



天津銀行

BANK OF TIANJIN

**Bank of Tianjin Co., LTD. \***

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

(Stock code: 1578)

# 2015

## ANNUAL REPORT

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

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**2015**

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In this annual report, unless the context otherwise requires, the following items shall have the meanings set out below:

<b>“Articles of Association”</b>	the articles of association of the Bank as may be amended, supplemented or otherwise modified from time to time
<b>“Bank”, “our Bank”, “we” or “us”</b>	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, subsidiary, branches and sub-branches
<b>“Board” or “Board of Directors”</b>	the board of Directors of the Bank
<b>“Board of Supervisors”</b>	the board of Supervisors of the Bank
<b>“CBRC”</b>	the China Banking Regulatory Commission
<b>“China” or “PRC”</b>	the People’s Republic of China, excluding for the purposes of this annual report Hong Kong, Taiwan and Macau
<b>“Director(s)”</b>	the director(s) of the Bank
<b>“Domestic Shares”</b>	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
<b>“Foreign Shares”</b>	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
<b>“H Shares”</b>	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
<b>“HK\$” or “HKD”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
<b>“PBoC” or “Central Bank”</b>	The People’s Bank of China (中國人民銀行)
<b>“Reporting Period”</b>	the year ended December 31, 2015
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC
<b>“Selling Shareholders”</b>	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
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholder(s)”</b>	the shareholder(s) of the Bank
<b>“Supervisor(s)”</b>	the Supervisor(s) of the Bank

<b>Legal Chinese Name</b>	天津银行股份有限公司
<b>Abbreviation in Chinese</b>	天津银行
<b>Legal English Name</b>	Bank of Tianjin Co., Ltd.
<b>Abbreviation in English</b>	Bank of Tianjin
<b>Legal Representative</b>	YUAN Fuhua
<b>Authorized Representatives</b>	ZHANG Furong, NGAI Wai Fung
<b>Board Secretary</b>	ZHANG Furong
<b>Joint Company Secretaries</b>	ZHANG Furong, NGAI Wai Fung
<b>Registered Address and Headquarter Address</b>	No. 15 Youyi Road, Hexi District, Tianjin, China
<b>Principal Place of Business in Hong Kong</b>	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
<b>Telephone</b>	86-22-2840 5262
<b>Facsimile</b>	86-22-2840 5518
<b>Email</b>	bangongshi@bankoftianjin.com
<b>Website</b>	www.bankoftianjin.com
<b>Website of Hong Kong Stock Exchange for Publishing H Share Annual Report</b>	www.hkexnews.hk
<b>Date of Initial Registration</b>	November 6, 1996
<b>Business License No. of Corporation</b>	120000000007636
<b>Uniform Social Credit Code</b>	911200001030702984
<b>Finance Permit Institution Number</b>	B0108H212000001

<b>Listing Place of Stock</b>	The Stock Exchange of Hong Kong Limited
<b>Stock Name</b>	Bank of Tianjin
<b>Stock Code</b>	1578
<b>H Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Legal Advisor as to PRC Laws</b>	Tian Yuan Law Firm
<b>Legal Advisor as to Hong Kong Laws</b>	Paul Hastings 21-22/F, Bank of China Tower 1 Garden Road Hong Kong
<b>Auditor</b>	Domestic Auditor: Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch  8/F Office Tower W2, Oriental Plaza 1 East Chang An Avenue Beijing, PRC  International Auditor : Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
<b>Compliance Advisor</b>	First Shanghai Capital Limited 19/F, Wing On House 71 Des Voeux Road. Central Hong Kong

	For the year ended December 31,					
	Year-on-year change between 2015 and 2014					
	2015	2014	and 2014	2013	2012	2011
	(Amounts in thousands of RMB, unless otherwise stated)					
	Rate of change (%)					
<b>OPERATING RESULTS</b>						
Interest income	26,656,584	24,769,304	7.6%	19,632,392	13,357,473	10,459,885
Interest expense	(15,977,161)	(15,620,494)	2.3%	(11,801,613)	(7,203,911)	(5,823,376)
<b>NET INTEREST INCOME</b>	<b>10,679,423</b>	<b>9,148,810</b>	<b>16.7%</b>	<b>7,830,779</b>	<b>6,153,562</b>	<b>4,636,509</b>
Fee and commission income	1,026,900	560,684	83.2%	443,277	348,867	284,820
Fee and commission expense	(31,171)	(36,481)	(14.6%)	(25,977)	(16,236)	(18,585)
<b>NET FEE AND COMMISSION</b>	<b>995,729</b>	<b>524,203</b>	<b>90.0%</b>	<b>417,300</b>	<b>332,631</b>	<b>266,235</b>
Net trading (losses)/gains	101,680	180,540	(43.7%)	(164,934)	(41,866)	(25,781)
Net gains/(losses) arising from investments securities	52,182	2,354	2116.7%	(3,913)	13,987	38,985
Other income, gains or losses	92,730	84,639	9.6%	124,901	131,683	86,963
<b>OPERATING INCOME</b>	<b>11,921,744</b>	<b>9,940,546</b>	<b>19.9%</b>	<b>8,204,133</b>	<b>6,589,997</b>	<b>5,002,911</b>
Operating expenses	(3,817,123)	(3,261,328)	17.0%	(2,906,067)	(2,384,594)	(2,045,759)
Impairment losses on assets	(1,757,695)	(975,286)	80.2%	(912,780)	(906,800)	(394,445)
<b>PROFIT BEFORE TAX</b>	<b>6,346,926</b>	<b>5,703,932</b>	<b>11.3%</b>	<b>4,385,286</b>	<b>3,298,603</b>	<b>2,562,707</b>
Income tax expense	(1,414,543)	(1,274,971)	10.9%	(950,337)	(661,928)	(441,259)
<b>PROFIT FOR THE YEAR</b>	<b>4,932,383</b>	<b>4,428,961</b>	<b>11.4%</b>	<b>3,434,949</b>	<b>2,636,675</b>	<b>2,121,448</b>
Attributable to:						
<b>Equity holders of the Bank</b>	<b>4,916,440</b>	<b>4,417,231</b>	<b>11.3%</b>	<b>3,418,026</b>	<b>2,630,222</b>	<b>2,119,015</b>
<b>Non-controlling interests</b>	<b>15,943</b>	<b>11,730</b>	<b>35.9%</b>	<b>16,923</b>	<b>6,453</b>	<b>2,433</b>
<b>Earnings per share (Expressed in RMB Yuan per share)</b>						
– Basic and diluted	0.96	0.88	9.1%	0.83	0.64	0.58



Summary of Accounting Data and Financial Indicators

For the year ended December 31,						
Year-on-year change between 2015 and 2014						
2015	2014	and 2014	2013	2012	2011	
(Amounts in thousands of RMB, unless otherwise stated)						
<b>MAJOR INDICATORS OF ASSETS/LIABILITIES</b>						
			Rate of change (%)			
<b>Total assets</b>	<b>565,667,731</b>	478,859,079	18.1%	405,687,013	302,346,017	235,359,982
Of which: loans and advances to customers	<u>179,570,910</u>	<u>166,461,335</u>	<u>7.9%</u>	<u>144,139,041</u>	<u>118,767,291</u>	<u>92,938,721</u>
<b>Total liabilities</b>	<b>532,420,027</b>	449,969,138	18.3%	386,237,537	285,586,247	221,038,215
Of which: deposits from customers	<u>334,691,026</u>	<u>289,467,447</u>	<u>15.6%</u>	<u>247,207,751</u>	<u>201,416,200</u>	<u>170,135,279</u>
Share capital	<b>5,126,048</b>	5,126,048	0.0%	4,123,268	4,123,268	3,768,387
Equity attributable to equity holders of the Bank	<b>33,023,651</b>	28,672,168	15.2%	19,232,563	16,697,127	14,262,956
<b>Total equity</b>	<b>33,247,704</b>	28,889,941	15.1%	19,449,476	16,759,770	14,321,767
For the year ended December 31,						
Year-on-year change between 2015 and 2014						
2015	2014	and 2014	2013	2012	2011	
<b>PROFITABILITY INDICATORS (%)</b>						
Return on average total assets <sup>(1)</sup>	<b>0.94%</b>	1.00%	(0.06%)	0.97%	0.98%	0.97%
Return on average equity <sup>(2)</sup>	<u>15.88%</u>	<u>18.32%</u>	<u>(2.44%)</u>	<u>18.97%</u>	<u>16.97%</u>	<u>16.81%</u>
Net interest spread <sup>(3)</sup>	<b>1.74%</b>	1.73%	0.01%	1.88%	2.29%	2.04%
Net interest margin <sup>(4)</sup>	<b>2.08%</b>	2.06%	0.02%	2.12%	2.50%	2.23%
Net fee and commission income to operating income	<b>8.35%</b>	5.27%	3.08%	5.09%	5.05%	5.32%
Cost-to-income ratio <sup>(5)</sup>	<u>22.49%</u>	<u>23.63%</u>	<u>(1.14%)</u>	<u>25.63%</u>	<u>27.63%</u>	<u>32.53%</u>

	For the year ended December 31,					
			Year-on- year change between 2015 and 2014			
	2015	2014		2013	2012	2011
<b>ASSET QUALITY INDICATORS (%)</b>						
Non-performing loan ratio <sup>(6)</sup>	1.34%	1.09%	0.25%	1.03%	0.72%	0.93%
Allowance coverage ratio <sup>(7)</sup>	<u>202.84%</u>	<u>238.15%</u>	<u>(35.31%)</u>	<u>269.08%</u>	<u>453.41%</u>	<u>349.58%</u>
Allowance to gross loan ratio <sup>(8)</sup>	2.73%	2.61%	0.12%	2.76%	3.28%	3.25%
<b>For the year ended December 31,</b>						
			Year-on- year change between 2015 and 2014			
	2015	2014		2013	2012	2011
<b>CAPITAL ADEQUACY RATIO INDICATORS (%)</b>						
<i>Calculated based on Capital Adequacy Measures</i>						
Core capital adequacy ratio <sup>(9)</sup>	N/A	N/A	N/A	N/A	10.13%	11.33%
Capital adequacy ratio <sup>(10)</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>12.72%</u>	<u>10.24%</u>
<i>Calculated based on Capital Administrative Measures</i>						
Core tier-one capital adequacy Ratio <sup>(11)</sup>	<u>9.33%</u>	<u>10.64%</u>	<u>(1.31%)</u>	<u>8.30%</u>	<u>N/A</u>	<u>N/A</u>
Tier-one capital adequacy ratio <sup>(12)</sup>	<u>9.33%</u>	<u>10.64%</u>	<u>(1.31%)</u>	<u>8.31%</u>	<u>N/A</u>	<u>N/A</u>
Capital adequacy ratio <sup>(13)</sup>	<u>12.23%</u>	<u>12.61%</u>	<u>(0.38%)</u>	<u>11.05%</u>	<u>N/A</u>	<u>N/A</u>
Total equity to total assets	<u>5.88%</u>	<u>6.03%</u>	<u>(0.15%)</u>	<u>4.79%</u>	<u>5.54%</u>	<u>6.09%</u>

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2015	2014	Year-on-year change between 2015 and 2014	2013	2012	2011
<b>OTHER INDICATORS (%)</b>						
Loan-to-deposit ratio <sup>(14)</sup>	<b>55.93%</b>	58.51%	0.26%	59.99%	60.25%	55.66%
Liquidity ratio <sup>(15)</sup>	<b>43.14%</b>	38.12%	5.02%	37.21%	35.82%	41.92%
Percentage of loans to the single largest customer <sup>(16)</sup>	<b>4.50%</b>	6.46%	(1.96%)	7.06%	7.93%	6.51%
Percentage of loans to the top ten customers <sup>(17)</sup>	<b>28.49%</b>	33.75%	(5.26%)	41.47%	49.82%	52.84%

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 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) 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.
- (10) 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.

- (11) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (12) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (13) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (14) 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》).
- (15) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (16) Calculated by dividing total loans to the single largest customer by net capital.
- (17) Calculated by dividing total loans to the top ten customers by net capital.



**YUAN FUHUA**  
Chairman

## CHAIRMAN'S STATEMENT

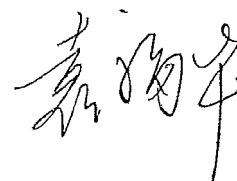
In 2015, pressure has intensified in the domestic economy and reforms of the market-oriented interest rate have taken place. With a growing trend of financial disintermediation and a surge in the pressure on the control of asset quality, the industry's development environment became more complex. In light of pressures and challenges, our Board of Directors, with the support of our Shareholders and across sectors of the community, took the initiative to adapt to the changing environment and persisted in performing duties efficiently to overcome difficulties and achieve satisfactory results through a number of measures, such as the listing of our Bank on the Hong Kong Stock Exchange, improving of the strategic layout, optimizing of the business structure and strengthening risk prevention.

As of the end of 2015, our total assets amounted to RMB565.67 billion, an increase of 18.1% year on year; deposit balance amounted to RMB334.69 billion, an increase of 15.6% year on year; and loan and advances to customers amounted to RMB184.60 billion, an increase of 8.0% year on year. Net profit amounted to RMB4.932 billion, an increase of 11.4% year on year. The capital adequacy ratio was 12.23% and the provision coverage ratio was 202.84%. All management indicators in relation to the asset-liability ratio reached good regulatory standards. We are among the top 1,000 banks in the world for 10 years and ranked 219th among the "Top 1000 World Banks" in terms of tier-one capital in the UK Publication "The Banker 2015", an upsurge of 71 in ranking as compared to the previous year.

As an initiative to promote the sustainable development of our Bank in the future, we began preparations for the listing of the Bank on the Hong Kong Stock Exchange on September 1, 2015 and submitted an application for listing on the Hong Kong Stock Exchange on December 24, 2015, and was successfully listed on the Hong Kong Stock Exchange on March 30, 2016. 2015 was a fruitful year in organization distribution planning, in which we established four branches in Shijiazhuang and Baoding, Hebei, Yantai, Shandong and Luzhou, Sichuan. The local organization layout has gradually improved. We have also began preparing for the establishment of a financial leasing company, representing a key step towards integrated operations, and we expect to launch seven county banks in Xinjiang and Ningxia, which extended the coverage of financial services to the western region.

Looking back to 2015, considering a slowdown in the overall growth of the domestic banking industry, our major business indicators continued to maintain a relatively rapid growth, which was the result of the great efforts, team spirit and hard work of all our employees and was also result of the strong support from our Shareholders and across all sectors of the community. On behalf of our Bank, I would like to take this opportunity to express my heartfelt gratitude to our Shareholders and pay high tribute to all our employees for their hard work!

Looking ahead to 2016, the domestic economic situation will become more severe and the transformation of the banking industry will be more pressing. We will ensure strict compliance with the listing rules and the regulatory requirements, actively adapt to the financial reform, prevent and resolve financial risks, effectively grasp the five major development and strategy opportunities of the State and improve integrated operating capacity in an all-rounded manner so as to create even greater values and more generous returns for our Shareholders and all sectors of the community.



**Yuan Fuhua**  
Chairman



**WEN YUANHUA**  
President

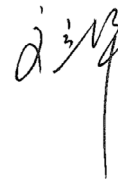
## PRESIDENT'S STATEMENT

In 2015, a new round of magnificent tide of reform along with the complicated and severe economic and financial situation surged. We have complied with the various requirements of regulatory authorities and the Board of Directors, proactively adapted to the new normality, actively acted as the new normality, seized the strategic opportunity of deepening reform in the financial market and regional economic kinetic energy conversion, further enhanced "innovation-driven" and created a distinctive brand. In particular, our Bank has listed on the Hong Kong Stock Exchange on March 30, 2016, demonstrating significant progress and a new atmosphere of transformation and development.

As of the end of 2015, our total assets amounted to RMB565.67 billion. The balance of deposits amounted to RMB334.69 billion. The loans and advances to customers amounted to RMB184.60 billion. Net profit amounted to RMB4.932 billion. The non-performing loan ratio was 1.34%. The capital adequacy ratio was 12.23%. The allowance coverage ratio was 202.84%. The control and monitoring indicators for the management of major asset-liability ratios of the whole bank all operates within the secure range stipulated by regulatory authorities. We ranked 219th in the latest ranking of the UK publication "The Banker 2015", an increase of 71 in ranking as compared to the previous year and was among the top 50 banks in Asia for the first time in the ranking of the competitiveness of Asian banks for 2015 in Hong Kong.

Each step of growth is hard won and comprises the deep concern and full support of our customers, Shareholders and the community and supported by the ingenuity and hard work of all our cadres and employees. Our unity, perseverance, exploration and innovation has helped us to tackle challenges faced by our Bank. On behalf of the management team, I would like to take this opportunity to express our gratitude to all friends from the community who care and support the development of our Bank and pay the highest tribute to all employees and their families for continuing to strive for progress.

2016 is the first year of the "13th Five-year Plan" and also a key year for us to advance towards the international capital markets. In midst of the present period of economic transformation under the new normality, the banking industry is faced with unprecedented challenges and opportunities. Being at the new starting point of the 20th anniversary of our establishment, we will persist in putting equal emphasis on structural transformation, risk management and control and development results in accordance with the standard of listed banks and put great efforts on the supply side, cultivate new momentum, enhance the operation and management capabilities and pursue the goal of a better quality and more dynamic listed bank.



**Wen Yuanhua**

*President*



## I. ENVIRONMENT AND PROSPECTS

In 2015, China's GDP grew by around 7 percent and the global economy remained unstable. Chinese leaders approved an economic blueprint for next year with emphasis on promoting reforms and innovation to ensure steady economic growth at the Central Economic Work Conference. To adapt to the current domestic and global economic situation, the Chinese government brought up five major goals, including cutting excessive industrial capacity, destocking, de-leveraging, lowering corporate costs, and improving weak links by expanding effective supply. With the acceleration of financial disintermediation, interest rate liberalization, Internet finance, and continuous introduction of new financial regulatory tools, the PRC banking industry has entered into the "New Normal", which brings unprecedented pressure and challenges to the operations and development of commercial banks with respect to asset quality, corporate strategies, market forecast and risk management. Despite of the challenges, Tianjin benefits from five major economic development policies with national strategic importance in China, which brought our Bank a rare opportunity for future development. Leveraging the strategic opportunities and the development opportunities brought by the successful listing in Hong Kong Stock Exchange our Bank will further specify its development strategies and continuously improve its corporate banking, retail banking and treasury business as well as its risk management system and organizational structure, thereby enhancing its overall competitiveness and growth potential.

## II. CORPORATE STRATEGIES

Our strategic objectives are: (i) being headquartered in Tianjin with strong presence in Beijing-Tianjin-Hebei region and Bohai Economic Zone, to improve our business coverage in Yangtze River Delta and Southwestern China and establish ourselves as a city commercial bank that serves all major economic zones in China; (ii) capitalizing our distinguished business management to offer good returns to shareholders; (iii) to continue to utilize sound risk control mechanisms and strategies to maintain solid asset quality; and (iv) to promote innovation and enhance competitiveness and growth potential. We plan to achieve our objectives and strategies through the following measures: (1) to 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; (2) to enhance the competitiveness of our SME business through increasing 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; (3) to further strengthen our treasury business and interbank cooperation through enhancing the profitability of our treasury business; (4) to become an integrated banking group with great growth potential by expanding the range of our financial services and promoting synergies among different business segments; (5) to improve the structure of our business network and capture Internet banking opportunities to enhance our competitiveness; (6) to maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; (7) to improve our organizational and management structure, establish a market-oriented human resources system and cultivate high-quality financial talent.

## III. ANALYSIS OF THE INCOME STATEMENT

	For the year ended December 31,		
	2015	2014	Rate of change (%)
	(Amounts in thousands of RMB, unless otherwise stated)		
Interest income	26,656,584	24,769,304	7.6%
Interest expense	(15,977,161)	(15,620,494)	2.3%
<b>NET INTEREST INCOME</b>	<b>10,679,423</b>	9,148,810	16.7%
Fee and commission income	1,026,900	560,684	83.2%
Fee and commission expense	(31,171)	(36,481)	(14.6%)
<b>NET FEE AND COMMISSION</b>	<b>995,729</b>	524,203	90.0%
Net trading gains	101,680	180,540	(43.7%)
Net gains arising from investments securities	52,182	2,354	2116.7%
Other income, gains or losses	92,730	84,639	9.6%
<b>OPERATING INCOME</b>	<b>11,921,744</b>	9,940,546	19.9%
Operating expenses	(3,817,123)	(3,261,328)	17.0%
Impairment losses on assets	(1,757,695)	(975,286)	80.2%
<b>PROFIT BEFORE TAX</b>	<b>6,346,926</b>	5,703,932	11.3%
Income tax expense	(1,414,543)	(1,274,971)	10.9%
<b>PROFIT FOR THE YEAR</b>	<b>4,932,383</b>	4,428,961	11.4%

For the year ended December 31, 2015, the Bank's profit before tax increased by 11.3% to RMB6,346.9 million from RMB5,703.9 million for the year ended December 31, 2014 and the profit for the year increased by 11.4% to RMB4,932.4 million from RMB4,428.9 million for the year ended December 31, 2014.

## 1. Net Interest Income, Net Interest Spread and Net Interest Margin

For the year ended December 31, 2015, the Bank's net interest income increased by 16.7% to RMB10,679.4 million from RMB9,148.8 million for the year ended December 31, 2014. 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 16.7% 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.

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,					
	2015			2014		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
(Amounts in millions of RMB, except percentages)						
<b>Interest-earning Assets</b>						
Loans and advances						
to customers	186,701.5	11,405.7	6.11%	160,062.5	10,392.5	6.49%
Investment securities and other						
financial assets, including	161,316.8	9,333.1	5.79%	114,884.2	6,810.8	5.93%
– Trust beneficiary rights, wealth management products and asset management plans	101,408.0	7,466.5	7.36%	61,907.8	5,083.4	8.21%
– Debt securities investment	59,908.8	1,866.6	3.12%	52,976.4	1,727.4	3.26%
Amounts due from banks and other financial institutions <sup>(1)</sup>	83,080.4	3,915.7	4.71%	95,894.9	5,783.6	6.03%
Deposits with banks and other financial institutions	28,243.2	1,163.5	4.12%	20,532.8	980.5	4.78%
Balances with central bank	55,027.9	838.6	1.52%	52,964.0	801.9	1.51%
<b>Total interest-earning assets</b>	<b>514,369.8</b>	<b>26,656.6</b>	<b>5.18%</b>	<b>444,338.4</b>	<b>24,769.3</b>	<b>5.57%</b>
Allowance for impairment losses	(5,695.9)			(4,948.9)		
Non-interest earning assets <sup>(2)</sup>	5,468.6			4,439.5		
<b>Total assets</b>	<b>514,142.5</b>	<b>26,656.6</b>	<b>5.18%</b>	<b>443,829.0</b>	<b>24,769.3</b>	<b>5.58%</b>

	For the years ended December 31,					
	Average balance	2015 Interest expense	Average cost	Average balance	2014 Interest expense	Average cost
(Amounts in millions of RMB, except percentages)						
<b>Interest-bearing Liabilities</b>						
Due to customers	302,239.6	8,970.8	2.97%	259,176.4	7,603.1	2.93%
Deposits from banks and other financial institutions	134,023.2	5,914.3	4.41%	129,032.0	7,235.2	5.61%
Amounts due to banks and other financial institutions <sup>(3)</sup>	20,466.1	694.2	3.39%	13,854.8	610.7	4.41%
Debt securities issued	7,453.6	389.0	5.22%	4,108.9	149.8	3.65%
Borrowings from central bank	325.6	8.9	2.73%	725.2	21.7	2.99%
<b>Total interest-bearing liabilities</b>	<b>464,508.1</b>	<b>15,977.2</b>	<b>3.44%</b>	<b>406,897.3</b>	<b>15,620.5</b>	<b>3.84%</b>
Non-interest-bearing liabilities <sup>(4)</sup>	19,763.1			11,530.3		
<b>Total liabilities</b>	<b>484,271.2</b>	<b>15,977.2</b>	<b>3.30%</b>	<b>418,427.6</b>	<b>15,620.5</b>	<b>3.73%</b>
<b>Net interest income</b>		<b>10,679.4</b>			<b>9,148.8</b>	
<b>Net interest spread<sup>(5)</sup></b>			<b>1.74%</b>			<b>1.73%</b>
<b>Net interest margin<sup>(6)</sup></b>			<b>2.08%</b>			<b>2.06%</b>

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.

## 2. 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 5.57% 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 our 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 into 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 comply 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.

**3. 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 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 RMB5.0 billion and tier-two capital bonds in the aggregate principal amount of RMB5.0 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 2.73% for the year ended December 31, 2015.



#### 4. Non-interest Income

##### *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,			
	2015	2014	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
<b>Fee and commission income</b>				
Settlement and clearing fees	260.5	240.7	19.8	8.2%
Wealth management service fees	306.0	123.6	182.4	147.6%
Acceptance and guarantee commitment fees	265.6	58.2	207.4	356.4%
Agency and fiduciary services fees	110.2	89.7	20.5	22.9%
Bank card fees	30.2	25.9	4.3	16.6%
Others <sup>(1)</sup>	54.4	22.6	31.8	140.7%
Subtotal	<u>1,026.9</u>	<u>560.7</u>	<u>466.2</u>	<u>83.1%</u>
Fee and commission expenses	<u>(31.2)</u>	<u>(36.5)</u>	<u>5.3</u>	<u>(14.5%)</u>
<b>Net fee and commission income</b>	<u><u>995.7</u></u>	<u><u>524.2</u></u>	<u><u>471.5</u></u>	<u><u>89.9%</u></u>

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 RMB306.0 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 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 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.

*Net trading gains*

Net trading gains include realized and unrealized gains from debt securities. Our net trading gains amounted to RMB101.7 million in 2015, representing a decrease of 43.7% from RMB180.5 million in 2014.

*Net gains arising from investments securities*

Net gains arising from investment securities represent net gains on disposal of available-for-sale financial assets. The Bank's net gains arising from investment securities increased from RMB2.4 million in 2014 to RMB52.2 million in 2015.

*Other components of our operating income*

Other components of our operating income consist primarily of exchange gains, government subsidies, rental income and dividends income. Other components of our operating income totaled RMB84.6 million for the year ended December 31, 2014 and RMB92.8 million for year ended December 31, 2015.

## 5. 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,			
	2015	2014	Change in amount	Rate of change
<b>(Amounts in millions of RMB, except percentages)</b>				
<b>Operating expenses</b>				
Staff costs	<b>1,556.8</b>	1,298.2	258.6	19.9%
Business tax and surcharges	<b>1,136.2</b>	912.7	223.5	24.5%
Other general and administrative expenses <sup>(1)</sup>	<b>322.3</b>	313.5	8.8	2.8%
Office expenses	<b>312.9</b>	312.8	0.1	0.0%
Rental and property management expenses	<b>284.0</b>	221.2	62.8	28.4%
Depreciation and amortization	<b>178.5</b>	182.7	(4.2)	(2.3%)
Others <sup>(2)</sup>	<b>26.5</b>	20.2	6.3	31.2%
Total operating expenses	<b>3,817.2</b>	3,261.3	555.9	17.0%
<b>Cost-to-income ratio<sup>(3)</sup></b>	<b>22.5%</b>	23.6%	(1.1%)	(4.7%)

Notes:

- (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 RMB3,817.2 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 (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.

#### Staff costs

Staff costs are the largest components of our operating expenses, which amounted to RMB1,556.8 million in 2015, representing an increase of 19.9% from RMB1,298.2 million in 2014. The following table sets forth the major components of staff costs for the periods indicated.

	For the year ended December 31,			
	2015	2014	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Salaries, bonuses and allowances	1,053.4	901.8	151.6	16.8%
Social insurance	284.7	224.2	60.5	27.0%
Housing funds	89.6	79.1	10.5	13.3%
Staff welfare	43.7	39.1	4.6	11.8%
Labor union fees and staff education expenses	16.3	16.0	0.3	1.9%
Contribution to annuity funds	69.1	38.0	31.1	81.8%
<b>Total</b>	<b>1,556.8</b>	<b>1,298.2</b>	<b>258.6</b>	<b>19.9%</b>

#### Business tax and surcharges

The business tax and surcharges amounted to RMB1,136.2 million in 2015, representing an increase of 24.5% from RMB912.7 million in 2014. The increase in business tax and surcharges was primarily due to the growth of our operating income.

#### Office expenses, rental and property management expenses

The office expenses and rental and property management expenses amounted to RMB596.8 million in 2015, representing an increase of 11.8% from RMB534.0 million in 2014.

*Other general and administrative expenses*

Our other general and administrative expenses amounted to RMB322.3 million in 2015, representing an increase of 2.8% from RMB313.5 million in 2014.

*Depreciation and amortization*

Depreciation and amortization amounted to RMB178.5 million in 2015, representing a decrease of 2.3% from RMB182.7 million in 2014.

## 6. Impairment Losses on Assets

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

	For the year ended December 31,			
	2015	2014	Change in amount	Rate of change
	<b>(Amounts in millions of RMB, except percentages)</b>			
Loans and advances				
to customers	<b>1,322.3</b>	770.7	551.6	71.6%
Off-balance sheet credit				
commitments	<b>5.6</b>	99.4	(93.8)	(94.4%)
Investments classified				
as receivables	<b>406.9</b>	99.5	307.4	308.9%
Repossessed assets	—	(3.1)	3.1	(100.0%)
Financial assets sold under				
repurchase agreements	<b>23.5</b>	—	23.5	N/A
Other assets	<b>(0.6)</b>	8.8	(9.4)	(106.8%)
Total	<b>1,757.7</b>	975.3	782.4	80.2%

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.

## 7. Income Tax Expenses

The following table sets forth the principal components of income tax expenses for the periods indicated.

	For the year ended December 31,			
	2015	2014	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Profit before tax	6,346.9	5,703.9	643.0	11.3%
Tax calculated at applicable statutory tax rate of 25%	1,586.7	1,426.0	160.7	11.3%
Under-provision of tax in prior years	1.3	0.7	0.6	85.7%
Tax effect of expense not deductible for tax purpose	14.6	16.9	(2.3)	(13.6%)
Tax effect of income not taxable for tax purpose <sup>(1)</sup>	(188.1)	(168.6)	(19.5)	11.6%
Income tax expense	<u>1,414.5</u>	<u>1,275.0</u>	<u>139.5</u>	<u>10.9%</u>

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.

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.

#### IV. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

##### 1. Assets

The following table sets forth, as of the dates indicated, the components of our total assets.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
<b>ASSETS</b>				
Gross loans and advances				
to customers	<b>184,603.7</b>	<b>32.6%</b>	170,918.1	35.7%
Allowance for impairment				
losses	<b>(5,032.8)</b>	<b>(0.9%)</b>	(4,456.8)	(0.9%)
Loans and advances to				
customers, net	<b>179,570.9</b>	<b>31.7%</b>	166,461.3	34.8%
Investment securities and				
other financial assets, net	<b>203,459.1</b>	<b>36.0%</b>	123,400.2	25.8%
Financial assets held				
under resale agreements	<b>70,328.4</b>	<b>12.4%</b>	80,050.7	16.7%
Cash and deposits				
with central bank	<b>62,107.2</b>	<b>11.0%</b>	62,689.2	13.1%
Deposits with banks and				
other financial institutions	<b>30,817.9</b>	<b>5.4%</b>	31,685.0	6.6%
Placements with banks and				
other financial institutions	<b>13,421.2</b>	<b>2.4%</b>	9,574.7	2.0%
Other assets <sup>(1)</sup>	<b>5,963.0</b>	<b>1.1%</b>	4,998.0	1.0%
<b>TOTAL ASSETS</b>	<b>565,667.7</b>	<b>100.0%</b>	478,859.1	100.0%

Note:

- (1) Consists primarily of interest receivable, property and equipment, deferred tax assets, long-term deferred expenses, intangible assets and other receivables.

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.

*Loans and advances to customers*

The following table sets forth, as of the dates indicated, a breakdown of our loans by business line.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
<b>(Amounts in millions of RMB, except percentages)</b>				
Corporate loans <sup>(1)</sup>	<b>154,018.1</b>	<b>83.5%</b>	129,196.2	75.6%
Personal loans	<b>24,775.2</b>	<b>13.4%</b>	22,630.9	13.2%
Discounted bills	<b>5,810.4</b>	<b>3.1%</b>	19,091.0	11.2%
<b>Total loans to customers</b>	<b>184,603.7</b>	<b>100.0%</b>	170,918.1	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 as of the dates indicated.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
<b>(Amounts in millions of RMB, except percentages)</b>				
Short-term loans (one year or less)	<b>108,110.4</b>	<b>70.2%</b>	82,458.4	63.8%
Medium- and long-term loans (over one year)	<b>45,907.7</b>	<b>29.8%</b>	46,737.8	36.2%
<b>Total corporate loans</b>	<b>154,018.1</b>	<b>100.0%</b>	129,196.2	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 December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Working capital loans	108,193.3	70.2%	86,238.3	66.7%
Fixed assets loans	42,125.0	27.4%	36,905.1	28.6%
Trade finance	1,764.2	1.1%	4,420.0	3.4%
Others <sup>(1)</sup>	1,935.6	1.3%	1,632.8	1.3%
<b>Total corporate loans</b>	<b>154,018.1</b>	<b>100.0%</b>	<b>129,196.2</b>	<b>100.0%</b>

Note:

(1) Consists primarily of advances under bank acceptance and letters of credit issued by the Bank 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 assets 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.



- 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.

The following table sets forth a breakdown of our personal loans by product type as of the dates indicated.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Personal consumption loans	10,803.7	43.6%	8,956.0	39.5%
Residential mortgage loans	10,028.1	40.5%	9,812.3	43.4%
Personal business loans	3,568.0	14.4%	3,594.8	15.9%
Credit card overdrafts	375.4	1.5%	267.8	1.2%
<b>Total personal loans</b>	<b>24,775.2</b>	<b>100.0%</b>	<b>22,630.9</b>	<b>100.0%</b>

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 RMB267.8 million and RMB375.4 million as of December 31, 2014 and 2015.

