

Bank of Tianjin Co., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code : 1578)



2017 Interim 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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Definitions

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

“Articles of Association”	the articles of association of the Bank as may be amended, supplemented or otherwise modified from time to time
“Bank”, “our Bank”, “we” or “us”	Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a joint stock company incorporated on November 6, 1996 in Tianjin, China with limited liability in accordance with PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“Capital Administrative Measures”	Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)
“CBRC”	the China Banking Regulatory Commission
“CBRC Tianjin Office”	the China Banking Regulatory Commission Tianjin Office
“China” or “PRC”	the People’s Republic of China, excluding for the purposes of this interim report Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Foreign Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than Renminbi, or the consideration for which is the injection of assets and are held by persons other than PRC nationals or PRC corporate entities, and are not listed on any stock exchange
“H Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PBoC” or “Central Bank”	The People’s Bank of China (中國人民銀行)
“Reporting Period”	the six months ended June 30, 2017
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Bank
“Share(s)”	our ordinary shares in the share capital with a nominal value of RMB1.00 each
“SME” or “SMEs”	small enterprises, medium enterprises and micro enterprises
“Supervisor(s)”	the supervisor(s) of the Bank

Company Profile

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

Company Profile

Listing Place of H Shares	The Stock Exchange of Hong Kong Limited
Stock Name	Bank of Tianjin
Stock Code	1578
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Legal Advisor as to PRC Laws	Grandall Law Firm (Tianjin)
Legal Advisor as to Hong Kong Laws	Paul Hastings 21-22/F, Bank of China Tower 1 Garden Road Hong Kong
Auditor	Domestic Auditor: Deloitte Touche Tohmatsu Certified Public Accountants LLP 30/F, Bund Center No. 222 East Yanan Road Shanghai, PRC International Auditor: Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
Compliance Advisor	First Shanghai Capital Limited 19/F, Wing On House, 71 Des Voeux Road Central Hong Kong

Summary of Accounting Data and Financial Indicators

	For the six months ended June 30,		
	2017	2016	Rate of change (%)
(Amounts in thousands of RMB, unless otherwise stated)			
OPERATING RESULTS			
Interest income	13,280,294	12,977,897	2.3
Interest expense	(8,981,017)	(7,192,894)	24.9
Net interest income	4,299,277	5,785,003	(25.7)
Fee and commission income	1,080,816	715,734	51.0
Fee and commission expense	(30,124)	(11,205)	168.8
Net fee and commission income	1,050,692	704,529	49.1
Net trading losses	(74,190)	(26,227)	182.9
Net gains arising from investments securities	14,136	22,778	(37.9)
Other income, gains or losses	1,158	42,839	(97.3)
Operating income	5,291,073	6,528,922	(19.0)
Operating expenses	(1,398,532)	(1,944,579)	(28.1)
Impairment losses on assets	(568,617)	(1,264,739)	(55.0)
Share of losses of associated companies	(11,968)	–	–
Profit before tax	3,311,956	3,319,604	(0.2)
Income tax expense	(690,402)	(722,832)	(4.5)
Profit for the period	2,621,554	2,596,772	1.0
Attributable to:			
Equity holders of the Bank	2,615,997	2,592,524	0.9
Non-controlling interests	5,557	4,248	30.8
	2,621,554	2,596,772	1.0
Earnings per share (Expressed in RMB Yuan per share)			
– Basic	0.43	0.46	(6.5)
– Diluted	0.43	0.46	(6.5)

Summary of Accounting Data and Financial Indicators

	As of June 30, 2017	As of December 31, 2016	Rate of Change (%)
(Amounts in thousands of RMB, unless otherwise stated)			
MAJOR INDICATORS OF ASSETS/LIABILITIES			
Total assets	659,883,945	657,310,107	0.4
Of which: loans and advances to customers	215,413,034	207,854,530	3.6
Total liabilities	616,872,372	615,555,327	0.2
Of which: deposits from customers	354,571,354	365,470,957	(3.0)
Share capital	6,070,552	6,070,552	–
Equity attributable to equity holders of the Bank	42,961,165	41,709,929	3.0
Total equity	43,011,573	41,754,780	3.0
For the six months ended June 30,			
	2017	2016	Change
PROFITABILITY INDICATORS (%)			
Return on average total assets ⁽¹⁾	0.80	0.88	(0.08)
Return on average equity ⁽²⁾	12.38	14.12	(1.74)
Net interest spread ⁽³⁾	0.90	1.76	(0.86)
Net interest margin ⁽⁴⁾	1.31	2.06	(0.75)
Net fee and commission income to operating income	19.86	10.79	9.07
Cost-to-income ratio ⁽⁵⁾	25.50	22.89	2.61

Summary of Accounting Data and Financial Indicators

	As of June 30, 2017	As of December 31, 2016	Change
ASSET QUALITY INDICATORS (%)			
Non-performing loan ratio ⁽⁶⁾	1.46	1.48	(0.02)
Allowance coverage ratio ⁽⁷⁾	200.25	193.56	6.69
Allowance to gross loan ratio ⁽⁸⁾	2.92	2.87	0.05
	As of June 30, 2017	As of December 31, 2016	Change
CAPITAL ADEQUACY RATIO INDICATORS (%)			
<i>Calculated based on Capital Administrative Measures</i>			
Core tier-one capital adequacy ratio ⁽⁹⁾	9.29	9.48	(0.19)
Tier-one capital adequacy ratio ⁽¹⁰⁾	9.29	9.48	(0.19)
Capital adequacy ratio ⁽¹¹⁾	11.64	11.88	(0.24)
Total equity to total assets	6.52	6.35	0.17
OTHER INDICATORS (%)			
Loan-to-deposit ratio ⁽¹²⁾	62.49	58.57	3.92
Liquidity ratio ⁽¹³⁾	35.13	34.39	0.74
Percentage of loans to the single largest customer ⁽¹⁴⁾	6.51	7.83	(1.32)
Percentage of loans to the top ten customers ⁽¹⁵⁾	39.02	35.76	3.26

Summary of Accounting Data and Financial Indicators

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 core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (10) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (11) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (12) Loan-deposit ratio as of December 31, 2016 and June 30, 2017 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》).
- (13) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (14) Calculated by dividing total loans to the single largest customer by net capital.
- (15) Calculated by dividing total loans to the top ten customers by net capital.

Management Discussion and Analysis

ENVIRONMENT AND PROSPECTS

In the first half of 2017, the PRC economy moved forward within a reasonable range with an increasingly obvious upward trend of stable performance and good momentum for growth presenting a good shape of stable growth, rising employment, stable price, increasing income and structural improvement. The stability, coordination and sustainability of economic growth have been continuously enhanced.

In the second half of 2017, the global economy is prosperous on a whole, but economy recovery may be limited due to uncertainties in the policies of major economies. The contradictions and issues arising during the development of the domestic economy shall not be underestimated. The economy is still in structural reform with impetus driving the endogenous economic growth remains to be strengthened. Commercial banks are exposed to various pressures on financial disintermediation, technology disassociation and interest rate liberalization; meanwhile, factors including strengthen of coordination among financial regulators and orderly regulation on market chaos have created a favorable external environment for the development of commercial banks. By closely following central policies, focusing on "serving real economy, preventing and controlling financial risks, deepening financial reform" and capitalizing on excellent opportunities arising from the "synergistic development of the Beijing-Tianjin-Hebei region" and "Xiongan New Area", we will adhere to the "dual track" strategy of reform and renovation, create our core competitiveness and enhance our profitability.

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) we will adjust and optimize the wholesale business structure to support the supply-side structural reform and the deepening of the mixed ownership reform of state-owned enterprises through actively participating in the implementation of national development strategy, and will explore new business model to develop new customer resources and build more new business drivers; (2) we are committed to expanding our customer base and providing diversified financial products and services by enhancing our retail banking operations, focusing on the improvement of customer experience, and integrating and improving our retail business operations and bank card product pipeline; (3) we will further enhance the competitiveness of our SME business by increasing participation in transactions and capital management of our corporate banking clients, maintaining our competitive advantages in providing financial services to SMEs in technology industries, building multi-channel platforms, and enriching functions of banking products; (4) we will expand the profit margin of our business lines in the financial market, constantly broaden our investing and financing channels for assets, and cement partnership with industrial peers and non-banking institutions with a comparatively stronger capability to provide assets, while putting special effort to enhance the profitability of our treasure business; (5) we will expand the range of our financial services, and promote synergies among our different business segments through coordination amongst intra-group companies; (6) we will be committed to sharpening our market competitive edges by building our network outlets into customer service centers and profitability centers, which can be achieved by strategically optimizing our network layout and strengthening the centralized

Management Discussion and Analysis

management of the business network; (7) we will expand our network-based financial services by focusing on the key development of internet finance and mobile finance business and integrating the “internet +” into our one-stop financial services for customers; (8) we will maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; and (9) we will improve our organizational and management structure, establish a market-oriented human resources system, and cultivate high-quality financial talent.

ANALYSIS OF THE INCOME STATEMENT

	For the six months ended June 30,		Rate of change (%)
	2017	2016	
	(Amounts in thousands of RMB, unless otherwise stated)		
Interest income	13,280,294	12,977,897	2.33
Interest expense	(8,981,017)	(7,192,894)	24.86
NET INTEREST INCOME	4,299,277	5,785,003	(25.68)
Fee and commission income	1,080,816	715,734	51.01
Fee and commission expense	(30,124)	(11,205)	168.84
NET FEE AND COMMISSION INCOME	1,050,692	704,529	49.13
Net trading losses	(74,190)	(26,227)	182.88
Net gains arising from investments securities	14,136	22,778	(37.94)
Other income, gains or losses	1,158	42,839	(97.30)
OPERATING INCOME	5,291,073	6,528,922	(18.96)
Operating expenses	(1,398,532)	(1,944,579)	(28.08)
Impairment losses on assets	(568,617)	(1,264,739)	(55.04)
Share of losses of associated companies	(11,968)	–	–
PROFIT BEFORE TAX	3,311,956	3,319,604	(0.23)
Income tax expense	(690,402)	(722,832)	(4.49)
PROFIT FOR THE PERIOD	2,621,554	2,596,772	0.95

For the six months ended June 30, 2017, the Bank's profit before tax decreased by 0.2% to RMB3,312.0 million from RMB3,319.6 million for the six months ended June 30, 2016 and the profit for the same period increased by 1.0% to RMB2,621.6 million from RMB2,596.8 million for the six months ended June 30, 2016.

Management Discussion and Analysis

Net Interest Income, Net Interest Spread and Net Interest Margin

For the six months ended June 30, 2017, the Bank's net interest income decreased by 25.7% to RMB4,299.3 million from RMB5,785.0 million for the six months ended June 30, 2016. Our net interest spread decreased from 1.76% for the six months ended June 30, 2016 to 0.90% for the six months ended June 30, 2017, primarily due to the fact that our average yield on interest-earning assets decreased by 57 basis points and the average cost of interest-bearing liabilities increased by 29 basis points. Our net interest margin decreased from 2.06% for the six months ended June 30, 2016 to 1.31% for the six months ended June 30, 2017, because our net interest income decreased by 25.7% for the six months ended June 30, 2017, while the average balance of our interest-earning assets increased by 16.6% for the six months ended June 30, 2017.

The following tables set forth, for the six months ended June 30, 2016 and 2017, 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 six months ended June 30,					
	2017 Average balance	2017 Interest income/ expense	Average yield/cost (%)	2016 Average balance	2016 Interest income/ expense	Average yield/cost (%)
(Amounts in millions of RMB, except percentages)						
Interest-earning assets						
Loans and advances to customers	216,892.5	5,314.1	4.90	192,941.1	5,140.2	5.33
Investment securities and other financial assets, including	329,042.2	6,544.3	3.98	233,577.2	6,137.2	5.25
– Trust beneficiary rights, wealth management products and asset management plans	190,587.1	4,653.1	4.88	158,948.7	4,912.0	6.18
– Debt securities and fund investment	138,455.1	1,891.2	2.73	74,628.5	1,225.2	3.28
Amounts due from banks and other financial institutions ⁽¹⁾	36,031.6	690.6	3.83	55,602.3	915.3	3.29
Deposits with banks and other financial institutions	16,581.1	312.1	3.76	26,043.2	384.4	2.95
Balances with central bank	55,380.8	419.2	1.51	52,772.6	400.8	1.52
Total interest-earning assets	653,928.2	13,280.3	4.06	560,936.4	12,977.9	4.63
Allowance for impairment losses	(8,062.1)			(6,498.6)		
Non-interest earning assets ⁽²⁾	9,388.3			9,759.9		
Total assets	655,254.4	13,280.3	4.05	564,197.7	12,977.9	4.60

Management Discussion and Analysis

	For the six months ended June 30,					
	2017 Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	2016 Interest income/ expense	Average yield/cost (%)
(Amounts in millions of RMB, except percentages)						
Interest-bearing Liabilities						
Due to customers	333,716.7	4,382.9	2.63	330,967.0	4,379.5	2.65
Deposits from banks and other financial institutions	94,697.5	2,025.6	4.28	124,292.6	2,078.2	3.34
Amounts due to banks and other financial institutions ⁽³⁾	74,628.4	1,205.0	3.23	19,499.4	224.4	2.30
Debt securities issued	64,678.6	1,361.1	4.21	26,039.7	509.5	3.91
Borrowings from central bank	400.0	6.4	3.20	120.3	1.3	2.16
Total interest-bearing liabilities	568,121.2	8,981.0	3.16	500,919.0	7,192.9	2.87
Non-interest-bearing liabilities ⁽⁴⁾	44,446.5			26,585.0		
Total liabilities	612,567.7	8,981.0	2.93	527,504.0	7,192.9	2.73
Net interest income		4,299.3			5,785.0	
Net interest spread⁽⁵⁾			0.90			1.76
Net interest margin⁽⁶⁾			1.31			2.06

Notes:

- (1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.
- (2) Consists of cash, interest receivable, long-term equity investments, 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.

Management Discussion and Analysis

Interest Income

For the six months ended June 30, 2017, our interest income increased by 2.3% to RMB13,280.3 million from RMB12,977.9 million for the six months ended June 30, 2016, which was primarily attributable to the increases in the average balance of our loans and advances to customers and our investment securities and other financial assets resulting in a 16.6% increase in average balance of interest-earning assets from RMB560,936.4 million for the six months ended June 30, 2016 to RMB653,928.2 million for the six months ended June 30, 2017, partially offset by a decrease of the average yield of our interest-earning assets from 4.63% for the six months ended June 30, 2016 to 4.06% for the six months ended June 30, 2017, which was primarily due to a decrease in the average yield of our loans and advances to customers and investment securities and other financial assets.

Interest income from loans and advances to customers

For the six months ended June 30, 2017, interest income from loans and advances to customers increased by 3.38% from RMB5,140.2 million for the six months ended June 30, 2016 to RMB5,314.1 million for the six months ended June 30, 2017, primarily due to a 12.4% increase in average balance of loans and advances to customers from RMB192,941.1 million for the six months ended June 30, 2016 to RMB216,892.5 million for the six months ended June 30, 2017, reflecting our continued efforts to increase our extending of loans to support the development of real economies, but was partially offset by the decrease of the average yield of our loans and advances to customers from 5.33% for the six months ended June 30, 2016 to 4.90% for the six months ended June 30, 2017, due to the tax policy reform of replacing business tax with value-added tax and intensified competition in the banking industry.

Interest income from trust beneficiary rights, wealth management products and asset management plans

For the six months ended June 30, 2017, interest income from trust beneficiary rights, wealth management products and asset management plans decreased by 5.27% from RMB4,912.0 million for the six months ended June 30, 2016 to RMB4,653.1 million for the six months ended June 30, 2017, primarily as a result of a 19.9% increase in average balance of trust beneficiary rights, wealth management products and asset management plans from RMB158,948.7 million for the six months ended June 30, 2016 to RMB190,587.1 million for the six months ended June 30, 2017, 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. But the increase was partially offset by the decrease of the average yield of our trust beneficiary rights, wealth management products and asset management plans from 6.18% for the six months ended June 30, 2016 to 4.88% for the six months ended June 30, 2017. The decrease in average yield of our trust beneficiary rights, wealth management products and asset management plans was mainly due to the decline in interest rate liberalization.

Management Discussion and Analysis

Interest income from debt securities and fund investment

Interest income from debt securities and fund investment increased by 54.4% from RMB1,225.2 million for the six months ended June 30, 2016 to RMB1,891.2 million for the six months ended June 30, 2017, principally due to a 85.5% increase in the average balance of our debt securities and fund investment from RMB74,628.5 million for the six months ended June 30, 2016 to RMB138,455.1 million for the six months ended June 30, 2017, partially offset by a decrease in the average yield of our debt securities and fund investment from 3.28% for the six months ended June 30, 2016 to 2.73% for the six months ended June 30, 2017. The increase in the average balance of our debt securities and fund investment was primarily due to an increase in our holding of debt securities to generate higher returns. The decrease in the average yield of our debt securities and fund investment was primarily due to the lower average yield of our newly invested debt securities as compared to that of our matured debt securities.

Interest income from amounts due from banks and other financial institutions

Interest income from amounts due from banks and other financial institutions decreased by 24.6% from RMB915.3 million for the six months ended June 30, 2016 to RMB690.6 million for the six months ended June 30, 2017, principally due to a 35.2% decrease in the average balance of our amounts due from banks and other financial institutions from RMB55,602.3 million for the six months ended June 30, 2016 to RMB36,031.6 million for the six months ended June 30, 2017, partially offset by an increase in the average yield of our amounts due from banks and other financial institutions from 3.29% for the six months ended June 30, 2016 to 3.83% for the six months ended June 30, 2017. The decrease in the average balance of our amounts due from banks and other financial institutions was primarily due to our bills held under resale agreements and certain of our other financial assets held under resale agreements came to maturity. The increase in the average yield of our amounts due from banks and other financial institutions was due to the significant increase in the yield of financial assets in the market attributable to the continuously tightening market liquidity.

Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 18.8% from RMB384.4 million for the six months ended June 30, 2016 to RMB312.1 million for the six months ended June 30, 2017, primarily due to a 36.3% decrease in the average balance of deposits with banks and other financial institutions from RMB26,043.2 million for the six months ended June 30, 2016 to RMB16,581.1 million for the six months ended June 30, 2017, partially offset by an increase in the average yield of our deposits with banks and other financial institutions from 2.95% for the six months ended June 30, 2016 to 3.76% for the six months ended June 30, 2017. The decrease in the average balance of our deposits with banks and other financial institutions was our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs. The increase of average yield of our deposits with banks and other financial institutions was mainly due to the increase in interest rate resulting from the tightened liquidity of the domestic RMB market.

Management Discussion and Analysis

Interest income from balances with central bank

Interest income from balances with central bank increased by 4.6% from RMB400.8 million for the six months ended June 30, 2016 to RMB419.2 million for the six months ended June 30, 2017, primarily due to a 4.9% increase in the average balance of our balances with central bank from RMB52,772.6 million for the six months ended June 30, 2016 to RMB55,380.8 million for the six months ended June 30, 2017.

Interest Expense

Our interest expense increased by 24.9% from RMB7,192.9 million for the six months ended June 30, 2016 to RMB8,981.0 million for the six months ended June 30, 2017, primarily due to an increase in the average cost of our interest-bearing liabilities from 2.87% for the six months ended June 30, 2016 to 3.16% for the six months ended June 30, 2017, and an increase of 13.4% in the average balance of the interest-bearing liabilities from RMB500,919.0 million for the six months ended June 30, 2016 to RMB568,121.2 million for the six months ended June 30, 2017. The increase in the average cost of our interest-bearing liabilities primarily reflected an increase in the average cost in our deposits from banks and other financial institutions, amounts due to banks and other financial institutions and debt securities issued. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balances of our amounts due to customers and debt securities issued, amounts due to banks and other financial institutions and debt securities issued.

Interest expense on amounts due to customers

Our interest expense on amounts due to customers increased by 0.1% from RMB4,379.5 million for the six months ended June 30, 2016 to RMB4,382.9 million for the six months ended June 30, 2017, primarily due to an increase of 0.8% in the average balance of total amounts due to customers from RMB330,967.0 million for the six months ended June 30, 2016 to RMB333,716.7 million for the six months ended June 30, 2017, partially offset by a decrease in the average cost of the amounts due to customers from 2.65% for the six months ended June 30, 2016 to 2.63% for the six months ended June 30, 2017. The average balance and average cost of the amounts due to customers both remained relatively stable.

Interest expense on deposits from banks and other financial institutions

Our interest expense on deposits from banks and other financial institutions decreased by 2.5% from RMB2,078.2 million for the six months ended June 30, 2016 to RMB2,025.6 million for the six months ended June 30, 2017, primarily due to a 23.8% decrease in the average balance of the underlying liabilities from RMB124,292.6 million for the six months ended June 30, 2016 to RMB94,697.5 million for the six months ended June 30, 2017, partially offset by an increase in the average cost of the relevant liabilities from 3.34% for the six months ended June 30, 2016 to 4.28% for the six months ended June 30, 2017. The decrease in the average balance of our deposits from banks and other financial institutions primarily reflected the decrease in the total volume of such business. The increase in the average cost of our deposits from banks and other financial institutions primarily reflected the increase in interest rate resulting from the tightened liquidity of the domestic RMB market.

Management Discussion and Analysis

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 437.0% from RMB224.4 million for the six months ended June 30, 2016 to RMB1,205.0 million for the six months ended June 30, 2017, primarily due to a 282.7% increase of the average balance of our amounts due to banks and other financial institutions from RMB19,499.4 million for the six months ended June 30, 2016 to RMB74,628.4 million for the six months ended June 30, 2017, accompanied by an increase of the average cost of our amounts due to banks and other financial institutions from 2.30% for the six months ended June 30, 2016 to 3.23% for the six months ended June 30, 2017. The increase in the average balance of our amounts due to banks and other financial institutions was primarily due to the increase in our inter-bank liabilities to meet our liquidity needs. The increase in the average cost of our amounts due to banks and other financial institutions was primarily due to the increase in interest rate resulting from the tightened liquidity of the domestic RMB market.

Interest expense on debt securities issued

Our interest expense on debt securities issued increased by 167.1% from RMB509.5 million for the six months ended June 30, 2016 to RMB1,361.1 million for the six months ended June 30, 2017, primarily due to a 148.4% increase in the average balance of our debt securities issued from RMB26,039.7 million for the six months ended June 30, 2016 to RMB64,678.6 million for the six months ended June 30, 2017, and an increase in the average cost of our debt securities issued from 3.91% for the six months ended June 30, 2016 to 4.21% for the six months ended June 30, 2017. The increase in the average balance of our debt securities issued was primarily due to the increase in the issue volume of our interbank certificates of deposits. The increase in the average cost of our debt securities issued was primarily due to an increase of interest rate resulting from the tightened liquidity of the domestic RMB market.

Interest expense on borrowings from central bank

Our interest expense on borrowings from central bank increased by 392.3% from RMB1.3 million for the six months ended June 30, 2016 to RMB6.4 million for the six months ended June 30, 2017, primarily due to a 232.5% increase of the average balance of borrowings from central bank from RMB120.3 million for the six months ended June 30, 2016 to RMB400.0 million for the six months ended June 30, 2017, accompanied by an increase in the average cost of our borrowings from central bank from 2.16% for the six months ended June 30, 2016 to 3.20% for the six months ended June 30, 2017.

Management Discussion and Analysis

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 six months ended June 30, 2016 and 2017.

	For the six months ended June 30,			Rate of change (%)
	2017	2016	Change in amount	
	(Amounts in millions of RMB, except percentages)			
Fee and commission income				
Settlement and clearing fees	84.0	88.2	(4.2)	(4.8)
Wealth management service fees	672.4	388.4	284.0	73.1
Acceptance and guarantee commitment fees	100.9	119.0	(18.1)	(15.2)
Agency and fiduciary services fees	100.4	79.9	20.5	25.7
Bank card fees	12.0	15.5	(3.5)	(22.6)
Consultancy fees	108.2	18.5	89.7	484.9
Others ⁽¹⁾	2.9	6.2	(3.3)	(53.2)
Subtotal	1,080.8	715.7	365.1	51.0
Fee and commission expenses	(30.1)	(11.2)	(18.9)	168.8
Net fee and commission income	1,050.7	704.5	346.2	49.1

Note:

(1) Consists primarily of fees earned from designated assets and trust beneficiary rights.

Management Discussion and Analysis

Our net fee and commission income increased by 49.1% from RMB704.5 million for the six months ended June 30, 2016 to RMB1,050.7 million for the six months ended June 30, 2017. The increase was primarily due to the increase in our wealth management service fees, agency and fiduciary services fees and consultancy fees. For the six months ended June 30, 2017, wealth management service fees amounted to RMB672.4 million, compared to RMB388.4 million for the six months ended June 30, 2016.

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 increased by 168.8% from RMB11.2 million for the six months ended June 30, 2016 to RMB30.1 million for the six months ended June 30, 2017.

Net trading losses

Net trading losses arise from buying and selling of, and changes in the fair value of financial assets and underlying assets held for trading. Our net trading losses amounted to RMB74.2 million for the six months ended June 30, 2017, primarily due to the fluctuation of conditions of the bond market, while the Bank had a net trading losses of RMB26.2 million for the six months ended June 30, 2016.

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 decreased by 38.2% from RMB22.8 million for the six months ended June 30, 2016 to RMB14.1 million for the six months ended June 30, 2017, primarily due to a decrease of trading volumes of our available-for-sale financial assets in the first half of 2017.

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 totalled RMB42.8 million for the six months ended June 30, 2016 and RMB1.2 million for the six months ended June 30, 2017.

Management Discussion and Analysis

Operating Expenses

The following table sets forth, for the six months ended June 30, 2016 and 2017, the principal components of our operating expenses.

