54,587	55,777	65,197	129,066

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Transactions during the year/period:					
Interest income	24,167	26,502	—	—	—
Interest expense	449	723	582	436	863
Interest rate ranges during the year/period:	%	%	%	%	%
Bond investments	5.86	5.86	N/A	N/A	N/A
Loans and advances to customers	6.50	6.15~6.60	N/A	N/A	N/A
Due to customers	0.32~2.92	0.39~3.30	0.39~1.27	0.39~0.42	0.42

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

44. RELATED PARTY TRANSACTIONS (continued)

(4) **Key management personnel**

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Group or the Bank.

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

THE GROUP AND THE BANK

	Year ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(Unaudited)	
Fees	1,095	1,091	1,018	820	980
Basic salaries, bonuses and allowances (Note)	16,849	15,788	12,800	3,600	1,970
Contribution to pension schemes	1,803	1,701	1,256	988	1,457
Total	19,747	18,580	15,074	5,408	4,407

Note: For nine months ended September 30, 2014 (unaudited) and 2015, the amounts only represent paid remuneration and other benefits because the bonus could not be determined before year end date.

45. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Bank and its subsidiary are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2012, 2013 and 2014 and September 30, 2015, in light of court decisions or advice from legal counsels, the Bank considered it not necessary to provide for potential losses from these claims. The directors of the Bank believe, based on legal advices, the final result of the lawsuits will not have any material impact on the financial position or operations of the Group.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

45. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Capital commitments

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Contracted but not provided for	29,819	82,569	75,575	97,564
Authorised but not contracted for	46,070	43,680	73,338	54,662
Total	75,889	126,249	148,913	152,226

Operating lease commitments

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

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Within 1 year	106,087	160,460	190,167	195,517
1 to 2 years	88,084	142,350	170,217	170,902
2 to 3 years	72,539	121,517	142,104	127,467
3 to 4 years	69,376	111,420	123,843	111,533
4 to 5 years	52,225	79,252	88,089	79,333
Over 5 years	1,201	154,999	172,282	155,157
Total	389,512	769,998	886,702	839,909

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

45. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Operating lease commitments (continued)

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Within 1 year	105,597	160,460	190,167	195,517
1 to 2 years	88,084	142,350	170,217	170,902
2 to 3 years	72,539	121,517	142,104	127,467
3 to 4 years	69,376	111,420	123,843	111,533
4 to 5 years	52,225	79,252	88,089	79,333
Over 5 years	1,201	154,999	172,282	155,157
Total	389,022	769,998	886,702	839,909

Credit commitments

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Acceptances	60,817,705	67,654,579	71,835,350	57,086,418
Undrawn credit card limit	725,995	1,635,667	2,011,112	2,352,694
Letters of credit issued	3,851,116	9,755,479	14,605,426	13,890,220
Letters of guarantee	965,819	3,851,995	3,447,868	4,941,499
Total	66,360,635	82,897,720	91,899,756	78,270,831

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

45. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Credit commitments (continued)

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Acceptances	60,817,705	67,654,579	71,812,350	57,086,418
Undrawn credit card limit	725,995	1,635,667	2,011,112	2,352,694
Letters of credit issued	3,851,116	9,755,479	14,605,426	13,890,220
Letters of guarantee	965,819	3,851,889	3,447,850	4,941,481
Total	66,360,635	82,897,614	91,876,738	78,270,813

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

The Group grants loan commitments to specific customers. Directors of the Bank are of the opinion that such commitments are conditional and revocable.

Credit risk weighted amounts for credit commitments

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Credit commitments	27,617,020	32,762,590	36,514,521	24,728,605

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Credit commitments	27,617,020	32,762,538	36,514,512	24,728,605

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

45. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Credit risk weighted amounts for credit commitments (continued)

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and commitments.

In accordance with the Regulation Governing the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) ("New Regulation") promulgated by the CBRC, new methods which came into effect from January 1, 2013 have been introduced to compute credit risk weighted amounts for credit commitments. Such amounts for the Group and the Bank as at December 31, 2012 were computed based on the Regulation Governing the Capital Adequacy of Commercial Banks (《商業銀行資本充足率管理辦法》) that was effective prior to the introduction of the above-mentioned New Regulation.

Collateral

Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreements and customer deposits by the Group and the Bank are as follows:

THE GROUP AND THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Bonds	26,650,050	18,786,520	21,850,030	15,970,050
Bills	—	—	550,000	2,247,372
Total	26,650,050	18,786,520	22,400,030	18,217,422

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the carrying amount of financial assets sold under repurchase agreements for the Group and the Bank amounted to RMB16,749 million RMB11,081 million, RMB13,856 million and RMB7,657 million, respectively. All repurchase agreements were due within twelve months from inception.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the balances of customer deposits that were secured by the Group's and the Bank's assets amounted to RMB9,500 million, RMB6,000 million, RMB9,000 million and RMB10,000 million respectively, of which RMB2,000 million, RMB2,000 million, RMB2,000 million and RMB2,000 million were due over twelve months from inception.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

45. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Collateral (continued)

Collateral accepted

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the Group and the Bank received RMB8,668 million, RMB35,724 million, RMB54,929 million and RMB61,024 million of bonds and bills as collateral relating to financial assets held under resale agreements. As at December 31, 2012, 2013 and 2014 and September 30, 2015, none of these collateral could be resold or repledged by the Group and the Bank.

Redemption commitments of government bond

The Group is authorised by the Ministry of Finance to underwrite certificate government bonds and e-saving bonds. The investors of these bonds can redeem before maturity date and the Group has the obligation to pay the principal and related interests to investors.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB1,469 million, RMB1,634 million, RMB 2,107 million and RMB2,094 million respectively, and the principal balance of e-saving bonds which the Group has payment obligations amounted to RMB 1,149 million, RMB1,614 million, RMB1,922 million and RMB2,052 million respectively. The original term of these bonds is from 1 to 5 years.

The Ministry of Finance does not pay the principal and interest of certificate government bonds until the maturity date and pays the principal and interest of the e-saving bonds periodically upon the Group's demand.

46. FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities, that results in its holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the Financial Information of the Group as they are not the Group's assets.

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the entrusted loans balance of the Group and the Bank amounted to RMB4,882 million, RMB7,308 million, RMB10,822 million and RMB10,720 million respectively.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

46. FIDUCIARY ACTIVITIES (continued)

As at December 31, 2012, 2013 and 2014 and September 30, 2015, the balance of the non-principal-guaranteed wealth management products issued by the Group and the Bank amounted to RMB7,583 million, RMB12,792 million, RMB13,088 million and RMB17,579 million respectively.

47. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group and the Bank entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB16,880 million, RMB11,510 million, RMB14,000 million and RMB7,747million respectively as at December 31, 2012, 2013 and 2014 and September 30, 2015, which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceeds from selling such bonds or bills totaling RMB16,749 million, RMB11,081 million, RMB13,856 million and RMB7,657 million are presented as "financial assets sold under repurchase agreements"(note 31) as at the end of the respective reporting period.

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds or bills to the counterparties during the covered period. However, the Group and the Bank are not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group and the Bank have determined that it retains substantially all the risks and rewards of these bonds or bills and therefore have not derecognised them from the financial statements but regarded as "collateral" for the secured lending from the counterparties. The counterparty's recourse is not limited to the transferred assets.

Asset securitisation

The Group enters into securitisation transactions in normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. For the years ended December 31, 2012, 2013, 2014 and nine months ended September 30, 2015, loans with an original carrying amount of nil, nil, nil and RMB1,682 million have been securitised by the Group. As the Group has transferred the securitised loans and substantially all the risks and rewards of ownership of the loans have been transferred, the full amount of such securitised loans were derecognised. As at December 31, 2012, 2013, 2014 and September 30, 2015, assets value of securitised credit assets in the form of asset-backed securities amounting to nil, nil, nil and RMB65.75 million have been held by the Group and were accounted for in Investments Classified as Receivables.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the Financial Information. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Bank has a Risk Management Committee, which is headed by the executive director under the Board of Directors. Risk Management Committee is responsible for setting the overall risk management and internal control strategies of the Group, monitoring the credit risk, liquidity risk, market risk and operation risk, and periodically assesses the overall risk position, risk acceptance and management capabilities, and makes recommendations and suggestions on risk management and internal control of the Group.

Following the risk management strategies set by the Risk Management Committee, the Risk Management Department of the Bank formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

48.1 **Credit risk**

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrading its credit management system.

Apart from the credit risk exposures on credit-related assets and deposits with banks and other financial institutions, the credit risk arising from treasury business is managed by selecting counterparties with acceptable credit quality through referencing to external credit rating information where available. In addition, the Group also provides financial guarantee service to customers which may require the Group to make payments on behalf of customers upon their failure to perform under the terms of the contract. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management policies and procedures.

Impairment assessment

Key factors on impairment assessment

The Group generally measures and manages the quality of credit risk-bearing assets based on the Guidelines for Loan Credit Risk Classification issued by the CBRC, which requires the Group to classify loans into the following five category loan classifications: normal, special mention, substandard, doubtful and loss. Loans classified in the substandard, doubtful and loss categories are regarded as non-performing loans. The main factors considered in loan impairment assessment include probability of loan repayment and recoverability of principal and interest, which relate to borrowers' repayment ability, credit record, repayment intention, projected profitability, guarantees or collateral and legal responsibility of repayment. The allowances for impairment losses are assessed collectively or individually as appropriate.

The Group assesses the impairment for loans and advances to customers at the end of each reporting period in accordance with the accounting policies set out in note 3. In addition, analysis based on the contractual amounts of loans and advances to customers at the end of each reporting period is provided internally to management for the purpose of assessing financial risks. Hence, certain quantitative disclosure in financial risk management has been prepared based on the original contractual amount of those instruments particularly, loans and advances to customers.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

The five category loan classifications in which the Group classifies its loans and advances to customers are set out below:

- Normal: Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.

- Special mention: Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors.

- Substandard: Borrowers' ability to service their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.

- Doubtful: Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.

- Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

The accounting policies regarding the Group's estimation of impairment losses on financial assets are set out in note 3 "Impairment of financial assets".

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements

The Group's and the Bank's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements at the end of each reporting period is represented by the carrying amount of each financial asset and the credit commitments disclosed in note 45.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

A summary of the maximum exposure to credit risk is as follows:

THE GROUP

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Balances with central bank	46,703,713	56,041,573	61,790,900	56,654,718
Deposits with banks and other financial institutions	37,025,032	16,453,007	31,684,999	24,476,357
Placements with banks and other financial institutions	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held for trading	5,448,989	4,764,348	7,512,182	10,042,565
Financial assets held under resale agreements	9,582,074	71,893,179	80,050,673	73,728,036
Loans and advances to customers	118,767,291	144,139,041	166,461,335	180,125,380
Available-for-sale financial assets	11,356,144	13,482,373	13,516,916	9,626,428
Held-to-maturity investments	22,607,435	21,360,611	26,233,883	31,920,946
Investments classified as receivables	44,003,697	68,389,479	76,078,628	138,627,352
Other financial assets	1,152,002	1,841,809	2,298,377	2,741,732
Subtotal	299,038,177	402,169,040	475,202,588	541,797,594
Off-balance sheet credit commitments	66,360,635	82,897,720	91,899,756	78,270,831
Total	365,398,812	485,066,760	567,102,344	620,068,425

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Balances with central bank	46,460,121	55,887,025	61,488,224	56,482,298
Deposits with banks and other financial institutions	36,929,928	16,001,578	31,363,603	23,950,631
Placements with banks and other financial institutions	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held for trading	5,448,989	4,764,348	7,512,182	10,042,565
Financial assets held under resale agreements	9,582,074	71,893,179	80,050,673	73,728,036
Loans and advances to customers	118,408,738	143,330,454	165,640,247	179,140,426
Available-for-sale financial assets	11,356,144	13,482,373	13,516,916	9,626,428
Held-to-maturity investments	22,527,861	21,360,611	26,233,883	31,920,946
Investments classified as receivables	44,003,697	68,389,479	76,078,628	138,627,352
Other financial assets	1,152,002	1,841,791	2,297,713	2,717,493
Subtotal	298,261,354	400,754,458	473,756,764	540,090,255
Off-balance sheet credit commitments	66,360,635	82,897,614	91,876,738	78,270,813
Total	364,621,989	483,652,072	565,633,502	618,361,068

The Group implements specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level, and the most typical of these is by obtaining collateral and guarantees. The amount and type of acceptable collateral are determined by credit risk evaluations on the borrowers. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters.

The main types of collateral obtained are as follows:

- Mortgage loans to personal customers are generally collateralised by mortgages over residential properties;
- Corporate loans and advances and other personal lending are mainly collateralised by charges over land and properties and other assets of the borrowers; and
- Reverse repurchase transactions are mainly collateralised by bonds, bills or other types of financial assets.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Loans and advances to customers

(1) The composition of the contractual amount of loans and advances to customers by industry is analysed as follows:

THE GROUP

	As at December 31,									As at September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals
Corporate loans and advances												
A- Farming, forestry, animal husbandry and fishery	859,923	0.7	164,323	1,862,710	1.3	290,729	1,706,090	1.0	376,130	1,598,054	0.9	288,625
B- Mining	375,186	0.3	20,186	573,520	0.4	10,520	800,342	0.5	20,342	702,376	0.4	114,200
C- Manufacturing	23,812,023	19.4	5,981,752	26,873,337	18.1	8,532,460	29,521,217	17.3	9,239,119	33,291,969	17.9	9,071,949
D- Production and supply of electricity, gas and water	1,651,884	1.2	350,300	1,393,431	0.9	136,987	1,648,177	1.0	226,777	1,870,197	1.0	363,287
E- Construction	10,504,734	8.5	4,298,168	11,765,785	7.9	5,489,486	15,217,039	8.9	7,682,676	21,900,325	11.8	10,594,168
F- Retail and wholesale	24,844,584	20.2	6,895,075	24,277,996	16.4	11,297,431	29,340,883	17.2	14,977,514	34,240,759	18.5	16,454,350
G- Transportation, logistics and postal services	3,067,814	2.5	1,477,258	2,826,020	1.9	1,450,660	2,890,272	1.7	1,648,772	4,775,411	2.6	2,255,292
H- Accommodation and food services	1,455,540	1.2	1,180,040	1,454,360	1.0	1,216,760	1,438,184	0.8	1,289,184	1,659,789	0.9	1,476,659
I - Information transmission, computer services and software	464,990	0.4	279,145	702,308	0.5	413,758	848,471	0.5	438,671	851,926	0.5	325,756
J- Financial services	704,414	0.6	90,750	1,448,674	1.0	68,650	3,529,428	2.0	464,800	2,497,197	1.3	830,500
K- Real estate	13,978,067	11.4	9,383,267	14,312,033	9.7	11,321,848	15,489,782	9.0	10,728,352	18,051,483	9.7	12,845,243
L- Leasing and commercial services	5,349,863	4.4	1,279,634	5,200,276	3.5	1,916,396	8,278,287	4.8	2,554,200	9,179,475	5.0	4,463,060
M- Scientific research, technical services	1,781,640	1.4	1,050,140	2,014,280	1.4	1,158,280	1,725,351	1.0	919,351	2,227,861	1.2	1,064,376
N- Water, environment and public utilities management	7,772,033	6.3	2,108,662	9,952,577	6.7	2,652,423	10,924,102	6.4	2,274,185	12,679,893	6.8	3,154,185
O- Resident services and other services	1,683,955	1.4	541,435	1,553,387	1.0	544,737	2,168,010	1.3	988,272	4,716,241	2.5	3,321,313
P- Education	611,250	0.5	64,000	599,840	0.4	28,272	493,584	0.3	61,000	448,988	0.2	90,000
Q- Health, social security and welfare	700,477	0.6	22,000	757,266	0.5	36,800	632,699	0.4	34,550	578,163	0.3	25,750
R- Culture, sports and entertainment	322,860	0.3	122,860	263,223	0.2	196,923	192,819	0.1	162,819	333,682	0.2	69,282
S- Public administration and social organisations	2,678,857	2.2	2,268,857	3,006,286	2.0	2,581,286	2,351,500	1.4	2,071,500	2,670,000	1.4	2,670,000
Discounted bills	4,746,344	3.9	552,000	16,377,037	11.0	3,754,266	19,091,045	11.2	3,494,248	7,343,481	4.0	1,758,867
Subtotal	107,366,438	87.4	38,129,852	127,214,346	85.8	53,098,672	148,287,282	86.8	59,652,462	161,617,270	87.1	71,236,862
Personal loans and advances	15,428,782	12.6	10,725,205	21,023,467	14.2	15,556,329	22,630,870	13.2	16,925,428	24,034,912	12.9	18,433,673
Gross amount of loans and advances to customers	122,795,220	100	48,855,057	148,237,813	100	68,655,001	170,918,152	100	76,577,890	185,652,182	100	89,670,535

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31,									As at September 30,		
	2012			2013			2014			2015		
	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals	Amount	% of total	Secured by collaterals
Corporate loans and advances												
A- Farming, forestry animal husbandry and fishery	815,123	0.7	144,623	1,730,220	1.2	224,839	1,564,990	0.9	338,020	1,415,929	0.8	207,500
B- Mining	355,686	0.3	686	573,520	0.4	10,520	800,342	0.5	20,342	673,376	0.4	105,200
C- Manufacturing	23,697,273	19.3	5,913,255	26,822,290	18.2	8,501,610	29,487,169	17.3	9,212,269	33,225,258	18.0	9,022,135
D- Production and supply of electricity, gas and water	1,644,884	1.3	343,300	1,393,431	0.9	136,987	1,648,177	1.0	226,777	1,870,197	1.0	363,287
E- Construction	10,481,734	8.5	4,297,168	11,709,785	7.9	5,489,486	15,127,039	8.9	7,676,676	21,797,325	11.8	10,569,168
F- Retail and wholesale	24,829,634	20.3	6,891,123	24,209,496	16.4	11,264,432	29,281,883	17.2	14,948,514	34,168,259	18.5	16,411,850
G- Transportation, logistics and postal services	3,058,614	2.5	1,473,058	2,810,120	1.9	1,441,260	2,872,472	1.7	1,630,972	4,748,611	2.6	2,228,492
H- Accommodation and food services	1,444,540	1.2	1,169,040	1,448,960	1.0	1,211,360	1,435,184	0.8	1,286,184	1,656,989	0.9	1,473,859
I - Information transmission, computer services and software	464,990	0.4	279,145	702,308	0.5	413,758	848,471	0.5	438,671	851,926	0.5	325,756
J- Financial services	704,414	0.6	90,750	1,448,674	1.0	68,650	3,529,428	2.1	464,800	2,497,197	1.3	830,500
K- Real estate	13,978,067	11.4	9,383,267	14,312,033	9.7	11,321,848	15,489,782	9.1	10,728,352	18,051,483	9.8	12,845,243
L- Leasing and commercial services	5,316,863	4.3	1,279,634	5,153,276	3.5	1,916,396	8,154,287	4.8	2,554,200	9,070,475	4.9	4,463,060
M- Scientific research, technical services	1,781,640	1.4	1,050,140	1,877,280	1.3	1,066,280	1,638,351	1.0	840,351	2,154,861	1.2	996,376
N- Water, environment and public utilities management	7,718,033	6.3	2,091,662	9,851,577	6.7	2,652,423	10,835,102	6.4	2,274,185	12,507,893	6.8	3,133,185
O- Resident services and other services	1,683,955	1.4	541,435	1,480,237	1.0	531,237	2,101,575	1.2	974,137	4,651,226	2.5	3,312,788
P- Education	611,250	0.5	64,000	599,840	0.4	28,272	493,584	0.3	61,000	448,988	0.2	90,000
Q- Health, social security and welfare	700,477	0.6	22,000	723,466	0.5	12,000	598,149	0.4	—	552,413	0.3	—
R- Culture, sports and entertainment	322,860	0.3	122,860	263,223	0.2	196,923	192,819	0.1	162,819	333,682	0.2	69,282
S- Public administration and social organisations	2,678,857	2.2	2,268,857	3,006,286	2.0	2,581,286	2,351,500	1.4	2,071,500	2,670,000	1.3	2,670,000
Discounted bills	4,746,344	3.9	552,000	16,377,037	11.1	3,754,266	19,091,045	11.2	3,494,248	7,343,481	4.0	1,758,867
Subtotal	107,035,238	87.4	37,978,003	126,493,059	85.8	52,823,833	147,541,349	86.8	59,404,017	160,689,569	87.0	70,876,548
Personal loans and advances	15,395,825	12.6	10,706,383	20,918,468	14.2	15,515,073	22,524,780	13.2	16,851,055	23,946,739	13.0	18,366,503
Gross amount of loans and advances to customers	122,431,063	100	48,684,386	147,411,527	100	68,338,906	170,066,129	100	76,255,072	184,636,308	100	89,243,051

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Details of impaired loans in respect of industry sectors which constitute 10% or more of total gross loans and advances to customers are as follows:

THE GROUP

	As at December 31, 2012						
				Allowance		Provision charged	Write-off
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	for the year	for the year
Retail and wholesale	24,844,584	247,102	554,014	223,826	781,847	164,242	—
Manufacturing	23,812,023	281,463	306,036	274,547	655,320	137,871	—
Construction	10,504,734	1,000	1,000	1,000	307,869	55,896	—
Real estate	13,978,067	7,108	7,108	4,309	642,204	138,301	—

	As at December 31, 2013						
				Allowance		Provision charged	Write-off
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	for the year	for the year
Retail and wholesale	24,277,996	1,082,405	1,199,032	616,222	695,791	256,929	210,022
Manufacturing	26,873,337	104,200	217,433	58,351	669,861	105,289	302,258
Construction	11,765,785	—	—	—	297,069	72,967	1,000
Real estate	14,312,033	—	—	—	394,449	119,009	7,108

	As at December 31, 2014						
				Allowance		Provision charged	Write-off
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	for the year	for the year
Retail and wholesale	29,340,883	1,281,550	2,352,703	838,721	643,488	106,040	360,016
Manufacturing	29,521,217	173,002	759,281	109,712	651,619	103,802	—
Construction	15,217,039	—	—	—	329,900	81,655	—
Real estate	15,489,782	—	379,000	—	342,710	45,591	—

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015						
				Allowance		Provision	
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	charged for the period	Write-off for the period
Retail and wholesale	34,240,759	1,684,744	2,838,438	1,224,561	781,785	317,721	—
Manufacturing	33,291,969	426,886	956,608	261,270	807,643	170,671	—
Construction	21,900,325	—	74,542	—	450,807	64,678	—
Real estate	18,051,483	32,475	417,476	18,876	398,134	59,969	—

THE BANK

	As at December 31, 2012						
				Allowance		Provision	
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	charged for the year	Write-off for the year
Retail and wholesale	24,829,634	247,102	550,064	223,826	781,657	164,052	—
Manufacturing	23,697,273	281,463	306,033	274,547	653,860	136,411	—
Construction	10,481,734	1,000	1,000	1,000	307,576	55,603	—
Real estate	13,978,067	7,108	7,108	4,309	642,204	138,301	—

	As at December 31, 2013						
				Allowance		Provision	
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	charged for the year	Write-off for the year
Retail and wholesale	24,209,496	1,082,405	1,199,032	616,222	694,487	255,815	210,022
Manufacturing	26,822,290	104,200	217,433	58,351	668,889	104,447	302,258
Construction	11,709,785	—	—	—	296,002	72,181	1,000
Real estate	14,312,033	—	—	—	394,449	119,009	7,108

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014						
				Allowance		Provision charged	Write-off
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	for the year	for the year
Retail and wholesale	29,281,883	1,281,550	2,352,703	838,721	641,190	105,309	360,016
Manufacturing	29,487,169	173,002	757,930	109,712	651,000	103,436	—
Construction	15,127,039	—	—	—	328,300	79,989	—
Real estate	15,489,782	—	379,000	—	342,710	45,591	—

	As at September 30, 2015						
				Allowance		Provision charged	Write-off
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	for the period	for the period
Retail and wholesale	34,168,259	1,684,744	2,838,438	1,224,561	780,034	316,523	—
Manufacturing	33,225,258	426,886	949,575	261,270	806,024	170,277	—
Construction	21,797,325	—	74,542	—	448,320	64,187	—
Real estate	18,051,483	32,475	417,476	18,876	398,134	59,969	—

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

(2) The composition of the contractual amount of loans and advances to customers and the impaired loans amount by region is analysed as follows:

THE GROUP

	As at December 31, 2012						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	83,935,004	68.35%	791,599	0.94%	1,146,746	670,536	2,339,900
Beijing	10,517,637	8.57%	68,611	0.65%	118,434	60,883	279,438
Shandong	7,837,512	6.38%	710	0.01%	6,064	—	186,270
Shanghai	7,651,938	6.23%	26,161	0.34%	30,073	15,142	180,425
Hebei	7,545,788	6.15%	1,292	0.02%	8,696	—	174,380
Sichuan	5,307,341	4.32%	—	0.00%	688	—	120,955
Total	122,795,220	100.00%	888,373	0.72%	1,310,701	746,561	3,281,368

	As at December 31, 2013						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	93,693,150	63.20%	1,357,530	1.45%	1,722,130	749,560	2,131,713
Beijing	15,079,964	10.17%	54,562	0.36%	59,504	28,740	295,088
Shandong	11,010,222	7.43%	716	0.01%	716	—	235,889
Shanghai	10,769,477	7.27%	110,446	1.03%	239,356	8,131	287,048
Hebei	9,355,005	6.31%	—	0.00%	—	—	189,887
Sichuan	8,329,995	5.62%	—	0.00%	—	—	172,716
Total	148,237,813	100.00%	1,523,254	1.03%	2,021,706	786,431	3,312,341

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014						
	Gross amount of loans and advances to customers	%	Impaired loan: Balance	Impaired loan: Ratio	Overdue loan balance	Allowance: Individually assessed	Allowance: Collectively assessed
Tianjin	98,948,784	57.89%	1,297,654	1.31%	2,551,388	731,495	1,919,888
Beijing	17,827,049	10.43%	97,610	0.55%	121,875	51,666	289,269
Shandong	15,812,195	9.25%	30,844	0.20%	230,877	16,659	310,943
Shanghai	13,916,984	8.14%	399,054	2.87%	770,361	248,648	363,444
Hebei	10,738,376	6.29%	287	0.00%	172,790	—	210,872
Sichuan	13,674,764	8.00%	46,000	0.34%	458,099	25,544	288,389
Total	170,918,152	100.00%	1,871,449	1.09%	4,305,390	1,074,012	3,382,805

	As at September 30, 2015						
	Gross amount of loans and advances to customers	%	Impaired loan: Balance	Impaired loan: Ratio	Overdue loan balance	Allowance: Individually assessed	Allowance: Collectively assessed
Tianjin	105,114,579	56.62%	1,765,184	1.68%	2,432,794	1,095,376	2,060,712
Beijing	15,560,185	8.38%	154,964	1.00%	471,376	85,936	250,437
Shandong	19,406,659	10.45%	80,616	0.42%	216,629	76,371	374,921
Shanghai	18,831,563	10.14%	483,435	2.57%	515,817	256,128	486,044
Hebei	12,768,816	6.88%	224,035	1.75%	1,832,412	129,989	383,748
Sichuan	13,970,380	7.53%	58,094	0.42%	152,818	32,546	294,594
Total	185,652,182	100.00%	2,766,328	1.49%	5,621,846	1,676,346	3,850,456

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	83,570,847	68.26%	789,100	0.94%	1,144,246	669,787	2,335,045
Beijing	10,517,637	8.59%	68,611	0.65%	118,434	60,883	279,438
Shandong	7,837,512	6.40%	710	0.01%	6,064	—	186,270
Shanghai	7,651,938	6.25%	26,161	0.34%	30,073	15,142	180,425
Hebei	7,545,788	6.16%	1,292	0.02%	8,696	—	174,380
Sichuan	5,307,341	4.34%	—	0.00%	688	—	120,955
Total	122,431,063	100.00%	885,874	0.72%	1,308,201	745,812	3,276,513

	As at December 31, 2013						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	92,866,864	63.00%	1,350,530	1.45%	1,715,130	747,460	2,116,114
Beijing	15,079,964	10.23%	54,562	0.36%	59,504	28,740	295,088
Shandong	11,010,222	7.47%	716	0.01%	716	—	235,889
Shanghai	10,769,477	7.30%	110,446	1.03%	239,356	8,131	287,048
Hebei	9,355,005	6.35%	—	0.00%	—	—	189,887
Sichuan	8,329,995	5.65%	—	0.00%	—	—	172,716
Total	147,411,527	100.00%	1,516,254	1.03%	2,014,706	784,331	3,296,742

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2014

	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	98,096,761	57.68%	1,276,496	1.30%	2,479,390	721,033	1,899,415
Beijing	17,827,049	10.48%	97,610	0.55%	121,875	51,666	289,269
Shandong	15,812,195	9.30%	30,844	0.20%	230,877	16,659	310,943
Shanghai	13,916,984	8.18%	399,054	2.87%	770,361	248,648	363,444
Hebei	10,738,376	6.32%	287	0.00%	172,790	—	210,872
Sichuan	13,674,764	8.04%	46,000	0.34%	458,099	25,544	288,389
Total	170,066,129	100.00%	1,850,291	1.09%	4,233,392	1,063,550	3,362,332

As at September 30, 2015

	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	104,098,705	56.38%	1,744,036	1.68%	2,328,207	1,090,635	2,034,533
Beijing	15,560,185	8.43%	154,964	1.00%	471,376	85,936	250,437
Shandong	19,406,659	10.51%	80,616	0.42%	216,629	76,371	374,921
Shanghai	18,831,563	10.20%	483,435	2.57%	515,817	256,128	486,044
Hebei	12,768,816	6.91%	224,035	1.75%	1,832,412	129,989	383,748
Sichuan	13,970,380	7.57%	58,094	0.42%	152,818	32,546	294,594
Total	184,636,308	100.00%	2,745,180	1.49%	5,517,259	1,671,605	3,824,277

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

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

THE GROUP

	As at December 31, 2012			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	4,090,944	4,421,467	543,109	9,055,520
Guaranteed loans	54,522,417	7,222,780	3,139,446	64,884,643
Collateralised loans	18,116,024	11,982,464	11,838,792	41,937,280
Pledged loans	5,988,089	900,904	28,784	6,917,777
Total	82,717,474	24,527,615	15,550,131	122,795,220

	As at December 31, 2013			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	5,438,494	3,429,728	209,520	9,077,742
Guaranteed loans	57,960,386	9,043,473	3,501,211	70,505,070
Collateralised loans	23,807,507	11,808,833	14,166,533	49,782,873
Pledged loans	13,775,397	3,861,764	1,234,967	18,872,128
Total	100,981,784	28,143,798	19,112,231	148,237,813

	As at December 31, 2014			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	9,949,875	1,511,384	179,586	11,640,845
Guaranteed loans	65,677,454	13,758,328	3,263,635	82,699,417
Collateralised loans	23,106,451	13,388,112	14,618,540	51,113,103
Pledged loans	21,490,505	2,742,358	1,231,924	25,464,787
Total	120,224,285	31,400,182	19,293,685	170,918,152

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	10,924,694	1,765,864	185,701	12,876,259
Guaranteed loans	61,313,055	16,869,871	4,922,462	83,105,388
Collateralised loans	26,924,046	17,049,205	16,206,830	60,180,081
Pledged loans	20,960,799	7,372,954	1,156,701	29,490,454
Total	120,122,594	43,057,894	22,471,694	185,652,182

THE BANK

	As at December 31, 2012			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	4,090,944	4,421,467	543,109	9,055,520
Guaranteed loans	54,376,562	7,175,149	3,139,446	64,691,157
Collateralised loans	18,000,223	11,955,095	11,838,792	41,794,110
Pledged loans	5,960,588	900,904	28,784	6,890,276
Total	82,428,317	24,452,615	15,550,131	122,431,063

	As at December 31, 2013			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	5,438,494	3,429,728	209,520	9,077,742
Guaranteed loans	57,545,461	8,948,207	3,501,211	69,994,879
Collateralised loans	23,526,046	11,801,629	14,166,533	49,494,208
Pledged loans	13,747,967	3,861,764	1,234,967	18,844,698
Total	100,257,968	28,041,328	19,112,231	147,411,527

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	9,949,875	1,511,384	179,586	11,640,845
Guaranteed loans	65,309,278	13,597,299	3,263,635	82,170,212
Collateralised loans	22,832,026	13,375,149	14,618,540	50,825,715
Pledged loans	21,474,075	2,723,358	1,231,924	25,429,357
Total	119,565,254	31,207,190	19,293,685	170,066,129

	As at September 30, 2015			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Unsecured loans	10,924,694	1,765,864	185,701	12,876,259
Guaranteed loans	60,818,054	16,776,482	4,922,462	82,516,998
Collateralised loans	26,623,799	17,008,315	16,206,830	59,838,944
Pledged loans	20,891,592	7,355,814	1,156,701	29,404,107
Total	119,258,139	42,906,475	22,471,694	184,636,308

(4) Past due loans at contractual amount

THE GROUP

	As at December 31, 2012				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	1,649	1,483	3,688	1,445	8,265
Guaranteed loans	508,649	162,660	36,699	236,647	944,655
Collateralised loans	91,307	165,276	19,711	80,595	356,889
Pledged loans	892	—	—	—	892
Total	602,497	329,419	60,098	318,687	1,310,701
Percentage of total gross loans and advances to customers	0.49%	0.27%	0.05%	0.26%	1.07%

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	4,842	4,041	1,511	536	10,930
Guaranteed loans	239,983	653,441	288,579	—	1,182,003
Collateralised loans	172,356	334,911	179,777	56,595	743,639
Pledged loans	52,999	32,135	—	—	85,134
Total	470,180	1,024,528	469,867	57,131	2,021,706
Percentage of total gross loans and advances to customers	0.32%	0.69%	0.31%	0.04%	1.36%

	As at December 31, 2014				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	26,171	2,244	9,806	—	38,221
Guaranteed loans	1,200,278	528,987	585,379	—	2,314,644
Collateralised loans	1,161,534	502,319	230,686	3,972	1,898,511
Pledged loans	20,000	989	33,025	—	54,014
Total	2,407,983	1,034,539	858,896	3,972	4,305,390
Percentage of total gross loans and advances to customers	1.41%	0.61%	0.50%	0.00%	2.52%

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	8,152	24,435	19,309	—	51,896
Guaranteed loans	1,641,807	649,151	1,117,171	730	3,408,859
Collateralised loans	819,029	723,995	534,675	24,147	2,101,846
Pledged loans	1,390	23,841	34,014	—	59,245
Total	2,470,378	1,421,422	1,705,169	24,877	5,621,846
Percentage of total gross loans and advances to customers	1.33%	0.77%	0.92%	0.01%	3.03%

THE BANK

	As at December 31, 2012				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	1,649	1,483	3,688	1,445	8,265
Guaranteed loans	508,649	160,160	36,699	236,647	942,155
Collateralised loans	91,307	165,276	19,711	80,595	356,889
Pledged loans	892	—	—	—	892
Total	602,497	326,919	60,098	318,687	1,308,201
Percentage of total gross loans and advances to customers	0.49%	0.27%	0.05%	0.26%	1.07%

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	4,842	4,041	1,511	536	10,930
Guaranteed loans	239,983	649,841	288,579	—	1,178,403
Collateralised loans	172,356	331,511	179,777	56,595	740,239
Pledged loans	52,999	32,135	—	—	85,134
Total	470,180	1,017,528	469,867	57,131	2,014,706
Percentage of total gross loans and advances to customers	0.32%	0.69%	0.32%	0.04%	1.37%

	As at December 31, 2014				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	26,171	2,244	9,806	—	38,221
Guaranteed loans	1,195,278	528,987	585,379	—	2,309,644
Collateralised loans	1,144,184	452,671	230,686	3,972	1,831,513
Pledged loans	20,000	989	33,025	—	54,014
Total	2,385,633	984,891	858,896	3,972	4,233,392
Percentage of total gross loans and advances to customers	1.40%	0.58%	0.51%	0.00%	2.49%

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	8,152	24,435	19,309	—	51,896
Guaranteed loans	1,639,807	636,951	1,112,181	730	3,389,669
Collateralised loans	805,604	701,661	485,037	24,147	2,016,449
Pledged loans	1,390	23,841	34,014	—	59,245
Total	2,454,953	1,386,888	1,650,541	24,877	5,517,259
Percentage of total gross loans and advances to customers	1.33%	0.75%	0.90%	0.01%	2.99%

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

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

(5) Credit quality of loans and advances to customers at contractual amount

THE GROUP

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Neither past due nor impaired	(i)	121,390,500	146,216,107	166,589,762	180,017,551
Past due but not impaired	(ii)	516,347	498,452	2,456,941	2,868,303
Impaired	(iii)	888,373	1,523,254	1,871,449	2,766,328
Subtotal		122,795,220	148,237,813	170,918,152	185,652,182
Allowances for impairment losses		(4,027,929)	(4,098,772)	(4,456,817)	(5,526,802)
Loans and advances to customers, net		118,767,291	144,139,041	166,461,335	180,125,380

THE BANK

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Neither past due nor impaired	(i)	121,032,792	145,396,821	165,814,737	179,106,264
Past due but not impaired	(ii)	512,397	498,452	2,401,101	2,784,864
Impaired	(iii)	885,874	1,516,254	1,850,291	2,745,180
Subtotal		122,431,063	147,411,527	170,066,129	184,636,308
Allowances for impairment losses		(4,022,325)	(4,081,073)	(4,425,882)	(5,495,882)
Loans and advances to customers, net		118,408,738	143,330,454	165,640,247	179,140,426

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

(i) Loans and advances neither past due nor impaired

THE GROUP

	As at December 31, 2012		
	Normal	Special mention	Total
Corporate loans and advances	101,229,177	4,963,008	106,192,185
Personal loans and advances	15,198,315	—	15,198,315
Total	116,427,492	4,963,008	121,390,500

	As at December 31, 2013		
	Normal	Special mention	Total
Corporate loans and advances	121,730,879	3,815,731	125,546,610
Personal loans and advances	20,669,497	—	20,669,497
Total	142,400,376	3,815,731	146,216,107

	As at December 31, 2014		
	Normal	Special mention	Total
Corporate loans and advances	141,496,369	2,903,437	144,399,806
Personal loans and advances	22,189,956	—	22,189,956
Total	163,686,325	2,903,437	166,589,762

	As at September 30, 2015		
	Normal	Special mention	Total
Corporate loans and advances	153,127,286	3,705,769	156,833,055
Personal loans and advances	23,184,496	—	23,184,496
Total	176,311,782	3,705,769	180,017,551

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012		
	Normal	Special mention	Total
Corporate loans and advances	100,919,027	4,948,408	105,867,435
Personal loans and advances	15,165,357	—	15,165,357
Total	116,084,384	4,948,408	121,032,792

	As at December 31, 2013		
	Normal	Special mention	Total
Corporate loans and advances	121,016,592	3,815,731	124,832,323
Personal loans and advances	20,564,498	—	20,564,498
Total	141,581,090	3,815,731	145,396,821

	As at December 31, 2014		
	Normal	Special mention	Total
Corporate loans and advances	140,821,862	2,903,437	143,725,299
Personal loans and advances	22,089,438	—	22,089,438
Total	162,911,300	2,903,437	165,814,737

	As at September 30, 2015		
	Normal	Special mention	Total
Corporate loans and advances	152,299,649	3,695,769	155,995,418
Personal loans and advances	23,110,846	—	23,110,846
Total	175,410,495	3,695,769	179,106,264

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

(ii) Loans and advances past due but not impaired

THE GROUP

	As at December 31, 2012					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	215,226	112,309	3,950	—	331,485	290,685
Personal loans and advances	96,642	60,294	27,926	—	184,862	113,215
Total	311,868	172,603	31,876	—	516,347	403,900

	As at December 31, 2013					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	130,186	11,218	108,455	28,272	278,131	161,250
Personal loans and advances	117,712	87,163	15,446	—	220,321	176,389
Total	247,898	98,381	123,901	28,272	498,452	337,639

	As at December 31, 2014					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	1,382,684	212,673	432,564	190,000	2,217,921	1,669,510
Personal loans and advances	121,724	81,768	35,528	—	239,020	160,522
Total	1,504,408	294,441	468,092	190,000	2,456,941	1,830,032

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	694,802	618,465	527,055	508,538	2,348,860	1,677,414
Personal loans and advances	339,290	123,898	56,255	—	519,443	249,590
Total	1,034,092	742,363	583,310	508,538	2,868,303	1,927,004

THE BANK

	As at December 31, 2012					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	215,226	108,359	3,950	—	327,535	290,685
Personal loans and advances	96,642	60,294	27,926	—	184,862	113,215
Total	311,868	168,653	31,876	—	512,397	403,900

	As at December 31, 2013					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	130,186	11,218	108,455	28,272	278,131	161,250
Personal loans and advances	117,712	87,163	15,446	—	220,321	176,389
Total	247,898	98,381	123,901	28,272	498,452	337,639

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	1,331,844	212,673	432,564	190,000	2,167,081	1,608,888
Personal loans and advances	121,724	81,768	30,528	—	234,020	154,949
Total	1,453,568	294,441	463,092	190,000	2,401,101	1,763,837

	As at September 30, 2015					
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	Fair value of collateral
Corporate loans and advances	692,802	613,990	527,055	440,524	2,274,371	1,622,115
Personal loans and advances	330,690	123,898	55,905	—	510,493	240,640
Total	1,023,492	737,888	582,960	440,524	2,784,864	1,862,755

(iii) Impaired loans and advances

THE GROUP

	As at December 31, 2012		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	842,768	(746,561)	96,207
Collectively assessed	45,605	(28,513)	17,092
Total	888,373	(775,074)	113,299

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,389,605	(786,431)	603,174
Collectively assessed	133,649	(92,312)	41,337
Total	1,523,254	(878,743)	644,511

	As at December 31, 2014		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,669,554	(1,074,012)	595,542
Collectively assessed	201,895	(149,477)	52,418
Total	1,871,449	(1,223,489)	647,960

	As at September 30, 2015		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	2,435,355	(1,676,346)	759,009
Collectively assessed	330,973	(224,962)	106,011
Total	2,766,328	(1,901,308)	865,020

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Including:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Individually assessed and impaired	842,768	1,389,605	1,669,554	2,435,355
Individually assessed and impaired %	0.69	0.94	0.98	1.31
Fair value of collateral	481,041	834,972	1,124,612	2,216,468

THE BANK

	As at December 31, 2012		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	840,269	(745,812)	94,457
Collectively assessed	45,605	(28,513)	17,092
Total	885,874	(774,325)	111,549

	As at December 31, 2013		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,382,605	(784,331)	598,274
Collectively assessed	133,649	(92,312)	41,337
Total	1,516,254	(876,643)	639,611

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	1,648,969	(1,063,550)	585,419
Collectively assessed	201,322	(149,186)	52,136
Total	1,850,291	(1,212,736)	637,555

	As at September 30, 2015		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	2,419,780	(1,671,605)	748,175
Collectively assessed	325,400	(223,265)	102,135
Total	2,745,180	(1,894,870)	850,310

Including:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Individually assessed and impaired	840,269	1,382,605	1,648,969	2,419,780
Individually assessed and impaired %	0.69	0.93	0.96	1.31
Fair value of collateral	481,041	834,972	1,124,612	2,216,468

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

(6) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group and the Bank as at December 31, 2012, 2013 and 2014 and September 30, 2015 amounted to RMB 787 million, RMB 869 million, RMB 837 million and RMB 1,664 million respectively, among which loans and advances overdue for more than 90 days amounted to RMB 140 million, RMB 632 million, RMB 659 million and RMB 659 million.

Amounts due from banks and other financial institutions

The Group executes regular review and management of credit risk related to individual financial institutions, and set credit lines for individual banks and other financial institutions that it conducts business with. The balances due from banks and other financial institutions are as follows:

THE GROUP

	As at December 31,			As at September 30,
Gross balances	**2012**	**2013**	**2014**	**2015**
Deposits with banks and other financial institutions	37,025,032	16,453,007	31,684,999	24,476,357
Placements with banks and other financial institutions	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held under resale agreements	9,582,074	71,893,179	80,050,673	73,728,036
Total	48,998,906	92,149,806	121,310,367	112,058,473

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31,			As at September 30,
Gross balances	2012	2013	2014	2015
Deposits with banks and other financial institutions	36,929,928	16,001,578	31,363,603	23,950,631
Placements with banks and other financial institutions	2,391,800	3,803,620	9,574,695	13,854,080
Financial assets held under resale agreements	9,582,074	71,893,179	80,050,673	73,728,036
Total	48,903,802	91,698,377	120,988,971	111,532,747

All of the amounts due from banks and other financial institutions are neither overdue nor impaired.

Debt securities

(1) Credit quality of debt securities

THE GROUP

		As at December 31,			As at September 30,
	NOTES	2012	2013	2014	2015
Neither past due nor impaired	(i)	83,416,265	107,996,811	123,404,790	190,414,174
Impaired	(ii)	—	—	36,363	36,363
Subtotal		83,416,265	107,996,811	123,441,153	190,450,537
Less: Allowance for impairment losses					
Individually assessed		—	—	(36,363)	(36,363)
Collectively assessed		—	—	(63,181)	(196,883)
Debt securities, net		83,416,265	107,996,811	123,341,609	190,217,291

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	NOTES	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at September 30, 2015
Neither past due nor impaired	(i)	83,336,691	107,996,811	123,404,790	190,414,174
Impaired	(ii)	—	—	36,363	36,363
Subtotal		83,336,691	107,996,811	123,441,153	190,450,537
Less: Allowance for impairment losses					
Individually assessed		—	—	(36,363)	(36,363)
Collectively assessed		—	—	(63,181)	(196,883)
Debt securities, net		83,336,691	107,996,811	123,341,609	190,217,291

(i) Debt securities neither past due nor impaired

THE GROUP

	As at December 31, 2012				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	747,413	4,269,348	13,236,391	—	18,253,152
Financial institution bonds	4,016,278	6,055,469	7,155,509	—	17,227,256
Corporate bonds	685,298	1,031,327	2,215,535	200,000	4,132,160
Certificate government bonds	—	—	—	1,036,050	1,036,050
Wealth management products	—	—	—	33,317,647	33,317,647
Asset management plans	—	—	—	80,000	80,000
Trust beneficiary rights	—	—	—	9,370,000	9,370,000
Total	5,448,989	11,356,144	22,607,435	44,003,697	83,416,265

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	437,735	4,513,429	12,713,926	—	17,665,090
Financial institution bonds	386,969	8,293,031	6,944,305	—	15,624,305
Corporate bonds	3,939,644	675,913	1,702,380	2,012,527	8,330,464
Certificate government bonds	—	—	—	515,630	515,630
Wealth management products	—	—	—	23,304,812	23,304,812
Asset management plans	—	—	—	22,819,579	22,819,579
Trust beneficiary rights	—	—	—	19,736,931	19,736,931
Total	4,764,348	13,482,373	21,360,611	68,389,479	107,996,811

	As at December 31, 2014				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,189,614	3,065,054	15,983,697	—	20,238,365
Financial institution bonds	896,158	9,621,747	9,779,996	—	20,297,901
Asset-backed securities	—	—	—	1,747,780	1,747,780
Corporate bonds	5,426,410	830,115	470,190	2,955,596	9,682,311
Certificate government bonds	—	—	—	305,056	305,056
Wealth management products	—	—	—	15,561,844	15,561,844
Asset management plans	—	—	—	31,480,084	31,480,084
Trust beneficiary rights	—	—	—	24,091,449	24,091,449
Total	7,512,182	13,516,916	26,233,883	76,141,809	123,404,790

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,710,768	1,665,072	18,273,587	—	21,649,427
Financial institution bonds	1,510,728	7,399,173	13,647,359	—	22,557,260
Asset-backed securities	—	—	—	4,784,297	4,784,297
Corporate bonds	6,821,069	562,183	—	7,178,472	14,561,724
Certificate government bonds	—	—	—	459,816	459,816
Wealth management products	—	—	—	29,145,775	29,145,775
Asset management plans	—	—	—	58,861,662	58,861,662
Trust beneficiary rights	—	—	—	38,394,213	38,394,213
Total	10,042,565	9,626,428	31,920,946	138,824,235	190,414,174

THE BANK

	As at December 31, 2012				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	747,413	4,269,348	13,236,391	—	18,253,152
Financial institution bonds	4,016,278	6,055,469	7,155,509	—	17,227,256
Corporate bonds	685,298	1,031,327	2,135,961	200,000	4,052,586
Certificate government bonds	—	—	—	1,036,050	1,036,050
Wealth management products	—	—	—	33,317,647	33,317,647
Asset management plans	—	—	—	80,000	80,000
Trust beneficiary rights	—	—	—	9,370,000	9,370,000
Total	5,448,989	11,356,144	22,527,861	44,003,697	83,336,691

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	437,735	4,513,429	12,713,926	—	17,665,090
Financial institution bonds	386,969	8,293,031	6,944,305	—	15,624,305
Corporate bonds	3,939,644	675,913	1,702,380	2,012,527	8,330,464
Certificate government bonds	—	—	—	515,630	515,630
Wealth management products	—	—	—	23,304,812	23,304,812
Asset management plans	—	—	—	22,819,579	22,819,579
Trust beneficiary rights	—	—	—	19,736,931	19,736,931
Total	4,764,348	13,482,373	21,360,611	68,389,479	107,996,811

	As at December 31, 2014				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,189,614	3,065,054	15,983,697	—	20,238,365
Financial institution bonds	896,158	9,621,747	9,779,996	—	20,297,901
Asset-backed securities	—	—	—	1,747,780	1,747,780
Corporate bonds	5,426,410	830,115	470,190	2,955,596	9,682,311
Certificate government bonds	—	—	—	305,056	305,056
Wealth management products	—	—	—	15,561,844	15,561,844
Asset management plans	—	—	—	31,480,084	31,480,084
Trust beneficiary rights	—	—	—	24,091,449	24,091,449
Total	7,512,182	13,516,916	26,233,883	76,141,809	123,404,790

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,710,768	1,665,072	18,273,587	—	21,649,427
Financial institution bonds	1,510,728	7,399,173	13,647,359	—	22,557,260
Asset-backed securities	—	—	—	4,784,297	4,784,297
Corporate bonds	6,821,069	562,183	—	7,178,472	14,561,724
Certificate government bonds	—	—	—	459,816	459,816
Wealth management products	—	—	—	29,145,775	29,145,775
Asset management plans	—	—	—	58,861,662	58,861,662
Trust beneficiary rights	—	—	—	38,394,213	38,394,213
Total	10,042,565	9,626,428	31,920,946	138,824,235	190,414,174

(ii) Impaired debt securities for the Group and the Bank comprise impaired asset management plans.