*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,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
<b>Debt securities</b>				
Held-to-maturity investments	31,684.0	15.6%	26,233.9	21.3%
Available-for-sale debt securities	17,605.4	8.7%	13,516.9	11.0%
Debt securities held for trading	5,952.1	2.9%	7,512.2	6.1%
Debt securities classified				
as receivables	8,378.9	4.1%	5,008.4	4.1%
<b>Subtotal</b>	<b>63,620.4</b>	<b>31.3%</b>	<b>52,271.4</b>	<b>42.5%</b>
<b>Funds</b>	<b>200.4</b>	<b>0.1%</b>	<b>—</b>	<b>—</b>
<b>Wealth management products</b>				
<b>issued by other</b>				
<b>financial institutions</b>	<b>35,305.2</b>	<b>17.3%</b>	<b>15,561.8</b>	<b>12.6%</b>
<b>Trust beneficiary rights and</b>				
<b>assets management</b>				
<b>plans, net</b>				
Asset management plans	64,088.4	31.5%	31,516.4	25.5%
Trust beneficiary rights	40,692.6	20.0%	24,091.5	19.5%
Allowance for impairment losses	(506.5)	(0.2%)	(99.5)	(0.1%)
<b>Subtotal</b>	<b>104,274.5</b>	<b>51.3%</b>	<b>55,508.4</b>	<b>44.9%</b>
<b>Equity investments</b>				
Available-for-sale				
equity investments	58.6	0.0%	58.6	0.0%
<b>Subtotal</b>	<b>58.6</b>	<b>0.0%</b>	<b>58.6</b>	<b>0.0%</b>
<b>Total investment securities</b>				
<b>and other financial</b>				
<b>assets, net</b>	<b>203,459.1</b>	<b>100.0%</b>	<b>123,400.2</b>	<b>100.0%</b>

- Debt securities

The following table sets forth, as of December 31, 2014 and 2015, the components of our debt securities.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
PRC government bonds	23,646.8	37.2%	20,543.4	39.3%
Debt securities issued by				
PRC policy banks	22,330.2	35.1%	19,877.4	38.0%
Debt securities issued by				
PRC corporate issuers	10,427.4	16.4%	9,682.3	18.5%
Debt securities issued				
by PRC banks and				
other financial				
institutions	7,216.0	11.3%	2,168.3	4.2%
<b>Total investment securities and other financial assets</b>	<b>63,620.4</b>	<b>100.0%</b>	<b>52,271.4</b>	<b>100.0%</b>

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 risks.

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 risks.

Our holding of debt securities 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,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Investment classified				
as receivables	147,958.6	72.7%	76,078.6	61.6%
Held-to-maturity				
investments	31,684.0	15.6%	26,233.9	21.3%
Available-for-sale financial				
assets	17,864.4	8.8%	13,575.5	11.0%
Financial assets held				
for trading	5,952.1	2.9%	7,512.2	6.1%
<b>Total</b>	<b>203,459.1</b>	<b>100.0%</b>	<b>123,400.2</b>	<b>100.0%</b>

- 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,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Analyzed by collateral				
type:				
Bills	51,815.2	73.7%	54,626.0	68.2%
Trust beneficial rights				
and asset				
management plans <sup>(1)</sup>	9,642.0	13.7%	25,129.3	31.4%
Bonds	8,894.7	12.6%	295.4	0.4%
<b>Gross amount</b>	<b>70,351.9</b>	<b>100.0%</b>	<b>80,050.7</b>	<b>100.0%</b>
Allowance for				
impairment losses	(23.5)		—	
<b>Net amount</b>	<b>70,328.4</b>		<b>80,050.7</b>	

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 the fact that 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 RMB5,963.0 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.

## 2. Liabilities

The following table sets forth, as of the dates indicated, the components of our total liabilities.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Deposits from customers	334,691.0	62.9%	289,467.4	64.3%
Deposits from banks and other financial institutions	148,732.7	27.9%	122,471.7	27.2%
Debt securities issued	13,903.8	2.6%	2,698.9	0.6%
Financial assets sold under repurchase agreements	14,557.3	2.7%	13,856.0	3.1%
Placements from banks	4,283.6	0.8%	10,905.1	2.4%
Borrowings from central bank	237.4	0.1%	405.9	0.1%
Income tax payable	701.1	0.1%	433.7	0.1%
Other liabilities <sup>(1)</sup>	15,313.1	2.9%	9,730.5	2.2%
<b>TOTAL LIABILITIES</b>	<b>532,420.0</b>	<b>100.0%</b>	<b>449,969.2</b>	<b>100.0%</b>

Note:

(1) Consists primarily of interest payable, employee benefits payables, dividend payable, accrued liabilities, and certain other liabilities.

As of December 31, 2015, our total liabilities were RMB532,420.0 million, representing an increase of 18.3% compared to RMB449,969.2 million as of December 31, 2014.

### *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 services 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,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
<b>(Amounts in millions of RMB, except percentages)</b>				
<b>Corporate deposits</b>				
Demand	132,621.1	39.6%	110,090.5	38.0%
Time <sup>(1)</sup>	111,215.9	33.2%	89,472.9	30.9%
Subtotal	243,837.0	72.8%	199,563.4	68.9%
<b>Personal deposits</b>				
Demand	17,734.3	5.3%	16,337.0	5.6%
Time <sup>(1)</sup>	45,122.3	13.5%	41,071.4	14.2%
Subtotal	62,856.6	18.8%	57,408.4	19.8%
<b>Others<sup>(2)</sup></b>	<b>27,997.4</b>	<b>8.4%</b>	<b>32,495.6</b>	<b>11.3%</b>
<b>Total deposits</b>				
<b>from customers</b>	<b>334,691.0</b>	<b>100.0%</b>	<b>289,467.4</b>	<b>100.0%</b>

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 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, was primarily due to (i) the increase in our business with our core corporate 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 was 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.

*Deposits from banks and other financial institutions*

As of December 31, 2015, our deposits from banks and other financial institutions amounted to RMB148,732.7 million, representing an increase of 21.4% from RMB122,471.7 million as of December 31, 2014. The increase in our deposits from banks and other financial institutions was primarily due to the expansion of our interbank business.

*Financial assets sold under repurchase agreements*

As of December 31, 2015, our financial assets sold under repurchase agreements amounted to RMB14,557.3 million, representing an increase of 5.1% from RMB13,856.0 million as of December 31, 2014. The increase in our financial assets sold under repurchase agreements was primarily due to the change of our liquidity needs.

### 3. Equity

The table below sets forth the components of the equity of the Bank as of the dates indicated.

	As of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
<b>(Amounts in millions of RMB, except percentages)</b>				
<b>EQUITY</b>				
Share capital	5,126.0	15.4%	5,126.0	17.7%
Capital reserve	5,990.8	18.0%	5,990.8	20.7%
Investment revaluation reserve	166.0	0.5%	29.3	0.1%
Surplus reserve	2,563.0	7.7%	2,356.3	8.2%
General reserve	5,819.6	17.5%	4,879.7	16.9%
Retained earnings	13,358.2	40.2%	10,290.0	35.6%
Equity attributable to equity holders of the Bank	33,023.6	99.3%	28,672.1	99.2%
No-controlling interests	224.1	0.7%	217.8	0.8%
<b>TOTAL EQUITY</b>	<b>33,247.7</b>	<b>100.0%</b>	<b>28,889.9</b>	<b>100.0%</b>

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. Equity attributable to equity holders of the Bank was RMB33,023.6 million as of December 31, 2015, representing an increase of 15.2% compared to RMB28,672.1 million as of December 31, 2014. The increase in the shareholders' equity in 2015 was mainly due to an increase in our net profit.



## V. ANALYSIS OF OFF-BALANCE SHEET ITEMS

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,	
	2015	2014
	(Amounts in millions of RMB)	
Bank acceptance	57,341.3	71,835.4
Letters of credit	11,614.2	14,605.4
Letters of guarantee issued	5,718.4	3,447.9
Undrawn credit card commitments	2,473.2	2,011.1
<b>Subtotal</b>	<b>77,147.1</b>	91,899.8
Operating lease commitments	985.8	886.7
Capital commitments	194.4	148.9
<b>Total</b>	<b>78,327.3</b>	92,935.4

## VI. ANALYSIS

### Distribution of loans by five-category loan classification

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 December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Normal	175,657.0	95.1%	163,703.7	95.8%
Special mention	6,465.6	3.5%	5,343.0	3.1%
<b>Subtotal</b>	<b>182,122.6</b>	<b>98.6%</b>	169,046.7	98.9%
Substandard	1,433.1	0.8%	1,300.9	0.8%
Doubtful	640.8	0.4%	179.4	0.1%
Loss	407.2	0.2%	391.1	0.2%
<b>Subtotal</b>	<b>2,481.1</b>	<b>1.4%</b>	1,871.4	1.1%
<b>Total loans to customers</b>	<b>184,603.7</b>	<b>100.0%</b>	170,918.1	100.0%

### 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 of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Manufacturing	34,138.4	22.2%	29,521.1	22.9%
Wholesale and retail	33,930.0	22.0%	29,340.9	22.7%
Construction	22,935.4	14.9%	15,217.0	11.8%
Real estate	16,989.2	11.0%	15,489.8	12.0%
Water, environment and public facilities management	12,334.4	8.0%	10,924.1	8.5%
Leasing and business services	8,713.6	5.7%	8,278.3	6.4%
Transportation, storage and postal services	4,567.2	3.0%	2,890.3	2.2%
Resident services and other services	4,765.2	3.1%	2,168.0	1.7%
Public administration, social security and social organization	3,207.0	2.1%	2,351.5	1.8%
Finance	2,016.0	1.3%	3,529.4	2.7%
Electricity, gas and water production and supply	2,143.9	1.4%	1,648.2	1.3%
Scientific research and technical services	2,073.0	1.3%	1,725.4	1.3%
Agriculture, forestry, animal husbandry and fishery	1,871.4	1.2%	1,706.1	1.3%
Accommodation and catering	1,355.4	0.9%	1,438.2	1.1%
Others <sup>(1)</sup>	2,978.0	1.9%	2,967.9	2.3%
Total corporate loans	<u>154,018.1</u>	<u>100.0%</u>	<u>129,196.2</u>	<u>100.0%</u>

Note:

- (1) Consists primarily of following industries: (i) information transmission, software and information technology services, (ii) mining, (iii) health and social service, (iv) education, and (v) cultural, sports and entertainment.

### 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 December 31,					
	2015			2014		
	Amount	% of the total	NPL ratio	Amount	% of the total	NPL ratio
	(Amounts in millions of RMB, except percentages)					
Tianjin	1,557.6	62.8%	1.5%	1,297.6	69.4%	1.3%
Beijing	154.2	6.2%	1.1%	97.6	5.2%	0.6%
Shandong Province	90.6	3.7%	0.5%	30.8	1.6%	0.2%
Shanghai	338.8	13.7%	1.8%	399.1	21.3%	2.9%
Hebei Province	264.1	10.6%	2.2%	0.3	0.0%	0.0%
Sichuan Province	75.8	3.0%	0.5%	46.0	2.5%	0.3%
<b>Total loans and advances to customers</b>	<b>2,481.1</b>	<b>100.0%</b>	<b>1.34%</b>	<b>1,871.4</b>	<b>100.0%</b>	<b>1.09%</b>

### 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 of December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Unsecured loan	12,297.4	6.7%	11,640.8	6.8%
Guaranteed loan	84,475.3	45.7%	82,699.4	48.4%
Collateralized loans <sup>(1)</sup>	59,406.9	32.2%	51,113.1	29.9%
Pledged loans <sup>(1)</sup>	28,424.1	15.4%	25,464.8	14.9%
<b>Total loans and advances to customers</b>	<b>184,603.7</b>	<b>100.0%</b>	<b>170,918.1</b>	<b>100.0%</b>

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 of December 31, 2015			
Industry		Amount	% of total loans	% of regulatory capital <sup>(1)</sup>	Classification
(Amounts in millions of RMB, except percentages)					
Borrower A	Retail and wholesale	1,947.9	1.1%	4.5%	Normal
Borrower B	Public administration and social organization	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		<u>12,333.9</u>	<u>6.6%</u>	<u>28.5%</u>	

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.

### 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.

	As of December 31,			
	2015		2014	
	Amount	NPL ratio	Amount	NPL ratio
(Amounts in millions of RMB, except percentages)				
<b>Beginning of year</b>	<b>4,456.8</b>	<b>1.09%</b>	4,098.8	1.03%
Charge-offs for the year <sup>(1)</sup>	<b>1,322.3</b>		770.7	
Unwinding of discount	<b>(55.7)</b>		(49.2)	
Write-offs	<b>(463.8)</b>		(377.6)	
Recoveries	<b>0.8</b>		14.1	
Transfer out	<b>(227.6)</b>		—	
<b>End of year</b>	<b><u>5,032.8</u></b>	<b><u>1.34%</u></b>	<u>4,456.8</u>	<u>1.09%</u>

Note:

(1) Represents the net amount of allowance for impairment losses recognized in the profit or loss statement.

### Charges on the Bank's assets and contingent liabilities

Details of the charges on the Bank's assets and contingent liabilities as of December 31, 2015 are set out in the Note 44 of the financial statement in this annual report.

## VII. SEGMENT REPORT

### Geographical Segment Report

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 year ended December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Tianjin	7,981.6	67.0%	6,829.8	68.6%
Shandong Province	1,064.4	8.9%	791.8	8.0%
Sichuan Province	902.0	7.6%	455.1	4.6%
Shanghai	835.8	7.0%	557.0	5.6%
Hebei Province	599.4	5.0%	584.3	5.9%
Beijing	538.6	4.5%	722.5	7.3%
<b>Total</b>	<b>11,921.8</b>	<b>100.0%</b>	<b>9,940.5</b>	<b>100.0%</b>

### 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 December 31,			
	2015		2014	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Corporate banking	6,730.8	56.5%	5,981.3	60.2%
Retail banking	1,656.9	13.9%	1,473.1	14.8%
Treasury business	3,506.8	29.4%	2,462.1	24.8%
Other <sup>(1)</sup>	27.3	0.2%	24.0	0.2%
<b>Total</b>	<b>11,921.8</b>	<b>100.0%</b>	<b>9,940.5</b>	<b>100.0%</b>

Note:

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

### VIII. ANALYSIS ON CAPITAL ADEQUACY RATIO

Our Bank calculated and disclosed the capital adequacy ratios according to the Administrative Measures for the Capital of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) (effective since January 1, 2013) promulgated by CBRC. As of December 31, 2015, our Bank's capital adequacy ratios met the regulatory requirements under such regulation. As of December 31, 2015, the capital adequacy ratio was 12.23%, 0.38 percentage points lower than that at the end of the previous year; tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 9.33% and 9.33%, 1.31 percentage points lower than those at the end of the previous year.

The following table sets forth the relevant information of our Bank's capital adequacy ratio as of the dates indicated:

	As of December 31, 2015	As of December 31, 2014
	(Amounts in millions of RMB, except percentages)	
<b>Core capital</b>		
– Share capital	5,126.0	5,126.0
– Capital reserve	5,990.8	5,990.8
– Surplus reserve and provisions for general risks	2,563.0	2,356.3
– Retained earnings	13,358.2	10,290.0
– Non-controlling interests	224.1	217.8
<b>Total Core Capital</b>	<b>33,247.7</b>	28,889.9
<b>Core tier-one capital</b>	<b>33,070.2</b>	28,713.4
<b>Core tier-one capital deductible items</b>	<b>(52.3)</b>	(33.3)
<b>Net core tier-one capital</b>	<b>33,017.9</b>	28,680.1
<b>Net tier-one capital</b>	<b>33,024.1</b>	28,685.6
<b>Tier-two capital</b>		
– Net tier-two capital instruments and related premiums	7,700.0	2,700.0
– Surplus allowance for impairment losses on loans	2,552.5	2,586.2
– Portion of minority shareholders that may be included	11.4	11.0
<b>Total tier-two capital</b>	<b>10,263.9</b>	5,297.2
<b>Net capital base</b>	<b>43,288.0</b>	33,982.8
<b>Total risk-weighted assets</b>	<b>353,950.2</b>	269,479.2
<b>Core tier-one capital adequacy ratio</b>	<b>9.33%</b>	10.64%
<b>Tier-one capital adequacy ratio</b>	<b>9.33%</b>	10.64%
<b>Capital adequacy ratio</b>	<b>12.23%</b>	12.61%

## IX. RISK MANAGEMENT

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. In 2015, we continuously enhanced our comprehensive risk management system and improved our risk control, continued to facilitate the establishment of an integrated and comprehensive risk management system through which we have managed to successfully meet relevant regulatory requirements, mitigate risks associated with general unstable economic conditions, and secure the sustainable development of our business. In particular, our Bank strives to maintain a risk management system to strike the balance between risk and return, so as to strictly control our risk exposure while maintaining the flexibility to allow business innovations and asset quality.

### **Credit Risk**

Credit risk refers to risk resulting from the failure by an obligor or counterparty to fulfill its obligations under the contract or changes in its credit ratings. Our Bank is exposed to credit risks primarily associated with our corporate loan business, personal loan business and treasury business.

Our Bank has established a standardized authorization and credit review and extension system that covers our whole Bank, where we have promulgated comprehensive policies to identify, assess, measure, monitor, mitigate, and control risks that may arise from the entire business process, including our treasury business. Our Bank seeks to improve our overall credit risk management capabilities through a variety of measures, such as the implementation of a vertical credit risk management system, the establishment of an internal rating system of corporate customers to better manage credit approval and extension, the establishment of a twelve-level loan categorization system to adopt specific procedures to manage relevant risks, the enhancement of our capacity to process credit risk management by utilizing information technology, the implementation of post-credit extension risk management work, and the further tightening of credit review and monitoring. We have also developed and implemented a digital credit extension management system to effectively 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.

### **Operational Risk**

Operational risk refers to risk caused by inadequate or problematic internal procedures, personnel and information technology systems, as well as external events. Our Bank's operational risks primarily arise from internal and external frauds, worksite safety failures, business interruptions and failures in the information technology system.



Our Bank has formulated operational risk management policies and procedures, aiming to effectively identify, assess, monitor, control and mitigate our Bank's operational risk, and minimize any losses associated with the operational risk. In addition, our Bank established "three lines of defenses" to manage operational risks on an end-to-end basis, where our business departments, risk and compliance departments and audit departments work closely to achieve effective risk control. Our branches and sub-branches along 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, responsible for formulation of our operational risk management policies, coordination, support and supervision of our operational risk management. Our audit department is the third line of defense against operational risks, responsible for evaluating the effectiveness of our operational risk management policies and assessing our internal control system and compliance.

### **Market Risk**

Market risk refers to the risk of losses in on- and off-balance sheet positions arising from the movements in market prices caused by interest rates, exchange rates and other market factors. It mainly includes interest rate risk and exchange rate risk. 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 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 dose by monitors 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.

#### *Market Risk of Banking Book*

- Interest Rate Risk

The interest rate risk of the banking book primarily arises from the mismatch of the maturity dates or repricing dates of our Bank's interest rate-sensitive on- and off-balance sheet assets and liabilities. The Bank manages the interest rate risk of the banking book primarily through the adjustments of interest rates and the management of maturity dates. We conduct maturity analysis on 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 weigh our exposure to potential interest rate changes.

- 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 actively monitor 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 of Trading Book*

The market risk of the trading book of our Bank primarily arises 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, have adopted 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 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 has designated staff 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 as a means to improve our market risk measurement capability. We also 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. Our Bank has established an organizational structure for liquidity risk management on the principle of independence to ensure the separation of responsibilities related 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 is in 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.

### *Liquidity Risk Analysis*

In light of the changes in the macro environment, currency policy and regulatory policy, our Bank continues to take a prudent approach on its liquidity risk management and strives to enhance the level of liquidity risk management. By managing the liquidity risk through monitoring the maturity of assets and liabilities, the Bank also monitors several other key liquidity indicators. Our Bank also formulated asset and management strategies to mitigate liquidity risks by constantly optimizing our own asset structure and improving our liquidity management capability. Our Bank conducts stress tests for liquidity risk on a quarterly basis. In such regard, it can ensure that Our Bank has sufficient liquidity.

### **Information Technology Risk Management**

We are subject to information technology risk which may cause risks on our operation, legal risks and reputational risks. We strive to improve our information technology risk management and enhance the application of information technology, to ensure the security of our systems, websites and data. We also strengthened our management and increased our investment in the information technology to effectively mitigate risks.

## **X. 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 RMB243,837.0 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.

### **Retail Banking Business**

In 2015, our Bank strengthened marketing efforts to retail banking customers and continued to improve 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 RMB10,028.1 million, RMB10,803.7 million, RMB3,568.0 million and RMB375.4 million, respectively, and accounted for 40.5%, 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 modern 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 included 12 financial service stations and 48 convenience stores in rural areas.

### **Treasury Business**

In 2015, our Bank continued to focus 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 232.8%.

#### *Treasury Business Conducted on Behalf of Customers*

In 2015, the wealth management business of our Bank grew rapidly because (i) 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; (ii) 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.

#### *International Business*

For the year ended December 31, 2015, our Bank's international settlement volume amounted to US\$8,365.0 million.

## I. CHANGES IN SHARES OF THE BANK

### Listing on the Hong Kong Stock Exchange on March 30, 2016

Our Bank was listed on the Hong Kong Stock Exchange on March 30, 2016, upon an issuance of 905,000,000 H Shares and the conversion of 725,644,563 Foreign Shares into H Shares. After completion of the issuance and conversion, before the partial exercise of over-allotment option as described below, the total share capital of the Bank increased to 6,031,047,731 Shares:

	January 1, 2015		Changes	March 30, 2016	
	Number of shares	Percentage of total share capital		Number of shares	Percentage of total share capital
Domestic legal persons	4,074,451,886	79.48%	(91,499,839) <sup>(1)</sup>	3,982,952,047	66.04%
Domestic natural persons	325,951,282	6.36%	999,839	326,951,121	5.42%
H shares	—	—	1,721,144,563	1,721,144,563	28.54%
Other foreign shares	725,644,563	14.16%	(725,644,563) <sup>(2)</sup>	—	—
Total	<u>5,126,047,731</u>	<u>100.00%</u>	<u>905,000,000</u>	<u>6,031,047,731</u>	<u>100.00%</u>

Note:

- (1) In accordance with the relevant PRC rules regarding state-owned shares, 240 state-owned shareholders of our Bank transferred 90,500,000 shares to the National Council for Social Security Fund of the PRC. The shares were then converted into H Shares.
- (2) Upon the global offering, 725,644,563 foreign shares held by ANZ were converted into H Shares traded on The Hong Kong Stock Exchange.

The over-allotment option as described in the prospectus of the Bank was partially exercised in respect of an aggregate of 43,454,500 H Shares (the "Over-allotment Shares"). The Over-allotment Shares were issued and allotted by our Bank and sold by the Selling Shareholders at HK\$7.39 per H Share. The Over-allotment Shares were listed on the Main Board of the Hong Kong Stock Exchange on April 21, 2016, with the total share capital changing from 6,031,047,731 shares to 6,070,551,822 shares, and HK\$288.7 million was raised as a result of the exercise of the over-allotment option.

### Particulars of Shareholdings of the Top Ten Shareholders of Domestic Shares of our Bank

No.	Name of shareholder	Total number of shares held at beginning of year	Total number of shares held at end of year	Shareholding percentage held at end of year (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司)	996,778,167	996,778,167	19.45
2	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	725,644,563	14.16
	Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司)	502,352,678	502,352,678	9.80
3	Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海化工集團有限責任公司)	502,352,678	502,352,678	9.80

Changes in Share Capital and Information on Shareholders

No.	Name of shareholder	Total number of shares held at beginning of year	Total number of shares held at end of year	Shareholding percentage held at end of year (%)
5	Tianjin Hi-tech Holding Group Co., Ltd. (天津海泰控股集團有限公司)	153,730,500	153,730,500	3.00
6	Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) <sup>(1)</sup>	121,832,962	121,832,962	2.38
7	Tianjin Ningfa Group Co., Ltd. (天津市寧發集團有限公司) <sup>(2)</sup>	115,561,504	115,561,504	2.25
8	Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) <sup>(3)</sup>	107,939,016	108,305,041	2.11
9	Tianjin Economic and Technology Development Zone Finance Bureau (天津經濟技術開發區財政局)	102,487,000	102,487,000	2.00
10	Tianjin Wenhuatianhai Industrial Co., Ltd. (天津文華天海實業有限公司) <sup>(4)</sup>	101,386,808	101,386,808	1.98
	Total	<u>2,422,581,144</u>	<u>3,430,431,901</u>	66.92

Note: (1) Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) pledges its 90,041,100 shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).

(2) Tianjin Ningfa Group Co., Ltd. (天津市寧發集團有限公司) pledges all its shares to Agricultural Bank of China's Tianjin New Technology Industrial Park Sub-branch (中國農業銀行天津新技術產業園區支行).

(3) Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) pledges its 97,145,100 shares to Bohai Securities Co., Ltd. (渤海證券股份有限公司).

(4) Tianjin Wenhuatianhai Industrial Co., Ltd. (天津文華天海實業有限公司) pledges its 85,060,500 shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).

## II. INFORMATION ON SHAREHOLDERS

### Interests and Short Positions in Hong Kong in accordance with the SFO

During the Reporting Period, our Bank's shares were not listed on the Hong Kong Stock Exchange. Divisions 2 and 3 of Part XV of the SFO, which provided for the disclosure to the Bank the interests or short positions in our Shares or relevant Shares, or interests or short positions registered on the register pursuant to section 336 of the SFO, were not applicable to the Bank. The securities of our Bank were listed on the Hong Kong Stock Exchange on March 30, 2016. To the best knowledge of our Bank, immediately following the completion of the global offering on March 30, 2016, the following persons (other than the Bank's Directors, Supervisors and chief executive) had 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, were interested in 5% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Bank:

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held <sup>(1)</sup>	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
Tianjin Port Free Trade Zone Investment Co., Ltd. <sup>(2)</sup> (天津保稅區投資有限公司)	Beneficial owner	Domestic Shares	965,562,287(L)	16.01	22.40
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. <sup>(2)</sup> (天津保稅區投資控股集團有限公司)	Interest in controlled corporation	Domestic Shares	965,562,287(L)	16.01	22.40
Australia and New Zealand Banking Group Limited <sup>(3)</sup> (澳大利亞和新西蘭銀行集團有限公司)	Beneficial owner	H Shares	725,644,563(L)	12.03	42.16
Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) <sup>(4)</sup>	Beneficial owner	Domestic Shares	489,747,816(L)	8.12	11.36
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) <sup>(4)</sup>	Interest in controlled corporation	Domestic Shares	489,747,816(L)	8.12	11.36
Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司) <sup>(4)</sup>	Interest of a controlled corporation	Domestic Shares	489,747,816(L)	8.12	11.36
Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) <sup>(5)</sup>	Beneficial Owner	Domestic Shares	488,690,770(L)	8.10	11.34
Central Huijin Investment Ltd. <sup>(6)</sup>	Interest in controlled corporation	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51
China Construction Bank Corporation <sup>(6)</sup>	Interest in controlled corporation	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51
CCB Financial Holdings Limited <sup>(6)</sup>	Interest in controlled corporation	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51



## Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held <sup>(1)</sup>	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
CCB International (Holdings) Limited <sup>(6)</sup>	Interest in controlled corporation	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51
CCB International Capital Limited <sup>(6)</sup>	Beneficial owner	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51
CCB International Group Holdings Limited <sup>(6)</sup>	Interest in controlled corporation	H Shares	39,595,500(L)	0.66	2.30
	Others	H Shares	149,325,000(L) 94,797,000(S)	2.48 1.57	8.68 5.51

Notes:

- (1) The Letter L denotes long positions in the Shares. The Letter S denotes short positions in the Shares.
- (2) 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.
- (3) 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).
- (4) Tianjin Pharmaceutical Holdings Ltd. (i) directly holds 487,717,217 Shares; and (ii) through a number of controlled corporations, hold an aggregate of 2,030,599 Shares. As such, Tianjin Pharmaceutical Holdings Ltd. is interested in a total of 489,747,816 Shares by virtue of the SFO. 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.
- (5) Tianjin Bohai Chemical Industry Group Co., Ltd. directly holds 487,717,217 Shares; and (ii) through a number of controlled corporations, hold an aggregate of 973,553 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 488,690,770 Shares by virtue of the SFO. 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).
- (6) Central Huijin Investment Ltd. holds 57.13% interest in China Construction Bank Corporation. China Construction Bank Corporation is interested in the entire shareholding of CCB International Group Holdings Limited. CCB International Group Holdings Limited is interested in the entire shareholding of CCB Financial Holdings Limited. CCB Financial Holdings Limited is interested in the entire shareholding of CCB International (Holdings) Limited. CCB International (Holdings) Limited is interested in the entire shareholding of CCB International Capital Limited. Therefore, Central Huijin Investment Ltd., China Construction Bank Corporation, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited are deemed to be interested in long position of 188,920,500 Shares and short position of 94,797,000 Shares beneficially owned by CCB International Capital Limited.

### III. SHAREHOLDERS WITH SHAREHOLDING OF 5% OR MORE OF THE BANK

Please see II. Information on Shareholders above for the particulars of shareholders with shareholding of 5% or more of the Bank.

## I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 1. Directors

Name	Age	Position	Term of Office
Mr. YUAN Fuhua (袁福華)	55	Executive Director, Chairman	December 11, 2014 to December 10, 2017
Mr. WEN Yuanhua (文遠華)	46	Executive Director, President	December 11, 2014 to December 10, 2017
Mr. YUE Desheng (岳德生)	52	Executive Director, Vice President	December 11, 2014 to December 10, 2017
Ms. ZHANG Furong (張富榮)	54	Executive Director, Vice President, Secretary of the Board of Directors	December 11, 2014 to December 10, 2017
Mr. YU Yang (于陽)	37	Non-executive Director	May 8, 2015 to December 10, 2017
Mr. JIA Hongqian (賈鴻潛)	52	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. Alistair Marshall Bulloch (布樂達)	58	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. ZHAO Wei (趙煒)	46	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LUAN Fengxiang (樂鳳祥)	57	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LIU Baorui (劉寶瑞)	59	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LIANG Zhixiang (梁志祥)	42	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. FENG Heping (封和平)	56	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. GUO Tianyong (郭田勇)	47	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LAW Yee Kwan, Quinn (羅義坤)	63	Independent Non-executive Director	October 15, 2015 to December 10, 2017

## 2. Supervisors

Name	Age	Position	Term of Office
Mr. ZHANG Xiang (張祥)	58	Chairman of our Board of Supervisors, Employee Representative Supervisor	December 11, 2014 to December 10, 2017
Mr. YAO Tao (姚濤)	53	Employee Representative Supervisor	December 11, 2014 to December 10, 2017
Ms. FENG Xia (馮俠)	44	Shareholder Representative Supervisor	December 11, 2014 to December 10, 2017
Ms. CHENG Yifeng (程懿豐)	32	Shareholder Representative Supervisor	December 11, 2014 to December 10, 2017
Mr. ZHANG Lianming (張連明)	52	External Supervisor	December 11, 2014 to December 10, 2017
Ms. ZHANG Xiaoli (張曉莉)	58	External Supervisor	December 11, 2014 to December 10, 2017

### 3. Senior Management

Name	Age	Position	Date of First Appointment as a senior Management
Mr. WEN Yuanhua (文遠華)	46	President	December 2014
Mr. YUE Desheng (岳德生)	52	Vice President	November 2002
Ms. ZHANG Furong (張富榮)	54	Vice President, Secretary for the Board of Directors, trade union president	November 2009
Ms. ZHANG Ying (張穎)	40	Secretary of the disciplinary committee	September 2014
Mr. LIANG Jianfa (梁建法)	50	Vice President	December 2014
Mr. YUAN I-Pei (袁以沛)	44	Vice President	July 2011
Mr. XIA Zhenwu (夏振武)	46	Assistant to President	January 2008

## II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

During the Reporting Period, Mr. ZHANG Mingxing resigned from the position of non-executive Director on May 8, 2015, Ms. Cathryn Carver resigned from the position of non-executive Director on September 25, 2015 and Mr. LIANG Qi resigned from the position of independent non-executive Director on December 18, 2015. Mr. YU Yang was appointed as a non-executive Director on May 8, 2015 and Mr. LAW Yee Kwan, Quinn was appointed as an independent non-executive Director on October 15, 2015.

During the Reporting Period, there was no change in the supervisors of the Bank.

Ms. Zhang Furong was appointed as secretary of the Board of Directors of the Bank on June 15, 2015. Mr. Liang Jianfa was appointed as the chief financial officer of the Bank on June 15, 2015.

### III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Directors

**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.

**Mr. YU Yang (于陽)**, 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 manager 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 (樂鳳祥)**, 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 July 1982.

**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 a 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.

## 2. 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.

### 3. Senior Management

**Mr. WEN Yuanhua (文遠華)**, for biographical details of Mr. Wen, please refer to “– III. Biographies of Directors, Supervisors and Senior Management – 1. Directors” of this section.

**Mr. YUE Desheng (岳德生)**, for biographical details of Mr. Yue, please refer to “– III. Biographies of Directors, Supervisors and Senior Management – 1. Directors” of this section.

**Ms. Zhang Fureng (張富榮)**, for biographical details of Ms. ZHANG Furong, please refer to “– III. Biographical of Directors, Supervisors and Senior Management – 1. 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.

**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.

#### **IV. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

Prior to the listing on the Hong Kong Stock Exchange on March 30, 2016, our Bank had already received letters of confirmation on independence submitted by each independent non-executive Director and believes that all independent non-executive Directors are independent and in compliance with relevant guidelines provided by Rule 3.13 of the Hong Kong Listing Rules. Our bank has received letters from each independent non-executive Director confirming their independence from the listing of the Bank on March 30, 2016 to the date of this annual report.



## V. INFORMATION ON REMUNERATION PAID TO DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to Note 15 to the financial statements for the total amount of the remuneration of Directors and Supervisors during the Reporting Period.

Remuneration paid to the senior management (excluding the Directors and Supervisors) by bands for the year ended December 31, 2015 is set out below:

	Number of employees	% of the total
Nil to RMB 500,000	4 <sup>(1)</sup>	100%
RMB 500,000 to RMB 10,000,000	—	—

Note:(1) Three of the Bank's senior management members are concurrently the Directors, namely Mr. Wen Yuanhua, Mr. Yue Desheng and Ms. Zhang Furong, respectively. For the details of the remuneration of Mr. Wen Yuanhua, Mr. Yue Desheng and Ms. Zhang Furong, please refer to Note 15 of the financial statement of this annual report.

## VI. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

As of December 31, 2015, we had 6,195 employees in total, of which 817 employees at our head office and 5,275 employees at our branches and sub-branches and 103 employees at our county bank. As of December 31, 2015, we had 4,689 employees or 78.6% had bachelor's degrees or above, with the average age of 36.18.

The Bank has established a performance-based compensation system for its employees whereby an employee's compensation is determined based on position and performance reviews. The Bank contributes 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.

