

Bank of Tianjin Co., LTD.*

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



2017 Annual Report



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

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Definitions

In this annual 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
“CBRC”	the China Banking Regulatory Commission
“CBRC Tianjin Office”	Tianjin Regulatory Bureau of China Banking Regulatory Commission
“China” or “PRC”	the People’s Republic of China, excluding for the purposes of this annual report Hong Kong, Taiwan and Macau
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on 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 year ended December 31, 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
“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 Annual 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 Stock	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 year ended December 31,					
	2017	2016	Year-on-year change between 2017 and 2016	2015	2014	2013
(Amounts in thousands of RMB, unless otherwise stated)						
	Rate of change (%)					
OPERATING RESULTS						
Interest income	27,894,735	25,202,576	10.7	26,656,584	24,769,304	19,632,392
Interest expense	(19,493,523)	(14,843,351)	31.3	(15,977,161)	(15,620,494)	(11,801,613)
NET INTEREST INCOME	8,401,212	10,359,225	(18.9)	10,679,423	9,148,810	7,830,779
Fee and commission income	2,112,839	1,442,473	46.5	1,026,900	560,684	443,277
Fee and commission expense	(79,374)	(40,421)	96.4	(31,171)	(36,481)	(25,977)
NET FEE AND COMMISSION INCOME	2,033,465	1,402,052	45.0	995,729	524,203	417,300
Net trading (losses)/gains	(172,619)	(120,090)	43.7	101,680	180,540	(164,934)
Net gains/(losses) arising from investment securities	15,601	63,342	(75.4)	52,182	2,354	(3,913)
Other income, gains or losses	(134,343)	110,207	(221.9)	92,730	84,639	124,901
OPERATING INCOME	10,143,316	11,814,736	(14.1)	11,921,744	9,940,546	8,204,133
Operating expenses	(3,102,593)	(3,767,642)	(17.7)	(3,817,123)	(3,261,328)	(2,906,067)
Impairment losses	(2,131,853)	(2,352,964)	(9.4)	(1,757,695)	(975,286)	(912,780)
Share of results of associates	(25,932)	16,244	(259.6)	-	-	-
PROFIT BEFORE TAX	4,882,938	5,710,374	(14.5)	6,346,926	5,703,932	4,385,286
Income tax expense	(939,874)	(1,192,470)	(21.2)	(1,414,543)	(1,274,971)	(950,337)
PROFIT FOR THE YEAR	3,943,064	4,517,904	(12.7)	4,932,383	4,428,961	3,434,949
Attributable to:						
Equity holders of the Bank	3,916,386	4,522,053	(13.4)	4,916,440	4,417,231	3,418,026
Non-controlling interests	26,678	(4,149)	(743.0)	15,943	11,730	16,923
Earnings per share (Expressed in RMB Yuan per share)						
- Basic	0.65	0.77	(15.6)	0.96	0.88	0.83
- Diluted	0.65	0.77	(15.6)	-	-	-

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2017	2016	Year-on-year change between 2017 and 2016	2015	2014	2013
(Amounts in thousands of RMB, unless otherwise stated)						
	Rate of change (%)					
MAJOR INDICATORS OF ASSETS/ LIABILITIES						
Total assets	701,913,589	657,310,107	6.8	565,667,731	478,859,079	405,687,013
Of which: loans and advances to customers	241,637,249	207,854,530	16.3	179,570,910	166,461,335	144,139,041
Total liabilities	657,157,727	615,555,327	6.8	532,420,027	449,969,138	386,237,537
Of which: due to customers	357,857,635	365,470,957	(2.1)	334,691,026	289,467,447	247,207,751
Share capital	6,070,552	6,070,552	–	5,126,048	5,126,048	4,123,268
Equity attributable to equity holders of the Bank	44,083,453	41,709,929	5.7	33,023,651	28,672,168	19,232,563
Total equity	44,755,862	41,754,780	7.2	33,247,704	28,889,941	19,449,476

	For the year ended December 31,					
	2017	2016	Year-on-year change between 2017 and 2016	2015	2014	2013
PROFITABILITY INDICATORS (%)						
Return on average total assets ⁽¹⁾	0.58	0.74	(0.16)	0.94	1.00	0.97
Return on average equity ⁽²⁾	9.12	12.05	(2.93)	15.88	18.32	18.97
Net interest spread ⁽³⁾	0.81	1.43	(0.62)	1.74	1.73	1.88
Net interest margin ⁽⁴⁾	1.25	1.76	(0.51)	2.08	2.06	2.12
Net fee and commission income to operating income	20.05	11.87	8.18	8.35	5.27	5.09
Cost-to-income ratio ⁽⁵⁾	29.42	27.52	1.90	22.49	23.63	25.63

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2017	2016	Year-on-year change between 2017 and 2016	2015	2014	2013
ASSET QUALITY INDICATORS (%)						
Non-performing loan ratio ⁽⁶⁾	1.50	1.48	0.02	1.34	1.09	1.03
Allowance coverage ratio ⁽⁷⁾	193.81	193.56	0.25	202.84	238.15	269.08
Allowance to gross loan ratio ⁽⁸⁾	2.91	2.87	0.04	2.73	2.61	2.76

	For the year ended December 31,					
	2017	2016	Year-on-year change between 2017 and 2016	2015	2014	2013
CAPITAL ADEQUACY RATIO INDICATORS (%)						
<i>Calculated based on Capital Adequacy Measures</i>						
Core capital adequacy ratio ⁽⁹⁾	N/A	N/A	N/A	N/A	N/A	N/A
Capital adequacy ratio ⁽¹⁰⁾	N/A	N/A	N/A	N/A	N/A	N/A
<i>Calculated based on Capital Administrative Measures</i>						
Core tier-one capital adequacy Ratio ⁽¹¹⁾	8.64	9.48	(0.84)	9.33	10.64	8.30
Tier-one capital adequacy ratio ⁽¹²⁾	8.65	9.48	(0.83)	9.33	10.64	8.31
Capital adequacy ratio ⁽¹³⁾	10.74	11.88	(1.14)	12.23	12.61	11.05
Total equity to total assets	6.38	6.35	0.03	5.88	6.03	4.79

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2017	2016	Year-on- year change between 2017 and 2016	2015	2014	2013
OTHER INDICATORS (%)						
Loan-to-deposit ratio ⁽¹⁴⁾	69.56	58.57	10.99	55.93	58.51	59.99
Liquidity ratio ⁽¹⁵⁾	35.41	34.39	1.02	43.14	38.12	37.21
Percentage of loans to the single largest customer ⁽¹⁶⁾	6.36	7.83	1.47	4.50	6.46	7.06
Percentage of loans to the top ten customers ⁽¹⁷⁾	41.55	35.76	5.79	28.49	33.75	41.47

Notes:

- (1) Calculated by dividing net profit for the year by average balance of total assets at the beginning and the end of the year.
- (2) Calculated by dividing net profit for the year by average balance of total equity at the beginning and the end of the year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.
- (5) Calculated by dividing total operating expenses (excluding business tax and surcharges) by total operating income.
- (6) Calculated by dividing total non-performing loans by gross loans.
- (7) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.
- (8) Calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers.
- (9) Calculated by dividing (i) core capital, net of core capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk.
- (10) Calculated by dividing (i) total capital, net of capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk.
- (11) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (12) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (13) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (14) Loan-to-deposit ratio as of December 31, 2013 were calculated according to Notice on the Definition and Formulas of off-site Regulatory Indicators (《關於印發非現場監管指標定義及計算公式的通知》) released by CBRC, the loan-to-deposit ratio as of December 31, 2014, 2015, 2016 and 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》).
- (15) Liquidity ratio is calculated in accordance with the formula promulgated by the CBRC.
- (16) Calculated by dividing total loans to the single largest customer by net capital.
- (17) Calculated by dividing total loans to the top ten customers by net capital.

Chairman's Statement



LI Zongtang
Chairman

Chairman's Statement

In 2017, the Bank took President Xi Jinping's socialist ideology with Chinese characteristics in the new era as the fundamental guidance to thoroughly implement and realize the spirit of the 19th National Congress of the Communist Party of China amidst the complicated economic and financial situation at home and abroad. We adhered to the spirit of "remain true to our original aspiration and keep our mission firmly in mind" to return to the foundation of real economy and keep a foothold in the source of regional development for deep integration with major national strategies such as the Coordinated Development for the Beijing-Tianjin-Hebei and Pilot Free Trade Zone. To this end, we actively changed the development ideas, revised the development strategies, strengthened top-level design and insisted on risk prevention and control, so as to practically achieve management foundation, calmly respond to various challenges, solidly promote reform and innovation and gradually improve the internal control mechanism, which resulted in a remarkable effect on risk management and control, as well as the fulfillment of all regulatory requirements by various regulatory indicators. The overall operation was stable, with effectiveness, quality, and extensive coordinated development being kept in good momentum continuously.

We ranked 199th (by tier-one capital) in the latest Top 1,000 World Banks published by the Banker, a UK magazine, in 2017, moving up into the top 200 for the first time. According to the "Global Banking 500 (by Brand Value)" published by Brand Finance, a famous UK-based brand rating institution, we ranked 232nd. China Lianhe Credit Rating upgraded our credit rating to AAA and reached the highest corporate credit rating of domestic commercial banks. The Bank was also awarded "2017 Outstanding City Commercial Bank", "Top Ten City Commercial Bank of the Year", "Annual Growth Excellence Award", "Best Listed Company", "Most Promising Listed Company", "2017 Small and Medium Bank Prudent Management List of China" and "2017 Best Mobile Banking Award for Regional Commercial Bank". We attributed our achievements today to unwavering support from our shareholders, clients, and the community. On behalf of the Bank of Tianjin, I would like to extend my sincere gratitude to our shareholders, clients, and the community who give us care and support for our long-term steady development.

New ideas lead the new era, while new mission unlocks a new course of development. The year of 2018 is a crucial year for China to implement the 13th Five-Year Plan, linking the preceding and the following. At the same time, it is also an important year for the transition, development and transcendence of the Bank. The Bank will earnestly and comprehensively implement the national economic and financial strategies and policies, with material medium- and long-term development strategy firmly serving the national economy. We will insist on the return to our origins, steadily operating our business with development in compliance. Base lines of different kinds of financial risks will be strictly observed and quality and efficiency of development will be actively promoted to continuously improve corporate value, so as to create an even more outstanding return for shareholders, clients, employees and the community, sparing no effort in composing a magnificent chapter for the new journey of Tianjin Bank!



LI Zongtang

Chairman

President's Statement



SUN Liguó
President

President's Statement

The year 2017 marks a time of “transformational” development of Bank of Tianjin and also sets a tone for the development of Bank of Tianjin in the near future. Over the past year, following the spirits of the 19th National Congress of the CPC, National Financial Work Conference and regulatory policies, the Bank built a strong development base by revising its development plan echoing its changed development notion in a timely manner, better completing various tasks assigned by the Board of Directors.

As of the end of 2017, our total assets amounted to RMB701.91 billion, while our total liabilities amounted to RMB657.16 billion. Our net profits amounted to RMB3.94 billion. The non-performing loan ratio was 1.50%. The capital adequacy ratio was 10.74%. The allowance coverage ratio was 193.81%. All indicators fell in line with regulatory requirements. We were rated AAA by China Lianhe Credit Rating Co., Ltd., the highest credit rating for domestic commercial banks. We ranked 199th in the Top 1,000 World Banks in 2017 published by the Banker, a UK publication. According to the “Global Banking 500 (by Brand Value)”, we ranked 232nd.

In 2017, as our development notion changed from highlighting scale-based development to “putting quality first and giving priority to performance”, we placed more emphasis on fine management and whole-process reengineering and made efforts to enhance our capability to support real economy, prevent and control financial risks and sustain steady and healthy development. In effective response to the changes in external environment and self-competencies, we carried out interim assessment and improved our strategic plans with the help of McKinsey & Company and established our development positioning and dual-track strategy of “transformation and innovation”. We primarily promoted rationalizing job positions of managerial personnel at various levels with an improved remuneration management system and optimized resource allocation and performance assessment. By rebuilding internal organizational structures of the head office, branches and sub-branches, adjusting the hierarchy of authority of branch offices, and removing and merging many low-efficiency outlets and upgrading retained outlets, we achieved effective control over branches and subsidiaries. Other work includes completing decoration of the office building of the head office and preliminary work of refurbishing the business operation center, setting up operation center, approval center and reimbursement center, starting the building of new data center, disaster preparation center and monitoring center, determining introduction of core business system, properly disposing of non-performing assets, handling historical cases and finishing “10 major projects (version 1.0)” including the building of internal control system. All these work efforts help consolidate our compliance-based development foundation.

Our hard work earned us social esteem as well as employees' confidence in us and created huge profits for our shareholders. Our achievements so far are attributed to the diligence and commitment of our employees, as well as the unwavering support from our clients, investors, and the community. On behalf of our senior management, I hereby express a sincerest gratitude to all friends from the community who care about and support the development of our Bank.

In 2018, firmly capitalizing on the five major development notions, we will solve the new conflicts that we will face in the new era with new development notions and spare no effort to implement new strategic development plans under the guidance of three missions, i.e. serving real economy, preventing & controlling financial risks and deepening financial reform. We will also fully promote “10 major projects (version 2.0)”, including comprehensive risk management, pricing management, resource allocation and management, talent team building, brand & culture building, infrastructure, greater leadership of the Party, performance assessment, IT lead and breakup of “bad banks”, implement the double-track strategy of “transformation and innovation” and strive to build us into a value-driven prime bank with double tracks, compliance, integrity, remarkable experience and great care for employees in Beijing, Tianjin and Hebei.

We also know that we are facing many problems and heavy burdens left over by history, but, difficulties can never stop our way ahead. Under the concerted effort of all the staff, we will also adhere to our original intention and commitments to help the Bank shoulder the great trust and expectations of all our shareholders, customers, investors and all walks of life, and step forward to success regardless of difficulties and hardships.



SUN Ligu
President

Management Discussion and Analysis

I ENVIRONMENT AND PROSPECTS

In 2017, domestic economy showcased a benign synergy between growth, quality, structure, and efficiency, while moving forward within a reasonable range with an increasingly obvious upward trend of stable performance, presenting a landscape of stable growth, rising employment, stable price, increasing income, upgraded supply-side structure, and new momentum growth driven by innovation. The stability, coordination and sustainability of economic growth have been somewhat enhanced.

Looking to 2018, the overall economic climate will rise amid the improving employment market and economic demand across the globe. The PRC economy may follow the general tone of advancing at a modest pace amid stability. In China, monetary policies will remain prudent, neutral and moderate; financial policies will keep positive with increasing emphasis on adjustment and optimization of financial expenditure structure and enhancement of debt management. The reform in financial system will get intensified and domestic macro-prudential management framework will be improved, forming a “control framework underpinned by sound monetary policy and macro-prudential policy”. In this context, the coordination and cooperation between monetary policy and macro-prudential policy will be strengthened on a sustained basis. Commercial banks will be faced with grim regulatory environment where social financing structure will undergo changes, and actual bank leverage ratio will be restricted significantly; meanwhile, banks will be more advantageous in pricing as the liquidity tightens on the whole and interest rate in the financial market is transmitted to the credit market, which will contribute to an increase in the loan interest rate. Banks’ profits will be improved slowly under optimizing credit structure and asset quality. High quality development has become an inevitable trend in Beijing-Tianjin-Hebei region where the Bank is headquartered, with a focus on supporting real economy. With the advancement of synergetic development strategy of the Beijing-Tianjin-Hebei region and approximately mature planning framework for Xiongan New Area in Hebei, Tianjin’s economic development will enter a new normal faced with major opportunities and severe challenges arising from the transition from speed and scale-based development to quality and efficiency-oriented development. 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 in Hebei, we will adhere to the “dual track” strategy of reform and renovation, create our competitiveness and enhance our profitability.

II CORPORATE STRATEGIES

Our strategic vision targets to position the Bank in six dimensions: (i) to be a mainstream bank in Beijing-Tianjin-Hebei region. Aiming at the Beijing-Tianjin-Hebei region and supporting the development of the real economy, we are to make important contributions to the development of Beijing-Tianjin-Hebei region; (ii) to be a dual-track bank. Promoting traditional business transformation centered on customers and creating a comprehensive digital layout shepherded by technology and data, we are to become a dual-track bank for transformation and innovation; (iii) to be a value-driven bank. Transforming from the “pursuit of quantity” to the “pursuit of quality”, we are dedicated to efficiency and quality to bring values for the shareholders; (iv) to be a bank proud of compliance and integrity, we are to perfectly comply with all regulatory requirements and serve the society with integrity; (v) to be a bank offering superior experience. Promoting digital transformation of end-to-end customer journeys, we are to become a digital bank with first-class customer experience; (vi) to be a bank that cares for employees. Treasuring talents, strengthening employees’ sense of belonging, and providing employees with the best development opportunities, we are committed to devoting more attention to employees.

The Bank plans to achieve its strategic vision and goals through the dual-track strategy of “transformation + innovation”. The first is transformation. Promoting traditional business transformation inside out based on customers. Mainly including: 1) the corporate and institutional business transformation. Focusing on the high-quality corporate customers in eight key industries, creating distinctive online transaction banking, we will provide integrated financial services for enterprises; 2) developing ultra-conventional retail services. Focusing on six strategic customer bases, we will vigorously develop wealth management, mobile payment and high-yield asset businesses, build digitalized and lightweight retail banking; and 3) switching financial market operations back to their original functions. Under

Management Discussion and Analysis

strict supervision standards, exploration of inter-bank customers, development of agent business, provision of diversified products, we will build a customer-oriented and collaborative one-stop financial services bank. The second is innovation, guided by technology and data, fully implementing digital layout. Mainly including: 1) innovation of mechanism and system. Internally, we will implement matrix management, build a strong head office, clarify corporate and private business in branches, and pilot agile organization; externally, we will create innovative garages, incubators, finance technology funds, and explore quasi partner mechanisms; 2) E-Tianjin Bank. Focusing on long-tailed and high-and-middle income customers, we will build platforms, lead flow rate, operate flow rate, mainly promoting consumer credit and smart investment and consulting to achieve the reconstruction of Tianjin bank; and 3) customer experience and digital process transformation. Focusing on core customer journeys, we will apply big data to transform end-to-end digital processes. At the same time, we will build an ecosystem alliance, develop financial technology, and achieve customer journey extension and customer experience enhancement.

At the same time, the Bank plans to upgrade the "Ten Major Projects (Version 1.0)" upon its successful completion to "Ten Major Projects (Version 2.0)". Based on "Three Major Managements", "Three Major Constructions", and "Four Major Drivers and Safeguard", we will further build a "strong head office".

"Three Major Managements" include: 1) comprehensive risk management. From the aspects of policies, organizations, processes, and systems, we will comprehensively enhance the level of risk management; 2) pricing management. We will establish scientific Funds Transfer Pricing (FTP), as well as refined and differentiated external pricing capabilities; and 3) resource allocation management. We will establish strategically oriented resource allocation to support the development of key regions, key customers, and key products.

"Three Major Constructions" include: 1) talent team construction. We will formulate a differential management mechanism of "selection, utilization, education, retaining, and remuneration" for core talents to lead a transformation of talent management; 2) brand and culture construction. We will establish a brand system and a core culture that match the Bank's strategic objectives; and 3) basic construction. We will upgrade the data disaster recovery center, promote the building of the headquarters building, accelerate the renovation of outlets, and improve the basic system.

"Four Major Drivers and Safeguard" include: 1) party leadership. We will enhance party leadership and enforce party discipline rules; 2) performance appraisal. We will exert the role of "strategic baton" to ensure the implementation of the strategy in the entire bank; 3) IT leadership. We will coordinate the whole bank, promote the introduction and implementation of industrial systems; continue to upgrade and build big data applications and dual-speed IT; and 4) we will split "bad banks" and establish dedicated teams for full-time posts, and centralize disposition of non-performing assets to realize separation of "good banks from bad banks".

Management Discussion and Analysis

III ANALYSIS OF THE INCOME STATEMENT

	For the year ended December 31,		Rate of change (%)
	2017	2016	
<i>(Amounts in thousands of RMB, unless otherwise stated)</i>			
Interest income	27,894,735	25,202,576	10.7
Interest expense	(19,493,523)	(14,843,351)	31.3
NET INTEREST INCOME	8,401,212	10,359,225	(18.9)
Fee and commission income	2,112,839	1,442,473	46.5
Fee and commission expense	(79,374)	(40,421)	96.4
NET FEE AND COMMISSION INCOME	2,033,465	1,402,052	45.0
Net trading losses	(172,619)	(120,090)	43.7
Net gains arising from investment securities	15,601	63,342	(75.4)
Other income, gains or losses	(134,343)	110,207	(221.9)
OPERATING INCOME	10,143,316	11,814,736	(14.1)
Operating expenses	(3,102,593)	(3,767,642)	(17.7)
Impairment losses	(2,131,853)	(2,352,964)	(9.4)
Share of results of associates	(25,932)	16,244	(259.6)
PROFIT BEFORE TAX	4,882,938	5,710,374	(14.5)
Income tax expense	(939,874)	(1,192,470)	(21.2)
PROFIT FOR THE YEAR	3,943,064	4,517,904	(12.7)

For the year ended December 31, 2017, the Bank's profit before tax decreased by 14.5% to RMB4,882.9 million from RMB5,710.4 million for the year ended December 31, 2016 and the profit for the same year decreased by 12.7% to RMB3,943.1 million from RMB4,517.9 million for the year ended December 31, 2016.

Management Discussion and Analysis

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

For the year ended December 31, 2017, the Bank's net interest income decreased by 18.9% to RMB8,401.2 million from RMB10,359.2 million for the year ended December 31, 2016. Our net interest spread decreased from 1.43% for the year ended December 31, 2016 to 0.81% for the year ended December 31, 2017, primarily due to the fact that our average yield on interest-earning assets decreased by 14 basis points, while the average cost of interest-bearing liabilities increased by 48 basis points. Our net interest margin decreased from 1.76% for the year ended December 31, 2016 to 1.25% for the year ended December 31, 2017, because our net interest income decreased by 18.9% for the year ended December 31, 2017, while our average balance of our interest-earning assets increased by 14.3% for the year ended December 31, 2017.