(2) Bond investments are analysed by credit rating as follows:

THE GROUP

	As at December 31, 2012				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	18,253,152	18,253,152
Financial institution bonds	70,124	—	—	17,157,132	17,227,256
Corporate bonds	1,896,790	2,191,868	43,502	—	4,132,160
Certificate government bonds	—	—	—	1,036,050	1,036,050
Total	1,966,914	2,191,868	43,502	36,446,334	40,648,618

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	17,665,090	17,665,090
Financial institution bonds	220,000	—	—	15,404,305	15,624,305
Corporate bonds	2,394,184	5,887,337	48,943	—	8,330,464
Certificate government bonds	—	—	—	515,630	515,630
Total	2,614,184	5,887,337	48,943	33,585,025	42,135,489

	As at December 31, 2014				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	20,238,365	20,238,365
Financial institution bonds	271,250	99,109	—	19,927,542	20,297,901
Asset-backed securities	907,690	790,090	50,000	—	1,747,780
Corporate bonds	2,137,628	7,385,653	159,030	—	9,682,311
Certificate government bonds	—	—	—	305,056	305,056
Total	3,316,568	8,274,852	209,030	40,470,963	52,271,413

	As at September 30, 2015				
	AAA	AA	A	Unrated	Total
Government bonds	269,000	—	—	21,380,427	21,649,427
Financial institution bonds	920,862	50,912	—	21,585,486	22,557,260
Asset-backed securities	2,251,426	689,051	160,000	1,683,820	4,784,297
Corporate bonds	3,168,652	10,379,592	175,338	838,142	14,561,724
Certificate government bonds	—	—	—	459,816	459,816
Total	6,609,940	11,119,555	335,338	45,947,691	64,012,524

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	18,253,152	18,253,152
Financial institution bonds	70,124	—	—	17,157,132	17,227,256
Corporate bonds	1,896,790	2,112,294	43,502	—	4,052,586
Certificate government bonds	—	—	—	1,036,050	1,036,050
Total	1,966,914	2,112,294	43,502	36,446,334	40,569,044

	As at December 31, 2013				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	17,665,090	17,665,090
Financial institution bonds	220,000	—	—	15,404,305	15,624,305
Corporate bonds	2,394,184	5,887,337	48,943	—	8,330,464
Certificate government bonds	—	—	—	515,630	515,630
Total	2,614,184	5,887,337	48,943	33,585,025	42,135,489

	As at December 31, 2014				
	AAA	AA	A	Unrated	Total
Government bonds	—	—	—	20,238,365	20,238,365
Financial institution bonds	271,250	99,109	—	19,927,542	20,297,901
Asset-backed securities	907,690	790,090	50,000	—	1,747,780
Corporate bonds	2,137,628	7,385,653	159,030	—	9,682,311
Certificate government bonds	—	—	—	305,056	305,056
Total	3,316,568	8,274,852	209,030	40,470,963	52,271,413

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	AAA	AA	A	Unrated	Total
Government bonds	269,000	—	—	21,380,427	21,649,427
Financial institution bonds	920,862	50,912	—	21,585,486	22,557,260
Asset-backed securities	2,251,426	689,051	160,000	1,683,820	4,784,297
Corporate bonds	3,168,652	10,379,592	175,338	838,142	14,561,724
Certificate government bonds	—	—	—	459,816	459,816
Total	6,609,940	11,119,555	335,338	45,947,691	64,012,524

48.2 Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mis-matches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarise the maturity analysis of assets and liabilities by remaining contractual maturities at the end of each reporting period.

THE GROUP

	As at December 31, 2012							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	35,804,953	11,753,124	—	—	—	—	—	47,558,077
Deposits with banks and other financial institutions	—	873,533	22,059,999	6,301,500	7,790,000	—	—	37,025,032
Placements with banks and other financial institutions	—	—	65,000	546,800	1,480,000	300,000	—	2,391,800
Financial assets held for trading	—	—	670,753	70,955	718,508	3,522,943	465,830	5,448,989
Financial assets held under resale agreements	—	—	6,727,289	2,144,785	710,000	—	—	9,582,074
Loans and advances to customers	325,235	—	7,010,290	15,491,931	56,656,503	23,909,499	15,373,833	118,767,291
Available-for-sale financial assets	58,600	—	—	448,345	2,682,274	3,221,857	5,003,668	11,414,744
Held-to-maturity investments	—	—	90,066	159,717	1,001,192	10,481,587	10,874,873	22,607,435
Investments classified as receivables	—	—	13,736,221	13,063,802	12,862,427	4,341,247	—	44,003,697
Others	2,394,876	81,454.	286,797	431,256	348,534	3,961	—	3,546,878
Total assets	38,583,664	12,708,111	50,646,415	38,659,091	84,249,438	45,781,094	31,718,204	302,346,017
Borrowings from central bank	—	—	130,000	—	30,000	—	—	160,000
Deposits from banks and other financial institutions	—	91,635	20,342,287	14,443,266	12,166,567	—	—	47,043,755
Placements from banks	—	—	7,041,145	2,008,152	2,021,922	—	—	11,071,219
Financial assets sold under repurchase agreements	—	—	12,856,600	3,892,700	—	—	—	16,749,300
Due to customers	—	128,607,440	26,655,601	6,002,464	22,259,945	17,759,638	131,112	201,416,200
Debt securities issued	—	—	—	—	11,232	1,497,795	2,757,341	4,266,368
Others	—	2,571,376	1,447,898	291,459	424,576	137,177	6,919	4,879,405
Total liabilities	—	131,270,451	68,473,531	26,638,041	36,914,242	19,394,610	2,895,372	285,586,247
Net position	38,583,664	(118,562,340)	(17,827,116)	12,021,050	47,335,196	26,386,484	28,822,832	16,759,770

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	43,061,123	13,712,884	—	—	—	—	—	56,774,007
Deposits with banks and other financial institutions	—	665,337	10,868,000	4,068,350	851,320	—	—	16,453,007
Placements with banks and other financial institutions	—	—	300,000	518,291	2,685,329	300,000	—	3,803,620
Financial assets held for trading	—	—	323,838	1,220,021	1,858,264	1,171,663	190,562	4,764,348
Financial assets held under resale agreements	—	—	14,257,507	18,290,620	28,222,552	11,122,500	—	71,893,179
Loans and advances to customers	659,498	—	10,428,504	16,217,668	70,381,621	27,557,313	18,894,437	144,139,041
Available-for-sale financial assets	58,600	—	—	—	782,340	10,408,252	2,291,781	13,540,973
Held-to-maturity investments	—	—	190,083	230,010	1,652,335	9,666,535	9,621,648	21,360,611
Investments classified as receivables	—	—	7,837,891	9,576,756	8,016,549	42,958,283	—	68,389,479
Others	2,730,398	449,718	315,522	633,161	432,334	5,879	1,736	4,568,748
Total assets	46,509,619	14,827,939	44,521,345	50,754,877	114,882,644	103,190,425	31,000,164	405,687,013
Borrowings from central bank	—	—	70,000	80,000	200,000	—	—	350,000
Deposits from banks and other financial institutions	—	141,443	25,515,609	38,212,443	42,291,250	4,203,000	—	110,363,745
Placements from banks	—	—	3,145,441	1,524,617	807,401	—	—	5,477,459
Financial assets sold under repurchase agreements	—	—	7,107,500	3,973,200	—	—	—	11,080,700
Due to customers	—	139,445,331	4,742,724	25,170,765	48,081,027	28,605,264	1,162,640	247,207,751
Debt securities issued	—	—	—	—	11,232	1,498,188	2,781,081	4,290,501
Others	—	3,277,614	503,751	1,184,296	1,691,512	806,062	4,146	7,467,381
Total liabilities	—	142,864,388	41,085,025	70,145,321	93,082,422	35,112,514	3,947,867	386,237,537
Net position	46,509,619	(128,036,449)	3,436,320	(19,390,444)	21,800,222	68,077,911	27,052,297	19,449,476

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	49,802,919	12,886,279	—	—	—	—	—	62,689,198
Deposits with banks and other financial institutions	—	3,049,260	14,215,515	6,161,261	8,258,963	—	—	31,684,999
Placements with banks and other financial institutions	—	—	1,520,865	2,060,590	5,993,240	—	—	9,574,695
Financial assets held for trading	—	—	112,648	269,845	1,755,562	4,067,985	1,306,142	7,512,182
Financial assets held under resale agreements	—	—	29,408,201	26,560,624	13,328,848	10,753,000	—	80,050,673
Loans and advances to customers	1,253,215	—	9,711,902	23,204,711	82,325,466	30,836,355	19,129,686	166,461,335
Available-for-sale financial assets	58,600	—	—	128,854	3,460,013	8,740,755	1,187,294	13,575,516
Held-to-maturity investments	—	—	1,340,106	720,179	3,165,051	14,061,890	6,946,657	26,233,883
Investments classified as receivables	—	—	4,081,988	10,743,996	24,097,891	37,154,753	—	76,078,628
Others	2,699,593	64,983	329,009	1,188,114	713,594	2,677	—	4,997,970
Total assets	53,814,327	16,000,522	60,720,234	71,038,174	143,098,628	105,617,415	28,569,779	478,859,079
Borrowings from central bank	—	—	252,330	62,960	90,622	—	—	405,912
Deposits from banks and other financial institutions	—	1,549,991	36,620,877	41,951,040	38,254,840	4,095,000	—	122,471,748
Placements from banks	—	—	6,429,300	3,842,589	633,188	—	—	10,905,077
Financial assets sold under repurchase agreements	—	—	13,556,000	300,000	—	—	—	13,856,000
Due to customers	—	161,772,584	7,999,126	27,074,350	54,620,952	36,954,895	1,045,540	289,467,447
Debt securities issued	—	—	—	—	1,782	1,498,604	1,198,505	2,698,891
Others	—	4,019,360	360,558	1,945,920	1,841,722	1,995,979	524	10,164,063
Total liabilities	—	167,341,935	65,218,191	75,176,859	95,443,106	44,544,478	2,244,569	449,969,138
Net position	53,814,327	(151,341,413)	(4,497,957)	(4,138,685)	47,655,522	61,072,937	26,325,210	28,889,941

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	48,914,675	8,597,002	—	—	—	—	—	57,511,677
Deposits with banks and other financial institutions	—	4,534,551	6,230,000	3,270,000	10,441,806	—	—	24,476,357
Placements with banks and other financial institutions	—	—	7,573,243	3,598,342	2,682,495	—	—	13,854,080
Financial assets held for trading	—	—	316,954	261,050	1,193,016	6,005,088	2,266,457	10,042,565
Financial assets held under resale agreements	—	—	27,296,255	30,137,093	14,510,688	1,784,000	—	73,728,036
Loans and advances to customers	1,574,124	—	8,525,806	18,017,943	87,520,463	42,195,177	22,291,867	180,125,380
Available-for-sale financial assets	58,600	—	648,938	240,520	3,087,272	5,112,822	536,876	9,685,028
Held-to-maturity investments	—	—	60,000	909,128	6,242,955	21,649,533	3,059,330	31,920,946
Investments classified as receivables	—	—	6,972,288	19,168,014	45,104,005	67,081,257	301,788	138,627,352
Others	2,976,344	344,973	330,223	1,290,979	772,287	352	2,918	5,718,076
Total assets	53,523,743	13,476,526	57,953,707	76,893,069	171,554,987	143,828,229	28,459,236	545,689,497
Borrowings from central bank	—	—	—	159,700	132,900	—	—	292,600
Deposits from banks and other financial institutions	—	137,482	44,799,208	64,053,878	40,832,918	1,000,000	—	150,823,486
Placements from banks	—	—	762,240	2,686,495	52,367	—	—	3,501,102
Financial assets sold under repurchase agreements	—	—	6,515,672	838,200	303,500	—	—	7,657,372
Due to customers	—	173,292,326	14,228,217	34,679,957	57,952,975	47,786,075	500,212	328,439,762
Debt securities issued	—	—	—	122,066	107,549	11,479,665	1,198,619	12,907,899
Others	—	4,799,293	546,101	1,154,937	2,144,646	1,621,160	74	10,266,211
Total liabilities	—	178,229,101	66,851,438	103,695,233	101,526,855	61,886,900	1,698,905	513,888,432
Net position	53,523,743	(164,752,575)	(8,897,731)	(26,802,164)	70,028,132	81,941,329	26,760,331	31,801,065

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	35,732,835	11,578,273	—	—	—	—	—	47,311,108
Deposits with banks and other financial institutions	—	848,428	21,990,000	6,301,500	7,790,000	—	—	36,929,928
Placements with banks and other financial institutions	—	—	65,000	546,800	1,480,000	300,000	—	2,391,800
Financial assets held for trading	—	—	670,753	70,955	718,508	3,522,943	465,830	5,448,989
Financial assets held under resale agreements	—	—	6,727,289	2,144,785	710,000	—	—	9,582,074
Loans and advances to customers	325,235	—	6,943,274	15,476,314	56,454,567	23,835,515	15,373,833	118,408,738
Available-for-sale financial assets	58,600	—	—	448,345	2,682,274	3,221,857	5,003,668	11,414,744
Held-to-maturity investments	—	—	90,066	159,717	921,618	10,481,587	10,874,873	22,527,861
Investments classified as receivables	—	—	13,736,221	13,063,802	12,862,427	4,341,247	—	44,003,697
Others	2,454,686	81,454	286,797	431,256	348,534	3,961	—	3,606,688
Total assets	38,571,356	12,508,155	50,509,400	38,643,474	83,967,928	45,707,110	31,718,204	301,625,627
Borrowings from central bank	—	—	130,000	—	—	—	—	130,000
Deposits from banks and other financial institutions	—	93,058	20,342,287	14,443,266	12,166,567	—	—	47,045,178
Placements from banks	—	—	7,041,145	2,008,152	2,021,922	—	—	11,071,219
Financial assets sold under repurchase agreements	—	—	12,856,600	3,892,700	—	—	—	16,749,300
Due to customers	—	128,328,110	26,655,601	6,002,464	22,066,797	17,759,638	131,112	200,943,722
Debt securities issued	—	—	—	—	11,232	1,497,795	2,757,341	4,266,368
Others	—	2,429,192	1,445,344	291,459	424,576	137,177	6,919	4,734,667
Total liabilities	—	130,850,360	68,470,977	26,638,041	36,691,094	19,394,610	2,895,372	284,940,454
Net position	38,571,356	(118,342,205)	(17,961,577)	12,005,433	47,276,834	26,312,500	28,822,832	16,685,173

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	At December 31, 2013							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	42,925,848	13,689,905	—	—	—	—	—	56,615,753
Deposits with banks and other financial institutions	—	638,908	10,533,000	3,978,350	851,320	—	—	16,001,578
Placements with banks and other financial institutions	—	—	300,000	518,291	2,685,329	300,000	—	3,803,620
Financial assets held for trading	—	—	323,838	1,220,021	1,858,264	1,171,663	190,562	4,764,348
Financial assets held under resale agreements	—	—	14,257,507	18,290,620	28,222,552	11,122,500	—	71,893,179
Loans and advances to customers	656,098	—	10,403,010	16,189,933	69,732,134	27,454,842	18,894,437	143,330,454
Available-for-sale financial assets	58,600	—	—	—	782,340	10,408,252	2,291,781	13,540,973
Held-to-maturity investments	—	—	190,083	230,010	1,652,335	9,666,535	9,621,648	21,360,611
Investments classified as receivables	—	—	7,837,891	9,576,756	8,016,549	42,958,283	—	68,389,479
Others	2,811,785	449,700	315,522	633,161	432,334	5,879	1,736	4,650,117
Total assets	46,452,331	14,778,513	44,160,851	50,637,142	114,233,157	103,087,954	31,000,164	404,350,112
Borrowings from central bank	—	—	50,000	80,000	200,000	—	—	330,000
Deposits from banks and other financial institutions	—	149,492	25,515,609	38,282,443	42,291,250	4,203,000	—	110,441,794
Placements from banks	—	—	3,145,441	1,524,617	807,401	—	—	5,477,459
Financial assets sold under repurchase agreements	—	—	7,107,500	3,973,200	—	—	—	11,080,700
Due to customers	—	138,594,539	4,742,724	25,170,765	47,774,200	28,605,264	1,162,640	246,050,132
Debt securities issued	—	—	—	—	11,232	1,498,188	2,781,081	4,290,501
Others	—	3,274,238	503,751	1,179,054	1,691,512	806,062	4,146	7,458,763
Total liabilities	—	142,018,269	41,065,025	70,210,079	92,775,595	35,112,514	3,947,867	385,129,349
Net position	46,452,331	(127,239,756)	3,095,826	(19,572,937)	21,457,562	67,975,440	27,052,297	19,220,763

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	49,683,508	12,699,019	—	—	—	—	—	62,382,527
Deposits with banks and other financial institutions	—	3,027,864	13,915,515	6,161,261	8,258,963	—	—	31,363,603
Placements with banks and other financial institutions	—	—	1,520,865	2,060,590	5,993,240	—	—	9,574,695
Financial assets held for trading	—	—	112,648	269,845	1,755,562	4,067,985	1,306,142	7,512,182
Financial assets held under resale agreements	—	—	29,408,201	26,560,624	13,328,848	10,753,000	—	80,050,673
Loans and advances to customers	1,181,217	—	9,729,262	23,171,523	81,785,196	30,643,363	19,129,686	165,640,247
Available-for-sale financial assets	58,600	—	—	128,854	3,460,013	8,740,755	1,187,294	13,575,516
Held-to-maturity investments	—	—	1,340,106	720,179	3,165,051	14,061,890	6,946,657	26,233,883
Investments classified as receivables	—	—	4,081,988	10,743,996	24,097,891	37,154,753	—	76,078,628
Others	2,756,860	64,319	302,070	1,351,591	579,733	—	—	5,054,573
Total assets	53,680,185	15,791,202	60,410,655	71,168,463	142,424,497	105,421,746	28,569,779	477,466,527
Borrowings from central bank	—	—	62,330	62,960	90,622	—	—	215,912
Deposits from banks and other financial institutions	—	1,550,227	36,620,877	41,951,040	38,254,840	4,095,000	—	122,471,984
Placements from banks	—	—	6,429,300	3,842,589	633,188	—	—	10,905,077
Financial assets sold under repurchase agreements	—	—	13,556,000	300,000	—	—	—	13,856,000
Due to customers	—	161,233,227	7,988,865	27,074,350	54,214,721	36,954,895	1,045,540	288,511,598
Debt securities issued	—	—	—	—	1,782	1,498,604	1,198,505	2,698,891
Others	—	4,014,107	348,910	1,945,920	1,841,722	1,995,979	524	10,147,162
Total liabilities	—	166,797,561	65,006,282	75,176,859	95,036,875	44,544,478	2,244,569	448,806,624
Net position	53,680,185	(151,006,359)	(4,595,627)	(4,008,396)	47,387,622	60,877,268	26,325,210	28,659,903

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	48,784,929	8,549,419	—	—	—	—	—	57,334,348
Deposits with banks and other financial institutions	—	4,528,825	5,850,000	3,130,000	10,441,806	—	—	23,950,631
Placements with banks and other financial institutions	—	—	7,573,243	3,598,342	2,682,495	—	—	13,854,080
Financial assets held for trading	—	—	316,954	261,050	1,193,016	6,005,088	2,266,457	10,042,565
Financial assets held under resale agreements	—	—	27,296,255	30,137,093	14,510,688	1,784,000	—	73,728,036
Loans and advances to customers	1,469,537	—	8,536,534	17,721,868	87,076,862	42,043,758	22,291,867	179,140,426
Available-for-sale financial assets	58,600	—	648,938	240,520	3,087,272	5,112,822	536,876	9,685,028
Held-to-maturity investments	—	—	60,000	909,128	6,242,955	21,649,533	3,059,330	31,920,946
Investments classified as receivables	—	—	6,972,288	19,168,014	45,104,005	67,081,257	301,788	138,627,352
Others	3,011,096	321,260	330,223	1,290,453	772,287	352	2,918	5,728,589
Total assets	53,324,162	13,399,504	57,584,435	76,456,468	171,111,386	143,676,810	28,459,236	544,012,001
Borrowings from central bank	—	—	—	59,700	32,900	—	—	92,600
Deposits from banks and other financial institutions	—	153,055	44,799,208	64,053,878	40,832,918	1,000,000	—	150,839,059
Placements from banks	—	—	762,240	2,686,495	52,367	—	—	3,501,102
Financial assets sold under repurchase agreements	—	—	6,515,672	838,200	303,500	—	—	7,657,372
Due to customers	—	172,549,399	14,217,933	34,679,957	57,491,270	47,786,075	500,212	327,224,846
Debt securities issued	—	—	—	122,066	107,549	11,479,665	1,198,619	12,907,899
Others	—	4,774,091	534,452	1,165,874	2,129,371	1,621,160	74	10,225,022
Total liabilities	—	177,476,545	66,829,505	103,606,170	100,949,875	61,886,900	1,698,905	512,447,900
Net position	53,324,162	(164,077,041)	(9,245,070)	(27,149,702)	70,161,511	81,789,910	26,760,331	31,564,101

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

THE GROUP

	As at December 31, 2012							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	35,804,953	11,769,847	—	—	—	—	—	47,574,800
Deposits with banks and other financial institutions	—	873,725	22,179,923	6,397,052	8,067,508	—	—	37,518,208
Placements with banks and other financial institutions	—	—	69,517	628,621	1,597,702	356,068	—	2,651,908
Financial assets held for trading	—	—	682,595	82,482	880,286	3,964,921	506,713	6,116,997
Financial assets held under resale agreements	—	—	6,754,814	2,166,480	726,495	—	—	9,647,789
Loans and advances to customers	326,164	—	7,108,214	17,020,497	60,205,408	30,277,061	21,379,699	136,317,043
Available-for-sale financial assets	—	—	1,647	509,370	3,049,986	4,326,084	5,520,237	13,407,324
Held-to-maturity investments	—	—	213,804	256,854	1,592,775	12,893,163	12,295,089	27,251,685
Investments classified as receivables	—	—	13,770,862	13,366,965	13,346,059	5,459,837	—	45,943,723
Other financial assets	—	63,612	—	—	—	—	—	63,612
Total financial assets	36,131,117	12,707,184	50,781,376	40,428,321	89,466,219	57,277,134	39,701,738	326,493,089
Borrowings from central bank	—	—	130,000	—	30,000	—	—	160,000
Deposits from banks and other financial institutions	—	91,658	20,447,794	14,738,441	12,495,093	—	—	47,772,986
Placements from banks	—	—	7,071,474	2,048,820	2,073,365	—	—	11,193,659
Financial assets sold under repurchase agreements	—	—	12,911,210	3,932,889	—	—	—	16,844,099
Due to customers	—	128,621,730	27,401,958	6,254,567	32,984,057	19,524,946	133,905	214,921,163
Debt securities issued	—	—	—	—	241,380	2,598,315	3,368,741	6,208,436
Other financial liabilities	—	1,505,109	—	—	—	—	—	1,505,109
Total financial liabilities	—	130,218,497	67,962,436	26,974,717	47,823,895	22,123,261	3,502,646	298,605,452
Net position	36,131,117	(117,511,313)	(17,181,060)	13,453,604	41,642,324	35,153,873	36,199,092	27,887,637

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	43,061,123	13,733,899	—	—	—	—	—	56,795,022
Deposits with banks and other financial institutions	—	665,650	10,950,643	4,151,291	875,753	—	—	16,643,337
Placements with banks and other financial institutions	—	—	300,518	562,060	2,747,192	326,980	—	3,936,750
Financial assets held for trading	—	—	329,299	1,259,951	2,011,285	1,385,424	210,529	5,196,488
Financial assets held under resale agreements	—	—	14,334,852	18,772,877	29,377,998	11,868,597	—	74,354,324
Loans and advances to customers	1,594,455	—	10,829,422	18,721,638	75,832,393	35,875,066	26,804,939	169,657,913
Available-for-sale financial assets	58,600	—	56,505	73,923	1,453,413	12,332,276	2,848,699	16,823,416
Held-to-maturity investments	—	—	420,885	396,251	2,305,122	11,597,172	10,752,695	25,472,125
Investments classified as receivables	—	—	7,878,851	10,340,564	9,234,618	50,143,959	—	77,597,992
Other financial assets	—	428,391	—	—	—	—	—	428,391
Total financial assets	44,714,178	14,827,940	45,100,975	54,278,555	123,837,774	123,529,474	40,616,862	446,905,758
Borrowings from central bank	—	—	70,000	80,000	200,000	—	—	350,000
Deposits from banks and other financial institutions	—	141,471	25,766,830	39,277,437	44,141,692	4,545,510	—	113,872,940
Placements from banks	—	—	3,157,406	1,544,802	828,181	—	—	5,530,389
Financial assets sold under repurchase agreements	—	—	7,114,258	4,002,101	—	—	—	11,116,359
Due to customers	—	139,458,888	4,849,435	31,126,253	50,845,193	35,494,004	1,173,608	262,947,381
Debt securities issued	—	—	—	—	241,380	2,555,208	3,194,602	5,991,190
Other financial liabilities	—	1,612,867	—	—	—	—	—	1,612,867
Total financial liabilities	—	141,213,226	40,957,929	76,030,593	96,256,446	42,594,722	4,368,210	401,421,126
Net position	44,714,178	(126,385,286)	4,143,046	(21,752,038)	27,581,328	80,934,752	36,248,652	45,484,632

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	49,802,919	12,909,299	—	—	—	—	—	62,712,218
Deposits with banks and other financial institutions	—	3,049,322	14,306,330	6,259,285	8,631,311	—	—	32,246,248
Placements with banks and other financial institutions	—	—	1,531,355	2,125,673	6,123,396	—	—	9,780,424
Financial assets held for trading	—	—	142,790	341,734	2,045,994	4,901,218	1,521,418	8,953,154
Financial assets held under resale agreements	—	—	29,491,404	27,170,531	14,221,159	11,128,042	—	82,011,136
Loans and advances to customers	2,494,218	—	10,065,687	25,448,453	88,455,966	40,198,891	26,827,386	193,490,601
Available-for-sale financial assets	58,600	—	28,448	174,023	3,936,027	9,788,541	1,586,333	15,571,972
Held-to-maturity investments	—	—	1,472,708	868,905	3,960,582	16,619,418	8,839,814	31,761,427
Investments classified as receivables	—	—	4,142,318	11,771,764	27,036,296	40,497,884	—	83,448,262
Other financial assets	—	64,983	—	—	—	—	—	64,983
Total financial assets	52,355,737	16,023,604	61,181,040	74,160,368	154,410,731	123,133,994	38,774,951	520,040,425
Borrowings from central bank	—	—	252,330	62,960	90,622	—	—	405,912
Deposits from banks and other financial institutions	—	1,550,270	36,707,572	42,404,388	39,299,530	4,526,873	—	124,488,633
Placements from banks	—	—	6,448,218	3,928,039	658,464	—	—	11,034,721
Financial assets sold under repurchase agreements	—	—	13,584,161	301,960	—	—	—	13,886,121
Due to customers	—	161,791,180	8,184,934	27,586,585	57,277,983	43,171,919	1,057,925	299,070,526
Debt securities issued	—	—	—	—	160,380	1,963,124	1,414,145	3,537,649
Other financial liabilities	—	2,300,131	—	—	—	—	—	2,300,131
Total financial liabilities	—	165,641,581	65,177,215	74,283,932	97,486,979	49,661,916	2,472,070	454,723,693
Net position	52,355,737	(149,617,977)	(3,996,175)	(123,564)	56,923,752	73,472,078	36,302,881	65,316,732

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	48,914,675	8,620,440	—	—	—	—	—	57,535,115
Deposits with banks and other financial institutions	—	4,534,720	6,343,061	3,365,326	10,894,068	—	—	25,137,175
Placements with banks and other financial institutions	—	—	7,637,782	3,632,667	2,759,367	—	—	14,029,816
Financial assets held for trading	—	—	339,778	308,145	1,640,203	7,302,950	2,519,490	12,110,566
Financial assets held under resale agreements	—	—	27,390,074	30,594,258	14,795,758	1,893,141	—	74,673,231
Loans and advances to customers	3,515,770	—	8,823,761	20,371,197	94,516,990	51,566,227	35,757,267	214,551,212
Available-for-sale financial assets	58,600	—	668,039	259,477	3,422,469	5,620,537	773,051	10,802,173
Held-to-maturity investments	—	—	116,021	1,042,557	7,238,895	23,917,624	3,631,116	35,946,213
Investments classified as receivables	—	—	6,962,924	20,997,491	50,273,367	75,998,286	346,138	154,578,206
Other financial assets	—	321,535	—	—	—	—	—	321,535
Total financial assets	52,489,045	13,476,695	58,281,440	80,571,118	185,541,117	166,298,765	43,027,062	599,685,242
Borrowings from central bank	—	—	—	159,700	132,900	—	—	292,600
Deposits from banks and other financial institutions	—	137,517	45,231,504	64,946,044	42,007,376	1,057,988	—	153,380,429
Placements from banks	—	—	766,779	2,704,740	53,935	—	—	3,525,454
Financial assets sold under repurchase agreements	—	—	6,630,555	849,190	304,086	—	—	7,783,831
Due to customers	—	173,317,383	14,330,559	35,240,313	60,848,123	55,060,495	502,244	339,299,117
Debt securities issued	—	—	—	—	633,130	13,389,685	1,414,259	15,437,074
Other financial liabilities	—	1,891,185	—	—	—	—	—	1,891,185
Total financial liabilities	—	175,346,085	66,959,397	103,899,987	103,979,550	69,508,168	1,916,503	521,609,690
Net position	52,489,045	(161,869,390)	(8,677,957)	(23,328,869)	81,561,567	96,790,597	41,110,559	78,075,552

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	35,732,835	11,594,996	—	—	—	—	—	47,327,831
Deposits with banks and other financial institutions	—	848,619	22,109,923	6,397,052	8,067,508	—	—	37,423,102
Placements with banks and other financial institutions	—	—	69,517	628,621	1,597,702	356,068	—	2,651,908
Financial assets held for trading	—	—	682,595	82,482	880,286	3,964,921	506,713	6,116,997
Financial assets held under resale agreements	—	—	6,754,814	2,166,480	726,495	—	—	9,647,789
Loans and advances to customers	326,164	—	7,041,200	17,004,880	60,003,472	30,203,077	21,379,699	135,958,492
Available-for-sale financial assets	—	—	1,647	509,370	3,049,986	4,326,084	5,520,237	13,407,324
Held-to-maturity investments	—	—	213,804	256,854	1,510,794	12,893,163	12,295,089	27,169,704
Investments classified as receivables	—	—	13,770,862	13,366,965	13,346,059	5,459,837	—	45,943,723
Other financial assets	—	63,612	—	—	—	—	—	63,612
Total financial assets	36,058,999	12,507,227	50,644,362	40,412,704	89,182,302	57,203,150	39,701,738	325,710,482
Borrowings from central bank	—	—	130,000	—	—	—	—	130,000
Deposits from banks and other financial institutions	—	93,081	20,447,794	14,738,441	12,495,093	—	—	47,774,409
Placements from banks	—	—	7,071,474	2,048,820	2,073,365	—	—	11,193,659
Financial assets sold under repurchase agreements	—	—	12,911,210	3,932,889	—	—	—	16,844,099
Due to customers	—	128,342,400	27,401,958	6,061,419	32,984,057	19,524,946	133,905	214,448,685
Debt securities issued	—	—	—	—	241,380	2,598,315	3,368,741	6,208,436
Other financial liabilities	—	1,364,942	—	—	—	—	—	1,364,942
Total financial liabilities	—	129,800,423	67,962,436	26,781,569	47,793,895	22,123,261	3,502,646	297,964,230
Net position	36,058,999	(117,293,196)	(17,318,074)	13,631,135	41,388,407	35,079,889	36,199,092	27,746,252

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	42,925,848	13,710,920	—	—	—	—	—	56,636,768
Deposits with banks and other financial institutions	—	639,220	10,615,643	4,061,290	875,753	—	—	16,191,906
Placements with banks and other financial institutions	—	—	300,518	562,060	2,747,192	326,980	—	3,936,750
Financial assets held for trading	—	—	329,299	1,259,951	2,011,285	1,385,424	210,529	5,196,488
Financial assets held under resale agreements	—	—	14,334,852	18,772,877	29,377,998	11,868,597	—	74,354,324
Loans and advances to customers	1,591,055	—	10,759,260	18,244,850	75,311,511	35,745,887	26,804,939	168,457,502
Available-for-sale financial assets	58,600	—	56,505	73,923	1,453,413	12,332,276	2,848,699	16,823,416
Held-to-maturity investments	—	—	420,885	396,251	2,305,122	11,597,172	10,752,695	25,472,125
Investments classified as receivables	—	—	7,878,851	10,340,564	9,234,618	50,143,959	—	77,597,992
Other financial assets	—	428,373	—	—	—	—	—	428,373
Total financial assets	44,575,503	14,778,513	44,695,813	53,711,766	123,316,892	123,400,295	40,616,862	445,095,644
Borrowings from central bank	—	—	50,000	80,000	200,000	—	—	330,000
Deposits from banks and other financial institutions	—	149,520	25,766,830	39,347,437	44,141,692	4,545,509	—	113,950,988
Placements from banks	—	—	3,157,406	1,544,802	828,181	—	—	5,530,389
Financial assets sold under repurchase agreements	—	—	7,114,258	4,002,101	—	—	—	11,116,359
Due to customers	—	138,608,096	4,849,435	31,126,253	50,538,366	35,494,004	1,173,608	261,789,762
Debt securities issued	—	—	—	—	241,380	2,555,208	3,194,602	5,991,190
Other financial liabilities	—	1,612,660	—	—	—	—	—	1,612,660
Total financial liabilities	—	140,370,276	40,937,929	76,100,593	95,949,619	42,594,721	4,368,210	400,321,348
Net position	44,575,503	(125,591,763)	3,757,884	(22,388,827)	27,367,273	80,805,574	36,248,652	44,774,296

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	49,683,508	12,722,039	—	—	—	—	—	62,405,547
Deposits with banks and other financial institutions	—	3,027,926	14,006,329	6,259,285	8,631,311	—	—	31,924,851
Placements with banks and other financial institutions	—	—	1,531,355	2,125,673	6,123,396	—	—	9,780,424
Financial assets held for trading	—	—	142,790	341,734	2,045,994	4,901,218	1,521,418	8,953,154
Financial assets held under resale agreements	—	—	29,491,404	27,170,531	14,221,159	11,128,042	—	82,011,136
Loans and advances to customers	2,422,122	—	10,052,033	25,400,446	87,881,630	39,989,492	26,827,387	192,573,110
Available-for-sale financial assets	58,600	—	28,448	174,023	3,936,027	9,788,541	1,586,333	15,571,972
Held-to-maturity investments	—	—	1,472,708	868,905	3,960,582	16,619,418	8,839,814	31,761,427
Investments classified as receivables	—	—	4,142,318	11,771,764	27,036,296	40,497,884	—	83,448,262
Other financial assets	—	64,319	—	—	—	—	—	64,319
Total financial assets	52,164,230	15,814,284	60,867,385	74,112,361	153,836,395	122,924,595	38,774,952	518,494,202
Borrowings from central bank	—	—	62,330	62,960	90,622	—	—	215,912
Deposits from banks and other financial institutions	—	1,550,506	36,707,572	42,404,388	39,299,530	4,526,873	—	124,488,869
Placements from banks	—	—	6,448,218	3,928,039	658,464	—	—	11,034,721
Financial assets sold under repurchase agreements	—	—	13,584,161	301,960	—	—	—	13,886,121
Due to customers	—	161,251,824	8,163,025	27,586,585	56,871,751	43,171,919	1,057,925	298,103,029
Debt securities issued	—	—	—	—	160,380	1,963,124	1,414,145	3,537,649
Other financial liabilities	—	2,299,799	—	—	—	—	—	2,299,799
Total financial liabilities	—	165,102,129	64,965,306	74,283,932	97,080,747	49,661,916	2,472,070	453,566,100
Net position	52,164,230	(149,287,845)	(4,097,921)	(171,571)	56,755,648	73,262,679	36,302,882	64,928,102

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	48,784,929	8,572,857	—	—	—	—	—	57,357,786
Deposits with banks and other financial institutions	—	4,528,994	5,961,876	3,223,310	10,894,068	—	—	24,608,248
Placements with banks and other financial institutions	—	—	7,637,782	3,632,667	2,759,367	—	—	14,029,816
Financial assets held for trading	—	—	339,778	308,145	1,640,203	7,302,950	2,519,490	12,110,566
Financial assets held under resale agreements	—	—	27,390,074	30,594,258	14,795,758	1,893,141	—	74,673,231
Loans and advances to customers	3,411,183	—	8,803,455	20,060,273	94,051,250	51,406,469	35,757,267	213,489,897
Available-for-sale financial assets	58,600	—	668,039	259,477	3,422,469	5,620,537	773,051	10,802,173
Held-to-maturity investments	—	—	116,021	1,042,557	7,238,895	23,917,624	3,631,116	35,946,213
Investments classified as receivables	—	—	7,022,650	21,002,401	50,313,396	76,106,985	354,569	154,800,001
Other financial assets	—	297,822	—	—	—	—	—	297,822
Total financial assets	52,254,712	13,399,673	57,939,675	80,123,088	185,115,406	166,247,706	43,035,493	598,115,753
Borrowings from central bank	—	—	—	59,700	32,900	—	—	92,600
Deposits from banks and other financial institutions	—	153,092	45,231,504	64,946,044	42,007,376	1,057,988	—	153,396,004
Placements from banks	—	—	766,779	2,704,740	53,935	—	—	3,525,454
Financial assets sold under repurchase agreements	—	—	6,630,555	849,190	304,086	—	—	7,783,831
Due to customers	—	172,574,456	14,308,627	35,240,313	60,386,418	55,060,495	502,244	338,072,553
Debt securities issued	—	—	—	—	633,130	13,389,685	1,414,259	15,437,074
Other financial liabilities	—	1,869,781	—	—	—	—	—	1,869,781
Total financial liabilities	—	174,597,329	66,937,465	103,799,987	103,417,845	69,508,168	1,916,503	520,177,297
Net position	52,254,712	(161,197,656)	(8,997,790)	(23,676,899)	81,697,561	96,739,538	41,118,990	77,938,456

Assets available to meet all of the liabilities include cash, balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, available-for-sale financial assets and financial assets held for trading. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

THE GROUP

	As at December 31, 2012						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	7,294,810	18,845,166	34,677,729	—	—	60,817,705
Undrawn credit card limit	725,995	—	—	—	—	—	725,995
Letters of credit issued	—	—	443,243	3,407,873	—	—	3,851,116
Letters of guarantee	—	—	—	918,385	33,164	14,270	965,819
Total	725,995	7,294,810	19,288,409	39,003,987	33,164	14,270	66,360,635

	As at December 31, 2013						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	13,383,380	19,316,038	34,955,161	—	—	67,654,579
Undrawn credit card limit	1,635,667	—	—	—	—	—	1,635,667
Letters of credit issued	—	—	776,262	8,979,217	—	—	9,755,479
Letters of guarantee	—	—	—	3,808,193	29,951	13,851	3,851,995
Total	1,635,667	13,383,380	20,092,300	47,742,571	29,951	13,851	82,897,720

	As at December 31, 2014						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	11,584,371	23,958,291	36,292,688	—	—	71,835,350
Undrawn credit card limit	2,011,112	—	—	—	—	—	2,011,112
Letters of credit issued	—	—	193,647	14,411,779	—	—	14,605,426
Letters of guarantee	—	—	—	2,275,839	1,172,014	15	3,447,868
Total	2,011,112	11,584,371	24,151,938	52,980,306	1,172,014	15	91,899,756

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	8,316,595	24,107,287	24,662,536	—	—	57,086,418
Undrawn credit card limit	2,352,694	—	—	—	—	—	2,352,694
Letters of credit issued	—	447,378	13,442,842	—	—	—	13,890,220
Letters of guarantee	—	—	—	2,551,993	2,389,491	15	4,941,499
Total	2,352,694	8,763,973	37,550,129	27,214,529	2,389,491	15	78,270,831

THE BANK

	As at December 31, 2012						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	7,294,810	18,845,166	34,677,729	—	—	60,817,705
Undrawn credit card limit	725,995	—	—	—	—	—	725,995
Letters of credit issued	—	—	443,243	3,407,873	—	—	3,851,116
Letters of guarantee	—	—	—	918,385	33,164	14,270	965,819
Total	725,995	7,294,810	19,288,409	39,003,987	33,164	14,270	66,360,635

	As at December 31, 2013						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	13,383,380	19,316,038	34,955,161	—	—	67,654,579
Undrawn credit card limit	1,635,667	—	—	—	—	—	1,635,667
Letters of credit issued	—	—	776,262	8,979,217	—	—	9,755,479
Letters of guarantee	—	—	—	3,808,087	29,951	13,851	3,851,889
Total	1,635,667	13,383,380	20,092,300	47,742,465	29,951	13,851	82,897,614

	As at December 31, 2014						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	11,584,371	23,958,291	36,269,688	—	—	71,812,350
Undrawn credit card limit	2,011,112	—	—	—	—	—	2,011,112
Letters of credit issued	—	—	193,647	14,411,779	—	—	14,605,426
Letters of guarantee	—	—	—	2,275,821	1,172,014	15	3,447,850
Total	2,011,112	11,584,371	24,151,938	52,957,288	1,172,014	15	91,876,738

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015						
	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Acceptance	—	8,316,595	24,107,287	24,662,536	—	—	57,086,418
Undrawn credit card limit	2,352,694	—	—	—	—	—	2,352,694
Letters of credit issued	—	447,378	13,442,842	—	—	—	13,890,220
Letters of guarantee	—	—	—	2,551,975	2,389,491	15	4,941,481
Total	2,352,694	8,763,973	37,550,129	27,214,511	2,389,491	15	78,270,813

48.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices. Market risk mainly arises from proprietary business of the Group.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from corporate and personal banking business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE GROUP

	As at December 31, 2012				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central bank	47,411,148	140,712	1,201	5,016	47,558,077
Deposits with banks and other financial institutions	36,517,622	456,333	20,843	30,234	37,025,032
Placements with banks and other financial institutions	2,391,800	—	—	—	2,391,800
Financial assets held for trading	5,448,989	—	—	—	5,448,989
Financial assets held under resale agreements	9,582,074	—	—	—	9,582,074
Loans and advances to customers	116,688,186	2,067,400	6,940	4,765	118,767,291
Available-for-sale financial assets	11,414,744	—	—	—	11,414,744
Held-to-maturity investments	22,607,435	—	—	—	22,607,435
Investments classified as receivables	44,003,697	—	—	—	44,003,697
Other financial assets	1,145,510	6,448	34	10	1,152,002
Total financial assets	297,211,205	2,670,893	29,018	40,025	299,951,141
Borrowings from central bank	160,000	—	—	—	160,000
Deposits from banks and other financial institutions	46,656,448	387,307	—	—	47,043,755
Placements from banks	10,696,651	371,647	—	2,921	11,071,219
Financial assets sold under repurchase agreements	16,749,300	—	—	—	16,749,300
Due to customers	200,037,888	1,312,305	24,909	41,098	201,416,200
Debt securities issued	4,266,368	—	—	—	4,266,368
Other financial liabilities	3,808,142	14,443	228	389	3,823,202
Total financial liabilities	282,374,797	2,085,702	25,137	44,408	284,530,044
Net exposure	14,836,408	585,191	3,881	(4,383)	15,421,097

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central bank	56,525,184	242,409	1,654	4,760	56,774,007
Deposits with banks and other financial institutions	16,046,943	366,851	5,525	33,688	16,453,007
Placements with banks and other financial institutions	3,450,000	353,620	—	—	3,803,620
Financial assets held for trading	4,764,348	—	—	—	4,764,348
Financial assets held under resale agreements	71,893,179	—	—	—	71,893,179
Loans and advances to customers	138,382,544	5,751,488	—	5,009	144,139,041
Available-for-sale financial assets	13,540,973	—	—	—	13,540,973
Held-to-maturity investments	21,360,611	—	—	—	21,360,611
Investments classified as receivables	68,389,479	—	—	—	68,389,479
Other financial assets	1,810,810	30,949	—	50	1,841,809
Total financial assets	396,164,071	6,745,317	7,179	43,507	402,960,074
Borrowings from central bank	350,000	—	—	—	350,000
Deposits from banks and other financial institutions	109,601,632	762,113	—	—	110,363,745
Placements from banks	3,913,551	1,563,908	—	—	5,477,459
Financial assets sold under repurchase agreements	11,080,700	—	—	—	11,080,700
Due to customers	243,917,308	3,250,329	7,098	33,016	247,207,751
Debt securities issued	4,290,501	—	—	—	4,290,501
Other financial liabilities	6,092,269	53,506	137	135	6,146,047
Total financial liabilities	379,245,961	5,629,856	7,235	33,151	384,916,203
Net exposure	16,918,110	1,115,461	(56)	10,356	18,043,871

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central bank	62,098,644	585,457	1,473	3,624	62,689,198
Deposits with banks and other financial institutions	29,175,214	2,423,054	4,588	82,143	31,684,999
Placements with banks and other financial institutions	7,096,500	2,478,195	—	—	9,574,695
Financial assets held for trading	7,512,182	—	—	—	7,512,182
Financial assets held under resale agreements	80,050,673	—	—	—	80,050,673
Loans and advances to customers	157,687,400	8,751,340	6,843	15,752	166,461,335
Available-for-sale financial assets	13,575,516	—	—	—	13,575,516
Held-to-maturity investments	26,233,883	—	—	—	26,233,883
Investments classified as receivables	75,935,653	142,975	—	—	76,078,628
Other financial assets	2,257,187	41,140	—	50	2,298,377
Total financial assets	461,622,852	14,422,161	12,904	101,569	476,159,486
Borrowings from central bank	405,912	—	—	—	405,912
Deposits from banks and other financial institutions	122,288,178	183,570	—	—	122,471,748
Placements from banks	9,506,000	1,395,133	3,944	—	10,905,077
Financial assets sold under repurchase agreements	13,856,000	—	—	—	13,856,000
Due to customers	276,950,305	12,436,499	6,061	74,582	289,467,447
Debt securities issued	2,698,891	—	—	—	2,698,891
Other financial liabilities	8,399,407	63,796	137	134	8,463,474
Total financial liabilities	434,104,693	14,078,998	10,142	74,716	448,268,549
Net exposure	27,518,159	343,163	2,762	26,853	27,890,937

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central bank	56,667,464	837,153	1,865	5,195	57,511,677
Deposits with banks and other financial institutions	21,402,331	3,018,632	5,667	49,727	24,476,357
Placements with banks and other financial institutions	7,990,000	5,858,943	—	5,137	13,854,080
Financial assets held for trading	10,042,565	—	—	—	10,042,565
Financial assets held under resale agreements	73,728,036	—	—	—	73,728,036
Loans and advances to customers	173,415,320	6,660,009	—	50,051	180,125,380
Available-for-sale financial assets	9,636,125	48,903	—	—	9,685,028
Held-to-maturity investments	31,920,946	—	—	—	31,920,946
Investments classified as receivables	138,627,352	—	—	—	138,627,352
Other financial assets	2,720,161	21,571	—	—	2,741,732
Total financial assets	526,150,300	16,445,211	7,532	110,110	542,713,153
Borrowings from central bank	292,600	—	—	—	292,600
Deposits from banks and other financial institutions	150,823,486	—	—	—	150,823,486
Placements from banks	2,230,000	1,223,800	—	47,302	3,501,102
Financial assets sold under repurchase agreements	7,657,372	—	—	—	7,657,372
Due to customers	313,515,550	14,882,501	5,548	36,163	328,439,762
Debt securities issued	12,907,899	—	—	—	12,907,899
Other financial liabilities	8,327,181	55,852	138	159	8,383,330
Total financial liabilities	495,754,088	16,162,153	5,686	83,624	512,005,551
Net exposure	30,396,212	283,058	1,846	26,486	30,707,602

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

The table below indicates the potential effect of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit.

THE GROUP

	Year ended December 31,			Nine months ended September 30,
	2012 (Decrease)/ increase in Net Profit	2013 (Decrease)/ increase in Net Profit	2014 (Decrease)/ increase in Net Profit	2015 (Decrease)/ increase in Net Profit
5% appreciation	(21,926)	(42,216)	(13,979)	(11,677)
5% depreciation	21,926	42,216	13,979	11,677

The impact on net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign currency monetary assets and monetary liabilities. Changes in foreign currency exchange rate will not affect other comprehensive income.

The effect on net profit is calculated based on the assumption that the Group's net foreign currency exposure at the end of each reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ from the actual situation.

Jixian County Bank is the only subsidiary in the Group. It mainly conducts RMB business with customers in the Jixian region. It's foreign currency exposure is therefore insignificant to the Group. As a result of this, the directors of the Bank are of the opinion that the Group's foreign currency exposures at the end of each reporting period are similar to the Bank's. Therefore, foreign currency risk analysis for the Bank is not presented separately.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The interest rate risk of the Group arises from the mis-matches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities. The interest-generating assets and interest-bearing liabilities of the Group are mainly denominated in RMB. The PBoC establishes RMB benchmark interest rates which serve as references for commercial banks.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBoC benchmark interest rates;
- Minimising the mis-matches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBoC benchmark interest rates.