Each year, our Bank formulates key points and plans for staff education and training every year. The head office organizes exemplary training to branch and sub-branch key business personnel on front-line business operations, customer marketing management, new products and services, case prevention of internal control and compliance by professions and levels, guiding branches and sub-branches to carry out secondary training in accordance with the actual situation. With the aid of the diversified learning channels and resources of the Australia and New Zealand Banking Group Limited, the Bank's strategic partner, the Bank periodically organizes the sending of key business and management personnel for training and exchange studies, home and abroad. According to the business development needs, the Bank occasionally invites experts from the Australia and New Zealand Banking Group Limited to share their experience or provide single-point training for our employees with relevant lines of profession. Since 2014, the Bank has launched the system of job-related post certificates for the staff throughout the Bank. The Bank has also regularly organized various types of professional qualifications and selection competitive examinations. As of the date of this annual report, more than 5,000 people passed the tests and obtained various kinds of vocational qualification certificates.

## I. CORPORATE GOVERNANCE OVERVIEW

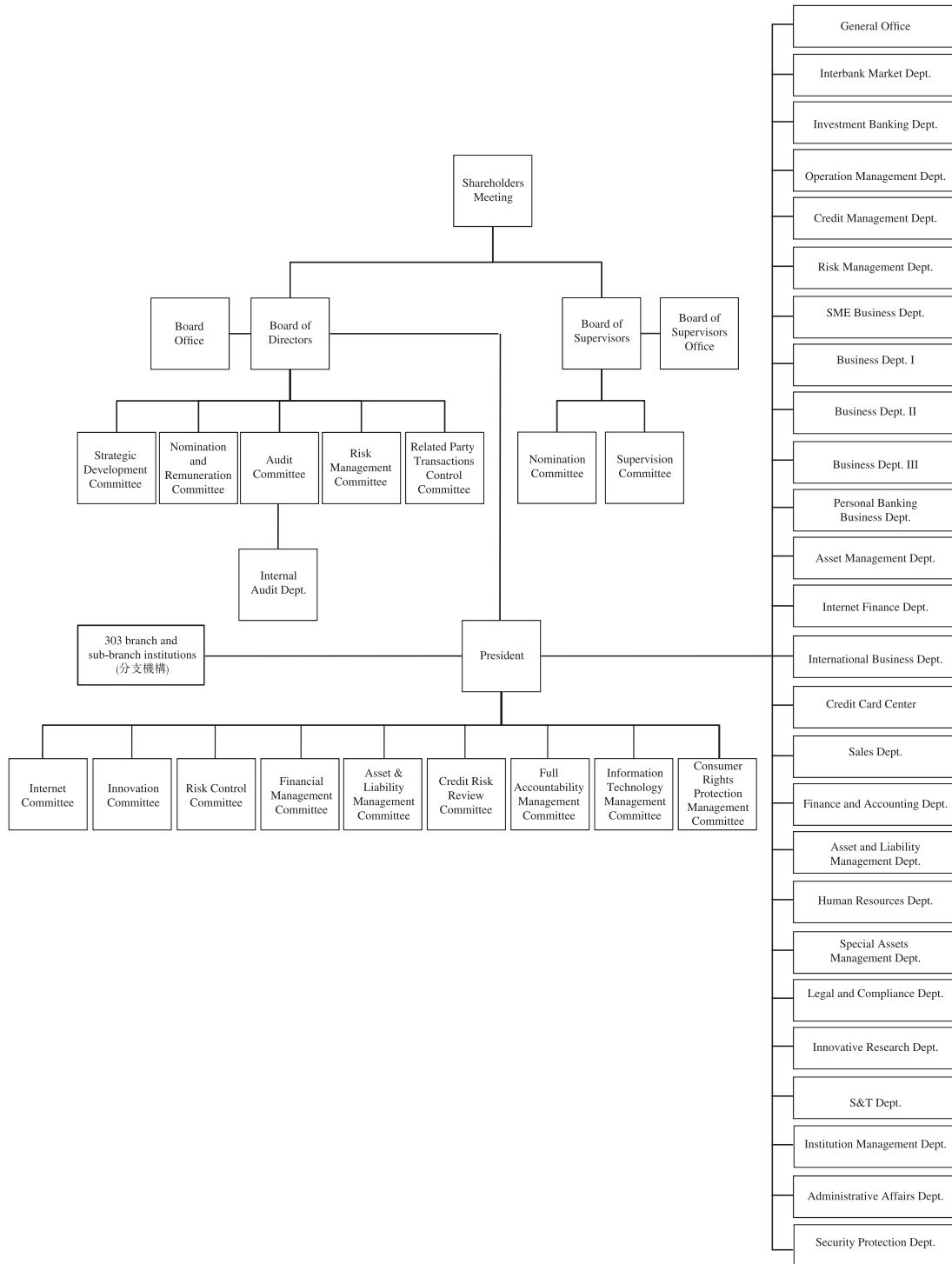
Our Bank continues to improve its corporate governance structure and clearly divides the responsibilities of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management. The Shareholders' general meeting is the highest authority of our Bank. The Board of Directors is accountable to the Shareholders' general meeting. The Board of Directors has established five special committees which operate under the leadership of the Board and provide opinions for the Board's decisions. The Board of Supervisors supervises the stable and sound operations of our Bank, the performance of duties of the Board and senior management. Senior management under the leadership of the Board is responsible for implementing resolutions of the Board and taking charge of the daily business and management of the Bank and report regularly to the Board of Directors and the Board of Supervisors. The President is appointed by the Board and is responsible for the overall business and management of our Bank.

In preparation of the listing on the Hong Kong Stock Exchange, our Bank has established a relatively comprehensive corporate governance structure and revised and updated its corporate governance documents in accordance with the requirements of the Hong Kong Listing Rules so as to enhance and strengthen the corporate governance of our Bank. Our Bank strengthened the composition of the Board through increasing the number and proportion of independent non-executive Directors and revised the composition of the special committees of the Board based on the requirements of the Hong Kong Listing Rules.

Our Bank has adopted the Corporate Governance Code (the "Code") in Appendix 14 of the Hong Kong Listing Rules, and has met the requirements of the PRC commercial bank administrative measures and corporate governance requirements and has established a sound corporate governance system. The Board believes that, upon listing on the Hong Kong Stock Exchange on March 30, 2016, our Bank has complied with the requirements of the code provisions in Appendix 14 of the Hong Kong Listing Rules.

Our Bank is committed to maintaining high standards in corporate governance. Our Bank will continue to review and enhance its corporate governance to ensure compliance with the Code and meeting expectations from the Shareholders and potential investors.

## II. ORGANIZATION CHART



### III. GENERAL MEETINGS

#### Information of General Meetings

In 2015, the Bank held three general meetings, details of which are set out below:

At the 2014 annual general meeting of the Bank which was held on May 8, 2015, seven proposals were considered and approved, including the 2014 Work Report of the Board of Directors, the 2014 Work Report of the Board of Supervisors, the 2014 Financial Report and the 2015 Annual Financial Budget, the 2014 Profit Distribution Plan, the Establishment of Rural Banks in Western Provinces, Revision of the Allowance Management Measures of Directors and Supervisors and the Change of Directors.

At the 2015 first extraordinary general meeting of the Shareholders which was held on June 30, 2015, five proposals were considered and approved, including the Changes to the Plan for the Establishment of Financial Leasing Company and relevant Authorizations, the Initial Public Offering and the Listing of our Bank on the Hong Kong Stock Exchange and relevant Authorizations, the Authorization for the Reduction and Exemption of Non-performing Loans and the Amendments to corporate governance documents including the Rules of Procedures for the Shareholders' General Meeting.

At the 2015 second extraordinary general meeting of the Shareholders which was held on October 15, 2015, seven proposals were considered and approved, to facilitate the listing of our Bank on the Hong Kong Stock Exchange, including the Amendments to the then existing Articles of Association, the Formulation of the Articles of Association, the Formulation of the Rules of Procedures for the Shareholders' General Meeting, the Formulation of the Rules of Procedures of the Board of Directors, the Formulation of the Rules of Procedures of the Board of Supervisors, the Appointment of Independent Non-executive Directors and the Increase in the Authorized Persons for the Initial Public Offering and the Listing of our Bank on the Hong Kong Stock Exchange.

The above general meetings were convened in compliance with the procedures as required by the relevant laws and regulations.

## **IV. BOARD OF DIRECTORS**

### **The Operation of the Board of Directors**

The Board of Directors shall hold at least four regular meetings a year and convene other meetings when necessary. The meetings of the Board of Directors may be convened by physical meetings or by way of telecommunication. The Board shall inform all Directors in advance of the meetings and provide sufficient information to all Directors timely, including background materials for the proposed resolutions and other information and data to assist the Directors to make informed decisions. Prior to the listing on the Hong Kong Stock Exchange, the Board shall give the notice of the regular Board meetings 10 days before the relevant meeting is convened. Upon the listing of the Bank on the Hong Kong Stock Exchange, for a regular Board meeting, a notice of at least 14 days shall be given and for all other Board meetings, a notice of five days shall be given to all Directors. A good communication and report mechanism has been established among the Directors, the Board of Directors and senior management. All Directors can seek independent professional advice at the Bank's expense. The President reports regularly to the Board and is supervised by the Board. Relevant senior management members may be invited to attend the Board meetings from time to time for explanation or answering enquiries. At the Board meetings, all Directors express their opinions freely, and detailed discussion is required before decisions on important matters are made.

As the daily administrative body of the Board of Directors, the Board Office is responsible for the preparation of the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board and other matters as assigned by the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board of Directors. The Board of Directors and the management exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. A Director who has material interest in the proposal must abstain from discussion and voting on such proposal and must not be counted as the quorum for such proposal. The Board of Directors has conducted review of the effectiveness of the internal control system of the Bank, covering financial, operational and compliance controls. The risk management and internal control systems are reviewed 4 times per year and covering a period from January 1, 2015 to December 31, 2015. The Bank considers such review effective and adequate. The Board of Directors are of the view that, the risk management and internal control system established and implemented by the Bank are sufficient and effective.

For more details on our internal audit, please refer to the section "Internal Control – Internal Audit".

### **Composition of the Board of Directors**

As at the end of the Reporting Period, the Board of Directors of the Bank consisted of fourteen Directors, including four executive Directors, namely, Mr. YUAN Fuhua, Mr. WEN Yuanhua, Mr. YUE Desheng and Ms. ZHANG Furong; five non-executive Directors, namely, Mr. YU Yang, Mr. JIA Hongqian, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei and Mr. LUAN Fengxiang; and five independent non-executive Directors, namely Mr. LIU Baorui, Mr. LIANG Zhixiang, Mr. FENG Heping, Mr. GUO Tianyong and Mr. LAW Yee Kwan, Quinn. Mr. YUAN Fuhua is the Chairman of the Board of Directors.

The biographical information and the term of office of the Directors are set out in the section headed "Directors, Supervisors, Senior Management and Employees" on pages 56 to 71 of this annual report. None of the members of the Board is related to one another.

### Change of Directors during the Reporting Period

During the Reporting Period, Mr. ZHANG Mingxing resigned from the position of non-executive Director on May 8, 2015, Ms. Carver Cathryn resigned from the position of non-executive Director on September 25, 2015 and Mr. LIANG Qi resigned from the position of independent non-executive Director on December 18, 2015. Mr. YU Yang was appointed as a non-executive Director on May 8, 2015 and Mr. LAW Yee Kwan, Quinn was appointed as an independent non-executive Director on October 15, 2015.

### Duties of the Board of Directors

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.

### **Director's Responsibility for the Preparation of the Financial Statements**

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year ended December 31, 2015, which give a true and fair view of the state of affairs and results of the Bank. In doing so, the Directors opted for suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staffs, the Directors ensured that the financial statements of the Bank are prepared in accordance with statutory requirements and appropriate financial reporting standards. The statement of the external auditors, in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 117-118.

### Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held six meetings of the Board of Directors, considering and approving 55 proposals on matters mainly including the initial public offering and listing of the H Shares, adoption and/or amendments to various corporate governance measures, profit distribution, development plans and business operations. The details of the Board meetings held in 2015 are set out below:

Meeting	Meeting Date	Meeting Form
The 1st meeting of the 5th Board of Directors	April 16, 2015	On-site
The telecommunication meeting of the 5th Board of Directors	June 15, 2015	Telecommunication
The 2nd meeting of the 5th Board of Directors	June 15, 2015	On-site
The 3rd meeting of the 5th Board of Directors	September 29, 2015	On-site
The 4th meeting of the 5th Board of Directors	December 2, 2015	On-site
The telecommunication meeting of the 5th Board of Directors	December 23, 2015	Telecommunication

The attendance of each Director in the meetings of the Board of Directors in 2015 is set out below:

Members of the Board	Number of meetings of the Board of Directors requiring attendance	Number of meetings of the Board of Directors attended in person	Number of meetings of the Board of Directors attended by proxy	Meetings of the Board of Directors Attendance rate <sup>(Note)</sup>	Numbers of
					General Meeting attended/ Numbers of General meetings requiring attendance
Mr. YUAN Fuhua	6	6	0	100%	3/3
Mr. WEN Yuanhua	6	6	0	100%	3/3
Mr. YUE Desheng	6	6	0	100%	3/3
Ms. ZHANG Furong	6	6	0	100%	3/3
Mr. YU Yang	4	3	1	100%	1/2
Mr. JIA Hongqian	6	6	0	100%	2/3
Mr. Alistair Marshall Bulloch	6	6	0	100%	2/3
Mr. ZHAO Wei	6	6	0	100%	2/3
Mr. LUAN Fengxiang	6	6	0	100%	2/3
Mr. LIU Baorui	6	6	0	100%	2/3
Mr. LIANG Zhixiang	6	5	1	100%	0/3
Mr. FENG Heping	6	5	1	100%	2/3
Mr. GUO Tianyong	6	5	1	100%	0/3
Mr. LAW Yee Kwan, Quinn	1	1	0	100%	0/0

Note: During the Reporting Period, attendance by proxy with authorization was deemed as attendance.



### **Independent non-executive Directors**

Our Bank now has five independent non-executive Directors, which is in compliance with the requirements of the Hong Kong Listing Rules regarding the appointment of at least three independent non-executive Directors representing at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Reporting Period, the independent non-executive Directors fulfilled their fiduciary duties and duty of diligence as well as the responsibilities as provided by the Articles of Association and protected the interests of our Bank and its Shareholders as a whole. Our Bank's independent non-executive Directors duly attended the meetings of the Board of Directors and the special committees thereof, provided objective and independent advice on various matters discussed by the Board and played an active role in the decision-making of the Board and the supervision of the Board.

The Bank has received the confirmations letters from each independent non-executive Directors confirming his independence as required by the Hong Kong Listing Rules. Therefore, we confirm that all independent non-executive complied with the Hong Kong Listing Rules in respect of their independence.

### **Special Committees of the Board**

The Board has five special committees including the strategic development committee, audit committee, related party transactions control committee, risk management committee and nomination and remuneration committee.

### **Strategic Development Committee**

The Strategic Development Committee consists of five directors, namely Mr. YUAN Fuhua, Mr. WEN Yuanhua, Mr. YU Yang, Mr. LIU Baorui and Mr. Alistair Marshall BULLOCH. Mr. YUAN Fuhua, Mr. WEN Yuanhua are executive Directors. Mr. YU Yang and Mr. Alistair Marshall Bulloch are non-executive Directors whereas Mr. LIU Baorui is an independent non-executive Director. The chairman of the Strategic Development Committee is Mr. YUAN Fuhua. The primary duties of the Strategic Development Committee include the following after the listing of the Bank:

- 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.

During the Reporting Period, the Strategic Development Committee held four meetings, considering and approving 27 proposals on matters mainly including: the Report on Financial Income and Expenditure Budget of the Bank of Tianjin for the years ended 2014 and 2015, Resolutions regarding Profit Distribution of the Bank of Tianjin 2014, Resolutions regarding the Application for Initial Issuance of H Shares and Public Offering and Authorization, the Resolutions regarding the Formulation of the Articles of Association of Bank of Tianjin Co., Ltd. (applicable after the issuance of H Shares), the Resolutions regarding the Conversion of Bank of Tianjin Co., Ltd. into a Joint Stock Company with Shares Listed Abroad, the Resolutions regarding the Submission of A1 Documents and other Related Matters, the Resolutions regarding the Establishment of a Non-Hong Kong Company and Appointment of Authorised Representative as required by the Companies Ordinance, etc. The attendance of each member in the meetings of the Strategic Development Committee in 2015 is set out below:

<b>Committee members</b>	<b>Number of meetings requiring attendance</b>	<b>Number of meetings attended in person</b>	<b>Number of meetings attended by proxy</b>	<b>Attendance rate</b>
Mr. YUAN Fuhua	4	4	0	100%
Mr. WEN Yuanhua	4	4	0	100%
Mr. YU Yang <sup>(1)</sup>	—	—	—	N/A
Mr. LIU Baorui <sup>(2)</sup>	—	—	—	N/A
Mr. Alistair Marshall BULLOCH	4	4	0	100%

Notes:

(1) Mr. YU Yang has served as a member of the Strategic Development Committee since December 2015.

(2) Mr. LIU Baorui has served as a member of the Strategic Development Committee since December 2015.

### Audit Committee

Our Bank has established an Audit Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Nomination and Remuneration Committee can be found on the website of the Hong Kong Stock Exchange and website of our Bank. 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. Mr. YU Yang and Mr. JIA Hongqian are non-executive Directors, whereas Mr. FENG Heping, Mr. GUO Tianyong and Mr. LAW Yee Kwan, Quinn are independent non-executive Directors. The chairman of the Audit Committee is Mr. FENG Heping. Independent non-executive directors represent the majority of the Bank's Audit Committee. An independent non-executive director serves as chairman of the Audit Committee. The primary duties of the Audit Committee include the following after the listing of the Bank:

- 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.

During the Reporting Period, the Audit Committee held four meetings, considering and approving 11 proposals on matters mainly including the internal audit work plan and work status, the appointment of external auditors to perform audit on the Bank of Tianjin's financial position in 2015, approving financial statements and strengthening of the independence of our Bank's internal audit function and improving our Bank's audit structure.

The Audit Committee also organized the preparation and review of the 2014 annual report and 2015 interim report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On March 3, 2016, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2015 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the effectiveness of the Bank's internal audit function by the internal audit department. The audit committee periodically hears the internal audit work report of internal audit department to supervise and guide our Bank's internal audit work.

The attendance of each member in the meetings of the Audit Committee in 2015 is set out below:

<b>Committee members</b>	<b>Number of meetings requiring attendance</b>	<b>Number of meetings attended in person</b>	<b>Number of meetings attended by proxy<sup>(2)</sup></b>	<b>Attendance rate (Note)</b>
Mr. FENG Heping	4	4	0	100%
Mr. GUO Tianyong	4	4	0	100%
Mr. LAW Yee Kwan, Quinn <sup>(1)</sup>	—	—	—	N/A
Mr. YU Yang	3	1	2	100%
Mr. JIA Hongqian	4	3	1	100%

Notes:

(1) Mr. LAW Yee Kwan, Quinn has served as a member of the Audit Committee since December 2015.

(2) During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

### 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. Mr. YUE Desheng is an executive Director. Mr. LUAN Fengxiang is a non-executive Director. Mr. LIU Baorui, Mr. FENG Heping and Mr. GUO Tianyong are independent non-executive Directors. 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 after the listing of the Bank:

- 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.

During the Reporting Period, the Related Party Transaction Control Committee held one meeting, considering and approving four proposals on matters mainly including related party transactions with 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). The attendance of each member in the meeting of the Related Party Transactions Control Committee in 2015 is set out below:

<b>Committee members</b>	<b>Number of meetings requiring attendance</b>	<b>Number of meetings attended in person</b>	<b>Number of meetings attended by proxy</b>	<b>Attendance rate (Note)</b>
Mr. LIU Baorui	1	1	0	100%
Mr. YUE Desheng	1	1	0	100%
Mr. FENG Heping <sup>(1)</sup>	—	—	—	N/A
Mr. GUO Tianyong	1	1	0	100%
Mr. LUAN Fengxiang	1	1	0	100%

Note:

(1) Mr. FENG Heping has served as a member of the Related Party Transactions Control Committee since December 2015.

### 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. Mr. WEN Yuanhua, Mr. YUE Desheng and Ms. ZHANG Furong are executive Directors of our Bank. Mr. Alistair Marshall BULLOCH and Mr. ZHAO Wei are non-executive Directors of our Bank. The primary duties of the Risk Management Committee include the following after the listing of the Bank:

- 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 systems.

During the Reporting Period, the Risk Management Committee held four meetings, considering and approving seven proposals on matters mainly including authorization on exemption of non-performing loans, authorization of commencement of the credit assets securitization business of our Bank, the comprehensive risk management policy of our Bank, etc. The risk management committee reviewed risk management, internal control systems by risk management department and legal and compliance department. The risk management committee hears, on a quarterly basis, the report by our senior management on the risk management of our Bank, including credit risk, market risk, operational risk, compliance risk, liquidity risk and information technology risk, etc.. Based on the economic development trends, the changes in macro-economic regulation and control and our Bank's actual operational development, the risk management committee will put forward opinions and suggestions to improve our Bank's risk management system, and supervise the senior management to improve the risk management workflow.

The attendance of each member in the meetings of the Risk Management Committee in 2015 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate
Mr. WEN Yuanhua	4	4	0	100%
Mr. Alistair Marshall BULLOCH	4	4	0	100%
Mr. YUE Desheng	4	4	0	100%
Ms. ZHANG Furong	4	4	0	100%
Mr. ZHAO Wei	4	4	0	100%

### **Nomination and Remuneration committee**

Our Bank has established the Nomination and Remuneration committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the nomination and remuneration committee can be found on the website of the Hong Kong Stock Exchange and website of our Bank. The Nomination and 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. Mr. YUAN Fuhua and Ms. ZHANG Furong are executive Directors of our Bank. Mr. GUO Tianyong, Mr. LIANG Zhixiang and Mr. LAW Yee Kwan, Quinn are independent non-executive Directors of our Bank. The chairman of the Nomination and Remuneration Committee is Mr. GUO Tianyong. Independent non-executive directors represent the majority of the Bank's nomination and remuneration committee. An independent non-executive director serves as chairman of the nomination and remuneration committee. The primary duties of the Nomination and Remuneration Committee include the following after the listing of the Bank:

#### *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 appraisal 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.

During the Reporting Period, the Nomination and Remuneration Committee held four meetings, considering and approving 15 proposals on matters mainly including the election of the Chairman of the Board for the 5th Board of Directors of the Bank, appointment of the President of the Bank, appointment of Vice President(s) of the Bank, officer's liability insurance and prospectus liability insurance, appointment of independent non-executive Director, appointment of company secretary and joint company secretaries, and adjustments in relation to members of specialized committees under the Board of Directors. The attendance of each member in the meetings of the Nomination and Remuneration Committee in 2015 is set out below:

<b>Committee members</b>	<b>Number of meetings requiring attendance</b>	<b>Number of meetings attended in person</b>	<b>Number of meetings attended by proxy<sup>(4)</sup></b>	<b>Attendance rate (Note)</b>
Mr. GUO Tianyong <sup>(1)</sup>	—	—	—	N/A
Mr. YUAN Fuhua	4	3	1	100%
Ms. ZHANG Furong	4	4	0	100%
Mr. LIANG Zhixiang <sup>(2)</sup>	—	—	—	N/A
Mr. LAW Yee Kwan, Quinn <sup>(3)</sup>	—	—	—	N/A

Notes:

- (1) Mr. GUO Tianyong has served as a member of the Nomination and Remuneration Committee since December 2015.
- (2) Mr. LIANG Zhixiang has served as a member of the Nomination and Remuneration Committee since December 2015.
- (3) Mr. LAW Yee Kwan, Quinn has served as a member of the Nomination and Remuneration Committee since December 2015.
- (4) During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

The Bank believes that a Board of Directors with a diverse composition will enable the Bank to improve its performance. It is of significant importance for the Bank to have a diversified Board of Directors so as to achieve sustainable development, implement its strategies and maintain good corporate governance.

In selecting the Board members, the Board and the Nomination and Remuneration Committee consider a large number of factors, including but not limited to skills, gender, age, cultural and educational background, professional experience and years of service, in order to achieve the diversity of the members of the Board. Our Nomination and Remuneration Committee is responsible for reviewing the structure, size and composition of the Board annually, determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts and making recommendations on any proposed changes to the Board to complement our strategy.

### **Corporate Governance Functions**

No corporate governance committee has been established. The Board is responsible for performing the corporate governance functions such as developing and reviewing the Bank's policies, practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors, supervisors and senior management, reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements, reviewing the Bank's compliance with the Code and disclosure in the Corporate Governance Report.

## V. BOARD OF SUPERVISORS

### Composition of the Board of Supervisors

Our Board of Supervisors consists of six Supervisors, including two Employee Representative Supervisors, namely Mr. ZHANG Xiang and Mr. YAO Tao, two Shareholder Representative Supervisors, namely Ms. FENG Xia and Ms. CHENG Yifeng, and two External Supervisors, namely Mr. ZHANG Lianming and Ms. ZHANG Xiaoli. Mr. ZHANG Xiang is the Chairman of the Board of Supervisors. The number and composition of our Board of Supervisors are in compliance with the applicable laws and regulations.

### Change of Supervisors during the Reporting Period

During the Reporting Period, there was no change in the supervisors of the Bank.

### Meetings of the Board of Supervisors and the Supervisors' Attendance

During the Reporting Period, the Board of Supervisors held six meetings, considering and approving 47 proposals on matters mainly including the working report of Board of Supervisors in 2014, performance evaluation of directors and members of senior management, amendments of terms of reference of committees under the Board of Supervisors, etc.

The attendance of each Supervisor in the meetings of the Board of Supervisors in 2015 is set out below:

Members of the Board	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate <sup>(Note)</sup>
Mr. ZHANG Xiang	6	6	0	100%
Mr. YAO Tao	6	6	0	100%
Ms. FENG Xia	6	4	2	100%
Ms. CHENG Yifeng	6	5	1	100%
Mr. ZHANG Lianming	6	6	0	100%
Ms. ZHANG Xiaoli	6	6	0	100%

Note: During the Reporting Period, attendance by proxy with authorization was deemed as attendance.



### Committees under the Board of Supervisors

Our Bank has established two committees under the 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 four 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.

During the Reporting Period, the Supervision Committee held four meetings, considering and approving 28 proposals on matters mainly including internal audit work status and plans, internal control evaluation, etc. The attendance of each member in the meetings of the Supervision Committee in 2015 is set out below:

<b>Committee members</b>	<b>Number of meetings requiring attendance</b>	<b>Number of meetings attended in person</b>	<b>Number of meetings attended by proxy</b>	<b>Attendance rate<sup>(Note)</sup></b>
Mr. ZHANG Xiang	4	3	1	100%
Mr. YAO Tao	4	4	0	100%
Ms. FENG Xia	4	2	2	100%
Mr. ZHANG Lianming	4	4	0	100%

Note: During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

#### *Nomination Committee*

The Nomination Committee consists of four 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.

During the Reporting Period, the nomination committee held Four meetings, considering and approving 23 proposals on matters mainly including report on interviews with Directors on performance, performance evaluation report results in relation to directors and senior management, etc. The attendance of each member in the meetings of the nomination committee in 2015 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate <sup>(Note)</sup>
Mr. ZHANG Xiang	4	3	1	100%
Mr. YAO Tao	4	4	0	100%
Ms. CHENG Yifeng	4	3	1	100%
Ms. ZHANG Xiaoli	4	4	0	100%

Note: During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

#### Attendance at shareholders' general meetings during the Reporting Period

During the Reporting Period, the Bank held three general meetings. The Board of Supervisors has designated representatives to attend such meetings to carry out on-site supervision over the legal compliance of the matters transacted at the meeting, procedures of the meeting and the voting process.

#### Attendance at meetings of the Board of Directors during the Reporting Period

During the Reporting Period, to strengthen the basic work of duty performance evaluation, our Board of Supervisors has designated representatives to attend meetings of the Board of Directors, and requested supervisors to record the key contents and the proceeding of the meetings of the specialized committees of the Board of Directors they attended, as well as to conduct on-site evaluation and marking to be used as base information for the year-end evaluation by the Board of Supervisors, which effectively enhanced the objectivity of the evaluation.

## VI. TRAINING TO AND SURVEY AND INVESTIGATION BY THE DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

During the Reporting Period, the Directors, Supervisors of the Bank participated in the relevant training for the purpose of the listing of the Bank. The main content of the training included:

- training on performance of duties for the Directors, supervisors and the changes of the Guidance on the Management and Regulation of Consolidated Financial Statements of Commercial Banks;
- the interpretation of "New Guidelines" ("新指引") and "Amendment to the Administrative Licensing Law" ("行政許可法修訂");
- the financial audit and internal control audit work for the listing of the Bank;

- the obligations of the Directors, Supervisors and senior management and information disclosure for the listing of the Bank;
- relevant legal knowledge, including that on the “Securities Act” (《證券法》) and “Companies Law” (《公司法》);
- the interpretation of the latest developments of the capital market and stock market outlook in the second half of the year;
- introduction in the path to the listing of city commercial banks, overview of the regulations of the listed companies in Hong Kong, etc.

During the Reporting Period, the Board of Supervisors organized all Supervisors to conduct inspection, investigation and research on some branches and central sub-branches, and prepared an investigation and research report, mainly focusing on internal control aspects such as the organization and structure, staffing, post duties, authorization management, system establishment and correction of internal supervision issues.

During the Reporting Period, the Board of Supervisors of the Bank was chaired by external supervisors, who carried out “A Study and Recommendations on the Tax Policy of the Bank of Tianjin” and “Special Investigation and Research on the Internal Control Process and Risk Management of Joint Stock Banks” as the themes for investigation and research and formed a special investigation and research report.

## **VII. SENIOR MANAGEMENT**

The senior management has the powers vested by our Board of Directors 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 of Directors. We have also appointed four Vice Presidents and other senior management members to work with our President and perform their respective management responsibilities.

The Board of Directors of the Bank and the management led by the President exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. Under the Articles of Association, senior management officers of the Bank shall, in accordance with the needs of the Bank’s operations, establish a well-developed internal control mechanism with the appropriate internal rules and regulations, the operational risk control system and the credit approval system, etc. as its key parts, and identify, measure, monitor and control various risk effectively that the Bank faces.

### **Chairman and President**

The roles and functions of the Chairman and the President of the Bank are taken by different individuals. There is a clear division of responsibilities between the Chairman and the President, which is in compliance with the recommendations of the Hong Kong Listing Rules.

Mr. YUAN Fuhua, as the Chairman to the Board, is primarily responsible for the work of the Board of Directors and overseeing the office of the Board of Directors, the office of the party committee and the party committee organization department. Mr. WEN Yuanhua, as our President, is primarily responsible for our overall business and management, overseeing the General Office, Asset and Liability Management Department and S&T Department.

## VIII. COMPANY SECRETARIES

Ms. ZHANG Furong has been appointed as our secretary to the Board since June 2015. Ms. ZHANG Furong and Dr. NGAI Wai Fung have been acting as our joint company secretaries since September 2015. Dr. Ngai Wai Fung is a director and chief executive officer of SW Corporate Services Group Limited. Ms. Zhang is the primary contact person for Dr. NGAI at the Bank.

## IX. RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There are no relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.

## X. AMENDMENT TO THE ARTICLES OF ASSOCIATION

Pursuant to the requirements of the applicable PRC laws and regulations and the Hong Kong Listing Rules, the Bank has made amendments to the Articles of Association, which took effect upon the listing of the Bank on the Hong Kong Stock Exchange on March 30, 2016, and the resolution on such amendments was considered and approved by the 2015 second extraordinary general meeting of the Shareholders on October 15, 2015. The Bank obtained the “Approval from CBRC Tianjin Bureau for the Amendment to the Articles of Association” on November 18, 2015 for the approval of the revised Articles of Association. Save for the above, there has been no material change in the Articles of Association up to the date hereof. A copy of Articles of Association is available on the websites of the Bank and the Hong Kong Stock Exchange.

## XI. COMMUNICATION WITH SHAREHOLDERS

The Bank values comments and recommendations of shareholders, and proactively hosts various communication activities with investors and analysts, so as to maintain a good relationship, and satisfy the reasonable requests of shareholders in a timely manner. Shareholders may direct their enquiries to the Board of Directors through the office of the Board. Contact details of the office of the Board are as follows:

Address: 15 Youyi Road, Hexi District, Tianjin, PRC

Post Code: 300201

Tel: +86 2228405536

Fax: +86 2228405537

E-mail: fazhan1906@163.com

## **XII. RIGHTS OF SHAREHOLDERS**

### **Procedures of Convening an Extraordinary General Meeting of the Shareholders**

The Bank effectively protects the rights of shareholders in strict compliance applicable laws, regulations, the Hong Kong Listing Rules, the Articles of Association and its corporate governance system.

Pursuant to the Articles of Association and the Rules of Procedure for Shareholders' General Meeting:

Shareholders individually or jointly holding 10% or more Shares may request the Board of Directors in writing to convene an extraordinary general meeting or a separate class shareholders meeting while clarifying the topic of such meeting in such request. The Board of Directors shall, within 10 days after receipt of such request, make written feedback whether to convene an extraordinary general meeting or a separate class shareholders meeting in writing in accordance with provisions of the laws, administrative regulations and the Articles of Association. The shareholding of the above Shareholders is based on their shareholdings on the date of such request is proposed to the Board of Directors in writing.

If the Board of Directors agrees to convene an extraordinary general meeting or a separate class shareholders meeting, the Board of Directors shall deliver a notice of convening an extraordinary general meeting or a separate class shareholders meeting within five days from the adoption of the resolution of the Board. Any change to the original request in the notice shall be made with the consent of relevant shareholders;

Where the Board of Directors disagrees to convene an extraordinary general meeting or a separate class shareholders' meeting or fails to give any feedback within ten days after the receipt of such request, shareholders individually or joint holding 10% or more of shares are entitled to propose to the Board of Supervisors to convene an extraordinary general meeting or a separate class shareholders meeting by submitting a request in writing;

Where the Board of Supervisors agrees to convene an extraordinary general meeting or a separate class shareholders meeting, it shall, within five days after the receipt of such request, deliver a notice of convening an extraordinary general meeting or a separate class shareholders meeting. Any change to the original request in the notice shall be made with the consent of relevant shareholders;

In the event that the Board of Supervisors fails to deliver such notice to convene an extraordinary general meeting or a separate meeting of classes of shareholders within the specified period, the Board of Directors shall be deemed not to convene or preside over such aforesaid meeting. Such shareholders individually or in aggregate holding 10% or more of the Bank's voting shares for at least 90 consecutive days may at their discretion convene and preside over such aforesaid meeting.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

### **Procedures of Submitting a Proposal to the General Meeting of the Shareholders**

Shareholders individually or in aggregate holding 3% of more of the Bank's voting shares may propose an interim proposal and submit it to the convener before ten days of the shareholders' meeting. The convener shall review such proposal, issue a supplemental notice of the general meeting and announce the proposal if it satisfies the provisions as otherwise specified in the Articles of Association within two days after receiving the proposal. If the Hong Kong Listing Rules specifies otherwise, the procedures of submitting a proposal to the general meeting of the shareholders shall follow such provisions.