	For the six months ended June 30,			Rate of change (%)
	2017	2016	Change in amount	
(Amounts in millions of RMB, except percentages)				
Operating expenses				
Staff costs	932.0	981.6	(49.6)	(5.1)
Tax and surcharges	49.2	450.2	(401.0)	(89.1)
Other general and administrative expenses	97.7	166.9	(69.2)	(41.5)
Office expenses	58.1	91.3	(33.2)	(36.4)
Rental and property management expenses	148.6	139.6	9.0	6.5
Depreciation and amortization	112.8	99.0	13.8	14.0
Others ⁽¹⁾	0.1	16.0	(15.9)	(99.4)
Total operating expenses	1,398.5	1,944.6	(546.1)	(28.1)
Cost-to-income ratio⁽²⁾	25.5%	22.9%	–	2.6

Notes:

- (1) Consists primarily of tax expenses.
- (2) Calculated by dividing total operating expenses, excluding business tax and surcharges, by total operating income.

Our operating expenses decreased by 28.1% from RMB1,944.6 million for the six months ended June 30, 2016 to RMB1,398.5 million for the six months ended June 30, 2017. The decrease was primarily due to the decrease in our tax and surcharges. Our cost-to-income ratio (excluding business tax and surcharges) was 22.9% and 25.5% for the six months ended June 30, 2016 and 2017, respectively.

Management Discussion and Analysis

Staff costs

Staff costs are the largest component of our operating expenses, which amounted to RMB932.0 million for the six months ended June 30, 2017, representing a decrease of 5.1% from RMB981.6 million for the six months ended June 30, 2016. The following table sets forth the major components of staff costs for the periods indicated.

	For the six months ended June 30,			Rate of change (%)
	2017	2016	Change in amount	
(Amounts in millions of RMB, except percentages)				
Salaries, bonuses and allowances	701.6	752.2	(50.6)	(6.7)
Social insurance	98.5	118.7	(20.2)	(17.0)
Housing funds	44.5	45.7	(1.2)	(2.6)
Staff welfare	11.3	17.0	(5.7)	(33.6)
Labor union fees and staff education expenses	15.2	5.2	10.0	192.2
Contribution to annuity funds	60.9	42.8	18.1	42.2
Total	932.0	981.6	(49.6)	(5.1)

Tax and surcharges

The tax and surcharges amounted to RMB49.2 million for the six months ended June 30, 2017, representing a decrease of 89.1% from RMB450.2 million for the six months ended June 30, 2016. The decrease in tax and surcharges was primarily due to the tax policy reform of replacing business tax with value-added tax expanded to financial industry in China since May 1, 2016.

Office expenses and rental and property management expenses

The office expenses and rental and property management expenses amounted to RMB206.7 million for the six months ended June 30, 2017, representing a decrease of 10.5% from RMB230.9 million for the six months ended June 30, 2016.

Other general and administrative expenses

Our other general and administrative expenses amounted to RMB97.7 million for the six months ended June 30, 2017, representing a decrease of 41.5% from RMB166.9 million for the six months ended June 30, 2016.

Management Discussion and Analysis

Depreciation and amortization

Depreciation and amortization amounted to RMB112.8 million for the six months ended June 30, 2017, representing an increase of 14.0% from RMB99.0 million for the six months ended June 30, 2016.

Impairment Losses on Assets

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

	For the six months ended June 30,		Change in amount	Rate of change (%)
	2017	2016		
	(Amounts in millions of RMB, except percentages)			
Loans and advances to customers	472.5	979.0	(506.5)	(51.7)
Off-balance sheet credit commitments	(80.8)	0.5	(81.3)	(16,260.0)
Investments classified as receivables	216.2	34.7	181.5	523.1
Financial assets held under resale agreements	(39.3)	250.5	(289.8)	(115.7)
Total	568.6	1,264.7	(696.1)	(55.0)

Our impairment losses on assets for the six months ended June 30, 2017 were RMB568.6 million, representing a decrease of 55.0% from RMB1,264.7 million for the six months ended June 30, 2016, primarily due to our impairment losses on loans and advances to customers decreasing by 51.7% from RMB979.0 million for the six months ended June 30, 2016 to RMB472.5 million for the six months ended June 30, 2017, reflecting a slight increase in our loans and advances to customers.

Management Discussion and Analysis

Income Tax Expenses

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

	For the six months ended June 30,		Change in amount	Rate of change (%)
	2017	2016		
	(Amounts in millions of RMB, except percentages)			
Profit before tax	3,312.0	3,319.6	(7.6)	(0.2)
Tax calculated at applicable statutory tax rate of 25%	828.0	829.9	(1.9)	(0.2)
Under-provision of tax in prior years	3.7	1.5	2.2	146.7
Tax effect of expense not deductible for tax purpose	15.2	0.8	14.4	1,800.0
Tax effect of income not taxable for tax purpose ⁽¹⁾	(156.5)	(109.4)	(47.1)	43.1
Income tax expense	690.4	722.8	(32.4)	(4.5)

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 six months ended June 30, 2017 amounted to RMB690.4 million, representing a 4.5% decrease from RMB722.8 million for the six months ended June 30, 2016, which was generally consistent with the decrease in our profit before tax.

Management Discussion and Analysis

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

Assets

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

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
ASSETS				
Gross loans and advances to customers	221,895.6	33.6	214,000.7	32.5
Allowance for impairment losses	(6,482.5)	(1.0)	(6,146.2)	(0.9)
Loans and advances to customers, net	215,413.1	32.6	207,854.5	31.6
Investment securities and other financial assets, net	329,626.7	50.1	310,737.3	47.3
Financial assets held under resale agreements	19,402.2	2.9	33,277.0	5.1
Cash and deposits with central bank	56,753.4	8.6	58,107.6	8.8
Deposits with banks and other financial institutions	13,706.2	2.1	26,118.0	4.0
Placements with banks and other financial institutions	15,725.2	2.4	13,780.0	2.1
Other assets ⁽¹⁾	9,257.2	1.3	7,435.7	1.1
TOTAL ASSETS	659,884.0	100.0	657,310.1	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 June 30, 2017, our total assets amounted to RMB659,884.0 million, representing an increase of 0.4% compared to RMB657,310.1 million as of December 31, 2016. The increase was mainly due to the increase in our loans and advances to customers and investment securities and other financial assets.

Management Discussion and Analysis

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 June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Corporate loans	184,427.9	83.1	182,240.3	85.2
Personal loans	31,132.4	14.0	28,515.5	13.3
Discounted bills	2,907.0	1.3	2,941.3	1.4
Finance lease receivables	3,428.3	1.6	303.6	0.1
Total	221,895.6	100.0	214,000.7	100.0

Corporate loans

Our corporate loans amounted to RMB184,427.9 million as of June 30, 2017, representing an increase of 1.2% compared to RMB182,240.3 million as of December 31, 2016. 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 June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Short-term loans (one year or less)	102,328.6	55.5	110,081.1	60.4
Medium- and long-term loans (over one year)	82,099.3	44.5	72,159.2	39.6
Total corporate loans	184,427.9	100.0	182,240.3	100.0

Short-term loans as a percentage of our corporate loan portfolio decreased from 60.4% as of December 31, 2016 to 55.5% as of June 30, 2017 and our medium- and long-term loans as a percentage of our corporate loan portfolio increased from 39.6% as of December 31, 2016 to 44.5% as of June 30, 2017. The changes in the above percentages of our corporate loan portfolio were primarily caused by the fact that certain short-term loans came to maturity and our decision to optimize our loan maturity structure.

Management Discussion and Analysis

The following table sets forth, as of the dates indicated, the distribution of our corporate loans by product type.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Working capital loans	135,757.5	73.6	136,335.5	74.7
Fixed assets loans	41,628.3	22.6	41,104.3	22.6
Trade finance	3,390.2	1.8	3,595.5	2.0
Others ⁽¹⁾	3,651.9	2.0	1,205.0	0.7
Total corporate loans	184,427.9	100.0	182,240.3	100.0

Note:

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

Our working capital loans remained relatively stable at RMB135,757.5 million as of June 30, 2017, representing a decrease of 0.4% compared to RMB136,335.5 million as of December 31, 2016.

Our fixed assets loans amounted to RMB41,628.3 million as of June 30, 2017, representing an increase of 1.3% compared to RMB41,104.3 million as of December 31, 2016, which remained relatively stable.

Our trade finance amounted to RMB3,595.5 million and RMB3,390.2 million as of December 31, 2016 and June 30, 2017. Our other corporate loans amounted to RMB1,205.0 million and RMB3,651.9 million as of December 31, 2016 and June 30, 2017.

Personal loans

Our personal loans amounted to RMB31,132.4 million as of June 30, 2017, representing an increase of 9.2% compared to RMB28,515.5 million as of December 31, 2016. This increase was mainly attributable to our strategy and continued efforts to grow our retail banking business.

Management Discussion and Analysis

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

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Personal consumption loans	9,294.3	29.9	10,220.7	35.8
Residential mortgage loans	18,124.7	58.2	14,520.1	50.9
Personal business loans	3,296.3	10.6	3,357.7	11.8
Credit card overdrafts	417.1	1.3	417.0	1.5
Total personal loans	31,132.4	100.0	28,515.5	100.0

Our personal consumption loans amounted to RMB9,294.3 million as of June 30, 2017, representing a decrease of 9.1% compared to RMB10,220.7 million as of December 31, 2016.

Our residential mortgage loans amounted to RMB18,124.7 million as of June 30, 2017, representing an increase of 24.8% compared to RMB14,520.1 million as of December 31, 2016. 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 RMB3,296.3 million as of June 30, 2017, representing a decrease of 1.8% compared to RMB3,357.7 million as of December 31, 2016. The decrease in our personal business loans was primarily due to (i) the maturity of certain of our personal business loans, and (ii) the decrease in our lending to individual businesses given their deteriorated repayment abilities during the slowdown in the PRC economy.

Our credit card overdrafts amounted to RMB417.0 million and RMB417.1 million as of December 31, 2016 and June 30, 2017.

Discounted bills

Discounted bills represented an important component of our portfolio of loans and advances to customers. Our discounted bills decreased by 1.2% to RMB2,907.0 million as of June 30, 2017 from RMB2,941.3 million as of December 31, 2016, primarily due to our decision to decrease the business volume of discounted bills given the relatively lower market prices of discounted bills in the first half of 2017.

Management Discussion and Analysis

Finance lease receivables

As of June 30, 2017, we recorded finance lease receivables increased by 1,029.2% to RMB3,428.3 million from RMB303.6 million as of December 31, 2016, primarily due to (i) the commencement of formal operation by our subsidiary, Bank of Tianjin Financial Leasing Co., Ltd., in October 2016, the base figure of finance leases at the end of 2016 is relatively low; (ii) a significant increase of business scale in 2017 as compared with that in the previous year.

Investment securities and other financial assets

As of June 30, 2017, the balance of our investment securities and other financial assets amounted to RMB329,626.7 million, representing an increase of 6.1 % compared to RMB310,737.3 million as of December 31, 2016. 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, 2016 and June 30, 2017, the components of our investment securities and other financial assets.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Debt securities				
Held-to-maturity investments	46,696.7	14.2	42,340.6	13.6
Available-for-sale debt securities	42,824.7	13.0	48,706.9	15.7
Debt securities held for trading	4,998.0	1.5	5,880.4	1.9
Debt securities classified as receivables	30,590.6	9.2	26,756.1	8.6
Allowance for impairment losses	(57.5)	(0.0)	(57.5)	(0.0)
Subtotal	125,052.5	37.9	123,626.5	39.8
Funds	4,317.0	1.3	1,824.3	0.6
Wealth management products issued by other financial institutions	62,186.3	18.9	64,717.1	20.8
Trust beneficiary rights and assets management plans, net				
Asset management plans	80,091.3	24.3	85,898.6	27.7
Trust beneficiary rights	58,686.4	17.8	35,246.8	11.3
Others	85.4	0.0	-	0.0
Allowance for impairment losses	(850.8)	(0.2)	(634.6)	(0.2)
Subtotal	138,012.3	41.9	120,510.8	38.8
Equity investments				
Available-for-sale equity investments	58.6	0.0	58.6	0.0
Subtotal	58.6	0.0	58.6	0.0
Total investment securities and other financial assets, net	329,626.7	100.0	310,737.3	100.0

Management Discussion and Analysis

Debt securities

The following table sets forth, as of December 31, 2016 and June 30, 2017, the components of our debt securities.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
PRC government bonds	38,901.0	31.1	40,887.5	33.1
Debt securities issued by PRC policy banks	36,367.9	29.1	27,272.0	22.0
Debt securities issued by PRC corporate issuers	30,951.6	24.7	27,667.9	22.4
Debt securities issued by PRC banks and other financial institutions	18,889.5	15.1	27,856.6	22.5
Total	125,110.0	100.0	123,684.0	100.0

Our holding of debt securities issued by PRC governments decreased by 4.9% from RMB40,887.5 million as of December 31, 2016 to RMB38,901.0 million as of June 30, 2017, primarily due to our preference for other debt securities with relatively high returns.

Our holding of debt securities issued by PRC policy banks increased by 33.4% from RMB27,272.0 million as of December 31, 2016 to RMB36,367.9 million as of June 30, 2017, which was primarily because of our preference for their high liquidity and relatively low risks.

Our holding of debt securities issued by PRC corporate issuers increased by 11.9% from RMB27,667.9 million as of December 31, 2016 to RMB30,951.6 million as of June 30, 2017, which was primarily because of 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 decreased by 32.2% from RMB27,856.6 million as of December 31, 2016 to RMB18,889.5 million as of June 30, 2017, which reflected our preference for other debt securities with relatively high liquidity.

Management Discussion and Analysis

Distribution of investment securities and other financial assets by investment intention

The following table sets forth, as of December 31, 2016 and June 30, 2017, the distribution of our investment securities and other financial assets by our investment intention.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Investment classified as receivables	230,731.6	70.0	211,926.5	68.2
Held-to-maturity investments	46,696.7	14.2	42,340.6	13.6
Available-for-sale financial assets	47,200.4	14.3	50,589.8	16.3
Financial assets held for trading	4,998.0	1.5	5,880.4	1.9
Total	329,626.7	100.0	310,737.3	100.0

Financial assets held under resale agreements

The table below sets forth, as of December 31, 2016 and June 30, 2017, the distribution of our financial assets held under resale agreements by collateral type.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Analyzed by collateral type:				
Bills	993.5	5.1	10,097.5	30.1
Trust beneficial rights and asset management plans ⁽¹⁾	—	—	630.0	1.9
Bonds	18,644.7	94.9	22,824.7	68.0
Gross amount	19,638.2	100.0	33,552.2	100.0
Allowance for impairment losses	(236.0)		(275.2)	
Net amount	19,402.2		33,277.0	

Note:

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

Management Discussion and Analysis

Our financial assets held under resale agreements amounted to RMB19,402.2 million as of June 30, 2017, representing a decrease of 41.7% compared to RMB33,277.0 million as of December 31, 2016, primarily due to the fact that our bills held under resale agreements and 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) others.

Our cash and deposits with central bank amounted to RMB56,753.4 million as of June 30, 2017, representing a decrease of 2.3% compared to RMB58,107.6 million as of December 31, 2016.

Deposits with banks and other financial institutions amounted to RMB13,706.2 million as of June 30, 2017, representing a decrease of 47.5% compared to RMB26,118.0 million as of December 31, 2016. 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 RMB15,725.2 million as of June 30, 2017, representing an increase of 14.1% compared to RMB13,780.0 million as of December 31, 2016, 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 other assets consist primarily of interest receivable, property and equipment, deferred tax assets, intangible assets and other receivables. Our other assets increased by 24.5% from RMB7,435.7 million as of December 31, 2016 to RMB9,257.2 million as of June 30, 2017, primarily due to the increase of our interest receivables from RMB2,659.68 million as of December 31, 2016 to RMB3,639.04 million as of June 30, 2017, primarily resulting from the increase in interest receivable of investment classified as receivables.

Management Discussion and Analysis

Liabilities

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

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Deposits from customers	354,571.4	57.5	365,471.0	59.4
Deposits from banks and other financial institutions	83,563.0	13.5	119,333.0	19.4
Debt securities issued	87,269.6	14.1	40,631.6	6.6
Financial assets sold under repurchase agreements	59,950.7	9.7	58,805.6	9.5
Placements from banks	12,234.8	2.0	18,550.3	3.0
Borrowings from central bank	1,500.0	0.3	–	–
Income tax payable	590.5	0.1	567.2	0.1
Other liabilities ⁽¹⁾	17,192.4	2.8	12,196.6	2.0
TOTAL LIABILITIES	616,872.4	100.0	615,555.3	100.0

Note:

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

As of June 30, 2017, our total liabilities were RMB616,872.4 million, representing an increase of 0.2% compared to RMB615,555.3 million as of December 31, 2016.

Deposits from customers

As of June 30, 2017, our deposits from customers amounted to RMB354,571.4 million, representing a decrease of 3.0% compared to RMB365,471.0 million as of December 31, 2016. The decrease in our deposits from customers was primarily due to our decision to optimize our deposit structure, actively control cost and focus more on quality of our deposit-taking business.

Management Discussion and Analysis

The following table sets forth, as of December 31, 2016 and June 30, 2017, our due to customers by product type and maturity profile of deposits.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Corporate deposits				
Demand	168,986.8	47.7	159,939.7	43.8
Time ⁽¹⁾	103,472.0	29.2	119,638.9	32.7
Subtotal	272,458.8	76.9	279,578.6	76.5
Personal deposits				
Demand	16,105.1	4.5	16,218.4	4.5
Time ⁽¹⁾	47,704.9	13.4	48,041.7	13.1
Subtotal	63,810.0	17.9	64,260.1	17.6
Others⁽²⁾	18,302.6	5.2	21,632.3	5.9
Total deposits from customers	354,571.4	100.0	365,471.0	100.0

Notes:

- (1) Includes principal-protected wealth management products, which we classify as deposits from customers pursuant to PBoC rules.
- (2) Consist primarily of margin deposits, funds deposited with us for remittance and temporary deposits.

Our corporate deposits decreased by 2.5% from RMB279,578.6 million as of December 31, 2016 to RMB272,458.8 million as of June 30, 2017. The decrease in our corporate deposits was primarily due to our decision to optimize our deposit structure, actively control cost and focus more on quality of our deposit-taking business.

Our personal deposits decreased by 0.7% from RMB64,260.1 million as of December 31, 2016 to RMB63,810.0 million as of June 30, 2017. The decrease in our personal deposits was primarily due to personal customer deposits flowed to investment channels resulting from higher yield of wealth management products.

Deposits from banks and other financial institutions

As of June 30, 2017, our deposits from banks and other financial institutions amounted to RMB83,563.0 million, representing a decrease of 30.0% from RMB119,333.0 million as of December 31, 2016. The decrease in our deposits from banks and other financial institutions primarily reflected capital sources of the Bank obtained in other ways other than the deposits from banks and other financial institutions.

Management Discussion and Analysis

Debt securities issued

As of June 30, 2017, our debt securities issued amounted to RMB87,269.6 million, representing an increase of 114.8% from RMB40,631.6 million as of December 31, 2016. The increase in our debt securities issued was primarily due to the increase in the issuance of our interbank negotiable certificates of deposit.

Financial assets sold under repurchase agreements

As of June 30, 2017, our financial assets sold under repurchase agreements amounted to RMB59,950.7 million, representing an increase of 1.9% from RMB58,805.6 million as of December 31, 2016. The increase in our financial assets sold under repurchase agreements was primarily due to the change of our liquidity needs.

Equity

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

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
EQUITY				
Share capital	6,070.6	14.1	6,070.6	14.5
Capital reserve	10,699.8	24.9	10,699.8	25.6
Investment revaluation reserve	(366.3)	(0.8)	(215.7)	(0.5)
Surplus reserve	3,014.7	7.0	3,014.7	7.2
General reserve	8,349.4	19.4	7,136.6	17.1
Retained earnings	15,193.0	35.3	15,003.9	36.0
Equity attributable to equity holders of the Bank	42,961.2	99.9	41,709.9	99.9
Non-controlling interests	50.4	0.1	44.9	0.1
TOTAL EQUITY	43,011.6	100.0	41,754.8	100.0

Management Discussion and Analysis

As of June 30, 2017, our shareholders' equity amounted to RMB43,011.6 million, representing an increase of 3.0% compared to RMB41,754.8 million as of December 31, 2016. Equity attributable to equity holders of the Bank was RMB42,961.2 million as of June 30, 2017, representing an increase of 3.0% compared to RMB41,709.9 million as of December 31, 2016. The increase in the shareholders' equity in the six months ended June 30, 2017 was mainly due to the increase of our net profits in the first half of 2017.

ANALYSIS OF OFF-BALANCE SHEET ITEMS

The following table sets forth, as of December 31, 2016 and June 30, 2017, the contractual amounts of our off-balance sheet commitments.

	As of June 30, 2017	As of December 31, 2016
	(Amounts in millions of RMB)	
Bank acceptance	37,572.6	48,612.3
Letters of credit	8,099.6	8,329.6
Letters of guarantee issued	7,508.4	7,693.4
Undrawn credit card commitments	1,703.2	1,625.2
Subtotal	54,883.8	66,260.5
Operating lease commitments	1,067.8	1,168.0
Capital commitments	318.9	217.3
Total	56,270.5	67,645.8

Management Discussion and Analysis

ANALYSIS

Distribution of loans by five-category loan classification

The following table sets forth, as of December 31, 2016 and June 30, 2017, the distribution of our loans by the five-category loan classification.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
	(Amounts in millions of RMB, except percentages)			
Normal	208,336.6	93.89	201,313.4	94.08
Special mention	10,321.8	4.65	9,512.0	4.44
Subtotal	218,658.4	98.54	210,825.4	98.52
Substandard	2,686.6	1.21	2,624.1	1.23
Doubtful	263.8	0.12	177.8	0.08
Loss	286.8	0.13	373.4	0.17
Subtotal	3,237.2	1.46	3,175.3	1.48
Total loans to customers	221,895.6	100.00	214,000.7	100.00

As of June 30, 2017, according to the five-category classification, the normal loans amounted to RMB208,336.6 million, representing an increase of RMB7,023.2 million as compared to that as of December 31, 2016. The normal loans accounted for 93.89% of all the loans of the Bank as of June 30, 2017. Loans classified as special mention were RMB10,321.8 million, representing an increase of RMB809.8 million as compared to that as of December 31, 2016. The loans classified as special mention accounted for 4.65% of all loans. The non-performing loans were RMB3,237.2 million, representing an increase of RMB61.9 million as compared to that as of December 31, 2016 with a non-performing loan ratio of 1.46%, remaining stable as compared to that as of December 31, 2016, primarily due to operational difficulties and deteriorated repayment abilities of certain of our corporate and retail customers as a result of the slowdown of the PRC economy.

Management Discussion and Analysis

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 June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Manufacturing	49,200.2	26.7	49,707.3	27.3
Wholesale and retail	38,094.9	20.7	39,334.3	21.6
Construction	22,815.6	12.4	22,671.5	12.4
Real estate	17,250.4	9.4	15,484.9	8.5
Water, environment and public facilities management	16,212.8	8.8	15,833.8	8.7
Leasing and business services	13,555.0	7.3	13,863.0	7.6
Resident services, repair and other services	4,987.4	2.7	5,315.1	2.9
Transportation, storage and postal services	4,073.2	2.2	4,290.7	2.4
Electricity, heat, gas and water production and supply	3,969.9	2.2	3,693.1	2.0
Finance	3,184.1	1.7	1,564.5	0.9
Public administration, social security and social organization	2,773.0	1.5	2,479.0	1.4
Scientific research and technical services	1,492.1	0.8	1,077.7	0.6
Accommodation and catering	1,337.8	0.7	1,414.1	0.8
Agriculture, forestry, animal husbandry and fishery	815.1	0.4	888.2	0.5
Others ⁽¹⁾	4,666.4	2.5	4,623.1	2.5
Total corporate loans	184,427.9	100.0	182,240.3	100.0

Note:

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

Management Discussion and Analysis

In the first half of 2017, the Bank actively supported the development of the real economy with its lending structure further optimized. As of June 30, 2017, loans provided to customers in the industries of (i) manufacturing, (ii) wholesale and retail, (iii) construction, (iv) real estate, and (v) water, environment and public utilities management represented the top five largest components of the Bank's corporate loans. As of June 30, 2017 and December 31, 2016, the balance of loans provided to the corporate customers in these top five industries were RMB143,573.9 million and RMB143,031.8 million, respectively, accounting for 77.8% and 78.5% of the total corporate loans and advances issued by the Bank, respectively.

Distribution of Non-Performing Corporate Loans by Industry

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans to corporate customers by industry.

	As of June 30, 2017			As of December 31, 2016		
	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)
(Amounts in millions of RMB, except percentages)						
Wholesale and retail	1,270.8	46.6	3.34	1,226.1	44.8	3.12
Manufacturing	1,093.6	40.1	2.22	1,157.2	42.2	2.33
Mining	100.5	3.7	6.83	150.6	5.5	12.48
Construction	87.2	3.2	0.38	–	–	–
Transportation, storage and postal services	62.2	2.3	1.53	76.5	2.8	1.78
Information transmission, software and information technology services	34.0	1.2	1.65	34.0	1.3	1.60
Real estate	32.5	1.2	0.19	32.5	1.2	0.21
Leasing and business services	25.0	0.9	0.18	25.0	0.9	0.18
Scientific research and technical services	14.8	0.5	0.99	14.8	0.5	1.37
Agriculture, forestry, animal husbandry and fishery	7.9	0.3	0.97	23.0	0.8	2.59
Total non-performing corporate loans	2,728.5	100.0	1.48	2,739.7	100.0	1.50

Note:

- (1) Calculated by dividing non-performing loans to corporate customers in each industry by gross loans to corporate customers in that industry.

Management Discussion and Analysis

Our non-performing corporate loans consist primarily of non-performing loans to corporate borrowers in the wholesale and retail industry and manufacturing industry. The non-performing loan ratio for our corporate loans in the wholesale and retail industry were 3.12% and 3.34% as of December 31, 2016 and June 30, 2017, respectively. As of December 31, 2016 and June 30, 2017, non-performing corporate loans to borrowers in this industry accounted for 44.8% and 46.6% of our total non-performing corporate loans, respectively. The increase in the non-performing loan ratio for our corporate loans to borrowers in the wholesale and retail industry was primarily due to the deterioration of the financial condition of certain corporate borrowers due to the general economic slowdown of the PRC.