The tables below summarise the contractual maturity or re-pricing date, whichever is earlier, of the Group's and the Bank's financial assets and financial liabilities.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE GROUP

	As at December 31, 2012						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	46,639,359	—	—	—	—	918,718	47,558,077
Deposits with banks and other financial institutions	22,933,532	6,301,500	7,790,000	—	—	—	37,025,032
Placements with banks and other financial institutions	65,000	546,800	1,480,000	300,000	—	—	2,391,800
Financial assets held for trading	670,753	479,990	1,548,451	2,342,535	407,260	—	5,448,989
Financial assets held under resale agreements	6,727,289	2,144,785	710,000	—	—	—	9,582,074
Loans and advances to customers	20,802,232	15,490,090	43,191,637	39,283,332	—	—	118,767,291
Available-for-sale financial assets	87,543	762,114	3,477,595	2,426,536	4,602,356	58,600	11,414,744
Held-to-maturity investments	90,066	159,717	1,961,480	9,781,430	10,614,742	—	22,607,435
Investments classified as receivables	13,736,221	13,063,802	12,862,427	4,341,247	—	—	44,003,697
Other financial assets	—	—	—	—	—	1,152,002	1,152,002
Total financial assets	111,751,995	38,948,798	73,021,590	58,475,080	15,624,358	2,129,320	299,951,141
Borrowings from central bank	130,000	—	30,000	—	—	—	160,000
Deposits from banks and other financial institutions	20,433,922	14,443,266	12,166,567	—	—	—	47,043,755
Placements from banks	7,041,145	2,008,152	2,021,922	—	—	—	11,071,219
Financial assets sold under repurchase agreements	12,856,600	3,892,700	—	—	—	—	16,749,300
Due to customers	155,065,932	6,002,464	22,259,945	17,759,638	131,112	197,109	201,416,200
Debt securities issued	—	—	11,232	1,497,795	2,757,341	—	4,266,368
Other financial liabilities	—	—	—	—	—	3,823,202	3,823,202
Total financial liabilities	195,527,599	26,346,582	36,489,666	19,257,433	2,888,453	4,020,311	284,530,044
Interest rate gap	(83,775,604)	12,602,216	36,531,924	39,217,647	12,735,905	(1,890,991)	15,421,097

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	55,658,467	—	—	—	—	1,115,540	56,774,007
Deposits with banks and other financial institutions	11,533,337	4,068,350	851,320	—	—	—	16,453,007
Placements with banks and other financial institutions	300,000	518,291	2,685,329	300,000	—	—	3,803,620
Financial assets held for trading	323,838	1,220,021	1,858,264	1,171,663	190,562	—	4,764,348
Financial assets held under resale agreements	14,257,507	18,290,620	28,222,552	11,122,500	—	—	71,893,179
Loans and advances to customers	10,845,404	16,105,663	69,444,570	47,743,404	—	—	144,139,041
Available-for-sale financial assets	221,037	489,342	867,467	9,905,150	1,999,377	58,600	13,540,973
Held-to-maturity investments	190,083	230,010	2,512,446	9,066,535	9,361,537	—	21,360,611
Investments classified as receivables	7,837,891	9,576,756	8,016,549	42,958,283	—	—	68,389,479
Other financial assets	—	—	—	—	—	1,841,809	1,841,809
Total financial assets	101,167,564	50,499,053	114,458,497	122,267,535	11,551,476	3,015,949	402,960,074
Borrowings from central bank	70,000	80,000	200,000	—	—	—	350,000
Deposits from banks and other financial institutions	25,657,052	38,212,443	42,291,250	4,203,000	—	—	110,363,745
Placements from banks	3,145,441	1,524,617	807,401	—	—	—	5,477,459
Financial assets sold under repurchase agreements	7,107,500	3,973,200	—	—	—	—	11,080,700
Due to customers	143,889,916	25,170,765	48,081,027	28,605,264	1,162,640	298,139	247,207,751
Debt securities issued	—	—	11,232	1,498,188	2,781,081	—	4,290,501
Other financial liabilities	—	—	—	—	—	6,146,047	6,146,047
Total financial liabilities	179,869,909	68,961,025	91,390,910	34,306,452	3,943,721	6,444,186	384,916,203
Interest rate gap	(78,702,345)	(18,461,972)	23,067,587	87,961,083	7,607,755	(3,428,237)	18,043,871

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	61,229,637	—	—	—	—	1,459,561	62,689,198
Deposits with banks and other financial institutions	17,264,775	6,161,261	8,258,963	—	—	—	31,684,999
Placements with banks and other financial institutions	1,520,865	2,060,590	5,993,240	—	—	—	9,574,695
Financial assets held for trading	162,527	269,845	1,755,562	4,018,106	1,306,142	—	7,512,182
Financial assets held under resale agreements	29,408,201	26,560,624	13,328,848	10,753,000	—	—	80,050,673
Loans and advances to customers	10,707,465	23,008,320	81,504,297	51,241,253	—	—	166,461,335
Available-for-sale financial assets	197,805	749,035	3,891,930	7,706,451	971,695	58,600	13,575,516
Held-to-maturity investments	1,340,106	720,179	4,515,653	12,711,288	6,946,657	—	26,233,883
Investments classified as receivables	4,574,838	10,743,996	24,097,891	36,661,903	—	—	76,078,628
Other financial assets	—	—	—	—	—	2,298,377	2,298,377
Total financial assets	126,406,219	70,273,850	143,346,384	123,092,001	9,224,494	3,816,538	476,159,486
Borrowings from central bank	252,330	62,960	90,622	—	—	—	405,912
Deposits from banks and other financial institutions	38,170,868	41,951,040	38,254,840	4,095,000	—	—	122,471,748
Placements from banks	6,429,300	3,842,589	633,188	—	—	—	10,905,077
Financial assets sold under repurchase agreements	13,556,000	300,000	—	—	—	—	13,856,000
Due to customers	169,460,098	27,074,350	54,620,952	36,954,895	1,045,540	311,612	289,467,447
Debt securities issued	—	—	1,782	1,498,604	1,198,505	—	2,698,891
Other financial liabilities	—	—	—	—	—	8,463,474	8,463,474
Total financial liabilities	227,868,596	73,230,939	93,601,384	42,548,499	2,244,045	8,775,086	448,268,549
Interest rate gap	(101,462,377)	(2,957,089)	49,745,000	80,543,502	6,980,449	(4,958,548)	27,890,937

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	55,783,582	—	—	—	—	1,728,095	57,511,677
Deposits with banks and other financial institutions	10,764,551	3,270,000	10,441,806	—	—	—	24,476,357
Placements with banks and other financial institutions	7,573,243	3,598,342	2,682,495	—	—	—	13,854,080
Financial assets held for trading	316,954	261,050	1,244,095	5,954,009	2,266,457	—	10,042,565
Financial assets held under resale agreements	27,296,255	30,137,093	14,510,688	1,784,000	—	—	73,728,036
Loans and advances to customers	9,821,412	17,925,209	87,188,605	65,190,154	—	—	180,125,380
Available-for-sale financial assets	759,132	487,735	3,565,406	4,277,279	536,876	58,600	9,685,028
Held-to-maturity investments	360,000	909,128	6,703,034	20,889,454	3,059,330	—	31,920,946
Investments classified as receivables	7,238,788	19,318,014	45,187,505	66,581,257	301,788	—	138,627,352
Other financial assets	—	—	—	—	—	2,741,732	2,741,732
Total financial assets	119,913,917	75,906,571	171,523,634	164,676,153	6,164,451	4,528,427	542,713,153
Borrowings from central bank	—	159,700	132,900	—	—	—	292,600
Deposits from banks and other financial institutions	44,936,690	64,053,878	40,832,918	1,000,000	—	—	150,823,486
Placements from banks	762,240	2,686,495	52,367	—	—	—	3,501,102
Financial assets sold under repurchase agreements	6,515,672	838,200	303,500	—	—	—	7,657,372
Due to customers	186,988,582	34,679,957	57,952,975	47,786,075	500,212	531,961	328,439,762
Debt securities issued	—	122,066	107,549	11,479,665	1,198,619	—	12,907,899
Other financial liabilities	—	—	—	—	—	8,383,330	8,383,330
Total financial liabilities	239,203,184	102,540,296	99,382,209	60,265,740	1,698,831	8,915,291	512,005,551
Interest rate gap	(119,289,267)	(26,633,725)	72,141,425	104,410,413	4,465,620	(4,386,864)	30,707,602

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE BANK

	As at December 31, 2012						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	46,395,767	—	—	—	—	915,341	47,311,108
Deposits with banks and other financial institutions	22,838,428	6,301,500	7,790,000	—	—	—	36,929,928
Placements with banks and other financial institutions	65,000	546,800	1,480,000	300,000	—	—	2,391,800
Financial assets held for trading	670,753	479,990	1,548,451	2,342,535	407,260	—	5,448,989
Financial assets held under resale agreements	6,727,289	2,144,785	710,000	—	—	—	9,582,074
Loans and advances to customers	20,719,275	15,214,494	43,191,637	39,283,332	—	—	118,408,738
Available-for-sale financial assets	87,543	762,114	3,477,595	2,426,536	4,602,356	58,600	11,414,744
Held-to-maturity investments	90,066	159,717	1,881,906	9,781,430	10,614,742	—	22,527,861
Investments classified as receivables	13,736,221	13,063,802	12,862,427	4,341,247	—	—	44,003,697
Other financial assets	—	—	—	—	—	1,152,002	1,152,002
Total financial assets	111,330,342	38,673,202	72,942,016	58,475,080	15,624,358	2,125,943	299,170,941
Borrowings from central bank	130,000	—	—	—	—	—	130,000
Deposits from banks and other financial institutions	20,435,345	14,443,266	12,166,567	—	—	—	47,045,178
Placements from banks	7,041,145	2,008,152	2,021,922	—	—	—	11,071,219
Financial assets sold under repurchase agreements	12,856,600	3,892,700	—	—	—	—	16,749,300
Due to customers	154,786,602	6,002,464	22,066,797	17,759,638	131,112	197,109	200,943,722
Debt securities issued	—	—	11,232	1,497,795	2,757,341	—	4,266,368
Other financial liabilities	—	—	—	—	—	3,680,481	3,680,481
Total financial liabilities	195,249,692	26,346,582	36,266,518	19,257,433	2,888,453	3,877,590	283,886,268
Interest rate gap	(83,919,350)	12,326,620	36,675,498	39,217,647	12,735,905	(1,751,647)	15,284,673

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2013						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	55,503,918	—	—	—	—	1,111,835	56,615,753
Deposits with banks and other financial institutions	11,171,908	3,978,350	851,320	—	—	—	16,001,578
Placements with banks and other financial institutions	300,000	518,291	2,685,329	300,000	—	—	3,803,620
Financial assets held for trading	323,838	1,220,021	1,858,264	1,171,663	190,562	—	4,764,348
Financial assets held under resale agreements	14,257,507	18,290,620	28,222,552	11,122,500	—	—	71,893,179
Loans and advances to customers	10,785,670	15,992,995	68,937,564	47,614,225	—	—	143,330,454
Available-for-sale financial assets	221,037	489,342	867,467	9,905,150	1,999,377	58,600	13,540,973
Held-to-maturity investments	190,083	230,010	2,512,446	9,066,535	9,361,537	—	21,360,611
Investments classified as receivables	7,837,891	9,576,756	8,016,549	42,958,283	—	—	68,389,479
Other financial assets	—	—	—	—	—	1,841,791	1,841,791
Total financial assets	100,591,852	50,296,385	113,951,491	122,138,356	11,551,476	3,012,226	401,541,786
Borrowings from central bank	50,000	80,000	200,000	—	—	—	330,000
Deposits from banks and other financial institutions	25,665,101	38,282,443	42,291,250	4,203,000	—	—	110,441,794
Placements from banks	3,145,441	1,524,617	807,401	—	—	—	5,477,459
Financial assets sold under repurchase agreements	7,107,500	3,973,200	—	—	—	—	11,080,700
Due to customers	143,039,124	25,170,765	47,774,200	28,605,264	1,162,640	298,139	246,050,132
Debt securities issued	—	—	11,232	1,498,188	2,781,081	—	4,290,501
Other financial liabilities	—	—	—	—	—	6,140,598	6,140,598
Total financial liabilities	179,007,166	69,031,025	91,084,083	34,306,452	3,943,721	6,438,737	383,811,184
Interest rate gap	(78,415,314)	(18,734,640)	22,867,408	87,831,904	7,607,755	(3,426,511)	17,730,602

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31, 2014						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	60,926,961	—	—	—	—	1,455,566	62,382,527
Deposits with banks and other financial institutions	16,943,379	6,161,261	8,258,963	—	—	—	31,363,603
Placements with banks and other financial institutions	1,520,865	2,060,590	5,993,240	—	—	—	9,574,695
Financial assets held for trading	162,527	269,845	1,755,562	4,018,106	1,306,142	—	7,512,182
Financial assets held under resale agreements	29,408,201	26,560,624	13,328,848	10,753,000	—	—	80,050,673
Loans and advances to customers	10,652,827	22,975,132	80,964,027	51,048,261	—	—	165,640,247
Available-for-sale financial assets	197,805	749,035	3,891,930	7,706,451	971,695	58,600	13,575,516
Held-to-maturity investments	1,340,106	720,179	4,515,653	12,711,288	6,946,657	—	26,233,883
Investments classified as receivables	4,574,838	10,743,996	24,097,891	36,661,903	—	—	76,078,628
Other financial assets	—	—	—	—	—	2,297,713	2,297,713
Total financial assets	125,727,509	70,240,662	142,806,114	122,899,009	9,224,494	3,811,879	474,709,667
Borrowings from central bank	62,330	62,960	90,622	—	—	—	215,912
Deposits from banks and other financial institutions	38,171,104	41,951,040	38,254,840	4,095,000	—	—	122,471,984
Placements from banks	6,429,300	3,842,589	633,188	—	—	—	10,905,077
Financial assets sold under repurchase agreements	13,556,000	300,000	—	—	—	—	13,856,000
Due to customers	168,910,480	27,074,350	54,214,721	36,954,895	1,045,540	311,612	288,511,598
Debt securities issued	—	—	1,782	1,498,604	1,198,505	—	2,698,891
Other financial liabilities	—	—	—	—	—	8,451,494	8,451,494
Total financial liabilities	227,129,214	73,230,939	93,195,153	42,548,499	2,244,045	8,763,106	447,110,956
Interest rate gap	(101,401,705)	(2,990,277)	49,610,961	80,350,510	6,980,449	(4,951,227)	27,598,711

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at September 30, 2015						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	55,611,162	—	—	—	—	1,723,186	57,334,348
Deposits with banks and other financial institutions	10,378,825	3,130,000	10,441,806	—	—	—	23,950,631
Placements with banks and other financial institutions	7,573,243	3,598,342	2,682,495	—	—	—	13,854,080
Financial assets held for trading	316,954	261,050	1,244,095	5,954,009	2,266,457	—	10,042,565
Financial assets held under resale agreements	27,296,255	30,137,093	14,510,688	1,784,000	—	—	73,728,036
Loans and advances to customers	9,753,969	17,614,995	86,624,262	65,147,200	—	—	179,140,426
Available-for-sale financial assets	759,132	487,735	3,565,406	4,277,279	536,876	58,600	9,685,028
Held-to-maturity investments	360,000	909,128	6,703,034	20,889,454	3,059,330	—	31,920,946
Investments classified as receivables	7,238,788	19,318,014	45,187,505	66,581,257	301,788	—	138,627,352
Other financial assets	—	—	—	—	—	2,717,493	2,717,493
Total financial assets	119,288,328	75,456,357	170,959,291	164,633,199	6,164,451	4,499,279	541,000,905
Borrowings from central bank	—	59,700	32,900	—	—	—	92,600
Deposits from banks and other financial institutions	44,952,263	64,053,878	40,832,918	1,000,000	—	—	150,839,059
Placements from banks	762,240	2,686,495	52,367	—	—	—	3,501,102
Financial assets sold under repurchase agreements	6,515,672	838,200	303,500	—	—	—	7,657,372
Due to customers	186,235,371	34,679,957	57,491,270	47,786,075	500,212	531,961	327,224,846
Debt securities issued	—	122,066	107,549	11,479,665	1,198,619	—	12,907,899
Other financial liabilities	—	—	—	—	—	8,345,939	8,345,939
Total financial liabilities	238,465,546	102,440,296	98,820,504	60,265,740	1,698,831	8,877,900	510,568,817
Interest rate gap	(119,177,218)	(26,983,939)	72,138,787	104,367,459	4,465,620	(4,378,621)	30,432,088

The following tables illustrate the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net interest income and other comprehensive income, based on the Group's and the Bank's position of interest-generating assets and interest-bearing liabilities at the end of each reporting period.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE GROUP

	Year ended December 31,						Nine months ended September 30,	
	2012		2013		2014		2015	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest Income	Other comprehensive income
+100 basis points	405,681	(348,758)	343,812	(456,299)	424,712	(364,802)	297,347	(124,622)
-100 basis points	(405,681)	373,709	(343,812)	481,111	(424,712)	383,937	(297,347)	128,748

THE BANK

	Year ended December 31,						Nine months ended September 30,	
	2012		2013		2014		2015	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	399,829	(348,758)	335,311	(456,299)	419,229	(364,802)	288,257	(124,622)
-100 basis points	(399,829)	373,709	(335,311)	481,111	(419,229)	383,937	(288,257)	128,748

The sensitivity analysis on net interest income is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities held at the end of the reporting periods remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate available-for-sale financial assets at the end of each reporting period after adjusting for reasonably possible changes in interest rates.

48.4 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The legal and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

48.5 **Capital management**

The Group's objectives on capital management are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimise risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

The Group calculates the capital adequacy ratios as at December 31, 2012 in accordance with the Regulation Governing the Capital Adequacy of Commercial Banks (商業銀行資本充足率管理辦法) issued by the CBRC in 2004.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

THE GROUP

	As at December 31, 2012
Core capital	
- Share capital	4,123,268
- Qualifying portion of capital reserve	1,730,050
- Surplus reserve and general reserve	3,133,283
- Unappropriated profit	7,174,501
- Non-controlling interests	62,643
	16,223,745
Less: 50% of unconsolidated equity investments	25,000
50% of other deductible items	53,776
Net core capital	16,144,969
Supplementary capital	
- General provision for loan impairment	6,430
- Long term subordinated debts	4,200,000
	4,206,430
Total capital base before deductions	20,430,175
Deductions	
- Unconsolidated equity investments	50,000
- Other deductible items	107,551
Total capital base after deductions	20,272,624
Risk weighted assets	159,366,065
Core capital adequacy ratio	10.13%
Capital adequacy ratio	12.72%

From January 1, 2013, the Group commenced to calculate its capital adequacy ratios in accordance with Regulation Governing the Capital of Commercial Banks (Provisional) (「商業銀行資本管理辦法(試行)」) ("New Regulation") and other relevant regulations promulgated by the CBRC.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

For non-systematically important banks, CBRC requires corresponding minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. The CBRC requires commercial banks to meet these requirements by the end of 2018 in accordance with the New Regulation.

THE GROUP

	As at December 31,		As at September 30,
	2013	2014	2015
Core tier-one capital adequacy ratio	8.30%	10.64%	8.94%
Tier-one capital adequacy ratio	8.31%	10.64%	8.94%
Capital adequacy ratio	11.05%	12.61%	11.90%
Components of capital base			
Core tier-one capital:			
Share capital	4,123,268	5,126,048	5,126,048
Qualifying portion of capital reserve	1,381,771	6,020,012	6,071,755
Surplus reserve and general reserve	4,787,135	7,236,081	8,173,490
Retained earnings	8,940,389	10,290,027	12,207,497
Qualifying portion of non-controlling interests	47,390	41,284	49,901
Total core tier-one capital	19,279,953	28,713,452	31,628,691
Deductions:			
Other intangible assets	29,703	33,332	43,385
Net core tier-one capital	19,250,250	28,680,120	31,585,306
Other tier-one capital:			
Non-controlling interests	6,319	5,504	6,654
Net tier-one capital	19,256,569	28,685,624	31,591,960
Tier-two capital			
Qualifying portion of tier-two capital instruments issued	3,780,000	2,700,000	7,700,000
Surplus provision for loan impairment	2,576,321	2,586,170	2,761,277
Qualifying portion of non-controlling interests	12,637	11,009	13,307
Net capital base	25,625,527	33,982,803	42,066,544

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

48. FINANCIAL RISK MANAGEMENT (continued)

	As at December 31,		As at September 30,
	2013	2014	2015
Risk-weighted assets			
Credit risk-weighted assets	218,728,741	251,692,518	334,366,308
Market risk-weighted assets	859,810	2,480,081	3,700,338
Operational risk-weighted assets	12,261,216	15,306,572	15,306,572
Total	231,849,767	269,479,171	353,373,218

The risk-weighted assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee. Similar calculation is adopted for off-balance sheet exposures, with adjustments made to reflect the more contingent nature of any potential loss. Market risk-weighted assets are calculated using the standardised approach. Basic indicator approach is used to calculate the risk-weighted assets of operational risk.

49. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements is observable and the significance of the inputs to the fair value measurement in its entirety, which is described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of listed equity securities on exchanges. Where level 1 fair value measurements are not available, the fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation technique used by the Group is discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates, own credit spread and counterparty credit spreads, as appropriate. If these parameters used in the model are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as level 2.

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorised and determined, in particular, the valuation technique(s) and input(s) used.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

THE GROUP AND THE BANK

	As at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Government bonds	—	747,413	—	747,413
Financial institution bonds	—	4,016,278	—	4,016,278
Corporate bonds	—	685,298	—	685,298
Subtotal	—	5,448,989	—	5,448,989
Available-for-sale financial assets				
Government bonds	—	4,269,348	—	4,269,348
Financial institution bonds	—	6,055,469	—	6,055,469
Corporate bonds	—	1,031,327	—	1,031,327
Subtotal	—	11,356,144	—	11,356,144
Total	—	16,805,133	—	16,805,133

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	As at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Government bonds	—	437,735	—	437,735
Financial institution bonds	—	386,969	—	386,969
Corporate bonds	—	3,939,644	—	3,939,644
Subtotal	—	4,764,348	—	4,764,348
Available-for-sale financial assets				
Government bonds	—	4,513,429	—	4,513,429
Financial institution bonds	—	8,293,031	—	8,293,031
Corporate bonds	—	675,913	—	675,913
Subtotal	—	13,482,373	—	13,482,373
Total	—	18,246,721	—	18,246,721

	As at December 31, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Government bonds	—	1,189,614	—	1,189,614
Financial institution bonds	—	896,158	—	896,158
Corporate bonds	—	5,426,410	—	5,426,410
Subtotal	—	7,512,182	—	7,512,182
Available-for-sale financial assets				
Government bonds	—	3,065,054	—	3,065,054
Financial institution bonds	—	9,621,747	—	9,621,747
Corporate bonds	—	830,115	—	830,115
Subtotal	—	13,516,916	—	13,516,916
Total	—	21,029,098	—	21,029,098

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	As at September 30, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Government bonds	—	1,710,768	—	1,710,768
Financial institution bonds	—	1,510,728	—	1,510,728
Corporate bonds	—	6,821,069	—	6,821,069
Subtotal	—	10,042,565	—	10,042,565
Available-for-sale financial assets				
Government bonds	—	1,665,072	—	1,665,072
Financial institution bonds	—	7,399,173	—	7,399,173
Corporate bonds	—	562,183	—	562,183
Subtotal	—	9,626,428	—	9,626,428
Total	—	19,668,993	—	19,668,993

There were no significant transfers between Level 1, Level 2 and Level 3 during the Relevant Periods.

Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at rates that reflect the credit risk of the issuers.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

THE GROUP

	As at December 31, 2012		As at December 31, 2013		As at December 31, 2014		As at September 30, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets								
Financial assets held under resale agreements	9,582,074	9,582,074	71,893,179	71,922,341	80,050,673	80,086,710	73,728,036	73,778,204
Loans and advances to customers	118,767,291	122,967,586	144,139,041	146,011,785	166,461,335	170,611,525	180,125,380	180,210,363
Held-to-maturity investments	22,607,435	22,527,381	21,360,611	20,636,055	26,233,883	26,236,706	31,920,946	32,293,231
Investments classified as receivables	44,003,697	44,357,493	68,389,479	70,270,070	76,078,628	76,193,951	138,627,352	139,662,353
Total	194,960,497	190,434,534	305,782,310	308,840,251	348,824,519	353,128,892	424,401,714	425,944,151
Financial liabilities								
Deposits from banks and other financial institutions	47,043,755	47,043,755	110,363,745	110,441,340	122,471,748	122,744,335	150,823,486	150,855,390
Due to customers	201,416,200	203,140,331	247,207,751	248,974,531	289,467,447	291,418,974	328,439,762	332,336,420
Debt securities issued	4,266,368	4,197,903	4,290,501	4,120,323	2,698,891	2,729,474	12,907,899	12,916,415
Total	252,726,323	254,381,989	361,861,997	363,536,194	414,638,086	416,892,783	492,171,147	496,108,225

The following table gives the information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input(s) used.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

THE GROUP

Financial assets/financial liabilities	Fair value				Fair value hierarchy	Valuation technique(s) and key input(s)
	As at December 31,			As at September 30, 2015		
	2012	2013	2014			
Financial assets held under resale agreements	9,582,074	71,922,341	80,086,710	73,778,204	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Loans and advances to customers	122,967,586	146,011,785	170,611,525	180,210,363	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amount and discounted using the yield curve with reference to the PBoC benchmark interest rates and credit spread for specific borrowers.
Held-to-maturity investments	22,527,381	20,636,055	26,236,706	32,293,231	Level 2	See note 1.
Investments classified as receivables	44,357,493	70,270,070	76,193,951	139,662,353	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Deposits from banks and other financial institutions	47,043,755	110,441,340	122,744,335	150,855,390	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate with reference to the interest rate for each contract.
Due to customers	203,140,331	248,974,531	291,418,974	332,336,420	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at rate with reference to the PBoC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued	4,197,903	4,120,323	2,729,474	12,916,415	Level 2	See note 1.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

THE BANK

	As at December 31, 2012		As at December 31, 2013		As at December 31, 2014		As at September 30, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets								
Financial assets held under resale agreements	9,582,074	9,582,074	71,893,179	71,922,341	80,050,673	80,086,710	73,728,036	73,778,204
Loans and advances to customers	118,408,738	122,609,033	143,330,454	145,203,198	165,640,247	169,790,437	179,140,426	179,314,588
Held-to-maturity investments	22,527,861	22,411,446	21,360,611	20,636,055	26,233,883	26,236,706	31,920,946	32,293,231
Investments classified as receivables	44,003,697	44,357,493	68,389,479	70,270,070	76,078,628	76,193,951	138,627,352	139,662,353
Total	194,522,370	198,960,046	304,973,723	308,031,664	348,003,431	352,307,804	423,416,760	425,048,376
Financial liabilities								
Deposits from banks and other financial institutions	47,045,178	47,045,178	110,441,794	110,519,389	122,471,984	122,744,571	150,839,059	150,870,963
Due to customers	200,943,722	202,663,809	246,050,132	247,808,638	288,511,598	290,456,681	327,224,846	331,107,090
Debt securities issued	4,266,368	4,197,903	4,290,501	4,120,323	2,698,891	2,729,474	12,907,899	12,916,415
Total	252,255,268	253,906,890	360,782,427	362,448,350	413,682,473	415,930,726	490,971,804	494,894,468

The following table gives the information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input(s) used.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

THE BANK

Financial assets/financial liabilities	Fair value at As at December 31, 2012	2013	2014	As at September 30, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets held under resale agreements	9,582,074	71,922,341	80,086,710	73,778,204	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Loans and advances to customers	122,609,033	145,203,198	169,790,437	179,314,588	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amount and discounted using the yield curve with reference to the PBoC benchmark interest rates and credit spread for specific borrowers.
Held-to-maturity investments	22,411,446	20,636,055	26,236,706	32,293,231	Level 2	See note 1.
Investments classified as receivables	44,357,493	70,270,070	76,193,951	139,662,353	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Deposits from banks and other financial institutions	47,045,178	110,519,389	122,744,571	150,870,963	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rate with reference to the interest rate for each contract.
Due to customers	202,663,809	247,808,638	290,456,681	331,107,090	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at rate with reference to the PBoC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued	4,197,903	4,120,323	2,729,474	12,916,415	Level 2	See note 1.

Note 1: Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at rates that reflect the credit risk of the issuers.

A. FINANCIAL INFORMATION (continued)

NOTES TO THE FINANCIAL INFORMATION (continued)
(Amounts in thousands of Renminbi, unless otherwise stated)

49. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

There were no significant transfers between Level 1, Level 2 and Level 3 during the Relevant Periods.

Other financial assets and financial liabilities including balances with central bank, deposits and placements with banks and other financial institutions, borrowing from central bank, placements from banks and financial assets sold under repurchase agreements mostly have terms within one year. Their carrying values approximate their fair values.

B. EVENT AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

C. SUBSEQUENT FINANCIAL STATEMENTS

Except for the consolidated financial statements of the Group for the year ended December 31, 2015 which were approved and authorized for issue by the board of directors of the Bank at the date of prospectus, no audited financial statements of the Group, the Bank or its subsidiary have been prepared in respect of any period subsequent to September 30, 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants,
Hong Kong

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(Amounts in thousands of Renminbi, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

LIQUIDITY COVERAGE RATIOS AND LEVERAGE RATIO
(Expressed in percentage)

(1) **Liquidity ratios**

	As at December 31,			As at September 30,
	2012	2013	2014	2015
RMB current assets to RMB current liabilities	35.7%	37.5%	37.7%	40.0%
Foreign currency current assets to foreign currency current liabilities	67.3%	27.7%	106.7%	170.1%

	Average for year ended December 31,			Average for nine months ended September 30,
	2012	2013	2014	2015
RMB current assets to RMB current liabilities	34.1%	32.9%	34.5%	41.1%
Foreign currency current assets to foreign currency current liabilities	121.3%	35.6%	109.6%	119.2%

(2) **Leverage ratio**
(Expressed in percentage)

	As at September 30,
	2015
Leverage ratio	5.19%

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by the CBRC, effective from April 2015, a minimum leverage ratio of 4% is required.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(Amounts in thousands of Renminbi, unless otherwise stated) (continued)

The above liquidity ratios and leverage ratios are calculated in accordance with the formula promulgated by CBRC.

CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			
	US Dollars	Hong Kong Dollars	Others	Total
As at December 31, 2012				
Spot assets	2,670,893	29,018	40,025	2,739,936
Spot liabilities	(2,085,702)	(25,137)	(44,408)	(2,155,247)
Net position	585,191	3,881	(4,383)	584,689
As at December 31, 2013				
Spot assets	6,745,317	7,179	43,507	6,796,003
Spot liabilities	(5,629,856)	(7,235)	(33,151)	(5,670,242)
Net position	1,115,461	(56)	10,356	1,125,761
As at December 31, 2014				
Spot assets	14,422,161	12,904	101,569	14,536,634
Spot liabilities	(14,078,998)	(10,142)	(74,716)	(14,163,856)
Net position	343,163	2,762	26,853	372,778
As at September 30, 2015				
Spot assets	16,283,786	7,532	110,057	16,401,375
Spot liabilities	(16,162,153)	(5,686)	(83,624)	(16,251,463)
Net position	121,633	1,846	26,433	149,912

The above information is computed in accordance with the provisions of the CBRC. The Group has no structural position as at the end of each reporting period.

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within mainland China, and regards all claims on third parties outside mainland China as cross-border claims.

Cross-border claims mainly include balances with banks.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(Amounts in thousands of Renminbi, unless otherwise stated) (continued)

Cross-border claims have been disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Deposits with banks				
Asia Pacific excluding mainland China	35,253	12,359	64,913	369,257
- of which attributed to Hong Kong	19,378	5,115	4,885	360,682
Europe	6,984	16,125	9,238	20,665
North America	418,864	324,567	2,378,578	2,436,767
Total	461,101	353,051	2,452,729	2,826,689

OVERDUE ASSETS

Loans and advances to customers which have been overdue are set out as follows:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Below 3 months (inclusive)	602,497	470,069	2,407,983	2,470,378
Between 3 and 6 months (inclusive)	43,846	442,535	506,986	923,271
Between 6 and 12 months (inclusive)	285,573	581,993	527,553	498,151
Over 12 months	378,785	526,998	862,868	1,730,046
Total	1,310,701	2,021,595	4,305,390	5,621,846
As a percentage of gross loans and advances to customers				
Below 3 months (inclusive)	0.49%	0.32%	1.41%	1.33%
Between 3 and 6 months (inclusive)	0.04%	0.30%	0.30%	0.50%
Between 6 and 12 months (inclusive)	0.23%	0.39%	0.31%	0.27%
Over 12 months	0.31%	0.35%	0.50%	0.93%
Total	1.07%	1.36%	2.52%	3.03%

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(Amounts in thousands of Renminbi, unless otherwise stated) (continued)

Investments classified as receivables which have been overdue are set out as follows:

	As at December 31,			As at September 30,
	2012	2013	2014	2015
Below 3 months (inclusive)	—	—	—	—
Between 3 and 6 months (inclusive)	—	—	36,363	—
Between 6 and 12 months (inclusive)	—	—	—	36,363
Over 12 months	—	—	—	—
Total	—	—	36,363	36,363
As a percentage of gross investments classified as receivables				
Below 3 months (inclusive)	—	—	—	—
Between 3 and 6 months (inclusive)	—	—	0.05%	—
Between 6 and 12 months (inclusive)	—	—	—	0.03%
Over 12 months	—	—	—	—
Total	—	—	0.05%	0.03%

Investments classified as receivables with a specific repayment date are classified as overdue when the principal or interest is overdue.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared by the directors of the Bank in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity holders of the Bank as if the Global Offering had taken place on September 30, 2015.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the Group's financial position as at September 30, 2015 or any future date following the Global Offering.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to equity holders of the Bank as at September 30, 2015 derived from the consolidated statement of financial position as at September 30, 2015 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Consolidated net tangible assets of the Group attributable to equity holders of the Bank at September 30, 2015(1)	Estimated net proceeds from the Global Offering(2)(4)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Bank	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Bank per share(3)(4)	
		(in millions of RMB)		RMB	HKD
Based on the Offer Price of HK$7.37	31,535.40	5,405.17	36,940.57	6.13	7.30
Based on the Offer Price of HK$9.58	31,535.40	7,048.81	38,584.21	6.40	7.62

(1) The consolidated net tangible assets of the Group attributable to equity holders of the Bank as at September 30, 2015 is derived from the Accountants' Report set out in Appendix I to this prospectus, which is based on the consolidated net assets of the Group attributable to equity holders of the Bank as at September 30, 2015 of approximately RMB31,578.79 million with an adjustment for intangible assets in an aggregate amount of approximately RMB43.39 million as at September 30, 2015.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$7.37 per Offer Share (being the minimum Offer Price) and HK$9.58 per Offer Share (being the maximum Offer Price) and the assumption that there are 905,000,000 newly issued H Shares in the Global Offering, after deduction of the underwriting fees and other related expenses payable by us and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option for the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Bank per share is calculated after the adjustments referred to in note (2) above and on the basis that 6,031,047,731 shares are issued assuming that the Global Offering has been completed on September 30, 2015 and assuming that the Over-allotment Option for the Global Offering is not exercised.

(4) The translation between Renminbi and Hong Kong dollars has been made at the rate of RMB0.84029 to HK$1.00, the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing at March 4, 2016. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted into Renminbi, or vice versa, at that rate, or at any other rate or at all.

(5) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Bank to reflect any trading results or other transactions entered into by us subsequent to September 30, 2015.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

Deloitte.
德勤

TO THE DIRECTORS OF BANK OF TIANJIN CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Bank of Tianjin Co., Ltd. (the "Bank") and its subsidiary (hereinafter collectively referred to as the "Group") by the directors of the Bank (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted net tangible assets as at September 30, 2015 and related notes as set out on pages III-1 and III-2 of Appendix III to this prospectus issued by the Bank dated March 15, 2016 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-1 and III-2 of Appendix III to this Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering on the Group's financial position as at September 30, 2015 as if the event or transaction had taken place at September 30, 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended December 31, 2012, 2013 and 2014 and nine months ended September 30, 2015, on which an accountants' report set out in Appendix I to this Prospectus has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at September 30, 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 15, 2016

The following is the preliminary financial information of our Group for the year ended December 31, 2015 (the "2015 Preliminary Financial Information") together with a management's discussion and analysis of our Group's financial condition and results of operations. The preliminary financial information has been prepared in accordance with IFRS. You are advised that the 2015 Preliminary Financial Information in this Appendix is subject to change.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(Amounts in thousands of Renminbi, unless otherwise stated)

		For the year ended December 31	
	Notes	2014	2015
Interest income	4	24,769,304	26,656,584
Interest expense	4	(15,620,494)	(15,977,161)
NET INTEREST INCOME	4	9,148,810	10,679,423
Fee and commission income	5	560,684	1,026,900
Fee and commission expense	5	(36,481)	(31,171)
NET FEE AND COMMISSION INCOME	5	524,203	995,729
Net trading gains	6	180,540	101,680
Net gains arising from investments securities	7	2,354	52,182
Other income, gains or losses	8	84,639	92,730
OPERATING INCOME		9,940,546	11,921,744
Operating expenses	9	(3,261,328)	(3,817,123)
Impairment losses on assets	10	(975,286)	(1,757,695)
PROFIT BEFORE TAX		5,703,932	6,346,926
Income tax expense	11	(1,274,971)	(1,414,543)
PROFIT FOR THE YEAR		4,428,961	4,932,383
Attributable to:			
Equity holders of the Bank		4,417,231	4,916,440
Non-controlling interests		11,730	15,943
		4,428,961	4,932,383
EARNINGS PER SHARE (Expressed in RMB yuan per share)			
— basic and diluted	12	0.88	0.96

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(Amounts in thousands of Renminbi, unless otherwise stated)

	For the year ended December 31	
	2014	2015
Profit for the year	4,428,961	4,932,383
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net changes in investment revaluation reserve for available-for-sale financial assets	567,847	182,363
Income tax relating to available-for-sale financial assets	(141,962)	(45,591)
Other comprehensive income for the year, net of tax	425,885	136,772
Total comprehensive income for the year	4,854,846	5,069,155
Total comprehensive income attributable to:		
Equity holders of the Bank	4,843,116	5,053,212
Non-controlling interests	11,730	15,943
	4,854,846	5,069,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As of December 31 2014	2015
ASSETS			
Cash and balances with central bank		62,689,198	62,107,212
Deposits with banks and other financial institutions		31,684,999	30,817,893
Placements with banks and other financial institutions		9,574,695	13,421,168
Financial assets held for trading		7,512,182	5,952,089
Financial assets held under resale agreements		80,050,673	70,328,366
Loans and advances to customers	14	166,461,335	179,570,910
Available-for-sale financial assets		13,575,516	17,864,413
Held-to-maturity investments		26,233,883	31,683,985
Investments classified as receivables		76,078,628	147,958,624
Property and equipment		1,532,852	1,739,648
Deferred tax assets		915,719	1,144,441
Other assets		2,549,399	3,078,982
TOTAL ASSETS		478,859,079	565,667,731
LIABILITIES			
Borrowings from central bank		405,912	237,357
Deposits from banks and other financial institutions		122,471,748	148,732,655
Placements from banks		10,905,077	4,283,630
Financial assets sold under repurchase agreements		13,856,000	14,557,253
Due to customers		289,467,447	334,691,026
Income tax payable		433,738	701,095
Debt securities issued		2,698,891	13,903,769
Other liabilities		9,730,325	15,313,242
TOTAL LIABILITIES		449,969,138	532,420,027
EQUITY			
Share capital		5,126,048	5,126,048
Capital reserve		5,990,757	5,990,757
Investment revaluation reserve		29,255	166,027
Surplus reserve		2,356,347	2,563,024
General reserve		4,879,734	5,819,593
Retained earnings		10,290,027	13,358,202
Equity attributable to equity holders of the Bank		28,672,168	33,023,651
Non-controlling interests		217,773	224,053
TOTAL EQUITY		28,889,941	33,247,704
TOTAL EQUITY AND LIABILITIES		478,859,079	565,667,731

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Amounts in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at January 1, 2014	4,123,268	1,778,401	(396,630)	1,914,618	2,872,517	8,940,389	19,232,563	216,913	19,449,476
Profit for the year	—	—	—	—	—	4,417,231	4,417,231	11,730	4,428,961
Other comprehensive income for the year	—	—	425,885	—	—	—	425,885	—	425,885
Contribution from shareholders	1,002,780	4,211,675	—	—	—	—	5,214,455	—	5,214,455
Appropriation to surplus reserve	—	—	—	441,729	—	(441,729)	—	—	—
Appropriation to general reserve	—	—	—	—	2,007,217	(2,007,217)	—	—	—
Dividend distribution	—	—	—	—	—	(618,490)	(618,490)	(10,955)	(629,445)
Others	—	681	—	—	—	(157)	524	85	609
As at December 31, 2014	5,126,048	5,990,757	29,255	2,356,347	4,879,734	10,290,027	28,672,168	217,773	28,889,941
Profit for the year	—	—	—	—	—	4,916,440	4,916,440	15,943	4,932,383
Other comprehensive income for the year	—	—	136,772	—	—	—	136,772	—	136,772
Appropriation to surplus reserve	—	—	—	206,677	—	(206,677)	—	—	—
Appropriation to general reserve	—	—	—	—	939,859	(939,859)	—	—	—
Dividend distribution	—	—	—	—	—	(700,723)	(700,723)	(7,800)	(708,523)
Others	—	—	—	—	—	(1,006)	(1,006)	(1,863)	(2,869)
As at December 31, 2015	5,126,048	5,990,757	166,027	2,563,024	5,819,593	13,358,202	33,023,651	224,053	33,247,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi, unless otherwise stated)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations promulgated by the International Accounting Standards Board. In addition, they include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from January 1, 2015, together with the relevant transitional provisions, have been adopted by the Group in preparation of the consolidated financial statements.

These consolidated financial statements have been prepared under the historical cost convention, except for financial assets held for trading and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the years ended December 31, 2014 and 2015. The financial statements of the subsidiary are prepared for the same reporting period as the Bank, using consistent accounting policies.

2. IMPACT OF NEW AND REVISED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs and International Accounting Standards ("IASs") that have been issued but are not yet effective, in these consolidated financial statements:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Account[3]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[5]

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for annual periods beginning on or after January 1, 2016

3 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

4 Effective for annual periods beginning on or after January 1, 2019

5 Effective for annual periods beginning on or after January 1, 2017

6 Effective for annual periods beginning on or after a date to be determined

3. SEGMENT INFORMATION

For management purposes, we are organised into four different operating segments as below:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings, corporate wealth management services and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment for its own accounts or on behalf of customers.

Others

Others include head office operations as well as items that are not attributed to the above segments.

Measurement of segment assets and liabilities and segment income and result is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Financial Information.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from/incurred with third parties are referred to as "external interest income/expense".

The Group has no major customer which contributes to 10 per cent or more of the Group's income during the corresponding periods. No geographical information is presented as most of the Group's operations are conducted and majority of its non-current assets are located and therefore revenue is derived from activities in Tianjin Municipality of the PRC.

	Corporate banking	Personal banking	Treasury business	Others	Total
Year ended December 31, 2014					
External interest income	9,082,711	1,552,074	14,134,519	—	24,769,304
External interest expense	(5,635,796)	(1,590,409)	(8,394,289)	—	(15,620,494)
Inter-segment interest income/(expense)	2,133,228	1,394,723	(3,527,951)	—	—
Net interest income	5,580,143	1,356,388	2,212,279	—	9,148,810
Fee and commission income	410,338	116,982	33,364	—	560,684
Fee and commission expense	(30,401)	(5,332)	(748)	—	(36,481)
Net fee and commission income	379,937	111,650	32,616	—	524,203
Net trading gains	—	—	180,540	—	180,540
Net gains arising from investment securities	—	—	2,354	—	2,354
Other income, gains or losses	21,116	5,083	34,458	23,982	84,639
Operating income	5,981,196	1,473,121	2,462,247	23,982	9,940,546
Operating expenses	(1,975,622)	(910,128)	(375,578)	—	(3,261,328)
Impairment losses on assets	(779,946)	(84,874)	(110,466)	—	(975,286)
Profit before tax	3,225,628	478,119	1,976,203	23,982	5,703,932
Income tax expense					(1,274,971)
Profit for the year					4,428,961
Depreciation and amortisation	(116,557)	(58,232)	(7,873)	—	(182,662)
Capital expenditure	157,371	78,624	10,629	—	246,624
As of December 31, 2014					
Segment assets	131,803,199	22,751,820	323,329,741	974,319	478,859,079
Segment liabilities	(232,642,076)	(58,493,511)	(158,384,295)	(449,256)	(449,969,138)
Supplementary information					
Credit commitments	89,888,644	2,011,112	—	—	91,899,756

	Corporate banking	Personal banking	Treasury business	Others	Total
Year ended December 31, 2015					
External interest income	10,962,569	1,629,795	14,064,220	—	26,656,584
External interest expense	(7,417,714)	(1,802,660)	(6,756,787)	—	(15,977,161)
Inter-segment interest income/(expense)	2,485,184	1,606,747	(4,091,931)	—	—
Net interest income	6,030,039	1,433,882	3,215,502	—	10,679,423
Fee and commission income	714,824	225,606	86,470	—	1,026,900
Fee and commission expense	(25,634)	(5,525)	(12)	—	(31,171)
Net fee and commission income	689,190	220,081	86,458	—	995,729
Net trading gains	—	—	101,680	—	101,680
Net gains arising from investment securities	—	—	52,182	—	52,182
Other income, gains or losses	11,555	2,889	50,952	27,334	92,730
Operating income	6,730,784	1,656,852	3,506,774	27,334	11,921,744
Operating expenses	(2,107,450)	(1,123,566)	(586,107)	—	(3,817,123)
Impairment losses on assets	(1,200,974)	(116,147)	(440,574)	—	(1,757,695)
Profit before tax	3,422,360	417,139	2,480,093	27,334	6,346,926
Income tax expense					(1,414,543)
Profit for the year					4,932,383
Depreciation and amortisation	(116,047)	(53,561)	(8,927)	—	(178,535)
Capital expenditure	(217,040)	(195,336)	(21,704)	—	(434,080)
As of December 31, 2015					
Segment assets	156,464,549	25,744,519	382,255,622	1,203,401	565,667,731
Segment liabilities	(264,561,164)	(80,283,883)	(186,910,011)	(664,969)	(532,420,027)
Supplementary information					
Credit commitments	74,673,872	2,473,237	—	—	77,147,109

4. NET INTEREST INCOME

	For the year ended December 31	
	2014	2015
Interest income on:		
Loans and advances to customers, including:		
Corporate loans and advances	8,054,023	9,340,842
Personal loans and advances	1,384,003	1,415,177
Discounted bills	954,532	649,646
Balances with central bank	801,932	838,607
Deposits with banks and other financial institutions	980,474	1,163,503
Placements with banks and other financial institutions and financial assets held under resale agreements	5,783,597	3,915,664
Investments, including:		
Bonds investment	1,727,368	1,866,577
Other investments classified as receivables	5,083,375	7,466,568
Subtotal	24,769,304	26,656,584
Interest expense on:		
Borrowings from central bank	(21,677)	(8,930)
Deposits from banks and other financial institutions	(7,235,244)	(5,914,281)
Placements from banks and financial assets sold under repurchase agreements	(610,666)	(694,181)
Due to customers	(7,603,137)	(8,970,803)
Debt securities issued	(149,770)	(388,966)
Subtotal	(15,620,494)	(15,977,161)
Net interest income	9,148,810	10,679,423
Including: interest income on impaired financial assets	49,148	55,671

5. NET FEE AND COMMISSION INCOME

	For the year ended December 31	
	2014	2015
Fee and commission income:		
Settlement and clearing fees	240,685	260,500
Wealth management service fees	123,610	306,018
Acceptance and guarantee commitment fees	58,202	265,574
Agency commissions and fiduciary service fees	89,744	110,210
Bank card fees	25,903	30,232
Others	22,540	54,366
Subtotal	560,684	1,026,900
Fee and commission expenses	(36,481)	(31,171)
Total	524,203	995,729

6. NET TRADING GAINS

	For the year ended December 31	
	2014	2015
Realized gains from debt securities	72,505	72,749
Unrealized gains from debt securities	108,035	28,931
Total	180,540	101,680

Net trading gains arise from buying and selling of, and changes in the fair value of financial assets held for trading.

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	For the year ended December 31	
	2014	2015
Net gains on disposal of available-for-sale financial assets	2,354	52,182

8. OTHER INCOME, GAINS OR LOSSES

	For the year ended December 31	
	2014	2015
Dividends income	360	5,440
Government subsidies	2,018	22,365
Exchange gains	34,098	45,512
Dormant accounts	26,199	3,099
Rental income	16,085	14,444
Others	5,879	1,870
Total	84,639	92,730

9. OPERATING EXPENSES

	For the year ended December 31	
	2014	2015
Staff costs (1)	1,298,196	1,556,753
Office expenses	312,836	312,852
Rental and property management expenses	221,200	283,986
Other general and administrative expenses (2)	313,518	322,276
Business tax and surcharges	912,689	1,136,238
Depreciation	129,574	125,783
Amortization	53,088	52,752
Others	20,227	26,483
Total	3,261,328	3,817,123

(1) Staff costs

	For the year ended December 31	
	2014	2015
Salaries, bonuses and allowances	901,807	1,053,361
Social insurance	224,237	284,693
Housing funds	79,055	89,592
Staff welfare	39,131	43,724
Labor union fees and staff education expenses	15,961	16,275
Contribution to annuity funds	38,005	69,108
Total	1,298,196	1,556,753

(2) The audit fee for the years ended December 31, 2014 and 2015 are RMB1.05 million and 1.8 million.

10. IMPAIRMENT LOSSES ON ASSETS

	For the year ended December 31	
	2014	2015
Loans and advances to customers	770,663	1,322,315
Off-balance sheet credit commitments	99,404	5,573
Investments classified as receivables	99,544	406,911
Repossessed assets	(3,142)	—
Financial assets sold under repurchase agreements	—	23,500
Other assets	8,817	(604)
Total	975,286	1,757,695

11. INCOME TAX EXPENSES

	For the year ended December 31	
	2014	2015
Income tax expense comprises:		
Current income tax - PRC Enterprise Income Tax	1,303,493	1,688,856
Deferred income tax	(28,522)	(274,313)
	1,274,971	1,414,543

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit during the year.

The tax charges for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	For the year ended December 31	
	2014	**2015**
Profit before tax	5,703,932	6,346,926
Tax calculated at applicable statutory tax rate of 25%	1,425,983	1,586,731
Under-provision of tax in prior years	659	1,275
Tax effect of expenses not deductible for tax purpose	16,919	14,588
Tax effect of income not taxable for tax purpose (1)	(168,590)	(188,051)
Income tax expense	1,274,971	1,414,543

Note:

(1) The income not taxable for tax purpose mainly represents interest income arising from government bonds, which is income tax free in accordance with the PRC tax regulations.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	For the year ended December 31	
	2014	**2015**
Earnings:		
Profit attributable to equity holders of the Bank	4,417,231	4,916,440
Numbers of shares:		
Weighted average number of shares in issue outstanding (in thousand)	5,002,418	5,126,048
Basic and diluted earnings per share (RMB yuan)	0.88	0.96

13. DIVIDENDS

	For the year ended December 31	
	2014	**2015**
2013 Final Dividend (1)	618,490	—
2014 Final Dividend (2)	—	700,723

Note:

(1) A final dividend of RMB15 cents per share (tax inclusive) in respect of the year ended December 31, 2013 amounting in a total of RMB618 million was proposed by the board of directors and approved by the 2013 annual general meeting on April 17, 2014.

(2) A final dividend of RMB14 cents per share (tax inclusive) in respect of the year ended December 31, 2014 amounting in a total of RMB701 million was proposed by the board of directors and approved by the 2014 annual general meeting on May 20, 2015.

14. LOANS AND ADVANCES TO CUSTOMERS

	As of December 31	
	2014	2015
Corporate loans and advances		
- Loans	129,196,237	154,018,098
- Discounted bills	19,091,045	5,810,376
Subtotal	148,287,282	159,828,474
Retail loans and advances		
- Residential mortgage loans	9,812,313	10,028,065
- Personal loans for consumption	8,955,976	10,803,802
- Personal loans for business purposes	3,594,781	3,567,984
- Credit card	267,800	375,392
Subtotal	22,630,870	24,775,243
Gross loans and advances to customers	170,918,152	184,603,717
Allowance for impairment losses	(4,456,817)	(5,032,807)
Including:		
Individually assessed	(1,074,012)	(1,482,190)
Collectively assessed	(3,382,805)	(3,550,617)
Loans and advances to customers, net	166,461,335	179,570,910

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operational Overview

In response to the slowdown of the PRC economy, the acceleration of the financial market reforms and increasingly stringent regulatory policies in the PRC, and an increasingly competitive industry in 2015, we proactively reacted to the challenges. In particular, we accelerated our business development, sought to stabilise our business operations, diversified our business, strengthened our risk management systems, explored transition opportunities and improved our profitability.