Except as provided in the precedent paragraph, the convener shall not alter the proposals in the notice of the general meeting or add new proposals after the issuance of the notice of the general meeting.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

## **XIII. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION**

The Bank engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch as domestic auditor and Deloitte Touche Tohmatsu to act as international auditor for 2015 annual financial report of the Bank. For the year ended December 31, 2015, the Bank has paid RMB1.80 million for annual audit services and RMB8.02 million for initial public offering services, internal control advisory and other professional services provided by Deloitte Touche Tohmatsu.

## **XIV. REMUNERATION OF SENIOR MANAGEMENT**

Details of the remuneration of the members of the senior management for the year ended December 31, 2015 are set out in "Directors, Supervisors, Senior Management and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management".

## **XV. INTERNAL CONTROL**

For details of the internal control of the Bank, please refer to "Internal Control" of this annual report.

## **XVI. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES**

The Bank adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing Rules as its codes of conduct regulating securities transactions by the Directors and Supervisors.

Having made specific enquiries to all Directors and Supervisors, each of the Directors and Supervisors has confirmed that they complied with the the Model Code during the period from the listing of the Bank on the Hong Kong Stock Exchange on March 30, 2016 to the date of this annual report.

## I. PRINCIPAL BUSINESS

The Bank is primarily engaged in banking businesses and related financial services, including corporate banking, retail banking, treasury business and other business.

## II. BUSINESS REVIEW

### Review of the Bank's business

A review of the Bank's business during the Reporting Period is set out in the "Management Discussion and Analysis – Business Review".

### Environmental Policy and Performance

During recent years, our Bank has proactively borne social responsibility in relation to environment policy.

Our Bank has sought to proactively develop business in green credit in line with national economic policy and regulatory trends. We have put in place specialized members of senior management and departments for the management of green credit. Our Bank formulated the "Bank of Tianjin Green Credit Guidelines" (《天津银行绿色信贷指引》) in relation to green credit to ascertain key areas of green credit which our Bank would support, and regulate credit policies in relation to industries restricted by the State and industries which pose environmental or social risks. In addition, we have also put in place due diligence procedures to identify environmental and social risks through means such as on-site visits, real-time market information monitoring, strict implementation of management policies after granting of credit and specialized environmental assessment reporting in relation to some projects. At the same time, our Bank has made efforts to push forward the development of electronic banking.

In line with national policies to save energy costs, we have implemented a series of measures, including: (i) regulating office room temperature; (ii) strengthening management of usage of the Bank's business vehicles and encouraging the use of public transport for long-distance business trips; (iii) encouraging the turning off of lights and electronic appliances after work; (iv) regulating the time during which exterior lighting of the headquarters and branch buildings is turned on and (v) the issuance of recommendations in relation to water-savings to staff of our Bank.

### Compliance with Laws and Regulations

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.

In line with the PRC Anti-Money Laundering Law (《中華人民共和國反洗錢法》) 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 laundering 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 laundering 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.

### **Relationship between the Bank and its Employees**

We promote a market-oriented human resources system. 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.

We believe that our sustainable growth depends on the capability and dedication of our employees. We have developed an appraisal and training system, combining 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.

Our labor union represents the interests of the employees and works closely with our management on labor-related issues. During the Reporting Period, 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.

### **Results**

Results of the Bank for the year ended December 31, 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 119 to 120.

### **Dividends**

The Board has recommended the payment of the final dividend of RMB1.8 per ten shares (tax inclusive) in cash for the year ended December 31, 2015, representing a total payment of approximately RMB1,092.7 million. The final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Bank for 2015. If approved by the Bank's 2015 annual general meeting, it is expected the final dividend will be payable on August 8, 2016.

### **Relationship between the Bank and its Customers**

We are the only city commercial bank headquartered in Tianjin. 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 December 31, 2015, 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.

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. 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.

We have acquired and maintained a large pool of retail customers. As of December 31, 2015, we have had 241 outlets in Tianjin, covering all regions of the city. To facilitate our business, we also established 31 community sub-branches enabling us to improve our penetration in relevant residential communities through often convenient quality service.

We are currently the only bank in Tianjin to provide agency services for the housing maintenance fund. We are also the only bank in Tianjin to issue the Tianjin Trade Union Membership Card. We are also an authorized issuer bank of social security cards.

### **Exposure to major risks**

Please refers to "Management Discussion and Analysis – Risk Management" for the major risks the Bank had been exposed to during the Reporting Period.

### **Important events since the end of the Reporting Period**

Particles of important events affecting the Bank that have occurred since the end of the Reporting Period are set out in "Important Events".

### **Future development**

A review of certain aspects of future development affecting the Bank is set out in "Management Discussion and Analysis – Environment and Prospects".

### **Analysis of key financial performance indicators during the year**

See details at section headed "Summary of Accounting Data and Financial Indicators" and "Management Discussion and Analysis" of this annual report.

### III. SHARE CAPITAL

Please refer to the section headed “Changes in Share Capital and Information on Shareholders” for details of the share capital of the Bank.

The Bank was listed on the Hong Kong Stock Exchange on March 30, 2016 and issued a total of 1,721,144,56 H Shares upon listing. The offer price was HK\$7.39 per H Share. After the completion of the issuance, the total share capital of the Bank increase to 6,031,047,731 Shares with a registered share capital of RMB 6,031,047,731. The total share capital of the Bank is as follows:

Class of Shares	Number of Shares	Approximate percentage of share capital
Domestic Shares	4,309,903,168	71.46%
H Shares	<u>1,721,144,563</u>	<u>28.54%</u>
Total share capital	<u><u>6,031,047,731</u></u>	<u><u>100%</u></u>

The net proceeds from the global offering were approximately HKD7.3 billion. As of the date of this annual report, the Bank has not used the proceeds from the issuance of the H Share. The over-allotment option as described in the prospectus of the Bank was partially exercised in respect of an aggregate of 43,454,500 H Shares (the “Over-allotment Shares”). The Over-allotment Shares were listed on the Main Board of the Hong Kong Stock Exchange on April 21, 2016, and HK\$288.7 million was raised as a result of the exercise of the over-allotment option.

#### Pre-emptive Rights

There are no provisions in the Articles of Association and the relevant PRC laws for granting pre-emptive rights to Shareholders of the Bank.

#### Substantial Shareholders

Details of the Bank’s substantial shareholders are set out in “Changes in Share Capital and Information on Shareholders - II. Information on Shareholders”.

### IV. DONATIONS

The charitable and other donations made by the Bank amounted to approximately RMB6.4 million for the year ended December 31, 2015.

### V. PROPERTY AND EQUIPMENT

Details of the changes in property and equipment of the Bank for the year ended December 31, 2015 are set out in the Note 26 of the financial statement in this annual report.

### VI. CHANGES IN THE RESERVES

For the year ended December 31, 2015, the details of changes in the reserves of the Bank are set out in the Consolidated Statement of Changes in Equity in the financial statement of the Bank.

## VII. DISTRIBUTABLE RESERVES

The distributable reserves as of December 31, 2015 were RMB13,358.2 million.

## VIII. PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE BANK

As of the date of this annual report, other than the listing of the H Shares on the Hong Kong Stock Exchange, the Bank or any of its subsidiary had not purchased, sold or redeemed any listed securities of the Bank.

## IX. RETIREMENT BENEFITS

Please refer to Note 34 in the financial statements in this annual report for details of the retirement benefits provided to employees of the Bank.

## X. MAJOR CUSTOMERS

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 end of the Reporting Period.

## XI. DIRECTORS DURING THE REPORTING PERIOD

Please see the “Directors, Supervisors, Senior Management and Employees” section for biographies of incumbent directors, as well as information on changes of Directors during the Reporting Period.

## XII. DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

During the Reporting Period, the Directors and Supervisors of the Bank did not have service contracts which are not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

## XIII. PERMITTED INDEMNITY PROVISIONS

At no time during the Reporting Period and as of the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit at any of the Directors or Supervisors (whether made by the Bank or otherwise) or the Directors or Supervisors of an associated corporation of the Bank (if made by the Bank).

## XIV. DIRECTORS’ AND SUPERVISORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended December 31, 2015, the Bank or its subsidiary did not have any transaction, arrangement or contract of significance in which the Directors and/or Supervisors (or entities connected with the Directors and/or Supervisors) directly or indirectly were materially interested.

## XV. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Bank a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

## XVI. MANAGEMENT CONTRACTS

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

## XVII. DIRECTORS, CHIEF EXECUTIVE'S AND SUPERVISORS' INTEREST IN SHARES OF THE BANK

During the Reporting Period, as the shares of the Bank were not listed on the Hong Kong Stock Exchange, the disclosure requirements under relevant laws of Hong Kong, including Divisions 7 and 8 of Part XV and section 352 of the SFO and the Model Code Governing Securities Transactions by Directors of Listed Companies of the Hong Kong Listing Rules, were not yet applicable to the Bank and its Directors, chief executive and Supervisors.

On March 30, 2016, the securities of the Bank were listed on the Hong Kong Stock Exchange. As of March 30, 2016, the interest of the Directors, Supervisors and the President in the shares of the Bank or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 to the Hong Kong Listing Rules were set out as follows:

### 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%

Note: Save as disclosed above, as of March 30, 2016, none of the Directors, Supervisors and senior management of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank and its associated corporations.

## **XVIII. CORPORATE GOVERNANCE**

We are committed to maintaining high standards in corporate governance. Please refer to the “Corporate Governance Report” in this annual report.

## **XIX. PUBLIC FLOAT**

During the Reporting Period, the securities of the Bank were not listed on the Hong Kong Stock Exchange. Upon the listing of the H Shares of the Bank on March 30, 2016, the total issued Shares of the Bank increased to 6,031,047,731 Shares and the number of H Shares held by the public amounted to 995,500,000 Shares, representing 16.51% of the total issued share capital of the Bank. The Bank has obtained the exemption of public float for the H Shares pursuant to Rule 8.08(1) (d) under the Hong Kong Listing Rules when the H Shares was listed on the Main Board of the Hong Kong Stock Exchange. As of the date of this annual report, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the exemption granted by the Hong Kong Stock Exchange upon the Bank’s listing.

## **XX. CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

During the Reporting Period, the securities of the Bank were not listed on the Hong Kong Stock Exchange, and therefore, the connected transactions rules under the Hong Kong Listing Rules were not yet applicable to the Bank.

The securities of the Bank were listed on the Hong Kong Stock Exchange on March 30, 2016. In the ordinary and usual course of business of the Bank, it provides commercial banking services and products to members of the public in China, which include the Shareholders, certain Directors and Supervisors, the President and/or each of their respective associates. Each of the above people is a connected person of the Bank under Hong Kong Listing Rules. As these transactions are entered into on normal commercial terms in the ordinary and usual course of the business of the Bank, such transactions are exempt from the reporting, annual review, disclosure and independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in note 43 to the Financial Statements. Save as disclosed herein, none of the related party transactions as set out in note 43 to the Financial Statements are connected transactions or continuing connected transactions that are required to be disclosed under the Hong Kong Listing Rules.

The Bank confirms that it has complied with disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

## XXI. REMUNERATION OF THE 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. Please refer to Note 15 to the financial statements in this report for the details of the remuneration of the Directors and Supervisors.

Our Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank assesses senior management personnel using the “Bank of Tianjin Measures for Remuneration Management” (《天津銀行薪酬管理辦法》) and offers remuneration to executive directors and other senior management personnel based on the results of the assessment.

The Bank offers remuneration to employee supervisors in accordance with the “Bank of Tianjin Measures for Remuneration Management” and “Bank of Tianjin Measures for Employee Salaries Management” (《天津銀行員工工資管理辦法》). The “Policies on the Allowance of Directors and Supervisors of the of Bank of Tianjin” which stipulated the distribution standard of allowance to directors, had been approved and passed at the general meeting of the Company.

## XXII. DIRECTORS’ AND SUPERVISORS’ INTEREST IN BUSINESS IN COMPETITION WITH THE BANK

None of our Directors and Supervisors holds any interest in any business, which competes or is likely to compete, either directly or indirectly, with our Bank under Rule 8.10(2) of the Hong Kong Listing Rules.

## XXIII. TAX RELIEF

### **Withholding foreign non-resident enterprise income tax**

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax of the PRC (《中華人民共和國企業所得稅法》), the Bank shall withhold the enterprise income tax at the rate of 10% for non-PRC resident enterprises holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited).

### **Withholding foreign non-resident individual shareholder’s individual income tax**

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045, the Bank shall withhold individual income tax from the holders of H Shares according to the following arrangement:

For an individual holder of H Shares who is a resident of Hong Kong, Macau or other country/region that has signed a tax treaty with the PRC stipulating a dividend rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such H Shareholders when distributing the final dividend;

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of lower than 10%, the Bank shall temporarily withhold and pay individual income tax at the rate of 10% on behalf of such holders of H Shares while distributing the final dividend. In case the relevant holders of H Shares are to apply for refund of the tax over-withheld, the Bank will follow the Notice of Tax to handle the application of the relevant tax benefits on their behalf. The qualifying holders of H Shares are required to timely submit the written authorization and all application materials to the H Share Registrar, Computershare Hong Kong Investor Services Limited; the Bank will forward the received documents to the competent tax authorities for review, and if approved, the Bank will assist in handling the refund of the over-withheld tax;

For an individual holder of H Shares who is a resident of a country/region that has signed a tax treaty with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Bank shall withhold the individual income tax at the applicable rate stipulated in the relevant tax treaty while distributing the final dividend; and

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of 20% or has no tax treaty with China or otherwise, the Bank shall withhold the individual income tax at the rate of 20% while distributing the final dividend.

#### XXIV.AUDITORS

Please refer to the section "Corporate Governance Report - External Auditors and Auditors' Remuneration" for the information on the auditors of the Bank.

#### XXV.ISSUANCE OF DEBT SECURITIES

Our Bank has issued bonds in the Reporting Period to replenish capital. Details of debt securities issuances during the Reporting Period are set out as follows:

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.



## XXVI. EQUITY LINKED AGREEMENT

During the Reporting Period, the Bank did not enter into or renew any other equity-linked agreement except for the H-share issuance on March 30, 2016 and the partial exercise of over-allotment option in 21 April 2016.

On behalf of the Board of Directors,

**YUAN Fuhua,**

*Chairman*

Tianjin, China

April 27, 2016

## I. THE CARRYING OUT OF WORK BY THE BOARD OF SUPERVISORS

In 2015, the Board of Supervisors of our Bank conscientiously implemented the regulatory requirements of the “Guidelines on the Corporate Governance of Commercial Banks” and the “Guidelines on the Work of the Board of Supervisors of Commercial Banks” and the relevant requirements of our Articles of Association, closely focused on the central work of the whole bank and brought into play the functional role of the Board of Supervisors through various forms to continuously deepen the work of the Board of Supervisors, which was mainly reflected in the following aspects.

### (1) Continuously improving the evaluation of the performance of duties, with supervision on the performance of duties as the core

Pursuant to our Articles of Association, the requirements of regulatory authorities and the measures for the evaluation of the performance of duties of our Directors, Supervisors and senior management, we completed evaluation of the performance of duties by our Directors, Supervisors and senior management for 2014 in the first quarter of 2015. Through a variety of methods such as organizing self-evaluation and mutual evaluation of Directors and Supervisors, recording daily work, survey questionnaires on senior management duty performance and duty performance interviews with some Directors, we summarized the duty performance evaluation result and provided timely feedback to our Directors, Supervisors, the General Meeting, the Board of Directors, the Board of Supervisors and senior management.

To strengthen the basic work of duty performance evaluation, our Board of Supervisors continued to insist on having supervisors attend the meetings of the Board of Directors, and requested supervisors to record the key contents and the proceeding of the meetings of the specialized committees of the Board of Directors they attended, as well as to conduct on-site evaluation and marking to be used as base information for the year-end evaluation by the Board of Supervisors, which effectively enhanced the objectivity of the evaluation.

### (2) Organizing investigation, research and examination regularly to effectively implement the supervisory function

The Board of Supervisors formed an investigation and research group to conduct inspection, investigation and research on some branches and central sub-branches in the first half of 2015. The investigation and research work was led by the Chairman of the Board of Supervisors with the participation by all external supervisors, employee representative supervisors and shareholder representative supervisors as well as staff of the office of the Board of Supervisors. The group issued investigation and research notices and survey questionnaires mainly focusing on internal control aspects such as the internal control organization and structure, staffing, post duties, authorization management, system establishment and internal supervision issues of branches and sub-branches, and listened to reports on the situation of branches and sub-branches on site. The group also

organized forums attended by department heads and employee representatives of branches and sub-branches to gain an understanding of the front-line banks and paid special visits to banking regulatory authorities of places where our non-local branches were located to gain a deep insight into the regulatory opinions of the regulatory authorities on our non-local branches. Through organizing forum, interviews and briefings of different levels, the group extensively listened to and understood situations in various aspects, and formed an investigation and research report and supervisory opinions, taking into account the actual situation of the investigation and research and the regulatory opinions. Timely feedback was provided to our Directors, Supervisors and senior management.

**(3) Enhancing the self-construction (自身建設) of the Board of Supervisors and improve the system construction (體系建設) of the Board of Supervisors**

Pursuant to the “Guidelines on the Work of the Board of Supervisors of Commercial Banks” and the “Guidelines on the Corporate Governance of Commercial Banks” promulgated by the China Banking Regulatory Commission, we amended and improved the working rules of the Nomination Committee and Supervision Committee of the Board of Supervisors. To regulate the management of external supervisors of our Bank, we amended and improved the “Measures for the Management of External Supervisors”. In accordance with the annual work plan, we formulated the “Measures for the Evaluation of the Performance of Duties by the Senior Management of the Bank of Tianjin and its Members” on schedule. The systems of our Board of Supervisors were continuously improved.

**(4) Actively exploring approaches to performance of duties to carry out the daily work of the Board of Supervisors**

*1. Choosing a relevant theme for investigation and research to bring into full play the role of external supervisors*

At the end of 2014, we completed the change of personnel of the Board of Supervisors. Taking into account the actual situation of our Bank and the experience of the two new external supervisors, the Board of Supervisors for 2015 had chosen “A Study and Recommendations on the Tax Policy of the Bank of Tianjin” and “Special Investigation and Research on the Internal Control Process and Risk Management of Joint Stock Banks” as the themes for investigation and research. The investigation and research report was led by two external supervisors and completed by our Bank and other relevant personnel and was submitted to the Board of Supervisors for consideration on schedule. Our efforts in investigation and research and the investigation and research report were recognized by regulatory authorities.

- 2. Organizing Supervisors to participate in counselling training taking into account the requirements of the listing-related work.*

In 2015, we organized Supervisors to participate in a total of three listing-related counselling training sessions in relation to the “Interpretation of the Latest Developments of the Capital Market and Stock Market Outlook in the Second Half of the Year”, “An Introduction to the Road of Listing of Urban Commercial Banks” and relevant regulations relating to Hong Kong listed companies and continuously enriched the financial management and listing-related knowledge of Supervisors through training and enhanced the ability of Supervisors to perform duties.

- 3. Specially listening to risk reports to enhance the supervisory role of Supervisors.*

In December 2015, the Board of Supervisors organized all Supervisors to specially listen to the reports on the management and analysis of the credit risks of the whole bank and the next work measures, etc., by the Risk Management Department and the Special Assets Management Department of the headquarters, taking into account the current overall risk status of the banking industry and our risk management. While listening to the reports, the Supervisors raised questions on current hot issues regarding the risks of the whole bank and expressed their respective opinions. Through special reports and raising questions, the Supervisors gained a relatively deep understanding of risk management of the whole bank, which created conditions for the Supervisors to bring into play their supervisory role.

- 4. Improving the basic work and promoting the supervision of duty performance.*

To regulate the daily supervision work of the Supervisors and bring into play the daily supervisory role of the Supervisors, when organizing the Supervisors to attend the meetings of the Board of Directors and specialized committees and participate in investigation and research this year, we requested each Supervisor to fully express their views and summarize and evaluate the contents of the meetings and the status of the investigation and research. Through the “Record Sheet for Attending Meetings of the Specialized Committees of the Board” and the “Investigation and Research Sheet”, we specified contents such as meeting attendance content, investigation and research status, the expression of supervision opinions, marks given by supervisors and overall evaluation required to be filled in during the course of the attendance of meetings by Supervisors and special investigation and research, which standardized the recording of the situations of events such as the attendance of the meetings of the Board of Directors and its specialized committees and participation in special investigation and research by Supervisors. We also requested each supervisor to deliver speeches to the members, record and give marks in relation to the proceeding of the discussion when attending the meetings of the specialized committees of the Board of Directors, which would be made an important basis for the annual evaluation on the performance of duties by Directors and Supervisors.

5. *Reinforcing information communication among Supervisors to bring into play the functional role of the Board of Supervisors*

On the basis of organizing the meetings of the Board of Supervisors and specialized committees on a regular basis, organizing the attendance of the meetings of the Board of Directors and its specialized committees by all Supervisors, the expression of supervision opinions, conducting duty performance evaluation and special examination, our Board of Supervisors organized the sending of “supervision prompts” and “supervision information” in a timely manner to facilitate the daily supervision work, by transmitting information on areas such as risk control of the whole bank, management status and regulatory opinions from different angles to effectively bring into play the functional role of the Board of Supervisors. In addition, the Board of Supervisors sent information on the current operation and management status of the whole bank in the form of supervision information to all Supervisors each quarter to allow them to understand and grasp the operation and management status of the whole bank in a timely manner so as to create conditions for the Supervisors to bring into play their supervisory role.

6. *Enhancing communication with regulatory authorities and the internal audit department.*

The Board of Supervisors timely sent copies of the relevant Board of Supervisors documents to the regulatory authorities by inviting them to participate in each meeting of the Board of Supervisors and paid special visits to local regulatory authorities when conducting investigation, research and examination in non-local branches to understand the regulatory requirements, listen to regulatory opinions and guide the relevant work. Meanwhile, the Supervisory Committee of the Board of Supervisors also established a regular communication mechanism with the audit committee of the Board of Directors and the Internal Audit Department of our Bank to timely understand and listen to the status of the internal audit work and guide the work of the internal audit department, which facilitated the construction of the internal audit system of the whole bank.

7. *Strengthening exchanges among peers to improve the work standard.*

To enhance and improve its work, the Board of Supervisors put emphasis on maintaining communication and exchanges with boards of supervisors of other banks. In October 2015, we organized and hosted the 11th Joint Council of Chairmen of Boards of Supervisors of the Four City Commercial Banks in Beijing, Tianjin, Shanghai and Chongqing and conducted in-depth exchanges and communication with the responsible persons of the boards of supervisors of the other three city commercial banks in respect of such contents as the self-construction of the board of supervisors, the manner of duty performance and the focus of supervision. The Joint Council of Chairmen of Boards of Supervisors of City Commercial Banks had attracted much attention from the leadership of the China Banking Regulatory Commission Tianjin Office, the Corporation Regulatory Office of the China Banking Regulatory Commission and the

leadership of our Bank. Mr. Xiang Shi-wen, Director-general of the China Banking Regulatory Commission Tianjin Office, and Mr. YUAN Fuhua, chairman of our Bank, personally attended the meeting and delivered important speeches. The chairmen of the boards of supervisors of the banks introduced their experience and conducted work exchanges in combination with the actual work of their respective boards of supervisors. Through communication and exchanges, we learned good experience and practices from many peer boards of supervisors, which further facilitated the work of the Board of Supervisors of our Bank.

**(5) Actively complete the auditing of the economic responsibility of the relevant personnel**

Pursuant to our Articles of Association and the job responsibilities of the Board of Supervisors, the Board of Supervisors carried out the auditing of the off-office economic responsibility of some Directors in 2015. The Board of Supervisors instructed the Nomination Committee to organize the Office of the Board of Supervisors and the Internal Audit Department to form an audit group, formulate an audit plan, send audit notices, collect the relevant information, draft the audit report and submit it to the Board of Supervisors for consideration. During the year, the Board of Supervisors successively completed the off-office auditing of Director Cathryn Carver and Director Liang Qi and timely convened a meeting to consider the status of off-office auditing and generated an audit report according to schedule.

**II. MEETINGS OF THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD**

- (1) In April 2015, the 2nd Meeting of the 5th Session of the Board of Supervisors of our Bank was convened in Ji County. Six supervisors or their authorized proxies attended the meeting. The meeting was legal and valid. The meeting considered and approved the “Work Report of the Board of Supervisors of Bank of Tianjin for 2014”, the “Result of Duty Performance Evaluation on Directors and Senior Management of Bank of Tianjin for 2014”, the “Resolution on Amending the Working Rules of Specialized Committees of the Board of Supervisors of Bank of Tianjin”, the “Resolution on the ‘Measures for the Administration of Work Allowance of Directors and Supervisors of Bank of Tianjin’”, the “Report on Internal Audit Work for 2014 and Internal Audit Work Plan for 2015 of Bank of Tianjin”, the “Resolution on Major Related Party Transactions of Tianjin Pharmaceutical Holdings Ltd.”, the “Resolution on Major Related Party Transactions of Tianjin Bohai Chemical Industry Group Co., Ltd.” and the “Resolution on Investing in Establishing Rural Banks in Western Provinces by Bank of Tianjin as the Proposed Major Promoter”; reviewed the “Report on Financial Income and Expense Accounts for 2014 and Financial Income and Expense Budget for 2015 of Bank of Tianjin”, the “Resolution on Profit Distribution for 2014 of Bank of Tianjin” and the “Resolution on the Disclosure of the ‘Annual Report for 2014 of Bank of Tianjin’”; and listened to the Report on the Result of Duty Performance Evaluation on Supervisors of our Bank for 2014, the Work Report of the Board of Directors for 2014, the Major Operating Indicators for 2015 released by the Board of Directors, the Report on the Operations for 2014 and Key Work Arrangements for 2015, the Report on the Preparation of the “Development Strategy Plan under the “13th Five-year Plan” of Bank of Tianjin”, the Report on Adjusting Some of the Directors, the Resolution on the Budget for the Renovation of the Headquarters Building, the Report on Writing Off Doubtful Debts associated with Non-performing Assets for 2014, the Work Report on the Bulk Transfer of Non-credit Non-performing Assets for 2014, the Work Status of Specialized Committees of the Board of Supervisors for 2014 and the Work Plan for 2015.

- (2) In June 2015, the 3rd Meeting of the 5th Session of the Board of Supervisors of our Bank was convened at the headquarters. Six supervisors or their authorized proxies attended the meeting. The meeting was legal and valid. The meeting considered and approved the “Measures for Duty Performance Evaluation on Senior Management of Bank of Tianjin and its Members”, the “Resolution on the Application by Bank of Tianjin for the Initial Public Offering of RMB Ordinary Shares and Listing-related Issues”, the “Resolution on the Application by Bank of Tianjin for the Initial Public Offering of H Shares and Listing-related Issues”, the “Resolution on the Change of the Establishment Plan for the Proposed Financial Leasing Company and Related Authorization”, the “Resolution on Authorization concerning the Reduction and Exemption of Non-performing Loans of Bank of Tianjin”, the “Resolution on the Appointment of the Secretary to the Board of Bank of Tianjin”, the “Resolution on the Appointment of the Chief Financial Officer of Bank of Tianjin” and the “Resolution on the Appointment and Dismissal of the Head of the Audit Department of Bank of Tianjin”; and listened to the Report on the Operations, Financial Operations and Internal Audit Work of our Bank for the First Quarter of 2015.
- (3) In September 2015, the 4th Meeting of the 5th Session of the Board of Supervisors of our Bank was convened at the headquarters. Six supervisors or their authorized proxies attended the meeting. The meeting was legal and valid. The meeting considered and approved the “Resolution on Formulating the ‘Rules of Procedure of the Board of Supervisors of Bank of Tianjin Co., Ltd. (Draft)’ (Applicable After the Issuance of H Shares)”, the “Resolution on Providing Supplementary Explanations for Several Matters concerning the Application by Bank of Tianjin for the Initial Public Offering of H Shares and Listing”, the “Resolution on the Addition of Persons Authorized by the Board of Directors to Sign the Documents relating to the Application by Bank of Tianjin for the Initial Public Offering of H Shares and Listing”, the “Resolution on Amending the Existing ‘Articles of Association of Bank of Tianjin Co., Ltd.’”, the “Resolution on Formulating ‘Articles of Association of Bank of Tianjin Co., Ltd. (Draft)’ (Applicable After the Issuance of H Shares)”, the “Resolution on Formulating the ‘Rules of Procedure of the General Meeting of Bank of Tianjin Co., Ltd. (Draft)’ (Applicable After the Issuance of H Shares)”, the “Resolution on the Transformation of Bank of Tianjin Co., Ltd. into Overseas Raising Stock Limited Company”, the “Resolution on Establishing Responsibility Insurance for Directors, Supervisors and Senior Management and Responsibility Insurance for the Prospectus”, the “Resolution on the Engagement of External Auditors to Audit the Financial Position of Bank of Tianjin for 2015” and the “Resolution on the Purchase of Business and Office Buildings by the Chengdu Branch of Bank of Tianjin”; and listened to the Report on the Authorization by Bank of Tianjin to Conduct the Business of Credit Asset Securitization, the Report on Formulating the “Rules of Procedure of the Board of Directors of Bank of Tianjin Co., Ltd. (Draft)” (Applicable After the Issuance of H Shares), the Report on Increasing the Number of Independent Directors, the Report on Appointing Company Secretary and Engaging Joint Company Secretaries, the Report on Operations for the First Half of 2015, the Report on Financial Operations and Internal Audit Work for the Second Quarter of 2015 and the Report on the Progress in the Application for the Initial Public Offering of Shares and Listing.

- (4) In September 2015, the 5th Meeting of the 5th Session of the Board of Supervisors of our Bank was convened by voting by correspondence. Six supervisors participated in the voting. The meeting was legal and valid. The meeting considered and approved the “Resolution on Conducting the Off-office Auditing of Ms. Cathryn Carver” and the “Resolution on Conducting the Off-office Auditing of Comrade Che Lijun”.
- (5) In December 2015, the 6th Meeting of the 5th Session of the Board of Supervisors of our Bank was convened at Hexi District, Tianjin. Six supervisors or their authorized proxies attended the meeting. The meeting was legal and valid. The meeting considered and approved the “Report on the Off-office Auditing of Director Cathryn Carver”, the “Resolution on Amending the ‘Rules of Procedure of the Supervision Committee of the Board of Supervisors of Bank of Tianjin Co., Ltd.’”, the “Resolution on Amending the ‘Rules of Procedure of the Nomination Committee of the Board of Supervisors of Bank of Tianjin Co., Ltd.’”, the “Resolution on Amending the ‘Measures for the Management of External Supervisors of Bank of Tianjin Co., Ltd.’”, the “Financial Reports of Bank of Tianjin Co., Ltd. for 2012 to 2014 and for January to September of 2015”, the “Resolution on Appointing Authorized Representatives”, the “Resolution on Establishing a Non-Hong Kong Company and Appointing Authorized Representatives as required by the Companies Ordinance”, the “Resolution on Submitting Documents relating to Form A1 and Other Relevant Issues”, the “Development Strategy Plan of Bank of Tianjin (2016—2020)”, the “Institutional Development Plan of Bank of Tianjin for 2016”, the “Resolution on Establishing a Fund Management Company by Bank of Tianjin”, the “Resolution on the Change of the Establishment Plan for the Proposed Establishment of a Financial Leasing Company by Bank of Tianjin”, the “Comprehensive Risk Management Policy of Bank of Tianjin”, the “Resolution on Writing Off and Resolving the Non-performing Loans of Zhongneng Binhai Electric Power Fuel Tianjin Co., Ltd.” and the “Report on Further Enhancing the Construction of the Independence of Internal Audit of our Bank to Improve the Audit System of the Whole Bank”; and listened to the Report on the 11th Joint Council of Chairmen of Boards of Supervisors of Urban Commercial Banks in Beijing, Tianjin, Shanghai and Chongqing, A Study by the Board of Supervisors of the Tax Policy of the Bank of Tianjin and Recommendations, the Investigation and Research Report on Enterprise Income Tax Risk Control, the Investigation and Research Report of the Board of Supervisors on the Internal Control Process and Risk Management of the Credit Business of Joint Stock Banks, the Report on the “Letter of Delegating Business by the Board of Bank of Tianjin to Senior Management for 2016”, the Report on Operations, Financial Operations and Internal Audit Work of our Bank for the Third Quarter of 2015 and the Report on Appointing Compliance Adviser.
- (6) In December 2015, the 7th Meeting of the 5th Session of the Board of Supervisors of our Bank was convened by voting by correspondence. Six supervisors participated in the voting. The meeting was legal and valid. The meeting considered and approved the “Resolution on Conducting the Off-office Auditing of Liang Qi”.



### III. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON THE RELEVANT ISSUES

In 2015, the Board of Supervisors performed its duty of supervising the performance of duties by the Board and senior management of our Bank in accordance with our Articles of Association. The opinions issued in respect of the relevant issues are as follows:

#### (1) Operating according to law

In 2015, we operated in accordance with the laws and regulations and continuously improved management. The internal control mechanism was continuously improved. The operating decision-making procedure complied with the relevant provisions of the “Company Law of the PRC” and the “Articles of Association of Bank of Tianjin”, which achieved the coordinated development of quality, efficiency and scale. During the course of business operations and management, none of our Directors and senior management were found to violate any laws and regulations and damage the interests of our Bank and shareholders.

#### (2) Financial Report

Our financial report for 2015 has truthfully and fully reflected our financial position and operating results. The financial report for 2015 has been audited by Deloitte Touche Tohmatsu engaged by our Board of Directors in accordance with the International Accounting Standards and an audit report with unqualified opinions was issued.

#### (3) Related Party Transactions

In 2015, the Board of Supervisors supervised the management of our related party transactions and considered that the management of our related party transactions was relatively standardized, which formed a standardized procedure for the management of related party transactions. With regard to related party transactions, we adhered to the principle of fairness and did not find any act of damaging the interests of our Bank and its shareholders.

#### (4) Execution of the Resolutions of the General Meeting

During the Reporting Period, we convened a total of three general meetings. The Board of Directors attended the meetings in accordance with the relevant provisions of the “Company Law of the PRC” and the “Articles of Association of Bank of Tianjin”. We had no objection to the reports and proposals submitted by our Board of Directors to the general meeting for consideration, supervised the execution of the resolutions of the general meeting and considered that our Board of Directors were able to conscientiously implement the relevant resolutions of the general meeting.