The non-performing loan ratio for our corporate loans in the manufacturing industry were 2.33% and 2.22% as of December 31, 2016 and June 30, 2017, respectively. As of December 31, 2016 and June 30, 2017, non-performing corporate loans to borrowers in this industry accounted for 42.2% and 40.1% of our total non-performing corporate loans, respectively. The decrease in the non-performing ratio for our corporate loans to borrowers in manufacturing industry primarily reflected our continued efforts of active management and collection of non-performing loans.

The non-performing loan ratio for our corporate loans in the mining industry were 12.48% and 6.83% as of December 31, 2016 and June 30, 2017, respectively. As of December 31, 2016 and June 30, 2017, non-performing corporate loans to borrowers in this industry accounted for 5.5% and 3.7% of our total non-performing corporate loans, respectively. The decrease of our non-performing loan ratio for our corporate loans to borrowers in mining industry primarily reflected our continued efforts of active management and collection of non-performing loans.

We did not record any non-performing loans for our corporate loans in the construction industry as of December 31, 2016. The non-performing loan ratio for our corporate loans in the construction industry was 0.38% as of June 30, 2017 and our non-performing corporate loans to borrowers in this industry accounted for 3.2% of our total non-performing corporate loans as of the same date. The increase of our non-performing loan ratio for our corporate loans to borrowers in this industry primarily reflected the deterioration of the financial condition of certain corporate borrowers due to the general economic slowdown of the PRC.

The non-performing loan ratio for our corporate loans in the transportation, storage and postal services industry were 1.78% and 1.53% as of December 31, 2016 and June 30, 2017, respectively. As of December 31, 2016 and June 30, 2017, non-performing corporate loans to borrowers in this industry accounted for 2.8% and 2.3% of our total non-performing corporate loans, respectively. The decrease in the non-performing loan ratio for our corporate loans to borrowers in transportation, storage and postal services industry primarily reflected our continued efforts of active management and collection of non-performing loans.

Management Discussion and Analysis

Distribution of Non-Performing Loans by Product Type

The following table sets forth, as of the dates indicated, the distribution of our non-performing loans by product type.

	As of June 30, 2017			As of December 31, 2016		
	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of total (%)	NPL ratio ⁽¹⁾ (%)
(Amounts in millions of RMB, except percentages)						
Corporate loans						
Working capital loans	2,251.1	69.5	1.66	2,250.8	70.9	1.65
Fixed asset loans	32.5	1.0	0.08	32.8	1.0	0.08
Trade finance	24.4	0.8	0.72	24.4	0.8	0.68
Others ⁽²⁾	420.5	13.0	11.51	431.7	13.6	35.83
Subtotal	2,728.5	84.3	1.45	2,739.7	86.3	1.50
Discounted bills						
	85.0	2.5	2.92	85.0	2.6	2.89
Subtotal	85.0	2.5	2.92	85.0	2.6	2.89
Personal loans						
Residential mortgage loans	37.9	1.2	0.21	43.1	1.4	0.30
Personal consumption loans	59.9	1.9	0.64	55.7	1.8	0.54
Personal business loans	297.7	9.2	9.03	228.1	7.2	6.79
Credit card overdrafts	28.2	0.9	6.77	23.7	0.7	5.68
Subtotal	423.7	13.2	1.36	350.6	11.1	1.23
Total non-performing loans	3,237.2	100.0	1.46	3,175.3	100.0	1.48

Notes:

- (1) Calculated by dividing non-performing loans in each product type by gross loans in that product type.
- (2) Consist primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

Management Discussion and Analysis

The non-performing loan ratio for our corporate loans decreased from 1.50% as of December 31, 2016 to 1.45% as of June 30, 2017, with a 0.4% decrease in our non-performing corporate loans from RMB2,739.7 million to RMB2,728.5 million. The decrease in our non-performing corporate loans was primarily due to our efforts of active management and collection of non-performing loans.

The non-performing loan ratio for our personal loans increased from 1.23% as of December 31, 2016 to 1.36% as of June 30, 2017, with a 20.9% increase in our non-performing personal loans from RMB350.6 million as of December 31, 2016 to RMB423.7 million as of June 30, 2017. The increases in our non-performing personal loans and the non-performing loan ratio for our personal loans were primarily due to the increase in our non-performing personal business loans, reflecting the operational difficulties and deteriorated repayment abilities of certain individual business during the economic slowdown of the PRC.

The non-performing loan ratio for our discounted bills was 2.89% as of December 31, 2016 and our non-performing loans for discounted bills amounted to RMB85.0 million as of the same date. The non-performing loan ratio for our discounted bills was 2.92% as of June 30, 2017 and our non-performing loans for discounted bills amounted to RMB85.0 million as of the same date. We recorded non-performing loans as of June 30, 2017, which was primarily due to operational difficulties and deteriorated repayment abilities of certain of our customers as a result of the slowdown in the PRC economy.

Distribution of non-performing loans by geographical region

The following table sets forth, as of December 31, 2016 and June 30, 2017, the distribution of our non-performing loans by geographical region.

	As of June 30, 2017			As of December 31, 2016		
	Amount	% of the total (%)	NPL ratio (%)	Amount	% of the total (%)	NPL ratio (%)
	(Amounts in millions of RMB, except percentages)					
Tianjin	1,067.8	33.0	0.95	1,141.4	36.0	1.04
Beijing	247.2	7.6	1.75	228.7	7.2	1.52
Shandong Province	358.9	11.1	1.07	330.7	10.4	1.16
Shanghai	383.6	11.8	1.73	291.9	9.2	1.29
Hebei Province	1,122.1	34.7	4.02	1,138.0	35.8	4.83
Sichuan Province	57.6	1.8	0.50	44.6	1.4	0.32
Total non-performing loans	3,237.2	100.0	1.46	3,175.3	100.0	1.48

Management Discussion and Analysis

Distribution of loans by collateral

The following table sets forth, as of December 31, 2016 and June 30, 2017, the distribution of our loans and advances to customers by type of collateral.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Unsecured loan	24,631.0	11.1	20,876.9	9.8
Guaranteed loan	105,366.3	47.5	99,013.3	46.2
Collateralized loans ⁽¹⁾	55,961.8	25.2	56,006.5	26.2
Pledged loans ⁽¹⁾	35,936.5	16.2	38,104.0	17.8
Total loans and advances to customers	221,895.6	100.0	214,000.7	100.0

Note:

- (1) Represents the total amount of loans fully or partially secured by collateral in each category. If a loan is secured by more than one form of security interest, the allocation is based on the primary form of security interest.

Borrowers concentration

In the first half of 2017, the Bank's total loans to its largest single borrower accounted for 6.51% of its regulatory capital while total loans to its top ten customers accounted for 39.02% of its regulatory capital, which were in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of June 30, 2017	As of December 31, 2016
Loan concentration ratio for the largest single customer (%)	<=10	6.51	7.83
Loan concentration ratio for the top ten customers (%)	<=50	39.02	35.76

Note: The data above are calculated in accordance with the formula promulgated by the China Banking Regulatory Commission.

Management Discussion and Analysis

b. Loans to top ten single borrowers

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 June 30, 2017			
Industry		Amount	% of total loans (%)	% of regulatory capital ⁽¹⁾ (%)	Classification
(Amounts in millions of RMB, except percentages)					
Borrower A	Manufacturing	3,482.4	1.57	6.57	Normal
Borrower B	Wholesale and retail	3,000.0	1.35	5.66	Normal
Borrower C	Manufacturing	2,900.0	1.31	5.47	Normal
Borrower D	Manufacturing	2,428.0	1.09	4.58	Normal
Borrower E	Real estate	2,272.0	1.02	4.29	Normal
Borrower F	Construction	1,982.7	0.89	3.74	Normal
Borrower G	Water, environment and public utilities management	1,306.0	0.59	2.46	Normal
Borrower H	Water, environment and public utilities management	1,203.0	0.54	2.27	Normal
Borrower I	Construction	1,200.0	0.54	2.26	Normal
Borrower J	Real estate	1,100.0	0.50	2.07	Normal
Total		20,874.1	9.41	39.37	

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.

As of June 30, 2017, the loan balance of the largest single borrower of the Bank was RMB3,482.4 million, accounting for 1.6% of the total amount of loans of the Bank; and the total amount of loans of the top ten single borrowers was RMB20,874.1 million, representing 9.4% of the total amount of loans of the Bank.

Management Discussion and Analysis

Loan Aging Schedule

The following table sets forth, as of the dates indicated, our loan aging schedule.

	As of June 30, 2017		As of December 31, 2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Current loans	213,369.2	99.05	208,421.0	100.27
Loans past due but not impaired⁽¹⁾				
Up to 30 days	2,124.5	0.99	1,270.7	0.61
31 to 60 days	1,652.9	0.77	395.9	0.19
61 to 90 days	1,337.0	0.62	737.8	0.35
More than 90 days	174.8	0.08	–	–
Sub-total	5,289.2	2.46	2,404.4	1.16
Impaired loans	3,237.2	1.50	3,175.3	1.53
Allowances for impairment losses	6,482.5	3.01	6,146.2	2.96
Total	215,413.1	100.00	207,854.5	100.00

Note:

(1) Represents the principal amount of the loans on which principal or interest is overdue but not impaired.

Management Discussion and Analysis

Changes to allowance for impairment losses

The allowance for impairment losses of loans increased by 5.5% to RMB6,482.5 million as of June 30, 2017 from RMB6,146.2 million as of December 31, 2016. This increase was mainly due to the overall increase of our total loan portfolio and an increase in our non-performing loans.

	As of June 30, 2017		As of December 31, 2016	
	Amount	NPL ratio (%)	Amount	NPL ratio (%)
(Amounts in millions of RMB, except percentages)				
Beginning of period	6,146.2	1.48	5,032.8	1.34
Charge-offs for the period ⁽¹⁾	472.5		1,865.9	
Unwinding of discount	(40.3)		(63.0)	
Write-offs	(145.6)		(730.5)	
Recoveries	49.7		41.0	
End of period	6,482.5	1.46	6,146.2	1.48

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 June 30, 2017 are set out in the Note 42 of the interim financial statement in this interim report.

Management Discussion and Analysis

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 subsidiaries that generated the income. For the purpose of presentation, we categorize such information by geographical regions. The following table sets forth the total operating income of each of the geographical regions for the periods indicated.

	For the six months ended June 30,			
	2017		2016	
	Amount	of the total (%)	Amount	of the total (%)
(Amounts in millions of RMB, except percentages)				
Tianjin	2,836.6	53.8	4,160.7	63.7
Shandong Province	642.6	12.1	787.8	12.1
Shanghai	377.6	7.1	552.3	8.5
Sichuan Province	605.7	11.4	438.4	6.7
Beijing	340.2	6.4	380.0	5.8
Hebei Province	454.6	8.6	209.7	3.2
Ningxia	33.8	0.6	–	–
Total	5,291.1	100.0	6,528.9	100.0

Management Discussion and Analysis

Business Segment Report

The following table sets forth, for the periods indicated, the operating income of each of our principal segment.

	For the six months ended June 30,			
	2017		2016	
	Amount	% of the total (%)	Amount	% of the total (%)
(Amounts in millions of RMB, except percentages)				
Corporate banking	3,817.4	72.1	3,465.8	53.1
Retail banking	929.4	17.6	1,032.6	15.8
Treasury business	540.5	10.2	2,021.5	31.0
Other ⁽¹⁾	3.8	0.1	9.0	0.1
Total	5,291.1	100.0	6,528.9	100.0

Note:

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

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 the China Banking Regulatory Commission. As of June 30, 2017, our Bank's capital adequacy ratios met the regulatory requirements under such regulations. As of June 30, 2017, the capital adequacy ratio was 11.64%, 0.24 percentage points lower than that as of December 31, 2016; tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 9.29% and 9.29% as of June 30, 2017, 0.19 percentage points lower than those as of December 31, 2016.

Management Discussion and Analysis

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

	As of June 30, 2017	As of December 31, 2016
	(Amounts in millions of RMB, except percentages)	
Core capital		
– Share capital	6,070.6	6,070.6
– Capital reserve and investment revaluation reserve	10,333.5	10,484.1
– Surplus reserve and general reserve	11,364.1	10,151.3
– Retained earnings	15,193.0	15,003.9
– Non-controlling interests	25.7	20.3
Total Core Capital	42,986.9	41,730.2
Core tier-one capital	42,986.9	41,730.2
Core tier-one capital deductible items	(269.9)	(260.4)
Net core tier-one capital	42,717.0	41,469.8
Net tier-one capital	42,720.4	41,472.5
Tier-two capital		
– Net tier-two capital instruments and related premiums	7,520.0	7,520.0
– Surplus allowance for impairment losses on loans	3,245.4	2,970.9
– Portion of minority shareholders that may be included	6.8	5.4
Total tier-two capital	10,772.2	10,496.3
Net capital base	53,492.6	51,968.8
Total risk-weighted assets	459,694.0	437,559.1
Core tier-one capital adequacy ratio (Expressed in percentage)	9.29	9.48
Tier-one capital adequacy ratio (Expressed in percentage)	9.29	9.48
Capital adequacy ratio (Expressed in percentage)	11.64	11.88

As of June 30, 2017, the Bank's leverage ratio was 6.05%.

(Expressed in percentage)

	As of June 30, 2017	As of December 31, 2016
Leverage ratio	6.05	5.80

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by the China Banking Regulatory Commission (the "CBRC"), effective from April 2015, a minimum leverage ratio of 4% is required. The above leverage ratios are calculated according to the formula promulgated by the CBRC.

Management Discussion and Analysis

RISK MANAGEMENT

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. In 2017, 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 relatively sound authorization and credit review and extension management system. The Bank has established a credit risk management system based on the principle of vertical management for credit risk, ensured the independence of credit review and extension based on the principle of separation for loan approval and extension and approval at various levels, and established a scientific and rigorous authorization and credit review and extension management system. The Bank implements a centralized credit extension system, under which exposures to credit risk of all our banking books and that of our trading books, including credit business and non-credit business, all ways and types of credit extension are under centralized credit extension management and reviewed by review authorities or reviewer with corresponding authorization for credit review and extension.

The Bank has established credit risk management mechanism, system and procedures in line with its business nature, scale and complexity, to manage, execute and implement unified risk preferences, effectively identify, measure, control, monitor and report credit risk, so as to control credit risk within the range we can tolerate.

The Bank strives to improve our overall credit risk management capabilities through a variety of measures, such as establishing a digital credit extension management system, establishing a twelve-level loan categorization system and adopting specific programs to manage relevant risks, improving our capacity to process credit risk management by utilizing information technology, conducting post-credit extension risk management, and further enhancing credit review and monitoring. The Bank intends to develop an internal rating system on credit risk for retail and non-retail business to effectively manage the review, monitoring and risk alerts in the course of our credit extension, so as to further enhance our credit risk control capability.

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 internal 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 legal compliance 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.

Management Discussion and Analysis

Market Risk

Market risk is the risk of loss in on- and off-balance sheet positions arising from movements in market prices caused by interest rates, exchange rates and other market factors, which primarily includes interest rate risk and exchange rate risk. Our Board of Directors undertakes the ultimate responsibility for the monitoring on market risk management to ensure that the Bank effectively identifies, measures, monitors and controls the various market risks assumed by various businesses. Our senior management is responsible for formulating, regularly reviewing and supervising the implementation of policies, procedures and specific operation procedures for market risk management, keeping abreast of the level of market risk and its management and ensuring the Bank has sufficient human resources, materials, and appropriate organization structure, management information system and technical level to effectively identify, measure, monitor and control the various market risks assumed by various businesses. The Bank, through the improvement of market risk governance structure, management tool, system construction, effective measurement of market risk, controls negative effects of adverse movements in market price on the financial instrument position and relevant businesses within the reasonable range the Bank can tolerate, so as to ensure that various market risk indicators meet the regulatory requirements and operation needs.

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 adopts the centralized management model for our liquidity risk management. Guided by the Board's liquidity risk management policies and led by the senior management, the headquarters and branches work in conjunction with all relevant departments to implement the centralized management model that accords with our business model and overall development plans, under which the headquarters will uniformly manage our general liquidity risks.

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.

Management Discussion and Analysis

Information Technology Risk Management

We are subject to information technology risk which may cause our operational, 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. Management Policy on Business Continuity of Bank of Tianjin (《天津銀行業務連續性管理政策》) and Measures on Management of Business Continuity of Bank of Tianjin (《天津銀行業務連續性管理辦法》), the formulation of which was led by the Legal and Compliance Department of our head office, had been considered and approved, and were promulgated in May 2017.

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 six months ended June 30, 2017, our operating income from corporate banking business amounted to RMB3,817.4 million, accounting for 72.1% of the total operating income over the same period, representing an increase of 10.1% as compared to the same period last year.

As of June 30, 2017, the balance of our corporate loans (excluding discounted bills and finance lease receivable) amounted to RMB184,427.9 million, representing an increase of 1.2% as compared to that of December 31, 2016. As of the same date, RMB141,060.17 million of these loans were loans to SMEs, accounting for 76.5% of our total corporate loans and representing an increase of 4.1% as compared to that of December 31, 2016. As of June 30, 2017, our total corporate deposits amounted to RMB272,458.8 million, representing a decrease of 2.5% as compared to that of December 31, 2016. In the six months ended June 30, 2017, 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.

The balance of our loans to technology small- and medium-enterprises was RMB17,233.24 million as of June 30, 2017, representing a decrease of 11.78% as compared to that of December 31, 2016. Our non-performing loan ratio of SME loans was 1.82% as of June 30, 2017.

Furthermore, the Bank developed the financial leasing business through establishing Bank of Tianjin Financial Leasing Co., Ltd., which commenced its business operation in October 2016. As of June 30, 2017, total assets and net profit of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB4,059.2 million and RMB11.0 million, respectively.

Management Discussion and Analysis

Retail Banking Business

In the six months ended June 30, 2017, our Bank strengthened marketing efforts to retail banking customers and continued to improve 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 six months ended June 30, 2017, the number of our retail banking customers exceeded 7.91 million and the operating income from our retail banking business amounted to RMB929.4 million, accounting for 17.6% of our total operating income over the same period and representing a decrease of 10.0% as compared to the same period last year. As of June 30, 2017, the balance of our personal loans reached RMB31,132.4 million, accounting for 14.0% of our total loans to customers. As of June 30, 2017, our residential mortgage loans, personal consumption loans, personal business loans and credit card overdrafts amounted to RMB18,124.7 million, RMB9,294.3 million, RMB3,296.3 million and RMB417.1 million, respectively, and accounted for 58.2%, 29.9%, 10.6%, and 1.3% of our total personal loans, respectively. As of that date, our total personal deposits amounted to RMB63,810.0 million, representing a decrease of 0.7% as compared to that of December 31, 2016.

In the six months ended June 30, 2017, our Bank continued to enhance our product offering and the product features of credit cards. As of June 30, 2017, our Bank had issued 174,876 credit cards.

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 continued to improve our rural financial services and establishment of branches in rural areas, to support the development of economic sectors related to “agriculture, rural areas and farmers”. As of June 30, 2017, we established an aggregate of 32 sub-branches, comprising 9 primary sub-branches and 23 secondary sub-branches.

Treasury Business

In the six months ended June 30, 2017, our Bank continued to focus our research on macroeconomic policies and market analysis in order to reduce the adverse impacts of market volatility and minimize the impact of a slowdown in the PRC economic development. For the six months ended June 30, 2017, the operating income of our treasury operations amounted to RMB540.5 million, accounting for 10.2% of our total operating income and representing a decrease of 73.3% as compared to the same period last year.

Money Market Transactions

In the six months ended June 30, 2017, 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 June 30, 2017, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB48,833.6 million, representing a decrease of 33.3% as compared to that as of December 31, 2016 and accounting for 7.4% of our total assets as of June 30, 2017. 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 RMB155,748.5 million, representing a decrease of 20.8% as compared to that as of December 31, 2016 and accounting for 25.2% of our total liabilities as of June 30, 2017.

Management Discussion and Analysis

Investments in Securities and Other Financial Assets

In the six months ended June 30, 2017, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of June 30, 2017, the balance of our debt securities investments was RMB125,052.5 million, representing an increase of 1.2% as compared to that as of December 31, 2016. As of June 30, 2017, the balance of our investments in debt securities issued by PRC banks and financial institutions was RMB55,257.4 million, representing an increase of 0.2% as compared to that as of December 31, 2016.

Treasury Business Conducted on Behalf of Customers

In the six months ended June 30, 2017, the wealth management business of our Bank grew rapidly because (i) our continued efforts to provide various wealth management products to meet our customers' diversified needs, resulting in comparatively stronger market competitiveness; and (ii) we strengthened marketing efforts towards our corporate banking customers, retail banking customers and interbank customers.

As of June 30, 2017, the total outstanding amount of wealth management products issued by us was RMB101,813.0 million. For the six months ended June 30, 2017, the net fee and commission income from the wealth management products issued by us amounted to RMB672.4 million.

International Business

For the six months ended June 30, 2017, our Bank's international settlement volume amounted to US\$3,271.02 million.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARE CAPITAL

Share Capital

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. In addition, the Bank partially exercised the over-allotment option for offering 39,504,091 H Shares 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. After completion of the issuance and conversion, the total share capital of the Bank increased to 6,070,551,822 Shares. Our Bank received HK\$6.98 billion for the issuance of 944,504,091 new H Shares.

Statement of Changes in Shares

	January 1, 2017		Changes during the Reporting Period	June 30, 2017	
	Number of Shares	Percentage of total share capital		Number of Shares	Percentage of total share capital
Domestic legal persons	3,979,001,638	65.54%	–	3,979,001,638	65.54%
Domestic natural persons	326,951,121	5.39%	–	326,951,121	5.39%
H shares	1,764,599,063	29.07%	–	1,764,599,063	29.07%
Other foreign shares	–	–	–	–	–
Total	6,070,551,822	100.00%	–	6,070,551,822	100.00%

Changes in Share Capital and Information on Shareholders

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 the Reporting Period	Total number of shares held at end of the Reporting Period	Shareholding percentage held at end of the Reporting Period (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司)	964,199,695	966,425,534	15.92
2	Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司)	487,078,366	487,078,366	8.02
3	Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司)	487,078,366	487,078,366	8.02
4	Tianjin Hi-tech Holding Group Co., Ltd. (天津海泰控股集團有限公司)	149,056,239	149,056,239	2.46
5	Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) ⁽¹⁾	121,832,962	121,832,962	2.01
6	Tianjin Ningfa Group Co., Ltd. (天津市寧發集團有限公司)	115,561,504	115,561,504	1.90
7	Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) ⁽²⁾	105,011,966	105,011,966	1.73
8	Tianjin Wenhuatianhai Industrial Co., Ltd. (天津文華天海實業有限公司) ⁽³⁾	101,386,808	101,386,808	1.67
9	Bohai Industrial Investment Fund Management Co., Ltd. (渤海產業投資基金管理有限公司)	100,000,000	100,000,000	1.65
10	Tianjin Economic and Technology Development Zone Finance Bureau (天津經濟技術開發區財政局)	99,370,826	99,370,826	1.64
	Total	2,730,576,732	2,732,802,571	45.02

Notes:

- (1) Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) pledged its 34,083,854 Shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).
- (2) Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) pledged its 62,636,198 Shares to Tianjin Branch of China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司天津分行).
- (3) Tianjin Wenhuatianhai Industrial Co., Ltd. (天津文華天海實業有限公司) pledged its 62,981,779 Shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).

Changes in Share Capital and Information on Shareholders

II. INFORMATION ON SHAREHOLDERS

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

As of June 30, 2017, pursuant to the register entered by the Bank under Section 336 of SFO, and to the best knowledge of the Bank, 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 (long position)	Approximate % of interest in the Bank	Approximate % of the relevant class of Shares of the Bank
Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司) ⁽¹⁾	Beneficial owner	Domestic Shares	966,425,534	15.92	22.44
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司) ⁽¹⁾	Interest in controlled corporation	Domestic Shares	966,425,534	15.92	22.44
Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司) ⁽²⁾	Beneficial owner	H Shares	725,644,563	11.95	41.12
Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) ⁽³⁾	Beneficial owner	Domestic Shares	489,107,183	8.06	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) ⁽³⁾	Interest in controlled corporation	Domestic Shares	489,107,183	8.06	11.36
Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司) ⁽³⁾	Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36
Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) ⁽⁴⁾	Beneficial owner	Domestic Shares	488,050,644	8.04	11.33
	Interest in controlled corporation				
Fortune Eris Holding Company Limited ⁽⁵⁾	Beneficial owner	H Shares	303,193,000	4.99	17.18
CSSC (Hong Kong) Shipping Company Limited (中國船舶(香港)航運租賃有限公司) ⁽⁵⁾	Interest of a controlled corporation	H Shares	303,193,000	4.99	17.18
China State Shipbuilding Corporation (中國船舶工業集團公司) ⁽⁵⁾	Interest of a controlled corporation	H Shares	303,193,000	4.99	17.18
Hong Kong Bohai Leasing Asset Management Corp., Limited (香港渤海租賃資產管理有限公司) ⁽⁶⁾	Beneficial owner	H Shares	106,993,500	1.76	6.06
Bohai Financial Investment Holding Co., Ltd. (渤海金控投資股份有限公司) ⁽⁶⁾	Interest of a controlled corporation	H Shares	106,993,500	1.76	6.06

Changes in Share Capital and Information on Shareholders

Notes:

- (1) Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司) is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.
- (2) Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司), a Shareholder of our Bank, incorporated in the State of Victoria, Australia on July 14, 1977, and is listed on the Australian Securities Exchange (Stock Code: ANZ) and New Zealand Exchange (Stock Code: ANZ: AU).
- (3) Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 2,028,817 Shares. As such, Tianjin Pharmaceutical Holdings Ltd. is interested in a total of 489,107,183 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.
- (4) Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 972,278 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 488,050,644 Shares by virtue of the SFO. Tianjin Bohai Chemical Industry Group Co., Ltd. is wholly-owned by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會).
- (5) China State Shipbuilding Corporation (中國船舶工業集團公司) is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council. CSSC (Hong Kong) Shipping Company Limited is wholly-owned by China State Shipbuilding Corporation. Fortune Eris Holding Company Limited is wholly-owned by CSSC (Hong Kong) Shipping Company Limited. As such, China State Shipbuilding Corporation and CSSC (Hong Kong) Shipping Company Limited are deemed to be interested in the 303,193,000 Shares held by Fortune Eris Holding Company Limited.
- (6) Hong Kong Bohai Leasing Asset Management Corp., Limited (香港渤海租賃資產管理有限公司), is wholly-owned by Bohai Financial Investment Holding Co., Ltd. As such, Bohai Financial Investment Holding Co., Ltd. is deemed to be interested in the 106,993,500 Shares held by Hong Kong Bohai Leasing Asset Management Corp., Limited.