Profitability

For the year ended December 31, 2015, our net profit increased by 11.4% to RMB4,932.4 million from RMB4,429.0 million for the year ended December 31, 2014, primarily due to increases in our net interest income and net fee and commission income. Net interest income increased by 16.7% to RMB10,679.4 million for the year ended December 31, 2015 from RMB9,148.8 million for the year ended December 31, 2014. Net fee and commission income increased by 89.9% to RMB995.7 million for the year ended December 31, 2015 from RMB524.2 million for the year ended December 31, 2014, primarily due to an increase in our gross income from wealth management service fee and acceptance and guarantee commitment fees. Return on average total assets decreased to 0.94% for the year ended December 31, 2015 from 1.00% for the year ended December 31, 2014, and return on average equity decreased to 15.88% for the year ended December 31, 2015 from 18.32% for the year ended December 31, 2014.

Business Scale

As of December 31, 2015, our total assets were RMB565,667.7 million compared to RMB478,859.1 million as of December 31, 2014, primarily attributable to increases in our loans and advances to customers and financial investments. Loans and advances to customers amounted to RMB184,603.7 million as of December 31, 2015 compared to RMB170,918.1 million as of December 31, 2014. Our investments classified as receivables increased by 94.5% from RMB76,078.6 million as of December 31, 2014 to RMB147,958.6 million as of December 31, 2015, primarily due to our continued efforts to diversify, and seek higher returns on our investment portfolios. Our total due to customers was RMB334,691.0 million as of December 31, 2015 compared to RMB289,467.4 million as of December 31, 2014. This increase was primarily due to the expansion of our network and our efforts to attract customer deposits.

Assets Quality

As of December 31, 2015, our non-performing loans amounted to RMB2,481.1 million and our non-performing loans ratio was 1.34% compared to RMB1,871.4 million and 1.09% as of December 31, 2014. The significant increases in our non-performing loans and non-performing loans ratio were largely attributable to a slowdown in the economic development in the PRC. Our allowance to gross loans ratio rose to 2.73% compared to 2.61% as of December 31, 2014 and our allowance coverage ratio declined to 202.84% as of December 31, 2015 from 238.15% as of December 31, 2014.

SUMMARY OF KEY FINANCIAL AND OPERATING INDICATORS

The following table sets forth a summary of key financial and operating indicators as of and for the years ended December 31, 2014 and 2015.

	For the year ended December 31	
	2014	2015
Profitability indicators		
Return on average total assets(1)	1.00%	0.94%
Return on average equity(2)	18.32%	15.88%
Net interest spread(3)	1.73%	1.74%
Net interest margin(4)	2.06%	2.08%
Net fee and commission income to operating income ratio	5.27%	8.35%
Cost-to-income ratio(5)	23.63%	22.49%

	Regulatory Requirement(12)	As of December 31	
		2014	2015
Capital adequacy indicators			
Calculated based on Capital Administrative Measures			
Core tier-one capital adequacy ratio (6)	≥5.9%(13)	10.64%	9.33%
Tier-one capital adequacy ratio(7)	≥6.9%(13)	10.64%	9.33%
Capital adequacy ratio(8)	≥8.9%(13)	12.61%	12.23%
Total equity to total assets		6.03%	5.88%
Assets quality indicators			
Non-performing loans ratio(9)	≤5%	1.09%	1.34%
Allowance coverage ratio (10)	≥150%	238.15%	202.84%
Allowance to gross loan ratio (11)	≥2.5%	2.61%	2.73%

Notes:

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

(2) Calculated by dividing net profit for the period by average balance of total equity at the beginning and the end of the period.

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

(4) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

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

(6) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets. For the components of core tier-one capital, core tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(7) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets. For the components of tier-one capital, tier-one capital deductions and risk-weighted assets under the Capital Administrative Measures, see "Supervision and Regulation — Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(8) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets. For the components of our total capital, capital deductions and risk weighted assets under the Capital Administrative Measures, see "Supervision and Regulation—Supervision over Capital Adequacy — Latest CBRC Supervisory Standards Over Capital Adequacy" and "— Capital Resources — Capital Adequacy".

(9) Calculated by dividing total non-performing loans by gross loans.

(10) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.

(11) Calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers.

(12) For a detailed discussion of the requirement of the ratios, see "Supervision and Regulation — Other operational and risk management ratios" of this document.

(13) Commercial banks (other than systematically important banks) in the PRC are required to maintain (i) their capital adequacy ratio at or higher than 8.9% and 9.3% respectively, as of December 31, 2014 and 2015; (ii) their tier-one capital adequacy ratio at or higher than 6.9% and 7.3%, respectively, as of December 31, 2014 and 2015; and (iii) their core tier-one capital adequacy ratio at or higher than 5.9% and 6.3%, respectively, as of December 31, 2014 and 2015.

ANALYSIS OF KEY ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Net Interest Income, Net Interest Spread and Net Interest Margin

The following tables set forth, for the years ended December 31, 2014 and 2015, the average balance of our interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities.

	For the years ended December 31					
	2014			2015		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(in millions of RMB, except for percentage)					
Interest-earning Assets						
Loans and advances to customers	160,062.5	10,392.5	6.49%	186,701.5	11,405.7	6.11%
Investment securities and other financial assets, including	114,884.2	6,810.8	5.93%	161,316.8	9,333.1	5.79%
Trust beneficiary rights, wealth management products and asset management plans	61,907.8	5,083.4	8.21%	101,408.0	7,466.5	7.36%
Debt securities investment	52,976.4	1,727.4	3.26%	59,908.8	1,866.6	3.12%
Amounts due from banks and other financial institutions[1]	95,894.9	5,783.6	6.03%	83,080.4	3,915.7	4.71%
Deposits with banks and other financial institutions	20,532.8	980.5	4.78%	28,243.2	1,163.5	4.12%
Balances with central bank	52,964.0	801.9	1.51%	55,027.9	838.6	1.52%
Total interest-earning assets	444,338.4	24,769.3	5.57%	514,369.8	26,656.6	5.18%
Allowance for impairment losses	(4,948.9)			(5,695.9)		
Non-interest earning assets[2]	4,439.5			5,468.6		
Total assets	443,829.0	24,769.3	5.58%	514,142.5	26,656.6	5.18%

	For the years ended 31 December					
	2014			2015		
	Average balance	Interest expense	Average cost	Average balance	Interest expense	Average cost
	(in millions of RMB, except for percentage)					
Interest-bearing Liabilities						
Due to customers	259,176.4	7,603.1	2.93%	302,239.6	8,970.8	2.97%
Deposits from banks and other financial institutions	129,032.0	7,235.2	5.61%	134,023.2	5,914.3	4.41%
Amounts due to banks and other financial institutions[(3)]	13,854.8	610.7	4.41%	20,466.1	694.2	3.39%
Debt securities issued	4,108.9	149.8	3.65%	7,453.6	389.0	5.22%
Borrowings from central bank	725.2	21.7	2.99%	325.6	8.9	2.74%
Total interest-bearing liabilities	406,897.3	15,620.5	3.84%	464,508.1	15,977.2	3.44%
Non-interest-bearing liabilities[(4)]	11,530.3			19,763.1		
Total liabilities	418,427.6	15,620.5	3.73%	484,271.2	15,977.2	3.30%
Net interest income		9,148.8			10,679.4	
Net interest spread[(5)]			1.73%			1.74%
Net interest margin[(6)]			2.06%			2.08%

Notes:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(2) Consists of cash, interest receivable, fixed assets, intangible assets, other receivables, repossessed assets and deferred income tax assets.

(3) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

(4) Consists of interest payable, taxes payable, other payables, accrued liabilities, accrued staff salaries and dividends payable.

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

(6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

Interest Income

For the year ended December 31, 2015, our interest income increased by 7.6% to RMB26,656.6 million from RMB24,769.3 million for the year ended December 31, 2014. The increase was primarily attributable to a 15.7% increase in the average balance of interest-earning assets from RMB444,338.4 million for the year ended December 31, 2014 to RMB514,369.8 million for the year ended December 31, 2015, mainly as a result of increases in the average balance of our loans and advances to customers and our investment securities and other financial assets. The average yield of our interest-earning assets decreased from 5.58% for the year ended December 31, 2014 to 5.18% for the year ended December 31, 2015, which was primarily due to a decrease in the average yield of our loans and advances to customers, amounts due from banks and other financial institutions, and investment securities and other financial assets.

Interest Income from Loans and Advances to Customers

For the year ended December 31, 2015, interest income from loans and advances to customers increased by 9.7% from RMB10,392.5 million for the year ended December 31, 2014 to RMB11,405.7

million for the year ended December 31, 2015, primarily as a result of a 16.6% increase in average balance of loans and advances to customers from RMB160,062.5 million for the year ended December 31, 2014 to RMB186,701.5 million for the year ended December 31, 2015, primarily reflected the overall growth of our lending business. The average yield of our loans decreased from 6.49% for the year ended December 31, 2014 to 6.11% for the year ended December 31, 2015. The decrease in average yield of total loans to customers was mainly due to the consecutive cuts in benchmark interest rates by PBoC.

Interest Income from Trust Beneficiary Rights, Wealth Management Products and Asset Management Plans

For the year ended December 31, 2015, interest income from trust beneficiary rights, wealth management products and asset management plans increased by 46.9% from RMB5,083.4 million for the year ended December 31, 2014 to RMB7,466.5 million for the year ended December 31, 2015, primarily as a result of a 63.8% increase in average balance of trust beneficiary rights, wealth management products and asset management plans from RMB61,907.8 million for the year ended December 31, 2014 to RMB101,408.0 million for the year ended December 31, 2015, primarily due to our increased investment in trust beneficiary rights, wealth management products and asset management plans to generate relatively higher returns as compared with other interest-earning assets. The average yield of our trust beneficiary rights, wealth management products and asset management plans decreased from 8.21% for the year ended December 31, 2014 to 7.36% for the year ended December 31, 2015. The decrease in average yield of trust beneficiary rights, wealth management products and asset management plans was mainly due to a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Debt Securities Investments

Interest income from debt securities investment increased by 8.1% from RMB1,727.4 million for the year ended December 31, 2014 to RMB1,866.6 million for the year ended December 31, 2015, principally due to a 13.1% increase in the average balance of our debt securities investments from RMB52,976.4 million for the year ended December 31, 2014 to RMB59,908.8 million for the year ended December 31, 2015, partially offset by a decrease in the average yield of our debt securities investments from 3.26% for the year ended December 31, 2014 to 3.12% for the year ended December 31, 2015. The increase in the average balance of our debt securities investments was primarily due to an increase in the holding of debt securities to generate higher returns and meet our liquidity needs, taking account of the relatively lower market risk attributable to the decrease of market interest rates since 2014.

Interest Income from Amounts Due from Banks and Other Financial Institutions

Interest income from amounts due from banks and other financial institutions decreased by 32.3% from RMB5,783.6 million for the year ended December 31, 2014 to RMB3,915.7 million for the year ended December 31, 2015, principally due to a 13.4% decrease in the average balance of our amounts due from banks and other financial institutions from RMB95,894.9 million for the year ended December 31, 2014 to RMB83,080.4 million for the year ended December 31, 2015, and a decrease in the average yield of our amounts due from banks and other financial institutions from 6.03% for the year ended December 31, 2014 to 4.71% for the year ended December 31, 2015. The decrease in the average balance of our amounts due from banks and other financial institutions was primarily due to the termination of our practice to increase our holding of trust beneficiary rights and asset management plans held under resale agreements since May 2014 so as to be in compliance with relevant regulatory requirements and our trust beneficiary rights and asset management plans held under resale agreements with higher yields came to maturity. The decrease in the average yield of our amounts due from banks and other financial institutions was due to a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Deposits with Banks and Other Financial Institutions

Interest income from deposits with banks and other financial institutions increased by 18.7% from RMB980.5 million for the year ended December 31, 2014 to RMB1,163.5 million for the year ended December 31, 2015, primarily due to a 37.6% increase in the average balance of deposits with banks and other financial institutions from RMB20,532.8 million for the year ended December 31, 2014 to RMB28,243.2 million for the year ended December 31, 2015, primarily attributable to our decision to allocate more funds to deposits with banks and other financial institutions to meet our liquidity needs. The average yield of these assets decreased from 4.78% for the year ended December 31, 2014 to 4.12% for the year ended December 31, 2015, mainly due to a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest Income from Balances with Central Bank

Interest income from balances with central bank increased by 4.6% from RMB801.9 million for the year ended December 31, 2014 to RMB838.6 million for the year ended December 31, 2015, primarily due to a 3.9% increase in the average balance of our balances with central bank from RMB52,964.0 million for the year ended December 31, 2014 to RMB55,027.9 million for the year ended December 31, 2015.

Interest Expense

Our interest expense increased by 2.3% from RMB15,620.5 million for the year ended December 31, 2014 to RMB15,977.2 million for the year ended December 31, 2015, primarily due to an increase of 14.2% in the average balance of the interest-bearing liabilities from RMB406,897.3 million for the year ended December 31, 2014 to RMB464,508.1 million for the year ended December 31, 2015, partially offset by a decrease in the average cost of our interest-bearing liabilities from 3.84% for year ended December 31, 2014 to 3.44% for the year ended December 31, 2015. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balances of our due to customers and amounts due to banks and other financial institutions. The decrease in the average cost of our interest-bearing liabilities primarily reflected a decrease in the average cost in our deposits from banks and other financial institutions and amounts due to banks and other financial institutions.

Interest Expense on Due to Customers

Our interest expense on due to customers increased by 18.0% from RMB7,603.1 million for the year ended December 31, 2014 to RMB8,970.8 million for the year ended December 31, 2015, primarily due to (i) an increase of 16.6% in the average balance of total due to customers from RMB259,176.4 million for the year ended December 31, 2014 to RMB302,239.6 million for the year ended December 31, 2015, and (ii) an increase in the average cost of our deposits from customers from 2.93% for the year ended December 31, 2014 to 2.97% for the year ended December 31, 2015. The increase in the average balance of our due to customers was primarily due to our overall business growth. The increase in the average cost of our due to customers was primarily due to (i) our decision to raise interest rates on certain Renminbi-denominated deposits from customers to respond to the increased competition, as PBoC lifted the interest rate cap for Renminbi-denominated deposits while lowering the benchmark interest rates on Renminbi-denominated deposits, and (ii) an increase of our time deposits, the average cost of which was relatively higher.

Interest Expense on Deposits from Banks and Other Financial Institutions

Our interest expense on deposits from banks and other financial institutions decreased by 18.3% from RMB7,235.2 million for the year December 31, 2014 to RMB5,914.3 million for the year ended December 31, 2015, primarily due to a decrease in the average cost of the relevant liabilities from 5.61% for the year ended December 31, 2014 to 4.41% for the ended December 31, 2015, partially offset by a 3.9% increase in the average balance of the underlying liabilities from RMB129,032.0 million for the year ended December 31, 2014 to RMB134,023.2 million for the year ended December 31, 2015. The decrease in the average cost of our deposits from banks and other financial institutions primarily reflected increased market liquidity and a decrease in the interbank market interest rate resulted from consecutive benchmark interest rate cuts by PBoC.

Interest Expense on Amounts Due to Banks and Other Financial Institutions

Our interest expense on amounts due to banks and other financial institutions increased by 13.7% from RMB610.7 million for the year ended December 31, 2014 to RMB694.2 million for the year ended December 31, 2015, primarily due to a 47.7% increase of the average balance of our amounts due to banks and other financial institutions from RMB13,854.8 million for the year ended December 31, 2014 to RMB20,466.1 million for the year ended December 31, 2015, partially offset by a decrease of the average cost of our amounts due to banks and other financial institutions from 4.41% for the year ended December 31, 2014 to 3.39% for the year ended December 31, 2015. The increase in the average balance of our amounts due to banks and other financial institutions was primarily due to our decision to increase our inter-bank liabilities to meet our liquidity needs. The decrease in the average cost of our amounts due to banks and other financial institutions was primarily due to a decrease in the interbank market interest rate resulted from consecutive benchmark interest rate cuts by PBoC.

Interest Expense on Debt Securities Issued

Our interest expense on debt securities issued increased by 159.7% from RMB149.8 million for the year ended December 31, 2014 to and RMB389.0 million for the year ended December 31, 2015, primarily due to a 81.4% increase in the average balance of our debt securities issued from RMB4,108.9 million for the year ended December 31, 2014 to RMB7,453.6 million for the year ended December 31, 2015, accompanied by an increase in the average cost of our debt securities issued from 3.65% for the year ended December 31, 2014 to 5.22% for the year ended December 31, 2015. The increase in the average balance of our debt securities issued was primarily due to our consecutive issuance of the financial bonds in the aggregate principal amount of RMB5 billion and tier-two capital bonds in the aggregate principal amount of RMB5 billion in 2015.

Interest Expense on Borrowings from Central Bank

Our interest expense on borrowings from central bank decreased by 59.0% from RMB21.7 million for the year ended December 31, 2014 to RMB8.9 million for the year ended December 31, 2015, primarily due to a 55.1% decrease of the average balance of borrowings from central bank from RMB725.2 million for the year ended December 31, 2014 to RMB325.6 million for the year ended December 31, 2015, accompanied by a decrease in the average cost of our borrowings from central bank from 2.99% for the year ended December 31, 2014 to 2.74% for the year ended December 31, 2015.

Net Interest Spread and Net Interest Margin

Our net interest spread increased from 1.73% for the year ended December 31, 2014 to 1.74% for the year ended December 31, 2015, primarily due to the fact that our average yield on interest-earning assets decreased by 39 basis points, which was lower than the decrease of the average cost by 40 basis points. Our net interest margin increased from 2.06% for the year ended December

31, 2014 to 2.08% for the year ended December 31, 2015, because our net interest income increased by 16.6% for the year ended December 31, 2015, higher than the 15.7% increase in the average balance of our interest-earning assets. The increase in our net interest margin and net interest spread were primarily due to a combination of a decrease in the average cost of our deposits from banks and other financial institutions, amounts due to banks and other financial institutions and amounts due from banks and other financial institutions.

Net Fee and Commission Income

The following table sets forth the principal components of our net fee and commission income for the years ended December 31, 2014 and 2015.

	For the year ended December 31	
	2014	2015
	Amount	Amount
	(in millions of RMB)	
Fee and commission income		
Settlement and clearing fees	240.7	260.5
Wealth management service fee	123.6	306.0
Acceptance and guarantee commitment fees	58.2	265.6
Agency and fiduciary services fees	89.7	110.2
Bank card fees	25.9	30.2
Others(1)	22.6	54.4
Subtotal	560.7	1,026.9
Fee and commission expenses	(36.5)	(31.2)
Net fee and commission income	524.2	995.7

Note:

(1) Consists primarily of fees earned from financial assets beneficiary rights transfer business.

Our net fee and commission income increased by 89.9% from RMB524.2 million for the year ended December 31, 2014 to RMB995.7 million for the year ended December 31, 2015. The increase was largely due to a significant increase in our wealth management service fees and acceptance and guarantee commitment fees as a result of our continued efforts to grow fee- and commission-based business. For the year ended December 31, 2015, wealth management service fees and acceptance and guarantee commitment fees amounted to RMB306 million and RMB265.6 million, respectively, compared to RMB123.6 million and RMB58.2 million, respectively, for the year ended December 31, 2014.

Fee and Commission Expense

Fee and commission expenses consist primarily of fees paid to third parties in connection with our fee- and commission-based services that can be directly allocated to the provision of such services. Our fee and commission expenses decreased by 14.5% from RMB36.5 million for the year ended December 31, 2014 to RMB31.2 million for the year ended December 31, 2015.

Other Components of our Operating Income

Other components of our operating income consisted primarily of exchange gains, government subsidies, rental income and dividends income. Other components of our operating income totalled RMB84.6 million for the year ended December 31, 2014 and RMB92.7 million for year ended December 31, 2015.

Operating Expenses

The following table sets forth, for the years ended December 31, 2014 and 2015, the principal components of our operating expenses.

	For the year ended December 31	
	2014	2015
	Amount	Amount
	(in millions of RMB)	
Operating expenses		
Staff costs	1,298.2	1,556.8
Business tax and surcharges	912.7	1,136.2
Other general and administrative expenses(1)	313.5	322.3
Office expenses	312.8	312.9
Rental and property management expenses	221.2	284.0
Depreciation and amortization	182.7	178.5
Others(2)	20.2	26.5
Total operating expenses	3,261.3	3,817.1
Cost-to-income ratio(3)	23.6%	22.5%

Note:

(1) Including audit fee, which amounted to RMB1.1 million and RMB1.8 million for the years ended December 31 2014 and 2015.

(2) Consists primarily of tax expenses.

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

Our operating expenses increased by 17.0% from RMB3,261.3 million for the year ended December, 2014 to RMB3,817.1 million for the year ended December, 2015. The increase was primarily due to the increase in our staff cost and business tax and surcharges. The increase in our staff cost resulted primarily from due to (i) an increase in the number of our employees in 2015, and (ii) an increase in the average compensation and the total performance salaries of our employees in line with our business growth. The increase in business tax and surcharges was primarily due to the growth of our operating income.

Our cost-to-income ratio (excluding business tax and surcharges) was 23.6% and 22.5% for the years ended December, 2014 and 2015, respectively. The decrease in our cost-to-income ratio was primarily due to the increase of our operating income at a higher rate than the increase in our operating expenses (excluding business tax and surcharges), which was primarily due to (i) expansion of our lending business and interbank business, and (ii) our enhanced cost management.

Impairment Losses on Assets

Our impairment losses on assets for the year ended December 31, 2015 were RMB 1,757.7 million, representing an increase of 80.2% from RMB975.3 million for the year ended December 31, 2014, primarily due to our impairment losses on loans and advances to customers increasing by 71.6% from RMB770.7 million for the year ended December 31, 2014 to RMB1,322.3 million for the year ended December 31, 2015, reflecting an increase in our non-performing loans as a result of the general slowdown in the PRC economy.

Income Tax Expenses

Our income tax for the year ended December 31, 2015 amounted to RMB1,414.5 million, representing a 10.9% increase from RMB1,275.0 million for the year ended December 31, 2014, which was generally consistent with the increase in our operating profit.

Net profit

Primarily as a result of all the foregoing factors, our net profit increased by 11.4% from RMB4,429.0 million for the year ended December 31, 2014 to RMB4,932.4 million for the year ended December 31, 2015.

ANALYSIS OF KEY ITEMS OF FINANCIAL POSITION

Assets

As of December 31, 2015, our total assets amounted to RMB565,667.7 million, representing an increase of 18.1% compared to RMB478,859.1 million as of December 31, 2014. The increase was mainly due to the increase in our loans and advances to customers, investment securities and other financial assets and placements with banks and other financial institutions.

The following table sets forth, as of the dates indicated, the components of our total assets.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Gross loans and advances to customers	170,918.1	35.7%	184,603.7	32.6%
Allowance for impairment losses	(4,456.8)	(0.9)%	(5,032.8)	(0.9)%
Loans and advances to customers, net	166,461.3	34.8%	179,570.9	31.7%
Investment securities and other financial assets, net	123,400.2	25.8%	203,459.0	36.0%
Financial assets held under resale agreements	80,050.7	16.7%	70,328.4	12.4%
Cash and deposits with central bank	62,689.2	13.1%	62,107.2	11.0%
Deposits with banks and other financial institutions	31,685.0	6.6%	30,817.9	5.4%
Placements with banks and other financial institutions	9,574.7	2.0%	13,421.2	2.4%
Other assets[1]	4,998.0	1.0%	5,963.1	1.1%
Total assets	478,859.1	100.0%	565,667.7	100.0%

Note:

(1) Consists primarily of interest receivable, property and equipment, deferred tax assets, long-term deferred expenses, intangible assets and other receivables.

Loans and Advances to Customers

As of December 31, 2015, our total loans and advances to customers amounted to RMB184,603.7 million, representing an increase of 8.0% compared to RMB170,918.1 million as of December 31, 2014.

The following table sets forth, as of the dates indicated, a breakdown of our loans by business line.

	As at December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Corporate loans[1]	129,196.2	75.6%	154,018.1	83.5%
Personal loans	22,630.9	13.2%	24,775.2	13.4%
Discounted bills	19,091.0	11.2%	5,810.4	3.1%
Total loans to customers	170,918.1	100.0%	184,603.7	100.0%

Note:

(1) Including trade financing business, which amounted to RMB4,420.0 million and RMB1,764.2 million as of December 31, 2014 and 2015.

Corporate Loans

Our corporate loans amounted to RMB154,018.1 million as of December 31, 2015, representing an increase of 19.2% compared to RMB129,196.2 million as of December 31, 2014. The increase in our corporate loans was in line with the development of our corporate banking business.

The following table sets forth a breakdown of our corporate loans by contract maturity of the dates indicated.

	As of 31 December			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Short-term loans (one year or less)	82,458.4	63.8%	108,110.4	70.2%
Medium- and long-term loans (over one year)	46,737.8	36.2%	45,907.7	29.8%
Total corporate loans	129,196.2	100.0%	154,018.1	100.0%

Short-term loans as a percentage of our corporate loan portfolio increased from 63.8% as of December 31, 2014 to 70.2% as of December 31, 2015 and our medium- and long-term loans as a percentage of our corporate loan portfolio decreased from 36.2% as of December 31, 2014 to 29.8% as of December 31, 2015. The changes in the above percentages of our corporate loan portfolio were primarily caused by the fact that certain medium- and long-term loans came to maturity and our decision to optimize our loan maturity structure.

The following table sets forth, as of the dates indicated, the distribution of our corporate loans by product type.

	As of 31 December			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Working capital loans	86,238.3	66.7%	108,193.3	70.2%
Fixed asset loans	36,905.1	28.6%	42,125.0	27.4%
Trade finance	4,420.0	3.4%	1,764.2	1.1%
Others[1]	1,632.8	1.3%	1,935.6	1.3%
Total corporate loans	129,196.2	100.0%	154,018.1	100.0%

Note:

(1) Consists primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

Our working capital loans amounted to RMB108,193.3 million as of December 31, 2015, representing an increase of 25.5% compared to RMB86,238.3 million as of December 31, 2014. The increase in our working capital loans was primarily due to our continued efforts to extend short-term loans, which mainly were working capital loans, to meet our SME borrowers' increasing funding needs and support their development.

Our fixed asset loans amounted to RMB42,125.0 million as of December 31, 2015, representing an increase of 14.1% compared to RMB36,905.1 million as of December 31, 2014. The increase in our working capital loans was primarily due to our efforts to cater to the credit demands of our corporate customers for infrastructure construction projects as our response to PRC government's policy to support the municipal infrastructure construction.

Our trade finance amounted to RMB4,420.0 million and RMB1,764.2 million as of December 31, 2014 and 2015. Our other corporate loans amounted to RMB1,632.8 million and RMB1,935.6 million as of December 31, 2014 and 2015.

Distribution of Corporate Loans by Industry

The following table sets forth the distribution of our corporate loans by industry as of the dates indicated:

	As at December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Manufacturing	29,521.1	22.9%	34,138.4	22.2%
Wholesale and retail	29,340.9	22.7%	33,930.0	22.0%
Construction	15,217.0	11.8%	22,935.4	14.9%
Real estate	15,489.8	12.0%	16,989.2	11.0%
Water, environment and public facilities management	10,924.1	8.5%	12,334.4	8.0%
Leasing and business services	8,278.3	6.4%	8,713.6	5.7%
Transportation, storage and postal services	2,890.3	2.2%	4,567.2	3.0%
Resident services and other services	2,168.0	1.7%	4,765.2	3.1%
Public administration, social security and social organization	2,351.5	1.8%	3,207.0	2.1%
Finance	3,529.4	2.7%	2,016.0	1.3%
Electricity, gas and water production and supply	1,648.2	1.3%	2,143.9	1.4%
Scientific research and technical services	1,725.4	1.3%	2,073.0	1.3%
Agriculture, forestry, animal husbandry and fishery	1,706.1	1.3%	1,871.4	1.2%
Accommodation and catering	1,438.2	1.1%	1,355.4	0.9%
Others(1)	2,967.9	2.3%	2,978.0	1.9%
Total for corporate loans	129,196.2	100.0%	154,018.1	100.0%

Note:

(1) Consists primarily of following industries: (i) information transmission, software and information technology services, (ii) mining, (iii) health and social services, (iv) education, and (iv) cultural, sports and entertainment.

Personal Loans

Our personal loans amounted to RMB24,775.2 million as of December 31, 2015, representing an increase of 9.5% compared to RMB22,630.9 million as of December 31, 2014. This increase was mainly attributable to our strategy and continued efforts to grow our retail banking business.

Distribution of Personal Loans by Product Type

The following table sets forth a breakdown of our personal loans by product type as of the dates indicated.

	As at December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Personal consumption loans	8,956.0	39.5%	10,803.7	43.6%
Residential mortgage loans	9,812.3	43.4%	10,028.1	40.5%
Personal business loans	3,594.8	15.9%	3,568.0	14.4%
Credit card overdrafts	267.8	1.2%	375.4	1.5%
Total of personal loans	22,630.9	100.0%	24,775.2	100.0%

Our personal consumption loans amounted to RMB10,803.7 million as of December 31, 2015, representing an increase of 20.6% compared to RMB8,956.0 million as of December 31, 2014. The increase in our personal consumption loans was primarily due to our efforts to grow our personal consumption loan business to meet the increasing consumption needs of our retail customers.

Our residential mortgage loans amounted to RMB10,028.1 million as of December 31, 2015, representing an increase of 2.2% compared to RMB9,812.3 million as of December 31, 2014. The increase in our residential mortgage loans was primarily due to (i) our efforts to grow our residential mortgage loan business to meet the various needs of our retail customers, and (ii) our increased marketing efforts on residential mortgage loans as our response to the PRC government's sound policy on the residential mortgage loans.

Our personal business loans amounted to RMB3,568.0 million as of December 31, 2015, representing a decrease of 0.7% compared to RMB3,594.8 million as of December 31, 2014.

Our credit card overdrafts amounted to RMB267.8million and RMB375.4 million as of December 31, 2014 and 2015.

Distribution of Loans by Collateral

The following table sets forth, as of December 31, 2014 and 2015, the distribution of our loans and advances to customers by type of collateral.

	As at December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Unsecured loan	11,640.8	6.8%	12,297.4	6.7%
Guaranteed Loan	82,699.4	48.4%	84,475.3	45.8%
Collateralised loans[(1)]	51,113.1	29.9%	59,406.9	32.2%
Pledged loans[(1)]	25,464.8	14.9%	28,424.1	15.4%
Total loans and advances to customers	170,918.1	100.0%	184,603.7	100.0%

Note:

(1) Represents the total amount of loans fully or partially secured by collateral in each category. If a loan is secured by more than one form of security interest, the allocation is based on the primary form of security interest.

Borrowers Concentration

As of December 31, 2015, our Bank was in compliance with the lending limit of 10% of our regulatory capital to any single borrower. The following table sets forth, as of the date indicated, our loan exposure to our ten largest single borrowers, all of which were classified as normal at that date.

		As at December 31, 2015			
	Industry	Amount	% of total loans	% of regulatory capital[1]	Classification
		(in millions of RMB, except for percentages)			
Borrower A	Retail and wholesale	1,947.9	1.1%	4.5%	Normal
Borrower B	Public administration and social organisations	1,500.0	0.8%	3.5%	Normal
Borrower C	Water, environment and public utilities management	1,340.0	0.7%	3.1%	Normal
Borrower D	Water, environment and public utilities management	1,206.1	0.7%	2.8%	Normal
Borrower E	Construction	1,200.0	0.7%	2.8%	Normal
Borrower F	Water, environment and public utilities management	1,121.9	0.6%	2.6%	Normal
Borrower G	Real estate	1,015.0	0.5%	2.3%	Normal
Borrower H	Real estate	1,003.0	0.5%	2.3%	Normal
Borrower I	Real estate	1,000.0	0.5%	2.3%	Normal
Borrower J	Manufacturing	1,000.0	0.5%	2.3%	Normal
Total		12,333.9	6.6%	28.5%	

Note:

(1) Represents loan balances as a percentage of our regulatory capital, calculated in accordance with the requirements of the Capital Administrative Measures and based on our financial statements prepared in accordance with PRC GAAP.

Asset Quality of Our Loan Portfolio

The non-performing loan balance of our total loan portfolio increased by 32.58% from RMB1,871.4 million as of December 31, 2014 to RMB2,481.1 million as of December 31, 2015. This increase was mainly due to (i) an increase in our non-performing corporate loans, reflecting the operational difficulties and deteriorated repayment abilities of our corporate customers in manufacturing and wholesale and retail industries as a result of the slowdown in the PRC economy, and (ii) an increase of non-performing our personal loans, reflecting operational difficulties and deteriorated repayment abilities of certain individual businesses during the slowdown in the PRC economy.

The following table sets forth, as of December 31, 2014 and 2015, the distribution of our loan portfolio by the five-category loan classification.

	As of 31 December			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Normal	163,703.7	95.78%	175,657.0	95.14%
Special mention	5,343.0	3.13%	6,465.6	3.50%
Subtotal	**169,046.7**	**98.91%**	**182,122.6**	**98.65%**
Substandard	1,300.9	0.76%	1,433.1	0.78%
Doubtful	179.4	0.10%	640.8	0.35%
Loss	391.1	0.23%	407.2	0.22%
Subtotal	**1,871.4**	**1.09%**	**2,481.1**	**1.34%**
Total loans to customers	**170,918.1**	**100.0%**	**184,603.7**	**100.0%**

Distribution of Non-performing Loans by Geographical Region

The following table sets forth, as of December 31, 2014 and 2015, the distribution of our non-performing loans by geographical region.

	As of 31 December					
	2014			2015		
	Amount	% of total	NPL ratio(1)	Amount	% of total	NPL ratio(1)
	(in millions of RMB, except for percentage)					
Tianjin	1,297.6	69.4%	1.31%	1,557.6	62.8%	1.47%
Beijing	97.6	5.2%	0.55%	154.2	6.2%	1.10%
Shandong Province	30.8	1.6%	0.20%	90.6	3.7%	0.47%
Shanghai	399.1	21.3%	2.87%	338.8	13.7%	1.80%
Hebei Province	0.3	0.0%	0.00%	264.1	10.6%	2.24%
Sichuan Province	46.0	2.5%	0.34%	75.8	3.0%	0.53%
Total loans and advances to customers	1,871.4	100.0%	1.09%	2,481.1	100.0%	1.34%

Changes to Allowance for Impairment Losses

The allowance for impairment losses of loans increased by 12.9% to RMB5,032.8 million as of December 31, 2015. This increase was mainly due to the overall increase of our total loan portfolio and an increase in our non-performing loans.

The following table sets forth, as of December 31, 2014 and 2015, the changes to the allowance for impairment losses on loans to customers.

	For the year ended December 31			
	2014		2015	
	Amount	NPL Ratio	Amount	NPL Ratio
	(in millions of RMB, except for percentage)			
Beginning of year	4,098.8	1.03%	4,456.8	1.09%
Charge-offs for the year[1]	770.6		1,313.8	
Unwinding of discount	(49.1)		(47.2)	
Write-offs	(377.6)		(463.8)	
Recoveries	14.1		0.8	
Transfer out	—		(227.6)	
End of year	4,456.8	1.09%	5,032.8	1.34%

Note:

(1) Represents the net amount of allowance for impairment losses recognized in the profit or loss statement.

Investment Securities and Other Financial Assets

As of December 31, 2015, the balance of our investment securities and other financial assets amounted to RMB203,459.1 million, representing an increase of 64.9% compared to RMB123,400.2 million as of December 31, 2014. This increase was mainly due to an increase of our holding of debt securities, trust beneficiary rights and assets management plans.

The following table sets forth, as of December 31, 2014 and 2015, the components of our investment securities and other financial assets.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Debt securities				
Held-to-maturity investments	26,233.9	21.3%	31,684.0	15.7%
Available-for-sale debt securities	13,516.9	11.0%	17,605.4	8.6%
Debt securities held for trading	7,512.2	6.1%	5,952.1	2.9%
Debt securities classified as receivables	5,008.4	4.1%	8,378.9	4.1%
Subtotal	52,271.4	42.5%	63,620.4	31.3%
Funds	—	—	200.4	0.1%
Wealth management products issued by other financial institutions	15,561.8	12.6%	35,305.2	17.3%
Trust beneficiary rights and assets management plans, net				
Asset management plans	31,516.4	25.5%	64,088.4	31.5%
Trust beneficiary rights	24,091.5	19.5%	40,692.6	20.0%
Allowance for impairment losses	(99.5)	(0.1)%	(506.5)	(0.2%)
Subtotal	55,508.4	44.9%	104,274.5	51.3%
Equity investments				
Available-for-sale equity investments	58.6	0.0%	58.6	0.0%
Subtotal	58.6	0.0%	58.6	0.0%
Total investment securities and other financial assets, net	123,400.2	100.0%	203,459.1	100.0%

Debt Securities

The following table sets forth, as of December 31, 2014 and 2015, the components of our debt securities.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
PRC government bonds	20,543.4	39.3%	23,646.8	37.2%
Debt securities issued by PRC policy banks	19,877.4	38.0%	22,330.2	35.1%
Debt securities issued by PRC corporate issuers	9,682.3	18.5%	10,427.4	16.4%
Debt securities issued by PRC banks and other financial institutions	2,168.3	4.2%	7,216.0	11.3%
Total investment securities and other financial assets	52,271.4	100.0%	63,620.4	100.0%

Our holding of debt securities issued by PRC governments increased by 15.1% from RMB20,543.4 million as of December 31, 2014 to RMB23,646.8 million as of December 31, 2015, primarily due to our preference for their high liquidity and relatively low risk.

Our holding of debt securities issued by PRC policy banks increased by 12.3% from RMB19,877.4 million as of December 31, 2014 to RMB22,330.2 million as of December 31, 2015, which primarily because our preference for their high liquidity and relatively low risk.

Our holding of debt securities issued by issued by PRC corporate issuers increased by 7.7% from RMB9,682.3 million as of December 31, 2014 to RMB10,427.4 million as of December 31, 2015, which primarily because our decision to achieve higher returns on investments whilst maintaining reasonable level of liquidity.

Our holding of debt securities issued by PRC banks and other financial institutions increased by 232.8% from RMB2,168.3 million as of December 31, 2014 to RMB7,216.0 million as of December 31, 2015, which primarily because we increased our investment in debt securities issued by PRC banks and other financial institutions reflecting our preference for such financial debt securities with relatively high returns.

Distribution of Investment Securities and Other Financial Assets by Investment Intention

The following table sets forth, as of December 31, 2014 and 2015, the distribution of our investment securities and other financial assets by our investment intention.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Investments classified as receivables	76,078.6	61.7%	147,958.6	72.7%
Held-to-maturity investments	26,233.9	21.3%	31,684.0	15.6%
Available-for-sale financial assets	13,575.5	10.9%	17,864.4	8.8%
Financial assets held for trading	7,512.2	6.1%	5,952.1	2.9%
Total	123,400.2	100.0%	203,459.1	100.0%

Distribution of Investment Securities and Other Financial Assets by Remaining Maturities

The table below sets forth, as of December 31 2015, the distribution of our investment securities and other financial assets by remaining maturities.

	As of December31, 2015					
	Due in Less than 3 month	Due in 3 to 12 months	Due in 1 to 5 years	Due in over 5 years	Undated	Total
	(in millions of RMB, except for percentage)					
Held-to-maturity investments	2,500.0	4,724.5	21,270.0	3,189.5	—	31,684.0
Available-for-sale financial assets	6,557.9	3,144.4	6,635.3	1,267.8	259.0	17,864.4
Financial assets held for trading	916.7	1,136.0	3,241.0	658.4	—	5,952.1
Investments classified as receivables	37,169.0	36,176.0	74,402.1	211.5	—	147,958.6
Total	47,143.6	45,180.9	105,548.4	5,327.2	259.0	203,459.1

Financial Assets Held under Resale Agreements

The table below sets forth, as of December 31 2014 and 2015, the distribution of our financial assets held under resale agreements by collateral type.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Analysed by collateral type:				
Bills	54,626.0	68.2%	51,815.2	73.65%
Trust beneficial rights and asset management plans(1)	25,129.3	31.4%	9,642.0	13.71%
Bonds	295.4	0.4%	8,894.7	12.64%
Gross amount	**80,050.7**	**100.0%**	**70,351.9**	**100.0%**
Allowance for impairment losses	—		23.5	
Net amount	**80,050.7**		**70,328.4**	

Note:

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

Our financial assets held under resale amounted to RMB70,351.9 million as of December 31, 2015, representing an decrease of 12.1% compared to RMB80,050.7 million as of December 31, 2014, primarily due to certain of our other financial assets held under resale agreements came to maturity.

Other Components of Our Assets

Other components of our assets primarily consist of (i) cash and deposits with central bank, (ii) deposits with banks and other financial institutions, (iii) placements with banks and other financial institutions, and (iv) other assets.

Our cash and deposits with central bank amounted to RMB62,107.2 million as of December 31, 2015, representing a decrease of 0.9% compared to RMB62,689.2 million as of December 31, 2014.

Deposits with banks and other financial institutions amounted to RMB30,817.9 million as of December 31, 2015, representing a decrease of 2.7% compared to RMB31,685.0 million as of December 31, 2014. This decrease was primarily due to our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs.

Our placements with banks and other financial institutions amounted to RMB13,421.2 million as of December 31, 2015, representing an increase of 40.2% compared to RMB9,574.7 million as of December 31, 2014, primarily due to our enhanced business cooperation with other banks and financial institutions and our efforts in developing inter-bank operations with other banks and financial institutions so as to achieve better liquidity level.

Our other assets consist primarily of interest receivable, property and equipment, deferred tax assets, long-term deferred expenses, intangible assets and other receivables. Our other assets increased by 19.3% from RMB4,998.0 million as of December 31, 2014 to RMB 5,963.1 million as of December 31, 2015, primarily due to the increase of our interest receivable, resulting from our increased holding of debt securities classified as receivables, financial assets held under resale agreements and placements with banks and other financial institutions.

Liabilities and Sources of Funds

As of December 31, 2015, our total liabilities were RMB532,409.9 million, representing an increase of 18.3% compared to RMB449,969.2 million as of December 31, 2014.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Deposits from customers	289,467.4	64.3%	334,691.0	62.87%
Deposits from banks and other financial institutions	122,471.7	27.2%	148,732.7	27.94%
Debt securities issued	2,698.9	0.6%	13,903.8	2.61%
Financial assets sold under repurchase agreements	13,856.0	3.1%	14,557.3	2.73%
Placements from banks	10,905.1	2.4%	4,283.6	0.80%
Borrowings from central bank	405.9	0.1%	237.4	0.04%
Income tax payable	433.7	0.1%	701.1	0.13%
Other liabilities[(1)]	9,730.5	2.2%	15,313.2	2.88%
Total liabilities	449,969.2	100.0%	532,420.0	100.0%

Note:

(1) Consists primarily of interest payable, employee benefits payables, dividend payable, accrued liabilities, and certain other liabilities.

Deposits from Customers

As of December 31, 2015, our deposits from customers amounted to RMB334,691.0 million, representing an increase of 15.6% compared to RMB289,467.4 million as of December 31, 2014. The increase in our deposits from customers was primarily due to the increases in both corporate and personal deposits, resulting from the expansion of outlets, improvement of service and strengthening of marketing capabilities.

The following table sets forth, as of December 31, 2014 and 2015, our due to customers by product type and maturity profile of deposits.

	As of December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Corporate deposits				
Demand	110,090.5	38.0%	132,621.1	39.6%
Time[1]	89,472.9	30.9%	111,215.9	33.2%
Subtotal	199,563.4	68.9%	243,837.0	72.8%
Personal deposits				
Demand	16,337.0	5.6%	17,734.3	5.3%
Time[1]	41,071.4	14.2%	45,122.3	13.5%
Subtotal	57,408.4	19.8%	62,856.6	18.8%
Others[2]	32,495.6	11.3%	27,997.4	8.4%
Total deposits from customers	289,467.4	100.0%	334,691.0	100.0%

Note:

(1) Includes principal-protected wealth management products, which we classify as deposits from customers pursuant to PBoC rules.

(2) Consisted primarily of margin deposits, funds deposited with us for remittance and temporary deposits.

Our corporate deposits increased, both in absolute terms and as a percentage of our total deposits, from RMB199,563.4 million and 68.9% as of December 31, 2014 to RMB243,837.0 million and 72.8% as of December 31, 2015. The increase in our corporate deposits, both in absolute terms and as a percentage of total deposits, resulted primarily due to (i) the increase in our business with our core cooperate customers that we have attributed to the long term strategic cooperation relationship, and (ii) the growth of our small- and medium- corporate client base as a result of continued marketing efforts.

Our personal deposits increased by 9.5% from RMB57,408.4 million as of December 31, 2014 to RMB62,856.6 million as of December 31, 2015. The increase in the absolute terms of our personal deposits resulted primarily due to our continued efforts to grow retail banking business, the expansion of our branch and sub-branch network for our retail banking business and the growth in our retail customer base.

Distribution of Deposits by Geographical Region

We classify the geographic distribution of deposits based on the location of the branch or sub-branch taking the deposits. The following table sets forth, as of December 31, 2014 and 2015, the distribution of our deposits from customers by geographic region.

	As at December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentage)			
Tianjin	189,228.5	65.4%	217,004.7	64.8%
Beijing	26,088.6	9.0%	27,734.4	8.3%
Shandong Province	23,053.3	8.0%	28,282.2	8.5%
Shanghai	21,023.5	7.3%	28,877.6	8.6%
Hebei Province	15,705.3	5.3%	14,406.9	4.3%
Sichuan Province	14,368.2	5.0%	18,385.2	5.5%
Total deposits from customers	289,467.4	100%	334,691.0	100%

Other Components of Our Liabilities

Other components of our liabilities consist primarily of (i) deposits from banks and other financial institutions, (ii) placements from banks and other financial institutions, (iii) financial assets sold under repurchase agreements, (iv) tax payable, (v) debt securities issued, (vi) borrowings from central bank, and (vii) other liabilities.

Our deposits from banks and other financial institutions amounted to RMB122,471.7 million and RMB148,732.7 million as of December 31, 2014 and 2015. The increase in our deposits from banks and other financial institutions was due to our increased funding needs in line with the growth of our interbank operations.

Our debt securities issued amounted to RMB2,698.9 million and RMB13,903.8 million as of December 31, 2014, and 2015. The increase in our debt securities issued was primarily due to the issuance of an aggregate of RMB5.0 billion of financial bonds and a tier-two capital bond of RMB5.0 billion in 2015.

Financial assets sold under repurchase agreements consist primarily of debt securities and discounted bills we sold under repurchase agreements. As of December 31, 2014 and 2015, financial assets sold under repurchase agreements were RMB13,856.0 million and RMB14,557.3 million. The changes in financial assets sold under repurchase agreements primarily reflected changes in our liquidity needs at respective dates.

Placements from banks consist primarily of money market borrowings. As of December 31, 2014 and 2015, placements from banks and other financial institutions amounted to RMB10,905.1 million and RMB4,283.6 million. The changes in placements from banks and other financial institutions primarily reflected changes in our liquidity needs at the respective dates.

We had borrowings from central bank of RMB405.9 million and RMB237.4 million as of December 31, 2014 and 2015.

Our other liabilities consist primarily of interest payable, employee benefits payables, dividend payable, accrued liabilities and certain other liabilities. Our other liabilities increased by 57.3% to RMB9,730.5 million as of December 31, 2014 to RMB15,303.1 million as of December 31, 2015, primarily due to an increase in our interest payable, resulting from the increase of our deposits from customers and deposits with banks and other financial institutions.

SHAREHOLDERS' EQUITY

As of December 31, 2015, our shareholders' equity amounted to RMB33,247.7 million, representing an increase of 15.1% compared to RMB28,889.9 million as of December 31, 2014. The increase in shareholders' equity in 2015 was mainly due to an increase in our net profit.

OFF-BALANCE SHEET COMMITMENTS

The following table sets forth, as of December 31, 2014 and 2015, the contractual amounts of our off-balance sheet commitments.

	As of December 31	
	2014	2015
	(in millions of RMB)	
Bank acceptance	71,835.4	57,341.3
Letters of credit	14,605.4	11,614.2
Letters of guarantee issued	3,447.9	5,718.4
Undrawn credit card commitments	2,011.1	2,473.2
Subtotal	91,899.8	77,147.1
Operating lease commitments	886.7	985.8
Capital commitments	148.9	194.4
Total	92,935.4	78,327.3

SUMMARY OF SEGMENT OPERATING RESULTS

Summary Business Segment Information

We have three principal business activities: corporate banking business, retail banking business and treasury business. See "Business — Our Principal Business Activities." The following table sets forth, for the years indicated, our operating results for each of our principal segment.

	For the years ended 31 December									
	2014					2015				
	Corporate banking	Retail banking	Treasury business	Others[(1)]	Total	Corporate banking	Retail banking	Treasury business	Others[(1)]	Total
	(in millions of RMB, except percentage)									
External interest income[(2)]	9,082.7	1,552.1	14,134.5	—	24,769.3	10,962.6	1,629.8	14,064.2	—	26,656.6
External interest expense[(3)]	(5,635.8)	(1,590.4)	(8,394.3)	—	(15,620.5)	(7,417.7)	(1,802.7)	(6,756.8)	—	(15,977.2)
Inter-segment interest income/(expense)[(4)]	2,133.3	1,394.7	(3,528.0)	—	—	2,485.2	1,606.7	(4,091.9)	—	—
Net interest income	5,580.2	1,356.4	2,212.2	—	9,148.8	6,030.0	1,433.9	3,215.5	—	10,679.4
Fee and commission income	410.3	117	33.4	—	560.7	714.8	225.6	86.5	—	1,026.9
Fee and commission expense	(30.4)	(5.3)	(0.8)	—	(36.5)	(25.6)	(5.5)	—	—	(31.2)
Net fee and commission income	379.9	111.7	32.6	—	524.2	689.2	220.1	86.5	—	995.7
Net trading gains	—	—	185.0	—	180.5	—	—	101.7	—	101.7
Net gains arising from investment securities	—	—	2.4	—	2.4	—	—	52.2	—	52.2
Other income, gains or losses	21.2	5.0	34.4	24.0	84.6	11.6	2.9	51.0	27.3	92.7
Operating income	5,981.3	1,473.1	2,462.1	24.0	9,940.5	6,730.8	1,656.9	3,506.8	27.3	11,921.8
Operating expenses	(1,975.5)	(910.1)	(375.6)	—	(3,261.2)	(2,107.5)	(1,123.5)	(586.1)	—	(3,817.1)
Impairment losses on assets	(780)	(84.9)	(110.4)	—	(975.3)	(1,201.0)	(116.1)	(440.6)	—	(1,757.7)
Profit before tax	3,255.8	478.1	1,976.1	24.0	5,704.0	3,422.4	417.1	2,480.1	27.3	6,346.9
Income tax expense					(1,275.0)					(1,414.5)
Profit for the year					4,429.0					4,932.4

Note:

(1) Consists primarily of income and expenses that are not directly attributable to any specific segment.