On behalf of the Board of Supervisors,

**ZHANG Xiang**

*Chairman*

Tianjin, China

April 26, 2016

## I. ISSUANCE OF H SHARES AND THE LISTING

The Bank was listed on the Hong Kong Stock Exchange on March 30, 2016. A total number of 1,721,144,563 H Shares were issued in the global offering (comprising 905,000,000 new Shares issued by the Bank, 725,644,563 Shares converted from Foreign Shares and 90,500,000 Shares converted from Domestic Shares). The offer price was HK\$7.39 per H Share. The nominal value is RMB1.00 per H Share. The net proceeds from the global offering were approximately HKD7.3 billion. As of the date of this annual report, the Bank has not used the proceeds from the global offering.

The over-allotment option as described in the prospectus of the Bank was partially exercised in respect of an aggregate of 43,454,500 H Shares (the "Over-allotment Shares"). The Over-allotment Shares were issued and allotted by the Bank and sold by the Selling Shareholders at HK\$7.39 per H Share. The Over-allotment Shares were listed on the Main Board of the Hong Kong Stock Exchange on April 21, 2016, with the total share capital changing from 6,031,047,731 shares to 6,070,551,822 shares, and HK\$288.7 million was raised as a result of the exercise of the over-allotment option.

## II. MATERIAL LITIGATIONS AND ARBITRATIONS

As of the date of this annual report, our Bank does 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.

### **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.

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 authorizations and asking for repayment of deposits in an aggregate amount of approximately RMB45 million with relevant interest or economic loss. 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. As of the date of this annual report, the above mentioned litigations were still in process.

### **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), 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 date of this annual report, 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. As of the date of this annual report, the litigation was still in process.

### **Bill-related Risk Incident**

After the listing of the Bank on the Hong Kong Stock Exchange on March 30, 2016, a risk incident occurred to the Shanghai Branch of our Bank related to its business of bills held under resale agreement. The incident is related to a transaction of bills held under resale agreement that the Bank entered into with another commercial Bank. On April 6, 2016, the Bank did not receive due payment in full according to the terms in such agreement. After investigation, the relevant amount exposed to risks is RMB786 million. The Bank has reported to the police and relevant regulatory authorities immediately after noticing the incident. As of the date of this annual report, the investigation on the incident and relevant personnel involved in this incident was still in process. The Bank has proactively been working with the police department on the investigation, and enhancing communication and coordination with relevant institutions to safeguard the security of funds to the greatest extent. The Bank has also initiated litigation against the aforementioned commercial bank to protect the Bank's interests.

## **III. ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS MERGER**

During the Reporting Period, the Bank was not engaged in any material acquisition or disposal of assets or business merger.

## INTERNAL CONTROL SYSTEM AND CONTROLLING ACTIVITIES

Our Board of Directors is responsible for ensuring the establishment and implementation of an adequate and effective internal control system, and the prudent operation of the commercial bank under the framework of laws and policies. The Board of Supervisors is responsible for supervising the Board of Directors and the senior management of the Bank to enhance the internal control system, and the fulfillment of internal control duties of the Board of Directors, the senior management and their members. The senior management is responsible for the execution of the decisions made by the Board of Directors, and ensuring the effective performance of internal control duties. Currently, the Bank has formulated the Administrative Methods of Internal Controls of Bank of Tianjin (《天津銀行內部控制管理辦法》) according to the Basic Rules on Enterprise Internal Control (《企業內部控制基本規範》) and the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制評價指引》), covering five major aspects of internal control, namely internal environment, risk assessment, control activities, information and communication, and internal supervision.

During the Reporting Period, our Bank has further strengthened the existing corporate governance framework and internal control measures, standardized the implementation and evaluation procedures of the internal control system, and formulated comprehensive, systematic and standardized operation system and management system for operational and management activities, and established an audit mechanism regarding the compliance of such system. During the Reporting Period, 212 rules and policies were issued which further regulated the operational management and business development. Besides, our Bank also provided regular compliance training and risk warning, which included risk management in compliance with regulation, study of the regulatory policies, case analysis and the latest regulatory trend, so as to improve the compliance awareness of all the staff.

Our Bank further improved various risk management, strengthened comprehensive and specific risk management, as well as identified and assessed each kind of risks such as credit risks, market risks, liquidity risks and operating risks. Our Bank also improved risk management for our various types of businesses so as to ensure a stable performance of our Bank's business operation. In addition, during the course of strengthening the procedural management and enhancing our internal control system, our Bank continued to carry out the examination of various business lines, internal audit and internal evaluation, and strived for the effectiveness of improving risk management and risk control.

Our Bank established and improved the accounting and audit system and accounting working procedures according to the relevant requirements under the China Accounting Standards for Business Enterprises (《企業會計準則》) and Basis Norms of Internal Audit Control (《內部會計控制規範》) and further specifies the duties of different positions and comprehensively manages risks. By means of position set-up, granting level-based authorizations, position rotation, reviewing accounts and supervision and inspection, our Bank was able to effectively control the audit operation process, and ensured the truthfulness and fairness of the preparation of financial statements for our Bank. During the Reporting period, our Bank was not aware of any significant deficiencies regarding the internal control in the financial report.

Our Bank highly values effective information management, and has established a comprehensive set of guidance regarding internal communication and reporting duties, which specifies the requirements of internal communication and reporting duties and procedures, in view of ensuring the effective communication internally and externally. Our Bank has issued Administrative Methods for the Case Prevention and Control of Bank of Tianjin (《天津銀行案件防控工作管理辦法》) and Administrative Methods for Case Risk Management and Investigation of Bank of Tianjin (《天津銀行案件風險排查管理辦法》) to facilitate orderly division of work responsibilities amongst different working levels throughout our Bank for implementing effective precautions against various risks. By clarifying the responsibility boundaries of departments and identifying the responsible departments for reporting and the reporting paths, our Bank has strengthened the existing internal system for internal information exchange and communication, ensuring that various departments and entities at all levels of our Bank can relay information on any updates in our Bank's strategies, policies, systems and relevant requirements to our working level in a timely manner, and simultaneously provide support across our working level for timely report of potential internal control issues to the management.

During the Reporting Period, our Bank established a set of risk management framework and policies, which promotes adequate compliance culture and professional ethics, and enhanced the awareness to comply with the rules and regulations when carrying out business activities, and optimized the environment for controlling compliance and risk management. Our Bank also published the Administrative Methods for Compliance Risk Management of Bank of Tianjin (《天津銀行合規風險管理辦法》), which strengthens and optimizes the existing compliance and risk management reporting and performance evaluation mechanism.

Our Bank has paid great attention to the Basic Rules on Enterprise Internal Control (《企業內部控制基本規範》) and its supporting guidelines. First, our Bank has established a sound risk management system which covers various aspects of business operations, including corporate governance, loan extension business, treasury business, billing business, anti-money laundering, legal and compliance, internal audit and information technology management. Second, our Bank has separated the responsibilities of the front, middle and back offices of headquarters and branches as well as sub-branches, targeting effective check and balance mechanism and clear reporting lines. Third, our Bank timely supervised and monitored the progress of tackling the internal control issues identified during the internal audit and business review in 2015, continuously improving the internal control management capabilities and standards. Fourth, our Bank carried out evaluation of the internal control involving different departments at our headquarters, branches and sub-branches to ensure the internal control system of our Bank has been effectively implemented.

## INTERNAL AUDIT

Our Bank further improved 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. Our Board of Directors is responsible for supervising, assessing and monitoring the internal audit of the Bank to ensure the independence and effectiveness of internal audit. 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. Our Bank adheres to the principles of independence, objectivity, prudence, efficiency, importance and relevance throughout our internal audit work. Our internal audit system covers a comprehensive range of areas including our business operations, risk management, internal control and corporate governance.

During the Reporting Period, the internal audit department continued to improve the internal control management system and enhanced the capabilities of internal audit to rectify errors with the objectives 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. First, our Bank continuously enhanced and optimized the internal control system. Second, our Bank continuously optimized our internal audit organizational structure, expanded the functions of the internal audit departments, upgrade and reform the internal audit system and improve the internal audit methods of every business operation of the Bank. Third, our Bank constantly innovated the audit model and methods, increased the frequency and improved the audit efficiency while conducting regular audit. During the year, our Bank has performed various on-site and off-site audit, and audit inspections in different areas and fully utilized the functions of the internal audit department related to risk management and internal control monitoring. Fourth, our Bank also regularly conducted internal control evaluation and produced audit reports to ensure the effective implementation of our internal control system.

**TO THE SHAREHOLDERS OF BANK OF TIANJIN CO., LTD**

(天津銀行股份有限公司)

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

We have audited the accompanying consolidated financial statements of Bank of Tianjin Co., Ltd (the "Bank") and its subsidiary (collectively referred to as the "Group") set out on pages 119 to 226, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Bank are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Bank determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Bank, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

March 15, 2016



Consolidated Statement of Profit or Loss

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2015	2014
Interest income	5	26,656,584	24,769,304
Interest expense	5	(15,977,161)	(15,620,494)
Net interest income		10,679,423	9,148,810
Fee and commission income	6	1,026,900	560,684
Fee and commission expense	6	(31,171)	(36,481)
Net fee and commission income		995,729	524,203
Net trading gains	7	101,680	180,540
Net gains arising from investment securities	8	52,182	2,354
Other income, gains or losses	9	92,730	84,639
Operating income		11,921,744	9,940,546
Operating expenses	10	(3,817,123)	(3,261,328)
Impairment losses on assets	11	(1,757,695)	(975,286)
Profit before tax		6,346,926	5,703,932
Income tax expense	12	(1,414,543)	(1,274,971)
Profit for the year		4,932,383	4,428,961
Attributable to:			
Equity holders of the Bank		4,916,440	4,417,231
Non-controlling interests		15,943	11,730
		4,932,383	4,428,961
Earnings per share (Expressed in RMB Yuan per share)			
– Basic and diluted	13	0.96	0.88

## Consolidated Statement of other Comprehensive Income

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	2015	2014
Profit for the year	<u>4,932,383</u>	<u>4,428,961</u>
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	<b>182,363</b>	567,847
Income tax relating to available-for-sale financial assets	<u>(45,591)</u>	<u>(141,962)</u>
Other comprehensive income for the year, net of tax	<u>136,772</u>	<u>425,885</u>
Total comprehensive income for the year	<u><b>5,069,155</b></u>	<u>4,854,846</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	<b>5,053,212</b>	4,843,116
Non-controlling interests	<u>15,943</u>	<u>11,730</u>
Total comprehensive income for the year	<u><b>5,069,155</b></u>	<u>4,854,846</u>

Consolidated Statement of Financial Position

As at December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2015	2014
<b>ASSETS</b>			
Cash and balances with central bank	16	62,107,212	62,689,198
Deposits with banks and other financial institutions	17	30,817,893	31,684,999
Placements with banks and other financial institutions	18	13,421,168	9,574,695
Financial assets held for trading	19	5,952,089	7,512,182
Financial assets held under resale agreements	20	70,328,366	80,050,673
Loans and advances to customers	21	179,570,910	166,461,335
Available-for-sale financial assets	22	17,864,413	13,575,516
Held-to-maturity investments	23	31,683,985	26,233,883
Investments classified as receivables	24	147,958,624	76,078,628
Property and equipment	26	1,739,648	1,532,852
Deferred tax assets	27	1,144,441	915,719
Other assets	28	3,078,982	2,549,399
<b>Total assets</b>		<b>565,667,731</b>	<b>478,859,079</b>
<b>LIABILITIES</b>			
Borrowings from central bank		237,357	405,912
Deposits from banks and other financial institutions	29	148,732,655	122,471,748
Placements from banks	30	4,283,630	10,905,077
Financial assets sold under repurchase agreements	31	14,557,253	13,856,000
Due to customers	32	334,691,026	289,467,447
Income tax payable		701,095	433,738
Debt securities issued	33	13,903,769	2,698,891
Other liabilities	34	15,313,242	9,730,325
<b>Total liabilities</b>		<b>532,420,027</b>	<b>449,969,138</b>

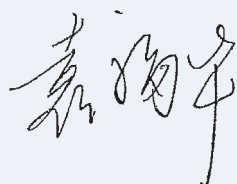
Consolidated Statement of Financial Position

As at December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2015	2014
<b>EQUITY</b>			
Share capital	35	5,126,048	5,126,048
Capital reserve	36	5,990,757	5,990,757
Investment revaluation reserve	37	166,027	29,255
Surplus reserve	38	2,563,024	2,356,347
General reserve	39	5,819,593	4,879,734
Retained earnings		13,358,202	10,290,027
Equity attributable to equity holders of the Bank		33,023,651	28,672,168
Non-controlling interests		224,053	217,773
<b>Total equity</b>		<b>33,247,704</b>	28,889,941
<b>Total equity and liabilities</b>		<b>565,667,731</b>	478,859,079

The consolidated financial statements on pages 119 to 226 were approved and authorized for issue by the Board of Directors on March 15, 2016 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

(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
NOTES										
	<b>As at January 1, 2015</b>	<b>5,126,048</b>	<b>5,990,757</b>	<b>29,255</b>	<b>2,356,347</b>	<b>4,879,734</b>	<b>10,290,027</b>	<b>28,672,168</b>	<b>217,773</b>	<b>28,889,941</b>
	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
	<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>136,772</b>	<b>—</b>	<b>—</b>	<b>4,916,440</b>	<b>5,053,212</b>	<b>15,943</b>	<b>5,069,155</b>
	Appropriation to surplus reserve	38	—	—	206,677	—	(206,677)	—	—	—
	Appropriation to general reserve	39	—	—	—	939,859	(939,859)	—	—	—
	Dividend distribution	14	—	—	—	—	(700,723)	(700,723)	(7,800)	(708,523)
	Others		—	—	—	—	(1,006)	(1,006)	(1,863)	(2,869)
	<b>As at December 31, 2015</b>	<b>5,126,048</b>	<b>5,990,757</b>	<b>166,027</b>	<b>2,563,024</b>	<b>5,819,593</b>	<b>13,358,202</b>	<b>33,023,651</b>	<b>224,053</b>	<b>33,247,704</b>
	<b>As at January 1, 2014</b>	<b>4,123,268</b>	<b>1,778,401</b>	<b>(396,630)</b>	<b>1,914,618</b>	<b>2,872,517</b>	<b>8,940,389</b>	<b>19,232,563</b>	<b>216,913</b>	<b>19,449,476</b>
	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
	<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>425,885</b>	<b>—</b>	<b>—</b>	<b>4,417,231</b>	<b>4,843,116</b>	<b>11,730</b>	<b>4,854,846</b>
	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
	<b>As at December 31, 2014</b>	<b>5,126,048</b>	<b>5,990,757</b>	<b>29,255</b>	<b>2,356,347</b>	<b>4,879,734</b>	<b>10,290,027</b>	<b>28,672,168</b>	<b>217,773</b>	<b>28,889,941</b>

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2015	2014
<b>OPERATING ACTIVITIES</b>		
Profit before tax	6,346,926	5,703,932
Adjustments for:		
Depreciation and amortization	178,535	182,662
Impairment losses on assets	1,757,695	975,286
Interest income arising from investment securities	(9,156,103)	(6,595,932)
Interest income arising from impaired financial assets	(55,671)	(49,148)
Interest expense arising from debt securities issued	388,966	149,770
Net unrealized trading gains	(28,931)	(108,035)
Net gains arising from investment securities	(52,182)	(2,354)
Unrealized exchange (gains)/losses	(45,003)	2,041
Dividend income from investment securities	(5,440)	(360)
Other income, gains or losses	3,313	402
Operating cash flows before movements in working capital	(667,895)	258,264
Increase in balances with central bank and deposits with banks and other financial institutions	(2,835,655)	(12,540,215)
Decrease/(increase) in placements with banks and other financial institutions	78,231	(5,514,011)
Decrease/(increase) in financial assets held for trading	1,589,024	(2,639,799)
Decrease in financial assets held under resale agreements	19,975,687	15,195,895
Increase in loans and advances to customers	(14,375,438)	(23,043,809)
(Decrease) /increase in borrowings from central bank	(168,555)	55,912
Increase in deposits from banks and other financial institutions	26,410,908	12,108,003
(Decrease)/increase in placements from banks	(6,621,447)	5,427,618
Increase in financial assets sold under repurchase agreements	701,253	2,775,300
Increase in due to customers	45,073,579	42,259,696
Increase in other operating assets	(617,896)	(587,332)
Increase in other operating liabilities	5,579,189	2,504,501
Cash generated by operating activities	74,120,985	36,260,023
Income tax paid	(1,421,500)	(1,111,551)
Net cash generated by operating activities	72,699,485	35,148,472

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2015	2014
<b>INVESTING ACTIVITIES</b>		
Cash received from disposal and redemption of investment securities	260,042,661	134,310,245
Cash received from disposal of property and equipment and other assets	1,198	189
Cash paid for purchase of investment securities	(341,886,204)	(146,438,906)
Cash paid for purchase of property and equipment and other assets	(434,080)	(246,624)
Interest income received from investment securities	9,209,289	6,599,105
Dividend income from investment securities	5,440	360
Net cash used in investing activities	<u>(73,061,696)</u>	<u>(5,775,631)</u>
<b>FINANCING ACTIVITIES</b>		
Cash received from capital contribution	—	5,214,455
Cash received from debt securities issued	10,974,845	—
Repayment of debt securities issued	—	(1,509,450)
Interest expenses paid for debt securities issued	(158,933)	(231,930)
Dividends paid	(705,691)	(626,454)
Net cash generated by financing activities	<u>10,110,221</u>	<u>2,846,621</u>
Net increase in cash and cash equivalents	<u>9,748,010</u>	<u>32,219,462</u>
Cash and cash equivalents at beginning of the year	58,508,863	26,291,442
Effect of foreign exchange rate changes	168,828	(2,041)
Cash and cash equivalents at end of the year	<u><u>68,425,701</u></u>	<u><u>58,508,863</u></u>
Net cash generated by operating activities include:		
Interest received	17,077,080	18,258,984
Interest paid	(15,169,638)	(14,284,104)
Net interest received from operating activities	<u><u>1,907,442</u></u>	<u><u>3,974,880</u></u>

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## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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 Market and Quality Supervision Administration (Unified Credit Record No. 911200001030702984).

As at December 31, 2015, the number of ordinary shares of the Bank was 5.126 billion. As at December 31, 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 business scope consists of deposit taking; granting of short-term, medium-term and long-term loans; handling domestic settlement; handling bill discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; engaging in inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service; entrusted loan business on credit turnover funds of local public finance. Foreign currency deposit taking, granting of loans; foreign currency remittance, currency exchange; international settlement; foreign currency sale and settlement; 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 (businesses among the above scope shall be handled in accordance with specific regulations of the nation, if any).

The Bank and its subsidiary are collectively referred to as the Group. The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiary.



## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time in current year.

Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions

The application of these amendments to the IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or the on the disclosures set out in these consolidated financial statements.

### 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 <sup>1</sup>
IFRS 14	Regulatory Deferral Account <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Leases <sup>4</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
Amendments to IAS 1	Disclosure Initiative <sup>2</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>2</sup>
Amendments to IAS 7	Disclosure Initiative <sup>5</sup>
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2018

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2016

<sup>3</sup> Effective for first IFRS financial statement beginning on or after January 1, 2016

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2019

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>6</sup> Effective for annual periods beginning on or after a date to be determined

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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 consolidated financial statements. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements 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 are described as follows:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. 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. 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 recognized in profit or loss.
- 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.

## 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)

- 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- 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.

#### 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 recognize 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.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes 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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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 16 Leases*

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9, IFRS 15 and IFRS 16. Given the nature of the Group's operations, these standards are expected to have an impacts on the Group's financial statements. The Group has not completed its assessment of the full impact of adopting these new standards and therefore their possible impacts on the Group's operating results and financial position have not been quantified.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements 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 ("CO").

The provisions of the new CO regarding preparation of accounts and audits became effective for the Bank for the financial year ended December 31, 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended December 31, 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended December 31, 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

#### 3.2 Basis of preparation

The consolidated financial statements have 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 consolidated financial statements 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 realizable 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 48.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3 Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Bank and 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.

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 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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3 Basis of consolidation (Continued)

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.

#### 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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Revenue recognition (Continued)

##### *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 consolidated financial statements because it excludes items of income or expense that are 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.5 Taxation (Continued)

##### *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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.

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 substantively 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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 during the year.

##### *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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated financial statements 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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments (Continued)

##### *Financial assets (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.

##### *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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Available-for-sale financial assets (Continued)*

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.

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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

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.

##### *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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments (Continued)

##### *Financial assets (Continued)*

##### 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.

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 recognized 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 re-measurement 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.

## Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial instruments (Continued)

##### *Financial liabilities and equity 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.

#### 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Property and equipment (Continued)

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.

#### 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.

### 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.

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.

## Notes to the Consolidated Financial Statements

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 consolidated financial statements 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.

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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 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.

### 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 consolidated financial statements 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.

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### 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.

#### **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.

Notes to the Consolidated Financial Statements

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5. NET INTEREST INCOME

	Year ended December 31	
	2015	2014
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	9,340,842	8,054,023
Personal loans and advances	1,415,177	1,384,003
Discounted bills	649,646	954,532
Balances with central bank	838,607	801,932
Deposits with banks and other financial institutions	1,163,503	980,474
Placements with banks and other financial institutions and financial assets held under resale agreements	3,915,664	5,783,597
Investments, including:		
Bonds investment	1,866,577	1,727,368
Other investments classified as receivable	7,466,568	5,083,375
Subtotal	<u>26,656,584</u>	<u>24,769,304</u>
	Year ended December 31	
	2015	2014
Interest expense:		
Borrowings from central bank	(8,930)	(21,677)
Deposits from banks and other financial institutions	(5,914,281)	(7,235,244)
Placements from banks and financial assets sold under repurchase agreements	(694,181)	(610,666)
Due to customers	(8,970,803)	(7,603,137)
Debt securities issued	(388,966)	(149,770)
Subtotal	<u>(15,977,161)</u>	<u>(15,620,494)</u>
Net interest income	<u>10,679,423</u>	<u>9,148,810</u>
Including: Interest income on impaired financial assets	<u>55,671</u>	<u>49,148</u>

\* Other investments classified as receivables include trust beneficiary rights, wealth management products and asset management plans.

Notes:

- (i) Total interest income arising from financial assets that are not at fair value through profit or loss for the year ended December 31, 2015 amounted to RMB 26,444 million (2014:RMB24,554 million).
- (ii) Total interest expense arising from financial liabilities that are not at fair value through profit or loss for the year ended December 31, 2015 amounted to RMB 15,977 million (2014:RMB 15,620 million).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 6. NET FEE AND COMMISSION INCOME

	Year ended December 31	
	2015	2014
Fee and commission income		
Settlement and clearing fees	260,500	240,685
Wealth management service fees	306,018	123,610
Acceptance and guarantee commitment fees	265,574	58,202
Agency commissions and fiduciary service fees	110,210	89,744
Bank card fees	30,232	25,903
Others	54,366	22,540
Subtotal	1,026,900	560,684
Fee and commission expense	(31,171)	(36,481)
Total	995,729	524,203

### 7. NET TRADING GAINS

	Year ended December 31	
	2015	2014
Realized gains from debt securities	72,749	72,505
Unrealized gains from debt securities	28,931	108,035
Total	101,680	180,540

Net trading gains arise from buying and selling of, and changes in the fair value of financial assets held for trading.

### 8. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Year ended December 31	
	2015	2014
Net gains on disposal of available-for-sale financial assets	52,182	2,354



Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

9. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31	
	2015	2014
Dividends income	5,440	360
Government subsidies	22,365	2,018
Exchange gains	45,512	34,098
Dormant accounts	3,099	26,199
Rental income	14,444	16,085
Others	1,870	5,879
Total	<u>92,730</u>	<u>84,639</u>

10. OPERATING EXPENSES

		Year ended December 31	
	Notes	2015	2014
Staff costs	(1)	1,556,753	1,298,196
Office expenses		312,852	312,836
Rental and property management expenses		283,986	221,200
Other general and administrative expenses	(2)	322,276	313,518
Business tax and surcharges		1,136,238	912,689
Depreciation		125,783	129,574
Amortization		52,752	53,088
Others		26,483	20,227
Total		<u>3,817,123</u>	<u>3,261,328</u>

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 10. OPERATING EXPENSES (Continued)

Notes:

(1) Staff costs

	Year ended December 31	
	2015	2014
Salaries, bonuses and allowances	1,053,361	901,807
Social insurance	284,693	224,237
Housing funds	89,592	79,055
Staff welfare	43,724	39,131
Labor union fees and staff education expenses	16,275	15,961
Contribution to annuity funds	69,108	38,005
Total	1,556,753	1,298,196

(2) The audit fee for the year ended December 31, 2015 is RMB 1.80 million (2014: RMB 1.05 million).

### 11. IMPAIRMENT LOSSES ON ASSETS

	Year ended December 31	
	2015	2014
Loans and advances to customers	1,322,315	770,663
Off-balance sheet credit commitments	5,573	99,404
Investments classified as receivables	406,911	99,544
Repossessed assets	—	(3,142)
Financial assets held under resale agreements	23,500	—
Other assets	(604)	8,817
Total	1,757,695	975,286

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

12. INCOME TAX EXPENSE

	Year ended December 31	
	2015	2014
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	1,688,856	1,303,493
Deferred tax (note 27)	(274,313)	(28,522)
Total	<u>1,414,543</u>	<u>1,274,971</u>

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit during the year.

The tax charge for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Year ended December 31	
	2015	2014
Profit before tax	<u>6,346,926</u>	<u>5,703,932</u>
Tax calculated at applicable statutory tax rate of 25%	1,586,731	1,425,983
Underprovision of tax in prior years	1,275	659
Tax effect of expenses not deductible for tax purpose	14,588	16,919
Tax effect of income not taxable for tax purpose (1)	(188,051)	(168,590)
Income tax expense	<u>1,414,543</u>	<u>1,274,971</u>

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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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	
	2015	2014
Earnings:		
Profit for the year attributable to equity holders of the Bank	<b>4,916,440</b>	4,417,231
Numbers of shares:		
Weighted average number of shares in issue (in thousand)	<b>5,126,048</b>	5,002,418
Basic and diluted earnings per share (RMB Yuan)	<b>0.96</b>	0.88

### 14. DIVIDENDS

	Notes	Year ended December 31	
		2015	2014
2013 Final Dividend	(1)	—	618,490
2014 Final Dividend	(2)	<b>700,723</b>	—

Notes:

- (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 RMB 618 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 RMB 701 million was proposed by the board of directors and approved by the 2014 annual general meeting on May 20, 2015.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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, 2015

Name	Fees	Paid remuneration and other benefits	Contribution to pension schemes	Total
<b>Executive directors</b>				
Yuan Fuhua	—	217	237	454
Wen Yuanhua	—	186	223	409
Yue Desheng	—	180	193	373
Zhang Furong	—	180	193	373
<b>Non-executive directors</b>				
Zhang Mingxing <sup>(1)</sup>	30	—	—	30
Yu Yang <sup>(1)</sup>	—	12	—	12
Jia Hongqian <sup>(2)</sup>	—	—	—	—
Alistair Marshall Bulloch	81	—	—	81
Cathryn Carver <sup>(3)</sup>	50	—	—	50
Zhao Wei	67	—	—	67
Luan Fengxiang	67	—	—	67
<b>Independent non-executive directors</b>				
Liu Baorui	142	—	—	142
Liang Qi <sup>(13)</sup>	131	—	—	131
Liang Zhixiang	112	—	—	112
Feng Heping	112	—	—	112
Guo Tianyong	112	—	—	112
Law Yee Kwan, Quinn <sup>(14)</sup>	—	—	—	—
<b>Supervisors</b>				
Zhang Xiang	—	191	193	384
Yao Tao	—	462	147	609
Zhang Lianming	102	—	—	102
Zhang Xiaoli	102	—	—	102
Feng Xia	81	—	—	81
Cheng Yifeng	86	—	—	86
Total	1,275	1,428	1,186	3,889

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(1) Directors' and supervisors' emoluments (Continued)

Year ended December 31, 2014

Name	Fees	Basic salaries, bonuses and allowances	Contribution to pension schemes	Total
<b>Executive directors</b>				
Yuan Fuhua	—	2,031	231	2,262
Wen Yuanhua <sup>(4)</sup>	—	208	—	208
Yue Desheng <sup>(4)</sup>	—	141	14	155
Zhang Xiang <sup>(5)</sup>	—	1,420	150	1,570
Lu Shenggang <sup>(6)</sup>	—	1,128	120	1,248
Zhang Furong <sup>(7)</sup>	—	141	14	155
<b>Non-executive directors</b>				
Zhang Mingxing	54	—	—	54
Jia Hongqian <sup>(2)</sup>	—	—	—	—
Alistair Marshall Bulloch	60	—	—	60
Gilles Plante <sup>(3)</sup>	51	—	—	51
Cathryn Carver <sup>(3)</sup>	—	—	—	—
Zhang Tongsheng <sup>(8)</sup>	52	—	—	52
Zhao Wei <sup>(8)</sup>	—	—	—	—
Luan Fengxiang <sup>(8)</sup>	—	—	—	—
<b>Independent non-executive directors</b>				
Wang Jinlong <sup>(9)</sup>	—	2,031	231	2,262
Wei Wensheng <sup>(10)</sup>	96	—	—	96
Li Yanjing <sup>(10)</sup>	100	—	—	100
Ning Dianfang <sup>(10)</sup>	100	—	—	100
Liu Baorui	96	—	—	96
Liang Qi	97	—	—	97
Liang Zhixiang <sup>(10)</sup>	—	—	—	—
Feng Heping <sup>(10)</sup>	—	—	—	—
Guo Tianyong <sup>(10)</sup>	—	—	—	—

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(1) Directors' and supervisors' emoluments (Continued)

Year ended December 31, 2014 (Continued)

Name	Fees	Basic salaries, bonuses and allowances	Contribution to pension schemes	Total
<b>Supervisors</b>				
Zhang Furong <sup>(7)</sup>	—	1,552	159	1,711
Zhang Xiang <sup>(5)</sup>	—	284	30	314
Yao Tao <sup>(11)</sup>	—	75	9	84
Hu Liyun <sup>(12)</sup>	100	—	—	100
Zhang Jialin <sup>(12)</sup>	100	—	—	100
Zhang Lianming <sup>(12)</sup>	—	—	—	—
Zhang Xiaoli <sup>(12)</sup>	—	—	—	—
Feng Xia	52	—	—	52
Cheng Yifeng	60	—	—	60
Total	1,018	9,011	958	10,987

- (1) In May 2015, Yu Yang succeeded Zhang Mingxing as non-executive director.
- (2) In 2014 and 2015, the director's fees of Jia Hongqian were waived with his authorization.
- (3) 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.
- (4) In December 2014, Wen Yuanhua and Yue Desheng were appointed as executive directors.
- (5) In November 2014, Zhang Xiang resigned from the position of executive director and was appointed as employee supervisor.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

#### (1) Directors' and supervisors' emoluments (Continued)

Year ended December 31, 2014 (Continued)

- (6) In November 2014, Lu Shenggang resigned from the position of executive director.
- (7) In December 2014, Zhang Furong resigned from the position of employee supervisor and was appointed as executive director.
- (8) 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.
- (9) In January 2014, Wang Jinlong was appointed as independent non-executive director. In December 2014, he resigned from the position of independent non-executive director.
- (10) 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.
- (11) In November 2014, Yao Tao was appointed as employee supervisor.
- (12) 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.
- (13) In December 2015, Liang Qi resigned from the position of independent non-executive director.
- (14) In October 2015, Law Yee Kwan Quinn was appointed as independent non-executive director.

The total compensation packages for these directors and supervisors for the year ended December 31, 2015 have not approved by the general meeting, nor finalized in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

The Chief Executive of the Bank for the period from January 2014 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.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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, none (2014: three) of them are directors and none (2014: one) of them are supervisors whose emoluments are disclosed above for the year ended December 31, 2015.

The total emoluments payable to the five individuals whose emoluments were the highest in the Group for the year are as follows:

	Year ended December 31	
	2015	2014
Basic salaries and allowances	2,826	3,307
Discretionary bonuses*	—	6,055
Contribution to pension schemes	981	1,027
Total	<u>3,807</u>	<u>10,389</u>

\* Total compensation packages of them are subject to shareholders' meeting and regulatory approval. They will be announced once determined.

Emoluments of the five highest paid individuals were within the following bands:

	Year ended December 31	
	2015	2014
RMB0 - RMB1,000,000	5	—
RMB1,500,001 - RMB2,000,000	—	2
RMB2,000,001 - RMB2,500,000	—	3
Total	<u>5</u>	<u>5</u>

During the year ended December 31, 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) (2014: None) as an inducement to join or upon joining the Group or as compensation for loss of office.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 16. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at December 31	
		2015	2014
Cash		899,311	898,298
Mandatory reserve deposits	(1)	48,614,128	49,785,365
Surplus reserve deposits	(2)	12,551,075	11,987,981
Other deposits	(3)	42,698	17,554
Total		<u>62,107,212</u>	<u>62,689,198</u>

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, 2015, mandatory reserve deposits with the PBoC were calculated at 15% (December 31, 2014:18%) of eligible RMB deposits for the Bank, and at 9.5% (December 31, 2014:14%) of those for the subsidiary respectively; and at 5% of foreign currency deposits for the Bank for the years ended December 31, 2014 and 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.