The following tables set forth, for the year ended December 31, 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 year ended December 31,					
	2017			2016		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
<i>(Amounts in millions of RMB, except percentages)</i>						
Interest-earning Assets						
Loans and advances to customers	225,435.5	10,880.7	4.83	199,576.5	10,015.1	5.02
Investment securities and other financial assets, including	345,259.5	14,468.4	4.19	262,941.4	12,174.2	4.63
– Trust beneficiary rights, wealth management products and asset management plans	210,599.7	10,452.0	4.96	163,354.8	9,254.1	5.67
– Debt securities investment	134,659.8	4,016.4	2.98	99,586.6	2,920.1	2.93
Amounts due from banks and other financial institutions ⁽¹⁾	32,097.0	1,157.4	3.61	48,880.4	1,520.8	3.11
Deposits with banks and other financial institutions	14,226.4	556.0	3.91	21,904.7	658.7	3.01
Balances with central bank	54,807.1	832.2	1.52	54,703.3	833.8	1.52
Total interest-earning assets	671,825.5	27,894.7	4.15	588,006.3	25,202.6	4.29
Allowance for impairment losses	(8,169.0)			(6,851.7)		
Non-interest earning assets ⁽²⁾	11,218.0			9,891.4		
Total assets	674,874.5	27,894.7	4.13	591,046.0	25,202.6	4.26

Management Discussion and Analysis

	For the year ended December 31,					
	2017			2016		
	Average balance	Interest expense	Average cost cost (%)	Average balance	Interest expense	Average cost (%)
<i>(Amounts in millions of RMB, except percentages)</i>						
Interest-bearing Liabilities						
Due to customers	328,994.4	8,744.8	2.66	340,782.2	9,117.3	2.68
Deposits from banks and other financial institutions	94,529.6	4,240.4	4.49	117,889.8	3,860.6	3.27
Amounts due to banks and other financial institutions ⁽³⁾	71,650.1	2,505.1	3.50	29,608.1	685.0	2.31
Debt securities issued	86,519.1	3,922.7	4.53	30,950.6	1,180.4	3.81
Borrowings from central bank	2,515.8	80.5	3.20	4.4	0.1	2.27
Total interest-bearing liabilities	584,209.0	19,493.5	3.34	519,235.1	14,843.4	2.86
Non-interest-bearing liabilities ⁽⁴⁾	45,631.3			33,171.7		
Total liabilities	629,840.3	19,493.5	3.09	552,406.8	14,843.4	2.69
Net interest income		8,401.2			10,359.2	
Net interest spread⁽⁵⁾			0.81			1.43
Net interest margin⁽⁶⁾			1.25			1.76

Notes:

- (1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.
- (2) Consists of cash, interest receivable, fixed assets, intangible assets, other receivables, repossessed assets and deferred income tax assets.
- (3) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.
- (4) Consists of interest payable, taxes payable, other payables, accrued liabilities, accrued staff salaries and dividends payable.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

Management Discussion and Analysis

2 Interest Income

For the year ended December 31, 2017, our interest income increased by 10.7% to RMB27,894.7 million from RMB25,202.6 million for the year ended December 31, 2016, which was primarily attributable to an increase of 14.3% in the average balance of interest-earning assets from RMB588,006.3 million for the year ended December 31, 2016 to RMB671,825.5 million for the year ended December 31, 2017, partially offset by a decrease of the average yield of our interest-earning assets from 4.29% for the year ended December 31, 2016 to 4.15% for the year ended December 31, 2017.

Interest income from loans and advances to customers

For the year ended December 31, 2017, interest income from loans and advances to customers increased by 8.6% from RMB10,015.1 million for the year ended December 31, 2016 to RMB10,880.7 million for the year ended December 31, 2017, primarily due to the average balance of loans and advances to customers increased by 13.0% from RMB199,576.5 million for the year ended December 31, 2016 to RMB225,435.5 million for the year ended December 31, 2017, partially offset by a decrease of the average yield of our loans and advances to customers from 5.02% for the year ended December 31, 2016 to 4.83% for the year ended December 31, 2017, the increase in average balance of loans and advances to customers primarily reflected our continued efforts to increase our extending of loans to support the development of real economies; the decrease of the average yield of our loans and advances to customers was primarily due to the expansion of the tax reform of transitioning from business tax to value-added tax in China into financial industry since May 1, 2016 and the fierce competition in the banking industry in China.

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

For the year ended December 31, 2017, interest income from trust beneficiary rights, wealth management products and asset management plans increased by 12.9% from RMB9,254.1 million for the year ended December 31, 2016 to RMB10,452.0 million for the year ended December 31, 2017, primarily as a result of a 28.9% increase in average balance of trust beneficiary rights, wealth management products and asset management plans from RMB163,354.8 million for the year ended December 31, 2016 to RMB210,599.7 million for the year ended December 31, 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. The average yield of our trust beneficiary rights, wealth management products and asset management plans decreased from 5.67% for the year ended December 31, 2016 to 4.96% for the year ended December 31, 2017. The decrease in average yield of our trust beneficiary rights, wealth management products and asset management plans was mainly due to the slight decrease of our yield resulted from the Bank's decision to optimize the investment business structure, preference to the investment businesses with lower risks.

Interest income from debt securities investment

Interest income from debt securities investment increased by 37.5% from RMB2,920.1 million for the year ended December 31, 2016 to RMB4,016.4 million for the year ended December 31, 2017, primarily due to a 35.2% increase in the average balance of our debt securities investment from RMB99,586.6 million for the year ended December 31, 2016 to RMB134,659.8 million for the year ended December 31, 2017, and the average yield of our debt securities investment increased from 2.93% for the year ended December 31, 2016 to 2.98% for the year ended December 31, 2017. The increase in the average balance of our debt securities investment was primarily due to an increase in our holding of debt securities to generate higher returns.

Management Discussion and Analysis

Interest income from amounts due from banks and other financial institutions

Interest income from amounts due from banks and other financial institutions decreased by 23.9% from RMB1,520.8 million for the year ended December 31, 2016 to RMB1,157.4 million for the year ended December 31, 2017, primarily due to a 34.3% decrease in the average balance of our amounts due from banks and other financial institutions from RMB48,880.4 million for the year ended December 31, 2016 to RMB32,097.0 million for the year ended December 31, 2017, partially offset by an increase in the average yield of our amounts due from banks and other financial institutions from 3.11% for the year ended December 31, 2016 to 3.61% for the year ended December 31, 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 increase in the market rate.

Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 15.6% from RMB658.7 million for the year ended December 31, 2016 to RMB556.0 million for the year ended December 31, 2017, primarily due to a 35.1% decrease in the average balance of deposits with banks and other financial institutions from RMB21,904.7 million for the year ended December 31, 2016 to RMB14,226.4 million for the year ended December 31, 2017, partially offset by an increase in the average yield of our deposits with banks and other financial institutions from 3.01% for the year ended December 31, 2016 to 3.91% for the year ended December 31, 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 the market rate.

Interest income from balances with central bank

Interest income from balances with central bank decreased by 0.2% from RMB833.8 million for the year ended December 31, 2016 to RMB832.2 million for the year ended December 31, 2017.

3 Interest Expense

Our interest expense increased by 31.3% from RMB14,843.4 million for the year ended December 31, 2016 to RMB19,493.5 million for the year ended December 31, 2017, primarily due to an increase of 12.5% in the average balance of the interest-bearing liabilities from RMB519,235.1 million for the year ended December 31, 2016 to RMB584,209.0 million for the year ended December 31, 2017 and an increase in the average cost of our interest-bearing liabilities from 2.86% for the year ended December 31, 2016 to 3.34% for the year ended December 31, 2017. The increase in the average cost of our interest-bearing liabilities primarily reflected the increase in the market rate. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balance of our debt securities issued.

Management Discussion and Analysis

Interest expense on amounts due to customers

Our interest expense on amounts due to customers decreased by 4.1% from RMB9,117.3 million for the year ended December 31, 2016 to RMB8,744.8 million for the year ended December 31, 2017, primarily due to a decrease of 3.5% in the average balance of total amounts due to customers from RMB340,782.2 million for the year ended December 31, 2016 to RMB328,994.4 million for the year ended December 31, 2017 and a decrease in the average cost of the amounts due to customers from 2.68% for the year ended December 31, 2016 to 2.66% for the year ended December 31, 2017. The decrease in the average balance of the amounts due to customers was primarily due to our optimization of deposit business structure. The decrease in the average cost of the amounts due to customers was primarily because we withdrew some of the deposits with higher cost.

Interest expense on deposits from banks and other financial institutions

Our interest expense on deposits from banks and other financial institutions increased by 9.8% from RMB3,860.6 million for the year ended December 31, 2016 to RMB4,240.4 million for the year ended December 31, 2017, primarily due to an increase in the average cost of the relevant liabilities from 3.27% for the year ended December 31, 2016 to 4.49% for the year ended December 31, 2017, partially offset by a decrease of 19.8% in the average balance of the underlying liabilities from RMB117,889.8 million for the year ended December 31, 2016 to RMB94,529.6 million for the year ended December 31, 2017. The increase in the average cost of our deposits from banks and other financial institutions primarily reflected the increase in the market rate. The decrease in the average balance of our deposits from banks and other financial institutions primarily reflected that the Bank can obtain funds in other ways in addition to deposits from banks and other financial institutions.

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 265.7% from RMB685.0 million for the year ended December 31, 2016 to RMB2,505.1 million for the year ended December 31, 2017, primarily due to a 142.0% increase of the average balance of our amounts due to banks and other financial institutions from RMB29,608.1 million for the year ended December 31, 2016 to RMB71,650.1 million for the year ended December 31, 2017 and an increase of the average cost of our amounts due to banks and other financial institutions from 2.31% for the year ended December 31, 2016 to 3.50% for the year ended December 31, 2017, and the increase in the average balance of our amounts due to banks and other financial institutions was primarily due to our decision to increase our inter-bank liabilities to meet our liquidity needs. The increase in the average cost of our amounts due to banks and other financial institutions was primarily due to the increase in the market rate.

Interest expense on debt securities issued

Our interest expense on debt securities issued increased by 232.3% from RMB1,180.4 million for the year ended December 31, 2016 to RMB3,922.7 million for the year ended December 31, 2017, primarily due to a 179.5% increase in the average balance of our debt securities issued from RMB30,950.6 million for the year ended December 31, 2016 to RMB86,519.1 million for the year ended December 31, 2017 and an increase in the average cost of our debt securities issued from 3.81% for the year ended December 31, 2016 to 4.53% for the year ended December 31, 2017. The increase in the average balance of our debt securities issued was primarily due to the increase in the interbank negotiable certificates. The increase in the average cost of our debt securities issued was primarily due to the increase in the market rate.

Management Discussion and Analysis

Interest expense on borrowings from central bank

Our interest expense on borrowings from central bank significantly increased from RMB0.1 million for the year ended December 31, 2016 to RMB80.5 million for the year ended December 31, 2017, primarily due to a significant increase of the average balance of borrowings from central bank from RMB4.4 million for the year ended December 31, 2016 to RMB2,515.8 million for the year ended December 31, 2017, accompanied by an increase in the average cost of our borrowings from central bank from 2.27% for the year ended December 31, 2016 to 3.20% for the year ended December 31, 2017. The increase in the average balance of borrowings from central bank was primarily due to we obtained qualification for medium-term lending facilities and increased the financing from the central bank. The increase in the average cost of our borrowings from central bank was primarily due to the increase of interest rate of open market operation by the central bank.

4 Non-interest Income

Net fee and commission income

The following table sets forth the principal components of our net fee and commission income for the year ended December 31, 2016 and 2017.

	For the year ended December 31,			Rate of change (%)
	2017	2016	Change in amount	
	<i>(Amounts in millions of RMB, except percentages)</i>			
Fee and commission income				
Wealth management service fees	1,229.2	860.9	368.3	42.8
Consultancy fees	259.0	25.8	233.2	903.9
Agency commissions and fiduciary service fees	237.4	166.0	71.4	43.0
Acceptance and guarantee commitment fees	194.4	186.8	7.6	4.1
Settlement and clearing fees	157.4	168.1	(10.7)	(6.4)
Bank card fees	35.2	33.4	1.8	5.4
Others	0.2	1.5	(1.3)	(86.7)
Subtotal	2,112.8	1,442.5	670.3	46.5
Fee and commission expenses	(79.3)	(40.4)	38.9	96.3
Net fee and commission income	2,033.5	1,402.1	631.4	45.0

Management Discussion and Analysis

Our net fee and commission income increased by 45.0% from RMB1,402.1 million for the year ended December 31, 2016 to RMB2,033.5 million for the year ended December 31, 2017. The increase was primarily due to the increase in our wealth management service fees and others. For the year ended December 31, 2017, wealth management service fees amounted to RMB1,229.2 million, compared to RMB860.9 million for the year ended December 31, 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 96.3% from RMB40.4 million for the year ended December 31, 2016 to RMB79.3 million for the year ended December 31, 2017.

Net trading losses

Net trading losses arise from buying and selling of, and changes in the fair value of financial assets held for trading. Our net trading losses amounted to RMB172.6 million for the year ended December 31, 2017, primarily due to the fluctuation of conditions of the bond market, while the Bank had a net trading losses of RMB120.1 million for the year ended December 31, 2016.

Net gains arising from investment 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 75.4% from RMB63.3 million for the year ended December 31, 2016 to RMB15.6 million for the year ended December 31, 2017, primarily due to the increase in yield as a result of the adjustment of bond market.

Management Discussion and Analysis

5 Operating Expenses

The following table sets forth, for the year ended December 31, 2016 and 2017, the principal components of our operating expenses.

	For the year ended December 31,			Rate of change (%)
	2017	2016	Change in amount	
<i>(Amounts in millions of RMB, except percentages)</i>				
Operating expenses				
Staff costs	1,843.2	2,141.3	(298.1)	(13.9)
Other general and administrative expenses	353.9	343.3	10.6	3.1
Rental and property management expenses	339.9	314.3	25.6	8.1
Depreciation and amortization	224.5	199.7	24.8	12.4
Office expenses	222.4	252.2	(29.8)	(11.8)
Sundry taxes	118.7	516.8	(398.1)	(77.0)
Total operating expenses	3,102.6	3,767.6	(665.0)	(17.7)
Cost-to-income ratio⁽¹⁾	29.4%	27.5%	-	1.9

Note:

(1) Calculated by dividing total operating expenses, excluding tax and surcharges, by total operating income.

Our operating expenses decreased by 17.7% from RMB3,767.6 million for the year ended December 31, 2016 to RMB3,102.6 million for the year ended December 31, 2017. The decrease was primarily due to the decrease in staff costs and sundry taxes.

Our cost-to-income ratio (excluding tax and surcharges) was 27.5% and 29.4% for the year ended December 31, 2016 and 2017, respectively.

Management Discussion and Analysis

Staff costs

Staff costs are the largest component of our operating expenses, which amounted to RMB1,843.2 million for the year ended December 31, 2017, representing a decrease of 13.9% from RMB2,141.3 million for the year ended December 31, 2016, primarily due to our updated performance incentives and allocation mechanism. The following table sets forth the major components of staff costs for the periods indicated.

	For the year ended December 31,			Rate of change (%)
	2017	2016	Change in amount	
	<i>(Amounts in millions of RMB, except percentages)</i>			
Salaries, bonuses and allowances	1,201.2	1,575.7	(374.5)	(23.8)
Social insurance	275.5	321.9	(46.4)	(14.4)
Contribution to annuity funds	121.7	83.0	38.7	46.6
Housing funds	105.8	92.4	13.4	14.5
Staff welfare	102.7	49.6	53.1	107.1
Labor union fees and staff education expenses	36.3	18.7	17.6	94.1
Total	1,843.2	2,141.3	(298.1)	(13.9)

Other general and administrative expenses

Our other general and administrative expenses amounted to RMB353.9 million for the year ended December 31, 2017, representing an increase of 3.1% from RMB343.3 million for the year ended December 31, 2016.

Office expenses and rental and property management expenses

The office expenses and rental and property management expenses amounted to RMB562.3 million for the year ended December 31, 2017, representing a decrease of 0.7% from RMB566.5 million for the year ended December 31, 2016.

Management Discussion and Analysis

Depreciation and amortization

Depreciation and amortization amounted to RMB224.5 million for the year ended December 31, 2017, representing an increase of 12.4% from RMB199.7 million for the year ended December 31, 2016.

Sundry taxes

The sundry taxes amounted to RMB118.7 million for the year ended December 31, 2017, representing a decrease of 77.0% from RMB516.8 million for the year ended December 31, 2016. The decrease in sundry taxes was primarily due to the tax policy reform of replacing business tax with value-added tax, which has expanded to financial industry in China since May 1, 2016.

6 Impairment Losses

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

	For the year ended December 31,			Rate of change (%)
	2017	2016	Change in amount	
	<i>(Amounts in millions of RMB, except percentages)</i>			
Loans and advances to customers	1,338.6	1,865.9	(527.3)	(28.3)
Investments classified as receivables	1,035.6	221.9	813.7	366.7
Off-balance sheet credit commitments	(207.3)	0.5	(207.8)	(41,560.0)
Financial assets held under resale agreements	(39.3)	251.7	(291.0)	(115.6)
Others	4.3	13.0	(8.7)	(66.9)
Total	2,131.9	2,353.0	(221.1)	(9.4)

Our impairment losses for the year ended December 31, 2017 were RMB2,131.9 million, representing a decrease of 9.4% from RMB2,353.0 million for the year ended December 31, 2016, primarily due to our impairment losses on loans and advances to customers decreasing by 28.3% from RMB1,865.9 million for the year ended December 31, 2016 to RMB1,338.6 million for the year ended December 31, 2017, primarily due to the Bank's ongoing solid asset quality.

Management Discussion and Analysis

7 Income Tax Expenses

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

	For the year ended December 31,			Rate of change (%)
	2017	2016	Change in amount	
	<i>(Amounts in millions of RMB, except percentages)</i>			
Profit before tax	4,882.9	5,710.4	(827.5)	(14.5)
Tax calculated at applicable statutory tax rate of 25%	1,220.7	1,427.6	(206.9)	(14.5)
Underprovision of tax in prior years	4.0	1.3	2.7	207.7
Tax effect of expense not deductible for tax purpose	25.2	7.1	18.1	254.9
Tax effect of income not taxable for tax purpose ⁽¹⁾	(310.0)	(245.3)	(64.7)	26.4
Tax effect of tax losses/deductible temporary differences not recognized	–	1.8	(1.8)	(100.0)
Income tax expense	939.9	1,192.5	(252.6)	(21.2)

Note:

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

Our income tax for the year ended December 31, 2017 amounted to RMB939.9 million, representing a 21.2% decrease from RMB1,192.5 million for the year ended December 31, 2016, which was primarily due to the decrease in our profit before tax.

Management Discussion and Analysis

IV ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

1 Assets

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
ASSETS				
Gross loans and advances to customers	248,880.7	35.4	214,000.7	32.5
Allowance for impairment losses	(7,243.5)	(1.0)	(6,146.2)	(0.9)
Loans and advances to customers, net	241,637.2	34.4	207,854.5	31.6
Investment securities and other financial assets, net	363,452.6	51.8	310,737.3	47.3
Financial assets held under resale agreements	9,356.8	1.3	33,277.0	5.1
Cash and deposits with central bank	57,372.5	8.2	58,107.6	8.8
Deposits with banks and other financial institutions	8,003.9	1.1	26,118.0	4.0
Placements with banks and other financial institutions	12,295.0	1.8	13,780.0	2.1
Other assets ⁽¹⁾	9,795.6	1.4	7,435.7	1.1
TOTAL ASSETS	701,913.6	100.0	657,310.1	100.0

Note:

- (1) Consists primarily of interest receivable, property and equipment, deferred tax assets, interests in associated companies, intangible assets and other receivables.

As of December 31, 2017, our total assets amounted to RMB701,913.6 million, representing an increase of 6.8% 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 December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Corporate loans	202,547.2	81.4	182,240.3	85.2
Personal loans	34,379.2	13.8	28,515.5	13.3
Finance lease receivables	8,711.8	3.5	303.6	0.1
Discounted bills	3,242.5	1.3	2,941.3	1.4
Total	248,880.7	100.0	214,000.7	100.0

Corporate loans

Our corporate loans amounted to RMB202,547.2 million as of December 31, 2017, representing an increase of 11.1% 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 December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Short-term loans (one year or less)	102,432.5	50.6	110,081.1	60.4
Medium- and long-term loans (over one year)	100,114.7	49.4	72,159.2	39.6
Total corporate loans	202,547.2	100.0	182,240.3	100.0

Management Discussion and Analysis

Short-term loans as a percentage of our corporate loan portfolio decreased from 60.4% as of December 31, 2016 to 50.6% as of December 31, 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 49.4% as of December 31, 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.

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Working capital loans	141,073.3	69.6	136,335.5	74.7
Fixed assets loans	50,175.1	24.8	41,104.3	22.6
Trade finance	5,300.4	2.6	3,595.5	2.0
Others ⁽¹⁾	5,998.4	3.0	1,205.0	0.7
Total corporate loans	202,547.2	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 amounted to RMB141,073.3 million as of December 31, 2017, representing an increase of 3.5% compared to RMB136,335.5 million as of December 31, 2016. The increase in our working capital loans was primarily due to our continued efforts to extend our working capital loans to meet our SME borrowers' increasing funding needs and support their development.

Our fixed assets loans amounted to RMB50,175.1 million as of December 31, 2017, representing an increase of 22.1% compared to RMB41,104.3 million as of December 31, 2016. The increase in our fixed assets loans was primarily due to our decision to optimize our lending structure, including the type and terms of our loans.

Management Discussion and Analysis

Our trade finance amounted to RMB3,595.5 million and RMB5,300.4 million as of December 31, 2016 and December 31, 2017. Our other corporate loans amounted to RMB1,205.0 million and RMB5,998.4 million as of December 31, 2016 and December 31, 2017.

Personal loans

Our personal loans amounted to RMB34,379.2 million as of December 31, 2017, representing an increase of 20.6% 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.

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	<i>(Amounts in millions of RMB, except percentages)</i>			
Residential mortgage loans	21,286.2	61.9	14,520.1	50.9
Personal consumption loans	8,793.0	25.6	10,220.7	35.8
Personal business loans	3,815.8	11.1	3,357.7	11.8
Credit card overdrafts	484.2	1.4	417.0	1.5
Total personal loans	34,379.2	100.0	28,515.5	100.0

Our residential mortgage loans amounted to RMB21,286.2 million as of December 31, 2017, representing an increase of 46.6% compared to RMB14,520.1 million as of December 31, 2016. The increase in our residential mortgage loans was primarily due to our efforts to grow our residential mortgage loan business to meet the various needs of our retail customers.

Our personal consumption loans amounted to RMB8,793.0 million as of December 31, 2017, representing a decrease of 14.0% compared to RMB10,220.7 million as of December 31, 2016.

Management Discussion and Analysis

Our personal business loans amounted to RMB3,815.8 million as of December 31, 2017, representing an increase of 13.6% compared to RMB3,357.7 million as of December 31, 2016.

Our credit card overdrafts amounted to RMB417.0 million and RMB484.2 million as of December 31, 2016 and December 31, 2017.

Finance lease receivables

Our finance lease receivables increased by 2,769.5% to RMB8,711.8 million as of December 31, 2017 from RMB303.6 million as of December 31, 2016, primarily due to the official opening of Bank of Tianjin Financial Leasing Co., Ltd on October 14, 2016, as of the end of 2016, it only launched 1 financial leasing project, with balance amounted to RMB303.6 million; while each business was under normal development in 2017, as of the end of 2017, it launched 34 financial leasing project, with balance amounted to RMB8,711.8 million, representing an increase of 2,769.5% as compared with the end of last year.

Discounted bills

Discounted bills represented an important component of our portfolio of loans and advances to customers. Our discounted bills increased by 10.2% to RMB3,242.5 million as of December 31, 2017 from RMB2,941.3 million as of December 31, 2016, primarily because we decided to improve the business volume of discounted bills properly, resulting in a relatively high market price of discounted bills in 2017.

Investment securities and other financial assets

As of December 31, 2017, the balance of our investment securities and other financial assets amounted to RMB363,452.6 million, representing an increase of 17.0% 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 to generate higher returns.

Management Discussion and Analysis

The following table sets forth, as of December 31, 2016 and December 31, 2017, the components of our investment securities and other financial assets.