(2) Consists of net interest income from outside clients or activities.

(3) Consists of net interest expenses from outside clients or activities.

(4) Consists of net interest income/(expense) attributable to transactions with other segments.

Summary of Segment Information by Geographical Regions

In presenting information on the basis of geographical regions, operating income is gathered according to the locations of the branches or subsidiary that generated the income. For the purpose of presentation, we categorize such information by geographical regions. The following table sets forth the total operating income of each of the geographical regions for the periods indicated.

	For the years ended December 31			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentages)			
Tianjin	6,829.8	68.6%	7,981.6	67.0%
Shandong Province	791.8	8.0%	1,064.4	8.9%
Sichuan Province	455.1	4.6%	902.0	7.6%
Shanghai	557.0	5.6%	835.8	7.0%
Hebei Province	584.3	5.9%	599.4	5.0%
Beijing	722.5	7.3%	538.6	4.5%
Total	9,940.5	100.0%	11,921.8	100.0%

Business Segment Report

The following table sets forth, for the years indicated, the operating income of each of our principal segment:

	For the year ended 31 December			
	2014		2015	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except for percentages)			
Corporate banking	5,981.3	60.2%	6,730.8	56.5%
Retail banking	1,473.1	14.8%	1,656.9	13.9%
Treasury business	2,462.1	24.8%	3,506.8	29.4%
Other(1)	24.0	0.2%	27.3	0.2%
Total operating income	9,940.5	100%	11,921.8	100.0%

Note:

(1) Consists primarily of income that are not directly attributable to any specific segment.

BUSINESS REVIEW

Corporate Banking Business

In response to the changes of the economic and policy environment of China, we continued to strengthen our marketing capabilities and improve customer services through business innovation, and promoted the development of our corporate banking business. For the year ended December 31, 2015, our operating income from corporate banking business amounted to RMB6,730.8 million, accounting for 56.5% of the total operating income over the same period, representing a year-on-year increase of 12.5%.

As of December 31, 2015, the balance of our corporate loans (excluding discounted bills) amounted to RMB154,018.1 million, representing a year-on-year increase of 19.2%. As of the same date, RMB105,827.4 million of these loans were loans to SMEs, accounting for 68.7% of our total corporate loans and representing a year-on-year increase of 6.0%. As of December 31, 2015, our total corporate deposits amounted to RMB243,837.1 million, representing a year-on-year increase of 22.2%. In 2015, our Bank focused on the development of fee- and commission-based corporate banking business and services, continued to refine our business structure and diversify our product portfolio. Our branches have also strengthened promotion of fee- and commission-based corporate banking products.

In addition, our SME business experienced a stable increase. The balance of our loans to technology SMEs had a year-on-year increase of 13.8%. Further, due to our prudent risk control and continued efforts to improve the asset quality, our non-performing loan ratio of SME loans was 1.88% as of December 31, 2015, decreased from 2.02% as of September 30, 2015.

Retail Banking Business

In 2015, our Bank strengthened marketing efforts to retail banking customers, continued the development of our retail banking business by diversifying the product offering of our retail banking business and enhancing the structure of our retail banking customers. For the year ended December 31, 2015, the number of our retail banking customers exceeded 7.3 million and the operating income from our retail banking business amounted to RMB1,656.9 million, accounting for 13.9% of our total operating income over the same period and representing a year-on-year increase of 12.5%. As of December 31, 2015, the balance of our personal loans reached RMB24,775.2 million, accounting for 13.4% of our total loans to customers. As of December 31, 2015, our residential mortgage loans, personal consumption loans, personal business loans and credit card overdrafts amounted to RMB10,016.6 million, RMB10,811.6 million, RMB3,568.0 million and RMB375.4 million, respectively, and accounted for 40.4%, 43.6%, 14.4%, and 1.5%, respectively, of our total personal loans. As of that date, our total personal deposits amounted to RMB62,856.6 million, representing a year-on-year increase of 9.5%.

In 2015, our Bank continued to enhance our product offering and the product features of credit cards. As of December 31, 2015, our Bank had issued 150,316 credit cards.

In 2015, we actively supported national policies and provided support to individually-owned businesses and entrepreneurs. As of December 31, 2015, we had 2,878 personal business loan customers. Our Bank has strengthened the marketing of loans to qualified privately or individually-owned businesses as well as entrepreneurs and developed new customer services. We also focused on building a new model of customer service.

Rural Financial Services

The nationwide developments of modem agriculture and urbanization have facilitated the expansion of our rural financial services. Taking into account the characteristics of modern agriculture, we have actively explored a new model of rural financial services. As of December 31, 2015, we provided rural financial services through a network of 60 outlets, which include 12 financial service stations and 48 convenience stores in rural areas.

Treasury Business

In 2015, our Bank continued to strengthen our research on macroeconomic policies and market analysis in order to reduce the adverse impacts of market volatility minimise the impact of a slowdown in the PRC economic development and ensure steady growth of the operating income of our treasury business. For the year ended December 31, 2015, the operating income of our treasury operations amounted to RMB3,506.8 million, accounting for 29.4% of our total operating income and representing a year-on-year increase of 42.4%.

Money Market Transactions

In 2015, our Bank closely monitored the development and changes in the cost of capital in the money market, actively took advantage of market opportunities and increased profitability whilst ensuring liquidity. As of December 31, 2015, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB114,567.4 million, representing a year-on-year decrease of 5.6% and accounting for 20.3% of our total assets. As of the same date, the balance of our deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements reached RMB167,573.6 million, representing a year-on-year increase of 13.8% and accounting for 31.5% of our total liabilities. In 2015, our Bank was named as "Top 200 in Interbank Money Market Transactions (銀行間本幣市場交易200強)" by the National Interbank Funding Center (全國銀行間同業拆借中心).

Investments in Securities and Other Financial Assets

In 2015, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of December 31, 2015, the balance of our debt securities investments was RMB63,620.4 million, representing a year-on-year decrease of 21.7%. As of the same date, the balance of our investments in debt securities issued by PRC banks and financial institutions was RMB7,216.0 million, representing an increase of RMB5,047.7 million as compared with the previous year and representing a year-on-year increase of 200.3%.

Treasury Business Conducted on Behalf of Customers

During 2015, the wealth management business of our Bank grew rapidly because (1) our wealth management products are generally priced with relatively higher yields than those of the national joint-stock commercial banks, resulting in comparatively stronger market competitiveness; (2) in line with increasing market demand for wealth management products, we strengthened marketing efforts towards our corporate banking customers, retail banking customers and interbank customers.

As of December 31, 2015, the total outstanding amount of wealth management products issued by us was RMB39,822.1 million. For the year ended December 31, 2015, the net fee and commission income from the wealth management products issued by us amounted to RMB306.0 million.

Going forward, we intend to cautiously expand our investments in Non-Standard Credit Assets in accordance with relevant laws and regulations and our internal risk management measures to achieve stable returns with manageable risks. For risks relating to the wealth management products we issued, please see "Risk Factors — Risks Relating to Our Business — We are subject to risks relating to wealth management products" on page 34 of this prospectus. For details of our risk management measures, please see the section headed "Risk Management—Credit Risk Management—Credit Risk Management for Our Treasury Business—Credit Risk Management for our Investment Business" and "Business—Our Principal Business Activities—Treasury Business—Investments in Debt Instruments Issued by Financial Institutions."

International Business

For the year ended December 31, 2015, our Bank's international settlement volume amounted to US$8,365.0 million.

NETWORK DEVELOPMENT

In 2015, our Bank steadily promoted development of our network, created outlet channels and established 54 outlets, including 16 traditional sub-branches and 38 community sub-branches. To further explore business development opportunities, in 2015, we obtained approval to build branches in Shijiazhuang, Baoding, Yantai and Luzhou, to set up a financial leasing company and were actively applying to build seven county banks in Xinjiang Uyghur Autonomous Region and Ningxia Hui Autonomous Region.

Online Banking

In 2015, our Bank upgraded the functions of our online banking for corporate banking business and personal banking business. As of December 31, 2015, we had a total of 245,146 online banking customers. The total amount of transactions conducted by corporate customers and personal customers through online banking was RMB2,342.6 billion, during the period from our commencement of such business until December 31, 2015.

PURCHASE, SALE OR REPURCHASE OF SHARES OF THE BANK

Since our Bank was not listed on the Hong Kong Stock Exchange in 2015, the Hong Kong Listing Rules were not applicable to us in that year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Bank was not listed on the Hong Kong Stock Exchange in 2015, the "Corporate Governance Code" in Appendix 14 of the Hong Kong Listing Rules was not applicable to the Bank in the year ended December 31, 2015. After listing on the Hong Kong Stock Exchange, the Bank will comply with the corporate governance rules and Corporate Governance Code under the Hong Kong Listing Rules.

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix VII — Taxation and Foreign Exchange" to this prospectus. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between the PRC Company Law and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, certain requirements of the Hong Kong Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of PRC issuers.

PRC LAWS AND REGULATIONS

A. The PRC Legal System

The PRC legal system is based on the PRC Constitution (the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomy regulations, special rules, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the Chinese government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The Standing Committee of the NPC is empowered to interpret, enact and amend other laws not required to be enacted by the NPC.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may, subject to the Constitution, laws and administrative regulations, formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas. The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of such cities and promulgate the same upon approval from the standing committees of the people's congresses of provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the provinces or autonomous regions concerned. Where, during the examination for approval of local regulations of larger cities by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. "Larger cities" refers to cities where the people's governments of provinces or autonomous regions are located, cities where special economic zones are located and larger cities as approved by the State Council.

The ministries and commissions of the State Council, the PBoC, the NAO and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and larger cities may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the laws applicable in a court trial should be interpreted by the Supreme People's Court, issues related to the laws applicable in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the statutes and administrative regulations which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

B. **The PRC Judicial System**

Under the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and economic divisions, and certain people's courts based on the natures of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and other special divisions (such as the intellectual property division). These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the People's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a People's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The judgments or rulings of the second instance at a people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any protest by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. If, however, the Supreme People's Court or a people's court at the next higher level finds an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended on October 28, 2007 and August 31, 2012 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice may not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality or foreign enterprise or organization is generally given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. The foreign individual or foreign enterprise or organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or in which the PRC a participant or the principle of reciprocity, a PRC court and foreign court may request each other to serve legal documents, conduct investigation and collect evidence and conduct other actions on its behalf. A PRC courts shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or a relevant international treaty, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court based on equitable principles unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

C. The PRC Company Law, the Special Regulations and the Mandatory Provisions

The PRC Company Law was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013. The revised PRC Company Law came into effect on March 1, 2014.

The Special Regulations were passed at the 22nd Standing Committee Meeting of the State Council on July 4, 1994 and promulgated and implemented on August 4, 1994. The Special Regulations are formulated in respect of the overseas share offering and listing of joint stock limited companies. The Mandatory Provisions jointly promulgated by the former Securities Commission of the State Council and the former State Restructuring Commission on August 27, 1994 prescribe the provisions which must be incorporated in the articles of association of joint stock limited companies to be listed on overseas stock exchanges. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association, a summary of which is set out in "Appendix VI — Summary of Articles of Association" of this prospectus. References to a "company" made in this Appendix are to a joint stock limited company established under the PRC Company Law with H shares.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions.

General

A "joint stock limited company ("company")" refers to a corporate legal person established in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by a minimum of two but no more than 200 promoters, and at least half of the promoters must be resident within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by public subscription, the registered capital is the total paid-up capital as registered with the relevant registration authorities. If laws and regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have confirmed the capital contribution under the articles of association, a board and a supervisory board shall be elected and the board shall apply for registration of incorporation by filing the articles of association with the company registration authorities, and other documents as required by the law or administrative regulations.

Where companies are incorporated by subscription, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by the laws or administrative regulations. A promoter who offers shares to the public must publish a share offering prospectus and prepare a share subscription form to be completed, signed and sealed by subscribers, specifying the number and amount of shares to be subscribed for and the subscribers' addresses. The subscribers shall pay up monies for the shares they subscribe for. Where a promoter is offering shares to the public, such offer shall be underwritten by securities firms established under PRC law, and in accordance with signed underwriting agreements. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a report thereon. The promoters shall convene an inauguration meeting within 30 days following the full payment of subscription money. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the cut-off date stipulated in the share offering prospectus, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days of the conclusion of the inauguration meeting, the board shall apply to the registration authorities for registration of the establishment of the company. A company is formally established and has the status of a legal person after approval of registration has been given by the relevant administration bureau for industry and commerce and a business license has been issued.

A company's promoter shall be liable for:

(i) the debts and expenses incurred in the incorporation process jointly and severally if the company cannot be incorporated;

(ii) the refund of subscription monies paid by the subscribers together with interest at bank rates of deposit for the same period jointly and severally if the company cannot be incorporated; and

(iii) the compensation of any damages suffered by the company as a result of the promoters' default in the course of its incorporation.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

A company must obtain the approval of the CSRC to offer its shares to the overseas public. The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be in registered form, denominated in Renminbi and subscribed for in foreign currency. Shares issued to foreign investors and investors from the territories of Hong Kong, Macau and Taiwan and listed in Hong Kong are classified as H shares, and those shares issued to investors within the PRC, except these regions above, are known as domestic shares. Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of H shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued in addition to the number of underwritten shares.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

When a company launches a public issue of new shares upon the approval by the CSRC, a new share offering prospectus and financial accounting report must be published and a subscription form must be prepared. After the new share issue of the company has been paid up, the change must be registered with the relevant administration bureau for industry and commence for registration and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the incorporation of a company.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and an inventory of assets;

(ii) the reduction of registered capital must be approved by shareholders at general meeting;

(iii) the company shall notify its creditors of the reduction in share capital within 10 days and publish an announcement of the reduction in newspapers within 30 days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant administration bureau for industry and commence for registration of the change and reduction in registered capital.

Repurchase of Shares

A company may not purchase its own shares other than for one of the following purposes:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) granting shares to its employees as incentives; and

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation.

The acquisition by a company of its own shares on the grounds set out in (i) to (iii) above must be approved by way of a resolution of a shareholders' general meeting. Following the acquisition by a company of its own shares in accordance with these requirements, such shares must be cancelled within 10 days of the date of the acquisition in the case of (i) and transferred or cancelled within six months in the case of (ii) or (iv).

The acquisition by a company of its own shares in accordance with (iii) under the first paragraph of this subsection shall not exceed 5% of the total number of issued shares of the company. Such acquisition shall be financed by funds allocated from the company's profits after taxation, and the shares so acquired shall be transferred to the employees within one year.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. A shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder. The Mandatory Provision provides no registration of share transfer should be made to shareholder registry within thirty days before a shareholders' general meeting or within five days before the benchmark date set by the Bank to distribute dividends.

Shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company ever year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months of them having left their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed at a shareholders' general meeting or a meeting of board that has not been convened in compliance with the laws or the articles of association or whose voting has been conducted in an invalid manner, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within 60 days of the passing of such resolution;

(iii) to transfer the shares of the shareholders according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports and to make suggestions or enquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to receive residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to decide on the company's operational objectives and investment plans;

(ii) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(iii) to review and approve the reports of the board;

(iv) to review and approve the reports of the supervisory board or supervisors;

(v) to review and approve the company's annual financial budgets and final accounts;

(vi) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vii) to decide on any increase or reduction of the company's registered capital;

(viii) to decide on the issue of corporate bonds;

(ix) to decide on the issues such as merger, separation, dissolution and liquidation of the company or change of its corporate form;

(x) to amend the company's articles of association; and

(xi) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

(i) the number of directors is less than the number stipulated by the laws or less than two-thirds of the number specified in the articles of association;

(ii) the aggregate outstanding losses of the company amounted to one-third of the company's total paid-in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board deems necessary;

(v) the supervisory board so requests; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board, and presided over by the chairman of the board. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over such meeting in a timely manner. If the supervisory board fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over such meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

In accordance with the Mandatory Provisions, a notice of the general meeting stating, among other things, matters to be considered at the meeting shall be given to all shareholders 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his written reply regarding his attendance of the meeting to the company 20 days before the date of the meeting. The board shall notify other shareholders within two days of receiving such proposal and table it for review by the general meeting. New proposals shall relate to specific subjects and matters for resolution within the authority of the general meeting. A shareholders' general meeting shall not make any resolution in respect of any matters not set out in the above two types of notices. Holders of bearer share certificates who wish to attend a shareholders' general meeting shall deposit their share certificates with the company five days before the meeting and till the conclusion of the meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights. Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, separation or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. (Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters.) An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

According to the Mandatory Provisions, the increase or reduction of share capital, the issuance of shares of any class, warrants or other similar securities and bonds, the separation, merger, dissolution and liquidation of the company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by no less than two-thirds of the voting rights held by shareholders present at the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting, although the Special Regulations and the Mandatory Provisions provide that a company's general meeting may be convened when written replies to the notice of that meeting from shareholders holding shares representing no less than 50% of the voting rights in the company have been received 20 days before the proposed date. If that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by announcement of the matters to be considered at the meeting and the date and venue of the meeting, and the general meeting may be held by the company thereafter.

The Mandatory Provisions require a special resolution to be passed at the general meeting and a class meeting to be held in the event of a variation or derogation of the class rights of a shareholder class. For this purpose, holders of domestic shares and H Shares are deemed to be shareholders of different classes.

Board

A company shall have a board, which shall consist of 5 to 19 members. Members of the board may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate proposal for the company's annual financial budgets and final accounts;

(v) to formulate the company's profit distribution proposals and loss recovery proposals;

(vi) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vii) to formulate proposals for the merger, separation or dissolution of the company or change of corporate form;

(viii) to decide on the setup of the company's internal management organs;

(ix) to appoint or dismiss the company's general manager and decide on his/her remuneration and, based on the general manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

(x) to formulate the company's basic management system; and

(xi) to exercise any other authority stipulated in the articles of association.

Meetings of the board shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be convened by shareholders representing no less than 10% of the voting rights, no less than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an extraordinary meeting of the board. Meetings of the board shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend the meetings of the board in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization that his/her representative has.

If a resolution of the board violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company suffers from serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following persons may not serve as a director in a company:

(i) persons with no or restricted civil capacity;

(ii) persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the socialist economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of completion of the implementation of this deprivation;

(iii) persons who were directors, factory directors or managers of a company or enterprise which become bankrupt and has been liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked or which was ordered to cease operation as a result of violation of laws and who were personally liable for such revocation or cessation, where less than three years have elapsed since the date of the revocation of the business license; and

(v) persons who have defaulted on a relatively substantial amount of debt personally owed by them.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions.

The board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by no less than half of the directors shall perform his/her duties.

Board of Supervisors

A company shall have a supervisory board composed of not less than three members. The supervisory board consists of representatives of the shareholders and an appropriate proportion of representatives of the company's staff. The actual proportion shall be determined in the articles of association, provided that the proportion of representatives of the company's staff shall not be less than one-third. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory board shall appoint a chairman and may appoint vice chairmen. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors.

According to the Reply of the Overseas Listing Department of CSRC and the Production System Department of the State Commission for Restructuring the Economic System on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to Be Listed in Hong Kong (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》), the chairman of the supervisory board shall be elected by more than two-thirds of the supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor nominated by no less than half of the supervisors shall convene and preside over supervisory board meetings. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at the meetings of the board and make enquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

A company shall have a general manager who shall be appointed or removed by the board. The general manager, who reports to the board of directors, may exercise his/her powers:

(i) to manage the production, operation and administration of the company, and arrange for the implementation of the resolutions of the board;

(ii) to organize and implement the annual business plans and investment proposals of the company;

(iii) to formulate proposals for the establishment of the company's internal management organs;

(iv) to formulate the fundamental management system of the company;

(v) to formulate the company's specific rules and regulations;

(vi) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(vii) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board); and

(viii) to exercise any other authority granted by the board.

Other provisions in the articles of association on the general manager's powers shall also be complied with. The general manager shall be present at meetings of the board. However, the general manager shall have no voting rights at meetings of the board unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the general manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors, the general manager, the deputy manager and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and carry out their duties in good faith. Directors, supervisors, managers and management personnel are prohibited from accepting bribes or other unlawful income and from misappropriating the company's property. Directors and senior management are prohibited from:

(i) misappropriating company funds;

(ii) depositing company funds into accounts maintained in their own names or the names of other individuals;

(iii) lending company funds to others or providing guarantees in favor of others against company property in violation of the articles of association or without approval of the general meeting or the board;

(iv) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting or the board;

(v) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefit or operating on behalf of others' businesses similar to that of the company without approval of the general meeting;

(vi) accepting for their own benefit commissions from a third party dealing with the company;

(vii) unauthorized divulgence of confidential information of the company; and

(viii) any other acts in violation of their fiduciary duty towards the company.

Income generated by directors or senior management in violation of these shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the enquiries from shareholders. Directors and senior management shall furnish all truthful facts and information to the supervisory board or the supervisors (for companies with limited liability that do not have a supervisory board) without impeding the discharge of duties by the supervisory board or the supervisors.

Where a director or senior management contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate no less than 1% of the company's shares consecutively for at least 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory board violates the laws or administrative regulations or the articles of association in the discharge of their duties resulting in any loss to the company, such shareholder(s) may request in writing that the board institute litigation at a people's court on its behalf. If the supervisory board or the board refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

The Special Regulations and the Mandatory Provisions provide that a company's directors, supervisors, general managers and other senior management shall have fiduciary duties towards the company. They are required to faithfully perform their duties, to protect the interests of the company and not to use their positions for their own benefits. The Mandatory Provisions contain detailed stipulations on these duties.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board conduct a vote on the dismissal of the accounting firm on their respective meetings. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the newly-engaged accounting firm without any refusal or withholding or falsification of information.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the reserve fund is drawn. The Special Regulations provide that the dividends and other distributions to be paid to holders of H shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. Pursuant to the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and our Articles of Association. The amendment to articles of association involving content of Mandatory Provisions will only be effective upon approval of the department in charge of company examination and approval and the securities regulatory department authorized by the State Council, while the amendment to articles of association involving matters of company registration must be registered with the relevant authority in accordance with applicable laws.

Dissolution and Liquidation

A company shall be dissolved for any of the following reasons:

(i) the term of its operations set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or separation;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (i) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described in the preceding paragraphs shall require the approval of shareholders present at the general meeting representing at least two-thirds of the voting rights.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter arises. Members of the liquidation committee shall be composed of directors or any other people determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise its powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any overdue tax together with any tax arising during the liquidation process;

(v) to settle the company's financial claims and liabilities;

(vi) to handle the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall, in making his claim, state all matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the companies' registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their wilful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from CSRC, and the listing must be arranged in accordance with procedures specified by the State Council. Pursuant to the Special Regulations, a company may issue shares to overseas investors and list its shares overseas upon approval from the CSRC. Subject to approval of the company's plans to issue overseas-listed foreign invested shares and domestic shares by the CSRC, the board of directors of the company may make arrangement to implement such plans for issuance of the foreign invested shares and domestic shares, respectively, within fifteen (15) months from the date of approval by the CSRC.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

The Mandatory Provisions have separate provisions governing the loss of share certificates and H share certificates of shareholders of overseas listed foreign shares, which shall be set out in the articles of association of a company.

Merger and Separation

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a separation, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's separation is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the separation in newspapers within 30 days. Unless an agreement in writing is reached with creditors in respect of the settlement of debts, the liabilities of the company which have accrued prior to the separation shall be jointly borne by the separated companies.

Changes in the registration of the companies as a result of the merger or separation shall, if so required, be registered with the relevant administration bureau for industry and commence for registration.

In accordance with the laws, cancellation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

D. **The PRC Securities Laws, Regulations and Regulatory Regimes**

The PRC has promulgated a number of regulations that relate to the issue and trading of our shares and disclosure of information by us. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) govern the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013 and August 31, 2014, respectively. It was the first national securities law in the PRC, and is divided into 12 chapters and 240 articles regulating, among other matters, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that domestic enterprises must obtain prior approval from the State Council Securities regulatory authorities to list shares outside the PRC. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the rules and regulations promulgated by the State Council and the CSRC.

E. Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to use arbitration as a method for settlement of disputes, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a company listed in Hong Kong and, in the case of the Hong Kong Listing Rules, in a contract between the company and each director or supervisor. Pursuant to such clause, whenever a dispute or claim arises from any right or obligation provided in the articles of association, the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (i) a holder of overseas listed foreign shares and the company; (ii) a holder of overseas listed foreign shares and a holder of domestic shares; or (iii) a holder of overseas listed foreign shares and the company's directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the CIETAC or the HKIAC. Disputes in respect of the definition of shareholder and disputes in relation to the company's shareholder registry need not be resolved by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the PRC Arbitration Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only recognize and enforce foreign arbitral awards based on the principle of reciprocity; and (ii) the PRC will only apply the New York Convention to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations. An arrangement for reciprocal enforcement of arbitral awards between Hong Kong and the PRC was signed on June 18, 1999, became effective on February 1, 2000. The arrangement reflects the spirit of the New York Convention, allowing awards made by PRC arbitral authorities to be enforced in Hong Kong and awards by Hong Kong arbitral authorities to be enforced in the PRC.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member 's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or subscription. The amended PRC Company Law which came into effect on March 1, 2014 has no provision on the minimum registered capital of joint stock company, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our registered capital must be approved by our shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the Securities Law, a company which is approved by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or nonmonetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and assets transfer procedures must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors.

In accordance with Article 141 of the PRC Company Law, shares in issue prior to the public offering of shares by the company cannot be transferred within 1 year from the date on which shares of the company are listed and traded on a stock exchange. The directors, supervisors and members of senior management of the company shall declare to the company their shareholdings in the company and any changes in their shareholdings. Shares in the company transferred by its directors, supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the company. The shares that the aforementioned persons held in the company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in the company. The articles of association of the company may contain other restrictions on the transfer of the company's shares held by its directors, supervisors and members of senior management.

In accordance with Article 2(3) of the Notice on the Regulation of Internal Staff Shares in Financial Enterprises (《關於規範金融企業內部職工持股的通知》), for the regulation of the listing and circulation of staff shares and the strengthening of the management of secondary market circulation of such, a financial enterprise (which is listed or will be listed in the future) shall take steps to regulate the secondary market circulation of its staff shares which are held by its senior management, or individuals holding more than 50,000 staff shares. The aforementioned members of senior management or individuals shall undertake not to transfer the shares held by them within three years from the date of listing of the financial enterprise. After the lapse of the lock-up period, the shares transferred by each of them in each year shall not exceed 15% of their respective total shareholdings in the financial enterprise. The aggregate number of shares transferred by them within 5 years of the lapse of the lock-up period shall not exceed 50% of their respective total shareholdings in the financial enterprise. Apart from the 6-month lockup on the Bank's issue of shares and the 12-month lockup on the controlling shareholders' disposal of shares, the laws of Hong Kong do not provide for restrictions related to shareholding volume or share transfers.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under the Hong Kong company law.

Variation of Class Rights

The PRC Company Law has no special provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix entitled "Appendix VI — Summary of Articles of Association" to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of holders of shares in the class in question, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Board of Supervisors

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of a Board of Supervisors. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding no less than 1% of the shares in the company for no less than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their obligations and cause damages to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors in default.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either appoint a receiver or manager over the property or business of the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an extraordinary shareholders meeting must be given not less than 20 days and 15 days before the meeting, respectively. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing at least 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum period of notice is 21 days in the case of an annual general meeting and 14 days in other cases.

Quorum for Shareholders' General Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member. The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority and a special resolution is passed by a majority of at least 75%. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits of a specific fiscal year stated in the statements prepared based on the above-mentioned principles shall prevail in the allocation of such profits. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is two years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members under Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the Bank

Under the PRC Company Law, if a director, supervisor or member of the senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or member of the senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with or damage the interests of their company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the PRC Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

HONG KONG LISTING RULES

The Listing Rules provide additional requirements which apply to us as an issuer incorporated in the PRC as a joint stock limited company and seeking a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of the principal provisions containing the additional requirements which apply to us.

Compliance Advisor

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor acceptable to the Hong Kong Stock Exchange for the period from its listing date up to the date of the publication of its financial results for the first full financial year commencing after the listing date. The compliance advisor should provide professional advice on continuous compliance with the Listing Rules and all other applicable laws and regulations, and to act at all times, in addition to its two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance advisor may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor 's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company. It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

Accountants' Report

The accountants' report must normally be drawn up in conformity with: (a) HKFRS; or (b) IFRS; or (c) China Accounting Standards for Business Enterprises ("CASBE") in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Process Agent

A listed company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his, her or its appointment, the termination of his, her or its appointment and his, her or its contact particulars.

Public Shareholding

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, the Listing Rules require that the aggregate amount of H shares and other securities held by the public must constitute not less than 25% of the PRC issuer's issued share capital and that the class of securities for which listing is sought must not be less than 15% of the issuer 's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$50 million. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the issuer is expected to have a market capitalization at the time of listing of more than HK$10,000 million.

Independent Non-Executive Directors and Supervisors

Independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the listed company's general body of shareholders will be adequately represented. Supervisors must have the character, expertise and integrity and be able to demonstrate the standard of competence commensurate with their position as supervisors.

Restrictions on Repurchase of Securities

Subject to governmental approvals and the articles of association of the company, a listed company may repurchase its own shares on the Hong Kong Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of a special resolution of the holders of class shares at separate class meetings conducted in accordance with the articles of association is required for share repurchases. In seeking approvals, a listed company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The director must also state the consequences (if any) of any purchases which will arise under either or both of the Hong Kong Takeovers Code and/or any similar PRC law of which directors are aware. Any general mandate given to directors to repurchase shares must not exceed 10% of the total number of its issued shares.

Redeemable Shares

A listed company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of its shareholders are adequately protected.

Pre-emptive Rights

Except in the circumstances mentioned below, directors are required to obtain approval by way of a special resolution of shareholders at general meeting, and the approvals by way of special resolutions of the holders of class shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with and as required by the articles of association, prior to authorizing, allotting, issuing or granting shares or securities convertible into shares, options, warrants or similar rights to subscribe for any shares or such convertible securities.

No such approval will be required under the Listing Rules to the extent that (i) the existing shareholders have by special resolution in general meeting given a mandate to the board of directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of each of the existing issued domestic shares and H shares as at the date of the passing of the relevant special resolution, or (ii) such shares are issued as part of the Bank's plan at the time of its establishment to issue domestic shares and H shares and which plan is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.

Supervisors

A company listed or seeking a listing on the Hong Kong Stock Exchange is required to adopt rules governing dealings by the Supervisors in securities of our Bank in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Hong Kong Stock Exchange.

A PRC issuer is required to obtain the approval of its shareholders at a general meeting (at which the relevant supervisor and his associates must abstain from voting on the matter) prior to the company or any of its subsidiaries entering into a service contract of the following nature with a supervisor or proposed supervisor of the listed company or any of its subsidiaries: (1) the term of the contract exceeds three years; or (2) the contract expressly requires the company (or its subsidiaries) to give more than one year 's notice or to pay compensation or make other payments equivalent to the remuneration more than one year in order for it to terminate the contract.

The nomination and remuneration committee of the listed company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the listed company and its shareholders as a whole and advise shareholders on how to vote.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions or the Listing Rules.

Documents for Inspection

A PRC issuer is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges of the following:

- a complete duplicate register of shareholders;
- a report showing the state of its issued share capital;
- its latest audited financial statements and the reports of the directors, auditors and supervisors, if any, thereon;
- special resolutions;
- reports showing the number and nominal value of securities repurchased by it since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between class shares);
- copy of the latest annual return filed with the SAIC or other competent PRC authority; and
- for shareholders only, copies of minutes of shareholders' general meetings.

Receiving Agents

Under Hong Kong law, a PRC issuer is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owed in respect of the H shares to be held, pending payment, in trust for the holders of such H shares.

Statements in Share Certificates

A PRC issuer is required to ensure that all of its listing documents and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of such shares bearing statements to the following effect, that the acquirer of shares:

- agrees with the company and each shareholder, and it agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and its articles of association;

- agrees with the company, each shareholder, director, supervisor, manager and other senior management and it (acting both for the company and for each director, supervisor, manager and other senior management), agree with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration in accordance with the articles of association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with the company and each shareholder that shares are freely transferable by the holder thereof; and

- authorizes the company to enter into a contract on his behalf with each director and senior management whereby such directors and senior management undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

Legal Compliance

A PRC issuer is required to observe and comply with the PRC Company Law, the Special Regulations and its articles of association.

Contract between the PRC Issuer and Directors, Senior Management and Supervisors

A PRC issuer is required to enter into a contract in writing with every director and senior management containing at least the following provisions:

- an undertaking by the director or senior management to itself to observe and comply with the PRC Company Law, the Special Regulations, its articles of association, the Hong Kong Takeovers Code and an agreement that it must have the remedies provided in its articles of association and that neither the contract nor his office is capable of assignment;

- an undertaking by the director or senior management to it acting as agent for each shareholder to observe and comply with his obligations to our shareholders as stipulated in the articles of association; and

- an arbitration clause which provides that whenever any differences or claims arise from the contract, its articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning affairs between us and its directors or senior management and between a holder of H shares and a director or senior management, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive. If the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen, according to the Securities Arbitration Rules of the HKIAC. PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations. The award of the arbitral body is final and shall be binding on the parties thereto. Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

A PRC issuer is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms.

Subsequent Listing

A PRC issuer must not apply for the listing of its H shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of its H shares are adequately protected.

English Translation

All notices or other documents required under the Listing Rules to be sent by a PRC issuer to the Hong Kong Stock Exchange or to holders of the H Shares are required to be in English, or accompanied by a certified English translation.

General

If any change in the PRC law or market practices materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Hong Kong Stock Exchange may impose additional requirements or make listing of H shares by a PRC issuer subject to special conditions as the Hong Kong Stock Exchange may consider appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions in respect of any company's listing.

OTHER LEGAL AND REGULATORY PROVISIONS

Upon the listing on the Hong Kong Stock Exchange, the provisions of the SFO, the Hong Kong Takeovers Code and such other relevant ordinances and regulations will apply to a PRC issuer.

SECURITIES ARBITRATION RULES

The Securities Arbitration Rules of the HKIAC contain provisions allowing, upon application by any party, an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party, or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

Set out below is a summary of the principal provisions of our Articles of Association, the principal objective of which is to provide investors with an overview of our Articles of Association.

As the information contained below is in summary form, it does not contain all the information that may be important to potential investors. Copies of the full English and Chinese texts of our Articles of Association are available for inspection as mentioned in "Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection".

Our Articles of Association were adopted by our shareholders in the shareholders' general meeting held on October 15, 2015 and were approved by the CBRC Tianjin office on November 18, 2015. Our Articles of Association will become effective on the date on which our H Shares are listed on the Hong Kong Stock Exchange.

DIRECTORS AND OTHER SENIOR MANAGEMENT

Power to Allot and Issue Shares

There is no provision in our Articles of Association empowering the Directors to allot and issue shares.

To increase the capital of our Bank, the proposal must be submitted by the Board, the Board of Supervisors or the shareholder(s) individually or in the aggregate holding 3% or more of the total issued and outstanding shares of our Bank with voting rights for approval by a special resolution at a shareholders' general meeting.

Power to Dispose of the Assets of Our Bank or Any Subsidiary

The Board shall not, without the prior approval of shareholders in a shareholders' general meeting, dispose of, or agree to dispose of, any fixed assets of our Bank where the sum of the estimated value of the consideration for the proposed disposition and the aggregate amount of the consideration for all dispositions of fixed assets of our Bank completed within four months immediately preceding the proposed disposition exceeds 33% of the value of our Bank's fixed assets as shown on the last balance sheet reviewed at a shareholders' general meeting.

The validity of a disposition by our Bank of fixed assets shall not be affected by the breach of the above paragraph.

For the purposes of our Articles of Association, a disposition of fixed assets includes an act involving the transfer of an interest in such assets but excludes the provision of such assets as a form of security.

EMOLUMENTS AND COMPENSATION FOR LOSS OF OFFICE

Our Bank shall enter into written contracts with the Directors and the supervisors regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The aforesaid emoluments include:

(a) emoluments for a Director, a supervisor or senior management of our Bank;

(b) emoluments for a Director, a supervisor or senior management of the subsidiary banks (subsidiary companies) of our Bank;

(c) emoluments in respect of the provision of other services in connection with the management of the subsidiary banks (subsidiary companies) of our Bank; and

(d) compensation to Directors or supervisors for loss of their office or upon retirement.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against our Bank for any benefit due to him in respect of the above matters.

Contracts concerning emoluments between our Bank and our Directors or supervisors should provide that, in the event of a takeover of our Bank, the Directors or supervisors shall, subject to the prior approval of the shareholders in a shareholders' general meeting, have the right to receive compensation or other payment in respect of a loss of office or retirement. A "takeover of our Bank" referred to in this paragraph means either:

(a) an offer made by any person to all shareholders; or

(b) an offer made by any person with the intent of becoming "controlling shareholder" within the meaning set out in our Articles of Association. Please see the meaning of "controlling shareholder" in "— Rights of Minority Shareholders".

If the Directors or supervisors concerned do not comply with the preceding provision, any sum so received by them shall go to those persons who have sold their shares as a result of the said offer. The expenses incurred in distributing such sum pro rata amongst those persons shall be borne by the relevant Director or supervisor and shall not be paid out of the sum to be received by them.

LOANS TO DIRECTORS, SUPERVISORS AND OTHER OFFICERS

Our Bank may not provide loans or loan guarantees directly or indirectly to a Director, supervisor, or senior management of our Bank, and our Bank may not provide loans or loan guarantees to a related person of such individual either.

The preceding provision will not apply to the following circumstances:

(a) our Bank provides loans or loan guarantees to its subsidiary banks (subsidiary companies); and

(b) our Bank provides loans, loan guarantees or other payment to a Director, supervisor or senior management to meet expenditure incurred by him/her for the purposes of our Bank or his/her fulfillment of the responsibilities, in accordance with the contract of service approved by a shareholders' general meeting; or

(c) loans and loan guarantees provided by our Bank to the relevant Directors, supervisors, and senior management personnel of our Bank and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

A loan made by our Bank in breach of the above provisions shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR BANK

Subject to the exceptions in our Articles of Association, our Bank or our branches and our subsidiary banks (subsidiary companies) shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of our Bank in respect of his/her conduct of acquiring or proposing to acquire shares of our Bank. Such acquirer of shares of our Bank includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of shares. Our Bank or our branches and our subsidiary banks (subsidiary companies) shall not, by any means at any time, provide financial assistance to such obligor for the purpose of reducing or discharging the obligations assumed by that person.

The following activities shall not be deemed to be prohibited activities:

(a) the provision of financial assistance by our Bank where the financial assistance is given in good faith in the interest of our Bank, and the principal purpose in giving financial assistance is not for the acquisition of shares, or the giving of financial assistance is an incidental part of a major plan of our Bank;

(b) the distribution of our Bank's assets in the form of dividends;

(c) the distribution of dividends in the form of shares;

(d) a reduction of registered capital, a repurchase of shares or an adjustment of the share capital structure of our Bank in accordance with our Articles of Association;

(e) the provision of a loan by our Bank within its scope of business and in the ordinary course of business (provided that the net assets of our Bank are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits); and

(f) the provision of funds by our Bank for contributions to an employees' shareholding plan (provided that the net assets of our Bank are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

For these purposes:

- "financial assistance" includes, but is not limited to, the following:
    - a gift;
    - a guarantee (including any liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation due to our Bank's own default) or release or waiver of any rights;
    - provision of a loan or any other contract under which the obligations of our Bank are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such a loan or contract; or
    - any other form of financial assistance given by our Bank when our Bank is insolvent or has no net assets, or when its net assets would thereby be reduced by a material extent.
- Incurring an obligation includes the incurring of obligations by entering into a contract, the making of an arrangement (whether legally enforceable or not, and whether made on its own account or with any other persons) or any other means that result in the change of the obligor's financial position.

DISCLOSURE OF INTERESTS IN CONTRACTS WITH OUR BANK

Where a Director, supervisor, senior management of our Bank is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement, or proposed contract, transaction or arrangement, with our Bank (other than his contract of service with our Bank), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, regardless of whether such contract, transaction or arrangement is under normal circumstances subject to the approval of the Board.

Unless the interested Director, supervisor, senior management discloses his interests to the Board in accordance with our Articles of Association and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, senior management is not counted in the quorum and refrains from voting, the contract, transaction or arrangement in which a Director, supervisor, senior management is materially interested is voidable at the request of our Bank except as against a bona fide party acting without notice of the breach of duty by the interested Director, supervisor, senior management.

For the purposes of this provision, a Director, supervisor, senior management of our Bank is deemed to be interested in a contract, transaction or arrangement in which one of his/her related person is interested.

If a Director, supervisor, senior management of our Bank, before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by our Bank, gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in the contracts, transactions or arrangements and such contracts, transactions or arrangements are subsequently made by our Bank, such notice shall be deemed to be the declaration of his interests for the purpose of the above paragraphs to the extent of such disclosure in such notice.

REMUNERATION

The remuneration of Directors must be approved by shareholders in a shareholders' general meeting. See "— Emoluments and Compensation for Loss of Office".

APPOINTMENT, REMOVAL AND RETIREMENT

The qualification of a Director shall be examined and approved by the relevant regulatory authorities. The term of office of Directors shall be three years, renewable upon re-election. Directors shall be elected and replaced by the shareholders' general meeting.

The Nomination and Remuneration Committee of the Board and shareholder(s) individually or in the aggregate holding 1% or more of the issued shares of our Bank are entitled to nominate candidates for independent Directors to be elected by shareholders' general meetings. The term of office of an independent Director is the same with other Directors, renewable upon re-election but shall not be more than six years on an accumulative basis.

The Board shall consist of 13 to 17 Directors, of which at least one-third shall be independent Directors. The Board shall have one chairman and may have one vice chairman. The chairman and vice chairman shall be elected by a majority of all Directors.

A Director, supervisor, senior management of our Bank may not be:

(a) a person with a record of wilful or severe negligent crime;

(b) a person who is personally reliable for or is responsible by virtue of his/her supervisory role for the irregular or illegal operation activities or significant losses of the organizations which he/she has ever been served, in serious case;

(c) a person who is or was a Director or senior management personnel of the organization which has been taken over, dissolved, announced to become bankrupt or has its business license revoked, except that he/she could prove that he/she is not personally reliable for the organization he/she once serviced having been taken over, dissolved, announced to become bankrupt or having its business license revoked;

(d) a person who, in the performance of duties, was in breach of good faith by, among others, providing false material;

(e) a person whose qualification for appointment as Director and senior management member has been permanently deprived of by regulatory agencies or who has been punished by regulatory agencies or other financial regulatory authorities for two times cumulatively;

(f) a person whose violation of professional ethics, integrity or his/her breach of duty has resulted in significant losses or adverse effects;

(g) a person who instigates or participates in the non-cooperation by the organization he/she once serviced in respect of any legal regulation or case investigation;

(h) a person who has obvious conflict of interest with the role of Director to be performed;

(i) a person whose immoral misconduct has resulted in adverse effects;

(j) a person who is removed by other commercial banks or organizations for his/her failure to fulfill obligations in good faith;

(k) a shareholder, or a person employed by an entity shareholder that owes debts (not including debts in the form of deposit or secured by state bond) to our Bank, the amount of which exceeds the audited net share value of his shares in the last fiscal year;

(l) a person, or a person employed by an entity that owes debts to our Bank and is in default on such debts;

(m) a person who, while failing to satisfy the qualifications required by the regulatory authority, aims to make him/her qualified in an improper manner;

(n) other provisions prescribed in laws, administrative regulations and departmental rules.

The validity of any act by a Director or senior management personnel made on behalf of our Bank towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's position, election procedure or qualifications.

BORROWING POWERS

Our Articles of Association do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

(a) provisions which authorize the Board to formulate proposals for the issuance of debentures and other securities by our Bank; and

(b) provisions which provide that the issuance of debentures and other securities shall be approved by the shareholders' general meeting by a special resolution.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF OUR BANK

Any amendment to our Articles of Association shall be approved by the shareholders in general meeting by special resolution, and shall be subject to the approval of the banking regulatory authority and registration of changes in accordance with the law.

CHANGE OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Rights conferred on any class of shareholders in the capacity of shareholders, or class rights, may not be changed or abrogated unless approved by a special resolution of shareholders in a shareholders' general meeting and by holders of shares of that affected class at a separate meeting conducted in accordance with our Articles of Association.

The following circumstances shall be deemed a change or abrogation of the class rights of a shareholder class:

(a) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of class shares having voting or distribution rights or privileges equal or superior to those of the shares of such class;

(b) an exchange of all or part of the shares of such class into shares of another class, or an exchange or the creation of a right to exchange all or part of the shares of another class into the shares of such class;

(c) the removal or reduction of rights to accrued dividends or rights to cumulative dividends attached to shares of such class;

(d) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;

(e) the addition, removal or reduction of conversion privileges, options, voting rights or transfer or privileged allotment rights attached to shares of such class, or rights to obtain securities of our Bank;

(f) the removal or reduction of rights to receive payment payable by our Bank in particular currencies attached to shares of such class;

(g) the creation of a new class of shares having voting or distribution rights or other privileges equal or superior to those of the shares of such class;

(h) the restriction of the transfer or ownership of the shares of such class or any addition to such restriction;

(i) the issuance of rights to subscribe for, or convert into, shares in our Bank of such class or another class;

(j) the increase of the rights or privileges of shares of another class;

(k) the restructuring of our Bank where the proposed restructuring will not result in different classes of shareholders bearing different degrees of responsibility in respect of liability; and

(l) the variance or abrogation of provisions of "special procedures for voting in class shareholders' meetings" as contained in our Articles of Association.

Interested shareholders (as defined below) shall not be entitled to vote at "class shareholders' meetings".

Resolutions of a class of shareholders shall be passed by votes representing two-thirds or more of the equity of shareholders of that class present at "class shareholders' meetings".

Written notice of a “class shareholders’ meeting” shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the class of the matters to be considered, the time and the place of such meeting.

Notice of “class shareholders’ meetings” need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders’ general meetings of all shareholders unless otherwise provided in our Articles of Association. The provisions of our Articles of Association relating to the manner of conducting a shareholders’ general meeting shall apply to any meeting of a class of shareholders.

Other than holders of Shares of other class, holders of domestic shares and H Shares are deemed to be shareholders of different classes.

The special procedures for voting by a class shareholder shall not apply in the following circumstances:

(a) where our Bank issues, upon the approval by a special resolution in a shareholders’ general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and overseas-listed shares;

(b) where our Bank’s plan to issue domestic shares and overseas-listed shares at the time of its establishment is carried out within 15 months of the date of approval of the securities regulatory authority; or

(c) where our shareholder have their unlisted shares listed and traded overseas, upon the approval by the banking regulatory authorities and the securities regulatory authority.

For the purposes of the class rights provisions of our Articles of Association, the meaning of “interested shareholder(s)” is:

(a) in the case of a repurchase of shares by offers to all shareholders on the same pro rata basis or through public trading on a stock exchange, a “controlling shareholder” within the meaning of our Articles of Association;

(b) in the case of a repurchase of shares by a privately negotiated contract outside of any stock exchange, a shareholder to which the proposed contract relates; and

(c) in the case of a restructuring of our Bank, a shareholder within a class who bears a less than proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

RESOLUTIONS — MAJORITY REQUIRED

Resolutions of shareholders’ general meetings shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be approved by a simple majority of voting rights held by the shareholders (including their proxies) attending the meeting.

Special resolutions shall be approved by above two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

VOTING RIGHTS

The ordinary shareholders of our Bank have the right to attend or appoint a proxy to attend shareholders' general meetings and vote thereat. A shareholder (including shareholders' proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of voting shares and each voting share shall have one vote.

Voting at a shareholders' general meeting shall be taken by way of registered poll, such as voting by shows of hands or on a poll.

On a poll taken at a meeting, a shareholder (including shareholders' proxy) entitled to two or more votes need not cast all his votes in the same way.

REQUIREMENT FOR ANNUAL MEETINGS

An annual shareholders' general meeting shall be convened within six months after the end of a preceding accounting year.

ACCOUNTS AND AUDIT

Our Bank shall establish its financial and accounting system in accordance with the laws, administrative regulations and rules stipulated by relevant regulatory authorities.

The Board of our Bank shall have a board audit committee which reports and is responsible to the Board. The audit committee shall consist of not less than three members, all of them are non-executive Directors, and shall have such responsibilities and powers as prescribed by our Articles of Association.

The Board shall place before the shareholders at every annual shareholders' general meeting such annual financial reports prepared by our Bank that are required by any laws, administrative regulations, departmental rules, regulatory documents and Listing Rules.

Our Bank's annual financial reports shall be made available at our Bank for shareholders' inspection 20 days before the date of such annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports. Our Bank shall deliver to each H Share holder our annual financial reports or reports of the Board, along with balance sheet and profit and loss statement or income and expenditure statement at least 21 days before the date of such annual shareholders' general meeting by prepaid mail. Where there are otherwise provisions by the laws, regulations or securities regulatory authority in the listing place where our shares are listed in relation thereto, those provisions shall be observed.

Unless otherwise required by applicable laws, regulations or relevant Listing Rules, the financial statements of our Bank may, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either IFRS or the accounting standards of the overseas place where our Bank's shares are listed. If there is any material difference between the annual financial statements prepared in accordance with the two accounting standards, such difference shall be stated in an appendix to the annual financial statements. When our Bank is to distribute its after-tax profits, it may only distribute from the lower of the after-tax profits as shown in the two financial statements.

The annual financial report prepared by our Bank within four months after the end of each fiscal year shall be submitted to the relevant regulatory authorities according to law. Our Bank shall publish its financial report twice each fiscal year, i.e. publish the interim financial report within 60 days after the end of the first six months of each fiscal year and publish its annual financial report within 120 days after the end of the each fiscal year. Where there are otherwise provisions by the securities regulatory authority in the listing place where our shares are listed in relation thereto, those provisions shall be observed.

NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

Shareholders' general meetings are divided into annual shareholders' general meetings and extraordinary shareholders' general meetings.

Under any of the following circumstances, our Bank shall convene an extraordinary shareholders' general meeting within two months of the occurrence of any of the following:

(a) when the number of Directors is less than two-thirds of the number of Directors specified in our Articles of Association;

(b) when the unrecovered losses of our Bank amount to one-third of the total amount of its paid-up share capital;

(c) when such meeting is requested in writing by shareholder(s) holding individually or in aggregate 10% or more of our Bank's voting shares;

(d) when the Board deems it necessary;

(e) when such meeting is proposed by the Board of Supervisors;

(f) when such meeting is requested by more than half of the independent Directors (if there are only two independent Directors, both of them request such meeting);

(g) when such meeting is requested by more than half of the external supervisors (if there are only two external supervisors, both of them request such meeting); or

(h) in other situations as prescribed by laws, administrative regulations, departmental rules or our Articles of Association.

When our Bank convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days before the date of the meeting to notify all the shareholders in the share register of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting to our Bank 20 days before the date of the meeting.