### 17. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2015	2014
Deposits with:		
Banks and other financial institutions in mainland China	30,184,127	29,232,270
Banks outside mainland China	633,766	2,452,729
Total	<u>30,817,893</u>	<u>31,684,999</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

**18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	As at December 31	
	2015	2014
Placements with:		
Banks in mainland China	<b>5,960,765</b>	4,342,680
Other financial institutions in mainland China	<b>7,460,403</b>	5,232,015
Total	<b>13,421,168</b>	9,574,695

**19. FINANCIAL ASSETS HELD FOR TRADING**

	As at December 31	
	2015	2014
Listed debt securities issued by:		
Government	<b>1,988,496</b>	1,189,614
Financial Institutions		
– Policy banks	<b>2,192,682</b>	895,960
– Commercial banks and other financial institutions	—	198
Corporations	<b>1,770,911</b>	5,426,410
Total	<b>5,952,089</b>	7,512,182

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

#### Analyzed by counterparties:

	As at December 31	
	2015	2014
Banks in mainland China	68,154,866	79,756,149
Other financial institutions in mainland China	2,197,000	294,524
Subtotal	70,351,866	80,050,673
Less: Individually assessed allowance for impairment losses	(23,500)	—
Total	70,328,366	80,050,673

#### Analyzed by collateral type:

	As at December 31	
	2015	2014
Bills	51,815,166	54,625,915
Trust beneficial rights and asset management plans <sup>(1)</sup>	9,642,000	25,129,334
Bonds	8,894,700	295,424
Subtotal	70,351,866	80,050,673
Less: Individually assessed allowance for impairment losses	(23,500)	—
Total	70,328,366	80,050,673

Note:

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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:

	As at December 31	
	2015	2014
Corporate loans and advances		
– Loans	154,018,098	129,196,237
– Discounted bills	5,810,376	19,091,045
Subtotal	159,828,474	148,287,282
Retail loans and advances		
– Residential mortgage loans	10,028,065	9,812,313
– Personal loans for consumption	10,803,802	8,955,976
– Personal loans for business purposes	3,567,984	3,594,781
– Credit card	375,392	267,800
Subtotal	24,775,243	22,630,870
Gross loans and advances to customers	184,603,717	170,918,152
Allowance for impairment losses	(5,032,807)	(4,456,817)
Including: Individually assessed	(1,482,190)	(1,074,012)
Collectively assessed	(3,550,617)	(3,382,805)
Loans and advances to customers, net	179,570,910	166,461,335

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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21. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	Loans and advances for which allowance is collectively assessed <sup>(1)</sup>	Identified impaired loans and advances <sup>(2)</sup>			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		
<b>As at December 31, 2015</b>						
Gross loans and advances	182,122,577	278,115	2,203,025	2,481,140	184,603,717	1.34
Allowance for impairment losses	(3,370,243)	(180,374)	(1,482,190)	(1,662,564)	(5,032,807)	
Loans and advances to customers, net	<u>178,752,334</u>	<u>97,741</u>	<u>720,835</u>	<u>818,576</u>	<u>179,570,910</u>	
<b>As at December 31, 2014</b>						
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	<u>165,813,375</u>	<u>52,418</u>	<u>595,542</u>	<u>647,960</u>	<u>166,461,335</u>	

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(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:

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 2014	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)
Write-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 year	<b>910,939</b>	<b>2,324,738</b>	<b>3,235,677</b>
Reversal for the year	<b>(65,161)</b>	<b>(1,848,201)</b>	<b>(1,913,362)</b>
Write-off and transfer out	<b>(382,662)</b>	<b>(308,742)</b>	<b>(691,404)</b>
Recovery after write-off	<b>733</b>	<b>17</b>	<b>750</b>
Unwinding of discount on allowance	<b>(55,671)</b>	<b>—</b>	<b>(55,671)</b>
<b>As at December 31, 2015</b>	<b>1,482,190</b>	<b>3,550,617</b>	<b>5,032,807</b>

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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### 22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at December 31	
	2015	2014
Listed debt securities issued by:		
Government	2,932,583	3,065,054
Financial institutions		
– Policy banks	7,584,672	9,441,448
– Commercial banks and other financial institutions	6,526,025	180,299
Corporations	562,134	830,115
Subtotal	17,605,414	13,516,916
Unlisted funds	200,399	—
Unlisted equity instruments (1)	58,600	58,600
Total	17,864,413	13,575,516

Note:

(1) The unlisted equity instruments are measured at cost because their fair values cannot be reliably measured.

### 23. HELD-TO-MATURITY INVESTMENTS

	As at December 31	
	2015	2014
Listed debt securities issued by:		
Government	18,441,166	15,983,697
Financial institutions		
– Policy banks	12,552,819	9,539,996
– Commercial banks and other financial institutions	690,000	240,000
Corporations	—	470,190
Total	31,683,985	26,233,883



Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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24. INVESTMENTS CLASSIFIED AS RECEIVABLES

		As at December 31	
	Notes	2015	2014
Certificate government bonds		284,585	305,056
Asset-backed securities		4,467,844	1,747,780
Corporate bonds		3,626,488	2,955,596
Wealth management products	(1)	35,305,163	15,561,844
Asset management plans	(2)	64,088,354	31,516,447
Trust beneficiary rights	(3)	40,692,645	24,091,449
Subtotal		148,465,079	76,178,172
Allowance for impairment losses		(506,455)	(99,544)
Including: Individually assessed		(36,363)	(36,363)
Collectively assessed		(470,092)	(63,181)
Total, unlisted	(4)	147,958,624	76,078,628

Movements of allowance on investments classified as receivable are as follows:

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 2014	—	—	—
Charge for the year	36,363	63,181	99,544
As at December 31, 2014	36,363	63,181	99,544
Charge for the year	—	406,911	406,911
As at December 31, 2015	36,363	470,092	506,455

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.

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### 25. INVESTMENT IN A SUBSIDIARY

Details of the Bank's subsidiary as at December 31, 2014 and 2015 are set out below:

Name of entity	Place of incorporation/establishment	Date of incorporation/establishment	Share capital as at December 31, 2015 (In'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Statutory auditor
				As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014		
				%	%	%	%		
Tianjin Jixian County Bank Co., Ltd (天津市蓟縣村鎮銀行股份有限公司)	Tianjin, PRC	August 2008	300,000	35	35	35	35	Banking	TIANJIN JINLIAN CPA CO., LTD*

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 RMB 61.2 million. Jixian 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, 2015, the amount of Jixian County Bank's total assets was RMB 1,723 million (December 31, 2014: RMB 1,498 million), representing 0.30% (December 31, 2014:0.31%) to the Group's total assets. The amount of non-controlling interests is not material to the Group.

\* As at the reporting date of these financial statements, Jixian County Bank's 2015 financial statements have not been audited.

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26. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
<b>COST</b>						
As at January 1, 2014	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	15	83,575	1,669	21,323	279,797	386,379
Transfers	69,137	135	—	2,800	(72,072)	—
Transfers to other assets	—	—	—	—	(49,276)	(49,276)
Disposals	(8,342)	(4,452)	(210)	—	—	(13,004)
As at December 31, 2015	1,661,617	526,113	93,845	232,912	296,787	2,811,274
<b>ACCUMULATED DEPRECIATION</b>						
As at January 1, 2014	(323,749)	(299,863)	(79,441)	(129,753)	—	(832,806)
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 year	(60,527)	(42,347)	(4,702)	(18,207)	—	(125,783)
Disposals	3,833	4,441	204	2	—	8,480
As at December 31, 2015	(438,585)	(387,037)	(82,741)	(163,263)	—	(1,071,626)
<b>NET BOOK VALUE</b>						
As at December 31, 2014	1,218,916	97,724	14,143	63,731	138,338	1,532,852
As at December 31, 2015	1,223,032	139,076	11,104	69,649	296,787	1,739,648

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### 26. PROPERTY AND EQUIPMENT (Continued)

The carrying amount of buildings of the Group with incomplete title deeds as at December 31, 2015 amounted to RMB 27.39 million (December 31, 2014:RMB 167.88 million). The Group is 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, 2015, buildings of the Group with net book value amounted to RMB 91.50 million (December 31, 2014:RMB96.88 million) were rented out to third parties as investment properties. Their fair values were estimated to be closed to their net book value.

### 27. DEFERRED TAXATION

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

	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, 2014	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	264,699	16,347	1,393	—	(7,233)	(893)	274,313
Charge to other comprehensive income	—	—	—	(45,591)	—	—	(45,591)
As at December 31, 2015	957,724	115,709	146,536	(55,343)	(23,623)	3,438	1,144,441

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**28. OTHER ASSETS**

	As at December 31	
	2015	2014
Interest receivables	2,595,241	2,233,394
Other receivables	165,551	64,983
Prepaid expenses	211,960	184,492
Intangible assets	52,330	33,332
Land use rights	53,900	32,417
Repossessed assets	—	781
Total	<u>3,078,982</u>	<u>2,549,399</u>

**29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

	As at December 31	
	2015	2014
Banks in mainland China	93,760,131	84,602,382
Other financial institutions in mainland China	<u>54,972,524</u>	<u>37,869,366</u>
Total	<u>148,732,655</u>	<u>122,471,748</u>

**30. PLACEMENTS FROM BANKS**

	As at December 31	
	2015	2014
Banks in mainland China	3,764,142	10,721,507
Banks outside mainland China	<u>519,488</u>	<u>183,570</u>
Total	<u>4,283,630</u>	<u>10,905,077</u>

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**31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS**

**Analyzed by counterparties:**

	As at December 31	
	2015	2014
Banks in mainland China	8,557,253	12,167,000
Other financial institutions in mainland China	6,000,000	1,689,000
Total	<u>14,557,253</u>	<u>13,856,000</u>

**Analyzed by collateral type:**

	As at December 31	
	2015	2014
Bonds	10,596,000	13,306,000
Bills	3,961,253	550,000
Total	<u>14,557,253</u>	<u>13,856,000</u>

**32. DUE TO CUSTOMERS**

	As at December 31	
	2015	2014
Demand deposits		
Corporate customers	132,621,168	110,090,456
Individual customers	17,734,262	16,337,031
Time deposits		
Corporate customers	111,215,885	89,472,934
Individual customers	45,122,349	41,071,395
Pledged deposits (1)	27,919,912	32,330,785
Others	77,450	164,846
Total	<u>334,691,026</u>	<u>289,467,447</u>

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**32. DUE TO CUSTOMERS** (Continued)

- (1) Pledged deposits analyzed by products for which deposit is required:

	As at December 31	
	2015	2014
Acceptances	19,914,431	24,870,412
Guarantees and Letters of guarantee	4,039,509	1,700,325
Letters of credit	3,913,098	5,677,842
Others	52,874	82,206
Total	27,919,912	32,330,785

**33. DEBT SECURITIES ISSUED**

	Notes	As at December 31	
		2015	2014
12 Tianjin Bank bonds 01	(1)	1,499,770	1,499,587
12 Tianjin Bank bonds 02	(2)	1,199,247	1,199,304
15 Tianjin Bank bonds 01	(3)	2,569,742	—
15 Tianjin Bank bonds 02	(4)	2,560,008	—
15 Tianjin Bank bonds	(5)	5,077,284	—
15 Tianjin Bank CD001	(6)	997,718	—
Total		13,903,769	2,698,891

- (1) The 10 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB 1.5 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.
- (2) The 15 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB 1.2 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.
- (3) The 3 year fixed-rate financial bonds were issued on May 11, 2015 by the Bank at a face value of RMB 2.5 billion with a fixed coupon rate of 4.64% per annum, payable annually.
- (4) The 3 year fixed-rate financial bonds were issued on May 22, 2015 by the Bank at a face value of RMB 2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.

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**33. DEBT SECURITIES ISSUED** (Continued)

- (5) The 10 year fixed-rate tier-two capital bonds were issued on August 21, 2015 by the Bank at a face value of RMB 5.0 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.
- (6) The 1 month interbank negotiable certificates of deposit were issued on December 25, 2015 by the Bank at a face value of RMB 1 billion with a reference interest rate of 3.1002% per annum.

**34. OTHER LIABILITIES**

		<b>As at December 31</b>	
	Notes	<b>2015</b>	2014
Interest payables		<b>6,576,018</b>	6,163,343
Other payables		<b>1,369,321</b>	594,431
Settlement payable		<b>5,952,409</b>	1,705,700
Provision	(1)	<b>586,143</b>	580,570
Salaries payable	(2)	<b>486,780</b>	424,304
Business and other tax payables		<b>324,660</b>	246,899
Dividends payable		<b>17,911</b>	15,078
		<hr/>	<hr/>
Total		<b>15,313,242</b>	9,730,325



Notes to the Consolidated Financial Statements

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**34. OTHER LIABILITIES** (Continued)

(1) Provision refers to the allowance made on exposure relating to off-balance sheet credit commitments.

Movements of provisions are as follows:

	As at December 31	
	2015	2014
At beginning of the year	580,570	481,166
Charge for the year	568,410	580,310
Reversal for the year	(562,837)	(480,906)
At end of the year	586,143	580,570

(2) Salaries payables included the Group's obligations in respect of the early retirement benefits, amounting to RMB 13.8 million (2014: RMB 17.3 million) for the year ended December 31, 2015, estimated based on the projected unit credit actuarial cost method.

**35. SHARE CAPITAL OF THE BANK**

	Year ended December 31	
	2015	2014
At beginning of the year	5,126,048	4,123,268
Contribution from shareholders	—	1,002,780
At end of the year	5,126,048	5,126,048

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 Yuan 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.

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**37. INVESTMENT REVALUATION RESERVE**

	Gross amount	Tax effect	Net amount
As at January 1, 2014	(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	<u>(2,354)</u>	<u>588</u>	<u>(1,766)</u>
As at December 31, 2014	<u>39,007</u>	<u>(9,752)</u>	<u>29,255</u>
Fair value changes in available -for-sale financial assets	234,545	(58,636)	175,909
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	<u>(52,182)</u>	<u>13,045</u>	<u>(39,137)</u>
As at December 31, 2015	<u><u>221,370</u></u>	<u><u>(55,343)</u></u>	<u><u>166,027</u></u>

**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.

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 year ended December 31, 2015, the Group appropriated approximately RMB 207 million (2014:RMB442 million) to the statutory surplus reserve. As at December 31, 2015, the balance of statutory surplus reserve had reached 50% of share capital.

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**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 year ended December 31, 2015, the Group transferred approximately RMB 940 million (2014:RMB2,007 million) to general reserve.

**40. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at December 31	
	2015	2014
Cash	899,311	898,298
Balances with central bank	12,551,075	11,987,981
Deposits with banks and other financial institutions	14,461,407	19,310,261
Placements with banks and other financial institutions	5,000,059	1,075,355
Financial assets held under resale agreements	35,513,849	25,236,968
Total	68,425,701	58,508,863

**41. 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 consolidated financial statements 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 consolidated financial statements.

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### 41. 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/incurring 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 organized 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.

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41. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
<b>Year ended December 31, 2015</b>					
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 amortization	(116,047)	(53,561)	(8,927)	—	(178,535)
Capital expenditure	(217,040)	(195,336)	(21,704)	—	(434,080)
<b>As at December 31, 2015</b>					
Segment assets	156,464,549	25,744,519	382,255,622	1,203,041	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

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41. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
<b>Year ended December 31, 2014</b>					
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					<u>4,428,961</u>
Depreciation and amortization	(116,557)	(58,232)	(7,873)	—	(182,662)
Capital expenditure	(157,371)	(78,624)	(10,629)	—	(246,624)
<b>As at December 31, 2014</b>					
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	<u>89,888,644</u>	<u>2,011,112</u>	<u>—</u>	<u>—</u>	<u>91,899,756</u>

## 42. STRUCTURED ENTITIES

### 42.1 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, 2015, the amount of assets held by the consolidated principal-guaranteed wealth management products sponsored by the Bank amounted to RMB10,148 million (December 31, 2014: RMB6,204 million).

For the year ended December 31, 2015, the management fee recognized amounted to RMB146.94 million (2014:RMB29.18 million).

### 42.2 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, 2015 in the structured entities sponsored by third party institutions.

	As at December 31	
	2015	2014
Asset-backed securities	4,467,844	1,747,780
Wealth management products	35,305,163	15,561,844
Asset management plans	64,088,354	31,516,447
Trust beneficiary rights	40,692,645	24,091,449
Total	144,554,006	72,917,520

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 the year.

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### 42. STRUCTURED ENTITIES (Continued)

#### 42.2 Unconsolidated 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 year ended December 31, 2015, the management fee recognised amounted to RMB159.08 million (2014: RMB 94.43 million).

As at December 31, 2015, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products sponsored by the Bank amounted to RMB13,874 million, (December 31, 2014:RMB13,088 million).

In addition, unconsolidated structured entities sponsored by the Bank also include asset-backed securities. Details of this are included in note 46.

The Group did not provide any financial or other support to these unconsolidated structured entities during the year.

### 43. RELATED PARTY TRANSACTIONS

(1) **Following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group:**

	Percentage of shares held as at December 31	
	2015	2014
Tianjin Bonded Zone Investment Co., Ltd.	19.45%	19.45%
Australia and New Zealand Banking Group Limited ("ANZ")	14.16%	14.16%
Tianjin Pharmaceutical Holdings Ltd.	9.80%	9.80%
Tianjin Bohai Chemical Industry Group Co., Ltd.	9.80%	9.80%



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For the year ended December 31, 2015

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43. RELATED PARTY TRANSACTIONS (Continued)

(1) Following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group: (Continued)

Balances and transactions between the Group and the Bank and these major shareholders and entities under their control

During the year, 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.

	As at December 31	
	2015	2014
Balances at the end of the year:		
<b>Assets</b>		
Deposits with banks and other financial institutions	4,746	4,954
Placements with banks and other financial institutions	333,022	—
Loans and advances to customers	—	200,000
Interest receivable from related parties	5,391	2,352
Total	343,159	207,306
<b>Liabilities</b>		
Placements from banks	500,000	409,570
Due to customers	178,326	678,739
Interest payable to related parties	2,781	939
Total	681,107	1,089,248

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**43. RELATED PARTY TRANSACTIONS** (Continued)

**(1) Following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group:** (Continued)

	As at December 31	
	2015	2014
Transactions during the year:		
Interest income	10,481	30,539
Interest expense	16,402	22,337
Interest rate ranges during the year:	%	%
Deposits with banks and other financial institutions	—	—
Placements with banks and other financial institutions	0.50~1.80	—
Loans and advances to customers	5.88	5.88
Placements from banks	0.80~5.40	0.45~6.80
Due to customers	0.39~0.42	0.39~1.27

**(2) Subsidiary of the Bank**

As at December 31, 2015, the Bank's deposits from its subsidiary amounted to RMB1.76 million (December 31, 2014:RMB0.41 million) and the interest expenses for the year ended December 31, 2015 amounted to RMB1.4 million (2014:RMB2.36 million).

**(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.

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**43. RELATED PARTY TRANSACTIONS** (Continued)

**(3) Other related parties** (Continued)

Balances and transactions with other related parties

	As at December 31	
	2015	2014
Balances at the end of the year:		
Due to customers	<b>92,798</b>	65,197
	<b>92,798</b>	65,197
	Year ended December 31	
	2015	2014
Transactions during the year:		
Interest expense	<b>1,172</b>	582
	<b>1,172</b>	582
Interest rate range during the year:	%	%
Due to customers	<b>0.39~1.27</b>	0.39~1.27
	<b>0.39~1.27</b>	0.39~1.27

**(4) Key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	Year ended December 31	
	2015	2014
Fees	<b>1,275</b>	1,018
Basic salaries, bonuses and allowances*	<b>2,091</b>	12,800
Contribution to pension schemes	<b>1,761</b>	1,256
	<b>1,761</b>	1,256
Total	<b>5,127</b>	15,074
	<b>5,127</b>	15,074

\* Bonuses for 2015 can only be determined after shareholders meeting and regulatory approval.

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### 44. 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, 2015, in light of court decisions or advice from legal counsels, the Group considered it not necessary to provide for losses from these claims (December 31, 2014: None). 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.

#### Capital commitments

	As at December 31	
	2015	2014
Contracted but not provided for	181,805	75,575
Authorized but not contracted for	12,596	73,338
	<hr/>	<hr/>
Total	<b>194,401</b>	148,913
	<hr/> <hr/>	<hr/> <hr/>

#### Operating lease commitments

At the end of the year, the Group had the following non-cancellable operating lease commitments as lessee with fixed lease term and lease payment:

	As at December 31	
	2015	2014
Within 1 year	227,436	190,167
1 to 2 years	228,497	170,217
2 to 3 years	150,628	142,104
3 to 4 years	139,847	123,843
4 to 5 years	77,454	88,089
Over 5 years	161,985	172,282
	<hr/>	<hr/>
Total	<b>985,847</b>	886,702
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

44. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Credit commitments

	As at December 31	
	2015	2014
Acceptances	57,341,285	71,835,350
Undrawn credit card limit	2,473,237	2,011,112
Letters of credit issued	11,614,171	14,605,426
Letters of guarantee	5,718,416	3,447,868
Total	77,147,109	91,899,756

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

	As at December 31	
	2015	2014
Credit commitments	26,215,039	36,514,521

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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

### 44. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

#### Collateral

##### Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreement and customer deposits by the Group are as follows:

	As at December 31	
	2015	2014
Bonds	20,723,600	21,850,030
Bills	3,961,253	550,000
Total	24,684,853	22,400,030

As at December 31, 2015, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB14,557 million (December 31, 2014:RMB13,856 million). All repurchase agreements were due within twelve months from inception.

As at December 31, 2015, the balances of customer deposits that were secured by the Group's assets amounted to RMB 9,000 million (December 31, 2014: RMB9,000 million), of which RMB 2,000 million (December 31, 2014:RMB2,000 million) were due over twelve months from inception.

##### Collateral accepted

As at December 31, 2015, the Group received RMB60,920 million (December 31, 2014:RMB54,929 million) of bonds and bills as collateral relating to financial assets held under resale agreements. As at December 31, 2015 and 2014, none of these collateral could be resold or repledged by the Group.

#### Redemption commitments of government bond

The Group is authorized 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, 2015, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,210 million (December 31, 2014:RMB 2,107 million), and the principal balance of e-saving bonds which the Group has payment obligations amounted to RMB2,172 million (December 31, 2014:RMB1,922 million). 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.

## 45. FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities, that results in it holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the consolidated financial statements of the Group as they are not the Group's assets.

As at December 31, 2015, the entrusted loans balance of the Group amounted to RMB 20,485 million (December 31, 2014: RMB10,822 million).

As at December 31, 2015, the balance of the non-principal-guaranteed wealth management products issued by the Group amounted to RMB13,874 million (December 31, 2014: RMB13,088 million).

## 46. TRANSFER OF FINANCIAL ASSETS

### Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB14,561 million as at December 31, 2015 (December 31, 2014, RMB14,000 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceed from selling such bonds or bills totaling RMB14,557 million is presented as "financial assets sold under repurchase agreements" (note 31) as at the end of the year (December 31, 2014: RMB13,856 million).

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 is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these bonds or bills and therefore have not derecognized 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 securitization

The Group enters into securitization transactions in normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. For the year ended December 31, 2015, loans with an original carrying amount of RMB1,682 million (2014: Nil) have been securitized by the Group. As the Group has transferred the securitized loans and substantially all the risks and rewards of ownership of the loans have been transferred, the full amount of such securitized loans were derecognized. As at December 31, 2015, assets value of securitized credit assets in the form of asset-backed securities amounting to RMB59 million (December 31, 2014: Nil) have been held by the Group and were accounted for in Investments Classified as Receivables.

## Notes to the Consolidated Financial Statements

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### 47. 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, analyze, 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 consolidated financial statements. 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.

#### 47.1 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 unauthorized 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.

The Group exercises standardized 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.



## 47. FINANCIAL RISK MANAGEMENT (Continued)

### 47.1 Credit risk (Continued)

#### *Credit risk management (Continued)*

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 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 the 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.

## Notes to the Consolidated Financial Statements

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### 47. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 47.1 Credit risk *(Continued)*

##### *Impairment assessment (Continued)*

##### *Key factors on impairment assessment (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 recognized 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 maximum exposure to credit risk without taking into account any collateral held or other credit enhancements at the end of the year is represented by the carrying amount of each financial asset and the credit commitments disclosed in note 44.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements (Continued)

A summary of the maximum exposure to credit risk is as follows:

	As at December 31	
	2015	2014
Balances with central bank	61,207,901	61,790,900
Deposits with banks and other financial institutions	30,817,893	31,684,999
Placements with banks and other financial institutions	13,421,168	9,574,695
Financial assets held for trading	5,952,089	7,512,182
Financial assets held under resale agreements	70,328,366	80,050,673
Loans and advances to customers	179,570,910	166,461,335
Available-for-sale financial assets	17,805,813	13,516,916
Held-to-maturity investments	31,683,985	26,233,883
Investments classified as receivables	147,958,624	76,078,628
Other financial assets	2,760,792	2,298,377
Subtotal	<b>561,507,541</b>	475,202,588
Off-balance sheet credit commitments	<b>77,147,109</b>	91,899,756
Total	<b>638,654,650</b>	567,102,344

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 collateralized by mortgages over residential properties;
- Corporate loans and advances and other personal lending are mainly collateralized by charges over land and properties and other assets of the borrowers; and
- Reverse repurchase transactions are mainly collateralized 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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers

- (1) The composition of the contractual amount of loans and advances to customers by industry is analyzed as follows:

	As at December 31,					
	2015			2014		
	Amount	% of total	Secured by collateral	Amount	% of total	Secured by collateral
Corporate loans and advances						
A- Farming, forestry, animal husbandry and fishery	1,871,436	1.0	330,881	1,706,090	1.0	376,130
B- Mining	852,500	0.5	79,000	800,342	0.5	20,342
C- Manufacturing	34,138,429	18.5	8,886,689	29,521,217	17.3	9,239,119
D- Production and supply of electricity, gas and water	2,143,887	1.2	484,277	1,648,177	1.0	226,777
E- Construction	22,935,380	12.4	10,466,842	15,217,039	8.9	7,682,676
F- Retail and wholesale	33,930,035	18.4	16,140,825	29,340,883	17.2	14,977,514
G- Transportation, logistics and postal services	4,567,223	2.5	2,248,842	2,890,272	1.7	1,648,772
H- Accommodation and food services	1,355,369	0.7	1,170,239	1,438,184	0.8	1,289,184
I- Information transmission, computer services and software	1,014,650	0.5	387,417	848,471	0.5	438,671
J- Financial services	2,015,578	1.1	865,578	3,529,428	2.0	464,800
K- Real estate	16,989,230	9.2	12,594,681	15,489,782	9.0	10,728,352
L- Leasing and commercial services	8,713,567	4.7	3,670,326	8,278,287	4.8	2,554,200
M- Scientific research, technical services	2,072,939	1.1	1,026,454	1,725,351	1.0	919,351
N- Water, environment and public utilities management	12,334,412	6.7	2,603,561	10,924,102	6.4	2,274,185
O- Resident services and other services	4,765,569	2.6	3,155,143	2,168,010	1.3	988,272
P- Education	243,253	0.1	—	493,584	0.3	61,000

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

- (1) The composition of the contractual amount of loans and advances to customers by industry is analyzed as follows: (Continued)

	As at December 31,					
	2015			2014		
	Amount	% of total	Secured by collateral	Amount	% of total	Secured by collateral
Q- Health, social security and welfare	552,640	0.3	25,750	632,699	0.4	34,550
R- Culture, sports and entertainment	315,001	0.2	66,601	192,819	0.1	162,819
S- Public administration and social organizations	3,207,000	1.7	3,207,000	2,351,500	1.4	2,071,500
Discounted bills	5,810,376	3.2	1,543,925	19,091,045	11.2	3,494,248
Subtotal	159,828,474	86.6	68,954,031	148,287,282	86.8	59,652,462
Personal loans and advances	24,775,243	13.4	18,877,004	22,630,870	13.2	16,925,428
Gross amount of loans and advances to customers	184,603,717	100	87,831,035	170,918,152	100.0	76,577,890

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:

	As at December 31, 2015						
	Gross amount	Impaired loans	Overdue loans	Allowance		Provision charged for the year	Write-off for the year
Individually assessed				Collectively assessed			
Manufacturing	34,138,429	388,639	1,374,325	228,184	840,947	264,683	57,260
Retail and wholesale	33,930,035	1,460,002	3,115,926	1,045,318	806,269	289,542	325,402
Construction	22,935,380	19,541	58,409	11,217	394,367	51,390	—

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

- (1) The composition of the contractual amount of loans and advances to customers by industry is analyzed as follows: (Continued)

	As at December 31, 2014						
	Gross amount	Impaired loans	Overdue loans	Individually assessed	Collectively assessed	Provision charged for the year	Write-off for the year
Manufacturing	29,521,217	173,002	759,281	109,712	651,619	103,802	—
Retail and wholesale	29,340,883	1,281,550	2,352,703	838,721	643,488	106,040	360,016
Construction	15,217,039	—	—	—	329,900	81,655	—

- (2) The composition of the contractual amount of loans and advances to customers and the impaired loans amount by region is analyzed as follows:

	As at December 31, 2015						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	106,001,127	57.42%	1,557,607	1.47%	2,183,457	967,194	1,812,000
Beijing	14,052,900	7.61%	154,168	1.10%	232,584	68,738	189,551
Shandong	19,459,108	10.54%	90,638	0.47%	294,335	51,270	356,242
Shanghai	18,861,970	10.22%	338,835	1.80%	550,723	217,612	393,804
Hebei	11,860,776	6.43%	264,084	2.23%	2,469,909	150,975	539,003
Sichuan	14,367,836	7.78%	75,808	0.53%	132,116	26,401	260,017
Total	184,603,717	100.00%	2,481,140	1.34%	5,863,124	1,482,190	3,550,617

	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	98,948,784	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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

- (3) The composition of the contractual amount of loans and advances to customers by contractual maturity and collateral type is analyzed as follows:

	As at December 31, 2015			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Unsecured loans	10,150,601	2,101,519	45,274	12,297,394
Guaranteed loans	62,693,121	16,293,182	5,488,985	84,475,288
Collateralized loans	26,623,179	14,748,834	18,034,877	59,406,890
Pledged loans	20,300,432	7,226,748	896,965	28,424,145
Total	<u>119,767,333</u>	<u>40,370,283</u>	<u>24,466,101</u>	<u>184,603,717</u>

	As at December 31, 2014			Total
	Less than 1 year	1 to 5 years	More than 5 years	
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
Collateralized 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	<u>120,224,285</u>	<u>31,400,182</u>	<u>19,293,685</u>	<u>170,918,152</u>

Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(4) Past due loans at contractual amount

	As at December 31, 2015				Total
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	
Unsecured loans	13,052	24,823	18,290	—	56,165
Guaranteed loans	2,881,039	431,040	1,167,843	30,838	4,510,760
Collateralized loans	383,714	404,325	365,127	10,738	1,163,904
Pledged loans	120,940	9,476	1,879	—	132,295
Total	<u>3,398,745</u>	<u>869,664</u>	<u>1,553,139</u>	<u>41,576</u>	<u>5,863,124</u>
Percentage of total gross loans and advances to customers	<u>1.84%</u>	<u>0.47%</u>	<u>0.84%</u>	<u>0.02%</u>	<u>3.18%</u>

	As at December 31, 2014				Total
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	
Unsecured loans	26,171	2,244	9,806	—	38,221
Guaranteed loans	1,200,278	528,987	585,379	—	2,314,644
Collateralized loans	1,161,534	502,319	230,686	3,972	1,898,511
Pledged loans	20,000	989	33,025	—	54,014
Total	<u>2,407,983</u>	<u>1,034,539</u>	<u>858,896</u>	<u>3,972</u>	<u>4,305,390</u>
Percentage of total gross loans and advances to customers	<u>1.41%</u>	<u>0.61%</u>	<u>0.50%</u>	<u>0.00%</u>	<u>2.52%</u>



Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(5) Credit quality of loans and advances to customers at contractual amount

		As at December 31	
	Notes	2015	2014
Neither past due nor impaired	(i)	178,697,593	166,589,762
Past due but not impaired	(ii)	3,424,984	2,456,941
Impaired	(iii)	2,481,140	1,871,449
Subtotal		184,603,717	170,918,152
Allowances for impairment losses		(5,032,807)	(4,456,817)
Loans and advances to customers, net		179,570,910	166,461,335

(i) Loans and advances neither past due nor impaired

		As at December 31, 2015		
		Normal	Special mention	Total
Corporate loans and advances		151,478,032	3,052,225	154,530,257
Personal loans and advances		24,167,336	—	24,167,336
Total		175,645,368	3,052,225	178,697,593

		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

Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(5) Credit quality of loans and advances to customers at contractual amount (Continued)

(ii) Loans and advances past due but not impaired

	As at December 31, 2015				Total	Fair value of collateral
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days		
Corporate loans and advances	1,901,718	371,120	750,333	72,021	3,095,192	2,992,885
Personal loans and advances	190,108	75,189	55,895	8,600	329,792	224,622
<b>Total</b>	<b>2,091,826</b>	<b>446,309</b>	<b>806,228</b>	<b>80,621</b>	<b>3,424,984</b>	<b>3,217,507</b>

	As at December 31, 2014				Total	Fair value of collateral
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days		
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
<b>Total</b>	<b>1,504,408</b>	<b>294,441</b>	<b>468,092</b>	<b>190,000</b>	<b>2,456,941</b>	<b>1,830,032</b>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(5) Credit quality of loans and advances to customers at contractual amount (Continued)

(iii) Impaired loans and advances

	As at December 31, 2015		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	2,203,025	(1,482,190)	720,835
Collectively assessed	278,115	(180,374)	97,741
Total	<u>2,481,140</u>	<u>(1,662,564)</u>	<u>818,576</u>

	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	<u>1,871,449</u>	<u>(1,223,489)</u>	<u>647,960</u>

Including:

	As at December 31	
	2015	2014
Individually assessed and impaired	<u>2,203,025</u>	<u>1,669,554</u>
Individually assessed and impaired %	<u>1.19</u>	<u>0.98</u>
Fair value of collateral	<u>1,265,196</u>	<u>1,124,612</u>

## Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

### 47. FINANCIAL RISK MANAGEMENT (Continued)

#### 47.1 Credit risk (Continued)

##### Loans and advances to customers (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 as at December 31, 2015 amounted to RMB 1,434 million (December 31, 2014: RMB 837 million), among which loans and advances overdue for more than 90 days amounted to RMB 527 million (December 31, 2014: 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:

	<b>As at December 31</b>	
	<b>2015</b>	2014
Neither past due nor impaired		
Deposits with banks and other financial institutions	<b>30,817,893</b>	31,684,999
Placements with banks and other financial institutions	<b>13,421,168</b>	9,574,695
Financial assets held under resale agreements	<b>69,881,866</b>	80,050,673
Subtotal	<b>114,120,927</b>	121,310,367
Impaired	<b>470,000</b>	—
Less: Individually assessed allowance	<b>(23,500)</b>	—
Net carrying amount	<b>114,567,427</b>	121,310,367

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt securities

- (1) Credit quality of debt securities

		As at December 31	
	Notes	2015	2014
Neither past due nor impaired	(i)	203,870,603	123,404,790
Impaired	(ii)	36,363	36,363
Subtotal		203,906,966	123,441,153
Less: Allowance for impairment losses			
Individually assessed		(36,363)	(36,363)
Collectively assessed		(470,092)	(63,181)
Debt securities, net		203,400,511	123,341,609

Note:

- (i) Debt securities neither past due nor impaired

As at December 31, 2015					
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,988,496	2,932,583	18,441,166	—	23,362,245
Financial institution bonds	2,192,682	14,110,697	13,242,819	—	29,546,198
Asset-backed securities	—	—	—	4,467,844	4,467,844
Corporate bonds	1,770,911	562,134	—	3,626,488	5,959,533
Certificate government bonds	—	—	—	284,585	284,585
Wealth management products	—	—	—	35,305,163	35,305,163
Asset management plans	—	—	—	64,051,991	64,051,991
Trust beneficiary rights	—	—	—	40,692,645	40,692,645
Fund	—	200,399	—	—	200,399
Total	5,952,089	17,805,813	31,683,985	148,428,716	203,870,603

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt securities (Continued)

(1) Credit quality of debt securities (Continued)

(i) Debt securities neither past due nor impaired (Continued)

	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
<b>Total</b>	<b>7,512,182</b>	<b>13,516,916</b>	<b>26,233,883</b>	<b>76,141,809</b>	<b>123,404,790</b>

(ii) Impaired debt securities for the Group comprise impaired asset management plans.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt securities (Continued)

(2) Bond investments are analyzed by credit rating as follows:

	As at December 31, 2015					Total
	AAA	AA	A	Below A	Unrated	
Government bonds	524,460	—	—	—	22,837,785	23,362,245
Financial institution bonds	924,802	6,291,223	—	—	22,330,173	29,546,198
Asset-backed securities	1,239,273	1,167,309	160,000	—	1,901,262	4,467,844
Corporate bonds	1,150,938	3,775,309	52,363	18,802	962,121	5,959,533
Certificate government bonds	—	—	—	—	284,585	284,585
Total	<u>3,839,473</u>	<u>11,233,841</u>	<u>212,363</u>	<u>18,802</u>	<u>48,315,926</u>	<u>63,620,405</u>

	As at December 31, 2014					Total
	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	<u>3,316,568</u>	<u>8,274,852</u>	<u>209,030</u>	<u>40,470,963</u>	<u>52,271,413</u>	

47.2 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.

Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarize the maturity analysis of financial assets and liabilities by remaining contractual maturities at the end of the year.

	As at December 31, 2015							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	48,656,826	13,450,386	—	—	—	—	—	62,107,212
Deposits with banks and other financial institutions	—	3,162,963	8,556,806	3,065,855	16,032,269	—	—	30,817,893
Placements with banks and other financial institutions	—	—	3,054,582	4,397,177	5,969,409	—	—	13,421,168
Financial assets held for trading	—	—	84,798	831,910	1,136,007	3,241,014	658,360	5,952,089
Financial assets held under resale agreements	446,500	—	38,371,007	19,588,306	11,122,553	800,000	—	70,328,366
Loans and advances to customers	1,171,219	—	9,576,263	25,275,671	80,140,129	41,676,654	21,730,974	179,570,910
Available-for-sale financial assets	258,999	—	2,968,573	3,589,353	3,144,415	6,635,293	1,267,780	17,864,413
Held-to-maturity investments	—	—	1,600,051	899,913	4,724,554	21,269,962	3,189,505	31,683,985
Investments classified as receivables	—	—	14,429,641	22,739,385	36,176,024	74,402,066	211,508	147,958,624
Others	3,202,279	187,977	670,596	1,180,141	722,078	—	—	5,963,071
<b>Total assets</b>	<b>53,735,823</b>	<b>16,801,326</b>	<b>79,312,317</b>	<b>81,567,711</b>	<b>159,167,438</b>	<b>148,024,989</b>	<b>27,058,127</b>	<b>565,667,731</b>
Borrowings from central bank	—	—	—	126,300	111,057	—	—	237,357
Deposits from banks and other financial institutions	—	73,640	51,884,266	68,859,054	27,415,695	500,000	—	148,732,655
Placements from banks	—	—	3,650,618	633,012	—	—	—	4,283,630
Financial assets sold under repurchase agreements	—	—	12,021,538	2,535,715	—	—	—	14,557,253
Due to customers	—	181,014,209	9,700,131	32,018,909	50,803,680	60,959,813	194,284	334,691,026
Debt securities issued	—	—	997,718	—	226,771	11,480,624	1,198,656	13,903,769
Others	—	10,647,261	308,388	778,407	1,985,798	2,282,133	12,350	16,014,337
<b>Total liabilities</b>	<b>—</b>	<b>191,735,110</b>	<b>78,562,659</b>	<b>104,951,397</b>	<b>80,543,001</b>	<b>75,222,570</b>	<b>1,405,290</b>	<b>532,420,027</b>
<b>Net position</b>	<b>53,735,823</b>	<b>(174,933,784)</b>	<b>749,658</b>	<b>(23,383,686)</b>	<b>78,624,437</b>	<b>72,802,419</b>	<b>25,652,837</b>	<b>33,247,704</b>



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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities (Continued)

	As at December 31, 2014							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
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
<b>Total assets</b>	<b>53,814,327</b>	<b>16,000,522</b>	<b>60,720,234</b>	<b>71,038,174</b>	<b>143,098,628</b>	<b>105,617,415</b>	<b>28,569,779</b>	<b>478,859,079</b>
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
<b>Total liabilities</b>	<b>—</b>	<b>167,341,935</b>	<b>65,218,191</b>	<b>75,176,859</b>	<b>95,443,106</b>	<b>44,544,478</b>	<b>2,244,569</b>	<b>449,969,138</b>
<b>Net position</b>	<b>53,814,327</b>	<b>(151,341,413)</b>	<b>(4,497,957)</b>	<b>(4,138,685)</b>	<b>47,655,522</b>	<b>61,072,937</b>	<b>26,325,210</b>	<b>28,889,941</b>

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (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 the year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at December 31, 2015							Total
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	48,656,826	13,472,789	—	—	—	—	—	62,129,615
Deposits with banks and other financial institutions	—	3,162,989	8,584,718	3,109,025	16,589,717	—	—	31,446,449
Placements with banks and other financial institutions	—	—	3,059,345	4,448,291	6,135,587	—	—	13,643,223
Financial assets held for trading	—	—	133,448	857,328	1,285,553	3,464,649	683,665	6,424,643
Financial assets held under resale agreements	446,500	—	38,488,864	19,898,763	11,344,366	892,923	—	71,071,416
Loans and advances to customers	1,171,221	—	9,699,726	27,248,008	85,080,319	51,090,124	30,452,300	204,741,698
Available-for-sale financial assets	258,999	—	3,000,961	3,670,959	3,497,281	7,122,797	1,561,327	19,112,324
Held-to-maturity investments	—	—	1,775,984	1,096,900	5,525,381	23,499,717	3,732,266	35,630,248
Investments classified as receivables	—	—	14,999,030	24,198,891	41,554,674	84,172,255	215,200	165,140,050
Other financial assets	—	165,551	—	—	—	—	—	165,551
<b>Total financial assets</b>	<b>50,533,546</b>	<b>16,801,329</b>	<b>79,742,076</b>	<b>84,528,165</b>	<b>171,012,878</b>	<b>170,242,465</b>	<b>36,644,758</b>	<b>609,505,217</b>
Borrowings from central bank	—	—	—	126,300	111,057	—	—	237,357
Deposits from banks and other financial institutions	—	73,649	52,111,361	69,917,715	28,290,661	545,778	—	150,939,164
Placements from banks	—	—	3,663,456	634,599	—	—	—	4,298,055
Financial assets sold under repurchase agreements	—	—	12,027,205	2,549,723	—	—	—	14,576,928
Due to customers	—	181,043,052	9,872,109	32,641,121	53,701,564	70,239,253	256,034	347,753,133
Debt securities issued	—	—	997,718	—	633,130	13,302,145	1,342,416	16,275,409
Other financial liabilities	—	7,321,730	—	—	—	—	—	7,321,730
<b>Total financial liabilities</b>	<b>—</b>	<b>188,438,431</b>	<b>78,671,849</b>	<b>105,869,458</b>	<b>82,736,412</b>	<b>84,087,176</b>	<b>1,598,450</b>	<b>541,401,776</b>
<b>Net position</b>	<b>50,533,546</b>	<b>(171,637,102)</b>	<b>1,070,227</b>	<b>(21,341,293)</b>	<b>88,276,466</b>	<b>86,155,289</b>	<b>35,046,308</b>	<b>68,103,441</b>

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	As at December 31, 2014							Total
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
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	—	10,065,667	25,448,453	88,455,966	40,198,891	26,827,366	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
<b>Total financial assets</b>	<b>52,355,737</b>	<b>16,023,604</b>	<b>61,181,040</b>	<b>74,160,368</b>	<b>154,410,731</b>	<b>123,133,994</b>	<b>38,774,951</b>	<b>520,040,425</b>
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
<b>Total financial liabilities</b>	<b>—</b>	<b>165,641,581</b>	<b>65,177,215</b>	<b>74,263,932</b>	<b>97,486,979</b>	<b>49,661,916</b>	<b>2,472,070</b>	<b>454,723,693</b>
<b>Net position</b>	<b>52,355,737</b>	<b>(149,617,977)</b>	<b>(3,996,175)</b>	<b>(123,564)</b>	<b>56,923,752</b>	<b>73,472,078</b>	<b>36,302,881</b>	<b>65,316,732</b>

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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (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.

	As at December 31, 2015						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptance	—	8,329,491	16,743,310	32,268,484	—	—	57,341,285
Undrawn credit card limit	2,473,237	—	—	—	—	—	2,473,237
Letters of credit issued	—	1,602,846	4,193,521	5,817,804	—	—	11,614,171
Letters of guarantee	—	443,063	1,177,104	1,213,436	2,884,813	—	5,718,416
Total	<u>2,473,237</u>	<u>10,375,400</u>	<u>22,113,935</u>	<u>39,299,724</u>	<u>2,884,813</u>	<u>—</u>	<u>77,147,109</u>

	As at December 31, 2014						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
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	<u>2,011,112</u>	<u>11,584,371</u>	<u>24,151,938</u>	<u>52,980,306</u>	<u>1,172,014</u>	<u>15</u>	<u>91,899,756</u>

47.3 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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

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.

	As at December 31, 2015				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	61,386,785	713,324	2,048	5,055	62,107,212
Deposits with banks and other financial institutions	28,414,202	2,346,227	10,240	47,224	30,817,893
Placements with banks and other financial institutions	6,682,209	6,665,680	—	73,279	13,421,168
Financial assets held for trading	5,952,089	—	—	—	5,952,089
Financial assets held under resale agreements	70,328,366	—	—	—	70,328,366
Loans and advances to customers	173,916,581	5,413,048	—	241,281	179,570,910
Available-for-sale financial assets	17,729,027	135,386	—	—	17,864,413
Held-to-maturity investments	31,683,985	—	—	—	31,683,985
Investments classified as receivables	147,958,624	—	—	—	147,958,624
Other financial assets	2,734,639	26,153	—	—	2,760,792
<b>Total financial assets</b>	<b>546,786,507</b>	<b>15,299,818</b>	<b>12,288</b>	<b>366,839</b>	<b>562,465,452</b>
Borrowings from central bank	237,357	—	—	—	237,357
Deposits from banks and other financial institutions	148,732,655	—	—	—	148,732,655
Placements from banks	3,530,000	519,488	—	234,142	4,283,630
Financial assets sold under repurchase agreements	14,557,253	—	—	—	14,557,253
Due to customers	320,149,215	14,421,482	9,860	110,469	334,691,026
Debt securities issued	13,903,769	—	—	—	13,903,769
Other financial liabilities	13,808,091	89,170	146	341	13,897,748
<b>Total financial liabilities</b>	<b>514,918,340</b>	<b>15,030,140</b>	<b>10,006</b>	<b>344,952</b>	<b>530,303,438</b>
<b>Net exposure</b>	<b>31,868,167</b>	<b>269,678</b>	<b>2,282</b>	<b>21,887</b>	<b>32,162,014</b>

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign currency risk (Continued)

	RMB	As at December 31, 2014			Total
		USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
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
<b>Total financial assets</b>	<b>461,622,852</b>	<b>14,422,161</b>	<b>12,904</b>	<b>101,569</b>	<b>476,159,486</b>
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
<b>Total financial liabilities</b>	<b>434,104,693</b>	<b>14,078,998</b>	<b>10,142</b>	<b>74,716</b>	<b>448,268,549</b>
<b>Net exposure</b>	<b>27,518,159</b>	<b>343,163</b>	<b>2,762</b>	<b>26,853</b>	<b>27,890,937</b>

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign currency risk (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.

	Year ended December 31	
	2015	2014
	(Decrease)/	(Decrease)/
	increase in	increase in
	Net Profit	Net Profit
5% appreciation	<b>(11,019)</b>	(13,979)
5% depreciation	<b>11,019</b>	13,979

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 the 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.

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### 47. FINANCIAL RISK MANAGEMENT (Continued)

#### 47.3 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 financial assets and financial liabilities.

	As at December 31, 2015						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and balances with central bank	60,471,311	—	—	—	—	1,635,901	62,107,212
Deposits with banks and other financial institutions	11,719,769	3,065,855	16,032,269	—	—	—	30,817,893
Placements with banks and other financial institutions	3,054,582	4,397,177	5,969,409	—	—	—	13,421,168
Financial assets held for trading	136,465	831,910	1,136,007	3,189,347	658,360	—	5,952,089
Financial assets held under resale agreements	38,817,507	19,588,306	11,122,553	800,000	—	—	70,328,366
Loans and advances to customers	10,479,699	24,945,487	79,876,502	64,269,222	—	—	179,570,910
Available-for-sale financial assets	3,167,215	4,379,983	3,372,314	5,418,122	1,267,780	258,999	17,864,413
Held-to-maturity investments	1,600,051	899,913	5,184,632	20,809,884	3,189,505	—	31,683,985
Investments classified as receivables	14,497,191	22,784,534	36,108,474	74,356,917	211,508	—	147,958,624
Other financial assets	—	—	—	—	—	2,760,792	2,760,792
<b>Total financial assets</b>	<b>143,943,790</b>	<b>80,893,165</b>	<b>158,802,160</b>	<b>168,843,492</b>	<b>5,327,153</b>	<b>4,655,692</b>	<b>562,465,452</b>



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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk (Continued)

	As at December 31, 2015						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Borrowings from central bank	—	126,300	111,057	—	—	—	237,357
Deposits from banks and other financial institutions	51,957,906	68,859,054	27,415,695	500,000	—	—	148,732,655
Placements from banks	3,650,618	633,012	—	—	—	—	4,283,630
Financial assets sold under repurchase agreements	12,021,538	2,535,715	—	—	—	—	14,557,253
Due to customers	190,416,911	32,018,909	50,803,680	60,959,813	194,284	297,429	334,691,026
Debt securities issued	997,718	—	226,771	11,480,624	1,198,656	—	13,903,769
Other financial liabilities	—	—	—	—	—	13,897,748	13,897,748
<b>Total financial liabilities</b>	<b>259,044,691</b>	<b>104,172,990</b>	<b>78,557,203</b>	<b>72,940,437</b>	<b>1,392,940</b>	<b>14,195,177</b>	<b>530,303,438</b>
Interest rate gap	(115,100,901)	(23,279,825)	80,244,957	95,903,055	3,934,213	(9,539,485)	32,162,014

	As at December 31, 2014						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
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
<b>Total financial assets</b>	<b>126,406,219</b>	<b>70,273,850</b>	<b>143,346,384</b>	<b>123,092,001</b>	<b>9,224,494</b>	<b>3,816,538</b>	<b>476,159,486</b>

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk (Continued)

	As at December 31, 2014						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
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
<b>Total financial liabilities</b>	<b>227,868,596</b>	<b>73,230,939</b>	<b>93,601,384</b>	<b>42,548,499</b>	<b>2,244,045</b>	<b>8,775,086</b>	<b>448,268,549</b>
Interest rate gap	(101,462,377)	(2,957,089)	49,745,000	80,543,502	6,980,449	(4,958,548)	27,890,937

The following table illustrates 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 position of interest-generating assets and interest-bearing liabilities at the end of the year.

	2015		2014	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	472,354	(310,948)	424,712	(364,802)
-100 basis points	(472,354)	328,725	(424,712)	383,937

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 year remains 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 the year after adjusting for reasonably possible changes in interest rates.

## 47. FINANCIAL RISK MANAGEMENT (Continued)

### 47.4 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.

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.

### 47.5 Capital management

The Group's objectives on capital management is 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 optimize risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

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.

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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.5 Capital management (Continued)

	As at December 31	
	2015	2014
Core tier-one capital adequacy ratio	<b>9.33%</b>	10.64%
Tier-one capital adequacy ratio	<b>9.33%</b>	10.64%
Capital adequacy ratio	<b>12.23%</b>	12.61%
Components of capital base		
Core tier-one capital:		
Share capital	<b>5,126,048</b>	5,126,048
Qualifying portion of capital reserve	<b>6,156,784</b>	6,020,012
Surplus reserve and general reserve	<b>8,382,617</b>	7,236,081
Retained earnings	<b>13,358,202</b>	10,290,027
Qualifying portion of non-controlling interests	<b>46,554</b>	41,284
Total core tier-one capital	<b>33,070,205</b>	28,713,452
Deductions:		
Other intangible assets	<b>(52,330)</b>	(33,332)
Net core tier-one capital	<b>33,017,875</b>	28,680,120
Other tier-one capital:		
Non-controlling interests	<b>6,207</b>	5,504
Net tier-one capital	<b>33,024,082</b>	28,685,624
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	<b>7,700,000</b>	2,700,000
Surplus provision for loan impairment	<b>2,552,470</b>	2,586,170
Qualifying portion of non-controlling interests	<b>11,446</b>	11,009
Net capital base	<b>43,287,998</b>	33,982,803
Risk-weighted assets		
Credit risk-weighted assets	<b>333,923,910</b>	251,692,518
Market risk-weighted assets	<b>1,397,544</b>	2,480,081
Operational risk-weighted assets	<b>18,628,719</b>	15,306,572
Total	<b>353,950,173</b>	269,479,171

## 47. FINANCIAL RISK MANAGEMENT (Continued)

### 47.5 Capital management (Continued)

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 standardized approach. Basic indicator approach is used to calculate the risk-weighted assets of operational risk.

## 48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of the reporting period. Fair value measurements are categorized 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).

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 categorized and determined, in particular, the valuation technique(s) and input(s) used.

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(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at December 31, 2015			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading				
Government bonds	—	1,988,496	—	1,988,496
Financial institution bonds	—	2,192,682	—	2,192,682
Corporate bonds	—	1,770,911	—	1,770,911
Subtotal	—	5,952,089	—	5,952,089
Available-for-sale financial assets				
Government bonds	—	2,932,583	—	2,932,583
Financial institution bonds	—	14,110,697	—	14,110,697
Corporate bonds	—	562,134	—	562,134
Funds	—	200,399	—	200,399
Subtotal	—	17,805,813	—	17,805,813
Total	—	23,757,902	—	23,757,902

	As at December 31, 2014			Total
	Level 1	Level 2	Level 3	
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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

**Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis** (Continued)

There were no significant transfers between Level 1, Level 2 and Level 3 during the year.

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.

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

	As at December 31, 2015		As at December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held under resale agreements	70,328,366	70,340,884	80,050,673	80,086,710
Loans and advances to customers	179,570,910	186,964,774	166,461,335	170,611,525
Held-to-maturity investments	31,683,985	32,376,444	26,233,883	26,236,706
Investments classified as receivables	147,958,624	149,216,847	76,078,628	76,193,951
Total	429,541,885	438,898,949	348,824,519	353,128,892
Financial liabilities				
Deposits from banks and other financial institutions	148,732,655	148,724,106	122,471,748	122,744,335
Due to customers	334,691,026	337,194,265	289,467,447	291,418,974
Debt securities issued	13,903,769	14,242,528	2,698,891	2,729,474
Total	497,327,450	500,160,899	414,638,086	416,892,783

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (Continued)

	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 December 2015	As at 31 December 2014		
Financial assets held under resale agreements	70,340,884	80,086,710	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	186,964,774	170,611,525	Level 3	Discounted cash flows. Future cash flows are estimated base on contractual amount and discounted at rates using the yield curve with reference to the PBoC benchmark interest rates and credit spread for specific borrowers.
Held-to-maturity investments	32,376,444	26,236,706	Level 2	See note 1.
Investments classified as receivables	149,216,847	76,193,951	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.
Deposits from banks and other financial institutions	148,724,106	122,744,335	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rates with reference to the interest rate for each contract.
Due to customers	337,194,265	291,418,974	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at rates with reference to the PBoC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued	14,242,528	2,729,474	Level 2	See note 1.



#### 48. FAIR VALUE OF FINANCIAL INSTRUMENTS

##### **Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis** *(Continued)*

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.

There were no significant transfers between Level 1, Level 2 and Level 3 during the year.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

**49. STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015 AND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015**

**STATEMENT OF FINANCIAL POSITION**

	As at December 31	
	2015	2014
<b>ASSETS</b>		
Cash and balances with central bank	61,799,808	62,382,527
Deposits with banks and other financial institutions	30,496,480	31,363,603
Placements with banks and other financial institutions	13,421,168	9,574,695
Financial assets held for trading	5,952,089	7,512,182
Financial assets held under resale agreements	70,328,366	80,050,673
Loans and advances to customers	178,552,271	165,640,247
Available-for-sale financial assets	17,864,413	13,575,516
Held-to-maturity investments	31,683,985	26,233,883
Investments classified as receivables	147,958,624	76,078,628
Investment in a subsidiary	105,000	105,000
Property and equipment	1,669,471	1,487,578
Deferred tax assets	1,144,441	915,719
Other assets	3,075,137	2,546,276
Total assets	<u>564,051,253</u>	<u>477,466,527</u>
<b>LIABILITIES</b>		
Borrowings from central bank	137,357	215,912
Deposits from banks and other financial institutions	148,734,413	122,471,984
Placements from banks	4,283,630	10,905,077
Financial assets sold under repurchase agreements	14,557,253	13,856,000
Due to customers	333,436,691	288,511,598
Income tax payable	697,197	429,257
Debt securities issued	13,903,769	2,698,891
Other liabilities	15,292,937	9,717,905
Total liabilities	<u>531,043,247</u>	<u>448,806,624</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

**49. STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015 AND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)**

**STATEMENT OF FINANCIAL POSITION (Continued)**

	As at December 31	
	2015	2014
<b>EQUITY</b>		
Share capital	<b>5,126,048</b>	5,126,048
Capital reserve	<b>5,990,076</b>	5,990,076
Investment revaluation reserve	<b>166,027</b>	29,255
Surplus reserve	<b>2,563,024</b>	2,356,347
General reserve	<b>5,817,143</b>	4,879,734
Retained earnings	<b>13,345,688</b>	10,278,443
Total equity	<b>33,008,006</b>	28,659,903
Total equity and liabilities	<b>564,051,253</b>	477,466,527

The statement of financial position was approved and authorized for issue by the Board of Directors on March 15, 2016 and is signed on its behalf by:

EXECUTIVE DIRECTOR

EXECUTIVE DIRECTOR

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

(Amounts in thousands of Renminbi, unless otherwise stated)

**49. STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015 AND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)**

**STATEMENT OF CHANGES IN EQUITY**

	2015						Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	
As at January 1, 2015	5,126,048	5,990,076	29,255	2,356,347	4,879,734	10,278,443	28,659,903
Profit for the year	—	—	—	—	—	4,912,054	4,912,054
Other comprehensive income for the year	—	—	136,772	—	—	—	136,772
Appropriation to surplus reserve	—	—	—	206,677	—	(206,677)	—
Appropriation to general reserve	—	—	—	—	937,409	(937,409)	—
Dividend distribution	—	—	—	—	—	(700,723)	(700,723)
As at December 31, 2015	<u>5,126,048</u>	<u>5,990,076</u>	<u>166,027</u>	<u>2,563,024</u>	<u>5,817,143</u>	<u>13,345,688</u>	<u>33,008,006</u>

	2014						Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	
As at January 1, 2014	4,123,268	1,778,401	(396,630)	1,914,618	2,872,517	8,928,589	19,220,763
Profit for the year	—	—	—	—	—	4,417,290	4,417,290
Other comprehensive income for the year	—	—	425,885	—	—	—	425,885
Contribution from shareholders	1,002,780	4,211,675	—	—	—	—	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)
As at December 31, 2014	<u>5,126,048</u>	<u>5,990,076</u>	<u>29,255</u>	<u>2,356,347</u>	<u>4,879,734</u>	<u>10,278,443</u>	<u>28,659,903</u>

**50. EVENT AFTER THE REPORTING PERIOD**

Pursuant to Extraordinary General Meeting dated June 30, 2015, the Bank was authorized to apply for listing on The Stock Exchange of Hong Kong Limited. As of March 15, 2016, the Bank issued the prospectus regarding its global offering of its H shares.

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	
	2014	2015
RMB current assets to RMB current liabilities	37.7%	<b>42.0%</b>
Foreign currency current assets to foreign currency current liabilities	106.7%	<b>322.3%</b>

	Average for year ended December 31,	
	2014	2015
RMB current assets to RMB current liabilities	34.5%	<b>36.8%</b>
Foreign currency current assets to foreign currency current liabilities	109.6%	<b>142.0%</b>

### (2) Leverage ratio

(Expressed in percentage)

	As at December 31	
	2014	2015
Leverage ratio		<b>5.23%</b>

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.

The above liquidity ratios and leverage ratios are calculated in accordance with the formula promulgated by CBRC.

## CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			Total
	US Dollars	Hong Kong Dollars	Others	
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 December 31, 2015				
Spot assets	<b>15,299,818</b>	<b>12,288</b>	<b>366,839</b>	<b>15,678,945</b>
Spot liabilities	<b>(15,030,140)</b>	<b>(10,006)</b>	<b>(344,952)</b>	<b>(15,385,098)</b>
Net position	<b>269,678</b>	<b>2,282</b>	<b>21,887</b>	<b>293,847</b>

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.

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	
	2014	2015
Deposits with banks		
Asia Pacific excluding mainland China	64,913	<b>26,484</b>
– of which attributed to Hong Kong	4,885	<b>17,589</b>
Europe	9,238	<b>20,383</b>
North America	2,378,578	<b>586,899</b>
Total	2,452,729	<b>633,766</b>

## OVERDUE ASSETS

Loans and advances to customers which have been overdue are set out as follows:

	As at December 31	
	2014	2015
Below 3 months (inclusive)	2,407,983	3,398,745
Between 3 and 6 months (inclusive)	506,986	321,949
Between 6 and 12 months (inclusive)	527,553	547,715
Over 12 months	862,868	1,594,715
Total	4,305,390	5,863,124
As a percentage of gross loans and advances to customers		
Below 3 months (inclusive)	1.41%	1.84%
Between 3 and 6 months (inclusive)	0.30%	0.17%
Between 6 and 12 months (inclusive)	0.31%	0.30%
Over 12 months	0.50%	0.86%
Total	2.52%	3.17%

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

Investments classified as receivables which have been overdue are set out as follows:

	As at December 31	
	2014	2015
Below 3 months (inclusive)	—	—
Between 3 and 6 months (inclusive)	36,363	—
Between 6 and 12 months (inclusive)	—	—
Over 12 months	—	36,363
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)	—	—
Over 12 months	—	0.02%
Total	0.05%	0.02%

Investments classified as receivables with a specific repayment date are classified as overdue when the principal or interest is overdue.

## LIST OF BRANCHES

As as December 31, 2015, details of the branches of the Bank are set out as below:.

No.	Name of Branches	Address	Postcode
1	Bank of Tianjin, Beijing Branch	Xuanwumen Building, No. 73, Dongheyan Hutong, Xuanwu District, Beijing	100052
2	Bank of Tianjin, Binhai Branch	E2ABC, No. 20, Plaza East Road, Binhai Finance Street, the Third Street, Economic and Technology Development District, Tianjin	300457
3	Bank of Tianjin, Chengdu Branch	No. 10, Binjiang West Road, Jinjiang District, Chengdu, Sichuan	610021
4	Bank of Tianjin, Jinan Branch	1-109, Building 2 & 5, Area 1 Sanjianruifuyuan, No. 20999, Jingshi Road, Shizhong District, Jinan	250001
5	Bank of Tianjin, Shanghai Branch	No. 110, Hankou Road, Huangpu District, Shanghai	200002
6	Bank of Tianjin, Tangshan Branch	No. 99, Xinhua West Road, Lubei District, Tangshan, Hebei	063000
7	Bank of Tianjin, Tianjin Free-Trade Zone branch	Building 2, Finance Center, No. 158, West 3rd Road, Tianjin Airport Logistics Processing Zone	300308
8	Bank of Tianjin, Dongying branch	No. 55, Fuqian Street, Dongying District, Dongying	257000
9	Bank of Tianjin, Taian branch	No. 269, Dongyue Street, Taian, Shandong	271000
10	Bank of Tianjin, First Central Branch	Kangning Building, Junction of Xikang Road and Hanyang Road, Heping District, Tianjin	300070
11	Bank of Tianjin, Second Central Branch	Zhonghao International Automobile Building, No. 62, Longchang Road, Hexi District, Tianjin	300201
12	Bank of Tianjin, Third Central Branch	Area A2, Shengxinyuan, Nanmenwai Street, Nankai District, Tianjin	300100
13	Bank of Tianjin, Fourth Central Branch	Ground Floor, 1-3/F, Fujian Building, Huaxing Road, Hedong District, Tianjin	300011
14	Bank of Tianjin, Fifth Central Branch	Ground Floor, Hongji Garden, Shizilin Street, Hebei District, Tianjin	300143
15	Bank of Tianjin, Sixth Central Branch	Ground Floor, Xinhua Building, Junction of Xinhua Road and Baoding Road, Heping District, Tianjin	300040
16	Bank of Tianjin, Sales Department	No. 15, Youyi Road, Hexi District, Tianjin	300201



No.	Name of Branches	Address	Postcode
17	Bank of Tianjin, Bada Road sub-branch	No. 23, Minzu Road, Hebei District, Tianjin	300010
18	Bank of Tianjin, Baodi sub-branch	No. 52, Nancheng Road, Baodi District, Tianjin	301800
19	Bank of Tianjin, Baoli sub-branch	Block B, No. 18, Guizhou Road, Heping District, Tianjin	300051
20	Bank of Tianjin, Beichen sub-branch	1185, 1186, 1187, 2170, 3180, Buliding 1-3, Changying Commercial Plaza, northwest side at the Junction of Jingjin Road and Longzhou Road, Beichen District, Tianjin	300400
21	Bank of Tianjin, Changkang sub-branch	Extension No.18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
22	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No.20, Dongting Road, Hexi District, Tianjin	300220
23	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
24	Bank of Tianjin, Donglian sub-branch	Tianshan Road, Wanxin Village, Hedong District, Tianjin	300162
25	Bank of Tianjin, Dongxin sub-branch	Door 3, Building 1, Chunhuali, Huaxing Street, Hedong District, Tianjin	300011
26	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
27	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
28	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012
29	Bank of Tianjin, Hongqiao sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
30	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
31	Bank of Tianjin, Hongyin sub-branch	1/F, Small Wholesale Market, Dahutong, Jinzhongqiao Street, Hongqiao District, Tianjin	300091
32	Bank of Tianjin, Hongtong sub-branch	No. 75, Yingkou Road, Heping District, Tianjin	300040
33	Bank of Tianjin, Huafeng sub-branch	No. 74, Jianshe Road, Heping District, Tianjin	300040
34	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202

No.	Name of Branches	Address	Postcode
35	Bank of Tianjin, Jixian County sub-branch	8-102, Qixing Garden, West of Guangming Road North, Jixian County, Tianjin	301900
36	Bank of Tianjin, Jianye sub-branch	No. 33, Qixiangtai Road, Heping District, Tianjin	300070
37	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
38	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
39	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
40	Bank of Tianjin, Jinsheng sub-branch	No. 32, Xinxing Road, Heping District, Tianjin	300070
41	Bank of Tianjin, Jincai sub-branch	Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200
42	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
43	Bank of Tianjin, Jingong sub-branch	No. 72, Jiefang North Road, Heping District, Tianjin	300041
44	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
45	Bank of Tianjin, Jinxi sub-branch	No. 28, Xiamen Road, Hexi District, Tianjin	300203
46	Bank of Tianjin, Jinghai sub-branch	105 & 106, Building 7, Jinxiujiayuan (location of original Jinghai County Party Committee), Jinghai County, Tianjin	301600
47	Bank of Tianjin, Kaifeng sub-branch	No. 11, Nanma Road, Heping District, Tianjin	300022
48	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384
49	Bank of Tianjin, Laolian sub-branch	No. 87 & 89, Nanjing Road, Building 1 & 2, Junlong Plaza, Heping District, Tianjin	300042
50	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
51	Bank of Tianjin, Rongsheng sub-branch	No. 179 & 181, Chengdu Road, Heping District, Tianjin	300070
52	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110
53	Bank of Tianjin, Ruide sub-branch	Ground Floor, Taidayuan, No. 68, Jiulong Road, Hexi District, Tianjin	300204

No.	Name of Branches	Address	Postcode
54	Bank of Tianjin, Shaoxing Road sub-branch	No. 5, Youyi Road, Hexi District, Tianjin	300201
55	Bank of Tianjin, Shiye sub-branch	No. 157, Dagu North Road, Heping District, Tianjin	300040
56	Bank of Tianjin, Tianhe sub-branch	Junction of Jieyuan Road and Dafeng Road, Hongqiao District, Tianjin	300121
57	Bank of Tianjin, Tianma sub-branch	No. 24, Pingshan Road, Hexi District, Tianjin	300074
58	Bank of Tianjin, Wanhua sub-branch	No. 148, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
59	Bank of Tianjin, Wuqing sub-branch	Xinhua North Road, Yangcun Town, Wuqing District, Tianjin	301700
60	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
61	Bank of Tianjin, Xiqing sub-branch	Junction of Guangming Road and Xinhua Road, Yangliuqing, Xiqing District, Tianjin	300380
62	Bank of Tianjin, Xiangsheng sub-branch	Ground Floor, Block B, Building 5, Changshou Apartment, Rongye Street, Heping District, Tianjin	300021
63	Bank of Tianjin, Xietong sub-branch	No. 10, Nanjing Road, Hexi District, Tianjin	300042
64	Bank of Tianjin, Xinyuan sub-branch	No. 23, Changjiang Road, Nankai District, Tianjin	300190
65	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
66	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
67	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
68	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
69	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192
70	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
71	Bank of Tianjin, Zhongbei sub-branch	1-2/F, Ground Floor, Building 2, Yuyang Apartment, Junction of Zhongshan Road and Yuewei Road, Hebei District, Tianjin	300140