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Debt securities				
Held-to-maturity debt securities	49,123.3	13.5	42,340.6	13.6
Debt securities classified as receivables	39,860.5	11.0	26,756.1	8.6
Available-for-sale debt securities	33,108.7	9.1	48,706.9	15.7
Debt securities held for trading	5,720.1	1.6	5,880.4	1.9
Allowance for impairment losses	(115.0)	0.0	(57.5)	(0.0)
Subtotal	127,697.6	35.2	123,626.5	39.8
Funds	3,103.6	0.9	1,824.3	0.6
Wealth management products issued by other financial institutions	67,924.6	18.7	64,717.1	20.8
Trust beneficiary rights, assets management plans, net				
Trust beneficiary rights	84,937.5	23.4	35,246.8	11.3
Asset management plans	81,347.8	22.2	85,903.1	27.7
Allowance for impairment losses	(1,617.1)	(0.4)	(639.1)	(0.2)
Subtotal	164,668.2	45.2	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	363,452.6	100.0	310,737.3	100.0

Management Discussion and Analysis

Debt securities

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
PRC government bonds	39,417.5	30.9	40,887.4	33.1
Debt securities issued by PRC policy banks	39,149.4	30.6	27,272.0	22.0
Debt securities issued by PRC corporate issuers	22,065.5	17.3	14,416.9	11.7
Debt securities issued by PRC banks and other financial institutions	7,329.5	5.7	27,856.6	22.5
Asset-backed securities	19,850.7	15.5	13,251.1	10.7
Total	127,812.6	100.0	123,684.0	100.0

Our holding of debt securities issued by PRC governments decreased by 3.6% from RMB40,887.4 million as of December 31, 2016 to RMB39,417.5 million as of December 31, 2017, primarily due to our decision to invest in higher-yield assets while maintain a reasonable level of liquidity.

Our holding of debt securities issued by PRC policy banks increased by 43.6% from RMB27,272.0 million as of December 31, 2016 to RMB39,149.4 million as of December 31, 2017, which primarily due to our preference for their high liquidity and relatively low risks.

Our holding of debt securities issued by PRC corporate issuers increased by 53.1% from RMB14,416.9 million as of December 31, 2016 to RMB22,065.5 million as of December 31, 2017, which primarily due to 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 73.7% from RMB27,856.6 million as of December 31, 2016 to RMB7,329.5 million as of December 31, 2017, which reflected our preference for such financial debt securities with relatively high returns.

Our holding of asset-backed securities increased by 49.8% from RMB13,251.1 million as of December 31, 2016 to RMB19,850.7 million as of December 31, 2017, which was primarily due to our increased investment in highly rated standardized assets.

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 December 31, 2017, the distribution of our investment securities and other financial assets by our investment intention.

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Investment classified as receivables	272,338.3	74.9	211,926.5	68.2
Held-to-maturity investments	49,123.3	13.5	42,340.6	13.6
Available-for-sale financial assets	36,270.9	10.0	50,589.8	16.3
Financial assets held for trading	5,720.1	1.6	5,880.4	1.9
Total	363,452.6	100.0	310,737.3	100.0

Financial assets held under resale agreements

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Analyzed by collateral type:				
Bonds	8,600.2	89.6	22,825.6	68.0
Bills	993.5	10.4	10,097.5	30.1
Trust beneficial rights and asset management plans ⁽¹⁾	–	–	630.0	1.9
Gross amount	9,593.7	100.0	33,553.1	100.0
Allowance for impairment losses	(236.9)		(276.1)	
Net amount	9,356.8		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 RMB9,356.8 million as of December 31, 2017, representing a decrease of 71.9% compared to RMB33,277.0 million as of December 31, 2016, primarily due to 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 RMB57,372.5 million as of December 31, 2017, representing a decrease of 1.3% compared to RMB58,107.6 million as of December 31, 2016.

Deposits with banks and other financial institutions amounted to RMB8,003.9 million as of December 31, 2017, representing a decrease of 69.4% 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 RMB12,295.0 million as of December 31, 2017, representing an decrease of 10.8% 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, interests in associated companies, intangible assets and other receivables. Our other assets increased by 31.7% from RMB7,435.7 million as of December 31, 2016 to RMB9,795.6 million as of December 31, 2017, primarily due to our interest receivable increased from RMB2,659.7 million as of December 31, 2016 to RMB4,373.4 million as of December 31, 2017, primarily contributed to the increase of interest receivable from investments classified as receivables.

Management Discussion and Analysis

2 Liabilities

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Due to customers	357,857.6	54.5	365,471.0	59.4
Debt securities issued	118,688.3	18.1	40,631.6	6.6
Deposits from banks and other financial institutions	77,036.4	11.7	119,333.0	19.4
Financial assets sold under repurchase agreements	50,696.4	7.7	58,805.6	9.5
Placements from banks	22,719.4	3.4	18,550.3	3.0
Borrowings from central bank	7,505.0	1.1	–	–
Income tax payable	635.1	0.1	567.2	0.1
Other liabilities ⁽¹⁾	22,019.5	3.4	12,196.6	2.0
TOTAL LIABILITIES	657,157.7	100.0	615,555.3	100.0

Note:

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

As of December 31, 2017, our total liabilities were RMB657,157.7 million, representing an increase of 6.8% compared to RMB615,555.3 million as of December 31, 2016.

Management Discussion and Analysis

Due to customers

As of December 31, 2017, our due to customers amounted to RMB357,857.6 million, representing a decrease of 2.1% compared to RMB365,471.0 million as of December 31, 2016. The decrease in our due to customers was primarily due to our optimization of deposit business structure.

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Corporate deposits				
Demand	182,502.6	51.0	159,939.7	43.8
Time ⁽¹⁾	92,825.5	25.9	119,638.9	32.7
Subtotal	275,328.1	76.9	279,578.6	76.5
Personal deposits				
Demand	17,163.4	4.8	16,218.4	4.5
Time ⁽¹⁾	45,717.8	12.8	48,041.7	13.1
Subtotal	62,881.2	17.6	64,260.1	17.6
Others ⁽²⁾	19,648.3	5.5	21,632.3	5.9
Total due to customers	357,857.6	100.0	365,471.0	100.0

Notes:

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

Management Discussion and Analysis

Our corporate deposits decreased from RMB279,578.6 million as of December 31, 2016 to RMB275,328.1 million as of December 31, 2017. The decrease in our corporate deposits was primarily due to a decrease in agreement deposits, margin deposits and notice deposits.

Our personal deposits decreased by 2.1% from RMB64,260.1 million as of December 31, 2016 to RMB62,881.2 million as of December 31, 2017. The decrease in our personal deposits was primarily due to citizens' increase in investments in fortune products, such as wealth management products, national bonds, funds and insurances, resulting from wealth management enjoying popularity and rising requirement of investment yield. In general, however, the size of our personal integrated financial asset management continued to grow.

Deposits from banks and other financial institutions

As of December 31, 2017, our deposits from banks and other financial institutions amounted to RMB77,036.4 million, representing a decrease of 35.4% 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.

Financial assets sold under repurchase agreements

As of December 31, 2017, our financial assets sold under repurchase agreements amounted to RMB50,696.4 million, representing a decrease of 13.8% from RMB58,805.6 million as of December 31, 2016. The decrease in our financial assets sold under repurchase agreements was primarily due to the change of our liquidity needs.

Management Discussion and Analysis

3 Equity

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
EQUITY				
Share capital	6,070.6	13.5	6,070.6	14.5
Capital reserve	10,731.1	24.0	10,699.8	25.6
Investment revaluation reserve	(575.7)	(1.3)	(215.7)	(0.5)
Surplus reserve	3,352.3	7.5	3,014.7	7.2
General reserve	8,363.5	18.7	7,136.6	17.1
Retained earnings	16,141.7	36.1	15,003.9	36.0
Equity attributable to equity holders of the Bank	44,083.5	98.5	41,709.9	99.9
Non-controlling interests	672.4	1.5	44.9	0.1
TOTAL EQUITY	44,755.9	100.0	41,754.8	100.0

As of December 31, 2017, our shareholders' equity amounted to RMB44,755.9 million, representing an increase of 7.2% compared to RMB41,754.8 million as of December 31, 2016. Equity attributable to equity holders of the Bank was RMB44,083.5 million as of December 31, 2017, representing an increase of 5.7% compared to RMB41,709.9 million as of December 31, 2016. The increase in the shareholders' equity in the year ended December 31, 2017 was caused mainly by the supplement to equity interests from net profit.

Management Discussion and Analysis

V ANALYSIS OF OFF-BALANCE SHEET ITEMS

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

	As of December 31, 2017	As of December 31, 2016
	<i>(Amounts in millions of RMB)</i>	
Bank acceptance	29,021.4	48,612.3
Letters of credit	8,557.0	8,329.6
Letters of guarantee issued	6,272.4	7,693.4
Undrawn credit card commitments	1,800.0	1,625.2
Subtotal	45,650.8	66,260.5
Operating lease commitments	1,372.6	1,168.0
Capital commitments	156.3	217.3
Total	47,179.7	67,645.8

VI ANALYSIS

Distribution of loans by five-category loan classification

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	<i>(Amounts in millions of RMB, except percentages)</i>			
Normal	234,495.9	94.22	201,313.4	94.08
Special mention	10,647.4	4.28	9,512.0	4.44
Subtotal	245,143.3	98.50	210,825.4	98.52
Substandard	2,726.7	1.10	2,624.1	1.23
Doubtful	632.6	0.25	177.8	0.08
Loss	378.1	0.15	373.4	0.17
Subtotal	3,737.4	1.50	3,175.3	1.48
Total loans to customers	248,880.7	100.00	214,000.7	100.00

Management Discussion and Analysis

As of December 31, 2017, according to the five-category loan classification, the normal loans amounted to RMB234,495.9 million, representing an increase of RMB33,182.5 million as compared to that as of December 31, 2016. The normal loans accounted for 94.22% of all the loans of the Bank as of December 31, 2017. Loans classified as special mention were RMB10,647.4 million, representing an increase of RMB1,135.4 million as compared to that as of December 31, 2016. The loans classified as special mention accounted for 4.28% of all loans. The non-performing loans were RMB3,737.4 million, representing an increase of RMB562.1 million as compared to that as of December 31, 2016 with a non-performing loan ratio of 1.50%, representing an increase of 0.02 percentage point 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.

Distribution of corporate loans by industry

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	<i>(Amounts in millions of RMB, except percentages)</i>			
Manufacturing	51,970.7	24.5	49,707.3	27.1
Wholesale and retail	39,572.8	18.7	39,334.3	21.5
Real estate	24,471.9	11.6	15,484.9	8.5
Construction	24,366.2	11.5	22,671.5	12.4
Water, environment and public facilities management	23,424.3	11.1	15,833.8	8.7
Leasing and business services	20,649.3	9.8	13,863.0	7.6
Transportation, storage and postal services	6,607.5	3.1	4,594.3	2.5
Electricity, heat, gas and water production and supply	3,941.1	1.9	3,693.1	2.0
Resident services, repair and other services	3,775.2	1.8	5,315.1	2.9
Finance	3,069.5	1.5	1,564.5	0.9
Information transmission, software and information technology services	2,542.8	1.2	2,125.9	1.2
Mining	1,491.6	0.7	1,206.9	0.7
Scientific research and technical services	1,413.1	0.7	1,077.7	0.6
Accommodation and catering	1,231.6	0.6	1,414.1	0.8
Public administration, social security and social organization	1,064.0	0.5	2,479.0	1.4
Agriculture, forestry, animal husbandry and fishery	790.8	0.4	888.2	0.5
Cultural, sports and entertainment	530.9	0.3	305.4	0.2
Health and social services	257.8	0.1	631.0	0.3
Education	88.0	0.0	353.9	0.2
Total corporate loans⁽¹⁾	211,259.1	100.0	182,543.9	100.0

Note:

(1) Consist of finance lease receivables.

Management Discussion and Analysis

For the year ended December 31, 2017, the Bank actively supported the development of the real economy with its lending structure further optimized. As of December 31, 2017, loans provided to customers in the industries of (i) manufacturing, (ii) wholesale and retail, (iii) real estate, (iv) construction and (v) water, environment and public facilities management represented the top five largest components of the Bank's corporate loans. As of December 31, 2017 and December 31, 2016, the balance of loans provided to the corporate customers in these five industries were RMB163,805.9 million and RMB143,031.8 million, respectively, accounting for 77.4% and 78.2% 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 December 31, 2017			As of December 31, 2016		
	Amount	% of total	NPL ratio (%) ⁽¹⁾	Amount	% of total	NPL ratio (%) ⁽¹⁾
<i>(Amounts in millions of RMB, except percentages)</i>						
Wholesale and retail	1,430.2	45.9	3.61	1,226.1	44.8	3.12
Manufacturing	1,332.7	42.8	2.56	1,157.2	42.2	2.33
Mining	100.5	3.2	6.74	150.6	5.5	12.48
Construction	85.6	2.7	0.35	–	–	–
Transportation, storage and postal services	61.9	2.0	0.94	76.5	2.8	1.78
Real estate	46.8	1.5	0.19	32.5	1.2	0.21
Information transmission, software and information technology services	34.0	1.1	1.34	34.0	1.3	1.60
Scientific research and technical services	14.8	0.5	1.05	14.8	0.5	1.37
Agriculture, forestry, animal husbandry and fishery	7.9	0.3	1.00	23.0	0.8	2.59
Leasing and business services	–	–	–	25.0	0.9	0.18
Total non-performing corporate loans⁽¹⁾	3,114.4	100.0	1.47	2,739.7	100.0	1.50

Note:

(1) Consist of finance lease receivables.

Management Discussion and Analysis

The non-performing loan ratio for our corporate loans in the wholesale and retail industry was 3.12% and 3.61% as of December 31, 2016 and December 31, 2017, respectively. As of December 31, 2016 and December 31, 2017, non-performing corporate loans to borrowers in this industry accounted for 44.8% and 45.9% 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 financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the manufacturing industry was 2.33% and 2.56% as of December 31, 2016 and December 31, 2017, respectively. As of December 31, 2016 and December 31, 2017, non-performing corporate loans to borrowers in this industry accounted for 42.2% and 42.8% of our total non-performing corporate loans, respectively. The increase in the non-performing ratio for our corporate loans to borrowers in manufacturing industry primarily reflected the financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the mining industry was 12.48% and 6.74% as of December 31, 2016 and December 31, 2017, respectively. The non-performing corporate loans to borrowers in this industry accounted for 5.5% and 3.2% of our total non-performing corporate loans as of December 31, 2016 and December 31, 2017, respectively. The decrease in the non-performing ratio for our corporate loans to borrowers in mining industry primarily reflected our efforts of active management and collection of non-performing loans.

As of December 31, 2016, we did not record any non-performing loans in construction industry. As of December 31, 2017, the non-performing loan ratio of our corporate loans to construction industry is 0.35%, and the non-performing corporate loans of borrowers in this industry accounted for 2.7% of the total non-performing corporate loans of the Bank. The increase in the non-performing loan ratio of corporate loans granted by the Bank to borrowers in construction industry primarily reflected the financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the transportation, storage and postal services industry was 1.78% and 0.94% as of December 31, 2016 and December 31, 2017, respectively. As of December 31, 2016 and December 31, 2017, non-performing corporate loans to borrowers in this industry accounted for 2.8% and 2.0% of our total non-performing corporate loans, respectively. The decrease in the non-performing ratio for our corporate loans to borrowers in transportation, storage and postal services industry primarily reflected (i) our efforts of active management and collection of non-performing loans; and (ii) an increase by 43.8% in our loans to corporate borrowers in the transportation, storage and postal services industry from RMB4,594.3 million as of December 31, 2016 to RMB6,607.5 million as of December 31, 2017.

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 December 31, 2017			As of December 31, 2016		
	Amount	% of total	NPL ratio (%) ⁽¹⁾	Amount	% of total	NPL ratio (%) ⁽¹⁾
<i>(Amounts in millions of RMB, except percentages)</i>						
Corporate loans⁽²⁾						
Working capital loans	2,622.2	70.2	1.86	2,250.8	70.9	1.65
Trade finance	23.6	0.6	0.45	24.4	0.8	0.68
Fixed asset loans	-	-	-	32.8	1.0	0.08
Others ⁽³⁾	468.6	12.5	7.81	431.7	13.6	35.83
Subtotal	3,114.4	83.3	1.47	2,739.7	86.3	1.50
Discounted bills	60.0	1.6	1.85	85.0	2.6	2.89
Subtotal	60.0	1.6	1.85	85.0	2.6	2.89
Personal loans						
Personal business loans	419.1	11.3	10.98	228.1	7.2	6.79
Personal consumption loans	76.2	2.0	0.87	55.7	1.8	0.54
Residential mortgage loans	36.0	1.0	0.17	43.1	1.4	0.30
Credit card overdrafts	31.7	0.8	6.54	23.7	0.7	5.68
Subtotal	563.0	15.1	1.64	350.6	11.1	1.23
Total non-performing loans	3,737.4	100.0	1.50	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) Total corporate loans here consist of our corporate loans and finance lease receivables.
- (3) Consists 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 1.47% as of December 31, 2017, with a 13.7% increase in our non-performing corporate loans from RMB2,739.7 million to RMB3,114.4 million. The increase in our non-performing corporate loans was primarily due to the increase of the non-performing loans of our working capital loans by 16.5% from RMB2,250.8 million as of December 31, 2016 to RMB2,622.2 million as of December 31, 2017, resulting from operational difficulties and deteriorated repayment abilities of certain of our corporate customers as a result of the slowdown in the PRC economy.

The non-performing loan ratio for our personal loans increased from 1.23% as of December 31, 2016 to 1.64% as of December 31, 2017, with a 60.6% increase in our non-performing personal loans from RMB350.6 million as of December 31, 2016 to RMB563.0 million as of December 31, 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 slowdown in the PRC economy.

The non-performing loan ratio for our discounted bills decreased from 2.89% as of December 31, 2016 to 1.85% as of December 31, 2017, and the non-performing loan for our discounted bills decreased from RMB85.0 million as of December 31, 2016 to RMB60.0 million as of December 31, 2017. The decrease in the non-performing loan ratio for our discounted bills was primarily due to our efforts of active management and collection of non-performing loans.

Distribution of non-performing loans by geographical region

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

	As of December 31, 2017			As of December 31, 2016		
	Amount	% of the total	NPL ratio (%)	Amount	% of the total	NPL ratio (%)
<i>(Amounts in millions of RMB, except percentages)</i>						
Hebei Province	1,430.5	38.3	4.92	1,138.0	35.8	4.83
Tianjin	1,014.1	27.1	0.81	1,141.4	36.0	1.04
Shanghai	543.9	14.5	2.17	291.9	9.2	1.29
Shandong Province	484.4	13.0	1.39	330.7	10.4	1.16
Beijing	207.8	5.6	1.11	228.7	7.2	1.52
Sichuan Province	56.7	1.5	0.38	44.6	1.4	0.32
Total non-performing loans	3,737.4	100.0	1.50	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 December 31, 2017, the distribution of our loans and advances to customers by type of collateral.

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Unsecured loan	33,185.2	13.3	20,876.9	9.8
Guaranteed loan	114,429.9	46.0	99,013.3	46.2
Collateralized loans ⁽¹⁾	61,601.8	24.8	56,006.5	26.2
Pledged loans ⁽¹⁾	39,663.8	15.9	38,104.0	17.8
Total loans and advances to customers	248,880.7	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

For the year ended December 31, 2017, the Bank's total loans to its largest single borrower accounted for 6.36% of its regulatory capital while total loans to its top ten customers accounted for 41.55% of its regulatory capital, which were in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of December 31, 2017	As of December 31, 2016
Loan concentration ratio for the largest single customer (%)	<=10	6.36	7.83
Loan concentration ratio for the top ten customers (%)	<=50	41.55	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 December 31, 2017			
Industry		Amount	% of total loans	% of regulatory	Classification
				capital ⁽¹⁾	
<i>(Amounts in millions of RMB, except percentages)</i>					
Borrower A	Manufacturing	3,482.4	1.40	6.36	Normal
Borrower B	Wholesale and retail	3,000.0	1.21	5.48	Normal
Borrower C	Manufacturing	2,613.7	1.05	4.77	Normal
Borrower D	Manufacturing	2,600.0	1.04	4.75	Normal
Borrower E	Real estate	2,249.0	0.90	4.11	Normal
Borrower F	Water, environment and public facilities management	2,000.0	0.80	3.65	Normal
Borrower G	Construction	1,982.7	0.80	3.62	Normal
Borrower H	Manufacturing	1,960.1	0.79	3.58	Normal
Borrower I	Manufacturing	1,492.5	0.60	2.73	Normal
Borrower J	Real estate	1,368.0	0.55	2.50	Normal
Total		22,748.4	9.14	41.55	

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.

Management Discussion and Analysis

As of December 31, 2017, the loan balance of the largest single borrower of the Bank was RMB3,482.4 million, accounting for 1.40% of the total amount of loans of the Bank, and the total amount of loans of the top ten single borrowers was RMB22,748.4 million, representing 9.14% of the total amount of loans of the Bank.

Loan Aging Schedule

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

	As of December 31, 2017		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	<i>(Amounts in millions of RMB, except percentages)</i>			
Current loans	242,020.0	97.24	208,421.0	97.40
Loans past due but not impaired⁽¹⁾				
Up to 30 days	1,148.7	0.46	1,270.7	0.60
31 to 60 days	317.5	0.13	395.9	0.18
61 to 90 days	664.5	0.27	737.8	0.34
More than 90 days	992.6	0.40	–	–
Sub-total	3,123.3	1.26	2,404.4	1.12
Impaired loans	3,737.4	1.50	3,175.3	1.48
Sub-total	248,880.7	100.00	214,000.7	100.00
Allowances for impairment losses	(7,243.5)		(6,146.2)	
Total	241,637.2		207,854.5	

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 17.9% to RMB7,243.5 million as of December 31, 2017 from RMB6,146.2 million as of December 31, 2016. This increase was mainly due to the overall increase of our total loans, and an increase in our non-performing loans.

	As of December 31, 2017		As of December 31, 2016	
	Amount	NPL ratio (%)	Amount	NPL ratio (%)
	<i>(Amounts in millions of RMB, except percentages)</i>			
Beginning of year	6,146.2	1.48	5,032.8	1.34
Net provisions for the year ⁽¹⁾	1,338.6		1,865.9	
Unwinding of discount	(78.7)		(63.0)	
Write-off and transfers	(298.7)		(730.5)	
Recoveries	136.1		41.0	
End of year	7,243.5	1.50	6,146.2	1.48

Note:

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

Management Discussion and Analysis

VII SEGMENT REPORT

Geographical Segment Report

In presenting information on the basis of geographical regions, operating income is gathered according to the locations of the branches or subsidiaries that generated the income. For the purpose of presentation, we categorize such information by geographical regions. The following table sets forth the total operating income of each of the geographical regions for the periods indicated.