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

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

IV. PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE BANK

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

Directors, Supervisors, Senior Management and Employees

I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Name	Age	Position	Date of Appointment
Mr. LI Zongtang (李宗唐)	57	Executive Director, Chairman	March 14, 2017
Mr. SUN Liguó (孫利國)	54	Executive Director, President	March 14, 2017
Mr. YUE Desheng (岳德生)	53	Executive Director, Vice President	December 11, 2014
Ms. ZHANG Furong (張富榮)	55	Executive Director, Vice President, Secretary of the Board of Directors, Trade Union President	December 11, 2014
Mr. ZHAO Jiawang (趙家旺)	53	Non-executive Director	March 14, 2017
Mr. YU Yang (于暘)	38	Non-executive Director	May 8, 2015
Mr. Alistair Marshall Bulloch (布樂達)	59	Non-executive Director	December 11, 2014
Mr. ZHAO Wei (趙煒)	47	Non-executive Director	December 11, 2014
Mr. LUAN Fengxiang (樂鳳祥)	58	Non-executive Director	December 11, 2014
Mr. ZENG Xiangxin (曾祥新)	50	Non-executive Director	July 29, 2016
Mr. LIU Baorui (劉寶瑞)	60	Independent non-executive Director	December 11, 2014
Mr. FENG Heping (封和平)	57	Independent non-executive Director	December 11, 2014
Mr. GUO Tianyong (郭田勇)	48	Independent non-executive Director	December 11, 2014
Mr. LAW Yee Kwan, Quinn (羅義坤)	64	Independent non-executive Director	October 15, 2015
Mr. JIN Qingjun (靳慶軍)	59	Independent non-executive Director	March 14, 2017

Note:

The term of office of the above Directors is from their respective appointment dates to the expiry date of the term of office of the fifth session of the Board.

According to the Articles of Association, a Director may be re-elected and re-appointed upon expiry of his/her term of office. Where re-election is not carried out promptly after a Director's term of office expires, the Director shall continue to perform the duties owed by a Director before a new Director is elected to take up the office, according to the laws, administrative regulations, departmental rules and the Articles of Association.

Directors, Supervisors, Senior Management and Employees

2. Supervisors

Name	Age	Position	Date of Appointment
Mr. ZHANG Xiang (張祥)	60	Employee Representative Supervisor	December 11, 2014
Mr. YAO Tao (姚濤)	54	Employee Representative Supervisor	December 11, 2014
Ms. FENG Xia (馮俠)	45	Shareholder Representative Supervisor	December 11, 2014
Ms. CHENG Yifeng (程懿豐)	33	Shareholder Representative Supervisor	December 11, 2014
Mr. ZHANG Lianming (張連明)	53	External Supervisor	December 11, 2014
Ms. ZHANG Xiaoli (張曉莉)	59	External Supervisor	December 11, 2014

Note:

The term of office of the above Supervisors is from their respective appointment dates to the expiry date of the term of office of the fifth session of the Board of Supervisors.

According to the Articles of Association, a Supervisor may be re-elected and re-appointed upon expiry of his/her term of office. Where re-election is not carried out promptly after a Supervisor's term of office expires, the Supervisor shall continue to perform the duties owed by a Supervisor before a new Supervisor is elected to take up the office, according to the laws, administrative regulations, departmental rules and the Articles of Association.

3. Senior Management

Name	Age	Position	Date of First Appointment as a Senior Management
Mr. SUN Ligu (孫利國)	54	President	December 2016
Mr. YUE Desheng (岳德生)	53	Vice President	August 2006
Ms. ZHANG Furong (張富榮)	55	Vice President, Secretary to the Board of Directors, Trade Union President	November 2009
Ms. ZHANG Ying (張穎)	41	Secretary of the Disciplinary Committee	September 2014
Mr. LIANG Jianfa (梁建法)	52	Vice President	December 2014
Mr. XIA Zhenwu (夏振武)	48	Assistant to President	January 2008
Mr. WANG Feng (王峰)	44	Assistant to President	April 2017

Directors, Supervisors, Senior Management and Employees

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

Mr. LI Zongtang, Mr. SUN Liguó, Mr. ZHAO Jiawang and Mr. JIN Qingjun (collectively the “New Directors”) were appointed as Directors by the Shareholders of the Bank at the 2017 first extraordinary general meeting held on February 16, 2017. The qualifications of the New Directors as Directors of the Bank have been approved by CBRC Tianjin Office and the term of office of the New Directors commenced from March 14, 2017. Announcements regarding the appointment of the New Directors as Directors were published on August 30, 2016, December 21, 2016, February 16, 2017 and March 14, 2017.

The Board proposed the appointment of Mr. SUN Liguó as the president of the Bank on December 21, 2016 and the term of office of Mr. SUN Liguó as president of the Bank commenced from February 24, 2017. For details, please refer to the announcements of the Bank dated December 21, 2016 and February 28, 2017.

The Board adopted a resolution to elect Mr. LI Zongtang as chairman of the Board at the eleventh meeting of the fifth session of the Board held on February 16, 2017 and the term of office of Mr. LI as chairman of the Board commenced from March 17, 2017. For details, please refer to the announcements of the Bank dated February 16, 2017 and March 17, 2017.

Mr. WANG Feng was appointed as assistant to president at the tenth meeting of the fifth session of the Board. The qualification of Mr. WANG as assistant to president of the Bank has been approved by the CBRC Tianjin Office and the term of office of Mr. WANG as assistant to president commenced from April 6, 2017.

Mr. ZHANG Xiang tendered his resignation as the chairman of the Board of Supervisors, a member of the nomination committee of the Board of Supervisors, a member of the supervision committee of the Board of Supervisors and an employee representative Supervisor during the Reporting Period. His resignation as the chairman of the Board of Supervisors became effective upon the receipt of his resignation letter by the Board of Supervisors on May 3, 2017, and his resignation as a member of the nomination committee of the Board of Supervisors and a member of the supervision committee of the Board of Supervisors took effect upon the approval of his resignation by the Board of Supervisors on May 11, 2017, while his resignation as an employee representative Supervisor will take effect from the date upon the formal appointment of his succeeding employee representative Supervisor by the Bank. For details, please refer to the announcement named “RESIGNATION OF CHAIRMAN OF THE BOARD OF SUPERVISORS” of the Bank dated May 4, 2017.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Directors, Supervisors, Senior Management and Employees

III. 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.

IV. 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 Model Code during the Reporting Period.

V. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK

As of June 30, 2017, the interests and short positions of the Directors, Supervisors and the chief executive of the Bank and their associates in the Shares, underlying Shares and debentures of the Bank or its associated corporations (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 Issuers in Appendix 10 to the Hong Kong Listing Rules are set out as follows:

Directors

Name of Director	Capacity	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank
YUE Desheng (岳德生)	Beneficial interest	Domestic Shares	73,205	0.0012%
ZHANG Furong (張富榮)	Beneficial interest	Domestic Shares	478,645	0.0079%
LIU Baorui (劉寶瑞)	Beneficial interest	Domestic Shares	15,959	0.0003%

Directors, Supervisors, Senior Management and Employees

Supervisors

Name of Supervisor	Capacity	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank
ZHANG Xiang (張祥)	Beneficial interest	Domestic Shares	263,538	0.0043%
YAO Tao (姚濤)	Beneficial interest	Domestic Shares	102,487	0.0017%

Save as disclosed above, none of the Directors, the chief executive or the Supervisors of the Bank or their associates held any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations as of June 30, 2017.

VI. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

As of June 30, 2017, we had 6,441 employees in total, of which 923 employees at our head office and 5,412 employees at our branches and sub-branches, 80 employees at our consolidated county banks and 26 employees at Bank of Tianjin Financial Leasing Co., Ltd. (天銀金融租賃有限公司). As of June 30, 2017, we had 5,171 employees or 80.6% had bachelor's degrees or above, with the average age of 37.

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.

Our Bank formulates key points and plans for staff education and training every year. The head office organizes exemplary training to key business personnel from our branches and sub-branches 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 key business and management personnel for training and exchange studies at 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, and encouraged our employees to attend outside study courses of professional qualifications. As of the date of this interim report, more than 15,094 people passed the tests and obtained various kinds of vocational qualification certificates.

Important Events

I. CORPORATE GOVERNANCE CODE

During the Reporting Period, our Bank continued to improve the transparency of its corporate governance to protect the interests of Shareholders and enhance corporate value.

Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong Listing Rules. The Bank 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 the Bank. The Board of Directors is accountable to the Shareholders' general meeting. The Board of Directors has established six 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 the Bank and 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 reporting 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 the Bank.

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 and has established a sound corporate governance system. The Board believes that, our Bank has complied with the requirements of the code provisions in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period.

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

General meeting

During the Reporting Period, the Bank held two Shareholders' general meeting, namely the 2017 first extraordinary general meeting and the 2016 annual general meeting convened at Geneva Hotel (No.32 Youyi Road, Hexi District, Tianjin, PRC) at 10:00 a.m. on February 16, 2017 and 9:30 a.m. on May 12, 2017, respectively. The notices and convening and voting procedures of the 2017 first extraordinary general meeting and the 2016 annual general meeting were all in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the Hong Kong Listing Rules. Please refer to the poll results announcement published on the websites of the Bank and the Hong Kong Stock Exchange on the date of convening the meeting for details.

Important Events

Board of Directors and special committees meetings

During the Reporting Period, the Board of Directors held 4 meetings, at which 37 resolutions were considered and approved. Special committees under the Board of Directors held 12 meetings, including 4 meetings of the strategic development committee, 2 meetings of audit committee, 1 meeting of related party transactions control committee, 3 meetings of risk management committee, 1 meeting of the nomination and remuneration committee and 1 meeting of the consumer rights protection committee, at which 49 resolutions were considered and approved.

Board of Supervisors and special committees meetings

During the Reporting Period, the Board of Supervisors held 4 meetings, at which 30 resolutions were considered and approved. Special committees under the Board of Supervisors held 4 meetings, including 3 meetings of the supervision committee and 1 meeting of the nomination committee, at which 31 resolutions were considered and approved.

II. THE USE OF PROCEEDS

The proceeds from issuance of H shares of the Bank had been used in accordance with the intended usage as disclosed in the prospectus of the Bank. The net proceeds raised from the global offering of the Bank (after deduction of the underwriting fees and commissions and estimated expenses payable by the Bank in connection with the global offering) had been used to strengthen the capital of the Bank to support the ongoing growth of its business.

III. PROFITS AND DIVIDENDS

The Bank's revenue for the six months ended June 30, 2017 and the Bank's financial position as of the same date are set out in the interim financial statements of this interim report.

The profit distribution plan for 2016 of the Bank was considered and approved by the Shareholders at the 2016 annual general meeting of the Bank held on May 12, 2017. A final dividend of RMB2.0 (tax inclusive) per ten Shares for the year of 2016, amounting to a total dividend of RMB1,214.11 million (tax inclusive) was distributed to holders of H Shares and Domestic Shares on July 6, 2017.

The Bank will not distribute any interim dividend for the first six months of 2017 or convert any capital reserve into share capital.

IV. CONNECTED TRANSACTIONS

During the Reporting Period, the Bank provided commercial banking services and products in its ordinary and usual course of business to members of the public in China, which include certain Shareholders, Directors, 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.

Important Events

V. RELATED PARTY TRANSACTIONS

No material related party transaction that has an adverse impact on the Bank's operating results and financial position occurred during the Reporting Period.

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

As of the date of this interim 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.

Litigation against our Tianbao Sub-branch in relation to customers' deposits

Since 2014, 14 companies or individuals (collectively, the "Plaintiffs"), including Tianjin Zhongxin Huitong Investment Guarantee Co., Ltd. ("Zhongxin Huitong") and Tianjin Fubang Pawn Co., Ltd. ("Fubang Pawn"), have filed separate civil lawsuits against us, alleging 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, as well as demanding our Tianbao Sub-branch to pay back their savings of approximately RMB380 million in total along with the relevant interests accrued or economic losses.

As of the date of this interim report, the Second Intermediary Court of Tianjin made the initial ruling regarding the litigation initiated by 7 customers including Zhongxin Huitong, under which, our Bank will pay 7 companies and individuals, including Zhongxin Huitong, a total of RMB207 million along with litigation fees and other related expenses, but other requests by the Plaintiffs were dismissed. Our Tianbao Sub-branch has filed a civil appeal against the initial ruling over the civil litigation initiated by the seven customers with the High Court of Tianjin. The People's Court of Tianjin Hexi District made the ruling to suspend the litigations relating three customers including Fubang Pawn. As of the date of this interim report, the civil litigation relating to the remaining four customers is in progress.

Litigation against our Jinan Branch raised by Hezhong Asset Management Co., Ltd. in relation to customers' deposits

In April 2015, Hezhong Asset Management Company Ltd. ("Hezhong Asset Management") (合眾資產管理股份有限公司), filed a lawsuit at the High Court of Shandong against our Jinan Branch, alleging that we was in breach of the security guarantee obligations with respect to the deposits placed by Hezhong Asset Management and as a result the amount of RMB300 million managed by Hezhong Asset Management on behalf of a third party failed to be deposited to a fixed account and instead was transferred out illegally, as well as demanding our Jinan Branch to revert the principal and the interests accrued along with the litigation fees. As at December 28, 2016, the High Court of Shandong made the initial ruling that our Jinan Bank will revert to Hezhong Asset Management the deposit of RMB300 million and the corresponding interests accrued on demand along with the litigation fees.

Our Jinan Branch has filed a civil appeal against the initial ruling with the Supreme People's Court. As of the date of this interim report, the civil litigation is still in progress.

Important Events

Litigation against Zhejiang Chouzhou Commercial Bank raised by our Shanghai Branch in relation to a bill-related dispute

In April 2016, Our Shanghai Branch filed a lawsuit against Zhejiang Chouzhou Commercial Bank with the High Court of Shanghai. The litigation involves the bills held under a resale agreement entered into between our Bank and Zhejiang Chouzhou Commercial Bank. As agreed by both parties to the bills held under the resale agreement, our Bank is the reseller of the purchased bills and Zhejiang Chouzhou Commercial Bank is the repurchase of the sold bills, in which case, our Bank purchased 65 copies of bank acceptance from Zhejiang Chouzhou Commercial Bank and repurchase will be made by Zhejiang Chouzhou Commercial Bank upon maturity at a cash consideration of RMB986 million in full payable to Zhejiang Chouzhou Commercial Bank. Upon maturity on April 6, 2016, our Bank failed to receive the payment of RMB786 million. On the same day, our Shanghai Branch filed a report to the Economic Crimes Investigation Brigade under the Shanghai Public Security Bureau, and subsequently filed a lawsuit against Zhejiang Chouzhou Commercial Bank, demanding Zhejiang Chouzhou Commercial Bank to make the payments and interests accrued therefrom under repurchase along with litigation fees, attorney fees, and other expenses. As of the date of this interim report, the civil litigation is still in progress.

VII. PUNISHMENT ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, none of the Bank, the Directors, the Supervisors or the senior management of the Bank was subject to any investigation, administrative penalty or public criticism by China Securities Regulatory Commission or any public censure by any securities exchange, or any punishment by any other regulatory authorities which would have a material impact on the Bank's operations.

VIII. PERFORMANCE OF UNDERTAKINGS BY THE BANK AND SHAREHOLDERS HOLDING 5% OR MORE OF THE SHARES

During the Reporting Period, neither the Bank nor its Shareholders holding 5% or more of the total shares in issue of the Bank gave any undertakings.

IX. 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.

X. IMPLEMENTATION OF SHARE INCENTIVE SCHEME DURING THE REPORTING PERIOD

During the Reporting Period, the Bank had not implemented any share incentive scheme.

Important Events

XI. APPOINTMENT AND DISMISSAL OF AUDITORS

The re-appointment and the remuneration of Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Bank's international and domestic auditors for the year 2017 to hold office until the conclusion of the next annual general meeting of the Bank was considered and approved by the Shareholders at the 2016 annual general meeting of the Bank held on May 12, 2017.

XII. SUBSEQUENT EVENTS

No significant events occurred to the Bank after the Reporting Period.

XIII. REVIEW OF THE INTERIM REPORT

The interim financial statements disclosed in this interim report have not been audited. The interim financial statements for the six months ended June 30, 2017 prepared by the Bank in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board have been reviewed by Deloitte Touche Tohmatsu in accordance with the International Standard on Review Engagements.

The Board and the audit committee of the Board have reviewed and approved the interim report of the Bank.

XIV. PUBLICATION OF INTERIM REPORT

This interim report is prepared in both English and Chinese versions, in the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

Review Report of the Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS 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)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Bank of Tianjin Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 145, which comprise the condensed consolidated statement of financial position as of June 30, 2017 and the related condensed consolidated statement of profit, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 30, 2017

Condensed Consolidated Statement of Profit

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended June 30,	
		2017 (Unaudited)	2016 (Unaudited)
Interest income	4	13,280,294	12,977,897
Interest expense	4	(8,981,017)	(7,192,894)
Net interest income		4,299,277	5,785,003
Fee and commission income	5	1,080,816	715,734
Fee and commission expense	5	(30,124)	(11,205)
Net fee and commission income		1,050,692	704,529
Net trading losses	6	(74,190)	(26,227)
Net gains arising from investment securities	7	14,136	22,778
Other income, gains or losses	8	1,158	42,839
Operating income		5,291,073	6,528,922
Operating expenses	9	(1,398,532)	(1,944,579)
Impairment losses on assets	10	(568,617)	(1,264,739)
Share of losses of associated companies		(11,968)	–
Profit before tax		3,311,956	3,319,604
Income tax expense	11	(690,402)	(722,832)
Profit for the period		2,621,554	2,596,772
Attributable to:			
Equity holders of the Bank		2,615,997	2,592,524
Non-controlling interests		5,557	4,248
		2,621,554	2,596,772
Earnings per share (Expressed in RMB Yuan per share)			
– Basic	12	0.43	0.46
– Diluted	12	0.43	0.46

Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
Profit for the period	2,621,554	2,596,772
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Net changes in investment revaluation reserve for available-for-sale financial assets	(200,868)	(96,032)
Income tax relating to available-for-sale financial assets	50,217	24,008
Other comprehensive expense for the period, net of tax	(150,651)	(72,024)
Total comprehensive income for the period	2,470,903	2,524,748
Total comprehensive income attributable to:		
Equity holders of the Bank	2,465,346	2,520,500
Non-controlling interests	5,557	4,248
Total comprehensive income for the period	2,470,903	2,524,748

Condensed Consolidated Statement of Financial Position

As at June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at June 30, 2017 (Unaudited)	As at December 31, 2016 (Audited)
ASSETS			
Cash and balances with central bank	14	56,753,354	58,107,633
Deposits with banks and other financial institutions	15	13,706,208	26,118,021
Placements with banks and other financial institutions	16	15,725,150	13,779,965
Financial assets held for trading	17	4,997,994	5,880,431
Financial assets held under resale agreements	18	19,402,226	33,277,007
Loans and advances to customers	19	215,413,034	207,854,530
Available-for-sale financial assets	20	47,200,364	50,589,734
Held-to-maturity investments	21	46,696,689	42,340,601
Investments classified as receivables	22	230,731,612	211,926,509
Interests in associates	23	197,527	184,995
Property and equipment	24	1,640,511	1,686,422
Deferred tax assets	25	1,857,540	1,698,048
Other assets	26	5,561,736	3,866,211
Total assets		659,883,945	657,310,107
LIABILITIES			
Borrowings from central bank	27	1,500,000	–
Deposits from banks and other financial institutions	28	83,563,046	119,333,012
Placements from banks	29	12,234,846	18,550,308
Financial assets sold under repurchase agreements	30	59,950,710	58,805,600
Due to customers	31	354,571,354	365,470,957
Income tax payable		590,465	567,216
Debt securities issued	32	87,269,587	40,631,584
Other liabilities	33	17,192,364	12,196,650
Total liabilities		616,872,372	615,555,327

Condensed Consolidated Statement of Financial Position

As at June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at June 30, 2017 (Unaudited)	As at December 31, 2016 (Audited)
EQUITY			
Share capital	34	6,070,552	6,070,552
Capital reserve	35	10,699,811	10,699,811
Investment revaluation reserve	36	(366,295)	(215,644)
Surplus reserve		3,014,661	3,014,661
General reserve	37	8,349,399	7,136,619
Retained earnings		15,193,037	15,003,930
Equity attributable to equity holders of the Bank		42,961,165	41,709,929
Non-controlling interests		50,408	44,851
Total equity		43,011,573	41,754,780
Total equity and liabilities		659,883,945	657,310,107

The condensed consolidated financial statements on pages 69 to 145 were approved and authorized for issue by the Board of Directors on August 30, 2017 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank							Non-controlling interests	Total
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at January 1, 2017 (Audited)		6,070,552	10,699,811	(215,644)	3,014,661	7,136,619	15,003,930	41,709,929	44,851	41,754,780
Profit for the period		-	-	-	-	-	2,615,997	2,615,997	5,557	2,621,554
Other comprehensive expense for the period		-	-	(150,651)	-	-	-	(150,651)	-	(150,651)
Total comprehensive (expense)/income for the period		-	-	(150,651)	-	-	2,615,997	2,465,346	5,557	2,470,903
Appropriation to general reserve	37	-	-	-	-	1,212,780	(1,212,780)	-	-	-
Dividend distribution	13	-	-	-	-	-	(1,214,110)	(1,214,110)	-	(1,214,110)
As at June 30, 2017 (Unaudited)		6,070,552	10,699,811	(366,295)	3,014,661	8,349,399	15,193,037	42,961,165	50,408	43,011,573
As at 1 January, 2016 (Audited)		5,126,048	5,990,757	166,027	2,563,024	5,819,593	13,358,202	33,023,651	224,053	33,247,704
Profit for the period		-	-	-	-	-	2,592,524	2,592,524	4,248	2,596,772
Other comprehensive expense for the period		-	-	(72,024)	-	-	-	(72,024)	-	(72,024)
Total comprehensive (expense)/income for the period		-	-	(72,024)	-	-	2,592,524	2,520,500	4,248	2,524,748
Issuance of shares	34	944,504	4,890,668	-	-	-	-	5,835,172	-	5,835,172
Expense related to share issuance		-	(180,933)	-	-	-	-	(180,933)	-	(180,933)
Appropriation to general reserve	37	-	-	-	-	1,331,026	(1,331,026)	-	-	-
Dividend distribution	13	-	-	-	-	-	(1,092,699)	(1,092,699)	(9,750)	(1,102,449)
As at June 30, 2016 (Unaudited)		6,070,552	10,700,492	94,003	2,563,024	7,150,619	13,527,001	40,105,691	218,551	40,324,242

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	3,311,956	3,319,604
Adjustments for:		
Depreciation and amortization	112,787	98,941
Impairment losses on assets	568,617	1,264,739
Share of losses of associates	11,968	–
Interest income arising from investment securities	(6,486,507)	(6,074,890)
Interest income arising from impaired financial assets	(40,308)	(31,510)
Interest expense arising from debt securities issued	1,361,102	509,540
Net unrealized trading losses	60,751	33,119
Net gains arising from investment securities	(14,136)	(22,778)
Dividend income from investment securities	(5,000)	(5,000)
Other income, gains or losses	–	(7,392)
Operating cash flows before movements in working capital	(1,118,770)	(915,627)
Decrease in deposits with central bank and deposits with banks and other financial institutions	3,712,787	5,134,683
Increase in placements with banks and other financial institutions	(5,708,753)	(1,391,181)
Decrease/(increase) in financial assets held for trading	821,686	(2,626,343)
Decrease in financial assets held under resale agreements	8,651,065	28,154,755
Increase in loans and advances to customers	(8,110,859)	(15,795,818)
Increase/(decrease) in borrowings from central bank	1,500,000	(195,477)
Decrease in deposits from banks and other financial institutions	(35,769,966)	(38,729,042)
(Decrease)/increase in placements from banks	(6,315,462)	4,477,726
Increase in financial assets sold under repurchase agreements	1,145,110	15,724,632
(Decrease)/increase in due to customers	(10,899,603)	33,922,078
Increase in other operating assets	(957,352)	(1,598,573)
Increase/(decrease) in other operating liabilities	3,981,830	(4,015,338)
Cash generated by operating activities	(49,068,287)	22,146,475
Income tax paid	(776,428)	(1,070,367)
Net cash (used in)/generated by operating activities	(49,844,715)	21,076,108

Condensed Consolidated Statement of Cash FlowsFor the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended June 30, 2017 (Unaudited)	2016 (Unaudited)
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		539,674,390	312,329,810
Cash received from disposal of property and equipment and other assets		1,827	11,331
Cash paid for purchase of investment securities		(559,887,799)	(378,082,129)
Cash paid for purchase of property and equipment and other assets		(34,109)	(100,003)
Interest income received from investment securities		6,178,169	6,097,668
Dividend income received from investment securities		5,000	5,000
Net cash used in investing activities		(14,062,522)	(59,738,323)
FINANCING ACTIVITIES			
Cash received from share issuance		–	5,835,172
Expense paid related to share issuance		–	(180,933)
Cash received from debt securities issued		108,829,651	36,303,040
Repayment of debt securities issued		(62,591,366)	(11,192,998)
Interest expenses paid for debt securities issued		(961,384)	(279,752)
Dividends paid		(366,620)	(5,091)
Net cash generated by financing activities		44,910,281	30,479,438
Net decrease in cash and cash equivalents		(18,996,956)	(8,182,777)
Cash and cash equivalents at beginning of the period		52,231,121	68,425,701
Effect of foreign exchange rate changes		(82,883)	130,256
Cash and cash equivalents at end of the period	38	33,151,282	60,373,180
Net cash generated by operating activities include:			
Interest received		7,631,030	7,455,278
Interest paid		(7,343,225)	(6,613,147)
Net interest received from operating activities		287,805	842,131

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(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 April 1998 and then to Bank of Tianjin Co., Ltd. in February 2007.