Our Bank shall, based on written replies from the shareholders received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting is one-half or more of our Bank's total voting shares, our Bank may hold the meeting. Otherwise, our Bank shall within five days notify the shareholders again by public notice of the matters to be considered and the place and the date for the meeting. Our Bank then may hold the meeting after the publication of such notice.

A notice of a meeting of shareholders must:

(a) be in writing;

(b) state the date, time and venue of the meeting;

(c) state the matters to be considered at the meeting;

(d) all necessary information and explanation to enable shareholders to make sensible decisions on the matters to be discussed. This means that when the following matters, which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization or any proposals relating to change in the structure of our Bank are involved, the detailed conditions of the proposed transaction, copies of the contract (if any) and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;

(e) if any of the Directors, supervisors or senior management personnel have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a Director, supervisor or senior management personnel as shareholders compared to other shareholders of that same class, they shall explain this difference;

(f) contain the full text of any proposed special resolution to be voted at the meeting;

(g) contain a prominent statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;

(h) specify the record date on which the shareholders are eligible to attend the meeting;

(i) specify the time and place for lodging power of attorney for the relevant meeting;

(j) list the name and the phone number of the permanent contact person of the meeting; and

(k) Other requirements as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The following matters shall be decided by an ordinary resolution at a shareholders' general meeting:

(a) work reports of the Board and the Board of Supervisors;

(b) plans formulated by the Board for the distribution of profits and for the making up of losses;

(c) appointment and removal of the members of the Board and members of the Board of Supervisors, their emoluments and method of payment;

(d) annual budgets, annual accounting, balance sheet, profits statement and other financial statement of our Bank;

(e) consideration of the matters relating to changes in the use of proceeds;

(f) appointment and dismissal of accountant; and

(g) other matters unless required to be approved by special resolutions in accordance with the applicable laws, administrative rules and regulations or otherwise as stipulated by our Articles of Association.

The following matters shall be decided by a special resolution at a shareholders' general meeting:

(a) the increase or decrease of share capital and the issuance of shares of any class, warrants for share subscription and other similar securities;

(b) the division, merger, dissolution and liquidation, or change of corporate form of our Bank;

(c) amendments to our Articles of Association;

(d) share incentive plans;

(e) repurchase the shares of our Bank;

(f) the issue of debentures of our Bank or listing; and

(g) any other matters prescribed by the relevant laws, administrative regulations or our Articles of Association, or resolved by the shareholders at a shareholders' general meeting by an ordinary resolution that are significant to our Bank and should be adopted by a special resolution.

TRANSFER OF SHARES

Unless otherwise specified by the relevant laws, regulations, listing rules of place(s) where our shares are listed, the fully paid-up shares of our Bank may be transferred legally without any lien attached. To transfer the shares of our Bank, the transferor shall register with the stock registration organization entrusted by our Bank.

All the fully paid-up H Shares can be freely transferred in accordance with our Articles of Association. For H Shares listed on the Hong Kong Stock Exchange, if the requirements stipulated in our Articles of Association are not met, the Board may refuse to accept any transfer documents without giving explanation for such refusal.

The alteration to, or rectification of, any part of the share register shall be carried out in accordance with the laws of the places(s) where each part of the share register is maintained.

The transfer of our Shares shall comply with relevant provisions as required by the banking regulatory authorities and other regulatory authorities.

PLEDGE OF SHARES

Any shareholder shall be in strict compliance with the laws and regulations, and the requirements of the regulatory authorities if any shares of the Bank are to be pledged for the benefits of his/her own or others. Also, such shareholder must serve a prior notice to the Board.

Where a shareholder who has representation on the Board of Directors or the Board of Supervisors, or directly, indirectly or jointly holds or controls more than 2% of share capital or voting rights in the Bank pledges his equity interests in the Bank, an application shall be filed with the Board of Directors of the Bank in advance, which shall state the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. The Director(s) nominated by a shareholder proposing to pledge his shares in the Bank shall abstain from voting at the meeting of the Board of Directors at which such proposal is considered. Upon the registration of pledge of equity interests, the shareholders involved shall provide the Bank with the relevant information in relation to the pledge of equity interests in a timely manner, so as to facilitate the Bank's risk management and information disclosure compliance.

Where the Board of Directors considers the pledge to be materially adverse to the stability of the Bank's shareholding structure, the corporate governance as well as the risk and connected transaction control, the filing shall not be accepted.

A shareholder whose outstanding borrowing amount owed to the Bank exceeds the audited net equity interests held by him for the last fiscal year is prohibited from pledging his equity interests in the Bank.

Where a shareholder pledges 50% or more of his equity interests in the Bank, the voting rights of such shareholder at the shareholders' general meetings, as well as the voting rights of the Director(s) nominated by such shareholder at board meetings, shall be subject to restrictions.

POWER OF OUR BANK TO REPURCHASE OUR OWN SHARES

We may, in accordance with the stipulations of laws, administrative regulations, departmental regulations and our Articles of Association and subject to necessary approvals of the relevant regulatory authority, repurchase our issued shares under the following circumstances:

(a) for the reduction of our registered capital;

(b) when merging with another company that holds shares in our Bank;

(c) when offering the shares to our employees as a bonus;

(d) when the shareholder disagrees with the resolution of the shareholders' general meeting on the merger or separation of our Bank and requires our Bank to repurchase his shares; and

(e) under other circumstances permitted by the applicable laws, administrative regulations and relevant regulatory authorities.

We may, with the approval of the relevant regulatory authority, conduct the repurchase in any one of the following ways:

(a) making a pro rata offer of repurchase to all of our shareholders;

(b) repurchasing shares through public trading on a stock exchange;

(c) repurchasing by a negotiated agreement outside of any stock exchange; or

(d) by other means as stipulated by the applicable laws and regulations or as approved by the relevant regulatory authority.

Where we repurchase our shares by a negotiated agreement outside of any stock exchange, the prior approval of shareholders' meeting shall be obtained in accordance with our Articles of Association. We may release, vary such a contract, or waive any right thereunder with the prior approval of shareholders' meeting obtained in the same manner.

Shares repurchased by our Bank shall be transferred or canceled within the period prescribed by the applicable laws, administrative regulations or Our Articles of Association.

Unless our Bank is being liquidated, it must comply with the following provisions in relation to the repurchase of our issued shares:

(a) where our Bank repurchases our shares at par value, payment shall be made out of the book balance of our distributable profits or out of proceeds of a fresh issue of shares made for that purpose;

(b) where our Bank repurchases our shares at a premium to par value, payment equivalent to the par value shall be made out of the book balance of our distributable profits, out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows: (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of our distributable profits; or (ii) if the shares being repurchased were issued at a premium to par value, payment shall be made out of the book balance of our distributable profits, out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall exceed neither the aggregate of the premiums received by our Bank on the issue of the shares repurchased nor the current amount (including the premiums on the fresh issue) of our premium account (or capital reserve account);

(c) payment by our Bank in consideration of the following shall be made out of our distributable profits: (i) acquisition of rights to repurchase our shares; (ii) amendment of any contract to repurchase our shares; and (iii) release of any of our obligations under any contract to repurchase our shares; and

(d) after our registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be credited to our premium account (or capital reserve account).

RIGHT OF OUR SUBSIDIARIES TO OWN SHARES IN OUR BANK

There are no provisions in our Articles of Association preventing a subsidiary of our Bank from owning any of our shares.

DIVIDENDS AND OTHER METHODS OF PROFIT DISTRIBUTION

Our Bank may distribute dividends, bonus in the form of cash or shares.

Our Bank shall appoint receiving agents to receive on behalf of holders of the H Shares dividends declared and all other monies payable by our Bank in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

PROXIES

Any shareholder entitled to attend and vote at a meeting of our Bank shall be entitled to appoint proxy to attend and vote on his behalf, and a proxy so appointed shall:

(a) have the same right as the shareholder to speak at the shareholders' general meeting;

(b) have authority to demand a poll or join in such a demand; and

(c) exercise the voting rights by way of registered poll, such as voting by shows of hands or on a poll, except that, where a shareholder has appointed more than one proxy, his/her proxies may only exercise the voting rights when a poll is taken.

The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney on behalf of the appointer, a notary certified copy of that power of attorney or other authority shall be deposited at the residence of our Bank or at such other place as is specified for that purpose in the notice convening the meeting, not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or 24 hours before the time specified for voting.

If the appointer is a legal entity, its legal representative or such person as is authorized by its Board or other decision-making authorities may attend our shareholders' general meeting as a representative of the appointer.

Any proxy form used by a shareholder for appointing a proxy to attend and vote at a shareholders' general meeting shall enable the shareholder to instruct the proxy to vote in favor of, against or abstain from voting on each resolution put to vote at the meeting individually. Such a proxy form shall contain a statement, that in the absence of instructions by the shareholder, the proxy can vote as he thinks appropriate.

A vote given in accordance with the terms of an instrument appointing the proxy shall be valid notwithstanding the death or incapacity of the appointer or revocation of the proxy or of the authorization granted by the executed appointing instrument, or the relevant shares in respect of which the proxy is given have been transferred, provided that no notice in writing of such death, incapacity, revocation or transfer has been received by our Bank before the commencement of the meeting at which the proxy is used.

CALLS ON SHARES AND FORFEITURE OF SHARES

Our Bank shall have the right to terminate sending dividend warrants to holders of overseas listed shares by mail, but our Bank shall exercise the right only after a dividend warrant fails to be redeemed for two consecutive occasions, however our Bank can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

Our Bank shall have the power to sell, in such manner as the Board thinks fit, any overseas listed shares of a shareholder of who is untraceable, but is subject to the following conditions: (i) our Bank has distributed dividends for at least three times in respect of such shares within 12 years, but none of such dividends was claimed; and (ii) our Bank, after the expiration of a period of 12 years, made an advertisement on one or more newspapers of the place which our Bank is listed, stating its intention to sell such shares, and notified the stock exchange of the place which our Bank is listed of such intention.

RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER OF SHAREHOLDERS)

The ordinary shareholders of our Bank shall enjoy the following rights:

(a) entitlements to dividends and other forms of interest distributions in proportion to the number of shares held;

(b) to attend or entrust a proxy on their behalf to attend the shareholders' general meeting and to exercise their corresponding voting rights in accordance with laws;

(c) the right to supervise the business operations of our Bank, and the right to present proposals or to raise inquiries in relation thereto;

(d) the right to transfer, give or pledge shares in accordance with laws, administrative regulations, and the provisions of our Articles of Association;

(e) the right to obtain relevant information in accordance with laws, administrative regulations, departmental rules, regulatory documents, listing rules of place(s) where our shares are listed and provisions of our Articles of Association, including:

(i) the right to obtain a copy of our Articles of Association, subject to payment of the cost of obtaining such a copy;

(ii) the right to inspect with free of charge and copy, subject to payment of a reasonable charge, during the office hours of our Bank:

- all parts of the register of shareholders;
- the personal information regarding Directors, supervisors, senior management of our Bank;
- our share capital;
- reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by our Bank since the end of the last accounting year, and the aggregate expenses incurred by our Bank for this purpose;
- a copy of the latest annual examination report filed with the State Administration of Industry and Commerce of PRC or other competent authorities;
- minutes of the shareholders' general meetings;
- the special resolutions of our Bank; and
- the latest audited financial statements and the Directors', auditors' and supervisors' reports thereon.

(f) in the event of termination or liquidation of our Bank, the right to participate in the distribution of the remaining assets of our Bank in accordance with the number of shares held;

(g) in the event that the shareholder disagrees with the resolution of the shareholders' general meeting on the merger or separation of our Bank, the right to require that our Bank repurchase its shares; and

(h) other rights conferred by the applicable laws, administrative regulations, departmental rules or our Articles of Association.

QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS

Our Bank may convene a shareholders' general meeting or "class shareholders' meeting" where our Bank has received 20 days before such meeting written replies from shareholders who are entitled and intend to attend the meeting and the number of voting shares held by those shareholders is one-half or more of our voting shares or the voting shares of that class. Otherwise, our Bank shall, within five days, notify the shareholders again by public notice of the matters to be considered and the place and the date for the meeting. Our Bank then may hold the shareholders' general meeting or "class shareholders' meeting".

RIGHTS OF MINORITY SHAREHOLDERS

In addition to obligations on controlling shareholders imposed by the applicable laws, administrative regulations, or requirements imposed by the stock exchange(s) on which our shares are listed, our Articles of Association provide that a controlling shareholder shall not exercise his voting rights, in a manner prejudicial to the interest of the shareholders in general or a part of the shareholder group of our Bank in respect of the following matters:

(a) to relieve a Director or supervisor of his duty to act in good faith for the best interest of our Bank;

(b) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), under any disguise, of our Bank's assets, including (but without limitation to) opportunities beneficial to our Bank; or

(c) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the rights of other shareholders, including (but without limitation to) rights to distributions and voting rights, except pursuant to a restructuring submitted to the shareholders' general meeting for approval in accordance with our Articles of Association.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- alone, or acting in concert with others, has the power to elect half or more of the Board;
- alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in our Bank;
- alone, or acting in concert with others, holds 30% or more of the shares of our Bank; or
- alone, or acting in concert with others, having de-facto controls our Bank in any other manner.

PROCEDURES ON LIQUIDATION

Our Bank shall be dissolved upon the occurrence of any of the following events:

(a) a resolution for dissolution is passed by shareholders at a shareholders' general meeting and approval of relevant regulatory authority has been obtained;

(b) dissolution is necessary due to a merger or separation of our Bank;

(c) our Bank has its business license revoked or is ordered to be closed down or dissolved pursuant to the law;

(d) our Bank meets any serious difficulty in its operations or management so that the interests of the shareholders will face significant loss if it continues to exist and the problem cannot be solved by any other means; the shareholders who hold 10% or more of the voting rights of the issued shares of the company may ask the people's court to dissolve the company; or

(e) our Bank is legally declared bankrupt by court.

Where the Board decides to liquidate our Bank due to reasons other than insolvency, the Board shall include a statement in its notice convening a shareholders' general meeting to the effect that, after making full inquiry into the affairs of our Bank, the Board is of the opinion that our Bank will be able to repay its debts in full within 12 months of the commencement of the liquidation.

Upon the adoption of the resolution to liquidate our Bank in a shareholders' general meeting, all functions and powers of the Board shall cease immediately.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the liquidation committee's receipts and payments, the business of our Bank and the progress of the liquidation and to present a final report to the shareholders' general meeting upon completion of the liquidation.

OTHER PROVISIONS MATERIAL TO OUR BANK AND OUR SHAREHOLDERS

General Provisions

Our Articles of Association become effective on the date our H Shares are listed on the Hong Kong Stock Exchange. Thereafter, our Articles of Association constitute a legally binding document regulating our organization and activities, and the rights and obligations between our Bank and each shareholder and among the shareholders inter se.

Our Bank may, based on its needs for operation and development and in accordance with applicable laws and regulations, increase its capital upon resolution at the shareholders' general meeting and subject to approval by the relevant regulatory authority.

Our Bank may increase its capital in the following ways:

(a) public offering of shares;

(b) non-public offering of shares;

(c) distributing new shares to its existing shareholders;

(d) covering capital reserve into capital; and

(e) using any other ways permitted by laws, regulations and relevant regulatory authority.

Any increase of capital by issuing new shares shall, after being approved in accordance with the provisions of our Articles of Association, be conducted in accordance with the procedures stipulated by the applicable laws and administrative regulations.

Each shareholder of our Bank shall assume the following obligations:

(a) to abide by laws, administrative regulations and our Articles of Association;

(b) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(c) not to withdraw the shares unless in circumstances as permitted by applicable laws and regulations;

(d) shareholders shall fulfill their fiduciary duties to the Bank to ensure that the information they provided is true, complete and valid. Substantial shareholders shall disclose information of their related party, the related-party relationship with other shareholders and their shareholdings in other commercial banks truly, accurately and completely to the Board of Directors and undertake to report timely to the Board of Directors when there are changes to such related-party relationship;

(e) shareholders shall not seek improper gain or intervene with the decision-making and management rights exercised by the Board of Directors and senior management pursuant to the Articles of Association; nor shall they intervene directly with the Bank's operation and management by going over the Board of Directors and senior management, or damage the interests of the Bank and other stakeholders' legal interests;

(f) Any application requesting changes in shareholder holding more than five percent of total capital or the total shares shall be considered by the Board of our Bank first, then reported to the banking regulatory authority for its approval. Where the shareholding of a shareholder, in the absence of prior approval of the banking regulatory authority, reaches or exceeds five percent of the total outstanding shares of our Bank (hereinafter referred to as "excess shares"), before obtaining the approval of the banking regulatory authority, the shareholder who holds excess shares, when exercising the rights of shareholder as set out in our Articles of Association in respect of such excess shares, shall be subject to necessary restrictions, including (but not limited to): (i) for voting in the shareholders' general meeting of our Bank (including voting by class shareholders), no voting rights shall be conferred on such excess shares; (ii) the right to nominate candidates for Directors and supervisors as set out in our Articles of Association shall not be conferred on such excess shares. If the holding of excess shares by a shareholder fails to obtain the approval of the banking regulatory authority, the shareholder shall have the excess shares he/she holds transferred;

(g) not to abuse the rights of shareholders to damage the interests of the Bank or other shareholders; not to abuse the independent status of the corporate juridical person or limited liability of shareholders to damage the interests of the Bank's creditors; Where the Bank's shareholders abuse the rights of shareholders to damage the interests of the Bank or other shareholders, they shall assume liability for compensation; Where the Bank's shareholders abuse the independent status of the corporate juridical person or limited liability of shareholders to avoid debts, or cause a serious damage to the interests of the Bank's creditors, they shall be jointly and severally liable for the Bank's debts;

(h) The credit balance from our Bank to the same shareholder shall not exceed one tenth of the net capital of our Bank, and the borrowing by a shareholder's affiliates shall be calculated with the shareholder's borrowing from our Bank on a consolidated basis; and

(i) to assume other obligations imposed by the applicable laws and administrative regulations or our Articles of Association.

Directors' Qualification Shares

A Director shall be a natural person and is not required to hold any shares of our Bank.

BOARD

The Board is accountable to the shareholders' general meeting and shall perform the following duties and powers:

(a) to convene shareholders' general meetings and to report on its performance to shareholders at the shareholders' general meetings;

(b) to implement the resolutions of the shareholders' general meetings;

(c) to decide on our operational plans and investment plans;

(d) to formulate our annual financial budgets and accounts, venture capital distribution plans;

(e) to formulate our profit distribution plans and plans for recovery of losses;

(f) to formulate proposals on increases in or reductions of our registered share capital, issuance of bonds or other securities and other capital replenishment plan and listing plans as well as investment plan for funds raised, to supervise the implementation thereof, and to ensure that our Bank meets capital adequacy requirements;

(g) to formulate proposals for material acquisitions, the repurchase of our shares, merger, separation, dissolution of our Bank or change of the form of our Bank;

(h) within the scope authorized by our shareholders' general meetings, to decide on significant matters that are not daily business, such as external investments, purchases and sales of assets, pledges of assets, external guarantees, entrusted wealth management and connected transaction;

(i) to decide on the establishment of our internal management departments;

(j) to appoint or remove our president and secretary to our Board based on the nominations by the chairman; to appoint or remove senior management, such as the vice presidents, head of finance department based on the nominations by the president and to decide on matters relating to their emoluments and on the imposition of any disciplinary measures;

(k) to formulate the standard policies on the remuneration and allowance of our Directors;

(l) to establish our basic management system, decide on policies in respect of our risk management, internal control and compliance , and to consider and approve green credit strategies;

(m) to formulate proposals for any amendment to our Articles of Association;

(n) to approve our Bank's internal audit charter and audit planning and work plan;

(o) to supervise or authorize the related transaction management by Related Party Transactions Control Committee;

(p) to formulate long-term operation development strategy and major business development plan, and to monitor the effective implementation of relevant plans;

(q) to formulate information disclosure system, to manage information disclosure matters, and take ultimate responsibility for the authenticity, completeness, accuracy and timeliness of the accounting and financial reporting system of our Bank;

(r) to propose to the shareholders' meeting the appointment, change or discontinuing to appoint the accounting firms auditing our Bank;

(s) to supervise, evaluate the performance of duties by Directors and senior management of our Bank, to review working reports of the president and to examine the president's performance;

(t) to review any material capital expenses, contracts and commitments which beyond the expense limits set by the Board for the senior management;

(u) to develop the shareholding incentive or repurchase scheme;

(v) to regularly evaluate and improve our Bank's corporate governance, and to make necessary adjustments for the problems;

(w) to exercise any other power prescribed by the applicable laws, administrative regulations, departmental rules, as well as any other power conferred by our Articles of Association and shareholders' meeting.

Regular meetings of the Board shall be held by the Board at least once every quarter and be convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors and supervisors in writing 14 days before the date of a regular meeting.

Meetings of the Board shall be held only if more than half of the Directors are present. Each Director shall have one vote.

BOARD OF SUPERVISORS

Our Bank shall establish a Board of supervisors. The Directors, president, other senior management and financial chief shall not act concurrently as supervisors. The Board of supervisors shall be composed of five to seven supervisors. The Board shall have one chairman. The term of office of supervisors shall be three years, renewable upon re-election. The election or removal of the chairman shall be determined by two-thirds or more of the members of the Board of supervisors. A resolution of the Board of supervisors shall be passed by two-thirds or more of the members of the Board of supervisors.

The Board of supervisors shall consist of external supervisor(s) elected and removed by a shareholders' general meeting. Shareholder representative supervisors shall be elected and removed by a shareholders' general meeting; the employee representative supervisors shall be elected by the employees of our Bank at a staff representative assembly or otherwise.

The Board of Supervisors shall be accountable to the shareholders' general meeting and shall perform the following duties and powers in line with law:

(a) to examine our financial activities;

(b) to oversee the conduct of our Directors and senior management in performing their duties that fails to comply with the laws, administrative regulations or our Articles of Association, propose removal of our Directors and senior management, who have violated laws, administrative rules and regulations, our Articles of Association or resolutions of the shareholders' meeting;

(c) to demand that Director and senior management rectify their conduct when such conduct is prejudicial to the interests of our Bank;

(d) to check such financial information as financial report, operational report and profit distribution plan to be submitted by the Board to the shareholders' general meeting, and may, in the name of our Bank, entrust a certified public accountant or practicing auditor to help review any queries found;

(e) to propose the convening of extraordinary shareholders' general meetings, and to convene and preside over the shareholders' general meetings if our Board fails to call and preside over such a meeting as required;

(f) to present proposals to the shareholders' general meetings;

(g) to negotiate with a Director or bring actions against a Director on behalf of our Bank; and

(h) to perform other duties and powers prescribed by our Articles of Association.

PRESIDENT

Our president shall perform the following duties and powers:

(a) to take charge of the operation and management and risk management of our Bank, to organize the implementation of the resolutions of the Board and to report the work to the Board;

(b) to submit to the Board the operation plans and investment plans on behalf of the senior management and, after approval of the Board, to organize the implementation of the resolutions of the Board, our annual plan and our investment proposal;

(c) to draft annual budgets, annual accounting and profits distribution plan of our Bank;

(d) to draft proposals on the establishment of our Bank's internal management entities;

(e) to draft our Bank's basic management system;

(f) to formulate our Bank's specific regulations;

(g) to propose to the Board to appoint or dismiss the vice presidents, financial chief and other senior management personnel;

(h) to determine to appoint or dismiss management personnel (other than those to be engaged or dismissed by the Board);

(i) to determine the appointment, dismissal and reward or punishment decision on employees;

(j) to formulate proposals on increases in or reductions of our registered share capital, issuance of financial bonds;

(k) to authorize other senior management personnel and persons in charge of internal departments and branches to conduct operational activities;

(l) to decide on matters relating to wages, benefits, reward and punishment of or for our Bank's staff, and on the appointment and dismissal of our Bank's staff;

(m) to take urgent measures in case of a run on our Bank or other major emergencies, and report to banking regulatory authority, the Board, and Board of Supervisors immediately; and

(n) to exercise other powers conferred by our Articles of Association or granted by the Board.

Our president shall be present at meetings of the Board.

RESOLUTION OF DISPUTES

Whenever any disputes or claims arise from any rights or obligations provided in our Articles of Association, the PRC Company Law or any other relevant laws, administrative regulations and such claims concern the affairs of our Bank and are between holders of the H Shares and our Bank, holders of the H Shares and our Directors, supervisors, senior management, or holders of the H Shares and holders of our domestic shares, the relevant parties shall forthwith refer such disputes or claims to arbitration for resolution.

The disputes or claims mentioned above which are referred to arbitration shall be the entire dispute and claim; all persons having a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of the disputes or claims, shall abide by such arbitration if such person is the Bank or a shareholder, Director, supervisor or senior management of the Bank.

Disputes over the identity of a shareholder and over the register of shareholders do not have to be resolved through arbitration.

An applicant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules. Once an applicant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If an applicant elects for arbitration at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC.

The decision of an arbitration body shall be final, conclusive and binding on all parties.

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this prospectus, all of which are subject to change and may have retrospective effect.

A. The PRC Taxation

Certain PRC tax provisions related to the ownership and disposal of H Shares purchased under the Global Offering and held by the investors as capital assets are summarized below. This summary does not purport to address all material tax consequences of the ownership of H Shares and does not take into account the specific circumstances of any particular investors. This summary is based on various PRC tax laws as in effect as of the date of this prospectus, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was promulgated on September 10, 1980 and amended on October 31, 1993, August 30, 1999, October 27, 2005, June 29, 2007, December 29, 2007 and further amended and came into effect on June 30, 2011 and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was promulgated on January 28, 1994 and amended on December 19, 2005 and February 18, 2008 and further amended and came into effect on July 19, 2011, dividends paid by PRC enterprises are subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document Guo Shui Fa 1993 No. 45 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the amount which is over withheld will be refunded. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "CIT Law"), and the Implementation provisions for the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), both effective as of January 1, 2008, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties on avoidance of double taxation. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The Circular on Issues Relating to the Withholding of Corporate Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民法人股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT and came into effect on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends distributed out of profit generated after January 1, 2008. The Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company.

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has Avoidance of Double Taxation Treaties with a number of countries and regions including HK, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Individual Investors

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in PRC resident enterprises are subject to the income tax at a rate of 20%, unless such tax is reduced or exempted under relevant double taxation treaties.

Enterprise Investors

In accordance with the CIT Law and its implementation provisions, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or place in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premise. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例》) effective as of October 1, 1988 and amended on January 8, 2011, and the Detailed Rules for Implementation of Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例實施細則》) effective as of October 1, 1988, stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC, as PRC stamp duty is only applicable to such documents as executed or received within the PRC and having legally binding force in the PRC and protected under the PRC laws.

Estate Duty

As of the date of this Prospectus, no estate duty has been levied in China under the PRC laws.

B. **Hong Kong Taxation**

Tax on Dividends

Under current practice, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers could prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1 % on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after 11 February 2006.

2. PRINCIPAL TAXATION OF OUR BANK IN THE PRC

Corporate Income Tax

As stipulated under the CIT Law, enterprises and other organizations which generate income within the PRC are corporate income tax payers and shall pay corporate income tax pursuant to the CIT Law. The CIT Law and its implementation provisions came into effect on January 1, 2008, while the former Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises (《中華人民共和國外商投資企業和外國企業所得稅法》) and Provisional Regulations of the PRC on Corporate Income Tax (《中華人民共和國企業所得稅暫行條例》) were abrogated on the same date.

Pursuant to the CIT Law and its implementation provisions, the income tax rate for PRC enterprises is reduced from the original 33% to 25%, same as the rate applied to foreign investment enterprises and foreign enterprises.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》), which became effective on January 1, 1994, subsequently amended on November 5, 2008 and implemented on January 1, 2009, enterprises (including foreign investment enterprises) and individuals that provide various labor services and transfer intangible assets or sell real estate within the PRC are subject to business tax at a rate of 3% or 5% of the amount of taxable services or other transactions, except for the entertainment sector, the turnover of which is subject to business tax at a rate of 5% to 20%. Financial and insurance companies are subject to a 5% business tax.

According to the Pilot Reform for Transition from Business Tax to VAT (《營業稅改徵增值稅試點方案》) (Cai Shui [2011] No. 110) issued by the MOF and SAT and effected on November 16, 2011, pilot reforms for transition from business tax to VAT have been started since January 1, 2012 in certain service industries such as transportation and some of the modern service industries in pilot areas such as Shanghai and Beijing. According to a further notice of the MOF and the SAT, such reform has been expanded nationwide since August 1, 2013. However, as of the Latest Practicable Date, it remained unclear whether the finance and insurance industry has been included in the pilot industries for transition from business tax to VAT.

3. TAXATION OF OUR BANK IN HONG KONG

Our Directors do not consider that any of our Bank's income is derived from or arises in Hong Kong for the purpose of Hong Kong taxation. Our Bank will therefore not be subject to Hong Kong taxation.

4. FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi, which is currently subject to foreign exchange control and is not freely convertible into foreign exchange. The SAFE, under the authority of PBoC, is responsible for administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

In accordance with the Notice of the State Council on Further Reforming the Foreign Exchange Management System (《關於進一步改革外匯管理體制的通知》) (Guo Fa [1993] No. 89) issued by the State Council, since January 1, 1994, the conditional convertibility of Renminbi in current account items has been implemented, and the official Renminbi exchange rate and the market rate for Renminbi have been unified. The former dual exchange rate system for Renminbi had been abolished and a unitary and managed floating rate based on market demand and supply was introduced. The PBoC set and published daily the medium price of Renminbi against the U.S. dollar and the exchange rates of Renminbi against other currencies in reference to the changes in the international foreign exchange markets, which was permitted to float to a certain extent in foreign exchange transactions.

On January 29, 1996, the State Council promulgated new Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations") which became effective on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to SAFE's approval, while capital account items still are. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and August 1, 2008. The latest amendment to the Foreign Exchange Control Regulations clearly states that the State will not impose any restriction on international current account payments and transfers.

On June 20, 1996, the PBoC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which became effective on July 1, 1996. The Settlement Regulations abolished the remaining restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi (《關於完善人民幣匯率形成機制改革的公告》) (PBoC Announcement (2005) No. 16), issued by the PBoC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBoC would publish the closing price of the Renminbi against foreign currencies such as the U.S. dollar in the inter-bank foreign exchange market after the closing of the market on each business day, and would fix the central parity for Renminbi transactions on the following business day.

Starting from January 4, 2006, the PBoC introduced over-the-counter transactions into the inter-bank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBoC introduced the market-maker rule to provide liquidity to the foreign exchange market. The PBoC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the inter-bank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD, and announce it at 9:15 a.m. on each business day.

On August 5, 2008, the State Council promulgated the revised Regulations of the PRC for Foreign Exchange Control (the "Revised Foreign Exchange Control Regulations"), which have made substantial changes to the foreign exchange supervision system of the PRC. First, the Revised Foreign Exchange Control Regulations have adopted an approach of balancing the inflow and outflow of funds. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, the Revised Foreign Exchange Control Regulations have improved the mechanism for determining the RMB exchange rate based on market supply and demand. Third, the Revised Foreign Exchange Control Regulations have enhanced the monitoring of cross-border foreign currency fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

Pursuant to the relevant State rules and regulations, all of the foreign exchange revenue of the PRC enterprises from the existing current account transactions may be retained or sold to financial institutions operating a foreign exchange sale or settlement business. Foreign exchange income from loans granted by overseas entities or from the issuance of bonds and shares (such as foreign exchange income our Bank obtained from the sale of shares overseas) is not required to be sold to, but may be deposited in foreign exchange accounts at, designated foreign exchange banks.

PRC enterprises (including foreign investment enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of the SAFE, effect exchange and payment from their foreign exchange accounts or at the designated foreign exchange banks, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Bank) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect exchange and payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

On January 28, 2013, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which (i) a domestic issuer shall, within 15 business days of the end of its initial public offering overseas, register the overseas listing with the SAFE's local branch at the place of its incorporation; after overseas listing of domestic issuers any domestic holder of the overseas shares shall register its overseas shareholding with the SAFE's local branch at its jurisdiction in the event it increases or decreases its shareholding of the overseas shares; (ii) the SAFE branch shall issue a certificate of overseas listing upon verification, with which the domestic issuer can open a special account with a local bank for purposes of handling the funds in connection with its overseas initial public offering or additional issuance or share repurchase. The domestic shareholder of the issuer shall open a special account in a local bank at its jurisdiction for handling the funds in connection with the increase or decrease in its overseas shareholding based on the certificate of overseas shareholding it received from the SAFE's local branch; and (iii) the proceeds from an overseas listing may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of this prospectus and other disclosure documents. The conversion of proceeds remitted to domestic accounts into RMB shall be approved by the local SAFE branch.

On November 24, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa (2014) No.50), which canceled the approval requirement for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts. So far, the SAFE has not promulgated any specific rules in this regard.

Dividends to holders of H Shares are declared in Renminbi but must be paid in Hong Kong dollars.

1. FURTHER INFORMATION ABOUT OUR BANK

A. Establishment

We were established as a joint stock limited company in the PRC on November 6, 1996 under the PRC Company Law under the name of "Tianjin City Cooperative Bank Co., Ltd.". In May 1998, we were renamed as "Tianjin Commercial Bank Co. Ltd.", and subsequently in March 2007, our name was further changed to "Bank of Tianjin Co., Ltd.". Our registered address is 15 Youyi Road, Hexi District, Tianjin PRC. Our Bank has established a principal place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 25, 2015. Dr. NGAI Wai Fung has been appointed by us as our agent for the acceptance of service of process and notices on behalf of us in Hong Kong. Our address for acceptance of service of process in Hong Kong is the same as the address of our principal place of business in Hong Kong. We conduct our banking business in the PRC under the supervision and regulation of CBRC and PBoC. We are not an authorized institution within the meaning of the Banking Ordinance, and are not subject to the supervision of the Hong Kong Monetary Authority, nor authorized to carry on banking and/or deposit-taking business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix V. A summary of the relevant provisions of our Articles of Association is set out in Appendix VI.

B. Changes in Share Capital

At the time of our establishment, our initial registered capital was RMB1,009,973,700, divided into 1,009,973,700 Shares of nominal value of RMB1.00 each, all of which were fully paid up.

During the two years preceding to the date of this prospectus, we had the following changes in our registered capital:

In 2014, two corporate investors, Tianjin Pharmaceutical Holdings Ltd. and Tianjin Bohai Chemical Industry Group Co., Ltd., injected capital into our Bank, and we issued approximately 1,002,780,000 Shares at RMB1.00 each. The change of registration in Tianjin Market and Quality Supervision Administration was completed on November 3, 2014. Accordingly, our registered capital was increased from RMB4,123.3 million to RMB5,126.0 million, divided into 5,126,047,731 Shares of nominal value of RMB1.00 each, which was credited as fully paid up.

Save as disclosed above, there has been no alteration in our registered capital within the two years preceding the date of this prospectus.

Immediately after the Global Offering (assuming the Over-allotment Option is not exercised), our registered capital will be RMB6,031,047,731, consisting of 4,309,903,168 Domestic Shares and 1,721,144,563 H Shares, which represent approximately 71.46% and 28.54% of our registered capital, respectively.

C. Restriction on Share Repurchase

For details of the restrictions on the share repurchase by our Bank, see Appendix VI— "Summary of Articles of Association—Power of our Bank to Repurchase Our Own Shares".

D. **Resolutions of Our Shareholders**

Resolutions were passed on the Shareholders' general meeting on June 30, 2015, pursuant to which, among other matters, the Shareholders' general meeting:

(a) approved the Global Offering; and

(b) authorized our Board and persons authorized by our Board to handle all matters relating to the Listing.

Resolutions were passed on the Shareholders' general meeting on October 15, 2015, pursuant to which, among other matters, the shareholders' general meeting approved certain amendments to our Articles of Association in compliance with the requirements of the Listing Rules and other applicable laws and regulations. On June 30, 2015, our Board and the authorized persons approved by the Board were authorized to make further amendments to our Articles of Association according to any opinions given by the relevant regulatory authorities of the PRC and the Hong Kong Stock Exchange. The relevant amendments will become effective from the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange.

E. **Our Subsidiary and Changes in the Share Capital of Our Subsidiary**

Certain details of our subsidiary are set forth in Note 25 to Accountants' Report, the full text of which is set out in Appendix I to this prospectus.

In August 2008, Jixian County Bank was duly established in the PRC with a total registered capital of RMB113.6 million, 53.87% of which was directly held by us.

In July 2013, the registered capital of Jixian County Bank was increased from RMB113.6 million to RMB300 million, of which our Bank subscribed RMB43.8 million, the equity interest held by our Bank changed to 35%.

There has been no alteration in the registered capital of our subsidiary within the two years preceding the date of this prospectus.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. **Summary of Our Material Contracts**

We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

(1) a termination agreement dated March 9, 2016 and entered into between ANZ and our Bank (signed in both Chinese and English languages), pursuant to which ANZ and our Bank agreed that each of the Share Subscription Agreement (including ANZ's special rights thereunder), a business co-operation agreement and a technical assistance agreement all entered into between ANZ and our Bank on December 6, 2005 (as further described in the section headed "Our History and Development" in this prospectus) shall be terminated with effect from the Listing Date;

(2) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Fortune Eris Holding Company Limited as investor, CSSC (Hong Kong) Shipping Company Limited as guarantor, BOCI Asia Limited ("**BOCI**"), ABCI Capital Limited ("**ABCI**") and CCB International Capital Limited ("**CCBI**") as described in the section headed "Cornerstone Investors" in this prospectus;

(3) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Sinotak Limited as investor, Zhang Wei as guarantor, BOCI, ABCI and CCBI as described in the section headed "Cornerstone Investors" in this prospectus;

(4) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Tewoo Investment Co., Limited as investor, BOCI, ABCI, CCBI and CMB International Capital Limited as described in the section headed "Cornerstone Investors" in this prospectus;

(5) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Tianfang Jincheng (HK) Limited as investor, BOCI, ABCI and CCBI as described in the section headed "Cornerstone Investors" in this prospectus;

(6) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Ruifuxiang Investment Limited as investor, Shandong Tianye Real Estate Development Group Co., Ltd (山東天業房地產開發集團有限公司) as guarantor, BOCI, ABCI and CCBI as described in the section headed "Cornerstone Investors" in this prospectus;

(7) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Teda Hong Kong Property Company Limited as investor, BOCI, ABCI and CCBI as described in the section headed "Cornerstone Investors" in this prospectus;

(8) a cornerstone investment agreement dated March 12, 2016 and entered into among our Bank, Hui Ding Holdings Limited as investor, BOCI, ABCI and CCBI as described in the section headed "Cornerstone Investors" in this prospectus; and

(9) the Hong Kong Underwriting Agreement.

B. **Intellectual Property Rights**

As of September 30, 2015, we have registered the following intellectual property rights which are or may be material to our business.

(a) ***Trademarks***

As of the September 30, 2015, we have registered the following trademarks which are or may be material to our business.

No.	Trademark	Place of Registration	Class(1)	Application No.	Valid Period
1	天津銀行 BANK OF TIANJIN	PRC	36	11545711	March 7, 2014 to March 6, 2024
2	天津銀行 BANK OF TIANJIN	PRC	36	5984429	February 28, 2010 to February 27, 2020

No.	Trademark	Place of Registration	Class(1)	Application No.	Valid Period
3	紫晶卡	PRC	36	3862794	May 14, 2006 to May 13, 2016
4	津卡通	PRC	36	3862793	May 14, 2006 to May 13, 2016
5	金链条 GOLDEN SUPPLY CHAIN 贸易融资服务专家	PRC	36	10961903	September 14, 2013 to September 13, 2023
6		PRC	36	10962094	September 14, 2013 to September 13 2023
7		PRC	36	11098211	November 7, 2013 to November 6, 2023
8	金光芒 Golden Sunshine	PRC	36	13158421	March 28, 2015 to March 27, 2025
9	金光芒 Golden Sunshine	PRC	36	13158355	March 28, 2015 to March 27, 2025
10	金雨点 Golden Raindrop	PRC	36	13158455	March 28, 2015 to March 27, 2025
11	津e通	PRC	36	13496124	April 7, 2015 to April 6, 2025

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which are or may be material to our business:

No.	Trademark	Place of Registration	Class[1]	Application No.	Application Date
1	天津銀行 BANK OF TIANJIN	Hong Kong	36	303570598	20 October, 2015
2	天津銀行 BANK OF TIANJIN	Hong Kong	36	303611367	27 November, 2015
3	天津銀行 BANK OF TIANJIN	Hong Kong	36	303611385	27 November, 2015
4	天津銀行 BANK OF TIANJIN	Hong Kong	36	303611394	27 November, 2015
5	天津銀行 BANK OF TIANJIN	Hong Kong	36	303611402	27 November, 2015

Note:

(1) For details of the classification of goods for trademarks, please see the paragraph headed "—2. Further Information about Our Business—B. Intellectual Property Rights—(b) Classification of Goods for Trademarks" in this appendix.

(b) ***Classification of Goods for Trademarks***

The table below sets out the classification of goods for trademarks (the detailed classification in relation to the relevant trademarks depends on the details set out in the relevant trademark certificates and may differ from the list below):

Class Number	Goods
36	Insurance; financial affairs; monetary affairs; real estate affairs

(c) ***Domain Names***

As of the September 30, 2015, we have registered the following material Internet domain names/general website:

No.	Domain Name	Place of Registration	Owner	Effective Period
1	bank-of-tianjin.com.cn	PRC	Our Bank	March 15, 2007 to March 15, 2018

No.	Domain Name	Place of Registration	Owner	Effective Period
2	tjzxyh.com.cn	PRC	our Bank	October 20, 2014 to October 20, 2024
3	tjzxyh.com	PRC	our Bank	October 17, 2014 to October 17, 2024
4	tccb.com.cn	PRC	our Bank	April 19, 2000 to April 18, 2020
5	bank-of-tianjin.com	PRC	our Bank	March 15, 2007 to March 15, 2018
6	bankoftianjin.com	PRC	our Bank	January 31, 2006 to February 1, 2018

Save as disclosed herein, there are no other trademarks, patents or other intellectual or industrial property rights which are or may be material to our business.

C. **Our Depositors and Borrowers**

Our five largest depositors and five largest borrowers accounted for less than 30% of the respective total deposits and gross loans and advances to customers as of the Latest Practicable Date.

3. FURTHER INFORMATION ABOUT OUR SUBSTANTIAL SHAREHOLDERS, DIRECTORS, MANAGEMENT AND STAFF

A. **Substantial Shareholders**

So far as the Directors are aware, immediately following the completion of the Global Offering, the following persons (other than our Directors, Supervisors and chief executive of our Bank) will have or be deemed or taken to have interests and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Group.

Interests or short positions of substantial Shareholders in our Shares or underlying Shares

			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)			Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)		
Name of Shareholder	**Capacity**	**Class of Shares**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Bank**	**Approximate % of the relevant class of Shares of our Bank**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Bank**	**Approximate % of the relevant class of Shares**
Tianjin Port Free Trade Zone Investment Co., Ltd.[(1)] (天津保税區投資有限公司)	Beneficial owner	Domestic Shares	965,562,287	16.01%	22.40%	960,879,905	15.58%	22.37%

Name of Shareholder	Capacity	Class of Shares	Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option) Number of Shares directly or indirectly held	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank	Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option) Number of Shares directly or indirectly held	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd.(1) (天津保税區投資控股集團有限公司)	Interest in controlled corporation	Domestic Shares	965,562,287	16.01%	22.40%	960,879,905	15.58%	22.37%
Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司)	Beneficial owner	H Shares	725,644,563	12.03%	42.16%	725,644,563	11.77%	38.79%
Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) (2)	Beneficial owner	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司)(2)	Interest in controlled corporation	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%
Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司) (2)	Interest of a controlled corporation	Domestic Shares	489,747,816	8.12%	11.36%	487,546,375	7.91%	11.35%
Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) (3)	Beneficial Owner	Domestic Shares	488,690,770	8.10%	11.34%	486,491,069	7.89%	11.32%

Notes:

(1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保税區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保税區國有資產管理局). By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.

(2) Upon completion of the Global Offering, Tianjin Pharmaceutical Holdings Ltd. will (i) directly hold 487,717,217 Shares (assuming the Over-allotment Option is not exercised) and 485,521,898 Shares (assuming the Over-allotment Option is fully exercised); and (ii) through a number of controlled corporations, hold an aggregate of 2,030,599 Shares (assuming the Over-allotment Option is not exercised) and 2,024,477 Shares (assuming the Over-allotment Option is fully exercised). As such, Tianjin Pharmaceutical Holdings Ltd. will be interested in a total of 489,747,816 Shares (assuming the Over-allotment Option is not exercised) and 487,546,375 Shares (assuming the Over-allotment Option is fully exercised) by virtue of the SFO. For more details of the shareholding interest of the controlled corporations of Tianjin Pharmaceutical Holdings Ltd. in our Bank, please see "Substantial Shareholders". Tianjin Pharmaceutical Holdings Ltd. is wholly-owned by Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司), which is wholly-owned by Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司), an entity wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會). By virtue of the SFO, Tianjin Jinlian Investment Holdings Limited and Tianjin Bohai State-owned Assets Management Co., Ltd. are deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd.

(3) Upon completion of the Global Offering, Tianjin Bohai Chemical Industry Group Co., Ltd. will (i) directly hold 487,717,217 Shares (assuming the Over-allotment Option is not exercised) and 485,521,898 Shares (assuming the Over-allotment Option is fully exercised); and (ii) through a number of controlled corporations, hold an aggregate of 973,553 Shares (assuming the Over-allotment Option is not exercised) and 969,171 Shares (assuming the Over-allotment Option is fully exercised). As such, Tianjin Bohai Chemical Industry Group Co., Ltd. will be interested in a total of 488,690,770 Shares (assuming the Over-allotment Option is not exercised) and 486,491,069 Shares (assuming the Over-allotment Option is fully exercised) by virtue of the SFO. For more details of the shareholding interest of the controlled corporations of Tianjin Bohai Chemical Industry Group Co., Ltd. in our Bank, please see "Substantial Shareholders". Tianjin Bohai Chemical Industry Group Co., Ltd. is wholly-owned by the Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會).

Interests of substantial shareholders in members of our Group (excluding our Bank)

Our subsidiary	**Total registered capital**	**Parties with 10% or above shareholdings**	**% of substantial shareholder's interest**
	(RMB)		
Tianjin Ji County Village Bank Co., Ltd. (天津市薊縣村鎮銀行股份有限公司)	300,000,000	Tianjin Trust Co., Ltd. (天津信託有限責任公司)	20

B. Disclosure of the Directors' and Supervisors' interests in our issued share capital or our associated corporations

Save as disclosed below, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), none of our Directors, Supervisors and chief executive will have any interests or short positions in the Shares, underlying Shares or debentures of our Bank or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or any interests or short positions, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules which will be required to be notified to us and the Hong Kong Stock Exchange upon the Listing, or any interests or short positions, pursuant to section 352 of the SFO, which will be required to be entered in the register referred to therein. For this purpose, the relevant provisions of the SFO shall be construed as if they are applicable to our Supervisors.

Directors

Name of Director	**Capacity**	**Class of Shares**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Bank**
YUE Desheng (岳德生)	Beneficial interest	Domestic Shares	73,205	0.0014%
ZHANG Furong (張富榮)	Beneficial interest	Domestic Shares	478,645	0.0093%
LIU Baorui (劉寶瑞)	Beneficial interest	Domestic Shares	15,959	0.0003%

Supervisors

Name of Supervisor	Capacity	Class of Shares	Number of Shares directly or indirectly held	Approximate % of interest in our Bank
ZHANG Xiang (張祥)	Beneficial interest	Domestic Shares	263,538	0.005%
YAO Tao (姚濤)	Beneficial interest	Domestic Shares	102,487	0.002%

C. Particulars of Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a service contract with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provisions on arbitration. Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

D. Directors' and Supervisors' Remuneration

The aggregate remuneration (including salaries, bonus, social security plans, housing fund and other allowances, benefits in kind and discretionary bonus) paid by our Bank to our Directors and Supervisors for the year ended December 31, 2014 was RMB11.0 million.

Pursuant to the currently effective arrangements, for the year ending December 31, 2015, it is estimated that the aggregate remuneration and benefits in kind to be received by the Directors and Supervisors would be approximately RMB2.0 million.

E. Personal Guarantees

No Director or Supervisor has provided personal guarantees for the benefit of the lenders in connection with any banking facilities granted to us.

F. Agency Fees or Commissions Paid or Payable

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in "—4. Other information—E. Qualification of Experts" had received any commissions, discounts, agency fees, brokerages or other special terms from us in connection with the issuance or sale of any our capital within the two years preceding the date of this prospectus.

G. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors, Supervisors or any party listed in "—Other information—Qualification of Experts" is:

(i) interested in our promotion, or in any assets which have, within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Bank;

(ii) materially interested in any contract or arrangement subsisting as of the date of this prospectus which is significant to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "Other information— Qualification of Experts":

(i) is interested legally or beneficially in any of our Shares or our securities; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our Shares or any of our securities; and

(c) none of our Directors or Supervisors is a director or employee of a company which has an interest in our share capital that has to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO after the Listing on the Listing Date.

4. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that currently there is no material liability for estate duty under PRC law that is likely to be imposed on us.

B. Litigation

Save as disclosed in "Business—Legal and Administrative Proceedings", our Bank is not involved in any litigation, arbitration or administrative proceedings of material importance and, so far as we are aware, no litigation, arbitration or administrative proceedings of material importance is pending or threatened against us as of the Latest Practicable Date.

C. Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will charge a total amount of HK$9,303,240 as the Sponsors' fee.

D. Preliminary Expenses

Our preliminary expenses are estimated to be approximately RMB1,568,200 and are borne by us.

E. **Qualification of Experts**

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding up and Miscellaneous Provisions) Ordinance) who have given opinions or advice in this prospectus are as follows.

Name	Qualification
BOCI Asia Limited	a licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
ABCI Capital Limited	a licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CCB International Capital Limited	a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	certified public accountants
Tian Yuan Law Firm	legal advisors as to PRC law

F. **No Material Adverse Change**

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospect since September 30, 2015 (being the date on which our latest audited consolidated financial statements was made up).

G. **Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

H. **Miscellaneous**

Save as disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus, (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash, and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Bank;

(b) no share or loan capital is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) none of our equity and debt securities is listed or dealt with on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(g) there are no contracts for hire or hire purchase of any plant to or by us for a period of over one year which are substantial in relation to our business;

(h) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(i) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from overseas;

(j) we have no outstanding convertible debt securities; and

(k) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the Sino-foreign Joint Venture Law of the PRC.

I. Consents

BOCI Asia Limited, ABCI Capital Limited and CCB International Capital Limited, as the Joint Sponsors; Tian Yuan Law Firm, as our legal advisors as to PRC law; and Deloitte Touche Tohmatsu, as our Reporting Accountants, have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports, letters, and/or opinions (as the case may be) and/or the references to their names included herein in the form and context in which they are respectively included.

J. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

K. Promoters

Our promoters comprised shareholders of the former 65 urban credit cooperatives and 17 new corporate shareholders. Please see “Our History and Development”.

Save for the Global Offering and as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters above in connection with the Global Offering or the transactions described in this prospectus.