	For the year ended December 31,			
	2017		2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Tianjin	5,320.8	52.4	7,146.4	60.5
Shandong Province	1,213.1	12.0	1,472.3	12.5
Shanghai	728.4	7.2	992.9	8.4
Sichuan Province	1,049.5	10.3	1,124.0	9.5
Beijing	771.4	7.6	296.5	2.5
Hebei Province	980.5	9.7	769.7	6.5
Ningxia	79.6	0.8	12.9	0.1
Total	10,143.3	100.0	11,814.7	100.0

Management Discussion and Analysis

Business Segment Report

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

	For the year ended December 31,			
	2017		2016	
	Amount	% of the total	Amount	% of the total
<i>(Amounts in millions of RMB, except percentages)</i>				
Corporate banking	7,343.6	72.4	6,114.1	51.7
Retail banking	1,756.6	17.3	2,028.8	17.2
Treasury business	1,036.2	10.2	3,661.6	31.0
Other ⁽¹⁾	6.9	0.1	10.2	0.1
Total	10,143.3	100.0	11,814.7	100.0

Note:

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

VIII ANALYSIS ON CAPITAL ADEQUACY RATIO

Our Bank calculated and disclosed the capital adequacy ratios according to the Administrative Measures for the Capital of Commercial Banks (Provisional)(《商業銀行資本管理辦法(試行)》)(effective since January 1, 2013) promulgated by the China Banking Regulatory Commission. As of December 31, 2017, our Bank's capital adequacy ratios met the regulatory requirements. As of December 31, 2017, the capital adequacy ratio was 10.74%, 1.14 percentage points lower than that as of December 31, 2016 and tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 8.65% and 8.64% as of December 31, 2017, 0.83 and 0.84 percentage points lower than those as of December 31, 2016, respectively.

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 December 31, 2017	As of December 31, 2016
	<i>(Amounts in millions of RMB, except percentages)</i>	
Core capital		
– Share capital	6,070.6	6,070.6
– Capital reserve and investment revaluation reserve	10,155.4	10,484.1
– Surplus reserve	3,352.3	3,014.7
– General reserve	8,363.5	7,136.6
– Retained earnings	16,141.7	15,003.9
– Non-controlling interests that may be included	260.9	20.3
Total Core Capital	44,344.4	41,730.2
Core tier-one capital	44,344.4	41,730.2
Core tier-one capital deductible items	(308.5)	(260.4)
Net core tier-one capital	44,035.9	41,469.8
Net tier-one capital	44,070.7	41,472.5
Tier-two capital		
– Net tier-two capital instruments and related premiums	7,100.0	7,520.0
– Surplus allowance for impairment losses on loans	3,506.1	2,970.9
– Non-controlling interests that may be included	69.6	5.4
Total tier-two capital	10,675.7	10,496.3
Net capital	54,746.4	51,968.8
Total risk-weighted assets	509,646.4	437,559.1
Core tier-one capital adequacy ratio <i>(expressed in percentage)</i>	8.64	9.48
Tier-one capital adequacy ratio <i>(expressed in percentage)</i>	8.65	9.48
Capital adequacy ratio <i>(expressed in percentage)</i>	10.74	11.88

Management Discussion and Analysis

As of December 31, 2017, the Bank's leverage ratio was 5.97%.

(Expressed in percentage)

	As of December 31, 2017	As of December 31, 2016
Leverage ratio	5.97%	5.80%

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by 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 China Banking Regulatory Commission ("CBRC").

IX RISK MANAGEMENT

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. In 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.

Management Discussion and Analysis

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. Our internal control and compliance department 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 risk control, 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 continuously improved IT risk management, formulated and revised IT risk management-related policies and set up IT management system to improve IT use and ensure system, internet and data security. We also effectively reduced potential risks by enhancing management and increasing IT investment. Business Continuity Management Policies of Tianjin Bank and Business Continuity Management Measures of Tianjin Bank formulated under the leadership of the Internal Control and Compliance Department of our head office were considered and approved and issued bank-wide in May 2017; we also satisfactorily completed a range of work including continuity disaster drills for interbank card system business and other businesses, business impact analysis and impact analysis of important information system.

X BUSINESS REVIEW

Corporate Banking Business

In response to the changes of the economic and policy environment of China, we continued to strengthen our marketing capabilities and improve customer services through business innovation, and promoted the development of our corporate banking business. For the year ended December 31, 2017, our operating income from corporate banking business amounted to RMB7,343.6 million, accounting for 72.4% of the total operating income over the same period, representing an increase of 20.1% as compared to the same period last year.

As of December 31, 2017, the balance of our corporate loans (excluding discounted bills) amounted to RMB202,547.2 million, representing an increase of 11.1% as compared to that of December 31, 2016. As of the same date, RMB151,917.2 million of these loans were loans to SMEs, accounting for 75.0% of our total corporate loans and representing an increase of 12.1% as compared to that of December 31, 2016. As of December 31, 2017, our total corporate deposits amounted to RMB275,328.1 million, representing a decrease of 1.5% as compared to that of December 31, 2016. In the year ended December 31, 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 SMEs was RMB17,615.0 million as of December 31, 2017, representing a decrease of 9.8% as compared to that of December 31, 2016. Further, due to our prudent risk control, our non-performing loan ratio of SME loans was 1.92% as of December 31, 2017.

Furthermore, the Bank developed the financial leasing business through establishing Bank of Tianjin Financial Leasing Co., Ltd., which commenced its business operation on October 18, 2016. As of December 31, 2017, total assets and net profit of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB10,046.9 million and RMB40.8 million, respectively.

Management Discussion and Analysis

Retail Banking Business

In the year ended December 31, 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 year ended December 31, 2017, the number of our retail banking customers exceeded 8.09 million and the operating income from our retail banking business amounted to RMB1,756.6 million, accounting for 17.3% of our total operating income over the same period and representing a decrease of 13.4% as compared to the same period last year. As of December 31, 2017, the balance of our personal loans reached RMB34,379.2 million, accounting for 13.8% of our total loans to customers. As of December 31, 2017, our residential mortgage loans, personal consumption loans, personal business loans and credit card overdrafts amounted to RMB21,286.2 million, RMB8,793.0 million, RMB3,815.8 million and RMB484.2 million, respectively, and accounted for 61.9%, 25.6%, 11.1%, and 1.4%, respectively, of our total personal loans. As of that date, our total personal deposits amounted to RMB62,881.2 million, representing an decrease of 2.1% as compared to that of December 31, 2016.

In the year ended December 31, 2017, our Bank continued to enhance our product offering and the product features of credit cards. As of December 31, 2017, our Bank had issued 185,320 credit cards.

Rural Financial Services

Focusing on the characteristics of modern agriculture, we continued to improve our rural financial services, to support the development of economic sectors related to "agriculture, rural areas and farmers". As of December 31, 2017, we established an aggregate of 32 outlets in rural area, comprising 9 primary sub-branches and 23 secondary sub-branches.

Treasury Business

In the year ended December 31, 2017, our Bank continued to focus our research on macroeconomic policies and market analysis in order to reduce the adverse impacts of market volatility, minimize the impact of a slowdown in the PRC economic development and ensure steady growth of the operating income of our treasury business. For the year ended December 31, 2017, the operating income of our treasury operations amounted to RMB1,036.2 million, accounting for 10.2% of our total operating income and representing a decrease of 71.7% as compared to the same period last year.

Management Discussion and Analysis

Money Market Transactions

In the year ended December 31, 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 December 31, 2017, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB29,655.7 million, representing a decrease of 59.5% as compared to that as of December 31, 2016 and accounting for 4.2% of our total assets as of December 31, 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 RMB150,452.2 million, representing an decrease of 23.5% as compared to that as of December 31, 2016 and accounting for 22.8% of our total liabilities as of December 31, 2017.

Investments in Securities and Other Financial Assets

In the year ended December 31, 2017, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of December 31, 2017, the balance of our debt securities investments was RMB127,697.6 million, representing an increase of 3.3% as compared to that as of December 31, 2016. As of December 31, 2017, the balance of our investments in debt securities issued by PRC banks and financial institutions was RMB46,478.9 million, representing an decrease of 15.7% as compared to that as of December 31, 2016.

Treasury Business Conducted on Behalf of Customers

In the year ended December 31, 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 December 31, 2017, the total outstanding amount of wealth management products issued by us was RMB120,032.6 million. For the year ended December 31, 2017, the net fee and commission income from the wealth management products issued by us amounted to RMB1,229.2 million.

International Business

For the year ended December 31, 2017, our Bank's international settlement volume amounted to US\$7,066.64 million.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARES OF THE BANK

Share Capital

As of December 31, 2017, the share capital of the Bank was 6,070,551,822 Shares, and the total registered capital amounted to RMB6,070,551,822, which had no change during the Reporting Period.

Statement of Changes in Shares

	January 1, 2017		Changes during the Reporting Period	December 31, 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 119,491,091 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 63,636,198 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 97,525,481 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

As of December 31, 2017, the Bank had 7,320 shareholders.

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

As of December 31, 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 of a 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 of a 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	488,375,675	8.04	11.34
Fortune Eris Holding Company Limited ⁽⁵⁾	Interest of a controlled corporation	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⁾	Beneficial owner	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 1,297,309 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 488,375,675 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 II. Information on Shareholders above for the particulars of shareholders with shareholding of 5% or more of the Bank.

Directors, Supervisors, Senior Management and Employees

I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Name	Age	Position	Term of Office
Mr. LI Zongtang (李宗唐)	58	Executive Director, Chairman	March 14, 2017 to December 10, 2017
Mr. SUN Ligu (孫利國)	54	Executive Director, President	March 14, 2017 to December 10, 2017
Mr. YUE Desheng (岳德生) ⁽¹⁾	54	Executive Director, Vice President	December 11, 2014 to December 10, 2017
Ms. ZHANG Furong (張富榮)	56	Executive Director, Secretary of the Board of Directors, Vice President, Trade Union President	December 11, 2014 to December 10, 2017
Mr. ZHAO Jiawang (趙家旺)	53	Non-executive Director	March 14, 2017 to December 10, 2017
Mr. YU Yang (于陽)	38	Non-executive Director	May 8, 2015 to December 10, 2017
Mr. Alistair Marshall BULLOCH (布樂達)	60	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. ZHAO Wei (趙煒)	48	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LUAN Fengxiang (樂鳳祥)	59	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. ZENG Xiangxin (曾祥新)	50	Non-executive Director	July 29, 2016 to December 10, 2017
Mr. LIU Baorui (劉寶瑞)	60	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. FENG Heping (封和平)	57	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. GUO Tianyong (郭田勇)	49	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LAW Yee Kwan, Quinn (羅義坤)	65	Independent Non-executive Director	October 15, 2015 to December 10, 2017
Mr. JIN Qingjun (靳慶軍)	60	Independent Non-executive Director	March 14, 2017 to December 10, 2017

Directors, Supervisors, Senior Management and Employees

Notes:

- (1) During the Reporting Period, Mr. YUE Desheng acted as executive director and vice president of the Bank. Due to work adjustment, on January 12, 2018, Mr. YUE Desheng tendered his resignation to the Board of Directors from the position of executive director of the Bank, member of the related party transactions control committee, risk management committee and consumer rights protection committee under the Board and vice president of the Bank. Mr. YUE Desheng's resignation has become effective since January 12, 2018. For details, please refer to the announcement entitled "RESIGNATION OF EXECUTIVE DIRECTOR AND VICE PRESIDENT" issued by the Bank on January 12, 2018.
- (2) The term of office of the fifth session of the Board of Directors was expired. In accordance with relevant laws, regulations and the Articles of Association, before the completion of election and appointment, the incumbent directors shall continue to perform their respective duties and responsibilities to meet the requirements of the laws, administrative regulations, departmental rules and the Articles of Association.

2. Supervisors

Name	Age	Position	Term of Office/Date of Appointment
Ms. FENG Xia (馮俠) ⁽¹⁾	46	Employee Representative Supervisor, Chairwoman of Board of Supervisors	January 19, 2018
Mr. YAO Tao (姚濤)	55	Employee Representative Supervisor	December 11, 2014 to December 10, 2017
Ms. CHENG Yifeng (程懿豐)	34	Shareholder Representative Supervisor	December 11, 2014 to December 10, 2017
Mr. ZHANG Lianming (張連明)	54	External Supervisor	December 11, 2014 to December 10, 2017
Ms. ZHANG Xiaoli (張曉莉)	59	External Supervisor	December 11, 2014 to December 10, 2017

Note:

- (1) During the Reporting Period, Ms. FENG Xia acted as shareholder representative supervisor of the Bank. Due to adjustment of her work arrangement, the Board of Supervisors of the Bank received a resignation letter from Ms. FENG Xia on January 19, 2018, informing the Board of Supervisors of her resignation as a shareholder representative supervisor of the Bank and a member of the supervision committee of the Board of Supervisors. The Bank held an employee representative meeting on January 19, 2018, in which Ms. FENG was elected as an employee representative supervisor of the Bank. On the same day, the Board of Supervisors held a meeting, in which Ms. FENG was elected as the chairwoman of the Board of Supervisors, a member of the supervision committee and a member of nomination committee of the Board of Supervisors. For details, please refer to the announcement entitled "CHANGE OF SUPERVISORS AND APPOINTMENT OF CHAIRMAN OF BOARD OF SUPERVISORS" issued by the Bank on January 19, 2018.

The term of office of the fifth session of the Board of Supervisors was expired. In accordance with relevant laws, regulations and the Articles of Association, before the completion of election and appointment, the incumbent supervisors shall continue to perform their respective duties and responsibilities to meet the requirements of the laws, administrative regulations, departmental rules and the Articles of Association.

Directors, Supervisors, Senior Management and Employees

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) ⁽¹⁾	54	Vice President	August 2006
Ms. ZHANG Furong (張富榮)	56	Vice President, Secretary of the Board of Directors, Trade Union President	November 2009
Ms. ZHANG Ying (張穎)	42	Secretary of the Disciplinary Committee	September 2014
Mr. LIANG Jianfa (梁建法)	52	Vice President, Chief Financial Officer	December 2014
Mr. XIA Zhenwu (夏振武)	48	Assistant to President	January 2008
Mr. WANG Feng (王峰)	45	Assistant to President	April 2017

Note:

- (1) During the Reporting Period, Mr. YUE Desheng acted as executive director and vice president of the Bank. Due to work adjustment, on January 12, 2018, Mr. YUE Desheng tendered his resignation to the Board of Directors from the position of executive director of the Bank, member of the related party transactions control committee, risk management committee and consumer rights protection committee under the Board, and vice president of the Bank. Mr. YUE Desheng's resignation has become effective since January 12, 2018. For details, please refer to the announcement entitled "RESIGNATION OF EXECUTIVE DIRECTOR AND VICE PRESIDENT" issued by the Bank on January 12, 2018.

Directors, Supervisors, Senior Management and Employees

Shareholders' Nomination of Candidates for Directors and Supervisors of the Bank During the Reporting Period

No.	Name of Shareholder	Name of Nominated Director/Supervisor
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	ZHAO Jiawang, YU Yang
2	Australia and New Zealand Banking Group Limited	Alistair Marshall BULLOCH
3	Tianjin Pharmaceutical Holdings Ltd.	ZHAO Wei
4	Tianjin Bohai Chemical Industry Group Co., Ltd.	LUAN Fengxiang
5	Fortune Eris Holding Company Limited	ZENG Xiangxin
6	Tianjin Jinrong Investment Service Group Co., Ltd.	FENG Xia
7	Tianjin Hengchangyuan Industrial Co., Ltd.	CHENG Yifeng

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

Mr. LI Zongtang, Mr. SUN Ligu, 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 were published on August 30, 2016, December 21, 2016, February 16, 2017 and March 14, 2017.

The Board proposed the appointment of Mr. SUN Ligu as the president of the Bank on December 21, 2016 and the term of office of Mr. SUN Ligu 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 held on December 21, 2016. 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.

Directors, Supervisors, Senior Management and Employees

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 has taken effect since January 19, 2018. For details, please refer to the announcements of the Bank dated May 4, 2017 and January 19, 2018.

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

III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Directors

Mr. LI Zongtang (李宗唐), aged 58. Since August 2016, Mr. LI has served as the secretary of the Party Committee of the Bank. Mr. LI was appointed as our Executive Director and Chairman in February 2017 and is responsible for the overall work of the Party Committee and our Board and is in charge of General Office of the Board. From July 2010 to August 2016, he worked as the secretary of the Party Committee and chairman of Tianjin Rural Commercial Bank Co., Ltd. (天津農村商業銀行股份有限公司). From November 2009 to July 2010, he served as the secretary of the Party Committee and chairman of Tianjin Rural Cooperative Bank (天津農村合作銀行). From August 2008 to November 2009, Mr. LI served as the secretary of the Party Committee, chairman of the board and president of Tianjin Rural Cooperative Bank. From June 2005 to August 2008, he held the positions of the deputy secretary of the Party Committee and president of Tianjin Rural Cooperative Bank. From May 2003 to April 2006, he served as the deputy secretary of the Party Committee and general manager of Tianjin Trust and Investment Co., Ltd. (天津信託投資有限責任公司). From July 2001 to May 2003, Mr. LI served as the deputy secretary of the Party Committee and general manager of Tianjin Trust and Investment Corporation (天津信託投資公司). From August 1997 to July 2001, he held the positions of the deputy head and a member of the party leadership group of Tianjin Financial Bureau and Tianjin Municipal Taxation Bureau (天津市地方稅務局). From November 1996 to August 1997, he also acted as the director of the Capital Management Division of Tianjin Financial Bureau (天津市財政局資金管理處). From March 1988 to August 1997, he served successively as the deputy director and director of the Budget Division of Tianjin Financial Bureau (天津市財政局預算處). From May 1986 to March 1988, Mr. LI served successively as a staff and a principal staff member of the First Business Division of Tianjin Financial Bureau (天津市財政局企業一處). From August 1985 to May 1986, he served successively as a staff and the deputy chief of the Metallurgy Section under the Second Finance and Taxation Management Division of Tianjin Financial Bureau. Mr. LI served as a finance and taxation specialist of the Metallurgy Section under the Second Finance and Taxation Management Division of Tianjin Financial Bureau (天津市財政局財稅管理二處冶金科) from October 1976 to March 1983.

Directors, Supervisors, Senior Management and Employees

From March 1983 to August 1985, he attended the special training course for cadres, majoring in finance at the Tianjin University of Finance and Economics (天津財經學院). He is a qualified senior accountant, accredited by the Tianjin Municipal Accounting Profession Senior Duties Evaluation Committee (天津市會計專業高級職務評審委員會) in January 2000.

Mr. SUN Ligu (孫利國), aged 54. Mr. SUN was appointed as our Executive Director in February 2017 and acted as our President since February 2017. He is responsible for the overall work of our Bank's operation and management and is in charge of Strategic Development Department. Since August 2016, Mr. SUN has served as the deputy secretary of the Party Committee of the Bank. From August 2016 to December 2016, Mr. SUN also worked as the chairman of the supervision committee of China Bohai Bank Co., Ltd. From July 2016 to August 2016, Mr. SUN also worked as the chairman of the labour union of China Bohai Bank Co., Ltd. From June 2015 to August 2016, he worked as deputy secretary of the Party Committee and chairman of the supervision committee of China Bohai Bank Co., Ltd. From December 2009 to June 2015, he also served as the vice president of China Bohai Bank Co., Ltd. From December 2005 to June 2015, Mr. SUN served as a member of the Party Committee and the secretary to the board of China Bohai Bank Co., Ltd. From August 2005 to December 2005, he acted as the person-in-charge of the proposed board secretariat of China Bohai Bank Co., Ltd. (渤海銀行股份有限公司) (in planning). From December 2003 to August 2005, Mr. SUN served as an assistant to the head of General Office of the Planning and Establishment Lead Group of China Bohai Bank (渤海銀行籌建工作領導小組辦公室) and was responsible for the daily work of such General Office. From January 1998 to December 2003, he worked as the head of general office of China Construction Bank, Tianjin Branch. From December 1990 to January 1998, Mr. SUN served successively as the vice president and president of China Construction Bank (formerly known as People's Construction Bank of China), Tianjin Nankai Sub-branch (中國人民建設銀行天津南開支行). From April 1988 to December 1990, he served as an assistant to the director of the Tianjin Seamless Steel Tube Project Office of People's Construction Bank of China (中國人民建設銀行天津無縫鋼管工程辦事處). From August 1985 to April 1988, Mr. SUN served as a staff of the Project Inspection Division of People's Construction Bank of China, Tianjin Branch (中國人民建設銀行天津市分行項目審查處).

Mr. SUN graduated from the Faculty of Construction Management at Tianjin University (天津大學) in July 1985 majoring in construction management engineering of infrastructure. He also obtained a master's degree in business administration from Tianjin University and a master's degree in economics from the Faculty of Finance at Nankai University (南開大學), majoring in monetary banking in July 1997. In January 2012, he received a doctorate degree in management science and engineering from Tianjin University. He is a qualified senior engineer, accredited by China Construction Bank (中國建設銀行) in 1999.

Directors, Supervisors, Senior Management and Employees

Mr. YUE Desheng (岳德生), aged 54, served as our Executive Director from December 2014 to January 2018, and served as Vice President and a member of the Party Committee of our Bank from June 2006 to January 2018.

Mr. YUE has around 20 years of experience in banking business operations and management. He held a number of positions in our Bank since January 1997. He served successively as the principal of the Hangzhou Road sub-branch from January 1997 to November 2000, the party branch secretary and the deputy branch manager of the Bada Road sub-branch from November 2000 to November 2002, and the general manager of the corporate financial business department of our Bank from November 2002 to June 2006, respectively. From November 1991 to January 1997, Mr. YUE served as deputy staff principal and senior staff member at the economic cadre office of the organization department of the Communist Party of China Tianjin Municipal Committee (中國共產黨天津市委組織部經濟幹部處). He is a qualified senior economist accredited by the Tianjin Municipal Evaluation Committee for Senior Qualifications in Economics (天津市經濟專業高級資格評審委員會) in December 2005.

Mr. YUE obtained a bachelor's degree of engineering in industrial electrical automation from the Electromechanical Branch of Tianjin University (天津大學機電分校) in Tianjin, China in July 1984. He also obtained an executive master of business administration from Nankai University (南開大學) in Tianjin, China in June 2011.

Ms. ZHANG Furong (張富榮), aged 56, was appointed as our Executive Director in December 2014 and has been the secretary of the Board of Directors of our Bank since June 2015. Ms. ZHANG was appointed as our Vice President in January 2016. She is primarily responsible for the work in respect of Corporate Business Department, Trade and Finance Department, SME Business Department, Investment Banking Department, Interbank Market Department and Asset Management Department. She also assists the Chairman in charge of General Office of Board. Ms. ZHANG was appointed as chairman of Bank of Tianjin Financial Leasing Co., Ltd (天銀金融租賃股份有限公司) in October 2017. She has been a member of the Party Committee of our Bank since September 2009 and the trade union president of our Bank since November 2009. From December 21, 2016 to February 16, 2017, she performed the duty of chairman of our Bank. From June 2015 to March 2016, she served as Director of Listing office, responsible for listing matters. Ms. ZHANG has 30 years of experience in banking business operations and management. Ms. ZHANG served as Supervisor from March 2011 to November 2014, during which, she was acting Chairman of the Board of Supervisors from January 2014 to November 2014. From November 1996 to March 2011, she served as director of our Bank. Ms. ZHANG served as the president and the secretary of the Party Committee of the Binhai Branch of our Bank from October 2007 to November 2011, while serving as the president and the deputy secretary of the Party Committee of the Binhai branch of our Bank from May 2007 to October 2007. In addition, from May 2006 to May 2007, Ms. ZHANG was the deputy branch president and a member of the Party Committee of the Binhai branch of our Bank. From November 1996 to May 2006, she served as president and party branch secretary of Tanggu Branch of Tianjin Commercial Bank (天津市商業銀行塘沽支行), the predecessor of our Bank. Between January 1988 and November 1996, she held various positions of the Tianjin City Credit Cooperative (Tanggu District), our predecessor, including the chief of credit section, head of General Office, assistant manager and deputy manager.