The Bank is a financial institution with a finance permit issued 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).

The Bank was listed on The Stock Exchange of Hong Kong Limited on March 30, 2016. Details of the share issuance of the Bank are included in Note 34.

As at June 30, 2017, the total number of ordinary shares issued by the Bank was approximately 6.071 billion. The Bank had a total of 15 tier-one branches, 9 of them are located in Tianjin Municipality and 6 of them are located outside the Tianjin Municipality.

The approved business scope consists of deposit taking; granting of short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discounting; bank cards business, 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 discounting; credit investigation, consulting, and assurance; proprietary and broker trading of foreign currency marketable securities other than stocks; proprietary and broker trading of foreign exchange; financial leasing; transfer of assets under finance lease, securities investment with fixed income, lease guarantee from lessees, time deposit taking from non-bank shareholders with over 3 months (inclusive) maturity; inter-bank placements, borrowings from financial institutions, overseas borrowings, sales and disposal of leased property, economic consulting (certain projects are subject to approval by relevant authorities), and other business activities approved by the CBRC (businesses among the above scope shall be handled in accordance with specific regulations, if any).

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

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the requirements of International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements do not include all the information required to be disclosed in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2016.

3. PRINCIPAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2017 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2016.

The Group has applied the following amendments to IFRSs issued by the IASB for the first time in current period:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle

The application of these amendments to the IFRSs has had no material impact on the Group's financial position and performance for the current period and prior years and/or on the disclosures set out in these condensed consolidated financial statements, except for the adoption of amendments to IAS 7 which will result in the adjustment of disclosure arising from financing activities in the 2017 annual consolidated financial statements.

b) Accounting estimates and judgements

The preparation of the interim financial report requires management to make a number of reasonable judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The management's significant judgements and key estimates and assumptions applied in preparing the interim financial report are consistent with those applied in preparing the consolidated financial statements of the Group for 2016.

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

4. NET INTEREST INCOME

	Six months ended June 30,	
	2017	2016
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	4,335,826	4,411,636
Personal loans and advances	889,237	604,259
Discounted bills	44,745	124,310
Finance lease	44,279	-
Balances with central bank	419,228	400,771
Deposits with banks and other financial institutions	312,132	384,430
Placements with banks and other financial institutions	326,187	200,199
Financial assets held under resale agreements	364,385	715,131
Investments, including:		
Bonds investment	1,891,231	1,225,151
Other investments classified as receivables*	4,653,044	4,912,010
Subtotal	13,280,294	12,977,897
Interest expense:		
Borrowings from central bank	(6,444)	(1,279)
Deposits from banks and other financial institutions	(2,025,574)	(2,078,186)
Placements from banks	(204,035)	(29,985)
Financial assets sold under repurchase agreements	(1,000,985)	(194,425)
Due to customers	(4,382,877)	(4,379,479)
Debt securities issued	(1,361,102)	(509,540)
Subtotal	(8,981,017)	(7,192,894)
Net interest income	4,299,277	5,785,003
Including: Interest income on impaired financial assets	40,308	31,510

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

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

5. NET FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2017	2016
Fee and commission income		
Wealth management service fees	672,417	388,402
Consultancy fees	108,224	18,507
Acceptance and guarantee commitment fees	100,884	119,030
Agency commissions and fiduciary service fees	100,448	79,888
Settlement and clearing fees	83,995	88,220
Bank card fees	11,991	15,514
Others	2,857	6,173
Subtotal	1,080,816	715,734
Fee and commission expense	(30,124)	(11,205)
Total	1,050,692	704,529

6. NET TRADING LOSSES

	Six months ended June 30,	
	2017	2016
Realized (losses)/gains from debt securities	(13,439)	6,892
Unrealized losses from debt securities	(60,751)	(33,119)
Total	(74,190)	(26,227)

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

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Six months ended June 30,	
	2017	2016
Net gains on disposal of available-for-sale financial assets	14,136	22,778

8. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2017	2016
Dividend income	5,000	5,000
Government subsidies	533	393
Exchange gain or loss	(2,659)	28,849
Rental income	1,428	5,669
Others	(3,144)	2,928
Total	1,158	42,839

9. OPERATING EXPENSES

	Note	Six months ended June 30,	
		2017	2016
Staff costs	(1)	932,025	981,642
Office expenses		58,100	91,316
Rental and property management expenses		148,645	139,608
Other general and administrative expenses		97,651	166,901
Sundry taxes		49,215	450,205
Depreciation		71,271	68,416
Amortization		41,516	30,525
Others		109	15,966
Total		1,398,532	1,944,579

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

9. OPERATING EXPENSES (Continued)

Note:

(1) Staff costs

	Six months ended June 30,	
	2017	2016
Salaries, bonuses and allowances	701,609	752,167
Social insurance	98,507	118,726
Housing funds	44,513	45,701
Staff welfare	11,324	17,044
Labor union fees and staff education expenses	15,208	5,205
Contribution to annuity funds	60,864	42,799
Total	932,025	981,642

10. IMPAIRMENT LOSSES ON ASSETS

	Six months ended June 30,	
	2017	2016
Loans and advances to customers	472,488	979,083
Investments classified as receivables	216,221	34,677
Financial assets held under resale agreements	(39,250)	250,464
Off-balance sheet credit commitments	(80,842)	515
Total	568,617	1,264,739

11. INCOME TAX EXPENSE

	Six months ended June 30,	
	2017	2016
Income tax expense comprises:		
Current income tax	799,677	939,614
Deferred tax (note 25)	(109,275)	(216,782)
Total	690,402	722,832

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

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

11. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the period can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Six months ended June 30,	
	2017	2016
Profit before tax	3,311,956	3,319,604
Tax calculated at applicable statutory tax rate of 25%	827,989	829,901
Underprovision of tax in prior years	3,687	1,548
Tax effect of expenses not deductible for tax purpose	15,189	756
Tax effect of income not taxable for tax purpose ⁽¹⁾	(156,463)	(109,373)
Income tax expense	690,402	722,832

Note:

- (1) The income not taxable for tax purpose mainly represents interest income arising from government bonds, which is income tax free in accordance with the PRC tax regulations.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Bank is as follows:

	Six months ended June 30,	
	2017	2016
Earnings:		
Profit for the period attributable to equity holders of the Bank for the purpose of basic and diluted earnings per share	2,615,997	2,592,524
Numbers of shares:		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share (in thousand)	6,070,552	5,603,904
Basic earnings per share (RMB Yuan)	0.43	0.46
Diluted earnings per share (RMB Yuan)	0.43	0.46

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

12. EARNINGS PER SHARE *(Continued)*

Since the exercise price of the Bank's over-allotment share option in the first half of 2016 was higher than the average market price of shares for that period, the exercise of the share option would not have a dilutive effect on earnings per share for the six months ended June 30, 2016.

13. DIVIDENDS

	Notes	Six months ended June 30,	
		2017	2016
2015 Final Dividend	(1)	–	1,092,699
2016 Final Dividend	(2)	1,214,110	–

Notes:

- (1) A final dividend of RMB18 cents per share (tax inclusive) in respect of the year ended December 31, 2015 amounting in a total of RMB1,093 million was proposed by the board of directors and approved at the 2015 annual general meeting on June 21, 2016.
- (2) A final dividend of RMB20 cents per share (tax inclusive) in respect of the year ended December 31, 2016 amounting in a total of RMB1,214 million was proposed by the board of directors and approved at the 2016 annual general meeting on May 12, 2017.

14. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at	As at
		June 30, 2017	December 31, 2016
Cash		688,243	801,059
Mandatory reserve deposits	(1)	47,879,128	49,119,351
Surplus reserve deposits	(2)	8,134,595	8,113,271
Other deposits	(3)	51,388	73,952
Total		56,753,354	58,107,633

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

14. CASH AND DEPOSITS WITH CENTRAL BANK *(Continued)*

Notes:

- (1) The Group places mandatory reserve deposits with the PBoC. This includes RMB and foreign currency mandatory reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at June 30, 2017, the mandatory reserve deposits at the PBoC were calculated at 13.5% (December 31, 2016:13.5%) of the eligible RMB deposits for the Bank, at 7% (December 31, 2016: N/A) of the eligible RMB guarantee deposits for its subsidiary, Bank of Tianjin Financial Leasing Co., Ltd., at 9% (December 31, 2016: both were 9%) of the eligible RMB deposits for both Ningxia Yuanzhou Jinhui County Bank Co., Ltd. and Ningxia Tongxin Jinhui County Bank Co., Ltd., and at 5% of foreign currency mandatory deposits for the Bank as at December 31, 2016 and June 30, 2017. The foreign currency reserve deposits placed with the PBoC are non-interest bearing.

- (2) The surplus reserve deposits are placed 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.

15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at June 30, 2017	As at December 31, 2016
Deposits with:		
Banks and other financial institutions in mainland China	12,675,573	25,154,070
Banks outside mainland China	1,030,635	963,951
Total	13,706,208	26,118,021

16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at June 30, 2017	As at December 31, 2016
Placements with:		
Banks in mainland China	7,014,379	8,394,908
Other financial institutions in mainland China	8,710,771	5,385,057
Total	15,725,150	13,779,965

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

17. FINANCIAL ASSETS HELD FOR TRADING

	As at June 30, 2017	As at December 31, 2016
Listed debt securities issued by:		
Government	834,375	1,275,180
Financial institutions – Policy banks	2,357,128	2,639,400
Corporations	1,806,491	1,965,851
Total	4,997,994	5,880,431

18. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analyzed by counterparties:

	As at June 30, 2017	As at December 31, 2016
Banks in mainland China	19,638,190	20,156,271
Other financial institutions in mainland China	–	13,395,950
Subtotal	19,638,190	33,552,221
Less: Individually assessed allowance for impairment losses	(235,964)	(275,214)
Total	19,402,226	33,277,007

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

18. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(Continued)*

Analyzed by collateral type:

	Notes	As at June 30, 2017	As at December 31, 2016
Bills		993,500	10,097,521
Trust beneficial rights and asset management plans	(1)	–	630,000
Bonds		18,644,690	22,824,700
Subtotal		19,638,190	33,552,221
Less: Individually assessed allowance for impairment losses		(235,964)	(275,214)
Total		19,402,226	33,277,007

Note:

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

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

19. 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 June 30, 2017	As at December 31, 2016
Corporate loans and advances		
– Loans	184,427,894	182,240,328
– Discounted bills	2,906,950	2,941,289
– Finance lease receivable	3,428,335	303,619
Subtotal	190,763,179	185,485,236
Retail loans and advances		
– Residential mortgage loans	18,124,579	14,520,115
– Personal loans for consumption	9,294,347	10,220,665
– Personal loans for business purposes	3,296,324	3,357,698
– Credit card	417,109	416,998
Subtotal	31,132,359	28,515,476
Gross loans and advances to customers	221,895,538	214,000,712
Allowance for impairment losses	(6,482,504)	(6,146,182)
Including: Individually assessed	(1,548,391)	(1,499,610)
Collectively assessed	(4,934,113)	(4,646,572)
Loans and advances to customers, net	215,413,034	207,854,530

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

19. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Analysis of loans and advances to customers by collective and individual assessments are as follows:

	Loans and advances for which allowance is collectively assessed ⁽¹⁾	Identified impaired loans and advances ⁽²⁾		Subtotal	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			
As at June 30, 2017						
Gross loans and advances	218,658,398	423,743	2,813,397	3,237,140	221,895,538	1.46
Allowance for impairment losses	(4,611,084)	(323,029)	(1,548,391)	(1,871,420)	(6,482,504)	
Loans and advances to customers, net	214,047,314	100,714	1,265,006	1,365,720	215,413,034	
As at December 31, 2016						
Gross loans and advances	210,825,418	350,604	2,824,690	3,175,294	214,000,712	1.48
Allowance for impairment	(4,367,825)	(278,747)	(1,499,610)	(1,778,357)	(6,146,182)	
Loans and advances to customers, net	206,457,593	71,857	1,325,080	1,396,937	207,854,530	

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 indicator exists and which have been identified as bearing an impairment loss and are assessed either individually or collectively.

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

19. 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 1 January, 2016	1,482,190	3,550,617	5,032,807
Charge for the year	1,203,668	2,680,081	3,883,749
Reversal for the year	(502,474)	(1,515,392)	(2,017,866)
Write-off and transfer out	(661,768)	(68,734)	(730,502)
Recovery after write-off	41,014	–	41,014
Unwinding of discount on allowance	(63,020)	–	(63,020)
As at December 31, 2016	1,499,610	4,646,572	6,146,182
Charge for the period	228,581	1,503,311	1,731,892
Reversal for the period	(98,794)	(1,160,610)	(1,259,404)
Write-off for the period	(82,534)	(63,007)	(145,541)
Recovery after write-off	41,836	7,847	49,683
Unwinding of discount on allowance	(40,308)	–	(40,308)
As at June 30, 2017	1,548,391	4,934,113	6,482,504

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	As at June 30, 2017	As at December 31, 2016
Listed debt securities issued by:			
Government		8,951,330	9,943,072
Financial institutions			
– Policy banks		14,929,012	10,864,542
– Commercial banks and other financial institutions		17,886,699	27,146,633
Corporations		1,057,686	752,617
Subtotal		42,824,727	48,706,864
Listed funds		4,317,037	1,824,270
Unlisted equity instruments	(1)	58,600	58,600
Total		47,200,364	50,589,734

Note:

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

21. HELD-TO-MATURITY INVESTMENTS

		As at June 30, 2017	As at December 31, 2016
Listed debt securities issued by:			
Government		26,914,933	27,872,583
Financial institutions			
– Policy banks		19,081,756	13,768,018
– Commercial banks and other financial institutions		700,000	700,000
Total		46,696,689	42,340,601

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

22. INVESTMENTS CLASSIFIED AS RECEIVABLES

	Notes	As at June 30, 2017	As at December 31, 2016
Government bonds		1,838,000	1,558,000
Certificate government bonds		362,336	238,569
Financial institution bonds			
– Commercial banks and other financial institutions		302,822	10,002
Asset-backed securities		12,939,186	13,251,091
Corporate bonds		15,148,101	11,698,412
Wealth management products	(1)	62,186,339	64,717,076
Asset management plans	(2)	80,091,349	85,898,574
Trust beneficiary rights	(3)	58,686,389	35,246,849
Others		85,375	–
Subtotal		231,639,897	212,618,573
Allowance for impairment losses		(908,285)	(692,064)
Including: Individually assessed		(168,249)	(57,552)
Collectively assessed		(740,036)	(634,512)
Total, unlisted	(4)	230,731,612	211,926,509

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

22. INVESTMENTS CLASSIFIED AS RECEIVABLES *(Continued)*

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

	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January, 2016	36,363	470,092	506,455
Charge for the year	57,500	164,420	221,920
Write-off	(36,311)	–	(36,311)
As at December 31, 2016	57,552	634,512	692,064
Charge for the period	110,697	105,524	216,221
As at June 30, 2017	168,249	740,036	908,285

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.

23. INTERESTS IN ASSOCIATES

	As at June 30, 2017	As at December 31, 2016
Unlisted shares, at cost	198,500	174,000
Returns on investments recognized by equity method	(973)	10,995
Total	197,527	184,995

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

23. INTERESTS IN ASSOCIATES *(Continued)*

Details of the Bank's associates as at June 30, 2017 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Share capital/ registered capital as at June 30, 2017 (In RMB'000)	Proportion of ownership and voting rights held by the Group As at June 30, 2017 %	Principal activities
Tianjin Jixian County Bank Company Limited ⁽¹⁾	Limited company	Tianjin, PRC	August 2008	300,000	35	Banking
AlaEr JinHui County Bank Company Limited	Limited company	Xinjiang, PRC	August 2016	50,000	40	Banking
Tiemenguan Jinhui County Bank Company Limited	Limited company	Xinjiang, PRC	September 2016	50,000	49	Banking
HuTuBi JinHui County Bank Company Limited	Limited company	Xinjiang, PRC	September 2016	50,000	49	Banking
TaCheng JinHui County Bank Company Limited	Limited company	Xinjiang, PRC	June 2017	50,000	49	Banking

For the six months ended June 30, 2017, the total amount of associated companies' operating income was RMB61 million. Total assets and total equity as at June 30, 2017 were RMB3,015 million and RMB504 million respectively. They represent 1.15%, 0.46%, and 1.17% to the Group's operating income, total assets and total equity respectively. For the year ended December 31, 2016, the total amount of associated companies' operating income was RMB118 million. Total assets and total equity as at December 31, 2016 were RMB2,364 million and RMB486 million respectively. They represent 1.00%, 0.36%, and 1.16% to the Group's operating income and total assets and total equity respectively. Directors of the Bank consider that these associates are immaterial to the Group.

Note:

(1) Tianjin Jixian County Bank Co., Ltd changed its name to Tianjin Jizhou County Bank Co., Ltd on 28 July, 2017.

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24. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at 1 January, 2016	1,661,617	526,113	93,845	232,912	296,787	2,811,274
Additions	4,618	65,964	2,928	31,398	132,008	236,916
Transfers	6,667	–	–	–	(6,667)	–
Transfers out	(69,138)	(2,791)	(797)	(3,836)	(81,751)	(158,313)
Disposals	(10,926)	(5)	(5,711)	(6,008)	–	(22,650)
As at December 31, 2016	1,592,838	589,281	90,265	254,466	340,377	2,867,227
Additions	–	4,260	22	6,173	17,829	28,284
Transfers	–	–	–	1,238	(1,238)	–
Transfers out	–	–	–	–	(1,948)	(1,948)
Disposals	–	–	(2,763)	(404)	–	(3,167)
As at June 30, 2017	1,592,838	593,541	87,524	261,473	355,020	2,890,396
ACCUMULATED DEPRECIATION						
As at 1 January, 2016	(438,585)	(387,037)	(82,741)	(163,263)	–	(1,071,626)
Provided for the year	(58,258)	(53,046)	(4,206)	(19,110)	–	(134,620)
Transfers out	1,624	2,442	797	1,588	–	6,451
Disposals	7,662	5	5,521	5,802	–	18,990
As at December 31, 2016	(487,557)	(437,636)	(80,629)	(174,983)	–	(1,180,805)
Provided for the period	(28,294)	(30,173)	(1,726)	(11,078)	–	(71,271)
Transfers out	–	–	–	–	–	–
Disposals	–	–	2,191	–	–	2,191
As at June 30, 2017	(515,851)	(467,809)	(80,164)	(186,061)	–	(1,249,885)
NET BOOK VALUE						
As at December 31, 2016	1,105,281	151,645	9,636	79,483	340,377	1,686,422
As at June 30, 2017	1,076,987	125,732	7,360	75,412	355,020	1,640,511

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24. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amount of buildings of the Group with incomplete title deeds as at June 30, 2017 amounted to RMB2.45 million (December 31, 2016: RMB24.94 million). The Group is still in the process of applying for the outstanding title deeds of 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 June 30, 2017, buildings of the Group with net book value amounted to RMB33.07 million (December 31, 2016: RMB36.68 million) were rented out to third parties as investment properties. Their fair values were estimated to be closed to their net book value.

25. DEFERRED TAXATION

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

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Estimated liabilities	Fair value changes of available- for-sale financial assets	Fair value changes of financial assets held for trading	Others	Total
As at 1 January, 2016	957,724	115,709	146,536	(55,343)	(23,623)	3,438	1,144,441
Credit/(charge) to profit or loss	274,634	90,243	36,528	-	25,782	(804)	426,383
Credit to other comprehensive income	-	-	-	127,224	-	-	127,224
As at December 31, 2016	1,232,358	205,952	183,064	71,881	2,159	2,634	1,698,048
Credit/(charge) to profit or loss	97,080	15,143	(20,210)	-	15,188	2,074	109,275
Credit to other comprehensive income	-	-	-	50,217	-	-	50,217
As at June 30, 2017	1,329,438	221,095	162,854	122,098	17,347	4,708	1,857,540

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26. OTHER ASSETS

	As at June 30, 2017	As at December 31, 2016
Interest receivables	3,639,041	2,659,680
Other receivables	964,592	180,701
Repossessed assets	649,971	560,729
Prepaid expenses	183,342	336,150
Intangible assets	72,352	75,418
Land use rights	52,438	53,533
Total	5,561,736	3,866,211

27. BORROWINGS FROM CENTRAL BANK

	As at June 30, 2017	As at December 31, 2016
Medium-term Lending Facility	1,500,000	-
Total	1,500,000	-

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at June 30, 2017	As at December 31, 2016
Banks in mainland China	64,044,346	93,507,313
Other financial institutions in mainland China	19,518,700	25,825,699
Total	83,563,046	119,333,012

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29. PLACEMENTS FROM BANKS

	As at June 30, 2017	As at December 31, 2016
Banks in mainland China	9,738,492	16,032,306
Banks outside mainland China	2,496,354	2,518,002
Total	12,234,846	18,550,308

30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analyzed by counterparties:

	As at June 30, 2017	As at December 31, 2016
Banks in mainland China	59,650,710	53,759,300
Other financial institutions in mainland China	300,000	5,046,300
Total	59,950,710	58,805,600

Analyzed by collateral type:

	As at June 30, 2017	As at December 31, 2016
Bonds	59,950,710	58,805,600
Total	59,950,710	58,805,600

Notes to Condensed Consolidated Financial Statements

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31. DUE TO CUSTOMERS

	As at June 30, 2017	As at December 31, 2016
Demand deposits		
Corporate customers	168,986,828	159,939,661
Individual customers	16,105,106	16,218,421
Time deposits		
Corporate customers	103,471,997	119,638,905
Individual customers	47,704,931	48,041,674
Pledged deposits ⁽¹⁾	18,186,263	21,529,086
Others	116,229	103,210
Total	354,571,354	365,470,957

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

	As at June 30, 2017	As at December 31, 2016
Bank acceptance	10,368,989	13,537,174
Guarantees and Letters of guarantee	4,814,910	5,258,704
Letters of credit	2,458,059	2,655,635
Others	544,305	77,573
Total	18,186,263	21,529,086

Notes to Condensed Consolidated Financial Statements

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32. DEBT SECURITIES ISSUED

	Notes	As at June 30, 2017	As at December 31, 2016
12 Tianjin Bank bonds 01	(1)	1,544,369	1,500,237
12 Tianjin Bank bonds 02	(2)	1,235,136	1,199,407
15 Tianjin Bank bonds 01	(3)	2,513,740	2,571,381
15 Tianjin Bank bonds 02	(4)	2,508,665	2,561,646
15 Tianjin Bank bonds	(5)	5,204,342	5,079,325
Tianjin Bank negotiable certificates of deposit	(6)	74,263,335	27,719,588
Total		87,269,587	40,631,584

- (1) The 10 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.5 billion with a fixed coupon rate of 5.9% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. If no early redemption is exercised, the coupon rate will remain at 5.9% per annum.
- (2) The 15 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.2 billion with a fixed coupon rate of 5.99% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the tenth year. If no early redemption is exercised, the coupon 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 RMB2.5 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 RMB2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.
- (5) The 10 year fixed-rate tier-two capital bonds were issued on August 21, 2015 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 5% per annum, payable annually. The Bank has an option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. If no early redemption is exercised, the interest rate will remain at 5% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These tier-two capital bonds are qualified as tier-two capital instruments in accordance with the CBRC requirements.
- (6) The Bank issued a series of 1-month to 1-year negotiate certificates of deposit at a discount during the period/year, and the reference interest rates range from 4.4000%-5.2000% (2016: 2.9002%-4.7000%) per annum, payable at maturity.

Notes to Condensed Consolidated Financial Statements

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33. OTHER LIABILITIES

	Notes	As at June 30, 2017	As at December 31, 2016
Interest payables		8,033,685	7,726,871
Settlement payable		3,643,592	1,359,061
Other payables		2,869,360	1,484,063
Salaries payable	(1)	913,881	848,220
Dividends payable		891,797	44,307
Provision	(2)	651,415	732,257
Sundry taxes payable		188,634	1,871
Total		17,192,364	12,196,650

Notes:

- (1) Salaries payables included the Group's obligations in respect of the early retirement benefits, amounting to RMB6.86 million (December 31, 2016: RMB10.5 million) as at June 30, 2017, estimated based on the projected unit credit actuarial cost method.
- (2) Provision refers to the allowance made on exposure relating to off-balance sheet credit commitments and litigation. Provision in relation to litigations is RMB145.6 million (December 31, 2016: RMB145.6 million) as at June 30, 2017, the rest is in relation to off-balance credit commitments. Movements of provision are as follows:

	As at June 30, 2017	As at December 31, 2016
At beginning of the period/year	732,257	586,143
Charge for the period/year	345,307	469,489
Reversal for the period/year	(426,149)	(323,375)
At end of the period/year	651,415	732,257

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34. SHARE CAPITAL OF THE BANK

	Six months ended June 30, 2017	Year ended December 31, 2016
At beginning of the period/year	6,070,552	5,126,048
Issuance of shares	–	944,504
At end of the period/year	6,070,552	6,070,552

On 30 March, 2016, the Bank was listed on the main board of The Stock Exchange of Hong Kong Limited. A total of 944,504,091 H shares (including an over-allotment of 39,504,091 H shares listed on 21 April, 2016) were issued with par value of RMB1.00 per share at an offer price of HKD7.39 per share. Total gross proceeds from the share issuance amounted to RMB5,835.17 million, giving rise to a RMB4,890.67 million of share premium. The share premium (net of share issuance expenses) in the amount of RMB4,709.74 million was recorded in capital reserve. The issuance of H shares was verified by Deloitte Touche Tohmatsu Certified Public Accountants LLP with verification report De Shi Bao (Yan) Zi(16) No. 0535 issued on May 27, 2016.