No.	Name of Branches	Address	Postcode
72	Bank of Tianjin, Binhai Hi-tech Zone sub-branch	No. 188, Rixin Road, Binhai Science Park, Binhai Hi-tech Zone, No. 13888, Jinhan Road, Tianjin	300301
73	Bank of Tianjin, Dagang sub-branch	No. 75, Yingbin Street, Dagang District, Tianjin	300270
74	Bank of Tianjin, Dongli sub-branch	No. 77, Yuejin Road, Dongli District, Tianjin	300300
75	Bank of Tianjin, Haibin sub-branch	No. 2048, Shanghai Road, Tanggu District, Tianjin	300450
76	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480
77	Bank of Tianjin, Hangzhou Road sub-branch	No. 8, Zhongxin North Road, Tanggu District, Tianjin	300451
78	Bank of Tianjin, Jinnan sub-branch	No. 1, Ground Floor, Building 2, Jingming Garden, east side of Jingu Road and north side of Xianshuigu Hospital, Xianshuigu Town, Jinnan District, Tianjin	300350
79	Bank of Tianjin, Development Area sub-branch	No. 76, Dongting Road, Economic Development Zone, Tianjin	300457
80	Bank of Tianjin, Ninghe sub-branch	No. 66, Guangming Road, Lutai Town, Ninghe County, Tianjin	301500
81	Bank of Tianjin, Tanggu sub-branch	No. 289, 295 & 301, Yingkou Road, Tanggu District, Tianjin	300450
82	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457
83	Bank of Tianjin, Sino-Singapore Eco-city sub-branch	2-1-101 & 201, Tianhexinlehui, No. 276, Hexu Road, Sino-Singapore Tianjin Eco-city, Binhai New Area, Tianjin	300467
84	Bank of Tianjin, Dongjiang Port sub-branch	B1024 & B1025, 1/F, Joint Inspection Service Center, Meizhou Road, Tianjin Free-Trade Zone (Dongjiang Free Trade Port Zone)	300456
85	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020
86	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
87	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
88	Bank of Tianjin, Beijing Fangshan sub-branch	101, 1/F & 201, 2/F, south side of Building 1 & 2, Zhengtongxili Community, Liangxiang Region, Fangshan District, Beijing	102488

No.	Name of Branches	Address	Postcode
89	Bank of Tianjin, Beijing Fengtai sub-branch	Building 15, Area 3, No. 188, Nansihuan West Road, Fengtai District, Beijing	100070
90	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
91	Bank of Tianjin, Beijing Hangtianqiao sub-branch	North side of 1-2, 1/F and 2-5010 & 2-5011, 5/F, No. 100, Xisanhuan North Road, Haidian District, Beijing	100037
92	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
93	Bank of Tianjin, Beijing Sanyuanqiao sub-branch	Ground Floor, No. 101, 1/F and Office, No. 601, 6/F, Block A, Shenyuan Center, No. B2, East Sanhuan North Road, Chaoyang District, Beijing	100027
94	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
95	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
96	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
97	Bank of Tianjin, Shanghai Changning sub-branch	Part of west side of 1/F, No. 2111, Yanan West Road, Changning District, Shanghai	200051
98	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
99	Bank of Tianjin, Shanghai Hongkou sub-branch	Room 101, No. 843, Room 102, No. 845-847 & Room 103-104, No. 851, Room 604-606, No. 1, Lane 839, Dalian Road, Hongkou District, Shanghai	200086
100	Bank of Tianjin, Shanghai Jingan sub-branch	Northwest side of 1/F and Unit 03, 21/F, No. 511, Weihai Road, Jingan District, Shanghai	200040
101	Bank of Tianjin, Shanghai Luwan sub-branch	Room 101, 102, 103, 1/F & Room 201-207, 2/F, Building 1, No. 622, Shunchang Road, Huangpu District, Shanghai	200025
102	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101 & 1701, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
103	Bank of Tianjin, Shanghai Minxing sub-branch	1/F, No. 1058, Caobao Road, Minxing District, Shanghai	201101

No.	Name of Branches	Address	Postcode
104	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061
105	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032
106	Bank of Tianjin, Shanghai Zhabei sub-branch	Unit 01, 1/F, Henghui International Building, No. 556, 558 & 560, Hengfeng Road and Unit 02, 5/F, Henghui International Building, No. 568, Hengfeng Road, Zhabei District, Shanghai	200072
107	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
108	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063300
109	Bank of Tianjin, Tangshan Fenghuangxincheng sub-branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000
110	Bank of Tianjin, Tangshan Hi-tech District sub-branch	No. 110, Jianshe North Road, Hi-tech Development Zone, Tangshan, Hebei	063020
111	Bank of Tianjin, Tangshan Square sub-branch	No. 38, Wenhua Road, Lubei District, Tangshan, Hebei	063099
112	Bank of Tianjin, Tangshan Leting sub-branch	No. 8, Dazhao Road, Leting County, Tangshan, Hebei	063600
113	Bank of Tianjin, Tangshan Lunan sub-branch	No. 7, Weiguo Road, Lunan District, Tangshan, Hebei	063000
114	Bank of Tianjin, Tangshan Qianan sub-branch	103, Building 1, Junfuyuan, Huiquan Street, Qianan, Hebei	064400
115	Bank of Tianjin, Tangshan Xinhua sub-branch	No. 517, Yuhua West Road, Lubei District, Tangshan, Hebei	063000
116	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezu, Wenbai Road, Zunhua, Hebei	064200
117	Bank of Tianjin, Jinan Hi-tech District sub-branch	No. 5006, Aoti Middle Road, Hi-tech District, Jinan	250101

No.	Name of Branches	Address	Postcode
118	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
119	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199
120	Bank of Tianjin, Jinan Lixia sub-branch	Yanjie Building, No. 14958, Courtyard 14966, Jingshi Road, Jinan	250014
121	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
122	Bank of Tianjin, Jinan Shizhong sub-branch	10104A-D, podium building, Jinlong Center, No. 229, Luoyuan Street, Shizhong District, Jinan	250012
123	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
124	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 560, 562, 566 & 568, Tongying Street, Jinjiang District, Chengdu, Sichuan	610066
125	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
126	Bank of Tianjin, Chengdu Renbei sub-branch	No. 1-3, 6-13 & 15, 1/F, Building 1, No. 1, Section 3, Renmin Middle Road, Qingyang District, Chengdu, Sichuan	610014
127	Bank of Tianjin, Chengdu Tianfu sub-branch	No. 5, 1/F & No. 6, 2/F, Block B, New Hope International, No. 69, Tianfu 3rd Street, Hi-tech District, Chengdu, Sichuan	610041
128	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
129	Bank of Tianjin, Anshan West Road sub-branch	No. 5, Pinghu Road, Nankai District, Tianjin	300193
130	Bank of Tianjin, Bawei Road sub-branch	Ground Floor, No. 5-6, 1/F, Building 4, Bawei Road, Hedong District, Tianjin	300171
131	Bank of Tianjin, Baiyun Road sub-branch	No. 87, Weidi Road, Hexi District, Tianjin	300201
132	Bank of Tianjin, Beicheng Street sub-branch	No. 1351, Beicheng Street, Nankai District, Tianjin	300120

No.	Name of Branches	Address	Postcode
133	Bank of Tianjin, Beiningwan sub-branch	No. 179, No. 177-183 (odd No.), Yingxian Road, Hebei District, Tianjin	300402
134	Bank of Tianjin, Binxi Road sub-branch	Ground Floor, No. 17, Binguan West Road, Hexi District, Tianjin	300061
135	Bank of Tianjin, Binjiang Road sub-branch	No. 128, Binjiang Road, Heping District, Tianjin	300020
136	Bank of Tianjin, Chailou sub-branch	No. 74 & 76, Shunjing North Road, Longyuan, Chailou Village, Shuangjie Town, Beichen District, Tianjin	300400
137	Bank of Tianjin, Changjiang Road sub-branch	Ground Floor, Tianrong Apartment, No. 39, Changjiang Road, Nankai District, Tianjin	300192
138	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
139	Bank of Tianjin, Chenglin Road sub-branch	No. 55, Chenglin Road, Hedong District, Tianjin	300160
140	Bank of Tianjin, Chengde Road sub-branch	No. 289, Heping Road, Heping District, Tianjin	300041
141	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
142	Bank of Tianjin, Chengguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162
143	Bank of Tianjin, Dagu South Road sub-branch	Ground Floor, Liuyuan Apartment, No. 1041, Dagu South Road, Hexi District, Tianjin	300222
144	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
145	Bank of Tianjin, Dasi Town sub-branch	No. 28 & 30, Liuyang Road, Dasi Town, Xiqing District, Tianjin	300385
146	Bank of Tianjin, Dongfanghong Road sub-branch	Commercial Area B, Haixinyuan, Dongfanghong Road, Jinghai County, Tianjin	301600
147	Bank of Tianjin, Dongxing Road sub-branch	No. 4, Ground Floor, Building 13, Dieqiao Apartment, Hedong District, Tianjin	300170
148	Bank of Tianjin, Fengting Road sub-branch	No. 1004-1005, Jiahuadongan Commercial Plaza, No. 5, Fengting Road, Hedong District, Tianjin	300250



No.	Name of Branches	Address	Postcode
149	Bank of Tianjin, Fuxing Road sub-branch	Ground Floor, No. 16, Kanghuali, Fuxing Road, Hongqiao District, Tianjin	300121
150	Bank of Tianjin, Guhai Road sub-branch	No. 243, Jiefang South Road, Hexi District, Tianjin	300210
151	Bank of Tianjin, Guangkaisima Road sub-branch	No. 252, Guangkaisima Road, Nankai District, Tianjin	300102
152	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 148 & 150, Yuzhengyuan, Huanghe Road, Nankai District, Tianjin	300101
153	Bank of Tianjin, Haiguangsi sub-branch	No. 349, Nanjing Road, Nankai District, Tianjin	300100
154	Bank of Tianjin, Haihe East Road sub-branch	No. 52, Haihe East Road, Hebei District, Tianjin	300010
155	Bank of Tianjin, Haitai Road sub-branch	1/F, Door 4, Block F, Haitai Green Industry Base, No. 6, Haitai Development 6th Road, High-tech Industrial Park, Tianjin	300384
156	Bank of Tianjin, Hebei Street sub-branch	TD-2, 1/F, Junction of Hebei Street and Xinsantiaoshida Street, Hongqiao District, Tianjin	300123
157	Bank of Tianjin, Heiniucheng Road sub-branch	202-203, Extension No. 1, Lidabolan, Heiniucheng Road, Hexi District, Tianjin	300381
158	Bank of Tianjin, Hongqi Road sub-branch	Extension No. 1, No. 192, Hongqi Road, Nankai District, Tianjin	300110
159	Bank of Tianjin, Hualong Road sub-branch	No. 128, Hualong Road, Hedong District, Tianjin	300011
160	Bank of Tianjin, Huayuan East Road sub-branch	Huayuan Residential Zone, Nankai District, Tianjin	300384
161	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111
162	Bank of Tianjin, Huangzhuang sub-branch	Ground Floor, Building 74, Commercial Street, Junction of Weiyi Road and Jingba Road, Huangzhuang Street, Wuqing District, Tianjin	301700
163	Bank of Tianjin, Jianshe Road sub-branch	No. 82, Jianshe Road, Heping District, Tianjin	300042

No.	Name of Branches	Address	Postcode
164	Bank of Tianjin, Jiefang South Road sub-branch	No. 473, Jiefang South Road, Hexi District, Tianjin (Ground Floor of Bohai Sea International Commerce Block)	300221
165	Bank of Tianjin, Jieyuan Road sub-branch	Ground Floor, 7-102, Minghuali Jieyuan Road, Hongqiao District, Tianjin	300121
166	Bank of Tianjin, Jieyuan West Road sub-branch	Shop 3, Ground Floor Store, Block A, Shuijun Garden, No. 10, Jieyuan West Road, Nankai District, Tianjin	300110
167	Bank of Tianjin, Jinmao sub-branch	5-5 & 5-6, Jinmao Plaza, Northwest side at the junction of Qingshan Street and Fuan Street, Heping District, Tianjin	300021
168	Bank of Tianjin, Jinwei Road sub-branch	No. 9, Ground Floor, Futai Apartment, Jinwei Road, Hebei District, Tianjin	300143
169	Bank of Tianjin, Jingu Road sub-branch	No. 1-3, Ground Floor, Zhonglvyan 4, Gelinxiaocheng, west side of Jingu Road, Shuanggang Town, Jinnan District, Tianjin	300350
170	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
171	Bank of Tianjin, Jingjin Road sub-branch	Extension No. 9-10, No. 352, south at the junction of Jingjin Road and Guoyuan North Road, Beichen District, Tianjin	300400
172	Bank of Tianjin, Jingbin Industrial Park sub-branch	Ground Floor, No. 104-105, Building 6, Jingbinruicheng, Jingbin Industrial Park, Dawangguzhuang Town, Wuqing District, Tianjin	301700
173	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhuzhuang Street, Wuqing District, Tianjin	301700
174	Bank of Tianjin, Jiuyuan sub-branch	South side of Jiuyuan Road, Jiuyuan Industrial Park, Baodi District, Tianjin (Ground Floor, 1/F, Service Building, Jingjinxincheng Industrial Park)	301802
175	Bank of Tianjin, Jizhao Road sub-branch	Outpatient hall, Tianjin Chest Hospital, No. 261, Taierzhuang Road, Jinnan District, Tianjin	300051
176	Bank of Tianjin, Kaiyuan Road sub-branch	2-113, 2-114, 2-115, 2-213, 2-214, Huifeng Building 2, south side of Nanhuan Road, Baodi District, Tianjin	301800

No.	Name of Branches	Address	Postcode
177	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193
178	Bank of Tianjin, Kunming Road sub-branch	No. 74, Kunming Road, Heping District, Tianjin	300051
179	Bank of Tianjin, Limin Road sub-branch	Ground Floor, Zhuhaili Community, Limin Road, Hexi District, Tianjin	300200
180	Bank of Tianjin, Meijiang Road sub-branch	No. 35 & 37, Meijiang Road, Hexi District, Tianjin	300221
181	Bank of Tianjin, Meijiang sub-branch	12-1 & 12-2, Xinchuiyuan, south side of Zhujiang West Road, Hexi District, Tianjin	300221
182	Bank of Tianjin, Miyunyizhi Road sub-branch	No. 107, Building 1, Area 1, Hardware City, Xinnanma Road, southwest side at the junction of Miyun Road and Huanghe Road, Nankai District, Tianjin	300120
183	Bank of Tianjin, South and North Avenue sub-branch	Door 1, Ground Floor, Building 2, Meining Apartment, South and North Avenue, Hexi District, Tianjin	300210
184	Bank of Tianjin, Nankaierwei Road sub-branch	No. 43, Huanghe Road, Nankai District, Tianjin	300102
185	Bank of Tianjin, Qixiangtai Road sub-branch	Extension No. 11, No. 89, Fenghuangcheng, Junction of Qixiangtai Road and Pingquan Road Hexi District, Tianjin	300074
186	Bank of Tianjin, Renmin West Avenue sub-branch	No. 2-188, No. 2-188A, 2-204, Jinding Building, north side of Renmin West Avenue West, Jixian County, Tianjin	301900
187	Bank of Tianjin, Shangcang sub-branch	East of Houqingezhuang Village, Shangcang Town, Jixian County, Tianjin	301900
188	Bank of Tianjin, Shanghang Road sub-branch	No. 148, Weiguo Road, Hedong District, Tianjin	300161
189	Bank of Tianjin, Shuishang Gongyuan North Road sub-branch	Shuishang Gongyuan North Road, Weijin South Road, Nankai District, Tianjin	300074

No.	Name of Branches	Address	Postcode
190	Bank of Tianjin, Shuishang Gongyuan East Road sub-branch	Building 7, Yangguang Apartment, Nankai District, Tianjin	300381
191	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191
192	Bank of Tianjin, Taishan Road sub-branch	Junction of Dagu South Road and Jiefang South Road, Hexi District, Tianjin (Dengfa Base 2B-095)	300220
193	Bank of Tianjin, Taixing South Road sub-branch	Ground Floor, No. 3, Building 1, Jinwan Apartment, No. 100, Chenglinzhuang Road, Hedong District, Tianjin	300160
194	Bank of Tianjin, Tanjiang Road sub-branch	No. 1, Ground Floor, Building 2, Yunshuiyuan, Youyi South Road, Hexi District, Tianjin	300221
195	Bank of Tianjin, Tianbao Industrial Park sub-branch	North side of Tongtang Road and east side of Tianbao Road, Economic Development Zone, Baodi District, Tianjin (Ground Floor, East Building, No. 6, Nanhuan Road)	301800
196	Bank of Tianjin, Tianda 2nd sub-branch	1/F, Principal Administration Office Building of Tianjin Universtiy, No. 92, Weijin Road, Nankai District, Tianjin	300072
197	Bank of Tianjin, Tianda 1st sub-branch	Siji Village, Tianjin Universtiy, Nankai District, Tianjin	300072
198	Bank of Tianjin, Wandezhuang Street sub-branch	Ground Floor, Wande Garden, Wandezhuang Street, Nankai District, Tianjin	300073
199	Bank of Tianjin, Weishan Road sub-branch	FDINE, No. 1472, Dagu South Road, Hexi District, Tianjin	300220
200	Bank of Tianjin, Weidi Road sub-branch	No. 55, Weidi Road, Hexi District, Tianjin	300201
201	Bank of Tianjin, Weiguo Road sub-branch	No. 163, Weiguo Road, Hedong District, Tianjin	300250
202	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
203	Bank of Tianjin, Wuhao Road sub-branch	Ground Floor, No. 17, Cuihuali, Junction of Wuhao Road and Zhenli Road, Hebei District, Tianjin	300150

No.	Name of Branches	Address	Postcode
204	Bank of Tianjin, Xima Road sub-branch	No. 140 & 142, Nankaisanma Road, Nankai District, Tianjin	300101
205	Bank of Tianjin, Xiaobailou sub-branch	No. 95, Jianshe Road, Heping District, Tianjin	300041
206	Bank of Tianjin, Xianyang Road sub-branch	Ground Floor, Door 3, Building 9, Jialingbeili, Xianyang Road, Nankai District, Tianjin	300122
207	Bank of Tianjin, Xiangjiang Road sub-branch	Extension No. 2, No. 48, Xiangjiang Road, Hexi District, Tianjin	300202
208	Bank of Tianjin, Xiangtan Road sub-branch	No. 11, Xiangtan Road, Hongqiao District, Tianjin	300133
209	Bank of Tianjin, Xiangyang Road sub-branch	No. 10, Xiangyang Road, Heping District, Tianjin	300051
210	Bank of Tianjin, Xiangwei Road sub-branch	No. 201, Xiangwei Road, Hebei District, Tianjin	300143
211	Bank of Tianjin, Xinke Road sub-branch	No. 110 & 208, Building 1-4, Xinkeyuan Xinke Road, Zhongbei Town, Xiqing District, Tianjin	300384
212	Bank of Tianjin, Xinyibai Avenue sub-branch	North side of Xinyibai Avenue, Beichen District, Tianjin	300420
213	Bank of Tianjin, Yaan Road sub-branch	No. 204, Hongqi Road, Nankai District, Tianjin	300110
214	Bank of Tianjin, Yuguan Road sub-branch	1/F, No. 376, Yuguan Road, Hebei District, Tianjin	300232
215	Bank of Tianjin, Yuyin Road sub-branch	Ground Floor, Training Building, Rolling Stock Plant, Nankou Road, Hebei District, Tianjin	300230
216	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191
217	Bank of Tianjin, Zhangguizhuang Road sub-branch	No. 101 & 102, Building 1, Xingpin Building, No. 51, Linke East Road, Hedong District, Tianjin	300161
218	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380

No.	Name of Branches	Address	Postcode
219	Bank of Tianjin, Zhongbei Town sub-branch	1-101, 1-102 & 1-103, Huatingjiayuan Public Building, east side of Haiguang Road, Zhongbei Town, Xiqing District, Tianjin	300380
220	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142
221	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
222	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jixian County, Tianjin	301900
223	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222
224	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Tangguxin North Road, Binhai New Area, Tianjin	300451
225	Bank of Tianjin, Binhai Gansu Road sub-branch	No. 1197, Hangzhou Road, Tanggu District, Tianjin	300451
226	Bank of Tianjin, Binhai Steel City sub-branch	No. 697, Jintang Road, Dongli District, Tianjin	300300
227	Bank of Tianjin, Station North Road sub-branch	No. 830 & 836, Station North Road, Tanggu District, Tianjin	300451
228	Bank of Tianjin, Chunguang Road sub-branch	No. 617, Xingfujiayuan, Chunguang Road, Tanggu District, Tianjin	300456
229	Bank of Tianjin, the Third Avenue sub-branch	No. 31-6, Building 1, No. 31, the Third Avenue, Economic and Technology Development District, Tianjin	300457
230	Bank of Tianjin, Dongfeng Middle Road sub-branch	No. 36, Dongfeng Middle Road, Hangu District, Tianjin	300480
231	Bank of Tianjin, Erjing Road sub-branch	No. 68, Erjing Road, Hangu District, Tianjin	300480
232	Bank of Tianjin, Fushan Road sub-branch	No. 13, Xianfeng Road, Dongli District, Tianjin	300300
233	Bank of Tianjin, Gangkou Road sub-branch	No. 25, Xingangerhao Road, Tanggu District, Tianjin	300450

No.	Name of Branches	Address	Postcode
234	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
235	Bank of Tianjin, Guomao Road sub-branch	No. 18, Guomao Road, Tianjin Port Free Trade Zone	300461
236	Bank of Tianjin, Heping Road sub-branch	No. 9, Heping Road, Tanggu District, Tianjin	300450
237	Bank of Tianjin, Hebei Road sub-branch	No. 25, Hebei Road, Tanggu District, Tianjin	300451
238	Bank of Tianjin, Hebin Road sub-branch	No. 228, Hebin Road, Binhai New Village, Bohai Oil, Tanggu District, Tianjin	300452
239	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu District, Tianjin	300452
240	Bank of Tianjin, Huaming sub-branch	No. 11, Hongshun Road, Huaming Industrial Park, Dongli District, Tianjin	300300
241	Bank of Tianjin, Huanghai Road sub-branch	No. 19, Huanghai Road, Development District, Tianjin	300457
242	Bank of Tianjin, Jiefang Road sub-branch	No. 488, Jiefang Road, Tanggu District, Tianjin	300450
243	Bank of Tianjin, Jinzhonghe Street sub-branch	Ground Floor, Runyuanli Community, No. 633, Jinzhonghe Street, Hebei District, Tianjin	300241
244	Bank of Tianjin, Jinnan Economic Development District sub-branch	3-108 & 109, Xingye Creative Park, Jinnan Economic Development District (west area), Jinnan District, Tianjin	300350
245	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024, Jinzhou Road, Tanggu District, Tianjin	300451
246	Bank of Tianjin, Panzhuang sub-branch	Panzhuang Village, Panzhuang Town, Ninghe County, Tianjin	301508
247	Bank of Tianjin, Road No. 3 sub-branch	Door 2, Building 24, Ziyunyuan, No. 3462, Xingang Road No. 3, Tanggu District, Tianjin	300456
248	Bank of Tianjin, Shengli Road sub-branch	Binhai House Trading Center, Dagang District, Junction of Guangming Avenue and Chuangye Road, Dagangyoutian, Tianjin	300280

No.	Name of Branches	Address	Postcode
249	Bank of Tianjin, the 13th Street sub-branch	A08-106, No. 251, Dongting Road, Development District, Tianjin	300457
250	Bank of Tianjin, Oil North Road sub-branch	No. 79, Dongyan Road, Tanggu District, Tianjin	300452
251	Bank of Tianjin, Tianshan South Road sub-branch	No. 9, Hongfu Road, Zengxingyao, Dongli District, Tianjin	300162
252	Bank of Tianjin, Wuxia Street sub-branch	Area B, 1/F, Building 2, Silver River Hotel, Wuxia Street, Dongli District, Tianjin	300301
253	Bank of Tianjin, Xingang Road sub-branch	No. 1374, Xingang Road, Tanggu, Binhai New Area, Tianjin	300450
254	Bank of Tianjin, Xinye Street sub-branch	The Hall of Investment Service Center, Development District West Area, No. 19, Xinye 6th Street, Development District West Area, Tianjin	300462
255	Bank of Tianjin, Xingfu Road sub-branch	East No. 1, No. 666, Xingfu Avenue, Dagangyoutian, Dagang District, Tianjin	300280
256	Bank of Tianjin, Xuri Road sub-branch	West side of 1/F, Block B, Commercial Building, Fuyuan Garden, Xuri Road, Dagang, Binhai New Area, Tianjin (West of Haijing 7th Road and north of Xuri Road, Gangdongxincheng, Dagang)	300450
257	Bank of Tianjin, Yijing Road sub-branch	-2/F, Extension No. 3, Yijing Road, Dongli District, Tianjin	300300
258	Bank of Tianjin, Yingxin Street sub-branch	No. 114, Yingxin Street, Dagang District, Tianjin	300270
259	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Door 1, Building 7, Huianli, Tanggu District, Tianjin	300450
260	Bank of Tianjin, Central Avenue sub-branch	Administrative Permission Service Center, Tianjin Airport Logistics Processing Zone	300308
261	Bank of Tianjin, Baolimeiguiwan Community sub-branch	16-112, Xishuihepan Garden, Junction of Kunlun Road and Manjiang Road, Dongli District, Tianjin	300163
262	Bank of Tianjin, Binhexinyuan Community sub-branch	3-107, Binhexinyuan, Fumin Road, Hedong District, Tianjin	300182



No.	Name of Branches	Address	Postcode
263	Bank of Tianjin, the 6th Avenue Community sub-branch	Ground Floor, No. 5-3, Jundong Apartment, Jinbin Avenue, Hedong District, Tianjin	300161
264	Bank of Tianjin, Fudongli Community sub-branch	Area A, No. 4, Ground Floor, Building 1, Fudongbeili, Erhaoqiao Street, Hedong District, Tianjin	300399
265	Bank of Tianjin, Haihedaguan Community sub-branch	Ground Floor, No. 44, Building 8, Bojinwannanyuan, Junction of Jiefang South Road and Xiangjiang Road, Hexi District, Tianjin	300202
266	Bank of Tianjin, Hongkanlingshijun Community sub-branch	No. 102, Building 118, Xipuya Garden, Weishan Road, Shuanggang Town, Jinnan District, Tianjin	300041
267	Bank of Tianjin, Huacui Community sub-branch	Ground Floor, Complex Building, Huacui Community, Lutai Town, Ninghe County, Tianjin	301500
268	Bank of Tianjin, Huatinghaoyuan Community sub-branch	Ground Floor, No. 1-104, Supporting building of Huatinghaoyuan, East side of Xinchengquanwang South Road and South side of Fumin Road, Wuqing District, Tianjin	301700
269	Bank of Tianjin, Jiaanli Community sub-branch	9-6-103-105, Ground Floor, Jiaanli, Hongqiao District, Tianjin	300134
270	Bank of Tianjin, Jinboli Community sub-branch	No. 113, Jizhong Road, Hebei District, Tianjin	300143
271	Bank of Tianjin, Jincui Road Community sub-branch	No. 18, Public Building, Building 3-5, Zhaojiayuan Community, South of Lutai Town, Ninghe County, Tianjin	301500
272	Bank of Tianjin, Jindun Garden Community sub-branch	No. 1, Ground Floor, Trading building 58, west side of Cuihuxincun Neighborhood Committee, Jixian County, Tianjin	301900
273	Bank of Tianjin, Juyingli Community sub-branch	Ground Floor, Building 2, Juyingli, Erwei Road, Nankai District, Tianjin	300100
274	Bank of Tianjin, Linyuan Road Community sub-branch	No. 74, Linyuan Road, Nankai District, Tianjin	300192

No.	Name of Branches	Address	Postcode
275	Bank of Tianjin, Longwancheng Community sub-branch	No. 509, Guangxian Road, 1 Jinfan Square, east side of Guangxian Road, Xiazhuzhuang Street, Wuqing District, Tianjin	301700
276	Bank of Tianjin, Green Home Community sub-branch	East side of Huangcheng East Road and north side of Sanlitun Village, Baodi District, Tianjin	301800
277	Bank of Tianjin, Nanhuali Community sub-branch	No. 52, Fujian Road, Hexi District, Tianjin	300202
278	Bank of Tianjin, Ningqiaoli Community sub-branch	4-19-105-107, Ningqiaoli, Hebei District, Tianjin	300240
279	Bank of Tianjin, Shidaiaocheng Community sub-branch	19-1-101, Aocheng Commercial Square, outhwest side of junction of Binshui West Road and Lingbin Road, Nankai District, Tianjin	300381
280	Bank of Tianjin, Shuiangongguan Community sub-branch	Ground Floor, Building 2, Tiantaoyuan, southeast side of junction of Youyi South Road and Tanjiang Road, Hexi District, Tianjin	300221
281	Bank of Tianjin, Tianfangmeiyu Community sub-branch	No. 30, Baodai Road, 7 & 8 Meiyuhaoting, west side of Weijin South Road, Xiqing District, Tianjin	300381
282	Bank of Tianjin, Wankejinao International Community sub-branch	No. 107, Building 6, Jinao Square, Junction of Wejin South Road and Lijiang Road, Xiqing District, Tianjin	300381
283	Bank of Tianjin, Xinhua Road Community sub-branch	F-6-117, Xingfu Commercial Square, Lutai Town, Ninghe County, Tianjin	301500
284	Bank of Tianjin, Xinghua Street Community sub-branch	No. 7-104, Xinghua Food Street, south side of Xinghua Street, Jixian County, Tianjin	301999
285	Bank of Tianjin, Xingwangli Community sub-branch	No. 96-2, Yongming Road, Dagang, Binhai New Area, Tianjin	300270
286	Bank of Tianjin, Yangguangyibai Community sub-branch	Business No. 12, 1 north park of Yangguang 100, Junction of extended line and outer ring road of Hongqi South Road, Nankai District, Tianjin	300381
287	Bank of Tianjin, Yibo Apartment Community sub-branch	No. 104, Ground Floor, Building 1, Yibo Apartment, Hongqiao District, Tianjin	300130

No.	Name of Branches	Address	Postcode
288	Bank of Tianjin, Yuanyang Wanhecheng Community sub-branch	No. 3, Xinghua 5th North Road, public building No. 1 of Wanghehuayuan, Junction of Lishuang Road and Jingang Road, Dasi Town, Xiqing District, Tianjin	300385
289	Bank of Tianjin, Yuzhuoli Community sub-branch	West No. 1, 1-4 Yuzhuoli, Beichen District, Tianjin	300402
290	Bank of Tianjin, Yunliyuan Community sub-branch	No. 15, Yunli North Road, Weiguo Road, Hedong District, Tianjin	300252
291	Bank of Tianjin, Zhongbeili Community sub-branch	113 Ground Floor, No. 2, Zhongbeili, Weiguo Road, Hedong District, Tianjin	300151
292	Bank of Tianjin, Tangshan Fenghuangshijia Community sub-branch	Commercial No. 204-1-01, Fenghuangshijia, Lubei District, Tangshan, Hebei	063000
293	Bank of Tianjin, Tangshan Fuleyuan Community sub-branch	No. 901-2, Fuleyuan Community, Lunan District, Tangshan, Hebei	063000
294	Bank of Tianjin, Tangshan Jingang International Community sub-branch	No. 102-12, Ground Floor, Xinxing Building, Lubei District, Tangshan, Hebei	063000
295	Bank of Tianjin, Tangshan Lugang Community sub-branch	No. 305-S-6, Lugang Community, Lubei District, Tangshan, Hebei	300151
296	Bank of Tianjin, Tangshan Century Garden Community sub-branch	No. 102-6-101, Ground Floor, Century Garden Community, Hi-tech District, Tangshan, Hebei	063000
297	Bank of Tianjin, Tangshan Xiangrongli Community sub-branch	No. 2, Building 607, Xiangrongli Community, Lubei District, Tangshan, Hebei	063000
298	Bank of Tianjin, Jinan Poly Daminghu Community sub-branch	Commercial Shop 4-105, Building 5, Area C, Poly Daminghu Garden Community, No. 787-28, Minghu East Road, Lixia District, Jinan	250013
299	Bank of Tianjin, Jinan Haier Greentown Whole Village Community sub-branch	Commercial Shop, Room 101, Unit 2, Building 20, Baiheyuan, Haier Greentown Whole Village, Hi-tech District, Jinan	250000
300	Bank of Tianjin, Jinan Jigang Community sub-branch	Commercial Shop, Central Plaza, Jigangxincun Middle Road, Industrial North Road, Licheng District, Jinan	250101

No.	Name of Branches	Address	Postcode
301	Bank of Tianjin, Jinan Lunenglingxiucheng Community sub-branch	Room 119, Unit 1, Building 1, Land L4 (Area 19), Lunenglingxiucheng, Shizhong District, Jinan	250003
302	Bank of Tianjin, Jinan Mingshihaoting Community sub-branch	Commercial shop 1-116 & 1-117, City level public building No. 4, Shihaoting, No. 12508, Jingshi Road, Lixi District, Jinan	250014
303	Bank of Tianjin, Jinan Quanjingtianyuan Community sub-branch	Room 104, Unit 2, Building 3, Quanjingtianyuan, Yangguang New Road, Shizhong District, Jinan	250002
304	Bank of Tianjin, Jinan Sanjianhuifushanzhuang Community sub-branch	No. 600, Shuihua Road, Lixia District, Jinan	250101
305	Bank of Tianjin, Jinan Weidongxindu Community sub-branch	1-101, Building 33, Area 1, Weidongxindu, Shizhong District, Jinan	250002
306	Bank of Tianjin, Jinan Sinotruk Feicuijun Community sub-branch	Room 4-101, Building 3, south area of Sinotruk Feicuijun, No. 13, West Gongshanghe Road, Tianqiao District, Jinan	250031
307	Bank of Tianjin, Jinan Zhongjianjinxiucheng Community sub-branch	Room 101, 13/F, Zhongjianjinxiucheng, Xingfusi Road, Huaiyin District, Jinan	250117
308	Bank of Tianjin, Chengdu Beisen Community sub-branch	No. 16, Beisen North Road, Qingyang District, Chengdu, Sichuan	610074
309	Bank of Tianjin, Chengdu Fangqin Community sub-branch	No. 41, Fangqin Street, Hi-tech District, Chengdu, Sichuan	610093
310	Bank of Tianjin, Chengdu Hemei Community sub-branch	No. 3, 1/F, Building 7, No. 2, Vanke Road, Chenghua District, Chengdu, Sichuan	610051
311	Bank of Tianjin, Chengdu Yinxinghuayuan Community sub-branch	No. 4, Building 3, No. 6, Shuming Road, Jinniu District, Chengdu, Sichuan	610036
312	Bank of Tianjin, Chengdu Yonghuwan Community sub-branch	No. 82, Shenghua South Road, Hi-tech District, Chengdu, Sichuan	610041
313	Bank of Tianjin, Small Business Financial Services Center	205, Ground Floor, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074



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