Directors, Supervisors, Senior Management and Employees

Ms. ZHANG served as the representative of the 13th, 14th and 15th People's Congress of Tianjin, the representative of the 1st People's Congress of Tianjin Binhai New District, and was a member of the 15th and 16th Federation of Trade Unions Committee of Tianjin. Ms. ZHANG was elected as a committee member of the 13th of the Women's Executive Committee in April 2013, became a national representative of the 16th National Congress of PRC Trade Unions in October 2013, and was elected as a member of the 17th Federation of Trade Unions Committee of Tianjin in July 2017.

Ms. ZHANG obtained a diploma in finance from the Tianjin Tanggu Professional College (天津市塘沽職工中專) in April 1993, and obtained a postgraduate course certificate of advanced studies in business administration from the Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China in May 1998. In September 2001, she obtained a master's degree in business administration from Wisconsin International University, Ukraine. In June 2005, she obtained a higher certificate in Finance Management for China's Professional Managers. In July 2008, she also obtained a on-job postgraduate certificate in economic law from the Central Party School of the Communist Party of China (中共中央黨校) in Beijing, China. She obtained an executive master of business administration from Nankai University (南開大學) in Tianjin, China in June 2011. She is a qualified senior economist accredited by the Review Committee for Senior Positions of Non-national Enterprises of Suizhou (隨州市非全民企業高級職務評審委員會) in May 2006.

Mr. ZHAO Jiawang (趙家旺), aged 53, was appointed as our Non-executive Director on February 2017. Mr. ZHAO has served as secretary of the Party Committee and chairman of Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司) and a member of the working committee of Tianjin Port Free Trade Zone since September 2017. Tianjin T&B Holding Co., Ltd. and Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司), one of the Bank's substantial shareholders, are both wholly-owned subsidiaries 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). From December 2015 to September 2017, Mr. ZHAO served as deputy secretary of the Party Committee and vice general manager of Tianjin T&B Holding Co., Ltd. From January 2014 to December 2015, he worked successively as chief economist and deputy head of Tianjin Financial Bureau (Municipal Taxation) (天津市財政局(市地方稅務)); he served as a member of the party leadership group of Tianjin Financial Bureau from February 2015 to December 2015. From August 2001 to January 2014, he held successively the positions of deputy head, head and secretary of the party leadership group of Tianjin Hebei District Financial Bureau (天津市河北區財政局). During this period, he worked concurrently as team leader of the disciplinary inspection team of Tianjin Hebei District Financial Bureau from April 2003 to September 2004. From April 1992 to August 2001, he served successively as staff of the general office, secretary at deputy chief level, chief of the political affairs section of the general office and deputy director of the general office of Tianjin Hebei District Government (天津市河北區政府). He served as staff of the business management section of Tianjin Hebei District Commerce Committee (天津市河北區商業委員會) from September 1991 to April 1992. Mr. ZHAO served as staff and deputy chief of the labour section of Tianjin Refrigerator Condenser Factory (天津市電冰箱冷凝器廠) from July 1987 to September 1991, respectively. He also worked as a teacher of the Tianjin Lecturer Team in Tanggu Zhongxinzhuang Secondary School (天津市講師團塘沽區中心莊中學) from September 1987 to September 1988.

Directors, Supervisors, Senior Management and Employees

Mr. ZHAO received a bachelor's degree in business administration from the Faculty of Industrial Management of Tianjin University of Finance and Economics (天津財經學院) in July 1987 and obtained a master's degree in economics from Tianjin Municipal Party School (天津市委黨校) in June 2004.

Mr. YU Yang (于陽), aged 38, was appointed as our Non-executive Director on May 2015. Mr. YU has over 10 years of experience in the operations and management of banking and securities. Mr. YU has served as assistant to the general manager of Tianjin Jinrong Investment Service Group Co., Ltd. since October 2017. From January 2009 to October 2017, Mr. YU served as assistant to the general manager, deputy general manager and general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. Mr. YU served as the head of the asset management department of Tianjin T&B Holding Co., Ltd. from April 2007 to December 2008. Mr. YU served as senior manager at Bohai Securities Co., Ltd. from September 2003 to March 2007.

Mr. YU graduated from Nankai University (南開大學) in Tianjin, China in June 2001 with a bachelor's degree of economics in real estate operation and management from the Department of Economics.

Mr. Alistair Marshall BULLOCH (布樂達), aged 60, was appointed as our Non-executive Director in June, 2009. Mr. BULLOCH has held a number of positions at ANZ and is currently in the position of Managing Director of Partnerships since June 2014. He has been serving as director of ANZ Royal Bank (Cambodia) Ltd. since March 2011 and has held the position of Chairman since June 2012. He has been serving as director of United (Cambodia) Land Company Ltd since March 2011, director of Jikk Pty Ltd. since June 2012 and director of Votrait No. 113 Pty Ltd since July 2013. Mr. BULLOCH served as a director in various entities under ANZ from 2008 to 2016, namely ANZ Bank (Vietnam) Limited, ANZ Bank (Taiwan) Limited, Shanghai Rural Commercial Bank Co. Ltd., ANZ Rural Bank Co. Ltd., ANZ Insurance Broker Co., Ltd., ANZ Bank (Europe) Limited, ANZ, ANZ Pensions (UK) Limited, ANZ V-Trac International Leasing Company, ANZ Bank (Lao) Ltd, and ANZ Capital Private Ltd. He successively held positions in ANZ as Deputy CEO of Asia Pacific, Europe and America from December 2009 to September 2010 and as Managing Director and Senior Advisor of Asia Pacific, Europe and America from September 2010 to June 2014. He joined ANZ in April 2008 and held the positions of CEO of North East Asia and CEO of Hong Kong from April 2008 to December 2009.

Mr. Alistair Marshall BULLOCH obtained a bachelor of arts degree in business studies from Dundee College of Technology in Scotland, the United Kingdom in January 1980.

Mr. ZHAO Wei (趙煒), aged 48, was appointed as our Non-executive Director in December 2014. He served as the deputy general manager of Tianjin Pharmaceutical Holdings Ltd. since December 2013. Prior to that, he served successively as deputy general manager of Tsinlien Group (Tianjin) Assets Management Company Limited (香港津聯集團(天津)資產管理有限公司), general manager of the financial market department of Tsinlien Group Company Limited in Hong Kong, general manager of Tianjin Development Assets Management Company Limited (天津發展資產管理有限公司) and assistant to general manager of Tsinlien Group Company Limited in Hong Kong from September 2005 to December 2013. Between July 1992 and September 2005, Mr. ZHAO held a number of positions at Northern International Trust and Investment Corporation (北方國際信託投資股份有限公司), including being assistant to manager of the international business department, assistant to manager of the trading department, manager of the international business department and vice general manager of the securities investment department.

Directors, Supervisors, Senior Management and Employees

Mr. ZHAO received his bachelor's degree in international economic cooperation and his master degree in economics from the faculty of finance at Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China in July 1992 and September 1999, respectively.

Mr. LUAN Fengxiang (樂鳳祥), aged 59, was appointed as our Non-executive Director in December 2014. He has been serving as deputy general manager and general counsel and was a member of the Standing Committee of the Party Committee of Tianjin Bohai Chemical Industry Group Co., Ltd.(天津渤海化工集團有限責任公司) since March 2014. Mr. LUAN was the vice chairman and member of the Party Committee of the Tianjin Federation of Trade Unions from August 2011 to February 2014. Prior to that, he served as the deputy general manager of Tianjin Textile Group (Holdings) Co., Ltd. (天津紡織集團(控股)有限公司) from June 2001 to August 2011. Between November 1997 and June 2001, Mr. LUAN worked as the assistant to the general manager and chief economist of Tianjin Textile Industrial Corporation (天津市紡織工業總公司). Mr. LUAN held a number of positions at Tianjin Textiles Factory (天津麻紡織廠) from November 1989 to November 1997, including being the deputy director, director and deputy secretary of the party committee.

Mr. LUAN received a bachelor's degree in chemical fibers from Tianjin Institute of Textile Science & Technology (天津紡織工學院) in Tianjin, China in July 1982.

Mr. ZENG Xiangxin (曾祥新), aged 50, was appointed as our Non-executive Director in June 2016. Mr. ZENG has been the director of the treasury and finance department of China State Shipbuilding Corporation and chairman of Zhong Chuan Finance Co., Ltd. since January 2013. He has been a supervisor of China CSSC Holdings Limited (中國船舶工業股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600150) since May 2013. He worked as general manager of CSSC (Hong Kong) Shipping Company Limited (中國船舶(香港)航運租賃有限公司) from January 2013 to September 2013 and the chairman of CSSC (Hong Kong) Shipping Company Limited from September 2013 to October 2017. Mr. ZENG served as the chairman of Zhong Chuan Investment Development Co., Ltd. (中船投資發展有限公司) from January 2013 to March 2015. He served as the director of CSSC Steel Structure Engineering Co., Ltd. (中船鋼構工程股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600072) from May 2012 to March 2014. He served as general manager of Zhong Chuan Finance Co., Ltd. (中船財務有限責任公司) from April 2011 to January 2013 and held a concurrent post at China State Shipbuilding Corporation (中國船舶工業集團公司) as deputy director of the asset department during the same period. He worked as chief accountant of CSSC Guangzhou Longxue Shipbuilding Co., Ltd. (廣州中船龍穴造船有限公司) from October 2009 to April 2011. Mr. ZENG held a number of positions at Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司) from October 1993 to October 2009, including accountant of the finance department, assistant to manager of the finance department and director of the finance office, deputy manager, deputy chief accountant and director of the finance centre and chief accountant of the finance department. He served as financial controller of South China Special Coating Company (華南特塗公司) and Jingwei Fishing Gear Company (景威漁具公司) (both are affiliated entities) from April 1990 to July 1991 and from July 1991 to October 1993.

Mr. ZENG graduated from Huazhong University of Science and Technology, majoring in industrial engineering, with a master degree. He is a senior accountant.

Directors, Supervisors, Senior Management and Employees

Mr. LIU Baorui (劉寶瑞), aged 60, has been our Independent Non-executive Director since March 2011. He has been serving as chairman of the board of Shenzhen First Financial Services Limited (深圳第一金融服務有限公司) since September 2013. Mr. LIU served as the executive director and CEO of China Financial International Investments Limited (中國金融國際投資有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00721.HK) from February 2011 to January 2013, assistant to president, the deputy president, executive director, and deputy secretary of the Party Committee of Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司) (currently known as Ping An Bank Co. Ltd., a company listed on the Shenzhen Stock Exchange, Stock Code: 000001.SZ) from August 1998 to December 2010. From April 1981 to August 1998, Mr. LIU successively served as a staff, deputy director, director and branch president of Agricultural Bank of China Limited. From January 1976 to March 1981, Mr. LIU worked as a clerk at the People's Bank of China.

Mr. LIU obtained a certificate of graduation in fundamental basics for party cadres from Tianjin Normal University in Tianjin, China in December 1986. He also obtained an executive master of business administration from Shanghai Jiao Tong University in Shanghai, China in April 2005. He is a senior economist accredited by the Agricultural Bank of China.

Mr. FENG Heping (封和平), aged 57, was appointed as our Independent Non-executive Director in December 2014. Mr. FENG was a supervisor of China Galaxy Securities Company Limited (中國銀河證券股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 06881) from June 2015 to July 2016. He was the managing director of Beijing branch of Morgan Stanley, from March 2011 to August 2014. Mr. FENG joined in PricewaterhouseCoopers in 1992 (he worked at Arthur Andersen from 1992 to 1997, which subsequently merged with PricewaterhouseCoopers), and served as the managing partner of the Beijing office of PricewaterhouseCoopers. Prior to that, Mr. FENG worked at China Financial Management Accounting Firm (中華財務會計諮詢公司) from 1985 to 1992.

Mr. FENG obtained a bachelor's degree in accounting from Shanxi University of Finance and Economics (山西財經大學) (formerly known as Shanxi College of Finance and Economics (山西財經學院)) in September 1982. He obtained the non-practicing Chinese Certified Public Accountant qualification from the Chinese Institute of Certified Public Accountants in June 2016.

Mr. GUO Tianyong (郭田勇), aged 49, was appointed as our Independent Non-executive Director in December 2014. He has been a professor and doctoral tutor of the School of Finance of Central University of Finance and Economics (中央財經大學金融學院) since September 1999. Prior to that, Mr. GUO worked at the Yantai Branch of People's Bank of China from July 1990 to August 1993.

Mr. GUO received his bachelor's degree in mathematics from Shandong University (山東大學) in Shandong Province, China, in July 1990. He received his master degree in economics from the School of Finance, Renmin University of China (中國人民大學財政金融學院) in Beijing, China in July 1996. Mr. GUO received his doctorate degree in economics from Tsinghua University PBC School of Finance (清華大學五道口金融學院) (formerly known as the Postgraduate School for the Head Office of PBoC (中國人民銀行總行研究生部)) in Beijing, China in September 1999.

Directors, Supervisors, Senior Management and Employees

Mr. LAW Yee Kwan, Quinn (羅義坤), aged 65, was appointed as our Independent Non-executive Director in October 2015. Mr. LAW worked as a director and Vice President of the Hong Kong Business Accountants Association from October 2014 to July 2017. Mr. LAW serves as a council member cum audit committee chairman of the Hong Kong University of Science and Technology and has been a member of the Financial Affairs Expert Working Group of University Grants Committee since December 2013. He has also served on a number of committees of the Hong Kong Institute of Certified Accountants from 2008 to 2015 and then on its Professional Conduct Committee. Mr. LAW has been independent non-executive director of HKBN Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01310) since February 2015 and independent non-executive director of ENN Energy Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02688) since May 2014. From December 2013 to June 2015, Mr. LAW was one of the independent non-executive directors of National Agricultural Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01236). From March 2008 to March 2013, Mr. LAW was the deputy chairman and managing director of the Urban Renewal Authority, a statutory organization in Hong Kong.

Mr. LAW is a professional accountant. Mr. LAW has been a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since June 1985 and has been a fellow of the Association of Chartered Certified Accountants (formerly known as the Association of Certified Accountants) in the United Kingdom since December 1982. He has been an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom since November 1980. Mr. LAW is a Justice of Peace in Hong Kong and was awarded the Silver Bauhinia Star in 2014 by the Hong Kong Special Administrative Region.

Mr. JIN Qingjun (靳慶軍), aged 60, was appointed as our Independent Non-executive Director in February 2017. Since September 2002, he has been a partner of King & Wood Mallesons. In 2012, Mr. JIN was among the Top 10 PRC Lawyers of the Year and also earned the title of the PRC Securities Lawyer of the Year. From October 1993 to August 2002, he was a partner of Shu Jin Law Firm (信達律師事務所). From April 1989 to October 1993, he was an attorney at Chinatrust Law Firm (中信律師事務所). From August 1987 to April 1989, he successively worked as an exchange attorney at a Hong Kong law firm and a UK law firm. From August 1984 to July 1987, he studied at China University of Political Science and Law (中國政法大學) and earned a master degree of law. From January 1982 to August 1984, he worked as a teaching assistant at the School of Library at Anhui University. From March 1975 to March 1977, he was a teacher at Anhui Bengbu No. 21 Secondary School (安徽蚌埠市第二十一中學).

Since April 2014, Mr. JIN has served as an independent director of Gemdale Corporation (金地(集團)股份有限公司) (stock code: 600383). From October 2014, he has served as an external supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司). From December 2013 to December 2016, he served as an independent director of Masterwork Machinery Co., Ltd. (天津長榮印刷設備股份有限公司) (stock code: 300195). Since January 2013, he has served as an independent director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司). From April 2010 to June 2013, he served as an independent director of China International Marine Containers (Group) Ltd. (中國國際海運集裝箱(集團)股份有限公司). From February 2010 to February 2016, he served as an independent director of New China Asset Management Co., Ltd. (新華資產管理股份有限公司). From May 2005 to June 2012, he served as an independent director of China Innovationpay Group Limited (中國創新支付集團有限公司). From September 2004 to April 2010, he served as an independent director of China United Travel Co., Ltd. (國旅聯合股份有限公司). Since April 2003, Mr. JIN has served as an independent director of Invesco Great Wall Fund Management Co., Ltd. (景順長城基金管理有限公司).

Mr. JIN studied at Anhui University (安徽大學) from April 1978 to January 1982, and earned a bachelor degree of arts.

Directors, Supervisors, Senior Management and Employees

2. Supervisors

Ms. FENG Xia (馮俠), aged 46, has been the deputy secretary of the Party Committee and Chairman of the Board of Supervisors of our Bank since January 2018. She is in charge of the daily work of party construction, and primarily responsible for all the work related to the Board of Supervisors. She is also in charge of the work of Party Committee Office, Human Resources Department (Party Committee Organization Department, Party Committee United Front Work Department), Department of Party-People Relationship (Propaganda Department of the Party Committee), Board of Supervisors Office, Audit Department, Trade Union, and the Party Committee of our headquarters. Ms. FENG worked as our Shareholder Representative Supervisor from April 2013 to January 2018. She served as the deputy general manager and member of the Party Committee of Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) from June 2013 to January 2018. Ms. FENG also served as the deputy general manager and member of the Party Committee of Tianjin Investment Group (天津投資集團公司) from October 2012 to June 2013. She served as the deputy secretary of the Tianjin Municipal Committee of the Communist Youth League from June 2007 to October 2012, deputy secretary and secretary of Tianjin Dongli District Youth League (天津市東麗區團委) from April 1998 to June 2007 and the clerk and the deputy director of office of the Tianjin Dongli District Enterprises Economic Commission (天津市東麗區企經委) from July 1994 to April 1998.

Ms. FENG received her bachelor's degree in youth ideological education from China Youth University of Political Studies (中國青年政治學院) in Beijing, China in July 1994. She obtained a master's degree in economics from Tianjin Municipal Party School of the Communist Party of China (中共天津市委黨校) in Beijing, China in December 2002. She also obtained a master's degree in public administration and management from the National University of Singapore in Singapore in February 2011.

Mr. ZHANG Xiang (張祥), aged 60, worked as our Chairman of the Board of Supervisors from December 2014 to May 2017 and employee representative supervisor from December 2014 to January 2018.

Mr. ZHANG served as deputy president of our Bank from July 2002 to January 2015, and was successively responsible for international business, training, personnel, funds, risk, credit, special assets, security and administrative affairs. He served as the assistant to the president of the Bank from March 1998 to July 2002. Mr. ZHANG also served as a member of the Party Committee of the Bank from March 1998 to September 2014. He had been serving as vice secretary of the Party Committee from September 2014. Mr. ZHANG joined our Bank in November 1996 and served as the manager of fund planning division of the Bank from November 1996 to June 1998 and director of personnel division of the Bank from June 1998 to July 2002 where he was primarily responsible for personnel affairs. Between January 1985 and August 1995, Mr. ZHANG served at the Tianjin branch of Industrial and Commercial Bank of China and served as the deputy director of planning department from May 1992 to August 1995. Prior to that, Mr. ZHANG worked at the Tianjin Branch of the People's Bank of China from March 1980 to January 1985.

Directors, Supervisors, Senior Management and Employees

Mr. ZHANG graduated from Tianjin School of Finance and Trade (天津市財貿學校) in Tianjin, China in March 1980, majoring in finance. He obtained a graduation certificate in finance from Tianjin Hexi Professional College (天津市河西區職工大學) in Tianjin, China in September 1986, a postgraduate course certificate in management science and engineering from Tianjin University (天津大學) in Tianjin, China in February 2000 and an undergraduate certificate in finance from the Open University of China (中央廣播電視大學) in Beijing, China in July 2006. He is a qualified senior economist, accredited by the Evaluation Committee for Senior Economists of Industrial and Commercial Bank of China in 1994.

Mr. YAO Tao (姚濤), aged 55, was appointed as our employee representative supervisor and general manager of Human Resources Department in November 2014. Mr. YAO joined our Bank in November 2000. He served as the general manager of Institutions Management department from March 2009 to August 2014 and served successively as the general manager of the Human Resources Department from April 2008 to March 2009 and since January 2014, and as the president of Huafeng sub-branch from June 2005 to April 2008, and head in charge of the ideological and political work of Xilian sub-branch and Xietong sub-branch of the Bank from November 2000 to June 2005. Mr. YAO served as secretary of department level and carder of section level of organization department of Tianjin Federation of Trade Unions from May 1991 to October 2000. Mr. YAO also worked at trade union and youth league committee of the Tianjin Bureau of Chemical Industries (天津市化工局) from March 1990 to May 1991 and October 1983 to July 1988, respectively.

Mr. YAO obtained a college diploma in basic course for party and government cadres from Tianjin Normal University (天津師範大學) in Tianjin, China in December 1986. He also obtained his bachelor's degree in economics and management from the Open College of Central Communist Party School (中共中央黨校函授學院) in Beijing, China in December 1999.

Ms. CHENG Yifeng (程懿豐), aged 34, was appointed as our Shareholder Representative Supervisor in March 2011. She has served as the manager of the project management department of Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) since June 2009, and she was also assistant to the general manager of the same company from July 2005 to June 2009.

Ms. CHENG obtained a bachelor's degree in chemistry from College of Chemistry and Molecular Engineering, Peking University (北京大學化學與分子工程學院) in Beijing, China in July 2005.

Mr. ZHANG Lianming (張連明), aged 54, was appointed as our External Supervisor in December 2014. Currently, he serves as the general manager of the Tianjin office of Lixin Certified Tax Agents Co., Ltd. (立信稅務師事務所有限公司) (previously known as Tianjin Haohua Certified Tax Agents Co., Ltd. (浩華稅務師事務所有限公司)). From March 2000 to May 2001, he was the chief of Section III of the Inspection Bureau under Tianjin State Tax Bureau. He served as a director of the foreign tax department of Tianjin Tax Consultancy Agency (天津稅務諮詢事務所) from November 1994 to February 2000. Mr. ZHANG served as Youth League branch secretary of the personnel department and deputy chief of Section III of the Tianjin Municipal Tax Bureau Heping District Sub-Administration from January 1982 to March 1990.

Directors, Supervisors, Senior Management and Employees

Mr. ZHANG obtained a college diploma in Accounting from Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China and a college diploma in Party Work and Administration from Tianjin Open University (天津廣播電視大學) in Tianjin, China respectively in July 1993 and July 1986. He also obtained a master's degree in business administration from Macau University of Science and Technology in Macau, China in June 2004. In October 1999, he also obtained the qualification as the registered tax agent.

Ms. ZHANG Xiaoli (張曉莉), aged 59, was appointed as our External Supervisor in December 2014. Prior to joining our Bank, she served as president of Qingdao Branch of Industrial Bank Co., Ltd. from August 2007 to January 2013 and vice president of Jinan Branch of Industrial Bank Co., Ltd. from June 2001 to August 2007.

Ms. ZHANG obtained a bachelor's degree in International Finance (economics) from Wuhan University (武漢大學) in Hubei Province, China in July 1999 and an executive master's degree in Business Administration from Tsinghua University (清華大學) in Beijing, China in July 2005 respectively. Ms. ZHANG obtained the qualification of senior economist from Construction Bank of China (formerly known as the People's Construction Bank of China) in March 1996.