A summary of movements of the Bank's issued shares (in thousands of shares) during the period/year is as follows:

	2017			As at June 30,
	As at January 1,	Conversion/ Issuance	Transfer	
Shareholders				
Domestic shareholders	4,305,953	–	–	4,305,953
H shareholders	1,764,599	–	–	1,764,599
Total	6,070,552	–	–	6,070,552

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34. SHARE CAPITAL OF THE BANK (Continued)

	2016			As at December 31,
	As at January 1,	Conversion/ Issuance	Transfer	
Shareholders				
Domestic and foreign shareholders	5,126,048	(725,645)	(94,450)	4,305,953
H shareholders	–	1,670,149	94,450	1,764,599
Total	5,126,048	944,504	–	6,070,552

In accordance with the relevant PRC regulations regarding the transfer and disposal of state-owned shares, the state-owned shareholders are required to transfer 10% shares in cash to the National Council for Social Security Fund, in proportion to their respective holdings in the Bank, of a total amount equivalent to certain number of shares offered pursuant to the Bank's H share offering.

As at December 31, 2016, all foreign shares had been converted into H shares.

35. CAPITAL RESERVE

The balance of capital reserve mainly represents share premium arising from the Bank's initial public offering of H shares (net of listing expenses) and other share issuances in prior years.

36. INVESTMENT REVALUATION RESERVE

	Gross amount	Tax effect	Net amount
As at 1 January, 2016	221,370	(55,343)	166,027
Fair value changes in available-for-sale financial assets	(445,553)	111,388	(334,165)
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(63,342)	15,836	(47,506)
As at December 31, 2016	(287,525)	71,881	(215,644)
Fair value changes in available-for-sale financial assets	(186,732)	46,683	(140,049)
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(14,136)	3,534	(10,602)
As at June 30, 2017	(488,393)	122,098	(366,295)

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37. 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 individually and collectively assessed 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 period ended June 30, 2017, the Group transferred approximately RMB1,213 million (during the period ended June 30, 2016: RMB1,331 million) to general reserve.

38. CASH AND CASH EQUIVALENTS

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

	Six months ended June 30,	
	2017	2016
Cash	688,243	1,060,996
Balances with central bank	8,134,595	15,647,884
Deposits with banks and other financial institutions	3,356,208	8,853,111
Placements with banks and other financial institutions	2,718,446	1,906,754
Financial assets held under resale agreements	18,253,790	32,904,435
Total	33,151,282	60,373,180

39. 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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39. SEGMENT ANALYSIS *(Continued)*

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as “inter-segment interest income/expense”. Interest income and expense earned from/incurred with third parties are referred to as “external interest income/expense”.

The Group has no major customer which contributes to 10 percent or more of the Group’s income. No geographical information is presented as most of the Group’s operations are conducted and most 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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39. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended June 30, 2017					
External interest income	4,400,039	889,237	7,991,018	-	13,280,294
External interest expense	(3,510,634)	(872,243)	(4,598,140)	-	(8,981,017)
Inter-segment interest income/(expense)	2,142,474	739,088	(2,881,562)	-	-
Net interest income	3,031,879	756,082	511,316	-	4,299,277
Fee and commission income	810,476	178,456	91,884	-	1,080,816
Fee and commission expense	(24,942)	(5,180)	(2)	-	(30,124)
Net fee and commission income	785,534	173,276	91,882	-	1,050,692
Net trading losses	-	-	(74,190)	-	(74,190)
Net gains arising from investment securities	-	-	14,136	-	14,136
Other income, gains or losses	-	-	(2,659)	3,817	1,158
Operating income	3,817,413	929,358	540,485	3,817	5,291,073
Operating expenses	(831,383)	(416,730)	(150,419)	-	(1,398,532)
Impairment losses on assets	(234,973)	(156,674)	(176,970)	-	(568,617)
Share of losses of associates	-	-	-	(11,968)	(11,968)
Profit before tax	2,751,057	355,954	213,096	(8,151)	3,311,956
Income tax expense					(690,402)
Profit for the period					2,621,554
Depreciation and amortization	(81,508)	(19,724)	(11,555)	-	(112,787)
Capital expenditure	(20,603)	(11,060)	(2,446)	-	(34,109)
As at June 30, 2017					
Segment assets	186,959,151	32,234,129	440,490,146	200,519	659,883,945
Segment liabilities	(300,045,022)	(69,551,391)	(245,798,168)	(1,477,791)	(616,872,372)
Supplementary information Credit commitments	53,180,590	1,703,259	-	-	54,883,849

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39. SEGMENT ANALYSIS *(Continued)*

Operating Segments *(Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended June 30, 2016					
External interest income	4,511,163	604,259	7,862,475	–	12,977,897
External interest expense	(3,520,673)	(858,806)	(2,813,415)	–	(7,192,894)
Inter-segment interest income/(expense)	2,008,383	1,108,300	(3,116,683)	–	–
Net interest income	2,998,873	853,753	1,932,377	–	5,785,003
Fee and commission income	475,931	181,005	58,798	–	715,734
Fee and commission expense	(9,044)	(2,156)	(5)	–	(11,205)
Net fee and commission income	466,887	178,849	58,793	–	704,529
Net trading losses	–	–	(26,227)	–	(26,227)
Net gains arising from investment securities	–	–	22,778	–	22,778
Other income, gains or losses	–	–	33,849	8,990	42,839
Operating income	3,465,760	1,032,602	2,021,570	8,990	6,528,922
Operating expenses	(877,143)	(621,348)	(446,088)	–	(1,944,579)
Impairment losses on assets	(917,649)	(61,948)	(285,142)	–	(1,264,739)
Profit before tax	1,670,968	349,306	1,290,340	8,990	3,319,604
Income tax expense					(722,832)
Profit for the period					2,596,772
Depreciation and amortization	(61,621)	(15,850)	(21,470)	–	(98,941)
Capital expenditure	(50,002)	(45,001)	(5,000)	–	(100,003)
As at June 30, 2016					
Segment assets	171,404,207	26,305,340	410,162,507	2,563,831	610,435,885
Segment liabilities	(305,105,313)	(73,842,700)	(189,482,653)	(1,680,977)	(570,111,643)
Supplementary information Credit commitments	65,300,555	1,594,011	–	–	66,894,566

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40. STRUCTURED ENTITIES

40.1 Consolidated structured entities

The consolidated structured entities of the Group mainly include principal-guaranteed wealth management products sponsored by the Bank. As at June 30, 2017, the amount of assets held by the consolidated principal-guaranteed wealth management products sponsored by the Bank amounted to RMB30,580 million (December 31, 2016: RMB19,661 million).

For the six months ended June 30, 2017, the management fee recognized amounted to RMB112.87 million (Six months ended June 30, 2016: RMB78.61 million).

40.2 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 June 30, 2017 in the structured entities sponsored by third party institutions.

	As at June 30, 2017	As at December 31, 2016
Asset-backed securities	12,939,186	13,251,091
Wealth management products	62,186,339	64,717,076
Asset management plans	80,091,349	85,898,574
Trust beneficiary rights	58,686,389	35,246,849
Total	213,903,263	199,113,590

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 amortized cost of the assets held by the Group at the end of the period/year.

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40. STRUCTURED ENTITIES *(Continued)*

40.2 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 six months ended June 30, 2017, the management fee recognized amounted to RMB559.55 million (Six months ended June 30, 2016: RMB309.79 million).

As at June 30, 2017, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products sponsored by the Bank amounted to RMB71,233 million (December 31, 2016: RMB76,207 million).

In addition, unconsolidated structured entities sponsored by the Bank also include asset-backed securities. Details of this are included in note 44.

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

41. RELATED PARTY TRANSACTIONS

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

Name of Shareholder	Percentage of shares held	
	As at June 30, 2017 %	As at December 31, 2016 %
Tianjin Bonded Zone Investment Co., Ltd.	15.92%	15.88%
Australia and New Zealand Banking Group Limited	11.95%	11.95%
Tianjin Pharmaceutical Holdings Ltd. and its subsidiaries	8.06%	8.06%
Tianjin Bohai Chemical Industry Group Co., Ltd. and its subsidiaries	8.04%	8.04%

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41. 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 these major shareholders and entities under their control

During the period/year, the Group 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 June 30, 2017	As at December 31, 2016
Balances at the end of the period/year:		
Assets		
Deposits with banks and other financial institutions	708	3,594
Loans and advances to customers	2,075,000	–
Total	2,075,708	3,594
Liabilities		
Due to customers	745,582	118,092
Total	745,582	118,092
Six months ended June 30,		
	2017	2016
Transactions during the period:		
Interest income	23,413	2,269
Interest expense	3,982	4,134
Interest rate ranges during the period:		
Deposit with banks and other financial institutions	0%	0%
Loans and advances to customers	4.35%~6.00%	–
Due to customers	0.35%~4.80%	0.10%~1.875%

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41. RELATED PARTY TRANSACTIONS (Continued)

(2) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the 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 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.

Balances and transactions with other related parties

	As at June 30, 2017	As at December 31, 2016
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	89,720	168,805
	Six months ended June 30, 2017	2016
Transactions during the period:		
Interest expense	104	457
Interest rate range during the period:		
Deposit from banks and other financial institutions	0.35%~0.72%	-

(3) Key management personnel

Key management personnel include directors, supervisors and senior management team members.

No major transactions have been entered into with the key management personnel during the six months ended June 30, 2017 other than the emoluments paid to them (being the key management personnel compensation).

	Six months ended June 30, 2017	2016
Fees	579	555
Basic salaries, bonuses and allowances	1,331	1,148
Contribution to pension schemes	726	989
Total	2,636	2,692

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41. RELATED PARTY TRANSACTIONS *(Continued)*

(4) Annuity Scheme

The Group has the following transactions with the annuity scheme set up by the Bank:

	Six months ended June 30,	
	2017	2016
Contribution to annuity funds	60,864	42,799

42. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Bank and its subsidiaries, as defendants, are involved in certain lawsuits arising from its normal business operations. As of June 30, 2017, the Group has assessed and measured the impact of those significant pending lawsuits and recognized reasonable amount of provisions (set out in Note 33).

Capital commitments

	As at	As at
	June 30, 2017	December 31, 2016
Contracted but not provided for – commitments for the acquisition of property and equipment	318,865	217,252

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42. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Operating lease commitments

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

	As at June 30, 2017	As at December 31, 2016
Within 1 year	261,069	373,427
1 to 2 years	223,987	193,248
2 to 3 years	174,078	193,070
3 to 4 years	136,292	125,874
4 to 5 years	99,022	86,542
Over 5 years	173,308	195,798
Total	1,067,756	1,167,959

Credit commitments

	As at June 30, 2017	As at December 31, 2016
Acceptances	37,572,554	48,612,349
Undrawn credit card limit	1,703,259	1,625,223
Letters of credit issued	8,099,635	8,329,551
Letters of guarantee	7,508,401	7,693,423
Total	54,883,849	66,260,546

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.

Notes to Condensed Consolidated Financial Statements

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42. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Credit risk weighted amounts for credit commitments

	As at June 30, 2017	As at December 31, 2016
Credit commitments	23,139,695	27,509,516

The credit risk weighted amounts for credit commitments 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.

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 June 30, 2017	As at December 31, 2016
Bonds	66,481,886	66,280,478
Total	66,481,886	66,280,478

As at June 30, 2017, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB59,951 million (December 31, 2016: RMB58,806 million). All repurchase agreements were due within twelve months from inception.

As at June 30, 2017, the balances of customer deposits that were secured by the Group's assets amounted to RMB4,146 million (December 31, 2016: RMB7,014 million), of which RMB2,000 million (December 31, 2016: RMB2,000 million) were due over twelve months from inception.

Collateral accepted

As at June 30, 2017, the Group received RMB20,219 million (December 31, 2016: RMB34,540 million) of bonds and bills as collateral relating to financial assets held under resale agreements. As at June 30, 2017 and December 31, 2016, none of these collateral could be resold or repledged by the Group.

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42. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

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 June 30, 2017, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,119 million (December 31, 2016: RMB2,150 million), and the principal balance of e-saving bonds amounted to RMB2,320 million (December 31, 2016: RMB2,331 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 the certificate government bonds before the expiry date, but pays the principal and interest of the e-savings bonds on a regular basis based on the payment approach for the e-savings bonds.

43. 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 financial statements of the Group as they are not the Group's assets.

As at June 30, 2017, the entrusted loans balance of the Group amounted to RMB43,693 million (December 31, 2016: RMB32,333 million).

As at June 30, 2017, the balance of the non-principal-guaranteed wealth management products issued by the Group amounted to RMB71,233 million (December 31, 2016: RMB76,207 million).

44. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB61,944 million as at June 30, 2017 (December 31, 2016: RMB59,348 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceed from selling such bonds and bills totaling RMB59,951 million is presented as "financial assets sold under repurchase agreements" (note 30) as at the end of June 30, 2017 (December 31, 2016: RMB58,806 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 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.

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44. TRANSFER OF FINANCIAL ASSETS *(Continued)*

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 six months ended June 30, 2017, the Group has not securitized any loans (for the six months ended June 30, 2016: RMB2,010 million). As at June 30, 2017, the Group has held securitized credit assets in the form of asset-backed securities amounting to RMB Nil (December 31, 2016: RMB25 million).

45. 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 condensed 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. In accordance with the law, articles of the Bank, and the procedures and authorization of the Board of Directors, Risk Management Committee assists the Board of Directors in fulfilling its responsibilities regarding the risk management of the Bank, by considering the risk appetite of the Bank, policies and procedures of the risk management, and the various tolerable risk levels, monitoring the controls exercised by the senior management on credit risk, market risk, liquidity risk, operation risk, compliance risk, reputation risk, legal risk, information technology risk and crime prevention etc, and periodically assessing the risk policies, risk management status and risk tolerance.

Notes to Condensed Consolidated Financial Statements

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 Credit risk

Credit risk refers to the risk incurred by default on contract obligations of the counterparty or the debtor or changes in their credit ratings. The major credit risk of the Group comes from loans and advances to customers, investments classified as receivables and other on-balance sheet and off-balance sheet credit risk exposures.

The Group's credit risk management procedures and its approach to impairment assessment and credit risk mitigating measures are the same as those set out in the Group's financial statements for the year ended December 31, 2016.

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 period/year is represented by the carrying amount of each financial asset and the credit commitments disclosed below.

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

	As at June 30, 2017	As at December 31, 2016
Balances with central bank	56,065,111	57,306,574
Deposits with banks and other financial institutions	13,706,208	26,118,021
Placements with banks and other financial institutions	15,725,150	13,779,965
Financial assets held for trading	4,997,994	5,880,431
Financial assets held under resale agreements	19,402,226	33,277,007
Loans and advances to customers	215,413,034	207,854,530
Available-for-sale financial assets	47,141,764	50,531,134
Held-to-maturity investments	46,696,689	42,340,601
Investments classified as receivables	230,731,612	211,926,509
Other financial assets	4,603,633	2,840,381
Subtotal	654,483,421	651,855,153
Off-balance sheet credit commitments	54,883,849	66,260,546
Total	709,367,270	718,115,699

Notes to Condensed Consolidated Financial Statements

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.1 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 June 30, 2017			As at December 31, 2016		
	Amount	% of total	Secured by collateral	Amount	% of total	Secured by collateral
Corporate loans and advances						
A- Farming, forestry, animal husbandry and fishery	815,055	0.4	416,205	888,225	0.4	410,325
B- Mining	1,470,885	0.7	404,480	1,206,921	0.6	170,816
C- Manufacturing	49,200,099	22.2	9,762,644	49,707,281	23.2	10,909,025
D- Production and supply of electricity, gas and water	3,969,903	1.8	1,781,300	3,693,147	1.7	1,635,850
E- Construction	22,815,622	10.3	9,982,818	22,671,505	10.6	11,089,777
F- Retail and wholesale	38,094,915	17.2	13,797,214	39,334,290	18.4	16,062,769
G- Transportation, logistics and postal services	4,073,198	1.8	1,054,833	4,290,709	2.0	1,459,781
H- Accommodation and food services	1,337,847	0.6	1,086,847	1,414,079	0.7	1,208,079
I- Information transmission, computer services and software	2,057,825	0.9	560,425	2,125,885	1.0	667,885
J- Financial services	3,184,119	1.4	858,500	1,564,500	0.7	697,500
K- Real estate	17,250,380	7.8	10,082,403	15,484,910	7.2	10,481,240
L- Leasing and commercial services	13,555,011	6.1	3,630,435	13,862,973	6.5	4,816,731
M- Scientific research, technical services	1,492,119	0.7	631,018	1,077,711	0.5	235,980
N- Water, environment and public utilities management	16,212,846	7.3	5,622,321	15,833,772	7.4	5,104,336
O- Resident services and other services	4,987,370	2.2	3,624,670	5,315,132	2.5	3,846,332
P- Education	305,900	0.1	50,000	353,900	0.2	50,000
Q- Health, social security and welfare	569,666	0.3	13,651	631,009	0.3	14,258
R- Culture, sports and entertainment	262,134	0.1	215,334	305,379	0.1	169,599
S- Public administration and social organizations	2,773,000	1.2	1,174,000	2,479,000	1.2	1,379,000
Discounted bills	2,906,950	1.3	2,906,950	2,941,289	1.4	2,941,289
Finance lease receivable	3,428,335	1.6	-	303,619	0.1	-
Subtotal	190,763,179	86.0	67,656,048	185,485,236	86.7	73,350,572
Personal loans and advances	31,132,359	14.0	24,242,210	28,515,476	13.3	21,802,566
Gross amount of loans and advances to customers	221,895,538	100.0	91,898,258	214,000,712	100.0	95,153,138

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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)*

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 June 30, 2017						
	Gross amount	Impaired loans	Overdue loans	Allowance		Provision charged for the period	Write-off for the period
				Individually assessed	Collectively assessed		
Manufacturing	49,200,099	1,093,590	4,336,012	600,429	1,319,187	19,105	44,771
Retail and wholesale	38,094,915	1,270,815	2,249,754	705,134	1,114,047	29,786	19,922
Construction	22,815,622	87,200	132,693	45,911	453,245	10	-

	As at December 31, 2016						
	Gross amount	Impaired loans	Overdue loans	Allowance		Provision charged for the year	Write-off for the year
				Individually assessed	Collectively assessed		
Manufacturing	49,707,281	1,157,327	1,822,765	598,374	1,251,400	562,051	190,367
Retail and wholesale	39,334,290	1,226,055	1,858,657	646,194	964,909	288,926	419,067
Construction	22,671,505	-	94,200	-	481,114	88,422	-

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

Loans and advances to customers (Continued)

- (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 June 30, 2017						
	Gross amount of loans and advances to customers	%	Impaired loans		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	111,899,406	50.43	1,067,847	0.95%	3,618,351	556,907	2,063,678
Beijing	14,094,042	6.35	247,159	1.75%	321,968	69,007	313,601
Shandong	33,645,345	15.16	358,917	1.07%	1,527,880	201,865	813,623
Shanghai	22,156,213	9.98	383,617	1.73%	1,034,019	108,060	626,529
Hebei	27,901,459	12.57	1,122,018	4.02%	1,676,546	588,859	783,909
Sichuan	11,452,394	5.16	57,582	0.50%	268,100	23,693	314,603
Ningxia	746,679	0.35	-	0.00%	-	-	18,170
Total	221,895,538	100.00	3,237,140	1.46%	8,446,864	1,548,391	4,934,113

	As at December 31, 2016						
	Gross amount of loans and advances to customers	%	Impaired loans		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	109,770,855	51.30	1,141,371	1.04%	1,929,120	570,956	2,216,797
Beijing	15,055,266	7.04	228,699	1.52%	291,675	65,535	322,415
Shandong	28,550,466	13.34	330,742	1.16%	694,151	202,618	627,409
Shanghai	22,691,568	10.60	291,926	1.29%	543,122	94,146	543,233
Hebei	23,585,356	11.02	1,137,991	4.82%	1,794,368	561,157	598,462
Sichuan	13,852,303	6.47	44,565	0.32%	137,555	5,198	330,506
Ningxia	494,898	0.23	-	0.00%	-	-	7,750
Total	214,000,712	100.00	3,175,294	1.48%	5,389,991	1,499,610	4,646,572

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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 June 30, 2017			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Unsecured loans	16,056,936	7,348,471	1,225,637	24,631,044
Guaranteed loans	71,955,912	27,281,089	6,129,235	105,366,236
Collateralized loans	21,057,021	11,143,889	23,760,897	55,961,807
Pledged loans	22,119,404	13,279,875	537,172	35,936,451
Total	131,189,273	59,053,324	31,652,941	221,895,538

	As at December 31, 2016			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Unsecured loans	15,414,451	4,233,034	1,229,439	20,876,924
Guaranteed loans	73,366,143	19,809,378	5,837,766	99,013,287
Collateralized loans	23,039,476	12,166,403	20,800,652	56,006,531
Pledged loans	23,032,182	14,573,369	498,419	38,103,970
Total	134,852,252	50,782,184	28,366,276	214,000,712

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(4) Past due loans at contractual amount

	As at June 30, 2017				Total
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	
Unsecured loans	25,944	16,383	65,595	–	107,922
Guaranteed loans	3,914,569	657,659	1,142,780	138,712	5,853,720
Collateralized loans	893,427	436,325	594,081	59,861	1,983,694
Pledged loans	340,672	36,178	122,799	1,879	501,528
Total	5,174,612	1,146,545	1,925,255	200,452	8,446,864
Percentage of total gross loans and advances to customers	2.33%	0.52%	0.87%	0.09%	3.81%

	As at December 31, 2016				Total
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	
Unsecured loans	20,170	23,309	41,737	–	85,216
Guaranteed loans	1,646,001	983,474	582,476	61,135	3,273,086
Collateralized loans	985,562	569,694	296,831	50,796	1,902,883
Pledged loans	17,874	55,637	54,406	889	128,806
Total	2,669,607	1,632,114	975,450	112,820	5,389,991
Percentage of total gross loans and advances to customers	1.25%	0.76%	0.46%	0.05%	2.52%

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

Loans and advances to customers (Continued)

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

	Notes	As at June 30, 2017	As at December 31, 2016
Neither past due nor impaired	(i)	213,369,150	208,421,005
Past due but not impaired	(ii)	5,289,248	2,404,413
Impaired	(iii)	3,237,140	3,175,294
Subtotal		221,895,538	214,000,712
Allowances for impairment losses		(6,482,504)	(6,146,182)
Loans and advances to customers, net		215,413,034	207,854,530

(i) Loans and advances neither past due nor impaired

	As at June 30, 2017		
	Normal	Special mention	Total
Corporate loans and advances	175,767,115	7,215,254	182,982,369
Personal loans and advances	30,380,857	5,924	30,386,781
Total	206,147,972	7,221,178	213,369,150

	As at December 31, 2016		
	Normal	Special mention	Total
Corporate loans and advances	173,466,307	7,187,620	180,653,927
Personal loans and advances	27,767,078	–	27,767,078
Total	201,233,385	7,187,620	208,421,005

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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 June 30, 2017				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	1,961,543	1,529,936	1,301,096	174,837	4,967,412	4,803,221
Personal loans and advances	162,938	122,958	35,940	–	321,836	219,203
Total	2,124,481	1,652,894	1,337,036	174,837	5,289,248	5,022,424

	As at December 31, 2016				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	1,029,861	295,066	681,690	–	2,006,617	1,940,291
Personal loans and advances	240,827	100,834	56,135	–	397,796	270,940
Total	1,270,688	395,900	737,825	–	2,404,413	2,211,231

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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 June 30, 2017		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	2,813,397	(1,548,391)	1,265,006
Collectively assessed	423,743	(323,029)	100,714
Total	3,237,140	(1,871,420)	1,365,720

	As at December 31, 2016		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	2,824,690	(1,499,610)	1,325,080
Collectively assessed	350,604	(278,747)	71,857
Total	3,175,294	(1,778,357)	1,396,937

Including:

	As at June 30, 2017	As at December 31, 2016
Individually assessed and impaired	2,813,397	2,824,690
Individually assessed and impaired %	1.27	1.32
Fair value of collateral	1,341,108	1,613,976

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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 June 30, 2017 amounted to RMB968 million (December 31, 2016: RMB639 million), among which loans and advances overdue for more than 90 days amounted to RMB99 million (December 31, 2016: RMB99 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 sets 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:

	As at June 30, 2017	As at December 31, 2016
Neither past due nor impaired		
Deposits with banks and other financial institutions	13,706,208	26,118,021
Placements with banks and other financial institutions	15,725,150	13,779,965
Financial assets held under resale agreements	18,644,690	32,078,721
Impaired	993,500	1,473,500
Subtotal	49,069,548	73,450,207
Less: Individually assessed allowance	(235,964)	(275,214)
Net carrying amount	48,833,584	73,174,993

Impaired assets consist of financial assets held under resale agreements that were overdue for more than one year as of June 30, 2017 (December 31, 2016: Overdue for more than 8 months).

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

Debt securities

- (1) Credit quality of debt securities

	Notes	As at June 30, 2017	As at December 31, 2016
Neither past due nor impaired	(i)	329,567,151	310,841,547
Past due but not impaired	(ii)	429,140	279,140
Impaired	(iii)	480,053	250,052
Subtotal		330,476,344	311,370,739
Less: Collectively assessed allowance		(740,036)	(634,512)
Individually assessed allowance		(168,249)	(57,552)
Debt securities, net		329,568,059	310,678,675

- (i) Debt securities neither past due nor impaired

	As at June 30, 2017					Total
	Financial assets held for trading	Available- for-sale financial assets	Held-to- maturity investments	Investments classified as receivables		
Government bonds	834,375	8,951,330	26,914,933	1,838,000		38,538,638
Financial institution bonds	2,357,128	32,815,711	19,781,756	302,822		55,257,417
Asset-backed securities	-	-	-	12,939,186		12,939,186
Corporate bonds	1,787,731	1,057,686	-	15,048,101		17,893,518
Certificate government bonds	-	-	-	362,336		362,336
Wealth management products	-	-	-	62,186,339		62,186,339
Asset management plans	-	-	-	79,830,916		79,830,916
Trust beneficiary rights	-	-	-	58,156,389		58,156,389
Funds	-	4,317,037	-	-		4,317,037
Others	-	-	-	85,375		85,375
Total	4,979,234	47,141,764	46,696,689	230,749,464		329,567,151

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 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, 2016

	Financial assets held for trading	Available- for-sale financial assets	Held-to- maturity investments	Investments classified as receivables	Total
Government bonds	1,275,180	9,943,072	27,872,583	1,558,000	40,648,835
Financial institution bonds	2,639,400	38,011,175	14,468,018	10,002	55,128,595
Asset-backed securities	–	–	–	13,251,091	13,251,091
Corporate bonds	1,947,091	752,617	–	11,448,412	14,148,120
Certificate government bonds	–	–	–	238,569	238,569
Wealth management products	–	–	–	64,717,076	64,717,076
Asset management plans	–	–	–	85,638,142	85,638,142
Trust beneficiary rights	–	–	–	35,246,849	35,246,849
Funds	–	1,824,270	–	–	1,824,270
Total	5,861,671	50,531,134	42,340,601	212,108,141	310,841,547

- (ii) Past due but not impaired debt securities for the Group comprise past due but not impaired asset management plans, trust beneficiary rights and corporate bonds.
- (iii) Impaired debt securities for the Group comprise impaired asset management plans, trust beneficiary rights and corporate bonds.