L. Particulars of the Selling Shareholders

Certain particulars of the Selling Shareholders are set out as follows:

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
1	Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司)	31,215,880	35,898,262	Its principal business is investment in high technology industry and infrastructure utilizing self-owned capital, corporate investment management consultancy (agent excluded), international trade; operating and distributing various products and import/export of technology (not including products and technology with restrictions imposed by the country); finance consultancy; tax agent; property rental of self-owned property; property development and sale of real estate.	Aviation Industry Support Center, Baoshui District, Airport Economic Zone Complex, Tianjin
2	Tianjin Pharmaceuticals Co., Ltd. (天津市醫藥集團有限公司)	14,635,461	16,830,780	Its principal business is in management of fixed assets, investment holding, equity participation; wholesale and retail of various goods and materials, related business consulting services; cosmetics, daily necessities, instrumentation, hardware, paper products, rubber products, purification equipment and materials, sanitary cleaning disinfection supplies, household appliances, communications equipment sales; instrument maintenance; exhibition services, warehousing services, (except dangerous goods); conference services; advertising; pharmaceutical products, technology development, transfer, consulting and servicing; labour services; computer software debugging and maintenance services; photography, printing services, dry cleaning business; import and export of goods and technology business, limited branch management; real estate development; Chinese medicine, chemical medicine, chemical medicine preparations, antibiotics, biochemical drugs, biological medicine, type 2 psychotropic drugs Medical polymer materials and products, medical health and dressing materials sales; common diagnostic instrument, treatment and rehabilitation instrument, equipment, equipment of traditional Chinese medicine, clinical examination analysis instrument, in vitro diagnostic reagents (except by drug administration), medical gas equipment, disinfection and sterilization equipment and apparatus, medical laboratory and basic equipment, oral equipment department, apparatus and materials, radiation treatment, basic surgical (stomatology and gynaecology), surgical instruments, medical gas supply devices, medical cold compress instrument, medical X-ray film and processing device sales, pre-packaged food, health food sales	No. 29, Youyi North Road, Hexi District, Tianjin
3	Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司)	14,635,461	16,830,780	Its principal business is in investments in chemical industry, salt-production industry, petroleum chemical industry, rubber industry, real estates, finance industry, securities industry, trade and service industry; asset operations (excluding financial assets); chemical products (excluding dangerous substances and precursor chemicals)	No. 10, Hebei Road, Heping District, Tianjin
4	Tianjin Hi-Tech Holding Group (天津海泰控股集團有限公司)	4,478,759	5,150,573	Its principal business is in technology development, consulting, transfer and other service (including electronic and information, mechanical and electrical integration, new materials, new energy and energy-saving technology, environmental science and labor protection, new building materials etc. and other technologies and products); business, material supply and marketing, wholesale and retail business, supporting infrastructure's construction, land transfer and rental housing; property rights trading agent intermediary services.	11/F-12/F, Haitai Building, No. 6 Meiyuan Road, Huayuan Chanye District, Tianjin
5	Tianjin Jinrong Investment Services Group Limited (天津津融投資服務集團有限公司)	3,155,341	3,628,643	Its principal business is external investment and management; acquire non-performing assets as authorized by the government of Tianjin, disposal of business; asset management (except financial assets); self-owned equipment rental; property rental, conference service; related consultancy service.	No.144, Machang Road, Heping District, Tianjin
6	Tianjin Economic-Technological Development Area Finance Bureau (天津經濟技術開發區財政局)	2,985,839	3,433,715	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	7/F, Area C, No.19, Hongda Street, Economic and Technology Development District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
7	Tianjin Leadar Real Estate Co. Ltd. (天津立達房地產有限公司)	Transfer is made on its behalf by Tianjin Port Free Trade Zone Investment Co., Ltd.		Its principal business is in property development, sales; unrestrained property rental; distribution, retail of various products, supplies; the above business related information consultancy service (shall comply with regulations if the country issued specific operational regulations for the above scope)	3/F, Block E/F, Lida Apartment, No. 78, Jinnan Road, Nankai District, Tianjin
8	Shanghai State-owned Assets Operation Co., Ltd (上海國有資產經營有限公司)	2,083,069	2,395,530	Its principal business is in industrial investment, capital operation, asset acquisition, package and sell, the enterprises and the custodian of assets, debt restructuring, property brokerage, real estate intermediary, financial advisers, investment consulting and consulting services in related scope, and guarantees assets relating to asset management and capital operation business.	Flat 807, No. 329 Tianyaoqiao Road, Xuhui District, Tianjin
9	BENEFO Corporation (天津百利機械裝備集團有限公司)	1,717,481	1,975,103	Its principal business is in manufacturing of machinery and electronic products (except cars); manufacturing of auto parts, tractor and accessories, internal combustion engine and accessories; manufacturing of related machinery, electronics, equipment, tooling, tools, general machinery, automobile manufacturing and processing of materials; mechanical and electrical products (excluding cars), wholesale and retail auto parts; warehousing (except dangerous goods); automobile (excluding cars), and tractor parts, electrical and mechanical equipment, mechanical and electrical equipment sales; housing rental; electrical equipment installation; electronic information, mechanical and electrical integration, new energy and energy saving, labor protection, environmental science and new building materials technology development, consulting, services, transfer; advertising business	No. 4 Changjiang Road, Nankai District, Tianjin
10	Tianjin Rail Transit Group Co., Ltd. (天津軌道交通集團有限公司)	1,492,920	1,716,858	Its principal business is in organization and management of urban rail transit, railway projects' investment and financing, construction, operation, maintenance, resource development; investment of urban infrastructure, securities and equity investment; railway loading and unloading services, railway and warehousing services (except dangerous goods); project contracting and construction, management of industry and technology consulting and related services; commercial housing sales, self-sustaining property, management of business site, leasing; property management services; building materials' production and sales; exhibition, conference services; advertising agency, design and agency.	No. 36 Caizhi Road, Xiqing District, Tianjin
11	Tianjin Economic and Technological Development Zone State-owned Assets Operation Company (天津經濟技術開發區國有資產經營公司)	1,281,889	1,474,172	Its principal business is in investment, equity and equity management of state-owned assets; housing lease; equipment leasing; infrastructure development; car rental; exhibition and related services; incubator of technology companies; property management.	No. 19 Hongda Road, Kaifa District, Tianjin
12	CNOOC Investment Holdings Co., Ltd. (中海石油投資控股有限公司)	1,279,645	1,471,592	Its principal business is in industrial investment; asset; management of trust assets	No. 25, Zhaoyangmen North Street, Dongcheng District, Beijing
13	Hangzhou Goldfish Electrical Appliance Group Co., Ltd. (杭州金魚電器集團有限公司)	1,261,379	1,450,585	Its principal business is in manufacturing, processing, technology development, consulting, services, and technology transfer; washing machine, conditioner, freezer, electric fan, household appliances, refrigeration equipment, optical cable, optical communication equipment, metal products, auto parts, plastic products, electric cars; wholesale and retail, bicycles, electric bicycle and accessories, metal materials, chemical raw materials and products (except dangerous chemicals and precursor chemicals), general machinery, electrical machinery and equipment; industrial investment; import and export of goods.	8/F, Flat 4, No.8 Da Street, No.16 Baiyang Road, Economic and Technical Development District, Hangzhou
14	Tianjin Jintoujinsha Real Estate Development Co., Ltd. (天津津投金廈房地產發展股份有限公司)	936,274	1,076,715	Its principal business is in real estate development and commercial housing sales, rental; consulting service of real estate information.	Building 12, Ningfa Group Industrial District, Xiqing Economic Development District,Tianjin
15	Tianjin Xiqing Economic Development Corporation (天津市西青經濟開發總公司)	857,469	986,090	Its principal business is rental of pipeline equipment, rental of self-owned property, property information consultancy(excluding intermediaries), gardening and greening engineering, labor services, earthworks	Xiqing Economic Development Zone

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
16	Tianjin Jinrong Investment Co., Ltd. (天津金榮投資有限公司)	810,442	932,008	Its principal business is in investment in economic infrastructure project and sale of supplies and products being developed; information consultancy; invest in financial services, infrastructure facility, real estate and high technology industry utilizing self-owned capital; integration of light, machines and electricity, peripheral equipment of calculators development and sale; electronic products, office supplies distribution and retail and related product distribution; equipment rental; property agent services.	3/F, A9, No. 21, the Third Street, Kaifa District, Tianjin
17	Tianjin Huaze Group Co., LTD (天津華澤(集團)有限公司)	749,164	861,539	Its principal business is in investment, industrial enterprises, leasing, self and agent all kinds of goods and technology import and export business, but except the limiting business in China and banned export products (not attached the list of import and export products); feed processing operation; operating counter trade and entrepot trade; domestic trade, warehousing, project evaluation, conference services; material supply and marketing, wholesale and retail, commercial housing rental; sewage treatment industries; business information consulting services; food sales (with a permit license to operate); warehousing services; logistics base, logistics center's management; packaging, services, information systems integration services; software development; information technology consulting services; supply chain management and related services; data processing, storage and analysis of the development and establishment of electronic business services; Service facilities and network application system, and the electronic commerce network infrastructure and application system of maintenance and management (with the exception of telecom value-added service); provide e-commerce technical and advisory services; to outsourcing in services engaged in the development of information technology and call center services.	No. 6, Dongting Road, Development District, Tianjin
18	Tianjin House Construction Development Group Co., Ltd. (天津住宅建設發展集團有限公司)	525,452	604,270	Its principal business is in property development; operation, rental; property consultancy service; construction works, interior design, construction, production of renovation materials, distribution business; market development service; contracting service for overseas property construction and domestic international tendering; overseas construction equipment and materials export; staffing for overseas construction; residential material technological research, consultancy service	No. 55, Machang Road, Heping District, Tianjin
19	Tianjin University (天津大學)	491,691	565,445	Its principal business is in junior college education in literature, science, engineering and management subjects; Bachelor education in literature, science, engineering, management, law, and medical science subjects; Master education in philosophy, engineering, literature, science, law, education, management, economics and medical science subjects; Doctor education in engineering and management subjects; Postdoctoral training; Related disciplinary research, continuing education, professional training and academic exchanges	No. 92, Weijin Road, Nankai District, Tianjin
20	Tianjin Jinyi Investment Co., Ltd. (天津津益投資有限責任公司)	480,672	552,773	Its principal business is in foreign investment based on own fund: Iron and steel and products, industrial use nonferrous metals, lumber and wood products, soda ash, caustic soda, rubber, chemical, plastic raw materials industry (except chemical dangerous goods), machinery and equipment, electrical equipment and parts, artificial and chemical fiber, industrial animal, vegetable oil, cotton, mineral products, textiles, clothing wholesale and retail; information goods; goods and technology import and export business; electronics and information, mechanical and electrical integration of technology development, consulting, clothing, transfer; industrial information technology consulting; owned housing rental; wholesale and retail of pre packaged food).	2/F Kexin House 41, Huayuan Chanye District, Tianjin
21	Tianjin Haihua Industrial Development Co., Ltd. (天津海華實業發展有限公司)	371,571	427,307	Its principal business is in investment and development of raw materials and deep processing projects; technology development; information consultation; electronic products, chemical products (except dangerous chemicals and drugs), appliances, textile, wholesale and retail of daily general products.	A9, No. 21 Third Road, Development District, Tianjin
22	Tianjin Jinfang Housing Guarantee Co., Ltd. (天津市津房置業擔保股份有限公司)	318,064	365,774	Its principal business is in guarantee for property mortgage; Property agents and real estate brokers activities	No. 15, Datong Road, Heping District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
23	Tianjin Hebei Construction and Development Corporation (天津市河北區建設開發公司)	174,650	200,848	Its principal business is in real estate development and sale of commercial housing properties; housing demolition; leasing of self-owned housing properties. Those mentioned above that are subject to national regulations shall be regulated according to national provisions	No. 169 Xianwei Road, Hebei
24	China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司)	173,055	199,013	Its principal business is in foreign currency business; capital trust; trust of immovable property; trust of negotiable instruments; trust of other assets or property rights; engagement in funds investment business as investment fund or promoter of fund management companies; operating in reorganization, mergers of corporate assets and project financing; corporate financial management; financial advise etc.; entrusted to operate business of underwriting of securities by relevant departments connected to the State Council; administering business such as brokerage, consultancy credit investigation services; custody and security box business; utilizing fixed property by way of due from banks, call loans to banks, loans, leases and investments; provision of guarantees with fixed property; engagement in inter-bank lending; other business ruled by laws and regulation or as permitted by the CBRC	6/F, Central Flat; Chemsunny World Trade Center, 28 Fuxingmennei Street, Xicheng District, Beijing
25	Tianjin Bohai Light Industry Investment Group Co., Ltd (天津渤海輕工投資集團有限公司)	167,011	192,063	Its scope of operations as described in its business license is: No operation for business prohibited by laws, regulations. No operation before approval for business subject to approval. Autonomous operation for business not subject to approval	Flat 107-03, Level 1, Block C, Comprehensive Service District Office Building, Nangang Industrial Zone, Tianjin Economic-Technological Development Area, Tianjin
26	Tianjin Labor and Social Security Service Guidance Centre (天津市勞動保障服務指導中心)	154,726	177,935	Its principal business is the carrying out of employment services and socialized service work for two big categories of laid-off workers and retirees; undertaking the management and statistical work of social labor force of the whole city; being responsible for implementation and organization of training of laid-off workers.; being responsible for management and supervision of labor service enterprise; organizing promotion of employment for the whole city community; being responsible for operation and management of unemployment insurance fund; being responsible for the service institutions for labor and social security of the whole city, district, county, roads and streets.	No.2, Xikang Road, Heping District, Tianjin
27	Tianjin Jinfang Exchange Co., Ltd. (天津市津房置換有限責任公司)	153,958	177,052	Its principal business is acting as real estate broker and agent, secondary market housing sales; commercial real estate sales; real estate advisory services; sales and leasing business	No. 33-39 Baoding Road, Heping District, Tianjin
28	Tianjin Xiqing Construction & Development Company (天津市西青區建設開發公司)	145,026	166,780	Its principal business is property development and sales of commercial housing; land filling works; self-owned housing rental; construction of municipal facilities and basic infrastructure	No. 35 Liukou Road, Yangliuqing Town, Xiqing District, Tianjin
29	Tianjin Metallurgy Group (Holdings) Co., LTD (天津市冶金集團(控股)有限公司)	136,299	156,744	Its principal business is management of state-owned assets and capital operation within the scope of government's authorization; wholesale, retail, purchasing and distribution of all kinds of goods and materials; warehousing.	No.57 Changde Road, Heping District, Tianjin
30	Tianjin Zhonghuan Investment Co., Ltd. (天津市中環投資有限公司)	131,586	151,324	Its principal business is project investment: participating in national approved technological improvement and measures and investment or shares acquisition of infrastructural projects: related consultancy service: operate domestic trading.	No. 16, Youyi Road, Hexi District, Tianjin
31	Tianjin Heping Industrial Company (天津市和平實業公司)	109,214	125,596	Its principal business is in general merchandise, hardware and electric chemical (except easy toxic chemicals), native products, textiles, building materials, electrical equipment, steel, copper, copper, aluminum, aluminum, soda ash, caustic soda, wood, plastic products; housing rental (based on lease license).	Flat 205, No.24 Shanxi Road, Heping District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
32	Tianjin Xingli Industrial Corporation (天津市興麗實業總公司)	106,036	121,941	Its principal business is in wholesale and sale of mechanical equipment, subsidiary agricultural products, car accessories, ferrous materials, construction materials, commodities, wood, decoration materials, stationeries, handicrafts, textiles, ceramics and glass; operating and acting as agent for the import/export of various goods and technology, (except for goods and technology which are restricted/prohibited by national regulations from dealing by companies/being imported/exported) (catalogue of import/export goods is not attached); processing with supplied/imported materials; counter-trade and entrepot trade	No. 28, Fushan Road, Dongli District, Tianjin
33	Tianjin Beichen Science and Technology Park Corporation (天津北辰科技園區總公司)	103,127	118,596	Its principal business is in use of foreign capital to provide services of setting up joint ventures and cooperative enterprises, development of district infrastructure construction and materials supply and marketing services (excluding automobiles and explosives), integrated commerce; consulting services; legally-permitted import-export business; advisory services in relation to corporate reporting and inspection; property development; sales of commercial housing	No. 88, Yongjin Road, Beichen District, Tianjin
34	Tianjin Agricultural Investment Guarantee Co., Ltd. (天津農業投資擔保有限公司)	90,305	103,850	Its principal business is in loan guarantees, bill acceptance guarantees; trade financing guarantees; project financing guarantees; letters of credit guarantees; other approved financing guarantees; approved non-financing guarantee.	Xianggang Street, Jinnan Economic Development Zone, Tianjin
35	Tianjin Industrial & Trading Company (天津市工貿公司)	78,707	90,513	Its principal business is in wholesale and retail of metal materials, building materials, machinery, electrical equipment, auto parts, chemical materials, light industry, hardware, electricity, needles textiles and department stores' decorative materials; technology consulting and information consultation.	No. 2, First Avenue, Tianjin Development Zone
36	Tianjin Heping Small and Medium-sized Enterprises Guarantee Co., Ltd. (天津市和平中小企業擔保有限公司)	76,463	87,933	Its principal business is in loan guarantees; acceptance of bill guarantee; trade financing guarantee, project financing guarantee; long-term credit guarantee; other approved financing guarantees. Other approved financing guarantee business. Approved non-financing guarantee business.	Room 302, 45 New Baoding Road, Heping District, Tianjin
37	Tianjin Spark Science and Technology Development Centre (天津市星火科技開發中心)	74,706	85,912	Its principal business is in management of the national Spark Program capital adjustments and the Spark Program funds of Tianjin city	No. 287, Heping Road, Heping District, Tianjin
38	Tianjin Jinglian Real Estate Development Company (天津市經聯房地產開發公司)	68,248	78,485	Its principal business is in real estate development, construction and operation and sales of commercial residential buildings; economic information consulting services of hardware and software of computer, communications equipment, office supplies, building materials, steel, decorative materials, handicrafts (including processing); computer systems integration, security engineering design and installation; computer technology development; self-owned housing rental.	No. 209-217, Door 3, Honghuali, Guangdong Road, Hexi District, Tianjin
39	Tianjin Telecom Industrial Group Co., Ltd. (天津電信實業集團有限公司)	68,022	78,225	Its principal business is in integrated network information technology development, communications equipment sales, hardware and building material sales, communications terminal equipment sales; electromechanical integration equipment sales, electronic calculators, fiber optic cable, office automation equipment, instrumentation, refrigeration and air conditioning equipment, electronic components, telecommunications equipment, general merchandise, groceries, cultural and sports goods sales, construction and decoration materials, light industry and chemical materials, wholesale, retail and distribution purchasing, communications equipment maintenance, public telephone service, IC, IP card, public telephone wholesale, retail; communication equipment installation; office supplies, arts and crafts sales; related technical consulting, development, transfer; communications equipment leasing; hardware and software technology development, transfer services; telecommunications terminal equipment, electrical and mechanical equipment installation; maintenance services; advertising; property management; building construction; telecommunications engineering; building construction. The following businesses are operating under its subsidiaries: communications products technology development, transfer advisory; services; warehousing; transport (except for dangerous goods); catering; pure water production; secondary water depth processing; real estate leasing; lodging; conference services	No. 117, Shaoxing Road, Hexi District, Tianjin

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40	Tianjin Tanggu Marine High-Tech Development Corporation (天津市塘沽海洋高新技術開發總公司)	67,540	77,671	Its principal business is in real estate development and sales; high-tech development, infrastructure management, consulting services, and labor services; house lease.	No.99, Tanghan Road, Tanggu, Binhai New Area, Tianjin
41	Tianjin Jinfang Flower seedlings Trading Co., Ltd. (天津市津房苗木花卉貿易有限公司)	63,982	73,580	Its principal business is in wholesale and retail of seedlings, flowers, agricultural and sideline products, building decorative materials and machinery and equipment; equipment rental, flowers rental, provide labor services, real estate sales: The following business are limited to several branches: seedlings, flowers, agricultural product	Unit 106, No. 1, Zhonghuan West Road, Tianjin Airport Economic Zone.
42	Tianjin Tiantai Clothing Imp.& Exp. Co., Ltd. (天津天泰服裝進出口有限公司)	62,750	72,162	Its principal business is in importing and exporting businesses for itself or on behalf of clients for all kinds goods and technologies; except for the goods and technologies that are prohibited by the government; feed stock processing business and "san lai yi bu" business; counter trade and entrepot trade, retail and wholesale trade; economic information consulting services; coal wholesale business; edible agricultural products wholesale and retail (limited to products grown in water) (the above mentioned scope is restricted by the special provisions regulated by the government); pre-packaged food and bulk food, dairy products (including baby formula powder) wholesale and retail (legally subject to the approval of the project, and may only commence after the approval of the relevant departments and business activities) provide services for private sector development. Responsible for providing legal and policy advice, project evaluation, adjudicating, finance, audit, data, information technology and other services related to the community	No. 7, Xing'an Road, Nankai District, Tianjin
43	Tianjin Private Enterprises Service Centre (天津市私營企業服務中心)	62,600	71,990	Its principal business is in services for private sector development; being responsible for providing legal and policy advice, project evaluation, adjudicating, finance, audit, data, information technology and other services related to the community	No. 70, Yantai Road, Heping District, Tianjin
44	Tianjin Changqing Group Co., Ltd. (天津長青集團有限公司)	60,868	69,999	Its principal business is in metal products, building materials, nonferrous metals, steel, household electrical appliances, general merchandise wholesale and retail, purchase agent; chemicals (excluding easily inflammable and explosive drugs), wholesale of textiles; information advisory (not including intermediary); import and export business relating to goods and technology (excluding goods and technology prohibited by the state); engage in materials processing and the "San Lai Yi Bu (三來一補)" business; operation of counter trades and entrepot trades; organization management; automobile transportation service; communications equipment, computer and other electronic equipment manufacturing	No. 201-205, Jinnan District Evergreen Branch Trade and Industry Park (Weishan Road) Management Center
45	Tianjin Staff Housing Cooperative Union (天津市職工住房合作社)	56,304	64,750	Its principal business is to collect funds for cooperative house-building	No. 99, Huanhu Central Road, Hexi District, Tianjin
46	Tianjin Youth & Children Centre (天津青少年活動中心)	51,693	59,447	Its principal business is in provision of training educational services for teens; short-term training courses for teens (related social services)	Leyuan Road, Hexi District, Tianijn
47	Tianjin Hebei Tianxing Construction and Development Company (天津市河北區天興建設開發公司)	45,129	51,898	Its principal business is in property development and commercial housing sales service.	No. 295 Aixian Road, Hebei District, Tianjin
48	Sinotrans Tianjin Co., Ltd. (天津外運有限公司)	43,576	50,113	Its principal business is in trade, land, sea and air express transport for non-trade goods, multimodal transport and warehousing, booking, loading, business inspection; sale and leasing business of container; charter business; commercial materials supply and marketing, real estate and relevant information consulting industry; the following scope shall be limited to be operated by branches: container transport operations; international freight forwarding (sea, air and land); house leasing	No. 80, Qufu Road, Heping District, Tianjin
49	Tianjin Guests Reception Service Corporation (天津迎賓服務總公司)	43,423	49,936	Its principal business is in organization and management of the production and operation business of subordinate hotels, restaurants, clubs, and fleet; property management. Wholesale and retail of hardware and electrical equipment, automobile accessories, knitting, textiles, daily necessities, arts and crafts.	Flat 301, unit 046, No.46 Chongqing Road, Heping District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
50	Tianjin Jia Jia Industrial Corporation (天津市嘉佳實業總公司)	43,423	49,936	Its principal business is in department stores, hardware, electrical equipment, chemical industry product (excluding dangerous chemicals and precursor chemicals), automobile accessories, agricultural and sideline products, instrumentation; economic information consultation.	Yumen, No.200 Dagu Road, Heping District, Tianjin
51	Tianjin Wanhua Co., Ltd. (天津萬華股份有限公司)	Transfer is made on its behalf by Tianjin Port Free Trade Zone Investment Co., Ltd.		Its principal business is in operation of the enterprise's products and export of the correlative techniques and import of the raw and auxiliary materials, mechanical equipment, instruments and spare parts needed through the operation and scientific research of the enterprise and the correlative techniques; operation of the enterprise's feedstock processing and the three-processing and one compensation business; manufacturing and processing of plastic films, artificial leather, polyurethane products, plastic sandwich timber, metal packaging materials, containers, aerosol, enamel products, plate making, tooling and machinery; plastics technology consulting; engineering installation works; commerce, wholesale, retail, purchasing and distribution of various types of materials; self-owned housing rental; manufacturing and processing of instrumentation	No. 7, Xinghua Road, Xiqing Economic Development Zone, Tianjin
52	Tianjin Tianshu Real Estate Development Co., Ltd. (天津市天舒房地產開發有限公司)	42,655	49,053	Its principal business is in real estate development, real estate sales.	No. 57-601, Huashi Building, Ti Yuan Bei Huan Hu Zhong Road, Hexi District, Tianjin
53	Tianjin Department Store (天津市百貨公司)	41,337	47,537	Its principal business is in commerce; export of tourist commodities of less than US$5 million in value; self-owned housing rental; materials supply; motor vehicle maintenance and repair; lubricating oil, tires, car accessories; general cargo logistics	No. 8 Jiefang Road, Heping District, Tianjin
54	Tianjin Economic and Technological Development Zone Real Estate Development Company (天津經濟技術開發區房地產開發公司)	41,055	47,214	Its principal business is in property development, sales and maintenance of commercial housing; housing rental; property technical consulting, management of small-size construction works, agency, construction materials	7-506, 52 Xincheng West Road, Kaifa District, Tianjin
55	Tianjin Foreign Enterprises & Experts Service Corporation (天津市外國企業專家服務總公司)	38,129	43,849	Its principal business is in agency business, provision of service; relevant advisory services regarding undertaking foreign companies' establishment of enterprises or office in Tianjin.	6-7/F, Tower C, Hezhong Building, No.51, North Youyi Road, Hexi District, Tianjin
56	Tianjin Xiqing Housing Trust Management Centre (天津市西青區房屋信託管理站)	37,988	43,687	Its principal business is in housing Management: housing security management and repair and maintenance of houses and equipment	Unit 3&4, North Binshuili, Tiyuan, Hexi District, Tianjin
57	Administration for Production Services of Tianjin Hongqiao Dahuoxiang Subdistrict (天津市紅橋區大夥巷街生產服務管理處)	36,026	41,430	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No. 34-26, Quqi Road, Hongqiao District, Tianjin
58	Tianjin Municipal Construction and Development Co., Ltd. (天津市市政建設開發有限責任公司)	35,677	41,028	Its principal business is in development of real estates and the sale of commodity housing; civil engineering construction (public roads, water supply and drainage, municipal administration, subway, civil construction, industrial engineering construction); consultancy on construction engineering technology; lease of self-owned properties	No. 260, Anshanxi Road, Nankai District, Tianjin
59	Tianjin Dongli Economic and Technological Development Corporation (天津市東麗區經濟技術開發總公司)	35,608	40,950	Its principal business is in technology development, technology transfer, provision of technical services; handling of agency materials; construction materials, light industrial materials, ferrous metal materials	No. 180, Jintang Road, Dongli District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
60	Tianjin Tiantouhuatai International Trade Co., Ltd. (天津天投華泰國際貿易有限公司)	34,926	40,165	Its principal business is in goods and technology import and export business (as far as permitted by the state laws and regulations for the import and export business); International Freight Forwarders (sea, air, land), warehousing services (except for dangerous goods), economic information consultation. Textile raw materials, textiles, garments, shoes, hats, labor supplies, household goods, office supplies, hardware, hardware, mechanical equipment, machinery and electronic products (except for cars), electronic products, chemical products (except for dangerous goods and narcotic drugs), craft industry art, jewelry, building materials, decoration materials, steel, stainless steel products, furniture, edible agricultural products, aquatic products retail and wholesale; pre-packaged foods and bulk foods, dairy products (including baby milk formula powder), non-ferrous metal (except for tin and antimony minerals and smelting products) wholesale and retail; coal wholesale. (legally subject to the approval of the project, and may only commence after the approval of the relevant departments and business activities)	No. 76 Yantai Road, Heping District, Tianjin
61	China Railway Materials Tianjin Co., Ltd. (中國鐵路物資天津有限公司)	34,789	40,008	Its principal business is in metal and non-metal materials and products, mechanical and electrical equipment and products; electrical and electronic products, special railway equipment, motorcycles and accessories; motor vehicles (excluding cars) and accessories; rubber and rubber products, paper; building materials, wood, chemical raw materials and products; textiles, man-made board, labour protection supplies, paint, furnace charge; recycling, processing and marketing of railway renewable materials; warehousing, transportation and processing agents, warehouse facilities and equipment rental, feeder import and export of goods, technical testing of metal materials and products, and information consulting service relating to the above; Import and export business, processing imported materials, counter trade and entrepot trade, wholesale sales of coal; coke; petroleum products (excluding fuel oil); handling services, rental housing, sales of organic fertilizers (except dangerous goods); transportation of gasoline, kerosene and diesel used by vehicles; industrial production and wholesale of flammable gases, liquids, flammable solids, flammable objects acid corrosion products, alkaline corrosion and other corrosion products (excluding toxic, monitoring, a class of precursor chemicals) (excluding the provision of rental storage, warehousing and logistics services); fuel oil sales; scrap metal recycling, processing and marketing; logistics information services, logistics information consulting; fertilizer operations (except for dangerous goods); cotton sales	No. 21, Jintang Road, Hedong District, Tianjin
62	Tianjin Public Housing Operation and Management Office (天津市公用公房經營管理處)	34,213	39,346	Its principal business is in government and public affairs, serve to provide public services for the city public housing management units. Administration of public housing, usage, property titles, property register management, equipment maintenance and repair houses and security management for public housing districts. Also provide operational guidance for those districts.	No. 10, Dali Road, Heping District, Tianjin
63	Tianjin Jinlu Real Estate Development and Management Co. Ltd. (天津市金潞房地產開發經營發展有限公司)	34,124	39,242	Its principal business is in real estate development; sale of commercial housing properties; housing demolition; property management, interior and exterior house decoration	No. 153, Xinhong Road, Hongqiao District
64	Tianjin Longsheng Business Trade Corporation (天津市隆升工商貿易總公司)	34,017	39,120	Its principal business is in metal hardware and electrical equipment, chemical industry (excluding dangerous substances), construction materials, copper material, knit products, general merchandise, chemical and light industrial materials; cooling air conditioning equipment; arts and craft; general daily use products; native products; civil use construction materials; steel materials; mechanical and electronic products (excluding cars); electromechanical integration technology and products, technological developments, transfers, consultancy and services of computers and products; storage, copying, typing (limited to branches); leasing of self-owned property	Santanxili, Nankai District, Tianjin
65	Tianjin Shenghua Industrial & Commercial Company (天津市盛華工商實業公司)	32,540	37,420	Its principal business is in metal materials, wood, machinery and equipment (except cars), electrical equipment, instrument and meter, knitwear and textile, auto parts, rubber plastic products, building materials, hardware, electrical, welding machine, insulation board, wire drawing mould, plastic product, sweater manufacturing, operation of raw materials and instrument which are used for the company's production; leasing of self-owned house.	No. 50, Xianyang Road, Nankai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
66	Tianjin Nankai Urban Construction Investment Co., Ltd. (天津市南開城市建設投資有限公司)	30,428	34,992	Its principal business is in investment of infrastructure projects; city planning consultation, responsible for the regional land consolidation, landscape design, project planning, advertising planning, housing demolition and replacement; real estate development and sales of commercial property; supporting municipal projects; real estate technology consulting; metal materials and building materials' sales; construction of civil engineering; housing rental; parking service.	Boyaxuan 6-1601, the southwest of the intersection of Hongqi Road and Xihu Road, Nankai District, Tianjin
67	Reader Service Department of Tianjin University of Finance and Economics (天津財經學院讀者服務部)	30,379	34,936	Its principal business is in books retail, general merchandise, clothing, footwear, cultural sporting goods, computers and peripherals retail and wholesale, consignment: photography, photo development, copy printing	No. 25, Zhujiang Road, Hexi District, Tianjin
68	Tianjin Hongqiao Materials Company (天津市紅橋區物資公司)	30,251	34,788	Its principal business is in metal materials, wood, chemical industry and light industry materials, construction materials, machinery, electrical equipment, motorcycles and accessories; cotton yarn; material storage.	No. 09 First Floor, Ground Floor Store, Building 5, Chunfengli Apartment, Linghao Road, Dingzigu, Hongqiao District, Tianjin
69	Tianjin Binhai New Area Finance Bureau (天津市濱海新區財政局)	30,059	34,568	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	No.35, Xingang Road No.2, Binhao New District, Tianjin
70	Tianjin University of Commerce (天津商業大學)	27,487	31,610	Its principal business is in the training of highly academically qualified financial personnel, to develop the economy; academic qualifications (economics, financial management, finance etc.); qualified education (diplomas, bachelor-level, graduate-level; masters-level); relevant (scientific search; continuing education; professional training; academic exchange)	Qianlitiwai, Beichen District, Tianjin
71	Tianjin Food Group Co., Ltd. (天津食品集團有限公司)	26,437	30,403	Business prohibited by laws, regulations, or State Council decisions shall not be operated; the business subject to approval shall not be operated before obtaining approval; the business that is not required approval by laws, regulations, or State Council decisions could be operated independently.	No. 96, Qixiangtai Road, Hexi District, Tianjin
72	Administration for Production Services of Tianjin Hexi Tianta Subdistrict (天津市河西區天塔街生產服務管理處)	25,708	29,564	Its principal business is in developing the economy of the street, promote the development of enterprises in district. Carry on business guidance to the district enterprises and supervise the economic activities of enterprises.	Seven District, North side of Tiyuan, Hexi District, Tianjin
73	Tianjin Housing Construction Industrial Corporation (天津市房屋建築實業總公司)	25,657	29,505	Its principal business is in steel, timber, cement, decoration materials, minerals (except for tungsten, tin, antimony minerals and refined products); recruitment services (excluding referrals), construction machinery, construction equipment rental, real estate leasing, warehouse services (except hazardous chemicals); stationery, arts and crafts retail	No. 129, Anshan Road, Heping District, Tianjin
74	Tianjin Iron (天津鐵廠)	24,936	28,676	Its principal business is in iron, steel plate, steel billet, steel materials, coke, coke-related by products, fertilizer (ammonium sulfate), water slag, Ferroalloy smelting, nodular cast iron, self-produced products and related product and technology export; general planning, construction surveying, engineering consultancy (limited operation in accordance to qualification), telephone land line business, broadband service, computer system service, operation charges, internal telecommunication business and agent business, internal CCTV, measurement and weighing service (limited operation in accordance to qualification), black iron mud processing, production, sale; also engaged in raw material required under production technology, machinery equipment, instruments and meters, parts and related technology import business, imported materials processing and supplementary business, property rental, supplies storage, logistics	Gengle Town, She County, Handan City, Hebei
75	Tianjin Institute of Geotechnical Investigation Surveying (天津市勘察院)	24,936	28,676	Its principal business is in surveying services for construction engineering. Construction surveying, geodetic surveying, landscape surveying, engineering surveying, geotechnical engineering design (foundation works), engineering techniques consultancy	No. 428, Hongqi South Road, Nankai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
76	Tianjin Land Consolidation and Rehabilitation Centre (天津市土地整理中心)	24,932	28,672	Its principal business is in coordinate land reserve management of city, agency transaction, responsible for organize and implement land reserve plan; land investment and financing, operation and related technology service; responsible for management of land transfer money and related governmental land revenue and debts, establish debt repayment mechanism	8/F, No. 81, Huangppu South Road, Junction of Leyuan Road and Huangpu South Road, Hexi District, Tianjin
77	Tianjin Promotion Committee for External Exchange of Application Technologies (天津市對外應用技術交流促進會)	24,544	28,225	Its principal business is in launching international academic exchange, and facilitating social development; organizing international conferences, exhibitions of technological sample products; convention of professional technological consultancy and research discussion meetings, etc.	No. 287, Heping Road, Heping District, Tianjin
78	Tianjin Daily (天津日報社)	24,138	27,759	Its principal business is in government departmental policy propaganda, promotion of the work of government departments. Publication of main newspaper, publication of additional items, related printing, publishing, advertising, journalism research, journalism training, news exchange and related services	873 Dagu South Road, Hexi District, Tianjin
79	Tianjin Open University (天津廣播電視大學)	22,957	26,400	Its principal business is in taking modern electronic information technology as main means, using radio, television, Internet and other media to provide higher education services to members of the community; organizing economics, law, language and literature, mathematics, mechanical, civil engineering, medicine, electronics and information science, business management, public administration and other disciplines of higher professionals and undergraduate academic education; relevant professional training, scientific research, and technical secondary education (related social services)	No.1 Yingshui Road, Nankai District, Tianjin
80	Tianjin Jinnan Industrial Economic Committee (天津市津南區工業經濟委員會)	22,923	26,361	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	Dajian Road, Xianshuigu Town; Jinnan District, Tianjin
81	Tianjin Jinze Industrial Co., Ltd. (天津市金澤實業有限公司)	21,899	25,184	Its principal business is in development and retail of calculator hardware and software; machinery and electrical products, handicrafts, metal materials, building decoration materials, commodities, chemicals (except dangerous goods that are flammable, explosive and cause toxic reactions), packaging materials, subsidiary agricultural products (except oil products), wholesale and retail of iron ore powder; advisory services; property advisory services; import/export business; operating and acting as agent for the import/export of various goods and technology, except for goods and technology which are restricted/prohibited by national regulations from dealing by companies/being imported/exported; paper, wholesale/retail of coal; mechanical and electrical products; installation and maintenance of heating ventilation equipment	No. 6, Dongting Road, Tianjin Economic-Technological Development Area
82	North China Electronic Materials Company (中國電子物資華北公司)	21,741	25,002	Its principal business is in materials, machinery and electronic products, electrical equipment, electronic products, communications products, modern office equipment, decoration materials, cars and car accessories; maintenance, sale and installation of home appliances; development of electronic materials; secondary processing; technical advisory services in relation to storage and transportation of materials, labor services and related areas; leasing of self-owned housing properties; gold/metal and electronic products; sale and wholesale of daily products	A-2 Jindou Garden, Chang Shi Road, Nan Kai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
83	Tianjin Pharmaceuticals Company (天津市醫藥公司)	21,728	24,988	Its principal business is in Chinese medicine; chemical raw materials and preparation; antibiotics; biochemical drugs; biological products; diagnostic drugs; anabolic agents, peptide hormones wholesale. Class III and Class II: 6801 basic surgical instruments; 6803 neurosurgical instruments; 6804 ophthalmic surgical instruments; 6807 thoracic cardiovascular surgery equipment; 6809 urinary anorectal surgical instruments; 6810 orthopedic surgery (orthopedic) surgical instruments; 6815 injection puncture instruments; 6820 general examination equipment; 6822 medical optical equipment, instruments and endoscopic equipment; 6823 medical ultrasound equipment and related equipment; 6825 medical high-frequency equipment; 6827 Chinese medicine equipment; 6834 medical radiation protection products; 6841 medical laboratory instruments and basic equipments and instruments; 6846 implant materials and artificial organs; 6854 operating rooms, emergency rooms, clinics room equipment and apparatus; 6855 Equipment & instrument; 6856 ward care equipment and apparatus; 6857 disinfection and sterilization equipment and apparatus; 6863 Stomatology materials; 6864 medical materials and dressings; 6865 medical suture materials and adhesives; 6866 medical polymer materials and products; intervention equipment wholesale. Class I medical equipment wholesale. Pre-packaged foods, bulk food wholesale and retail. Chemical reagents, instrumentation, glassware.	4/F, No.1, Anshun Building, Dafeng Road (Shuiyoucheng), Hongqiao District, Tianjin
84	Information Centre of Administration for Market and Quality Supervision of Tianjin Hexi (天津市河西區市場和質量監督管理局信息中心)	21,728	24,988	Its principal business is in implementing the information work deployment of Tianjin Information Work Leadership Work Group, State Administration of Industrial and Commerce Information Work Committee, City Market Supervision and Management Committee, and Hexi District Supervision and Management Bureau. Organizing the construction of information network: undertaking the work of collecting and processing of the supervision information of market and quality, and providing relevant information service; undertaking the work of communication and training of information technology	Huanhunanli, Tiyuanbei, Hexi District, Tianjin
85	Tianjin Hexi Trade and Tourism Bureau (天津市河西區商貿旅遊局)	21,673	24,924	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	7/F, 4 Shaoxing Road, Hexi District, Tianjin
86	Tianjin Xiandai Engineering Technology Company (天津市現代工程技術公司)	21,345	24,546	Its principal business is in development of engineering technology, transfer of technology, technology consultation, technical service	No. 8, Heping Jianshe Road, Tianjin
87	Tianjin Tianfu Group Co., Ltd. (天津天福集團有限責任公司)	21,345	24,546	Its principal business is in textiles, knit-products, general merchandise, metal hardware, electrical equipment, equipment, apparatus, metal materials, general machinery, transportation equipment (excluding small automobile), electric machinery and equipment, wood material, mineral wholesale and retail, storage (excluding dangerous substances), import and export	No. 69, Gexin Road, Hebei District, Tianjin
88	Tianjin Xiqing Jiangyuan Property Management Co., Ltd. (天津市西青區江源物業管理有限公司)	21,327	24,527	Its principal business is in property management, interior decoration, building materials	Liuyuanli, Yangliuqingxi Road, Xiqing District, Tianjin
89	Tianjin Committee on Care for Children (天津市關心下一代工作委員會)	21,327	24,527	According to the Organization Code Certificate (組織機構代碼) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government unit legal person (機關法人).	No.121, Chengdu Road, Heping District, Tianjin
90	Tianjin Shuangyu Refrigerating Air-conditioner Engineering Co., Ltd. (天津市雙裕製冷空調工程有限責任公司)	21,327	24,527	Its principal business is in installation, repair and maintenance of refrigeration and air conditioning system; design and construction of refrigeration and air conditioning pipes; operating/acting as agent for the wholesale/retail of gold/metal and electronic products, wood, construction materials, mechanical and electronic equipment, and car accessories; labor services	1/F, 7 Dongshezhai, Xiangjiang Road, Hexi Diistrict

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
91	Tianjin Fuel Oil Company (天津市燃料油公司)	21,072	24,232	Its principal business is in metal materials, chemical industrial and light industrial products (excluding precursor chemicals), wood, coal, machinery and electronic products (excluding cars); free house lease; import and export of various self-operated and agent goods and technologies, excluding the goods and technologies that are limited to be operated by certain companies or prohibited to be imported or exported by the State, metallurgical charge, wholesale, retail, purchasing and distribution of minerals; warehousing (excluding dangerous goods); transport gasoline, diesel, and kerosene; category 3 item 3 high flash point liquids, category 3 item 1 low flash point liquid for industrial production, category 3 item 2 medium flash point liquid, category 6 item 1 poisonous chemicals (excluding toxic, supervised, and class 1 precursor chemicals); wholesale; recycle and sale of productive scrap metal and coke; wholesale and retail of pig iron; limited to be operated by branches: Warehousing services; petroleum products (excluding dangerous goods and precursor chemicals), and sales of fuel oil (3#, 4#, 5#)	Whole Floor 5-6, Yunxiang Mansion, No.72-74, Xikang Road, Heping District, Tianjin
92	Tianjin Foreign Technical Economic Service Centre (天津市對外技術經濟服務中心)	20,986	24,134	Its principal business is in technology development, technology transfer, technical consultation technology services, intermediary	No. 287, Heping Road, Heping District, Tianjin
93	Tianjin Heping Kegongmao Corporation (天津市和平科工貿總公司)	20,406	23,467	Its principal business is in manufacture of metal products; teaching equipment, stationery, general merchandise, native groceries, photography, flowers, and science, technology, culture and education consultation service (excluding intermediary agent)	No.5 Chaoyangli, Heyan Road, Heping District, Tianjin
94	Tianjin Tourism (Holdings) Corporation LTD (天津市旅遊(控股)集團有限公司)	19,434	22,349	Its principal business is in supervision, management and capital operation of the state-owned assets within the range authorized by the municipal government; tourism service, development, training and information consultation of tourism resources and product; self-owned housing rental	No. 18. Youyi Road, Hexi District, Tianjin
95	Tianjin Nankai Employment Training Centre (天津市南開區就業訓練中心)	19,225	22,108	Its principal business is in increasing vocational skills of laborers, facilitating increase of employability; social services relating to training of technical laborers	No. 5, Pinghu Road, Anshanxi Road, Nankai District, Tianjin
96	Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司)	19,084	21,946	Its principal business is in production of API (methylcobalamin, Camoranesi Si Ting, dipotassium hydrogen phosphate, sodium calcium); business of processing trade and compensation trade; rental of self-owned dedicated venue; property management services.	No. 233 Huanghai Road, Development District, Tianjin
97	Tianjin Tianyi Automation Instruments Co., Ltd. (天津天儀自動化儀錶有限公司)	18,768	21,583	Its principal business is in manufacture of electricity distributors, isolator, safety fence, regulator, handheld programmer, water softener apparatus; design, manufacture, installation, testing, sales of electrical appliances, household electronics products, mechanical and electrical hardware equipment, mechanical device; manufacture, sales of anti-explosion electrical appliances; technology consultation, technology service; import and export of goods and technology of the foregoing scope (except stipulated otherwise by laws and administrative regulations); leasing of real estate and plant and machinery.	No. 95 Zhicheng Road, Hebei District
98	Tianjin Beichen Construction & Development Company (天津市北辰區建設開發公司)	18,418	21,181	Its principal business is in construction of basic infrastructure; property development; sales of commercial housing; joint construction and turnkey construction services; housing demolition; self-owned housing rental	No. 2501, 25/F, Building 3, Xibeichen Building, Jingjin Road, Beichuang Town, Beichen District, Tianjin
99	Tianjin International Economic and Technical Cooperation Construction Company (天津國際經濟技術合作工程建設公司)	18,418	21,181	Its principal business is, through cooperation with China Tianjin International Economic and Technical Cooperation Company, assignment of construction technicians and labour personnel, contracting foreign construction projects, engaging in projects related to construction works, consulting and installation works; take up construction contracting and pre-construction services in respect of foreign-invested projects, joint venture and cooperation projections; agency services for foreign-invested and joint venture projects; development, promotion and application of new construction technologies; take up general contracting, construction and renovation works for medium-sized projects	Room 713, 7/F, 209 Xinhua Road, Heping District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
100	Tianjin Yangliuqing Farm (天津市楊柳青農場)	18,325	21,073	Its principal business is in vegetables and fruits cultivation; fruit trees planting; forestry planting, grazing livestock, and poultry raising; freshwater animals and plants breeding; casting process; labor services; house lease	Overpass North, Xiqing Road, Outer Ring, Xiqing District
101	Tianjin Nankai Labor and Social Security Service Centre (天津市南開區勞動保障服務中心)	17,160	19,734	Its principal business is in promote the development of labor employment and social security. Develop employment agency, labor resources management and employment training. Develop collective economy, collection and payment of unemployment insurance.	No. 5, Anshan West Road, Pinghu Road, Nankai District, Tianjin
102	Tianjin Heping Housing Administration Bureau (天津市和平區房地產管理局)	17,105	19,670	It is a local government institution.	No.151, Hami Road, Heping District, Tianjin
103	Tianjin Metallurgy Group Co., Ltd. (天津冶金集團有限公司)	16,981	19,528	Its principal business is in manufacturing, processing and sales of metallurgical products; raw material and accessories for smelting of iron and steel, electrical and mechanical equipment, instrumentation, building materials, wholesale and retail, purchasing and sales agency; develop, transfer and consultation of metallurgical technology; labor force service; import and export business; sales of wood, ore, iron ore, coke	Flat 304, 3rd Floor, Office Building Area B, No. 60, Aviation Road, Tianjin Airport Logistics Processing Zone
104	Labor and Social Security Service Centre of Tianjin Hongqiao Shaogongzhuang Subdistrict (天津市紅橋區 邵公莊街道勞動保障服務中心)	16,665	19,165	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and protection departments at all levels.	No. 38, Shaogongzhuanghou Street, Hongqiao District, Tianjin
105	Tianjin Yuhua Economy & Trade Corporation (天津裕華經濟貿易總公司)	16,264	18,704	Its principal business is in import and export business; chemical; dangerous chemicals wholesale; storage of dangerous chemicals; wholesale rare metals precious metals processing; packaging and electronic components; processing of belting of important production data and the liberalization of commodity turnover of domestic trade; technical service of chemical technology consulting and chemical detection; economic information consulting services; private rental; hardware tools, glassware sales; edible agricultural products (vegetable oil), prepackaged food wholesale and retail sales of food additives;; limited branch business: the general freight; railway freight transportation; plastic packaging, processing and handling of goods; goods; packaging; service; delivery of goods; storage; storage of goods; consumption agricultural products (food) wholesale and retail	No. 183, Xinhua Road, Heping District
106	Tianjin Huatong Industrial & Commercial Company (天津市華通工商實業公司)	16,230	18,665	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 340, Chengshangxi Road, Nankai District, Tianjin
107	First Teaching Hospital of Tianjin University of TCM (天津中醫藥大學第一附屬醫院)	15,497	17,821	Its principal business is in provision of healthcare and medical services for the public. Medical and nursing services, medical training, medical research, health and medical personnel training, continuous training of health and technical personnel, healthcare and health education	No. 314 Anshan West Road, Nankai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
108	Third Railway Survey and Design Institute Group Corporation (鐵道第三勘察設計院集團有限公司)	15,258	17,546	Its principal business is in overseas and domestic foreign engineering survey, consultancy, design and project supervision; equipment and materials needed for the foregoing projects, export of materials; contract outside the country (territory) engineering projects of corresponding size and strength, performance; external dispatch of departmental staff of surveying, consulting, design and supervision; organize all kinds of enterprises outside the country (territory); operate the export business of own products and technology of the enterprise and the import business of machinery and equipment, spare parts, raw materials and accessories (except the products and technology prohibited by nation to be operated by the company or prohibited to be imported and exported); undertake domestic engineering survey, mapping, consultation, design, supervision, engineering contracting, engineering pile test and geological disaster prevention project; and advisory service associated with the foregoing business; construction project bidding agency business; testing of railway bridge; water and soil conservation planning and environmental impact assessment of construction projects; surveying and mapping instruments and the rig maintenance; owner occupied housing rental business; engineering design and construction of prevention of public safety technology system; general cargo; below limit branches of business: accommodation	Flat 201, Ligang Building, No. 82, Xier Road, Tianjin Airport Economic Zone
109	Tianjin Feng'an Supplies Co., Ltd. (天津市豐安物資供應有限公司)	15,219	17,502	Its principal business is in police equipment, daily commodities, plumbing and heating equipment, gold/metal and electrical products, building decoration materials, computers and office automation system, office supplies/stationeries, steel, scrap steel, wholesale and sale of plastic products, warehousing services (excluding dangerous goods; waste steel recycling and processing; labor services; domestic labor dispatch services	1/F, Building No.1, 41 Anshan Road, Heping District, Tianjin
110	Tianjin Dongsheng Industrial & Commercial Company (天津市東牲工商實業公司)	14,605	16,796	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 101, Door 1, 3rd Floor, Xingtai Mansion, Nanfeng Road, Nankai District, Tianjin
111	Tianjin Nanyuan Industrial & Commercial Company (天津市南苑工商實業公司)	14,383	16,541	Its principal business is in being in charge of production operation and asset management of the collective economics in the streets, and coordination, monitoring and service management of the self-establishment and joint-establishment collective economics; research and development of business plans and long-term business plans; decision-making on major economic activities of enterprise; safeguard of the legitimate rights and interests of enterprises; responsible for assessment, audit and appointment of the directors and managers of enterprises	Yingshuixili, Wangxiangti Yuandong Road, Nankai District, Tianjin
112	Tianjin Aviation Electro-mechanical Co., Ltd. (天津航空機電有限公司)	14,076	16,188	Its principal business is in R&D and production of engine ignition systems, fire-proof engine systems, electrotechnical installation systems, electronic equipment, temperature adjustment systems and attachment, detection and repair equipment, sensitive components and sensors, circuit cutters, relay, secondary power supply; production of measuring tools, moulds and fixtures; electroplating, spray-painting, heat-treatment processing; R&D, production and technical consultancy in relation to electromechanical products; leasing of self-owned properties; import and export	No. 5, Xishi Road, Tianjin Airport Economic Area, Tianjin
113	Labor and Social Security Service Centre of Tianjin Binhai New Area Xincun Subdistrict (天津市濱海新區新村街勞動保障服務中心)	13,718	15,775	Its principal business is in provision of services for the unemployed and laid-off workers, labour affairs settlement services, management of unemployment relief funds, management of profiles of the unemployed, issuance of unemployment certificate, re-employment and settlement of laid-off workers, management of college entrance examination registration	No. 10 Tanggu Chongan Lane, Binhai New District, Tianjin
114	Tianjin Bus Factory (天津市客車廠)	13,402	15,413	Its principal business is in automobile accessories; mould processing and manufacturing; processing of mechanical accessories; lease of properties; property management	Lijiayuan, Nankai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
115	Tianjin Huayue Industrial & Commercial Company (天津市華悦工商貿業公司)	13,236	15,221	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 15, Back of Screen Wall, Erma Road, Nankai District, Tianjin
116	Administration for Production Services of Hongshunli Subdistrict Office of Tianjin Hebei People's Government (天津市河北區人民政府鴻順裡街道辦事處生產服務管理處)	12,809	14,731	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Technology Supervision Administration (天津市技術監督局), it is an institution legal person (事業法人).	Level 3, No. 1, Chuanyunli, Zhongshan Road, Hebei District, Tianjin
117	Tianjin Wangchao Joint Industrial Development Corporation (天津市王朝聯合實業發展公司)	12,796	14,716	Its principal business is in grape cultivation; wine brewing technology development, consulting, services; brewing equipment manufacturing, labour services; ordinary freight; special transport of goods (tank type); equipment leasing	No. 6 Luanshui West Road, Beichen District, Tianjin
118	Architectural Design and Research Institute of Tianjin Chengjian University (天津城建大學建築設計研究院)	12,754	14,667	Its principal business is in A level of construction engineering design in architectural industry; engineering survey and topographic survey; research and development, technology transfer, technical services, technical consulting of new architectural technology; urban planning design and planning consultation services	No. 26, Jinjinggong Road, Xiqing District, Tianjin
119	Tianjin Eye Hospital Optometric Department (天津市眼科醫院驗光配鏡中心)	12,464	14,333	Its principal business is in treatment glasses fitting; optometry, repair of glasses, glasses, optical frame, optical products, optometric glasses consultancy, Type III; glasses and care solution retail, property rental	No. 15, Pingdong Road, Heping District
120	Tianjin Blower Factory (天津市鼓風機總廠)	12,208	14,039	Its principal business is in manufacture of wind turbine, export of goods and technology	No. 1, Gubei Road, Hebei District
121	Xinhua News Agency, Tianjin Branch (新華通訊社天津分社)	12,152	13,975	It is the Tianjin branch of Xinhua News Agency.	Extension No.2, No. 251, Hongqi South Road, Nankai District, Tianjin
122	Tianjin Municipal Education Commission (天津市教育委員會)	12,067	13,877	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	50 Shuishang Gongyuan North Road, Nankai District, Tianjin
123	Tianjin Hexi Public Employment (Talent) Service Centre (天津市河西區公共就業(人才)服務中心)	12,046	13,853	Its principal business is provision of public welfare employment service to labors within its jurisdiction, provide employment assistance to masses with employment difficulties, provide recruitment service for employers, provide agency for basic human resources and social security affairs to employers and labors	No. 14, Lishui Road, Hexi District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
124	Tianjin Bohai Chemical Industries Imp. & Exp. Corp (天津渤化化工進出口有限責任公司)	11,884	13,666	Its principal business is in self-operation and distribution of different types of products and technology and export and import (limited to import and export business as permitted by national laws and regulations); wholesale of zinc phosphide for industrial and agricultural production use, sodium dichromate, sodium cyanide, malathion, oxamyl. deltamethrin, endosulfan, class II division 1 flammable gas, class II division II nonflammable gas, class 2 division 3 poisonous gas, class 3 division 1 low flash point liquids, class 4 division 1 inflammable solids, class 4 division 2 spontaneous combustible substances; class 4 division 3 flammable when wet substances, class 5 division 1 oxidants, class 5 division 2 organic peroxides; class 8 division 3 other corrosive substances (no storage, leasing of storage or logistical actions); class 3 division 2 median flash point liquids, class 3 division 3 high flash point liquids, class 5 division 1 toxic chemicals, class 8 division 2 alkaline corrosive substances (entrusted storage) (excluding monitored, class 1 precursor chemicals); light industrial and construction materials, steel material , wood material, electromechanical equipment, coal wholesale and retail, consultancy services for economic information (excluding intermediaries), feed processing and "Three-in, One added" business; operating counter trade and intermediary trade	6th Floor, Hongda Building, No. 219, Hebei Road, Heping District, Tianjin
125	Administration for Production Services of Wangchuanchang Subdistrict Office of Tianjin Hebei People's Government (天津市河北區人民政府王串場街生產服務管理處)	11,564	13,298	Developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	Qingshui Park, Road No.1, Hebei District, Tianjin
126	Tianjin Hospital (天津市天津醫院)	11,461	13,181	Its principal business is in provision of medical and nursing care of the public. Medical training and care, treatment and care, health care personnel	No. 406, Jiefang South Road, Hexi District, Tianjin
127	Tianjin Furong Food Co., Ltd (天津市芙蓉食品有限責任公司)	11,304	12,999	Its principal business is in convenient food (other convenient food) product; normal freight transportation	No. 11, Nantouyunyang Road, Xianyang Road, Nankai District, Tianjin
128	Administration for Production Services of Tianjin Ningyuan Subdistrict Office (天津市寧園街道辦事處生產服務管理處)	11,012	12,663	Developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	No. 32, Zhong Fang Qian Ave, Hebei District, Tianjin
129	Tianjin Electricity Technology Consulting Service Centre (天津市電力科技諮詢服務中心)	10,672	12,273	Its principal business is in technological development related to electricity, consultancy services; engineering consultancy (excluding intermediaries); translations and labour service; electrical trial run	No. 184, Harbin Road, Heping District, Tianjin
130	Technology Cooperative Office of Tianjin Federation of Trade Unions (天津市總工會技術協作辦公室)	10,557	12,141	Its principal business is in improving the quality of science and technology of workers, promote the advancement of science and technology of enterprises, promote the transformation of science and technology achievements into practical productivity, develop technical innovation, research, transformation, communication, promotion, service, consultation of relevant social services.	5th Floor, Staff Quarter, 79 Hetang Road, Hedong District, Tianjin
131	Administration for Production Services of Tianjin Hongqiao Dahutong Subdistrict (天津市紅橋區大胡同街生產服務管理處)	10,186	11,714	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No. 42, Junheli, Dahutong, Hongqiao District, Tianjin
132	Tianjin Malleable Iron Factory (天津瑪鋼廠)	9,286	10,679	Its principal business is manufacturing of parts of plumbing pipes; manufacture and process of castings; plastic lining of steel pipes, process and manufacture of pipes; manufacture of heat treatment; cutting tools, molds	No. 35 Dongting Road, Hexi District