3. Senior Management

Mr. SUN Ligu (孫利國), for biographical details of Mr. SUN, please refer to "– III. Biographies of Directors, Supervisors and Senior Management During the Reporting Period – 1. Directors" of this section.

Mr. YUE Desheng (岳德生), for biographical details of Mr. YUE, please refer to "– III. Biographies of Directors, Supervisors and Senior Management During the Reporting Period – 1. Directors" of this section.

Ms. ZHANG Furong (張富榮), for biographical details of Ms. ZHANG Furong, please refer to "– III. Biographies of Directors, Supervisors and Senior Management During the Reporting Period – 1. Directors" of this section.

Ms. ZHANG Ying (張穎), aged 42, has been serving as our secretary of the disciplinary committee and a member of the Party Committee since September 2014. She is primarily responsible for all the work related to disciplinary committee of our Bank, and in charge of the Discipline Inspection and Supervision Department.

Ms. ZHANG has nearly 20 years of experience in banking operations and management. Ms. ZHANG joined the China Bank of Communications in July 1998 and had held several positions up to September 2014, including general manager, assistant to president and vice president of the corporate business division and human resources department of the Tianjin branch.

Ms. ZHANG graduated from Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China, majoring in banking and currencies, and obtained her bachelor's degree in economics in July 1998. Ms. ZHANG obtained a master's degree in economics from the Faculty of Finance at Nankai University (南開大學) in Tianjin, China in June 2010. She was also accredited the qualification of intermediate economist by the Ministry of Personnel of the PRC in November 2002.

Directors, Supervisors, Senior Management and Employees

Mr. LIANG Jianfa (梁建法), aged 52, has served as a member of the Party Committee of the Bank since September 2014, Vice President since December 2014 and the chief financial officer of the Bank since June 2015. Mr. LIANG is in charge of the Risk Management Department, Credit Management Department, Asset Preservation Department, Legal Affairs Department, Internal Control and Compliance Department, Asset and Liability Management Department and Financial Accounting Department.

Mr. LIANG has nearly 30 years of experience in banking operations and management. Prior to joining our Bank, he held a number of positions at China Bohai Bank from August 2006 to September 2014, including Vice President, the deputy general manager, general manager of the human resources department and audit department. He was also a member of the Party Committee. From April 2003 to August 2006, he served as the deputy general manager of the risk management department of CITIC Holdings Company Limited (中信控股有限責任公司). Prior to that, he held a number of positions at the Hebei Provincial branch and Tianjin branch of People's Bank of China from July 1986 to March 1995 and February 1996 to April 2003, including the auditor and the auditor of department level of auditing department, as well as the deputy director and the director of the first regulatory division and director of bank management division. He also served as a supervisor of Bank of England from March 1995 to February 1996.

Mr. LIANG received his bachelor's degree in economics, majoring in finance, from Nankai University (南開大學) in Tianjin, China in July 1986 and obtained a master's degree in economics from the Finance Department, Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China in September 1999. Mr. Liang was qualified as a senior economist, accredited by the People's Bank of China in May 2000.

Mr. XIA Zhenwu (夏振武), aged 48, has been serving as assistant to our president of the Bank since April 2014, in charge of Office, Administrative Affairs Department and Security Protection Department.

Mr. XIA has over 20 years of experience in banking operations and management. He served as party secretary of Tianjin Free Trade Zone branch from June 2015 to October 2016. He served as secretary of the Party Committee of Binhai Branch of the Bank from March 2014 to October 2016 and has served as assistant to the president of the Bank since April 2014. He served as our Chief Financial Officer from January 2008 to April 2014. He served as secretary of the Party Committee and president of First Central Branch (第一中心支行) from January 2012 to March 2014 and from June 2012 to March 2014, respectively. Mr. XIA joined the Bank in November 1996 and has held several positions in the Bank since then, including president of Jinlian sub-Branch from November 1996 to July 2002, president of Tianjin Bonded Area sub-Branch from July 2002 to April 2004, manager of International Business Department from March 2003 to December 2003 and general manager of Financial Planning Department from December 2003 to July 2010. Prior to this, he held several positions of Tianjin Jinlian Urban Credit Cooperatives (天津市津聯城市信用社), the predecessor of the Bank, from January 1991 to November 1996, including assistant to the director, deputy director and director, being primarily responsible for the overall work of this credit cooperatives.

Directors, Supervisors, Senior Management and Employees

Mr. XIA graduated from Tianjin Administrative Cadre Vocational School (天津市行政幹部職業學校) in Tianjin, China in July 1988. He obtained a certificate in Accountancy from Xinhua Workers College (新華職工大學) in Tianjin, China in July 1993, a certificate in economic management from Correspondence School, Central Party School (中央黨校函授學院) in Beijing, China in December 1996 and a certificate in finance from the Open University of China (中央廣播電視大學) in Beijing, China in January 2007. He was qualified as a senior economist accredited by Tianjin Personnel Bureau (天津市人事局) in March 2009.

Mr. WANG Feng (王峰), aged 45, has been serving as assistant to our president of the Bank since April 2017, primarily in charge of Personal Banking Department and Credit Card Centre, Internet Finance Department, Operation Management Department, International Business Department and IT Department.

Mr. WANG has over 20 years of experience in banking operations and management. He served as senior deputy manager of China Construction Bank, Tianjin Branch (中國建設銀行天津分行) from August 2016 to December 2016. From September 2009 to August 2016, he served as deputy president of Sino-German Bausparkasse (中德住房儲蓄銀行). From May 2008 to September 2009, Mr. WANG served as secretary of the Party Committee and president of China Construction Bank, Tianjin Hebei Sub-branch (中國建設銀行天津河北支行). From November 2004 to April 2008, Mr. WANG served as general manager of Personal Banking Department of China Construction Bank, Tianjin Branch. From April 2001 to November 2004, Mr. WANG served as deputy director of Clearing Centre, deputy general manager of Accounting and Settlement Department for China Construction Bank, Tianjin Branch, respectively. From March 1998 to April 2001, Mr. WANG served as business manager of Financing Savings Office (籌資儲蓄處) for China Construction Bank, Tianjin Branch. From October 1993 to March 1998, Mr. WANG successively served as office worker of Nanchang Road Branch (南昌路分理處), clerk of Pingshan Road Savings Bank (平山道儲蓄所), director of Youyi Road Branch (友誼路分理處), post-transaction supervisor and chief GL accountant (總賬會計主管) of Financing Savings Department (籌資儲蓄科), director of Zijinshan Road Branch (紫金山路分理處) for China Construction Bank, Tianjin Hexi Sub-branch (中國建設銀行天津河西支行), respectively.

Mr. WANG majored in marketing at Tianjin Open University from September 1991 to July 1993 and obtained a college degree, majored in monetary banking at Tianjin University of Finance and Economics from September 1998 to July 2002, and subsequently further studied at and obtained an executive master of business administration from Nankai University in Tianjin from October 2003 to June 2005.

IV. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Our bank has received from each of its independent non-executive Directors the annual confirmation of his independence and considered that all the independent non-executive Directors are independent pursuant to the guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

Directors, Supervisors, Senior Management and Employees

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

Please refer to Note 15 to the financial statements for the total amount of the remuneration of Directors and Supervisors during the Reporting Period. During the year ended December 31, 2017, no emolument was paid by the Bank to any of the Directors, Supervisors or the five highest paid individuals (including Directors, Supervisors and employees) as an inducement to join or upon joining the Bank or as compensation for loss of office.

Remuneration paid to the senior management⁽¹⁾ (excluding the Directors and Supervisors) by bands for the year ended December 31, 2017 is set out below:

	Number of employees	% of the total
Nil to RMB500,000	2	50%
RMB500,000 to RMB10,000,000	2	50%

Note:

- (1) As of December 31, 2017, three of the Bank's senior management members are concurrently the Directors, namely Mr. SUN Ligu, Mr. YUE Desheng and Ms. ZHANG Furong, respectively. For the details of the remuneration of Mr. SUN Ligu, Mr. YUE Desheng and Ms. ZHANG Furong, please refer to Note 15 of the financial statements of this annual report.

Directors, Supervisors, Senior Management and Employees

VI. REMUNERATION OF PERSON IN CHARGE OF THE ENTERPRISES OWNED BY TIANJIN MUNICIPAL GOVERNMENTS OF THE BANK IN 2016

Unit: RMB

Name	Position	Remuneration paid by the Company before tax in 2016				Total (4)=(1)+(2)+(3)	Whether remunerated by shareholding companies or related party companies
		Remuneration payable(1)	Social insurance, contribution to annuity funds, supplemental medical insurance and housing funds deposited by the Company(2)	Other income in the form of money (indicate specific item in parallel)(3)			
YUAN Fuhua	Former secretary of the party committee and chairman	648,400	251,804.52	-	900,204.52	No	
WEN Yuanhua	Former deputy secretary of the party committee and president	648,400	251,804.52	-	900,204.52	No	
ZHANG Xiang	Former deputy secretary of the party committee and chairman of the Board of Supervisors	583,560	207,968.13	-	791,528.13	No	
YUE Desheng	Former member of the party committee and vice president	499,608	207,968.13	-	707,576.13	No	
ZHANG Furong	Member of the party committee, vice president, trade union president and secretary of the Board of Directors	583,560	207,968.13	-	791,528.13	No	
ZHANG Ying	Member of the party committee and secretary of the disciplinary committee	583,560	207,968.13	-	791,528.13	No	
LIANG Jianfa	Member of the party committee, vice president and chief financial officer	583,560	207,968.13	-	791,528.13	No	

Note: The remuneration disclosed in above table was the totaled remuneration payable before tax to person in charge of the enterprises owned by Tianjin municipal governments of the Bank in 2016 and social insurances deposited by the Company according to the state regulations, among which, item (1) was approved by Tianjin SASAC.

VII. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

As of December 31, 2017, we had 6,652 employees in total, of which, 1,003 employees at our head office and 5,528 employees at our branches and sub-branches, 82 employees at our consolidated county banks and 39 employees at Bank of Tianjin Financial Leasing Co., Ltd. (天銀金融租賃有限公司). As of December 31, 2017, we had 5,520 employees or 82.98% had bachelor's degrees or above, with the average age of 36.

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 social insurance and other employee benefits for our employees, 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.

Corporate Governance Report

The bank formulates key points and training plans for staff education and training on a yearly basis and conducts hierarchically key talents cultivation programs including new employees, youth backbones, business professionals and management echelon. The head office organizes exemplary training to key business personnel from branches and sub-branches on front-line business operations, promotion of new products and services, 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. 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, promoted employee vocational qualification management and encouraged employees to attend external professional qualification courses. As of the date of this annual report, more than 8,200 people passed the tests and obtained various kinds of vocational qualification certificates.

CORPORATE GOVERNANCE OVERVIEW

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.

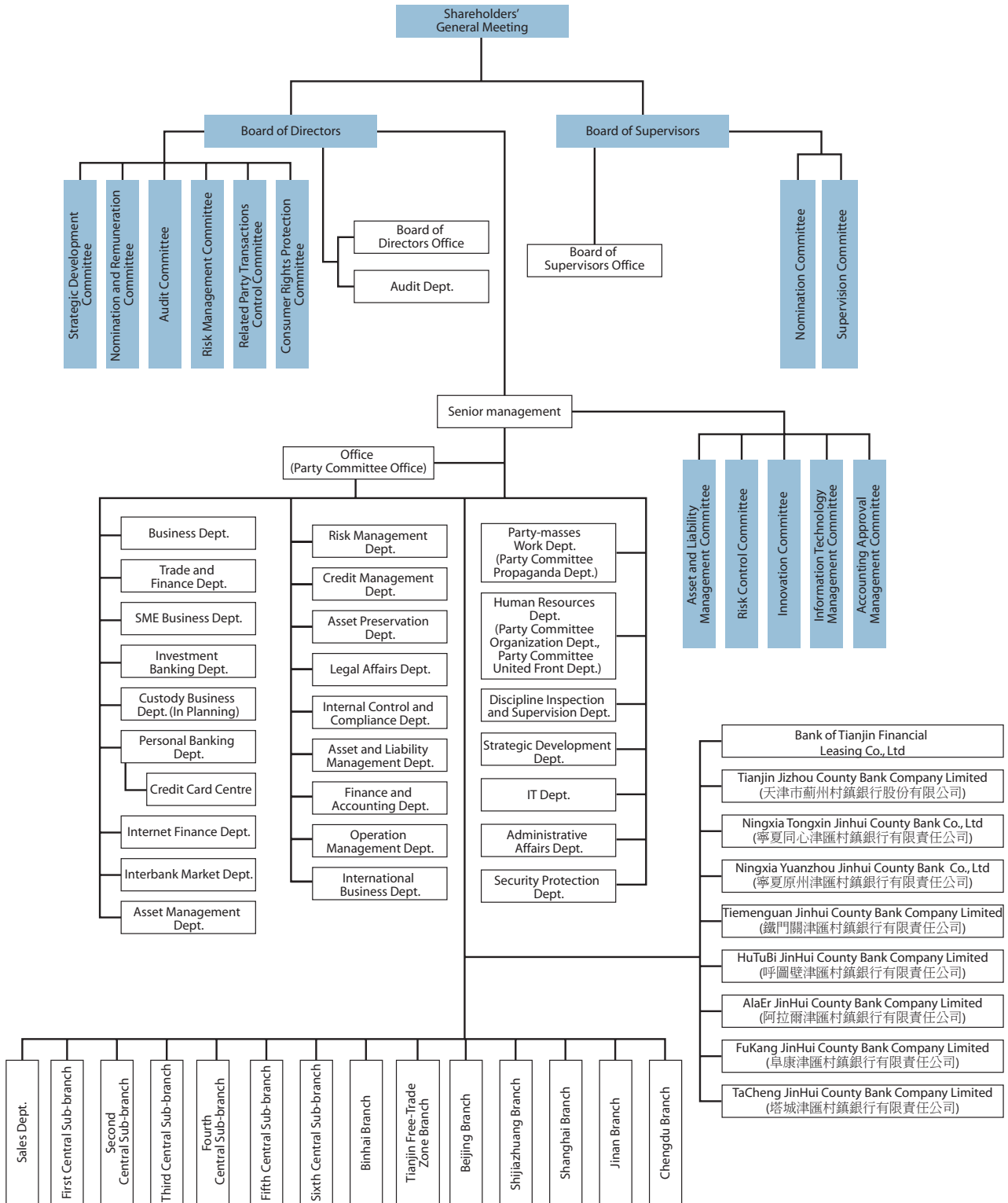
Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly 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.

Corporate Governance Report

ORGANIZATION CHART



Corporate Governance Report

SHAREHOLDERS' GENERAL MEETINGS

Information of Shareholders' General Meetings

In 2017, the Bank held three Shareholders' general meeting, details of which are set out below:

At the 2017 first extraordinary general meeting held on February 16, 2017, 4 proposals were considered and approved, which are the appointment of Mr. LI Zongtang as an executive Director of the Bank, the appointment of Mr. SUN Liguoguo as an executive Director of the Bank, the appointment of Mr. ZHAO Jiawang as a non-executive Director of the Bank and the appointment of Mr. JIN Qingjun as an independent non-executive Director of the Bank.

At the 2016 annual general meeting of the Bank held on May 12, 2017, 10 proposals were considered and approved, including the Work Report of the Board of Directors for 2016, Work Report of the Board of Supervisors for 2016, the Report for Final Financial Accounts for 2016 and Financial Budget Plan for 2017, the Profit Distribution Plan for 2016 and re-appointment of external auditors for 2017.

At the 2017 second extraordinary general meeting of the Bank held on September 15, 2017, one proposal were considered and approved, which is to consider and approve the amendments to the Articles of Association of the Bank.

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

BOARD OF DIRECTORS

The Operation of the Board of Directors

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

Corporate Governance Report

As the daily administrative body of the Board of Directors, the Board of Directors Office is responsible for the preparation of the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board and other matters as assigned by the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board of Directors. The Board of Directors and the senior management exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. A Director who has material interest in the proposal must abstain from discussion and voting on such proposal and must not be counted as the quorum for such proposal. The Board of Directors has conducted review of the effectiveness of the risk management and internal control system of the Bank, covering financial, operational and compliance controls. The risk management and internal control systems are reviewed four times per year and covering a period from January 1, 2017 to December 31, 2017. The Bank considers such review effective and adequate. The Board of Directors is of the view that, the risk management and internal control system established and implemented by the Bank are sufficient and effective.

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

Composition of the Board of Directors

As of the date of this annual report, the Board of Directors of the Bank consisted of fourteen Directors, including three executive Directors, namely, Mr. LI Zongtang, Mr. SUN Liguang and Ms. ZHANG Furong; six non-executive Directors, namely, Mr. ZHAO Jiawang, Mr. YU Yang, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei, Mr. LUAN Fengxiang and Mr. ZENG Xiangxin; and five independent non-executive Directors, namely Mr. LIU Baorui, Mr. FENG Heping, Mr. GUO Tianyong, Mr. LAW Yee Kwan, Quinn and Mr. JIN Qingjun. Mr. LI Zongtang is the Chairman of the Board of Directors. On January 12, 2018, Mr. YUE Desheng resigned from the position of executive Director. The number and composition of the Board of Directors of the Bank conform to applicable laws and regulations.

For biographical information and the term of office of the Directors, please refer to the section under "Directors, Supervisors, Senior Management and Employees" of this annual report. None of the members of the Board is related to one another.

Change of Directors during the Reporting Period

Please refer to "Directors, Supervisors, Senior Management and Employees – Changes of Directors, Supervisors and Senior Management During the Reporting Period" for details of changes in Directors of the Bank.

Duties of the Board of Directors

The Board is accountable to the Shareholders' general meeting and shall perform the following duties and powers:

- (a) to convene Shareholders' general meetings and to report to Shareholders at such Shareholders' general meetings;

Corporate Governance Report

- (b) to implement the resolutions of the Shareholders' general meeting;
- (c) to decide on our operational plans and investment plans;
- (d) to formulate our annual financial budgets and accounts, venture capital distribution plans;
- (e) to formulate our profit distribution plans and plans for recovery of losses;
- (f) to formulate proposals on increases in or reductions of our registered share capital, issuance of bonds or other securities and other capital replenishment plan and listing plans as well as investment plan for funds raised, to supervise the implementation thereof, and to ensure that our Bank meets capital adequacy ratio requirements;
- (g) to formulate proposals for material acquisitions, the repurchase of our shares, merger, separation, dissolution of our Bank or change of the form of our Bank;
- (h) within the scope authorized by our Shareholders' general meetings, to decide on significant matters that are not daily business, such as external investments, purchases and sales of assets, pledges of assets, external guarantees, entrusted wealth management and connected transaction;
- (i) to decide on the establishment of our internal management departments;
- (j) to appoint or remove our president and secretary to our Board based on the nominations by the chairman; to appoint or remove senior management, such as the vice presidents, head of finance department based on the nominations by the president and to decide on matters relating to their emoluments and on the imposition of disciplinary measures;
- (k) to formulate the policies on the remuneration and allowance standard of our Directors;
- (l) to establish our basic management system, decide on policies in respect of our risk management, internal control and compliance, and to consider and approve green credit strategies;
- (m) to formulate proposals for any amendment to our Articles of Association;
- (n) to approve our Bank's internal audit charter and audit planning and work plan;
- (o) to manage or authorize the related transaction management by Related Party Transactions Control Committee;
- (p) to formulate mid-and long-term operation development strategies and major business development plans of the Bank, and to monitor the effective implementation of relevant plans;

Corporate Governance Report

- (q) to formulate information disclosure system, to manage information disclosure matters, and take ultimate responsibility for the authenticity, completeness, accuracy and timeliness of the accounting and financial reporting system of our Bank;
- (r) to propose to the Shareholders' general meeting the appointment, change or discontinuing to appoint the accounting firms auditing our Bank;
- (s) to supervise and evaluate the performance of duties by Directors and senior management of our Bank, to review working reports of the president and to examine the president's performance;
- (t) to review any material capital expenses, contracts and commitments which beyond the expense limits set by the Board for the senior management;
- (u) to develop the shareholding incentive or repurchase scheme;
- (v) to regularly evaluate and improve our Bank's corporate governance, and to make necessary adjustments for the problems; and
- (w) to exercise any other power prescribed by the applicable laws, administrative regulations, departmental rules, as well as other duties and powers conferred by our Articles of Association and Shareholders' general meetings.

Director's Responsibility for the Preparation of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year ended December 31, 2017, which give a true and fair view of the state of affairs and results of the Bank. In doing so, the Directors opted for suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staffs, the Directors ensured that the financial statements of the Bank are prepared in accordance with statutory requirements and appropriate financial reporting standards. The statement of the external auditors, in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 129 to 134.

Corporate Governance Report

Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held 7 meetings of the Board of Directors, considering and approving 58 proposals on matters mainly including adoption and/or amendments to various corporate governance measures, profit distribution plans, development plans and business operations. The details of the Board meetings held during the Reporting Period are set out below:

Meeting	Meeting Date	Meeting Form
The 11th meeting of the 5th Board of Directors	February 16, 2017	On-site
The 12th meeting of the 5th Board of Directors	March 24, 2017	On-site
The 13th meeting of the 5th Board of Directors	May 12, 2017	On-site
The 14th meeting of the 5th Board of Directors	June 25, 2017	On-site
The 15th meeting of the 5th Board of Directors	July 27, 2017	On-site
The 16th meeting of the 5th Board of Directors	August 30, 2017	On-site
The 17th meeting of the 5th Board of Directors	November 21, 2017	On-site

The attendance of each Director in the meetings of the Board of Directors during the Reporting Period is set out below:

Members of the Board	Number of meetings of the Board of Directors requiring attendance	Number of meetings of the Board of Directors attended in person	Number of meetings of the Board of Directors attended by proxy	Meetings of the Board of Directors Attendance rate ^(Note)	Number of Shareholders' general meeting attended/Number of Shareholders' general meetings requiring attendance
Mr. LI Zongtang	7	7	0	100%	3/3
Mr. SUN Liguao	7	7	0	100%	2/3
Mr. YUE Desheng	7	5	2	100%	3/3
Ms. ZHANG Furong	7	7	0	100%	3/3
Mr. ZHAO Jiawang	7	3	4	100%	1/3
Mr. YU Yang	7	6	1	100%	1/3
Mr. Alistair Marshall BULLOCH	7	6	1	100%	3/3
Mr. ZHAO Wei	7	6	1	100%	2/3
Mr. LUAN Fengxiang	7	5	2	100%	2/3
Mr. ZENG Xiangxin	7	6	1	100%	1/3
Mr. LIU Baorui	7	7	0	100%	2/3
Mr. FENG Heping	7	5	2	100%	2/3
Mr. GUO Tianyong	7	6	1	100%	2/3
Mr. LAW Yee Kwan, Quinn	7	6	1	100%	1/3
Mr. JIN Qingjun	7	7	0	100%	2/2

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

Corporate Governance Report

Independent non-executive Directors

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

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

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

Special Committees of the Board

As of the date of this annual report, the Board has six special committees including the strategic development committee, audit committee, related party transactions control committee, risk management committee, nomination and remuneration committee and consumer rights protection committee.