Notes to Condensed Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.1 Credit risk *(Continued)*

Debt securities (Continued)

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

	As at June 30, 2017					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	1,394,979	–	–	–	37,143,659	38,538,638
Financial institution bonds	11,938,263	6,590,779	–	–	36,728,375	55,257,417
Asset-backed securities	30,490	1,132,019	–	–	11,776,677	12,939,186
Corporate bonds	5,905,338	9,084,099	–	268,760	2,754,081	18,012,278
Certificate government bonds	–	–	–	–	362,336	362,336
Total	19,269,070	16,806,897	–	268,760	88,765,128	125,109,855

	As at December 31, 2016					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	1,025,809	–	–	–	39,623,026	40,648,835
Financial institution bonds	20,302,711	7,187,464	–	–	27,638,420	55,128,595
Asset-backed securities	389,460	936,020	100,000	–	11,825,611	13,251,091
Corporate bonds	4,637,586	6,468,982	10,197	268,760	3,031,355	14,416,880
Certificate government bonds	–	–	–	–	238,569	238,569
Total	26,355,566	14,592,466	110,197	268,760	82,356,981	123,683,970

45.2 Liquidity risk

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. The Group's liquidity risk management procedures are the same as those set out in the Group's consolidated financial statements for the year of 2016.

Notes to Condensed Consolidated Financial Statements

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities

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

	As at June 30, 2017							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	47,930,515	8,822,839	-	-	-	-	-	56,753,354
Deposits with banks and other financial institutions	-	2,086,208	540,000	2,230,000	8,850,000	-	-	13,706,208
Placements with banks and other financial institutions	-	-	1,308,526	5,032,005	9,384,619	-	-	15,725,150
Financial assets held for trading	18,760	-	92,528	355,534	1,345,082	2,433,459	752,631	4,997,994
Financial assets held under resale agreements	757,536	-	17,566,790	687,000	390,900	-	-	19,402,226
Loans and advances to customers	3,730,842	-	14,739,300	19,446,331	89,806,595	61,133,135	26,556,831	215,413,034
Available-for-sale financial assets	58,600	201,019	4,951,833	9,412,374	13,378,217	15,115,366	4,082,955	47,200,364
Held-to-maturity investments	-	-	1,009,001	2,555,569	14,884,257	25,047,606	3,200,256	46,696,689
Investments classified as receivables	621,369	-	8,331,053	48,228,173	44,242,637	120,391,180	8,917,200	230,731,612
Others	297,094	5,680,414	271,485	491,899	1,019,529	1,253,537	243,356	9,257,314
Total assets	53,414,716	16,790,480	48,810,516	88,438,885	183,301,836	225,374,283	43,753,229	659,883,945
Borrowings from central bank	-	-	-	-	1,500,000	-	-	1,500,000
Deposits from banks and other financial institutions	-	69,318	37,688,969	20,566,245	25,238,514	-	-	83,563,046
Placements from banks	-	-	8,073,215	2,434,474	1,727,157	-	-	12,234,846
Financial assets sold under repurchase agreements	-	-	59,351,710	599,000	-	-	-	59,950,710
Due to customers	-	206,143,794	18,653,232	16,121,838	35,921,185	77,513,495	217,810	354,571,354
Debt securities issued	-	-	11,082,843	28,753,861	41,241,284	4,992,698	1,198,901	87,269,587
Others	-	12,514,426	1,808,314	918,243	1,416,455	1,106,393	18,998	17,782,829
Total liabilities	-	218,727,538	136,658,283	69,393,661	107,044,595	83,612,586	1,435,709	616,872,372
Net position	53,414,716	(201,937,058)	(87,847,767)	19,045,224	76,257,241	141,761,697	42,317,520	43,011,573

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.2 Liquidity risk (Continued)

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

	As at December 31, 2016							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	49,193,303	8,914,330	-	-	-	-	-	58,107,633
Deposits with banks and other financial institutions	-	2,168,021	14,150,000	3,450,000	6,350,000	-	-	26,118,021
Placements with banks and other financial institutions	-	-	3,213,080	7,065,075	3,501,810	-	-	13,779,965
Financial assets held for trading	18,760	-	666,134	151,204	1,523,338	2,766,684	754,311	5,880,431
Financial assets held under resale agreements	1,199,036	-	16,867,905	14,070,816	990,000	149,250	-	33,277,007
Loans and advances to customers	1,105,755	-	10,787,680	24,712,189	93,731,835	50,872,516	26,644,555	207,854,530
Available-for-sale financial assets	58,600	199,539	6,041,894	10,281,017	17,328,476	13,489,549	3,190,659	50,589,734
Held-to-maturity investments	-	-	3,139,790	5,570,937	5,843,820	24,576,088	3,209,966	42,340,601
Investments classified as receivables	289,758	-	7,793,434	40,333,460	58,598,979	102,839,040	2,071,838	211,926,509
Others	212,265	4,822,168	256,442	432,321	768,871	796,802	146,807	7,435,676
Total assets	52,077,477	16,104,058	62,916,359	106,067,019	188,637,129	195,489,929	36,018,136	657,310,107
Deposits from banks and other financial institutions	-	502,815	41,598,476	51,673,320	25,558,401	-	-	119,333,012
Placements from banks	-	-	14,141,126	1,703,752	2,705,430	-	-	18,550,308
Financial assets sold under repurchase agreements	-	-	58,805,600	-	-	-	-	58,805,600
Due to customers	-	204,856,094	11,757,029	20,009,679	55,631,419	73,216,736	-	365,470,957
Debt securities issued	-	-	5,491,672	10,326,169	13,628,029	9,986,898	1,198,816	40,631,584
Others	-	7,669,385	1,689,398	1,073,072	1,250,100	1,066,544	15,367	12,763,866
Total liabilities	-	213,028,294	133,483,301	84,785,992	98,773,379	84,270,178	1,214,183	615,555,327
Net position	52,077,477	(196,924,236)	(70,566,942)	21,281,027	89,863,750	111,219,751	34,803,953	41,754,780

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.2 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 period/year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at June 30, 2017							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	47,930,515	8,845,133	-	-	-	-	-	56,775,648
Deposits with banks and other financial institutions	-	2,086,208	544,905	2,275,857	9,254,281	-	-	14,161,251
Placements with banks and other financial institutions	-	-	1,309,781	5,060,602	9,719,952	-	-	16,090,335
Financial assets held for trading	40,000	-	115,129	397,796	1,484,005	2,809,488	894,342	5,740,760
Financial assets held under resale agreements	757,536	-	17,584,292	695,675	400,171	-	-	19,437,674
Loans and advances to customers	5,723,359	-	23,875,175	20,820,559	97,352,214	71,473,942	33,688,754	252,934,003
Available-for-sale financial assets	58,600	200,000	5,061,813	9,867,240	14,386,597	16,876,794	5,048,809	51,499,853
Held-to-maturity investments	-	-	1,060,309	2,695,118	16,155,959	27,336,355	3,566,652	50,814,393
Investments classified as receivables	740,380	-	8,582,364	50,180,395	50,721,422	133,229,414	9,647,188	253,101,163
Other financial assets	-	976,301	-	-	-	-	-	976,301
Total financial assets	55,250,390	12,107,642	58,133,768	91,993,242	199,474,601	251,725,993	52,845,745	721,531,381
Borrowings from central bank	-	-	-	-	1,500,048	-	-	1,500,048
Deposits from banks and other financial institutions	-	69,318	37,853,189	20,898,047	26,380,664	-	-	85,201,218
Placements from banks	-	-	8,081,392	2,444,761	1,879,745	-	-	12,405,898
Financial assets sold under repurchase agreements	-	-	59,442,999	602,567	-	-	-	60,045,566
Due to customers	-	206,181,936	18,793,275	16,333,039	37,216,340	83,066,381	218,405	361,809,376
Debt securities issued	-	-	11,110,000	29,260,000	42,143,130	6,037,520	1,271,880	89,822,530
Other financial liabilities	-	6,512,952	-	-	-	-	-	6,512,952
Total financial liabilities	-	212,764,206	135,280,855	69,538,414	109,119,927	89,103,901	1,490,285	617,297,588
Net position	55,250,390	(200,656,564)	(77,147,087)	22,454,828	90,354,674	162,622,092	51,355,460	104,233,793

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	As at December 31, 2016							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and deposits with central bank	49,193,303	8,937,851	-	-	-	-	-	58,131,154
Deposits with banks and other financial institutions	-	2,168,432	14,251,905	3,480,772	6,582,225	-	-	26,483,334
Placements with banks and other financial institutions	-	-	3,225,583	7,138,335	3,613,242	-	-	13,977,160
Financial assets held for trading	40,000	-	681,711	178,877	1,695,251	3,108,998	834,152	6,538,989
Financial assets held under resale agreements	1,473,500	-	16,933,039	14,201,507	1,017,575	160,200	-	33,785,821
Loans and advances to customers	2,626,028	-	11,235,356	27,382,185	101,157,142	61,774,022	40,365,046	244,539,779
Available-for-sale financial assets	58,600	200,000	6,096,265	10,541,824	18,507,549	14,942,659	3,843,432	54,190,329
Held-to-maturity investments	-	-	3,322,334	5,832,444	6,689,261	26,582,726	3,635,228	46,061,993
Investments classified as receivables	362,425	-	7,878,023	42,174,776	64,357,842	112,482,081	2,241,694	229,496,841
Other financial assets	-	192,410	-	-	-	-	-	192,410
Total financial assets	53,753,856	11,498,693	63,624,216	110,930,720	203,620,087	219,050,686	50,919,552	713,397,810
Deposits from banks and other financial institutions	-	578,897	41,854,038	52,328,734	26,222,079	-	-	120,983,748
Placements from banks	-	-	14,182,755	1,714,915	2,751,856	-	-	18,649,526
Financial assets sold under repurchase agreements	-	-	58,885,556	-	-	-	-	58,885,556
Due to customers	-	204,871,711	11,901,756	20,662,168	57,914,887	83,443,871	-	378,794,393
Debt securities issued	-	-	5,500,000	10,400,000	14,233,130	11,260,270	1,271,880	42,665,280
Other financial liabilities	-	2,843,124	-	-	-	-	-	2,843,124
Total financial liabilities	-	208,293,732	132,324,105	85,105,817	101,121,952	94,704,141	1,271,880	622,821,627
Net position	53,753,856	(196,795,039)	(68,699,889)	25,824,903	102,498,135	124,346,545	49,647,672	90,576,183

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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45. FINANCIAL RISK MANAGEMENT (Continued)

45.2 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 June 30, 2017						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Bank acceptance	-	8,526,455	10,313,506	18,732,593	-	-	37,572,554
Undrawn credit card limit	1,703,259	-	-	-	-	-	1,703,259
Letters of credit issued	-	6,198,436	1,268,295	632,904	-	-	8,099,635
Letters of guarantee	-	181,409	475,490	2,091,495	4,757,703	2,304	7,508,401
Total	1,703,259	14,906,300	12,057,291	21,456,992	4,757,703	2,304	54,883,849

	As at December 31, 2016						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Bank acceptance	-	5,438,740	12,456,022	30,717,587	-	-	48,612,349
Undrawn credit card limit	1,625,223	-	-	-	-	-	1,625,223
Letters of credit issued	-	742,278	1,019,135	6,568,138	-	-	8,329,551
Letters of guarantee	-	883,508	545,186	1,862,163	4,400,202	2,364	7,693,423
Total	1,625,223	7,064,526	14,020,343	39,147,888	4,400,202	2,364	66,260,546

45.3 Market risk

Market risk is the risk of loss in on- and off-balance sheet positions arising from movements in market prices caused by exchange rates, interest rates and other market factors, which primarily includes exchange rate risk and interest rate risk. Market risk mainly arises from proprietary business of the Group.

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 mis-matches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

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45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.3 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 June 30, 2017				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	56,299,480	448,524	1,543	3,807	56,753,354
Deposits with banks and other financial institutions	12,615,396	600,175	439,479	51,158	13,706,208
Placements with banks and other financial institutions	9,225,181	6,499,969	–	–	15,725,150
Financial assets held for trading	4,997,994	–	–	–	4,997,994
Financial assets held under resale agreements	19,402,226	–	–	–	19,402,226
Loans and advances to customers	208,340,469	6,797,591	–	274,974	215,413,034
Available-for-sale financial assets	47,055,846	144,518	–	–	47,200,364
Held-to-maturity investments	46,696,689	–	–	–	46,696,689
Investments classified as receivables	229,691,062	1,040,550	–	–	230,731,612
Other financial assets	4,585,673	17,960	–	–	4,603,633
Total financial assets	638,910,016	15,549,287	441,022	329,939	655,230,264
Borrowings from central bank	1,500,000	–	–	–	1,500,000
Deposits from banks and other financial institutions	83,563,046	–	–	–	83,563,046
Placements from banks	6,130,000	5,860,799	–	244,047	12,234,846
Financial assets sold under repurchase agreements	59,950,710	–	–	–	59,950,710
Due to customers	346,340,654	8,175,529	6,048	49,123	354,571,354
Debt securities issued	87,269,587	–	–	–	87,269,587
Other financial liabilities	14,506,428	39,743	154	312	14,546,637
Total financial liabilities	599,260,425	14,076,071	6,202	293,482	613,636,180
Net exposure	39,649,591	1,473,216	434,820	36,457	41,594,084

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45. FINANCIAL RISK MANAGEMENT (Continued)

45.3 Market risk (Continued)

Foreign currency risk (Continued)

	As at December 31, 2016				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	57,700,583	401,009	1,730	4,311	58,107,633
Deposits with banks and other financial institutions	25,075,058	567,945	439,094	35,924	26,118,021
Placements with banks and other financial institutions	8,896,317	4,883,648	–	–	13,779,965
Financial assets held for trading	5,880,431	–	–	–	5,880,431
Financial assets held under resale agreements	33,277,007	–	–	–	33,277,007
Loans and advances to customers	199,998,482	7,723,724	–	132,324	207,854,530
Available-for-sale financial assets	50,445,216	144,518	–	–	50,589,734
Held-to-maturity investments	42,340,601	–	–	–	42,340,601
Investments classified as receivables	210,885,959	1,040,550	–	–	211,926,509
Other financial assets	2,796,270	44,111	–	–	2,840,381
Total financial assets	637,295,924	14,805,505	440,824	172,559	652,714,812
Deposits from banks and other financial institutions	119,333,012	–	–	–	119,333,012
Placements from banks	14,120,000	4,430,308	–	–	18,550,308
Financial assets sold under repurchase agreements	58,805,600	–	–	–	58,805,600
Due to customers	356,476,526	8,837,253	6,279	150,899	365,470,957
Debt securities issued	40,631,584	–	–	–	40,631,584
Other financial liabilities	10,498,524	71,010	154	307	10,569,995
Total financial liabilities	599,865,246	13,338,571	6,433	151,206	613,361,456
Net exposure	37,430,678	1,466,934	434,391	21,353	39,353,356

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.3 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.

	As at June 30, 2017 (Decrease)/ increase in Net Profit	As at December 31, 2016 (Decrease)/ increase in Net Profit
5% appreciation	(72,918)	(72,100)
5% depreciation	72,918	72,100

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 exchange rate movements, and therefore the above sensitivity analysis may differ from the actual situation.

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's interest rate risk management procedures are the same as those set out in the Group's consolidated financial statements for the year ended December 31, 2016.

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT (Continued)

45.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

	As at June 30, 2017						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	55,578,173	-	-	-	-	1,175,181	56,753,354
Deposits with banks and other financial institutions	2,626,208	2,230,000	8,850,000	-	-	-	13,706,208
Placements with banks and other financial institutions	1,308,526	5,032,005	9,384,619	-	-	-	15,725,150
Financial assets held for trading	111,288	355,534	1,345,082	2,433,459	752,631	-	4,997,994
Financial assets held under resale agreements	18,324,326	687,000	390,900	-	-	-	19,402,226
Loans and advances to customers	21,480,968	18,993,556	88,627,193	55,276,896	31,034,421	-	215,413,034
Available-for-sale financial assets	5,152,852	9,412,374	13,378,217	15,115,366	4,082,955	58,600	47,200,364
Held-to-maturity investments	1,009,001	2,815,624	14,884,256	24,787,552	3,200,256	-	46,696,689
Investments classified as receivables	8,952,422	48,228,173	44,242,637	120,391,180	8,917,200	-	230,731,612
Other financial assets	-	-	-	-	-	4,603,633	4,603,633
Total financial assets	114,543,764	87,754,266	181,102,904	218,004,453	47,987,463	5,837,414	655,230,264
Borrowings from central bank	-	-	1,500,000	-	-	-	1,500,000
Deposits from banks and other financial institutions	37,758,287	20,566,245	25,238,514	-	-	-	83,563,046
Placements from banks	8,073,214	2,434,475	1,727,157	-	-	-	12,234,846
Financial assets sold under repurchase agreements	59,351,710	599,000	-	-	-	-	59,950,710
Due to customers	221,922,379	16,121,838	35,921,185	77,473,645	217,810	2,914,497	354,571,354
Debt securities issued	11,082,843	28,753,861	41,241,284	4,992,698	1,198,901	-	87,269,587
Other financial liabilities	-	-	-	-	-	14,546,637	14,546,637
Total financial liabilities	338,188,433	68,475,419	105,628,140	82,466,343	1,416,711	17,461,134	613,636,180
Interest rate gap	(223,644,669)	19,278,847	75,474,764	135,538,110	46,570,752	(11,623,720)	41,594,084

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.3 Market risk *(Continued)*

Interest rate risk (Continued)

	As at December 31, 2016						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	56,850,284	-	-	-	-	1,257,349	58,107,633
Deposits with banks and other financial institutions	16,318,021	3,450,000	6,350,000	-	-	-	26,118,021
Placements with banks and other financial institutions	3,213,080	7,065,075	3,501,810	-	-	-	13,779,965
Financial assets held for trading	684,894	151,204	1,523,338	2,766,684	754,311	-	5,880,431
Financial assets held under resale agreements	17,967,441	14,070,816	1,089,500	149,250	-	-	33,277,007
Loans and advances to customers	12,354,238	24,642,375	93,448,406	77,409,511	-	-	207,854,530
Available-for-sale financial assets	6,330,345	11,465,139	19,208,943	10,336,048	3,190,659	58,600	50,589,734
Held-to-maturity investments	3,139,790	5,570,937	6,103,886	24,316,022	3,209,966	-	42,340,601
Investments classified as receivables	8,083,192	40,333,460	58,598,979	102,839,040	2,071,838	-	211,926,509
Other financial assets	-	-	-	-	-	2,840,381	2,840,381
Total financial assets	124,941,285	106,749,006	189,824,862	217,816,555	9,226,774	4,156,330	652,714,812
Deposits from banks and other financial institutions	42,101,291	51,673,320	25,558,401	-	-	-	119,333,012
Placements from banks	14,141,126	1,703,752	2,705,430	-	-	-	18,550,308
Financial assets sold under repurchase agreements	58,805,600	-	-	-	-	-	58,805,600
Due to customers	215,423,255	20,009,679	55,631,419	73,216,736	-	1,189,868	365,470,957
Debt securities issued	5,491,672	10,326,169	13,628,029	9,986,898	1,198,816	-	40,631,584
Other financial liabilities	-	-	-	-	-	10,569,995	10,569,995
Total financial liabilities	335,962,944	83,712,920	97,523,279	83,203,634	1,198,816	11,759,863	613,361,456
Interest rate gap	(211,021,659)	23,036,086	92,301,583	134,612,921	8,027,958	(7,603,533)	39,353,356

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.3 Market risk *(Continued)*

Interest rate risk (Continued)

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 period/year.

	Period ended June 30, 2017		Year ended December 31, 2016	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	110,448	(710,643)	234,458	(683,972)
- 100 basis points	(110,448)	752,338	(234,458)	718,804

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 period 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 period after adjusting for reasonably possible changes in interest rates.

45.4 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 Group's operational risk management procedures are the same as those set out in the Group's financial statements for the year of 2016.

45.5 Capital management

The Group's objectives on capital management are the same as those set out in the Group's financial statements for the year of 2016.

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT (Continued)

45.5 Capital management (Continued)

For non-systematically important banks, CBRC requires corresponding minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. The CBRC requires commercial banks to meet these requirements by the end of 2018 in accordance with the Regulation Governing the Capital of Commercial Banks (Provisional) (“商業銀行資本管理辦法（試行）”).

	As at June 30, 2017	As at December 31, 2016
Core tier-one capital adequacy ratio	9.29%	9.48%
Tier-one capital adequacy ratio	9.29%	9.48%
Capital adequacy ratio	11.64%	11.88%
Components of capital base		
Core tier-one capital:		
Share capital	6,070,552	6,070,552
Qualifying portion of capital reserve	10,333,516	10,484,167
Surplus reserve and general reserve	11,364,060	10,151,280
Retained earnings	15,193,037	15,003,930
Qualifying portion of non-controlling interests	25,683	20,292
Total core tier-one capital	42,986,848	41,730,221
Deductions:		
Other intangible assets	(72,352)	(75,418)
Equity investments	(197,527)	(184,995)
Net core tier-one capital	42,716,969	41,469,808
Other tier-one capital:		
Non-controlling interests	3,424	2,705
Net tier-one capital	42,720,393	41,472,513
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	7,520,000	7,520,000
Surplus provision for loan impairment	3,245,364	2,970,889
Qualifying portion of non-controlling interests	6,849	5,411
Net capital base	53,492,606	51,968,813
Risk-weighted assets		
Credit risk-weighted assets	436,375,364	414,173,285
Market risk-weighted assets	2,420,939	2,439,031
Operational risk-weighted assets	20,897,705	20,946,823
Total	459,694,008	437,559,139

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT *(Continued)*

45.5 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.

46. 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.

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

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

	As at June 30, 2017			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading				
Government bonds	–	834,375	–	834,375
Financial institution bonds	–	2,357,128	–	2,357,128
Corporate bonds	–	1,806,491	–	1,806,491
Subtotal	–	4,997,994	–	4,997,994
Available-for-sale financial assets				
Government bonds	–	8,951,330	–	8,951,330
Financial institution bonds	–	32,815,711	–	32,815,711
Corporate bonds	–	1,057,686	–	1,057,686
Funds	–	4,317,037	–	4,317,037
Subtotal	–	47,141,764	–	47,141,764
Total	–	52,139,758	–	52,139,758
	As at December 31, 2016			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading				
Government bonds	–	1,275,180	–	1,275,180
Financial institution bonds	–	2,639,400	–	2,639,400
Corporate bonds	–	1,965,851	–	1,965,851
Subtotal	–	5,880,431	–	5,880,431
Available-for-sale financial assets				
Government bonds	–	9,943,072	–	9,943,072
Financial institution bonds	–	38,011,175	–	38,011,175
Corporate bonds	–	752,617	–	752,617
Funds	–	1,824,270	–	1,824,270
Subtotal	–	50,531,134	–	50,531,134
Total	–	56,411,565	–	56,411,565

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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 period/year.

Note: 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 June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held under resale agreements	19,402,226	19,402,226	33,277,007	33,557,984
Loans and advances to customers	215,413,034	225,990,144	207,854,530	217,938,596
Held-to-maturity investments	46,696,689	46,337,634	42,340,601	42,508,928
Investments classified as receivables	230,731,612	230,057,694	211,926,509	211,591,771
Total	512,243,561	521,787,698	495,398,647	505,597,279
Financial liabilities				
Due to customers	354,571,354	358,093,997	365,470,957	367,071,745
Debt securities issued	87,269,587	86,530,887	40,631,584	40,334,012
Total	441,840,941	444,624,884	406,102,541	407,405,757

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

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

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.

Financial assets/ financial liabilities	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at June 30, 2017	As at December 31, 2016		
Financial assets held under resale agreements	19,402,226	33,557,984	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	225,990,144	217,938,596	Level 3	Discounted cash flows. Future cash flows are estimated base on contractual amounts 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	46,337,634	42,508,928	Level 2	See note above.
Investments classified as receivables	230,057,694	211,591,771	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.
Due to customers	358,093,997	367,071,745	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	86,530,887	40,334,012	Level 2	See note above.