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
133	Tianjin Daxing Industrial & Commercial Company (天津市大興工商貿業公司)	9,269	10,659	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 73, Yixingli, Nankai District, Tianjin
134	Tianjin Shengtai Industrial & Commercial Company (天津市盛泰工商貿業公司)	9,260	10,649	Its principal business is in provision ofservice and management to the development of collective economy, responsible for the street collective economic production's management and asset management, and coordination, supervision and service management of collective economic enterprises, study and formulate business plan and long-term planning, makes decision on the major economic activities, safeguard the rights and interests of enterprises, responsible for the assessment, auditing and appointment of factory directors.	Building 11, Lintong Road, Nankai District, Tianjin
135	Administration for Production Services of Tianjin Hexi Liulin Subdistrict (天津市河西區柳林街道生產服務管理處)	9,218	10,600	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	1038 South Dagu Road, Hexi District, Tianjin
136	Retired Veteran Cadres Centre of Standing Committee of Tianjin People's Congress (天津市人大常委會機關老幹部活動中心)	9,158	10,532	Its principal business is in provision of service to retired cadre	No.201, Jiefang Road, Heping District, Tianjin
137	Labor and Social Security Service Centre of Tianjin Binhai New Area Tanggu Subdistrict (天津市濱海新區塘沽勞動保障服務中心)	9,145	10,517	Its principal business is in vocational construction for street towns labour protection service organizations, staff training and assessment work; assist government bureaus and departments in community development works; organize and carry out community labour resources management and statistical work; responsible for promoting the development of various types of employment entities, expansion of enterprise rehabilitation capacity, organizing entrepreneurship training and business service work; organizing and developing employment training, promoting employment in the community, organizing and promoting retiree communal management service work	No. 1400, Tanggu Hangzhou Road, Binhai New District, Tianjin
138	Tianjin Travelling Clothing Manufacturing Factory Co., Ltd. (天津市旅遊服裝製品廠有限公司)	8,975	10,321	Its principal business is in apparel manufacturing; manufacturing of feather products; wholesale and retail of textile goods, and import/export of goods and technology (except for goods and technology which are restricted/prohibited by national regulations from dealing by companies/being imported/exported)	No. 40, Daqing Lane, Guangmingli, Jianshan, Hexi, Tianjin
139	PICC Investment Holding Company Limited (人保投資控股有限公司)	8,838	10,164	Its principal business is in industrial and real estate investment; asset management; property management; leasing of automobiles, computers communications equipment and properties; enterprise management consulting, financial consulting, investment consulting, legal consulting	No. 6, Wudinghou Street, Xicheng District, Beijing
140	Tianjin Xinghai Teaching Equipment Co., Ltd. (天津星海教學設備有限公司)	8,744	10,056	Its principal business is in manufacturing, design, installation and commissioning of the equipment in ordinary teaching laboratories, specialized classrooms, higher and vocational education laboratories, general classroom, digital research laboratory and library reading room; design, installation and commissioning of campus information network systems and multimedia teaching equipment; design, manufacture and installation of desks and chairs, teaching writing board, apartment furniture, office furniture, children furniture and other furniture; design, installation and commissioning of common higher education teaching equipment and nursery toys; building renovation, decoration and construction	East Gonglukou, Xiqing Road, Yangliuqing, Xiqing District
141	Tianjin Xiqing Rural & Urban Architecture Design Institute (天津市西青區城鄉建築設計所)	8,744	10,056	Its principal business is in architectural Engineering (grade B), construction engineering and technical consulting	5/F (Room 511, 513, 515), NO.35, Liukou Road, Yangliuqing, Xiqing District

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
142	Tianjin Huancheng Investment & Development Co., Ltd. (天津市環城投資發展有限公司)	8,744	10,056	Its scope of operations as described in its business license is: Businesses forbidden by laws and regulations are not allowed to be operated; businesses subject to approvals are not allowed to be operated before obtaining approvals; businesses which are not subject to approvals in accordance with laws and regulations can be operated.	No. 36, Xinhua Road, Yangliuqing Town, Xiqing District
143	Tianjin Tanggu Changsheng Construction Team (天津市塘沽昌盛建築工程隊)	8,714	10,022	Its principal business is in civil Engineering (non-grade A), bridge and road maintenance, machinery and equipment installation and housing rental	Tanggu Hebei Road Haimen Bridge
144	Primary and Secondary School Rear Service Centre of Tianjin Hexi Education Bureau (天津市河西區教育局中小學後勤管理服務中心)	8,569	9,855	Its principal business is in macro management of primary and secondary schools; strengthening construction and management of work experience facilities	No. 24 Jianshan Dewang Lane, Hexi District, Tianjin
145	Tianjin Hongqiao Labor and Social Security Service Centre (天津市紅橋區勞動保障服務中心)	7,981	9,178	Its principal business is in management of labor employment services enterprises in street area. Identify labor enterprise, guide and coordinate the development of labor economy in street area, establish labor production base; training, job placements for the unemployed, laid-off workers; distribution of relief funds to unemployed works and management of unemployment insurance, funds.	Northwest side, Ziya Bridge, Hongqiao District, Tianjin
146	Tianjin Heping Labor and Social Security Service Centre (天津市和平區勞動保障服務中心)	7,917	9,104	Its principal business is in organizing labor employment, providing labor employment services, managing labor human resources in the region, providing pre-employment training for staff, and providing pension/insurance management and services	No. 66, Shenyang Road, Heping District, Tianjin
147	Tianjin Huanxin Industrial & Commercial Company (天津市華鑫工商實業公司)	7,712	8,869	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 2, Building 12, Bojiangdongli, Nankai District, Tianjin
148	Tianjin Hedong Labor and Social Security Service Centre (天津市河東區勞動保障服務中心)	7,469	8,589	Its principal business is in organizing and guiding labor employment, usage and management of unemployment insurance funds, carry out reemployment training, strengthen active management of unemployed workers, broaden employment channels, responsible for management and statistical work of social labor within jurisdiction, personnel files of unemployed, graduates, all kinds of job seekers and issuance of employment, unemployment cards, organize and guide the personnel management and job placement for unemployed workers by labor service company of street area, carry out all kinds of recruitment procedures, comprehensive management unemployment insurance of enterprise workers, responsible for identifying labor employment service enterprises, guide and coordinate the management and development of the economy of labor service in street area.	No. 27, Jintang Road, Hedong District, Tianjin
149	Tianjin Logistic Management Service Centre for Primary and Secondary Schools (天津市中小學後勤管理服務中心)	7,469	8,589	Its principal business is in guiding logistical services of secondary and primary schools of Tianjin city; improving logistics to maintain public services structure; implementing nutrition improvement plan for secondary and primary; coordinating school food and drinking water safety management; implementing children participation in town resident medical insurance in Tianjin; developing hard work and frugality; guiding secondary schools and primary schools to implement location construction and management; developing small-scale collective procurement and school bus management	No. 1, Binshuinanli, Tiyuan 11 Zone, Hexi District, Tianjin
150	Tianjin Limin Seasoning Brewing Group Co., Ltd. (天津市利民調料釀造集團有限公司)	7,064	8,123	Its principal business is in loading and unloading cargo; self-owned equipment leasing business; self-owned housing rental; import and export business; organization operation; non-staple food condiment production and sales; motor freight	Yueguguo, outside of Minqun Door, Hebei District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
151	Tianjin Gongyi Commerce and Trade Co., Ltd. (天津市工益商貿有限公司)	7,038	8,094	Its principal business is in metallic materials, electrical wires, cables, tires, rubber products, building materials, auto parts, mechanical and electrical hardware equipment, chemical products (except dangerous chemicals, precursor drugs), department stores, daily sundry goods, textiles, clothing, food, feed, tar, coke, mineral products (except coal and etc. subject to approval), 180# wholesale and retail of fuel oil, wholesale of coal, pre-packaged food, dairy products (no infant formula milk powder); rolling processing of non- ferrous metal; steel restructuring; mechanical processing; development of metallurgical technology; technology transfer, technology consultancy, technical services, housing information service; housing rental; import and export of goods and technology (except the goods and technology prohibited to be operated by the company and products and technology prohibited to be imported and exported by nation); limited branch operation; etiquette celebration; wedding service; exhibition; consultancy of commodity information, corporate image planning	Zhonghao Century Garden, northeastern side of junction of Weidi Road and Guangdong Road
152	Administration for Production Services of Tianjin Hebei Jianchangdao Subdistrict (天津市河北區建昌道街生產服務管理處)	6,880	7,912	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	Lianyun Lane 2, Jianchang Road, Hebei District, Tianjin
153	Tianjin Heping Educational Research and Service Centre (天津市和平區教育研究與服務中心)	6,509	7,486	Its principal business is in development of regional education and reform of system and mechanism. Primary and secondary school science experiment teaching school, domestic and international educational policy comparative study and collaborative research with foreign educational exchanges, construction and management of primary and secondary work experience facilities; management of educational technology and equipment, and property management. Conduct science experiments and mathematical teaching in primary and secondary schools; construction, maintenance and management of school buildings	No. 121, Hami Road, Heping District, Tianjin
154	Tianjin Sente Superhard Materials Co., Ltd. (天津市森特超硬材料有限公司)	6,449	7,417	Its principal business is in nonferrous metal processing; mechanical processing; technology development of hard alloy tool and super hard materials, technical services (excluding intermediary); hardware tools, hardware and electrical equipment, mechanical equipment, electronic products, instruments and meters, boilers and accessories, accessories retail and wholesale	Flat 316, Area B1, No.11 Xiangtan Road, Hongqiao District
155	Administration for Production Services of Tianjin Hexi Taoyuan Subdistrict (天津市河西區桃園街生產服務管理處)	6,245	7,181	Its principal business is in promoting the development of the collective economy and enterprises in district. Carry on business guidance to the district enterprises and supervise the economic activities of enterprises.	No. 37, Shantou Road, Hexi District, Tianjin
156	Tianjin Bohai Fine Chemical Co., Ltd. (天津渤海精細化工有限公司)	6,159	7,083	Its principal business is in organic chemical raw materials, fine chemical products, research/production/development/sale of catalysts (the scope of which is to be determined by license if hazardous chemicals are involved); technical services, technical advisory and relevant services; information advisory services (not involving intermediaries); machinery manufacturing; import/export of self-produced products and import/export of mechanical equipment, parts and raw and auxiliary materials, except for goods and technology which are restricted/prohibited by national regulations from dealing by company/being imported/exported	Bridge No.5, Jintang Road, Dongli District, Tianjin
157	Administration for Production Services of Tianjin Hongqiao Dingzigu Subdistrict (天津市紅橋區丁字沽街生產服務管理處)	6,091	7,005	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No. 4, Xinbin Road, 13th Segment of Dinzigu, Hongqiao District, Tianjin
158	Tianjin Hexi Real Estate Development Co., Ltd. (天津市河西房地產開發有限公司)	6,074	6,985	Its principal business is in property development: housing demolition; sales of commercial housing; housing replacement agency services: general merchandise, hardware electric and chemical (hazardous chemicals and drugs except), metal materials, decorative materials, building materials, furniture, stationery, office supplies, computer and software, accessories, stage equipment wholesale and retail; computer maintenance; housing information consulting, housing rental	2-1-507 Henghua Building, southeast junction of Dagu South Road and Qiongzhou Road, Hexi District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
159	Administration for Production Services of Tianjin Hongqiao Santiaoshi Subdistrict (天津市紅橋區三條石街生產服務管理處)	5,814	6,686	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No. 26, Yuhewanxinyuan, Dafengdong Road, Hongqiao District, Tianjin
160	Tianjin Jinai Urban Construction Engineering Testing Centre (天津市金艾城建工程檢測中心)	5,618	6,460	Its principal business is in highway engineering test, municipal engineering testing, construction testing; engineering geophysical; technology consulting, technology services, technology development and technology transfer of municipal and highway engineering	No.39, Pingshan Road, Hexi District, Tianjin
161	Tianjin Beichen People's Government Guest House (天津市北辰區人民政府招待所)	5,524	6,352	Its principal business is in accommodation, catering services (and related community services)	No. 4, Guoyuan South Road, Beichen District, Tianjin
162	Tianjin Bohai Chemical Materials Co., Ltd. (天津渤海化學原料有限公司)	5,370	6,176	Its principal business is in technical service of mechanical and electrical hardware equipment, chemical products (except dangerous products and precursor drugs); fine chemical equipment manufacturing, installation	No. 16, Dongting Road, Hexi District, Tianjin
163	Tianjin Hedong Educational Rear Service Centre (天津市河東區教育後勤管理服務中心)	5,353	6,156	Its principal business is in being in charge of the re-construction of school buildings and acceptance of the education supporting projects commanded by the municipal and district government; in charge of the management and maintenance of the school buildings of high and elementary schools, kindergartens and units directly owned by educational departments; in charge of the housing reform and file management of faculties; in charge of teaching equipment procurement and deployment; in charge of the logistics items of all the high and elementary schools in regions (school property management, directory services under government procurement catalogue, students' social insurance, student dormitories, canteens and other logistical items); in charge of the management of the industries established by schools and students practice site; in charge of the management and actual usage of the schoolhouses; in charge of the students' health care.	No.8,Taichang Road, Chenglin Road, Hedong District, Tianjin
164	Tianjin Yuhua Clothes Manufacturing Industrial Company (天津市宇華制衣實業公司)	5,340	6,142	Its principal business is in Sino-foreign joint ventures, co-operating in production of "San Lai Yi Bu" business; plexiglass production, industrial brush production, decoration design, real estate rental business; embroidery textile manufacturing; clothing and leather goods embroidery; computer embroidery and pressing; clothing machinery and equipment (excluding car rentals); apparel, footwear, household goods, knitwear, textiles, machinery and equipment and spare parts for retail and wholesale; clothing design and technical advisory services. (Mode of operation: manufacture, processing, service, retail and wholesale.)	No. 217 Hebei Road, Heping District, Tianjin
165	Administration for Production Services of Tianjin Hebei Guangfudao Subdistrict (天津市河北區光復道街生產服務管理處)	5,251	6,038	Its principal business is in development of street economy, promote the development of street enterprises. Provision of business guidance to district street enterprises, supervision of corporate economic activities	1-3/F 25 Niangniang Miaoqian Street, Hebei District, Tianjin
166	Administration for Production Services of Jiangdulu Subdistrict Office of Tianjin Hebei People's Government (天津市河北區人民政府江都路街道辦事處生產服務管理處)	5,208	5,989	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises	9 Jinjiang Road, Hebei District, Tianjin
167	Administration for Production Services of Tianjin Hongqiao Xianchunyuan Subdistrict (天津市紅橋區先春園街生產服務管理處)	4,948	5,690	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	Extension No.6, No.34, Honqi Road, Hongqiao District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
168	Administration for Production Services of Tianjin Hongqiao Xiyuzhuang Subdistrict (天津市紅橋區西於莊街生產服務管理處)	4,884	5,617	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No.28, Xiyuzhuanghou Street, Hongqiao District, Tianjin
169	Tianjin Sanmao Arts Kindergarten (天津市三毛藝術幼兒園)	4,811	5,533	Its principal business is in pre-school care and education services. Preschool education and childcare.	1st Floor, 80 Nanjing Road, Heping District, Tianjin
170	Tianjin Geological Prospecting Bureau Jewelry Company (天津地礦珠寶公司)	4,811	5,533	Its principal business is in jade jewelry drilling, arts and crafts products, gold jewelry in store retail; mineral products, gem stones equipment, hardware, household goods, oil casing. Jade jewelry processing and maintenance	74 Kunming Road, Heping District, Tianjin
171	Tianjin Hedong Production Services Cooperative Union (天津市河東區生產服務合作聯社)	4,799	5,518	It, along with Administration for Production of Services of Tianjin Hedong District (天津市河東區生產管理局), were formerly Tianjin Hedong District Labour Services Corporation (天津市河東區勞動服務公司)	4 Shisanjing Road, Hedong District, Tianjin
172	Tianjin Dongli Economic and Technological Cooperation Company (天津市東麗區經濟技術協作公司)	4,406	5,067	Its principal business is in metal materials, machinery and electronic products (excluding cars), gold/metal and electrical products, car accessories, construction ceramics, domestic groceries, daily commodities, building materials, refractory materials, handicrafts, furnace charge, information services	81 Yuejin South Road
173	Tianjin Nankai Employment Agency (天津市南開區職業介紹所)	4,295	4,940	Its principal business is in provision of intermediary services for laborers; labor exchange services and collection of information on employment; organizing employment discussions; policy consultancy services; movable personnel organization and human relationships reception; elderly insurance administrative management; documents organization in relation to unemployed staff and personnel; administrative approval services in relation to unemployed personnel job-seeking registration; maintenance of database in relation to labour force; registration of recruitment by entities; management of employment and unemployment certificates	No. 5, Pinghu Road, Anshanxi Road, Nankai District, Tianjin
174	Tianjin HuaChang Industrial Comprehensive Development Centre (天津華昌實業綜合開發中心)	4,265	4,905	Its principal business is in warehousing services; automobiles (excluding cars), general merchandise, hardware and electric products, knitwear, textiles, automobile accessories, paper, paper products, plastic products, wholesale and retail of metal materials; vegetables and fruits planting; freshwater animal and plant breeding; labor services; family services; housing lease	No. 108, Jianshan Road, Hexi District, Tianjin
175	Tianjin Hebei Supplies Company (天津市河北區物資公司)	4,244	4,881	Its principal business is in wholesale and retail, purchasing and sales agency of materials, mechanical and electrical hardware equipment, chemicals (not containing precursor drugs, dangerous goods); material storage service	Extension No. 2, No. 11, Sima Road, Hebei District
176	Tianjin Hedong Welfare Production Office (天津市河東區福利生產辦公室)	4,150	4,773	Its principal business is in dealing with social welfare enterprises of Hedong District, and working for welfare enterprises; organizing discussion meetings on welfare production; organization and launching management of welfare life	Tiansili, Shisijing Road, Hedong District, Tianjin
177	Tianjin Dahua Industrial & Commercial Company (天津市大華工商實業公司)	3,856	4,434	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No.29 and 49, West Road, Xiguan Avenue, Nankai District, Tianjin
178	Tianjin Kaijia Industrial & Commercial Company (天津市凱佳工商實業公司)	3,856	4,434	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	Room 101, Door 5, 2/f, Changjinag Mansion, Tongjiang Road, Nankai District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
179	Tianjin Xiangyang Industrial & Commercial Company (天津市向陽工商實業公司)	3,856	4,434	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No. 1, Xiangxinli, Xiangyang Road, Nankai District, Tianjin
180	Tianjin Changluhangu Salt Field Co., Ltd. (天津長蘆漢沽鹽場有限責任公司)	3,540	4,071	Its principal business is in exporting self-made products and relevant technology, and importing products produced by this enterprise, raw and auxiliary materials required for research and development, mechanical equipment, instruments, parts, and technology; operating sino-foreign joint ventures and cooperative production; mechanical processing; general freight; installation of power transmission and distribution equipment, installation of machinery equipment and repair of electronic equipment; housing, space, water, leasing of mechanical equipment; weighbridge operations; earthworks construction, salt mining; production of refined salt, crushed and washed salt, sausage-casing salt, low sodium salt, natural sea salt crystals, food additives (sodium benzoate, potassium chloride, magnesium chloride), and bromine.	Tianjin Binhai New Area on the 28th Street Hangu country village
181	Administration for Production Services of Tianjin Hebei Wanghailou Subdistrict (天津市河北區望海樓街生產服務管理處)	3,528	4,057	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	No. 9, Ningshouli, Hebei Xinda Road, Hebei District, Tianjin
182	Administration for Production Services of Tianjin Hexi Guajiasi Subdistrict (天津市河西區掛甲寺街生產服務管理處)	3,481	4,003	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	No.3, Limin Road, Hexi District, Tianjin
183	Tianjin Supplies Industrial Development Centre (天津市物資實業發展中心)	3,344	3,846	Its principal business is in commerce, procurement and sale; consultancy services in relation to economic information; export and import; leasing of self-owned properties	No.26, Zhengzhou Road, Heping District, Tianjin
184	Tianjin Hebei Labor and Social Security Service Centre (天津市河北區勞動保障服務中心)	3,331	3,831	Its principal business is in public employment service. Provide employment agency services; application and management of unemployment insurance claims; accreditation of preferential policy of reemployment entitled by informal employment organizations; training of vocational skills and employment, declaration of professional qualification and appraisal of skills.	No. 388, Yuguan Road, Hebei District, Tianjin
185	Tianjin Tianhuan Industrial & Commercial Company (天津市天環工商實業公司)	3,037	3,493	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	Yibinxili, Nankai District, Tianjin
186	Labor and Social Security Service Centre of Tianjin Hedong Chunhua Subdistrict (天津市河東區春華街道勞動保障服務中心)	3,007	3,458	Its principal business is in registration for the unemployed, vocational introduction, vocational training, unemployment insurance, social employment, social service for retirees	No.11 Hepingcun Road, Hedong District, Tianjin
187	Administration for Production Services of Tianjin Hongqiao Dingzigu Gongrenxinchun Subdistrict (天津市紅橋區丁字沽工人新村街生產服務管理處)	2,410	2,772	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No.103, Ground floor, No.78-85, No. 14, Fengcaili, Dizigu, Hongqiao District, Tianijn

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188	Tianjin BCIG Rubber Co., Ltd. (天津渤化橡膠有限責任公司)	2,261	2,600	Its principal business is in production, consultation, services and technology development in relation to rubber; real estate housing and facilities rental; rubber and plastic footwear, chemical raw material retail and wholesale (except for dangerous goods and narcotic drugs); asset management (except for financial); corporate management consultation; the following businesses are operating under its subsidiaries: protection wear manufacturing; rubber products manufacturing and processing	Room 608, No. 15 Office Building, Haitai Nanbei Road, Huayuan Industrial District (Outer Ring)
189	Tianjin Nankai Building Construction Company (天津市南開區房屋建築工程公司)	2,222	2,556	Its principal business is in civil engineering construction (grade two enterprise); construction machinery, steel components, wood components, concrete component manufacturing, construction materials, civil construction materials, hardware, electrical equipment, chemicals (except for dangerous goods and narcotic drugs), electrical equipment retail and wholesale; construction machinery repair and leasing; indoor and outdoor decoration, hoisting transportation, pile foundation construction; real estate leasing	No. 90, Nankai Wuma Road, Nankai District,
190	Labor and Social Security Service Centre of Tianjin Hedong Shanghanglu Subdistrict (天津市河東區上杭路街道勞動保障服務中心)	2,184	2,512	Its principal business is in provision of management and registration services for unemployed personnel. Registration for the unemployed, provide job referral services, training, community job referrals and retirees social services	Ground Floor, 19 Laian Lane, Hedong District, Tianjin
191	Tianjin No. 2 Municipal Highway Engineering Co., Ltd. (天津第二市政公路工程有限公司)	2,141	2,463	Highway engineering construction first grade, municipal engineering construction first grade (roads, bridges and culverts, drainage, gas, flood control, central heating, sewage treatment, pumping stations, various pipelines, telecommunications, municipal facilities, equipment installation engineering) construction second grade; wholesale and retail of building materials, machinery and equipment, wood, metal materials; processing and sales of asphalt; construction business of road safety facilities and toll collection system; leasing of self-owned equipment; processing and sales of cement products; processing and sales of commodity concrete; construction project management; seepage control	No.13, Yibin Road, Nankai District
192	Administration for Production Services of Tianjin Hebei Tiedonglu Subdistrict (天津市河北區鐵東路街生產服務管理處)	1,924	2,212	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	No.58 Huayi Li, Yibai Street, Hebei District, Tianjin
193	Tianjin Textile Group (Holding) Co., Ltd. (天津紡織集團(控股)有限公司)	1,924	2,212	Its principal business is in state-owned Assets Investment and holding; state- owned asset management; supplies, retail and wholesale all kinds of goods; real estate rental; warehousing (except for dangerous goods); technical advisory services (excluding referrals)	No.33 Chiefeng Road, Heping District, Tianjin
194	The Operation Department of Tianjin Clothing Imp. & Exp. Company (天津服裝進出口公司經營部)	1,877	2,158	Its principal business is in clothing, hats and shoes, daily necessities, textiles (retail and wholesale); black and white television, tape recorder (retail); housing rental.	No. 121 Fuzhuang Street, Nankai District, Tianjin
195	Tianjin Heping Drainage Administration Office (天津市和平區排水管理所)	1,779	2,046	Its principal business is in provision of drainage facilities and sewer management and maintenance services for public and companies	No.31 Baoding Road, Heping District, Tianjin
196	Tianjin Binjiang Shangsha Co., Ltd. (天津濱江商廈有限公司)	1,711	1,967	Its principal business is in retail and wholesale for all kinds of goods, electronic products, rubber products, plastic products, linen products and construction materials; dyeing industry; photography industry; household goods industry; freight industry; and the above mentioned industries' related advisory services; Binjiang Shangsha in-house media design, production, publications for domestic and international market, advertising, pig iron, steel; Operate importing and exporting businesses for itself or on behalf of clients for companies approved by the Ministry of Foreign Trade and Economic Cooperation (except for the goods and technologies that are prohibited by the government); feed processing and "san lai yi bu" business; counter trade and entrepot trade; children entertainment city; tobacco; property management services; pre-package food, build food wholesale and retail, pre-packaged food (stored at room temperature); health food (tablet) business; labor insurance product sales; real estate leasing; machinery and equipment leasing; optometry	No.193 Binjiang Road, Heping District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
197	Administration for Production Services of Tianjin Hebei Xinkaihe Subdistrict Office (天津市河北區新開河街道辦事處生產服務管理處)	1,574	1,810	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	No.14 Tiantai Road Xi Guang Downhill, Hebei District, Tianjin
198	Administration for Production Services of Tianjin Hongqiao Xianyangbeilu Subdistrict (天津市紅橋區咸陽北路街生產服務管理處)	1,365	1,570	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	No.4, Qingyuan Road, Xianyang Beilu Street, Hongqiao District, Tianjin
199	Labor and Social Security Service Centre of Tianjin Hedong Zhongshanmen Subdistrict (天津市河東區中山門街道勞動保障服務中心)	1,348	1,550	Its principal business is in registration for the unemployed personnel, training, unemployment insurance, community services, retirees social services	No.26 Xincun Zhongxinbei Road, Zhongshanmen, Hedong District, Tianjin
200	Administration for Production Services of Tianjin Hongqiao Chunde Subdistrict (天津市紅橋區春德街生產服務管理處)	1,288	1,481	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	Door 15, No.13-16, Nantouyao Building, Yixian Road, Hongqiao District, Tianjin
201	Administration for Production Services of Tianjin Hongqiao Nantouyao Subdistrict (天津市紅橋區南頭窯街生產服務管理處)	1,263	1,452	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	Door 15, No.13-16, Nantouyao Building, Hongqiao District, Tianjin
202	Labor and Social Security Service Centre of Tianjin Hedong Dongxin Subdistrict (天津市河東區東新街道勞動保障服務中心)	1,246	1,432	Its principal business is in registration for unemployed, employment placement, vocational training, unemployment insurance, community employment, retirement community service	Songshan Street, Xianyin Road, Wanxincun 7th District, Hedong District, Tianjin
203	Administration for Production Services of Tianjin Hongqiao Xigu Subdistrict (天津市紅橋區西沽街生產服務管理處)	1,216	1,398	Its principal business is in strengthening the leadership of business in production of services by district-based and street-based collectives; managing, operating and serving street-based collectives	12-102, Xigusanjiangli, Hongqiao District, Tianjin
204	Tianjin Tianbao Venture Capital Co., Ltd. (天津天寶創業投資有限公司)	1,130	1,300	Its principal business is in direct investment in high-tech enterprises and other technology innovative enterprises; entrusted with management of other investment institutions and other economic venture investment business; provide venture capital and management consultancy; property management; housing rental; warehousing (except dangerous goods); commissioned processing, sales of textile and garment; import and export business; wholesale and retail of textiles, clothing, mechanical and electronic products (except cars), steel, building materials, general merchandise; property rights trading agency, intermediary services; cotton, wool, chemical fiber, silk, linen, metallic materials, mechanical and electrical hardware equipment, chemical products (except toxics, precursor drugs, hazardous chemicals), wholesale and retail of edible agricultural products (beef, lamb)	Flat 2-617, Ligang Building, No. 82, Xier Road, Tianjin Airport Economic Zone
205	Labor and Social Security Service Centre of Tianjin Hebei Ningyuan Subdistrict (天津市河北區寧園街勞動保障服務中心)	1,129	1,298	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	No.32 Zhongfang Qian Road, Hebei District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
206	Tianjin Fuchang Industrial & Commercial Company (天津市府昌工商貿業公司)	1,113	1,280	Its principal business is in provision of services and management for the purpose of collective economic development; responsible for the production and asset management of our street's collective economy; coordination of collective enterprises such as self-run and jointly-run enterprises; supervision and management of services; research into and setting of corporate operational plans and long-term planning; making decisions for important economic activities of corporates; maintenance of legitimate interests of corporates; responsible for assessment, audit, appointment and removal of corporate factory managers and managers	No.6, Xuehuli, Nankai District, Tianjin
207	Tianjin Jianda Technology Development Co., Ltd. (天津市建達科技發展有限公司)	1,071	1,231	Its principal business is in technology development, technology transfer, technology consulting and technology services of (new technologies, new processes, new products and new materials of construction, application technology of concrete structures, maintenance technology of bridge); technology development, technology transfer and technology services of (electrical and mechanical equipment, instrumentation, computer hardware and software); translation services and engineering renderings production; maintenance of mechanical and electrical equipment (except for auto repair), instrumentation and computer hardware and software; pipeline detector; trenchless repair and replacement; concrete structure maintenance; concrete structural waterproofing, corrosion engineering; steel corrosion engineering; bridge repair and reinforcement works; indoor and outdoor decoration; engineering test equipment leasing; manufacturing and processing of (anti-corrosion building materials, reinforcement materials, decorative materials, building waterproofing material); commission agents; retail and wholesale of electrical equipment (except for vehicles), instrumentation, computer software and hardware, building materials, wholesale and retail of asphalt.	No. 39, Pingshan Road, Hexi District
208	Labor and Social Security Service Centre of Tianjin Hebei Xinkaihe Subdistrict (天津市河北區新開河街勞動保障服務中心)	956	1,099	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	No.32, Tiantai Road Xi Guang Downhill, Hebei District, Tianjin
209	Labor and Social Security Service Centre of Tianjin Hedong Dazhigu Subdistrict (天津市河東區大直沽街道勞動保障服務中心)	938	1,079	Its principal business is in registration for the unemployed personnel, training, job referrals, unemployment insurance, retirees social services	Lower Floor, No. 3 Dieqiao Building, Dazhigu No. 10 Road, Hedong District, Tianjin
210	Sanitation Detachment of Tianjin Hedong Dazhigu Subdistrict (天津市河東區大直沽街道環衛所)	938	1,079	According to the Permit for Charging of Fees (收費許可證) issued by the National Development and Reform Commission (國家發展和改革委員會), projects in relation to which it charges fees include: daily life unit rubbish treatment fees, municipal residential daily life rubbish treatment fees, fees in relation to residents who have not implemented real estate management, etc..	Extension No. 1, No. 10, Zhigu Street, Hedong District, Tianjin
211	Labor and Social Security Service Centre of Tianjin Hedong Fuminlu Subdistrict (天津市河東區富民路街道勞動保障服務中心)	938	1,079	Its principal business is in registration for the unemployed personnel, jobs referral, training, unemployment insurance, community job referrals, retirees social services	No.65 Fumin Street, Hedong District, Tianjin
212	Tianjin Hebei Building Construction Company (天津市河北區房屋建築工程公司)	938	1,079	Its principal business is in civil engineering construction (grade two enterprise); equipment for water, gas and electricity installation, mechanical construction, interior decoration, decoration services.	3 Yuwei Road, Hebei District, Tianjin
213	Labor and Social Security Service Centre of Tianjin Dongli Zhangguizhuang Subdistrict (天津市東麗區張貴莊街勞動保障服務中心)	874	1,006	Its principal business is in provision of labour security management services. Responsible for the management of labour resources, employment, vocational training, social insurance services, community employment, social services for retirees, provision of labour and social security policy advice and other labour and social security services	87 Yuejin Road, Dongli District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
214	Housing Construction Team of Tianjin Hedong Real Estate Company (天津市河東區房產公司房屋修建工程隊)	853	981	Its principal business is in civil engineering construction (housing construction)	No.74, Dazhiguhou Road, Hedong District, Tianjin
215	Tianjin Hedong Subordinate Enterprises Administration Bureau (天津市河東區直屬企業管理局)	789	908	According to the Organization Code Certificate (組織機構代碼證) issued by the Tianjin Market and Quality Supervision Administration (天津市質量技術監督局), it is a government legal unit legal person (機關法人).	No.4, Shisanjing Road, Hedong District, Tianjin
216	Labor and Social Security Service Centre of Tianjin Hedong Tangjiakou Subdistrict (天津市河東區唐家口街道勞動保障服務中心)	785	903	Its principal business is in registration of unemployed people; jobs introduction, employment training and unemployment insurance; social services; social services for retired personnel	Ground floor, No.4, Jiahuali, Laodong Road, Tangjiakou Street, Hedong District, Tianjin
217	Labor and Social Security Service Centre of Tianjin Hebei Wanghailou Subdistrict (天津市河北區望海樓街勞動保障服務中心)	717	824	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	No.155, Xin Da Lu, Hebei District, Tianjin
218	Administration for Production Services of Tianjin Hebei Yueyahe Subdistrict Office (天津市河北區月牙河街道辦事處生產服務管理處)	619	711	Its principal business is in developing main street economic development, promoting the development of street enterprises, providing business advice to street enterprises, and supervising economic activities of enterprises	Jingjiang Dongli, Jingjiang Road, Hebei District, Tianjin
219	Labor and Social Security Service Centre of Tianjin Hongqiao Jieyuan Subdistrict (天津市紅橋區芥園街道勞動保障服務中心)	606	697	Its principal business is in unemployment registration; employment introductions; vocational training; unemployment insurance; community employment	Extension No.6, No. 34, Hongqibei Road, Hongqiao District, Tianjin
220	Labor and Social Security Service Centre of Tianjin Hebei Guangfudao Subdistrict (天津市河北區光復道街勞動保障服務中心)	478	549	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	Flat 201, Unit 3, Ying Yue Apartment, Huo Chang Qian Jie
221	Labor and Social Security Service Centre of Tianjin Hebei Wangchuanchang Subdistrict (天津市河北區王串場街勞動保障服務中心)	478	549	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	Within the Qing Shui Park region, Wang Chuanchang, Hebei District, Tianjin
222	Labor and Social Security Service Centre of Tianjin Hebei Jianchangdao Subdistrict (天津市河北區建昌道街勞動保障服務中心)	478	549	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	Bridge Garden, Hebei District, Tianjin
223	Labor and Social Security Service Centre of Tianjin Hongqiao Santiaoshi Subdistrict (天津市紅橋區三條石街道勞動保障服務中心)	444	510	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and guarantee departments at all levels.	No. 26, Yuhewanxin Garden, Dafeng East Avenue, Hongqiao District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
224	Tianjin Hedong Employment Agency Service Centre (天津市河東區職業介紹服務中心)	392	451	Its principal business is in provision of information on labor demand and supply; employment introductions, guidance and consultancy; organizing labour exchanges; provision of job introductions for unemployed and off-post personnel; recruitment registration; entrusted management of human resources documents; responsible for labour market and intermediaries of region; guidance and management of recruitment agencies	No. 3, Bianzhi Center; Exchange between Wangchuanchang No. 1 Road and Huachange Avenue, Hedong District, Tianjin
225	Tianjin Hexi Tiyuanbei Real Estate Agency Company (天津市河西區體院北房產經理公司)	341	392	Its principal business is in housing management, trustee management; real estate advisory, labor services. (subject to the regulation prescribed by the state, the expiration date of each project is subject to the expiration date of that approved industry)	Hunan Road, Sports Institute North Ring Road, Hexi District
226	Labor and Social Security Service Centre of Tianjin Hongqiao Dingzigu Subdistrict (天津市紅橋區丁字沽街道勞動保障服務中心)	341	392	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and guarantee departments at all levels.	Ground Floor, No.79, Fengcaili, No.1 Road, Hongqiao District, Tianjin
227	Labor and Social Security Service Centre of Tianjin Hongqiao Lingdangge Subdistrict (天津市紅橋區鈴鐺閣街道勞動保障服務中心)	341	392	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and guarantee departments at all levels.	Extension No.1, No. 91, Jieyuan Road, Hongqiao District, Tianjin
228	Administration for Production Services of Tianjin Binhai New District Zhaishang Subdistrict (天津市濱海新區寨上街生產服務管理所)	320	368	Its principal business is in developing main street economic development, and servicing the community. Managing/supervising/assisting/servicing street enterprises	Southern side of the Binhai New Area Hangu trade market, Tianjin
229	Labor and Social Security Service Centre of Tianjin Hebei Jiangdulu Subdistrict (天津市河北區江都路街勞動保障服務中心)	239	275	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	9 Jinjiang Road, Hebei District, Tianjin
230	Labor and Social Security Service Centre of Tianjin Hebei Hongshunli Subdistrict (天津市河北區鴻順裡街勞動保障服務中心)	239	275	Its principal business is in providing labor and social security services; managing unemployment in the region; developing vocational training and job referrals; organizing job openings and non-profit labor organizations; providing community services, employment, and small enterprise management; responsible for community service management work in relation to unemployed and retired persons	30 Tuanjie Li, Sima Road, Hebei District, Tianjin
231	Tianjin Hangu Municipal Works Company (天津市漢沽市政工程公司)	213	245	Its principal business is in urban engineering and construction; property leasing; general freight	Hangu Dongfeng Road, Binhai New Area, Tianjin
232	Tianjin Jinhua Chemical Factory (天津市津華化工廠)	213	245	Its principal business is in manufacturing of alkaline products, and processing of plastic products	Shihua Road, Hangu, Binhai New Area, Tianjin
233	Labor and Social Security Service Centre of Tianjin Hongqiao Xiyuzhuang Subdistrict (天津市紅橋區西於莊街道勞動保障服務中心)	205	235	Its principal business is in providing management production for unemployed persons in city; unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree.	No.28, Xiyuzhuanghou Street, Hongqiao District, Tianjin

	Name	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Number of Sale Shares (assuming full exercise of the Over-allotment Option)	Description	Address
234	Tianjin No. 3 Food Processing Factory (天津市第三食品加工廠)	205	235	Its principal business is in production of processed sauce-seasoned meat products; storage of frozen foodstuff; pre-packed food wholesale; leasing of self-owned property; leasing of self-owned factories; business in self-produced products and import-export of relevant technologies; operation of own-enterprise production; import-export in raw materials required in R&D, machinery, equipment, apparatus, accessories and relevant technologies (excluding products and technologies whose import-export is restricted by the country to corporations and those forbidden by the country); operation of processing of materials and "San Lai Yi Bu (三來一補)" business; food additives packaging; production and sales of fast-frozen food	Hanjiashu Village, Beichen District, Tianjin
235	Tianjin Hedong Dazhigu Housing Administration Station (天津市河東區大直沽房管站)	171	196	Its principal business is in provide services to the public. Housing management, housing security management, housing decoration management, property register management, housing and equipment maintenance and repair	No.48, Daqiao Road, Hedong District, Tianjin
236	Tianjin Nankai Zhenxing Grocery Store (天津市南開區振興副食品商店)	171	196	Its principal business is in non-staple food. (7512) beverages, tobacco and alcohol, tea, candy fresh and dried fruit	No.38, Fenshui Road, Nankai District, Tianjin
237	Labor and Social Security Service Centre of Tianjin Hongqiao Xianyangbeilu Subdistrict (天津市紅橋區咸陽北路街道勞動保障服務中心)	171	196	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and guarantee departments at all levels.	No.4, Qingyuan Street, Xianyangbei Road, Hongqiao District, Tianjin
238	Labor and Social Security Service Centre of Tianjin Hongqiao Xigu Subdistrict (天津市紅橋區西沽街道勞動保障服務中心)	149	172	Its principal business is in being responsible for unemployment registration, employment introduction, vocational training, unemployment insurance, community employment, social services for retiree; being responsible for other work entrusted by labor and guarantee departments at all levels.	No.9, Sanjiangli Back Street, Hongqiao North Avenue, Hongqiao District, Tianjin
239	Concrete Elements Factory of Tianjin Housing Administration Bureau (天津市房地產管理局混凝土構件廠)	68	78	Its principal business is in pre-manufactured cement components; sanitary ceramics, automobile equipment manufacturing; real estate leasing. (subject to the regulation prescribed by the state, the expiration date of each project is subject to the expiration date of that approved industry)	No.74, Zhujiang Road, Hexi District, Tianjin
240	Administration for Production Services of Tianjin Binhai New District Hangu Subdistrict (天津市濱海新區漢沽街生產服務管理所)	51	59	Its principal business is in managing street economic development under the leadership of the neighborhood offices	Hangu Dongheng Street, Hangu District, Tianjin
Total		90,500,000	104,075,000		

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the Application Forms;

(b) the written consents referred to in the paragraph entitled "4. Other Information — I. Consents" in Appendix VIII to this prospectus;

(c) copies of each of the material contracts referred to in the paragraph entitled "2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix VIII to this prospectus; and

(d) the statement of particulars of the Selling Shareholders.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) our Articles of Association;

(b) the accountants' report from Deloitte Touche Tohmatsu in respect of the historical financial information for each of the three years ended December 31, 2014 and the nine months ended September 30, 2015, the text of which is set forth in Appendix I to this prospectus;

(c) the unaudited supplementary financial information of our Bank, the text of which is set out in Appendix II to this prospectus;

(d) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of our Bank, the text of which is set forth in Appendix III to this prospectus;

(e) the material contracts referred to in the paragraph entitled "2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix VIII to this prospectus;

(f) the written consents referred to in the paragraph entitled "4. Other Information — I. Consents" in Appendix VIII to this prospectus;

(g) the service contracts referred to in the paragraph entitled "3. Further Information about Our Substantial Shareholders, Directors, Management and Staff — C. Particulars of Service Contracts" in Appendix VIII to this prospectus;

(h) the legal opinions issued by Tian Yuan Law Firm, our legal advisors as to PRC law, in respect of, among other things, the general matters and property interests of our Group; and

(i) copies of the following PRC law, together with unofficial English translations thereof:

  (i) the PRC Company Law;

  (ii) the PRC Securities Law;

  (iii) the Special Regulations;

  (iv) the Mandatory Provisions;

  (v) the Provisional Regulations Concerning the Issue and Trading of Shares;

  (vi) the PRC Arbitration Law;

  (vii) the PRC Civil Procedure Law; and

  (viii) the PRC Commercial Banking Law.

天津銀行

BANK OF TIANJIN