Strategic Development Committee

As of the date of this annual report, the Strategic Development Committee consists of five directors, namely Mr. LI Zongtang, Mr. SUN Ligu, Mr. LIU Baorui, Mr. YU Yang, and Mr. Alistair Marshall BULLOCH. The chairman of the Strategic Development Committee is Mr. LI Zongtang, and Mr. LI Zongtang and Mr. SUN Ligu are executive Directors. Mr. YU Yang and Mr. Alistair Marshall BULLOCH are non-executive Directors whereas Mr. LIU Baorui is an independent non-executive Director. The primary duties of the Strategic Development Committee include:

- studying and providing advice on our mid-and long-term development strategies;
- supervising and inspecting the implementation of annual operation plans and investment plans;
- studying and formulating our capital supplement plans and channels;
- studying and providing advice on our material investment plans and other material matters which have effect on our development;
- reviewing modification proposals of articles of association; and
- inspecting the implementation of the above items.

Corporate Governance Report

During the Reporting Period, the Strategic Development Committee held 7 meetings, considering and approving 25 proposals on matters mainly including: The Capital Supplement Plans of Bank of Tianjin (2017 – 2020)(《天津銀行資本補充規劃(2017年-2020年)》), Tier-two Capital Bonds Issuance Scheme of Bank of Tianjin in 2017(《天津銀行2017年二級資本債券發行方案》), Financial Bonds Issuance Scheme of Bank of Tianjin in 2017(《天津銀行2017年金融債券發行方案》), Proposals on Implementation of Mid-term Evaluation on the “13th Five-Year Plan” Strategic Development Plan of Bank of Tianjin(《關於對天津銀行“十三五”發展戰略規劃實施中期評估的議案》).The attendance of each member in the meetings of the Strategic Development Committee in 2017 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. LI Zongtang	7	6	1	100%
Mr. SUN Liguo	7	7	0	100%
Mr. YU Yang	7	6	1	100%
Mr. LIU Baorui	7	6	1	100%
Mr. Alistair Marshall BULLOCH	7	7	0	100%

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

Audit Committee

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

- reviewing our accounting policies, financial position and financial reporting procedures, and inspecting our risk and compliance;
- considering our financial statements, annual report and accounts, half-year report and (if prepared for publication) quarterly reports as issued by the external auditor on our operating results in the previous year, and to review significant financial reporting views contained in such statements and reports; to make judgements on the truthfulness, accuracy, completeness and timeliness of the information of the audited financial reports, and to submit the deliberations to the Board of Directors;

Corporate Governance Report

- making recommendations to the Board on the appointment or change of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process;
- reviewing the management letter (or equivalent document) presented by the external auditors to the management and ensuring that the Board of Directors will provide a timely response to it, and reviewing any material queries raised by the external auditors to the management about meeting records, financial accounts or systems of control, and the management's response;
- being responsible for the communication between internal auditors and external auditors, and ensuring coordination between the internal auditors and external auditors;
- organizing and leading our internal audit work pursuant to the authority of the Board, to approve our audit policies and procedures and our annual audit work plan, and to supervise the implementation;
- considering the internal control reports, supervising and inspecting the effectiveness of the implementation, and submitting comments and suggestions to the Board of Directors while informing the senior management and the Board of Supervisors; and
- listening to the audit report of the internal audit department regularly, and submitting it to the Board of Directors and informing the senior management and the Board of Supervisors.

During the Reporting Period, the Audit Committee held 4 meetings, considering and approving 23 proposals on matters mainly including: The Report on Internal Audit Work for 2016 of Bank of Tianjin Co., Ltd.(《天津銀行2016年內部審計工作報告》), 2016 Annual Report of Bank of Tianjin Co., Ltd.(《天津銀行2016年年度報告》), 2017 Interim Report of Bank of Tianjin Co., Ltd.(《天津銀行2017年中期報告》), Financial Management System of Bank of Tianjin(《天津銀行財務管理制度》), Internal Audit Work Plan for 2017 of Bank of Tianjin Co., Ltd.(《天津銀行2017年內部審計工作計劃》).

The Audit Committee also organized the preparation and review of the 2016 annual report and 2017 interim report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On March 22, 2018, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2017 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the internal control system and the effectiveness of the Bank's internal audit function by periodically hearing the internal audit work report of our internal audit department.

Corporate Governance Report

The attendance of each member in the meetings of the Audit Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. FENG Heping	4	4	0	100%
Mr. GUO Tianyong	4	3	1	100%
Mr. LAW Yee Kwan, Quinn	4	4	0	100%
Mr. YU Yang	4	4	0	100%
Mr. ZENG Xiangxin	4	2	2	100%

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

Related Party Transactions Control Committee

Our Bank has established a Related Party Transactions Control Committee with written terms of reference. As of the date of this annual report, the Related Party Transactions Control Committee consists of four Directors, being Mr. LIU Baorui, Mr. FENG Heping, Mr. JIN Qingjun and Mr. LUAN Fengxiang. The chairman of the Related Party Transactions Control Committee is Mr. LIU Baorui. Mr. LUAN Fengxiang is a non-executive Director. Mr. LIU Baorui, Mr. FENG Heping and Mr. JIN Qingjun are independent non-executive Directors. The primary duties of the Related Party Transactions Control Committee include the following:

- identifying Related Parties and connected persons; and
- conducting review of related party transactions and connected transactions subject to review by the Board and the Shareholders' general meeting, reporting such Related Parties and connected transactions to the Board, and reviewing the related party transactions and connected transactions within the scope of authority of the Board.

During the Reporting Period, the Related Party Transaction Control Committee held 3 meetings, considering and approving 3 proposals on matters mainly including: The Resolution on Major Related Party Transactions of Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (《關於天津保稅區投資控股集團有限公司重大關聯交易的議案》), Working Rules of the Related Party Transactions Control Committee under the Board of Bank of Tianjin Co., Ltd. (2017 Amendments) (《天津銀行股份有限公司董事會關聯交易控制委員會工作規則(2017年修訂)》), etc.

Corporate Governance Report

The attendance of each member in the meeting of the Related Party Transactions Control Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ⁽¹⁾
Mr. LIU Baorui	3	3	0	100%
Mr. YUE Desheng ⁽²⁾	3	2	1	100%
Mr. FENG Heping	3	2	1	100%
Mr. JIN Qingjun	3	2	1	100%
Mr. LUAN Fengxiang	3	3	0	100%

Note: (1) During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

(2) He resigned on January 12, 2018.

Risk Management Committee

Our Bank has established a Risk Management Committee with written terms of reference. As of the date of this annual report, the Risk Management Committee consists of four Directors, being Mr. SUN Liguu, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Jiawang and Mr. ZHAO Wei. The chairman of the Risk Management Committee is Mr. SUN Liguu. Mr. SUN Liguu is executive Directors of our Bank. Mr. Alistair Marshall BULLOCH, Mr. ZHAO Jiawang and Mr. ZHAO Wei are non-executive Directors of our Bank. The primary duties of the Risk Management Committee include the following:

- supervising the risk control condition conducted by the senior management in respect of credit risks, marketing risks, liquidity risks, operation risks, compliance risks, information technology risks and reputation risks, and conducting regular reviews of the risk reports;
- assessing our risk policies, management, tolerance and capacity;
- supervising our risk management and internal control systems, and making proposals on the improvement plans of our risk management and internal control systems;
- discussing our risk management and internal control system with senior management to ensure the effectiveness of our risk management systems; and
- conducting regular review of and supervising the effectiveness of our risk management systems.

Corporate Governance Report

During the Reporting Period, the Risk Management Committee held 5 meetings, considering and approving 15 proposals on matters mainly including: The 2016 Risk and Risk Management Report of Bank of Tianjin(《天津銀行2016年風險及風險管理報告》), Comprehensive Risk Management System of Bank of Tianjin(《天津銀行全面風險管理體系》), 2017 Risk Appetite of Bank of Tianjin(《天津銀行2017年風險偏好》). The Risk Management Committee reviewed risk management systems of our Bank by hearing on a quarterly basis, the report by our senior management on the risk management of our Bank, including credit risk, market risk, operational risk, compliance risk, liquidity risk and information technology risk, reputation risk, etc. Based on the economic development trends, the changes in macro-economic regulation and control and our Bank's actual operational development, the Risk Management Committee will put forward opinions and suggestions to improve our Bank's risk management.

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

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ⁽¹⁾
Mr. SUN Liguó	5	5	0	100%
Mr. Alistair Marshall BULLOCH	5	5	0	100%
Mr. YUE Desheng ⁽²⁾	5	4	1	100%
Ms. ZHAO Jiawang	5	3	2	100%
Mr. ZHAO Wei	5	3	2	100%

Note: (1) During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

(2) He resigned on January 12, 2018.

Nomination and Remuneration Committee

Our Bank has established the Nomination and Remuneration Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Nomination and Remuneration Committee can be found on the website of the Hong Kong Stock Exchange and the website of our Bank. As of the date of this annual report, the Nomination and Remuneration Committee consists of five Directors, being Mr. GUO Tianyong, Mr. LI Zongtang, Mr. LAW Yee Kwan, Quinn, Mr. JIN Qingjun and Ms. ZHANG Furong. The chairman of the Nomination and Remuneration Committee is Mr. GUO Tianyong. Mr. LI Zongtang and Ms. ZHANG Furong are executive Directors of our Bank. Mr. GUO Tianyong, Mr. JIN Qingjun and Mr. LAW Yee Kwan, Quinn are independent non-executive Directors of our Bank. Independent non-executive directors represent the majority of the Bank's Nomination and Remuneration Committee. An independent non-executive director serves as chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include the following:

Corporate Governance Report

Nomination duties

- reviewing the structure, size and composition of the Board annually, and making recommendations on any proposed changes to the Board to complement our strategy;
- formulating the criteria and procedures for selecting directors and senior management members and succession planning for directors, and making recommendations to the Board;
- extensively identifying qualified candidates for directors and senior management members, and making recommendations to the Board;
- conducting the preliminary examination of qualifications of candidates for directorships and senior management positions, and making recommendations to the Board on the selection; and assessing the independence of independent non-executive directors.

Remuneration and appraisal duties

- studying the criteria for appraising Directors and senior management members, conducting the appraisal, and submitting the appraisal reports to the Board;
- reviewing our policy and structure of remuneration management, formulating the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board and overseeing the execution of the proposal;
- reviewing and approving compensations payable to directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- reviewing compensation arrangements relating to dismissal or removal of any director for his misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate.

During the Reporting Period, the Nomination and Remuneration Committee held 3 meetings, considering and approving 5 proposals on matters mainly including: The Remuneration Management Policy of Bank of Tianjin Co., Ltd., Management Measures for Appointment of Directors, Supervisors and Senior Management of Bank of Tianjin Co., Ltd..

Corporate Governance Report

The attendance of each member in the meetings of the Nomination and Remuneration Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. GUO Tianyong	3	2	1	100%
Mr. LI Zongtang	3	2	1	100%
Ms. ZHANG Furong	3	3	0	100%
Mr. JIN Qingjun	3	3	0	100%
Mr. LAW Yee Kwan, Quinn	3	3	0	100%

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

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

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

Consumer Rights Protection Committee

Our Bank has established a Consumer Rights Protection Committee with written terms of reference. As of the date of this annual report, the Consumer Rights Protection Committee consists of four Directors, being Mr. LI Zongtang, Mr. SUN Liguang, Mr. JIN Qingjun and Ms. ZHANG Furong. The chairman of the Consumer Rights Protection Committee is Mr. LI Zongtang. The primary duties of the Consumer Rights Protection Committee include the following:

- Formulating the strategies, policies, and objectives of the Bank's work of protections of consumer rights;
- Supervising the senior management to achieve the effective implementation of relevant rules and regulations, receiving and reviewing special reports regularly submitted by the senior management regarding the implementation of consumer rights protection, and reporting to the Board in this regard;

Corporate Governance Report

- Reviewing the implementation of the Bank's consumer rights protection work, supervising and assessing the comprehensiveness, timeliness, and effectiveness of the Bank's consumer rights protection work as well as the performance of duties of the senior management in this regard; and
- Information disclosure of the Bank's consumer rights protection work.

During the Reporting Period, the Consumer Rights Protection Committee held 2 meetings, considering and approving 3 proposals on matters mainly including: The Report on Consumer Rights Protection Work of Bank of Tianjin in 2016 and Working Rules of the Consumer Rights Protection Committee under the Board of Bank of Tianjin Co., Ltd. (2017 Amendments).

The attendance of each member in the meetings of the Consumer Rights Protection Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ⁽¹⁾
Mr. LI Zongtang	2	2	0	100%
Mr. SUN Ligu	2	2	0	100%
Mr. JIN Qingjun	2	2	0	100%
Mr. YUE Desheng ⁽²⁾	2	1	1	100%
Ms. ZHANG Furong	2	2	0	100%

Note: (1) During the Reporting Period, attendance by proxy with authorization was deemed as attendance.

(2) He resigned on January 12, 2018.

Corporate Governance Functions

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

Corporate Governance Report

BOARD OF SUPERVISORS

Composition of the Board of Supervisors

As of the date of this annual report, our Board of Supervisors consists of five Supervisors, including two Employee Representative Supervisors, namely Ms. FENG Xia and Mr. YAO Tao, one Shareholder Representative Supervisor, namely Ms. CHENG Yifeng, and two External Supervisors, namely Mr. ZHANG Lianming and Ms. ZHANG Xiaoli. On May 3, 2017, Mr. ZHANG Xiang resigned as the Chairman of the Board of Supervisors, a member of Nomination Committee under the Board of Supervisors, a member of Supervision Committee under the Board of Supervisors and employee representative supervisor, which took into effect on January 19, 2018, due to the mandatory retirement age he has reached. Ms. FENG Xia tendered her resignation as shareholder representative supervisor and a member of the supervision committee of the Board of Supervisors on January 19, 2018, and on the same date, she was elected as an employee representative supervisor, the chairman of the Board of Supervisors, a member of the supervision committee of the Board of Supervisors and a member of the nomination committee of the Board of Supervisors. The number and composition of our Board of Supervisors are in compliance with the applicable laws and regulations.

Change of Supervisors during the Reporting Period

During the Reporting Period, other than disclosed in the section headed "Directors, Supervisors, Senior Management and Employees – Changes of Directors, Supervisors and Senior Management During the Reporting Period", there was no change in the Supervisors.

Meetings of the Board of Supervisors and the Supervisors' Attendance

During the Reporting Period, the Board of Supervisors held 7 meetings, considering and approving 48 proposals on matters mainly including: The 2016 Work Report of the Board of Supervisors of Bank of Tianjin, Report for Final Financial Accounts for 2016 of Bank of Tianjin and Result of Duty Performance Evaluation on Directors and Senior Management of Bank of Tianjin for 2016.

The attendance of each Supervisor in the meetings of the Board of Supervisors during the Reporting Period is set out below:

Members of the Board	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. ZHANG Xiang	7	2	5	100%
Mr. YAO Tao	7	6	1	100%
Ms. FENG Xia	7	7	0	100%
Ms. CHENG Yifeng	7	7	0	100%
Mr. ZHANG Lianming	7	6	1	100%
Ms. ZHANG Xiaoli	7	7	0	100%

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

Corporate Governance Report

Committees under the Board of Supervisors

Our Bank has established two committees under the Board of Supervisors: a Supervision Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Supervisors.

Supervision Committee

As of the date of this annual report, the Supervision Committee consists of three Supervisors^(Note), being Ms. ZHANG Xiaoli, Ms. FENG Xia, and Ms. CHENG Yifeng. The chairman of the Supervision Committee is Ms. ZHANG Xiaoli. The primary duties of the Supervision Committee include the following:

- drafting the plans on supervising our Bank's financial activities, and implementing such supervisions;
- supervising the Board for the establishment of stable operation principle, value criterion, and formulating the development strategy appropriate for our current situation; and
- supervising and examining our Bank's operation decisions, risk management and internal control.

Note: On January 19, 2018, the chairman and members of the Supervision Committee were changed at a meeting of the Board of Supervisors held by the Bank.

During the Reporting Period, the Supervision Committee held 6 meetings, considering and approving 41 proposals on matters mainly including internal audit work status and plans and internal control evaluation. The attendance of each member in the meetings of the Supervision Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. ZHANG Xiang	1	1	0	100%
Mr. YAO Tao	6	6	0	100%
Ms. FENG Xia	6	6	0	100%
Mr. ZHANG Lianming	6	5	1	100%

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

Corporate Governance Report

Nomination Committee

As of the date of this annual report, the Nomination Committee consists of three Supervisors^(Note), being Mr. ZHANG Lianming, Mr. YAO Tao, and Ms. FENG Xia. The chairman of the Nomination Committee is Mr. ZHANG Lianming. The primary duties of the Nomination Committee include the following:

- researching the criteria and procedures for selecting supervisors, and providing advice to the Board of Supervisors;
- conducting preliminary review on the qualifications of supervisor candidates, and providing advice on it;
- supervising the procedures for the selection and appointment of directors; and
- conducting comprehensive evaluation on the work performance of directors, supervisors and members of senior management and reporting to the Board of Supervisors.

Note: On January 19, 2018, the chairman and members of the Nomination Committee were changed at a meeting of the Board of Supervisors held by the Bank.

During the Reporting Period, the Nomination Committee held 4 meetings, considering and approving 10 proposals on matters mainly including the Report on Interviews with Directors on Duty Performance Evaluation Report Results, etc. The attendance of each member in the meetings of the Nomination Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(Note)
Mr. ZHANG Xiang	2	2	0	100%
Mr. YAO Tao	4	3	1	100%
Ms. CHENG Yifeng	4	4	0	100%
Ms. ZHANG Xiaoli	4	4	0	100%

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

Attendance at shareholders' general meetings during the Reporting Period

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

Corporate Governance Report

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

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

Training to the Directors and Supervisors during the Reporting Period

During the Reporting Period, the Directors and Supervisors of the Bank participated in the relevant training. The main content of the training included compliance training and media response training as a company listed on the Hong Kong Stock Exchange.

SENIOR MANAGEMENT

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

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

Chairman and President

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

As at the date of this annual report, Mr. LI Zongtang, as the Chairman, was responsible for the overall work of Party Committee and our Board and was in charge of the Board of Directors Office. Mr. SUN Liguo, as our President, was responsible for the overall work of our operation and management, overseeing the Strategic Development Department.

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.

Corporate Governance Report

RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Bank made amendments to the Articles of Association in accordance with (i) the Constitution of the Communist Party of China and other relevant rules; (ii) the procedures and requirements under relevant laws and regulations; and (iii) the actual circumstances of the Bank to further optimize the corporate governance of the Bank. The resolution on such amendments was considered and approved by the 2017 second extraordinary general meeting of the Shareholders on September 15, 2017. The Bank has received the "Approval from China Banking Regulatory Commission Tianjin Office on the Amendments to the Articles of Association of Bank of Tianjin Co., Ltd." (Jin Yin Jian Fu [2017] No. 260) dated October 17, 2017, approving the amended Articles of Association as approved at the EGM. The amended Articles of Association have become effective since the date of the approval of the China Banking Regulatory Commission Tianjin Office.

Save for the above, there has been no material change in the Articles of Association up to the date hereof. A copy of Articles of Association is available on the websites of the Bank and the Hong Kong Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS

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

Address: 15 Youyi Road, Hexi District, Tianjin, PRC
Post Code: 300201
Tel: +86 2228405536
Fax: +86 2228405518
E-mail: ir@bankoftianjin.com

RIGHTS OF SHAREHOLDERS

Procedures of Convening an Extraordinary General Meeting of the Shareholders

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

Corporate Governance Report

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

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

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

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

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

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

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

Procedures of Submitting a Proposal to the Shareholders' General Meeting

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

Corporate Governance Report

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

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

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The Bank engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively, referred to as "Deloitte") to act as domestic auditor and international auditor, respectively, for the 2017 annual financial report of the Bank. The remuneration paid by the Bank to Deloitte for the audit of financial statements for the year ended 31 December 2017 was RMB2.95 million, and the service fee for reviewing the interim financial statements was RMB1.45 million.

REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration of the members of the senior management for the year ended December 31, 2017 are set out in "Directors, Supervisors, Senior Management and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management".

RISK MANAGEMENT AND INTERNAL CONTROL

For details of the risk management and internal control of the Bank, please refer to "Risk Management and Internal Control" of this annual report.

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.

After the Bank 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.

Report of the Board of Directors

PRINCIPAL BUSINESS

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

BUSINESS REVIEW

Review of the Bank's business

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

Environmental Policy and Performance

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

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

In line with national policies to save energy costs, we have implemented a series of measures, including: (i) enhancing daily management of energy conservation. All staff of the Bank have to observe: set the air-conditioner temperature above 26 degrees Celsius in summer days; turn off the air conditioner when no person is in the room and shut the doors and windows when air-conditions are working; turn off the light when leave; close the stop valve immediately after using the water and call to repair the facility timely when damages are found in order to prevent leakage; and (ii) revolutionizing the Bank's system of official car use. The Bank reformed the system of official car use in 2017, which reduced the official cars from 408 to 122. To improve the system of official car use, the Bank published Measures to the Manage the Motor Vehicles of Bank of Tianjin (《天津銀行機動車輛管理辦法》), setting the rule for the use of cars: economical, environmental and energy-conserving. Under the Measures, gasoline consumption shall be strictly managed and each motor vehicle has one registered account for use of gasoline; routes and passengers shall be reasonably arranged to reduce energy waste caused by vehicles running empty.

Report of the Board of Directors

Protection of Consumer Rights

During the Reporting Period, to enhance our service quality and generate customer values, our Bank stressed the importance to the protection of the consumer rights by effectively notifying risk exposure, appropriately disclosing information, fairly treating our consumers, enhancing the management of customer complaints and improving confidentiality policies about customer information.

During the Reporting Period, our Bank proactively undertook the responsibility for educating our consumers on financial knowledge by launching various activities for financial education. By guiding and cultivating the financial awareness and risk awareness amongst the public, our Bank helped increase the asset income of the public in the community.

To safeguard the consumer rights, our Bank was principally engaged in the following activities: (1) we further improved the system of consumer rights protection management. In order to better serve the public and protect the rights and interests of consumers, in 2017, the Bank established a Consumer Rights Protection Committee at the Board Level, clarifying the rights and responsibilities of consumer rights protection of the Board of Directors and the senior management, and improving consumer rights protection "Headquarters – Branch – Sub-branch" three-tier organization and management structure. The Bank further improved the system of consumer rights protection, set up a consumer rights protection system framework from the aspects of operation mechanism, sales compliance, publicity and education, assessment and evaluation, personal financial information protection, complaint handling, information disclosure and contingency plans, to provide a strong guarantee for smooth implementation of consumer rights protection work; and (2) we carried out financial knowledge publicity and education. In 2017, based on business outlets, the Bank conducted 12 financial knowledge publicity and education activities on a continuous basis through financial knowledge into the campus, into the community, into enterprises, and into the township by various media such as LED display, LCD TV, WeChat, and SMS. These activities created a good environment for the public to study finance, understand finance and apply finance. According to statistics, in 2017, the Bank held more than 2,200 indoor and outdoor publicity and education events, an increase of more than 300 over 2016 and a total of more than 280,000 sets of promotional materials were distributed. Financial knowledge was promoted by official WeChat for more than 30 times, and more than 1.91 million SMS were sent for publicity, benefitting nearly 2 million people.

Compliance with Laws and Regulations

We have implemented an effective risk management system to control our exposure to (i) legal risks, which include risk of legal liability arising from violation of laws and regulations, breach of contracts, infringement on legal rights of others or otherwise in connection with any contract or business activity in which we are involved; and (ii) compliance risk, such as the risk of being subject to legal sanctions, regulatory penalties and significant financial and reputational losses as a result of a failure to comply with applicable laws, regulations, rules, and relevant industry standards.