There were no significant transfers between Level 1, Level 2 and Level 3 during the period/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 Condensed Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's subsidiaries as at June 30, 2017 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
			paid-in capital	As at June 30, 2017	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	
			As at June 30, 2017 ('000)	As at June 30, 2017 (%)	As at December 31, 2016 (%)	As at June 30, 2017 (%)	As at December 31, 2016 (%)	
Bank of Tianjin Financial Leasing Co., Ltd (天銀金融租賃有限公司)	Tianjin, PRC	October 2016	1,000,000	100	100	100	100	Financial Leasing
Ningxia Yuanzhou Jinhui County Bank Co., Ltd (寧夏原州津匯村鎮銀行有限責任公司)	Ningxia, PRC	July 2016	50,000	51	51	51	51	Banking
Ningxia Tongxin Jinhui County Bank Co., Ltd (寧夏同心津匯村鎮銀行有限責任公司)	Ningxia, PRC	August 2016	50,000	51	51	51	51	Banking

48. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved by the Board of Directors of the Bank on August 30, 2017.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

LIQUIDITY COVERAGE RATIOS AND LEVERAGE RATIO

(Expressed in percentage)

(1) Liquidity ratios

	As at June 30, 2017	As at December 31, 2016
RMB current assets to RMB current liabilities	35.2%	34.5%
Foreign currency current assets to foreign currency current liabilities	22.8%	62.5%
	Average for the six months ended June 30,	
	2017	2016
RMB current assets to RMB current liabilities	38.6%	37.6%
Foreign currency current assets to foreign currency current liabilities	54.0%	335.1%

(2) Leverage ratio

(Expressed in percentage)

	As at June 30, 2017	As at December 31, 2016
Leverage ratio	6.05%	5.80%

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.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			Total
	US Dollars	Hong Kong Dollars	Others	
As at June 30, 2017				
Spot assets	15,549,287	441,022	329,939	16,320,248
Spot liabilities	(14,076,071)	(6,202)	(293,482)	(14,375,755)
Net position	1,473,216	434,820	36,457	1,944,493
As at December 31, 2016				
Spot assets	14,805,505	440,824	172,559	15,418,888
Spot liabilities	(13,338,571)	(6,433)	(151,206)	(13,496,210)
Net position	1,466,934	434,391	21,353	1,922,678

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.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at June 30, 2017	As at December 31, 2016
Deposits with banks		
Asia Pacific excluding mainland China	451,870	450,440
– of which attributed to Hong Kong	441,560	441,302
Europe	5,068	5,823
North America	573,697	507,688
Total	1,030,635	963,951

OVERDUE ASSETS

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

	As at June 30, 2017	As at December 31, 2016
Below 3 months (inclusive)	5,174,612	2,669,607
Between 3 and 6 months (inclusive)	507,935	438,632
Between 6 and 12 months (inclusive)	638,610	1,193,482
Over 12 months	2,125,707	1,088,270
Total	8,446,864	5,389,991
As a percentage of gross loans and advances to customers		
Below 3 months (inclusive)	2.33%	1.25%
Between 3 and 6 months (inclusive)	0.23%	0.20%
Between 6 and 12 months (inclusive)	0.29%	0.56%
Over 12 months	0.96%	0.51%
Total	3.81%	2.52%

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

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

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

	As at June 30, 2017	As at December 31, 2016
Below 3 months (inclusive)	–	260,680
Between 3 and 6 months (inclusive)	150,000	–
Between 6 and 12 months (inclusive)	260,380	100,000
Over 12 months	480,052	52
Total	890,432	360,432
As a percentage of gross investments classified as receivables		
Below 3 months (inclusive)	–	0.12%
Between 3 and 6 months (inclusive)	0.06%	–
Between 6 and 12 months (inclusive)	0.11%	0.05%
Over 12 months	0.21%	0.00%
Total	0.38%	0.17%

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

Exposures to Mainland China non-bank entities

	As at June 30, 2017	As at December 31, 2016
On-balance sheet exposure	215,413,034	207,854,530
Off-balance sheet exposure	54,883,849	66,260,546
Individually assessed allowance for impairment losses	1,548,391	1,499,610

List of Branches

LIST OF BRANCHES

As at June 30, 2017, details of the branches of the Bank are set out as below:

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

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No.	Name of Branches	Address of Branches	Postcode
14	Bank of Tianjin, Chengdu branch	No. 10, Binjiang West Road, Jinjiang District, Chengdu, Sichuan	610021
15	Bank of Tianjin, Shijiazhuang branch	No. 49, Yuhua East Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
16	Bank of Tianjin, Dongying branch	No. 55, Fuqian Street, Dongying District, Dongying	257000
17	Bank of Tianjin, Taian branch	No. 483, Dongyue Street, Taian, Shandong	271000
18	Bank of Tianjin, Yantai branch	No. 16 Hengshan Road, Economic and Technological Development District, Yantai, Shandong Province	264006
19	Bank of Tianjin, Luzhou branch	Shop 1, Sector B, 1/F and Shop 1, Sector B, 5/F at 2 Chunjingxia Road, Jiangyang District, Luzhou, Sichuan Province	646000
20	Bank of Tianjin, Baoding branch	No. 3108, Fuxing Middle Road, Baoding, Hebei Province	071000
21	Bank of Tianjin, Dongli sub-branch	No. 77, Yuejin Road, Dongli District, Tianjin	300300
22	Bank of Tianjin, Yijing Road sub-branch	2/F, No. 3, Yijing Road, Dongli Development Zone, Tianjin	300300
23	Bank of Tianjin, Tianshan South Road sub-branch	No. 9, Hongfu Road, Zengxingyao, Dongli District, Tianjin	300162
24	Bank of Tianjin, Fushan Road sub-branch	No. 13, Xianfeng Road, Dongli District, Tianjin	300300
25	Bank of Tianjin, Junliang City sub-branch	No. 1-7, Block 29, Junhua Yard, Xinshi Town, Junliang City, Xingnong Road, Dongli District, Tianjin	300301
26	Bank of Tianjin, Huaming sub-branch	No. 11, Hongshun Road, Huaming Industrial Park, Dongli District, Tianjin	300300
27	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

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No.	Name of Branches	Address of Branches	Postcode
28	Bank of Tianjin, Lushui Road sub-branch	No. 15 & 16, Ground Floor Store, Block 10, Baojujiayuan, Southern side of the Wushui Road, Jinnan District, Tianjin	300000
29	Bank of Tianjin, Jingu Road sub-branch	No. 1-3, Ground Floor, Zonglv Yuan 4, Gelinxiaocheng, west side of Jingu Road, Shuanggang Town, Jinnan District, Tianjin	300350
30	Bank of Tianjin, Xiqing sub-branch	Junction of Guangming Road and Xinhua Road, Yangliuqing, Xiqing District, Tianjin	300380
31	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380
32	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
33	Bank of Tianjin, Dasi Town sub-branch	No. 28 & 30, Liuyang Road, Dasi Town, Xiqing District, Tianjin	300385
34	Bank of Tianjin, Changling Road sub-branch	(Ground Floor, No.102, Apartment block) Block A-F, Yueya Garden, Lingkou Village, Liqizhuang Street, Xiqing District, Tianjin	300381
35	Bank of Tianjin, Beichen sub-branch	1185, 1186, 1187, 2170, 3180, Building 1-3, Changying Commercial Plaza, northwest side at the Junction of Jingjin Road and Longzhou Road, Beichen District, Tianjin	300340
36	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
37	Bank of Tianjin, Xinyibai Avenue sub-branch	North side of Xinyibai Avenue, Beichen District, Tianjin	300420
38	Bank of Tianjin, Wuqing sub-branch	No. 143, Quanwang Road, Wuqing District, Tianjin	301799

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No.	Name of Branches	Address of Branches	Postcode
39	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhuzhuang Street, Wuqing District, Tianjin	301700
40	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
41	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
42	Bank of Tianjin, Yongyangxi Road sub-branch	Ground Floor, No. 12-2, Shengshixinyuan, Southern side of Yongyangxi Road, Xincheng, Wuqing District, Tianjin	301799
43	Bank of Tianjin, Baodi sub-branch	No. 52, Nancheng Road, Baodi District, Tianjin	301800
44	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
45	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
46	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
47	Bank of Tianjin, Jizhou sub-branch	8-102, Qixing Garden, West of Guangming Road North, Jixian, Tianjin	301900
48	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, Tianjin	301900
49	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jixian, Tianjin	301900
50	Bank of Tianjin, Jinghai sub-branch	105 & 106, Building 7, Jinxiujiayuan (location of original Jinghai County Party Committee), Jinghai County, Tianjin	301600

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No.	Name of Branches	Address of Branches	Postcode
51	Bank of Tianjin, Dongfanghong Road sub-branch	Commercial Area B, Haixinyuan, Dongfanghong Road, Jinghai County, Tianjin	301600
52	Bank of Tianjin, Ninghe sub-branch	No. 66, Guangming Road, Lutai Town, Ninghe County, Tianjin	301500
53	Bank of Tianjin, Panzhuang sub-branch	Panzhuang Village, Panzhuang Town, Ninghe County, Tianjin	301508
54	Bank of Tianjin, Rongsheng sub-branch	No. 179 & 181, Chengdu Road, Heping District, Tianjin	300070
55	Bank of Tianjin, Kaifeng sub-branch	No. 11, Nanma Road, Heping District, Tianjin	300022
56	Bank of Tianjin, Jianye sub-branch	No. 33, Qixiangtai Road, Heping District, Tianjin	300070
57	Bank of Tianjin, Baoli sub-branch	Block B, No. 18, Guizhou Road, Heping District, Tianjin	300051
58	Bank of Tianjin, Hongtong sub-branch	No. 75, Yingkou Road, Heping District, Tianjin	300040
59	Bank of Tianjin, Laolian sub-branch	No. 87 & 89, Nanjing Road, Building 1 & 2, Junlong Plaza, Heping District, Tianjin	300042
60	Bank of Tianjin, Xiangsheng sub-branch	Ground Floor, Block B, Building 5, Changshou Apartment, Rongye Street, Heping District, Tianjin	300021
61	Bank of Tianjin, Jinsheng sub-branch	No. 32, Xinxing Road, Heping District, Tianjin	300070
62	Bank of Tianjin, Jingong sub-branch	No. 72, Jiefang North Road, Heping District, Tianjin	300041
63	Bank of Tianjin, Shiye sub-branch	No. 157, Dagu North Road, Heping District, Tianjin	300040
64	Bank of Tianjin, Huafeng sub-branch	No. 74, Jianshe Road, Heping District, Tianjin	300040

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No.	Name of Branches	Address of Branches	Postcode
65	Bank of Tianjin, Jianshe Road sub-branch	Beside No. 82, Jianshe Road, Heping District, Tianjin	300042
66	Bank of Tianjin, Xiaobailou sub-branch	No. 95, Jianshe Road, Heping District, Tianjin	300041
67	Bank of Tianjin, Haihe East Road sub-branch	No. 52, Haihe East Road, Hebei District, Tianjin	300010
68	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
69	Bank of Tianjin, Ruide sub-branch	Ground Floor, Taidayuan, No. 68, Jiulong Road, Hexi District, Tianjin	300204
70	Bank of Tianjin, Jinxi sub-branch	No. 28, Xiamen Road, Hexi District, Tianjin	300203
71	Bank of Tianjin, Jincai sub-branch	Beside Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200
72	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
73	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No. 20, Dongting Road, Hexi District, Tianjin	300220
74	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
75	Bank of Tianjin, Shaoxing Road sub-branch	No. 105, Ground Floor Store, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074
76	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
77	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
78	Bank of Tianjin, Xietong sub-branch	No.10, Nanjing Road, Hexi District, Tianjin	300042

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No.	Name of Branches	Address of Branches	Postcode
79	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202
80	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
81	Bank of Tianjin, Tianma sub-branch	No. 12, Xiyuan Street, Youyi Road, Hexi District, Tianjin	300061
82	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
83	Bank of Tianjin, Tanjiang Road sub-branch	Unit 17, Ground Floor, Chuanshuiyuan Estate (Public Building III), Suijiang Street, Hexi District, Tianjin	300221
84	Bank of Tianjin, Dagu South Road sub-branch	Ground Floor, Liuyuan Apartment, No. 1041, Dagu South Road, Hexi District, Tianjin	300222
85	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222
86	Bank of Tianjin, Limin Road sub-branch	Ground Floor, Zhuhaili Community, Limin Road, Hexi District, Tianjin	300200
87	Bank of Tianjin, Meijiang sub-branch	12-1 & 12-2, Xinshuiyuan, south side of Zhujiang West Road, Hexi District, Tianjin	300221
88	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
89	Bank of Tianjin, Guhai Road sub-branch	No. 243, Jiefang South Road, Hexi District, Tianjin	300210
90	Bank of Tianjin, Meijiang Road sub-branch	No. 35 & 37, Meijiang Road, Hexi District, Tianjin	300221
91	Bank of Tianjin, Qixiangtai Road sub-branch	Extension No. 11, No. 89, Fenghuangcheng, Junction of Qixiangtai Road and Pingquan Road Hexi District, Tianjin	300074

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No.	Name of Branches	Address of Branches	Postcode
92	Bank of Tianjin, Heiniucheng Road sub-branch	202-203, Extension No. 1, Lidabolan, Heiniucheng Road, Hexi District, Tianjin	300381
93	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384
94	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
95	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
96	Bank of Tianjin, Xinyuan sub-branch	No. 23, Changjiang Road, Nankai District, Tianjin	300190
97	Bank of Tianjin, Wanhua sub-branch	No. 148-1, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
98	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192
99	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
100	Bank of Tianjin, Changkang sub-branch	Extension No. 18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
101	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110
102	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
103	Bank of Tianjin, Xianyang Road sub-branch	Ground Floor, Door 3, Building 9, Jialingbeili, Xianyang Road, Nankai District, Tianjin	300122
104	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191

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No.	Name of Branches	Address of Branches	Postcode
105	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
106	Bank of Tianjin, Huayuan East Road sub-branch	Huayuan Residential Zone, Nankai District, Tianjin	300384
107	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193
108	Bank of Tianjin, Tianda 1st sub-branch	Siji Village, Tianjin University, Nankai District, Tianjin	300072
109	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 294, Huanghe Road, Nankai District, Tianjin	300110
110	Bank of Tianjin, Haitai Road sub-branch	1/F, Door 4, Block F, Haitai Green Industry Base, Haitai Development 6th Road, High-tech Industrial Park, Tianjin	300384
111	Bank of Tianjin, Haiguangsi sub-branch	No. 349, Nanjing Road, Nankai District, Tianjin	300100
112	Bank of Tianjin, Shuishang Gongyuan East Road sub-branch	Building 7, Yangguang Apartment, Nankai District, Tianjin	300381
113	Bank of Tianjin, Xima Road sub-branch	No. 140 & 142, Nankaisanma Road, Nankai District, Tianjin	300101
114	Bank of Tianjin, Beicheng Street sub-branch	No. 1351, Beicheng Street, Nankai District, Tianjin	300120
115	Bank of Tianjin, Lingbin Road sub-branch	No. 96-98, Lingbin Road, Nankai District, Tianjin	300381
116	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111
117	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191

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No.	Name of Branches	Address of Branches	Postcode
118	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
119	Bank of Tianjin, Nankaierwei Road sub-branch	No. 43, Huanghe Road, Nankai District, Tianjin	300102
120	Bank of Tianjin, Haihe Education Park (Beiyang Zone) Sub-branch	No.104, Xinyuan South Road, Tianjin University, Haihe Education Park, Tianjin	300350
121	Bank of Tianjin, Donglian sub-branch	Tianshan Road, Wanxin Village, Hedong District, Tianjin	300162
122	Bank of Tianjin, Dongxin sub-branch	Extension No. 1, No. 2, No. 40, Jintang Road, Hedong District, Tianjin	300182
123	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
124	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012
125	Bank of Tianjin, Chenglin Road sub-branch	No. 55, Chenglin Road, Hedong District, Tianjin	300160
126	Bank of Tianjin, Weiguo Road sub-branch	No. 163, Weiguo Road, Hedong District, Tianjin	300250
127	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
128	Bank of Tianjin, Chenguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162
129	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
130	Bank of Tianjin, Dongxing Road sub-branch	No. 4, Ground Floor, Building 13, Dieqiao Apartment, Hedong District, Tianjin	300170

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No.	Name of Branches	Address of Branches	Postcode
131	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
132	Bank of Tianjin, Taixing South Road sub-branch	Ground Floor, No. 3, Building 1, Jinwan Apartment, No. 100, Chenglinzhuang Road, Hedong District, Tianjin	300160
133	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
134	Bank of Tianjin, Bada sub-branch	No. 23, Minzu Road, Hebei District, Tianjin	300010
135	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
136	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
137	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
138	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
139	Bank of Tianjin, Yuying Road sub-branch	Ground Floor, Training Building, Rolling Stock Plant, Nankou Road, Hebei District, Tianjin	300230
140	Bank of Tianjin, Wuhao Road sub-branch	Ground Floor, No. 17, Cuihuali, Junction of Wuhao Road and Zhenli Road, Hebei District, Tianjin	300150
141	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142
142	Bank of Tianjin, Beiningwan sub-branch	No. 179, No. 177-183 (odd No.), Yingxian Road, Hebei District, Tianjin	300402
143	Bank of Tianjin, Yuguan Road sub-branch	1/F, No. 376, Yuguan Road, Hebei District, Tianjin	300232

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No.	Name of Branches	Address of Branches	Postcode
144	Bank of Tianjin, Tiedong Road sub-branch	No. 61-63(A6), Block 10, Beimingxinyuan, Southeast of the intersection of Tiedong Road and Yibai Road, Hebei District, Tianjin	300412
145	Bank of Tianjin, Hongqiao sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
146	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
147	Bank of Tianjin, Tianhe sub-branch	Junction of Jieryuan Road and Dafeng Road, Hongqiao District, Tianjin	300121
148	Bank of Tianjin, Hongyin sub-branch	Room 101, Gate 61, Xiangju Apartment, Guangrong Road, Hongqiao District, Tianjin	300130
149	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
150	Bank of Tianjin, Hebei Street sub-branch	TD-2, 1/F, Junction of Hebei Street and Xinsantiaoshida Street, Hongqiao District, Tianjin	300123
151	Bank of Tianjin, Xiangtan Road sub-branch	No. 11, Xiangtan Road, Hongqiao District, Tianjin	300133
152	Bank of Tianjin, Jieryuan Road sub-branch	Ground Floor, 7-102, Minghuali Jieryuan Road, Hongqiao District, Tianjin	300121
153	Bank of Tianjin, Fuxing Road sub-branch	Ground Floor, No. 16, Kanghuali, Fuxing Road, Hongqiao District, Tianjin	300121
154	Bank of Tianjin, Yibo Apartment Community sub-branch	No. 104, Ground Floor, Building 1, Yibo Apartment, Hongqiao District, Tianjin	300130
155	Bank of Tianjin, Development Area sub-branch	No. 76, Dongting Road, Economic Development Zone, Tianjin	300457
156	Bank of Tianjin, Dagang sub-branch	No. 75, Yingbin Street, Dagang District, Tianjin	300270

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No.	Name of Branches	Address of Branches	Postcode
157	Bank of Tianjin, Haibin sub-branch	No. 2048, Shanghai Road, Tanggu District, Tianjin	300450
158	Bank of Tianjin, Hangzhou Road sub-branch	No. 8, Zhongxin North Road, Tanggu District, Tianjin	300451
159	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457
160	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
161	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480
162	Bank of Tianjin, Tanggu sub-branch	No. 289, 295 & 301, Yingkou Road, Tanggu District, Tianjin	300450
163	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
164	Bank of Tianjin, Heping Road sub-branch	No. 9, Heping Road, Tanggu District, Tianjin	300450
165	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
166	Bank of Tianjin, Xingfu Road sub-branch	East No. 1, No. 666, Xingfu Avenue, Dagangyoutian, Dagang District, Tianjin	300280
167	Bank of Tianjin, Yingxin Street sub-branch	No. 114, Yingxin Street, Dagang District, Tianjin	300270
168	Bank of Tianjin, Shengli Road sub-branch	Binhai House Trading Center, Dagang District, Junction of Guangming Avenue and Chuangye Road, Dagangyoutian, Tianjin	300280
169	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

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No.	Name of Branches	Address of Branches	Postcode
170	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Tangguxin North Road, Binhai New Area, Tianjin	300451
171	Bank of Tianjin, Chunguang Road sub-branch	No. 617, Xingfujiayuan, Chunguang Road, Tanggu District, Tianjin	300456
172	Bank of Tianjin, Hebei Road sub-branch	No. 25, Hebei Road, Tanggu District, Tianjin	300451
173	Bank of Tianjin, Road No. 3 sub-branch	Door 2, Building 24, Ziyunyuan, No. 3462, Xingang Road No. 3, Tanggu District, Tianjin	300456
174	Bank of Tianjin, Station North Road sub-branch	No. 830 & 836, Station North Road, Tanggu District, Tianjin	300451
175	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024, Jinzhou Road, Tanggu District, Tianjin	300451
176	Bank of Tianjin, the Second Street sub-branch	No. H3-103, 203, G/H Area, TEDA MSD, No. 61, the Second Street, Economic and Technology Development District, Tianjin	300457
177	Bank of Tianjin, Hebin Road sub-branch	No. 228, Hebin Road, Binhai New Village, Bohai Oil, Tanggu District, Tianjin	300452
178	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu District, Tianjin	300452
179	Bank of Tianjin, Oil North Road sub-branch	No. 79, Dongyan Road, Tanggu District, Tianjin	300452
180	Bank of Tianjin, Yuanyang City sub-branch	No. 138, Yuanyang Central Road, Tanggu, Binhai New District, Tianjin	300450
181	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Door 1, Building 7, Huianli, Tanggu District, Tianjin	300450
182	Bank of Tianjin, Gangkou Road sub-branch	No. 25, Xingangerhao Road, Tanggu District, Tianjin	300450

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No.	Name of Branches	Address of Branches	Postcode
183	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
184	Bank of Tianjin, Huanghai Road sub-branch	No. 21-9, the Second Street, Development District, Tianjin	300457
185	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020
186	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
187	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
188	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
189	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
190	Bank of Tianjin, Beijing Fengtai sub-branch	Unit 01, F1 and F2, Commercial Building, No. 232 West Shiliuzhuang Street, Fengtai District, Beijing	100070
191	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
192	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
193	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
194	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
195	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

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No.	Name of Branches	Address of Branches	Postcode
196	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
197	Bank of Tianjin, Beijing Tongzhou sub-branch	East Side, 1/F, 8-1-3, No. 61 & North Side, 8-1-9, 2/F, No. 59, Xinhua West Road, Tongzhou District, Beijing	101199
198	Bank of Tianjin, Beijing Daxing sub-branch	North Side, 3-2, No. 32 & 2/F, 3-3, No. 32, Xingye Avenue (Section 3), Daxing District, Beijing	102699
199	Bank of Tianjin, Beijing Shunyi sub-branch	Unit 103 and Unit 203, F1 and F2, No. 1 Building, No.1 Court, Zhanqian Street, Shunyi District, Beijing	101300
200	Bank of Tianjin, Tangshan Qianan sub-branch	103, Building 1, Junfuyuan, Huiquan Street, Qianan, Hebei	064000
201	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
202	Bank of Tianjin, Tangshan Fenghuangxincheng sub-branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000
203	Bank of Tianjin, Tangshan Hi-tech District sub-branch	No. 110, Jianshe North Road, Hi-tech Development Zone, Tangshan, Hebei	063020
204	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063000
205	Bank of Tianjin, Tangshan Lunan sub-branch	No. 7, Weiguo Road, Lunan District, Tangshan, Hebei	063000
206	Bank of Tianjin, Tangshan Leting sub-branch	No. 8, Dazhao Road, Leting County, Tangshan, Hebei	063000
207	Bank of Tianjin, Tangshan Xinhua sub-branch	No. 517, Yuhua West Road, Lubei District, Tangshan, Hebei	063000
208	Bank of Tianjin, Tangshan Square sub-branch	No. 38, Wenhua Road, Lubei District, Tangshan, Hebei	063099

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No.	Name of Branches	Address of Branches	Postcode
209	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezuo, Wenbai Road, Zunhua, Hebei	064200
210	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101 & 1701, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
211	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
212	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032
213	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
214	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
215	Bank of Tianjin, Shanghai Changning sub-branch	Part of west side of 1/F, No. 2111, Yanan West Road, Changning District, Shanghai	200051
216	Bank of Tianjin, Shanghai Jing'an sub-branch	Street Front Shop, 1-2/F, No. 1056, Changde Road, Jing'an District, Shanghai	200040
217	Bank of Tianjin, Shanghai Minhang sub-branch	1/F, No. 1058, Caobao Road, Minhang District, Shanghai	201101
218	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061
219	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
220	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199

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No.	Name of Branches	Address of Branches	Postcode
221	Bank of Tianjin, Jinan Lixia sub-branch	Yanjie Building, No. 14958, Courtyard 14966, Jingshi Road, Jinan	250014
222	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
223	Bank of Tianjin, Jinan Shizhong sub-branch	3F, No. 2666, Shop B2-002, No. 2688, Erhuannan Road, Shizhong District, Jinan City	250022
224	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
225	Bank of Tianjin, Jinan Hi-tech District sub-branch	No. 5006, Aoti Middle Road, Hi-tech District, Jinan	250101
226	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
227	Bank of Tianjin, Jinan Changqing sub-branch	No. S1-A14, 2345 Ziwei Road, Science and Technology Park, College Town, Changqing District, Jinan	250399
228	Bank of Tianjin, Jinan Zhangqiu sub-branch	Shop 104, Building 16, Qilujianqiao Community, No. 35, Mingshuishuangshan Street, Zhangqiu District, Jinan	250299
229	Bank of Tianjin, Small and Micro Enterprises sub-branches, Jinan Gaishi Logistics	No. 1, Business Building, East of Gaishi Group, No. 777, Erhuanbei Road, Licheng District, Jinan City	250100
230	Bank of Tianjin, Small and Micro Enterprises sub-branches, Headquarters of Jinan Times	Room 106, Building 2, D District, Phase 3, Headquarters of Jinan Times Base, No. 15, Lanxiang Road, Tianqiao District, Jinan	250032
231	Bank of Tianjin, Dongying Xicheng sub-branch	Jindu Tower, No. 680-1, Yellow River Road, Dongying District, Dongying City	257061
232	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

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No.	Name of Branches	Address of Branches	Postcode
233	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 560, 562, 566 & 568, Tongying Street, Jinjiang District, Chengdu, Sichuan	610066
234	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
235	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
236	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
237	Bank of Tianjin, Chengdu Chenghua sub-branch	No. 69, 71, 73, 75; No. 204 of Building 1, No. 67, Fuqing Road (Section 2), Chenghua District, Chengdu, Sichuan	610057
238	Bank of Tianjin, Chengdu Hemei Community sub-branch	No. 3, 1/F, Building 7, No. 2, Vanke Road, Chenghua District, Chengdu, Sichuan	610051
239	Bank of Tianjin, Chengdu Yinxinghuayuan Community sub-branch	No. 4, Building 3, No. 6, Shuming Road, Jinniu District, Chengdu, Sichuan	610036
240	Bank of Tianjin, Small Business Financial Services Center	205, Ground Floor, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074



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