Report of the Board of Directors

We have established a series of regimes and measures to manage and control our exposure to legal risk. We have set up a legal contracts and agreements review and approval regime where no legal contracts and agreements may be issued without the review and approval of the relevant functional departments at our head office as to the authenticity, validity, and completeness of such legal contracts and agreements. We have put in place a legal enquiry regime where a legal enquiry hotline is set up at our head office which provides enquiry service for legal issues encountered by our various operational units in their daily operation and management work. We have engaged permanent legal advisor to provide group and professional legal support for our daily operation management. We have also engaged external professional lawyers to provide professional legal services support for our material business disputes and legal proceedings.

Our branches and sub-branches are responsible for their relevant legal proceedings and legal risk. To control and manage our exposure to compliance risk, we proactively promote our business departments to identify and assess compliance risk associated with our business operation, while coordinating them to organize and revise business related regulations and operation procedures so as to ensure the compliance of our various business workflows. We have established a compliance management reporting regime where we report the relevant compliance management status to senior management in a timely manner, and establish operational risk warning mechanism to warn the relevant risks in a timely manner and promote the operation of institutions at all levels in compliance with laws and regulations. Meanwhile, we provide periodic compliance training to our staff, covering education on compliance alerts and helping them better understand how to carry out business operations in compliance with the laws and regulations. Our comprehensive accountability regime sets up the method, level, principles, rules, organizational framework and responsibilities, procedures, and reporting system so as to determine the accountability of our relevant staff for their conducts against our regulations or lack of responsibilities.

In line with the PRC Anti-Money Laundering Law (《中華人民共和國反洗錢法》) and other applicable rules and regulations promulgated by the PBoC, we have managed our anti-money laundering through the establishment of our bank-wide and professional anti-money laundering team, our anti-money laundering internal control system, our anti-money laundering data monitoring and reporting system, our anti-money laundering internal audit, as well as our relevant staff training. We have carried out our anti-money laundering work for more than 12 years.

We have set up an anti-money laundering lead group office within our Internal Control and compliance department. Our anti-money laundering lead group preside over the bank-wide anti-money laundering and takes charge of calling the meeting of the head office's anti-money laundering lead team, liaising with relevant departments to prevent, identify, and punish actions that breach relevant laws and regulations and undutiful behaviour, and improving the control over relevant risks through strengthening management. The Risk Management Committee under the Board of Directors is ultimately responsible for anti-money laundering risk management. The anti-money laundering lead group leads the bank-wide implementation of anti-money laundering policies and procedures. The head office, branches, and sub-branches have respective teams to execute anti-money laundering activities and operations on a day-to-day basis.

Report of the Board of Directors

We have developed many internal policies and measures with respect to anti-money laundering which are primarily related to customer due diligence and identification sanction screening, transaction record keeping, suspected terrorism financing and drug transaction related money monitoring, and large and suspicious transaction reporting. We have also developed and have continuously updated our anti-money data supervision and reporting system which features modules.

Relationship between the Bank and its Employees

Our Bank adheres to the strategic philosophy that prosperous businesses are driven by talents. We promote a market-oriented human resources system and continually strengthen our incentive assessments, training, and other complementary mechanisms. We have adopted a distinctive training system that could serve different needs of various groups of employees, which is characterized with a multiple-level training structure, systematic training programs and comprehensive training subjects. As a result, we managed to cultivate an innovative, pragmatic, studious, motivated and business-minded workforce. We also believe career planning of individual employees to be of great importance and have developed a clear career development path for different roles in our Bank, including administration, non-managerial and client management sectors, which we believe could further encourage our employees to endeavor to maximize his or her value. Our motto of "Excellence is in the details, hard work creates brilliance" exemplifies our corporate culture and best practice, creating an outlook and code of conduct for all employees to follow.

We believe that our sustainable growth depends on the capability and dedication of our employees. We have developed an appraisal and training system, and aligned our development strategy with the career development of our employees. We have also established a performance-based compensation system whereby an employee's compensation is determined based on position and performance reviews. We contribute to our employees' social insurance and other employee benefits, such as pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund in accordance with the applicable PRC laws, rules and regulations.

Our labor union represents the interests of the employees and works closely with our management on labor-related issues. During the Reporting Period, we have not experienced any strikes or other material labor disputes that have affected our operation and we believe that the relationship between our management and the labor union has been satisfactory.

Results

Results of the Bank for the year ended December 31, 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 135 to 136.

Report of the Board of Directors

Dividends

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 RMB1,214.1 million (tax inclusive) was distributed to holders of H Shares and Domestic Shares of the Bank on July 6, 2017.

The Board has recommended the payment of the final dividend of RMB1.8 per ten shares (tax inclusive) in cash for the year ended December 31, 2017, representing a total payment of approximately RMB1,092.7 million. The final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Bank for 2017. If approved by the Bank's 2017 annual general meeting, it is expected the final dividend will be paid on July 6, 2018.

Relationship between the Bank and its Customers

We are the only city commercial bank headquartered in Tianjin. With our roots in Tianjin, we have developed an in-depth understanding of Tianjin's economic structure and industry layout over the last 20 years. We have established long-term strategic cooperative relationships with a number of local enterprises with a strong business portfolio, particularly those operating in infrastructures, energy conservation, environmental protection, medical and health care, high-end equipment manufacturing, education, tourism, and public-service, as well as technology-based SMEs. As of December 31, 2017, we were providing financial services to all state-owned groups that are subject to the direct supervision of Tianjin SASAC.

For many years, we have promoted the development of our SME business as a starting point for business transformations, the adjustment and optimization of the business structure, to create quality and rapid development, thereby constantly shaping the "Partner Bank for SMEs" quality brand.

We ranked 199th in the Top 1,000 World Banks published by the Banker, a UK publication, moving up by 12 places as compared with last year. According to the "Global Banking 500 (by Brand Value)" published by Brand Finance (a famous UK-based brand rating institution), we ranked 223rd, moving up by 149 places as compared with last year, ranking 1st out of all licensed banks in Tianjin. China Lianhe Credit Rating raised the corporate credit rating of the Bank to AAA, the highest corporate credit rating of domestic commercial banks. In addition, we were also awarded many honours and titles, including the "2017 Outstanding City Commercial Bank", "Top Ten City Commercial Bank of the Year", "Outstanding Award for Growth of the Year", "Best Listed Company", "Most Promising Listed Company", "2017 Prudent Operation List of Chinese Small and Medium Banks", "2017 Best Mobile Banking Award of Regional Commercial Banks" and "2017 Excellent City Commercial Bank of the National Banking Industry in terms of Financial Information Registration Work".

We have acquired and maintained a large pool of retail customers. As of December 31, 2017, we have had 175 outlets in Tianjin, covering all administrative districts of the city.

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

Report of the Board of Directors

Exposure to major risks

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

Important events since the end of the Reporting Period

Due to work adjustment, on January 12, 2018, Mr. YUE Desheng who is an executive director and vice president of the Bank tendered his resignation from the position of executive director of the Bank, member of the related party transactions control committee, risk management committee and consumer rights protection committee under the Board and vice president of the Bank. Mr. YUE Desheng’s resignation has become effective since January 12, 2018. For details, please refer to the announcement entitled “RESIGNATION OF EXECUTIVE DIRECTOR AND VICE PRESIDENT” issued by the Bank on January 12, 2018.

On January 19, 2018, Ms. FENG Xia tendered her resignation as shareholder representative supervisor and a member of the supervision committee of the Board of Supervisors, and on the same date, she was elected as an employee representative supervisor, the chairman of the Board of Supervisors, a member of the supervision committee of the Board of Supervisors and a member of the nomination committee of the Board of Supervisors. The above-mentioned resignation and appointment has taken effect since January 19, 2018. For details, please refer to the announcement entitled “CHANGE OF SUPERVISORS AND APPOINTMENT OF CHAIRMAN OF BOARD OF SUPERVISORS” issued by the Bank on January 19, 2018.

Approved by Tianjin Office of China Banking Regulatory Commission and PBoC, the Bank issued tier-two capital bonds in the national inter-bank bond market on January 18, 2018, and the fund raising was completed on January 22. This tranche of bonds totaled RMB10 billion, with a maturity of 10 years at a fixed interest rate and a nominal interest rate of 4.8%, subject to the issuer’s right to redeem under certain conditions at the end of the fifth year. The funds raised from this tranche of bonds will be replenished the Bank’s tier-two capital in compliance with applicable laws and approvals from relevant regulatory authorities.

Save as disclosed above, there were no important events affecting the Bank that have occurred since the end of the Reporting Period.

Future development

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

Analysis of key financial performance indicators during the year

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

Report of the Board of Directors

SHARE CAPITAL

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

Pre-emptive Rights

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

Substantial Shareholders

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

DONATIONS

The charitable and other donations made by the Bank amounted to approximately RMB2.8 million for the year ended December 31, 2017.

PROPERTY AND EQUIPMENT

Details of the changes in property and equipment of the Bank for the year ended December 31, 2017 are set out in the Note 26 of the financial statement in this annual report.

CHANGES IN THE RESERVES

For the year ended December 31, 2017, the details of changes in the reserves of the Bank are set out in the Consolidated Statement of Changes in Equity in the financial statement of the Bank.

DISTRIBUTABLE RESERVES

The distributable reserves of the Bank as of December 31, 2017 were RMB16,141.7 million.

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.

RETIREMENT BENEFITS

Please refer to Note 35 in the financial statements in this annual report for details of the retirement benefits provided to employees of the Bank.

Report of the Board of Directors

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

Our five largest depositors and five largest borrowers accounted for less than 30% of the respective total deposits and gross loans and advances to customers as of the end of the Reporting Period.

DIRECTORS

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

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

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

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

For the year ended December 31, 2017, the Bank or its subsidiaries did not have any transaction, arrangement or contract of significance in which the Directors and/or Supervisors (or entities connected with the Directors and/or Supervisors) directly or indirectly were materially interested.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

Report of the Board of Directors

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

As of the end of the Reporting Period, 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%

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 December 31, 2017.

CORPORATE GOVERNANCE

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

PUBLIC FLOAT

Based on the information available in the public and so far as our directors concerned, as of the date of this annual report, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the exemption granted by the Hong Kong Stock Exchange upon the Bank's listing.

Report of the Board of Directors

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in list of Related-Party Transactions Between the Bank and Its Shareholders and note 45 to the Financial Statements. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in the notes of the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none constitutes a discloseable connected transaction as required under the Hong Kong Listing Rules.

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

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Bank offers our executive Directors, employee representative supervisors and senior management members, who are also our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors and external Supervisors receive compensation based on their responsibilities. Please refer to note 15 to the financial statements in this report for the details of the remuneration of the directors and supervisors.

Our Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank assesses senior management personnel using the "Policies for Remuneration Management of Bank of Tianjin Co., Ltd." (《天津銀行股份有限公司薪酬管理政策》) and offers remuneration to executive directors and other senior management personnel based on the results of the assessment.

The Bank offers remuneration to employee supervisors in accordance with the "Policies for Remuneration Management of Bank of Tianjin Co., Ltd." and "Bank of Tianjin Measures for Remuneration Management" (《天津銀行薪酬管理辦法》). The "Policies on the Allowance of Directors and Supervisors of Bank of Tianjin" which stipulates the distribution standard of allowance to directors and supervisors, was considered and passed at the Shareholders' general meeting of the Bank.

Report of the Board of Directors

DIRECTORS' AND SUPERVISORS' INTEREST IN BUSINESS IN COMPETITION WITH THE BANK

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

TAX RELIEF

Withholding foreign non-resident enterprises' enterprise income tax

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

Withholding foreign non-resident individual shareholder's individual income tax

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

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

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

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

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

AUDITORS

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

Report of the Board of Directors

ISSUANCE OF DEBT SECURITIES

Bond Issuance during the Reporting Period

During the Reporting Period, the Bank did not issue any type of debt securities.

Previous Financial Bonds Issuance

On May 11, 2015, we issued fixed-rate financial bonds named "15 Tianjin Bank 01" with a maturity of three years, at a face value of RMB2.5 billion with a fixed coupon rate of 4.64% per annum, payable annually.

On May 22, 2015, we issued fixed-rate financial bonds named "15 Tianjin Bank 02" with a maturity of three years, at a face value of RMB2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.

On August 21, 2015, we issued fixed-rate tier-two capital bonds named "15 Tianjin Bank bonds," at a face value of RMB5.0 billion with a fixed coupon rate of 5.00% per annum, payable annually. We have the option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to approval of regulatory authorities. If no early redemption is exercised, the interest rate will remain at 5.00% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows us to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any unpaid accumulated interest would become not payable. These tier-two capital bonds are qualified as tier-two capital instruments in accordance with the CBRC requirements.

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 interest rate will remain at 5.9% per annum.

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 interest rate will remain at 5.99% per annum.

EQUITY-LINKED AGREEMENT

During the Reporting Period, the Bank did not enter into or renew any other equity-linked agreement.

On Behalf of the Board of Directors

LI Zongtang

Chairman

Tianjin, China
March 23, 2018

Report of the Board of Supervisors

In 2017, the Board of Supervisors fully played its role in strict accordance with the Articles of Association of the Bank and regulatory requirements, as well as the development situation of all work of the Bank, so as to ensure the standard and efficient performance. Work report of the Board of Supervisors is set forth hereunder:

I. CONDITIONS OF MAJOR WORK

In 2017, the Board of Supervisors reviewed and supervised over operating conditions, financial activities and fulfillment of duties by the directors and senior management of the Bank through convening regular meetings and attending relevant meetings held by the Board of Directors to hear work reports from senior management and special reports from relevant departments, and to review relevant documents. In 2017, a total of 7 meetings were held by the Board of Supervisors, with 48 resolutions considered and 28 matters reported.

(i) Supervision on Duty Fulfilment

1. **Successful completion of evaluation on the performance of duties.** In 2017, we carefully completed evaluation on the performance of the directors, supervisors, and senior management in 2016, considered or reviewed 2016 Annual Work Report of the Board of Supervisors, 2016 Annual Report on Risks and Risk Management, Evaluation Report on Internal Control for 2016, Internal Audit Work Report for 2016, 2016 Annual Work Report of the Board of Directors, and 2016 Annual Work Report of the Senior Management, etc., fully monitoring the completion of various basic tasks of the Bank in 2016. Our directors, supervisors and senior management performed their duties faithfully, diligently and honestly under the requirements of the Articles of Association and other regulatory documents. In 2016, no act was found counter to laws and regulations or detrimental to the interests of the Bank and its shareholders.
2. **Successful supervision on the development plan of the Bank.** In 2017, we considered or reviewed such proposals as revised Articles of Association, 2017 Institutional Development Plan, Capital Replenishment Plan (2017-2020), 2017 Tier-two Capital Bonds Issuance Plan, 2017 Financial Bonds Issuance Plan, Report on Normalization of Conducting Credit Asset Securitization Business by Senior Management under Authorization of the Board of Directors, and Adjustment of Authorization to the Board of Directors by Shareholders' General Meeting, strengthened solid supervision over and ensured the implementation of developmental strategy plan and capital replenishment.

Report of the Board of Supervisors

3. **Successful supervision on the holding of shareholders' general meetings.** In 2017, the Bank held a total of 3 shareholders' general meetings, in which all supervisors attended in accordance with the relevant provisions of the Company Law of the PRC and the Articles of Association of Bank of Tianjin Co., Ltd. We examined all of the reports and resolutions submitted by the Board to the shareholders' general meetings and appointed representative supervisors as scrutineers to monitor on site the voting of the shareholders' general meetings, ensuring that effective meetings were held.

(ii) Financial Supervision

In 2017, we considered or reviewed the 2016 Profit Distribution of the Bank, the 2016 Annual Report, the 2016 Annual Results Report, the Report for Final Financial Accounts for 2016, the 2017 Annual Business Plan, the 2017 Annual Financial Budget, the appointment of an external audit agency to review and audit the 2017 Financial Statements of the Bank of Tianjin., 2017 Interim Results Report, 2017 Interim Report, etc., and presented independent opinions on the authenticity, accuracy, and completeness of these financial reports to effectively safeguard the interests of the Bank and shareholders. Meanwhile, we reviewed operation reports of the Bank on a quarterly basis, liaised with relevant departments in time, made comments and gave advice.

(iii) Internal Control Supervision

1. **Successful supervision on regular internal control.** In 2017, we considered and passed resolutions such as the 2016 Internal Control Evaluation Report, 2016 Internal Assessment Report on Capital Adequacy, 2016 Work Report on Internal Audit, 2017 Work Plan on Internal Audit, internal control evaluation methods, internal audit regulations, internal audit management methods, capital management policies and internal capital adequacy assessment procedures, so as to comprehensively strengthen the supervision and implementation in terms of internal control and internal auditing.
2. **Successful fulfilment of auditing of economic responsibility.** In 2017, we considered the measures to the management of auditing of the directors' and senior management's economic responsibility, engaged an external auditor to conduct off-office auditing before the departure of Mr. YUAN Fuhua (袁福華), former Chairman, and Mr. WEN Yuanhua (文遠華), former President, and issued an audit report.
3. **Review internal audit reports quarterly.** We further enhanced supervision over the internal control of the Bank's businesses, especially the management system, operational procedures, key risks and related management information systems of new businesses and new products, reviewed internal audit reports quarterly, and made comments on the problems discovered.

Report of the Board of Supervisors

(iv) Supervision on Risk Management

1. **Successful supervision on comprehensive risk management.** In 2017, we considered the 2016 Annual Report on Comprehensive Risk and Risk Management, comprehensive risk management system, risk appetite for 2017, market risk management policy, and risk management policy on bank account interest rate, etc., quarterly reviewed the reports on comprehensive risk and risk management, learnt the operation management and risk condition in time, discussed with the Board of Directors and senior management on the Company's risk level, risk management, risk tolerance evaluation, and commented on problems discovered.
2. **Successful supervision on related-party transactions.** In 2017, we considered or reviewed the material related-party transactions of Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. and the filing report on pledging shares of the Bank of Tianjin by Tianjin Hengchangyuan Industrial Co., Ltd. to ensure that the related-party transactions of the Bank were in compliance with legal stipulations, regulatory requirements, and the Articles of Association of the Bank. In 2017, we supervised the management of related-party transactions of the Bank, believing that management of related-party transactions of the Bank was relatively standardized so that normative procedures for the management of related-party transactions were established. Related-party transactions of the Bank adhered to principle of fairness and no act harmful to the interests of the Bank and shareholders was found.

(v) Internal Improvement of the Board of Supervisors

In 2017, we systematically reviewed the relevant rules and systems for the term of reference, and formulated or revised 5 systems and regulations including Measures to Manage Appointment and Election of Supervisors, Measures to Manage the Allowance for Supervisors, Procedural Rules for the Board of Supervisors, Work Rules of Supervision Committee under the Board of Supervisors, Work Rules of Nomination Committee under the Board of Supervisors, to improve and standardize the system establishment of the Board of Supervisors to facilitate the work of the Board of Supervisors and its special committees.

On May 3, 2017, Mr. Zhang Xiang, Chairman of the Board of Supervisors of the Bank submitted his resignation to the Board of Supervisors as the Chairman of the Board of Supervisors, member of the Nomination Committee of the Board of Supervisors, member of the Supervision Committee of the Board of Supervisors and Employee Representative Supervisor. During the absence of the Chairman, members of the Board of Supervisors earnestly supplement the vacancy and ensured that the relevant work was steadily carried out.

Report of the Board of Supervisors

II. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

In 2017, the Board of Supervisors fulfilled its duty of supervising the duty performance by the Board of Directors and senior management of our Bank in accordance with the Articles of Association. The opinions issued in respect of the relevant matters are as follows:

(i) Operation in Compliance with Laws

In 2017, the Bank conducted business under laws and regulations, and continued to improve management and internal control mechanisms. The decision-making procedure during the operation complied with relevant provisions of the Company Law of the PRC and the Articles of Association of Bank of Tianjin Co., Ltd., which achieved coordinated development of quality, efficiency and scale. During the course of business operations and management, none of the directors and senior management was found to violate any laws and regulations or prejudice the interests of our Bank and shareholders.

(ii) Financial Report

The 2017 Annual Financial Report of the Bank truly and fully reflects the Bank's financial position and operating results. The 2017 Annual Financial Report has been audited in accordance with the new Accounting Standards by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu engaged by the Board of Directors, and an audit report with unqualified opinions was issued.

(iii) Related-Party Transactions

In 2017, the Board of Supervisors supervised the management of our related-party transactions and considered that the management of our related-party transactions was relatively standardized, and a standardized procedure for the management of related-party transactions was formed. With regard to related-party transactions, we adhered to the principle of fairness and found no act of damaging the interests of the Bank and its shareholders.

(iv) Execution of the Resolutions Passed by the Shareholders' General Meeting

During the Reporting Period, we convened 3 Shareholders' general meetings. All members of the Board of Supervisors attended the meetings in accordance with the relevant provisions of the Company Law of the PRC and the Articles of Association of Bank of Tianjin Co., Ltd. We had no objection to the reports and proposals submitted by the Board of Directors to the Shareholders' general meeting for consideration, supervised the execution of the resolutions of the Shareholders' general meeting, and considered that the Board of Directors was able to conscientiously implement relevant resolutions of the Shareholders' general meeting.

Report of the Board of Supervisors

III. MAJOR WORK PLAN OF THE BOARD OF SUPERVISORS IN 2018

In 2018, the Board of Supervisors will continue to focus on performance supervision as its core work, with internal control and risk supervision as the keynote. Our main tasks are as follows:

- 1. Conscientiously complete the election and appointment.** Pursuant to the Articles of Association of the Bank, the election and appointment of the Board of Directors, the Board of Supervisors and senior management must be completed in 2018. On the basis of completion of the election and appointment of the Board of Supervisors, we will conscientiously fulfill the supervision on the election and appointment of the Board of Directors and senior management to ensure that the election and appointment complies with the provisions of the Articles of Association and regulatory requirements.
- 2. Strengthen supervision on performance.** We will complete each job of the evaluation on the performance of directors, supervisors, and senior management for 2017 in accordance with the existing performance evaluation practice, periodically discuss with the Board of Directors and Senior Management on the Company's financial position, risk management, and internal control, supervise if the work of the Board of the Directors and Senior Management is conducted in accordance with laws and regulations to protect legitimate interests of parties interested in the Company.
- 3. Continuously strengthen the construction of the Board of Supervisors.** In conjunction with requirements on listed banks, we will continue to carry out trainings for the supervisors to constantly promote overall quality and performance capability of the supervisors. The Board of Supervisors will do a better job to constantly improve its work quality and competence, and enhance our institutionalization and standardization.
- 4. Organize and complete the special supervision and inspection work.** Taking into account our major work in 2018 and practices of the Board of Supervisors, we will select 1 to 2 special supervision and inspection projects, such as the management and performance of non-local branches, and risk management of and control over related-party transactions, to produce a special supervision and inspection report after field research, interview etc. For problems identified, we will request appropriately the Board of Directors or senior management to make rectifications, and will supervise relevant implementation as well.

On Behalf of the Board of Supervisors

FENG Xia

Chairwoman

Tianjin, China
March 23, 2018

Important Events

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.

SIGNIFICANT BUSINESS DEVELOPMENT

In 2017, Bank of Tianjin Financial Leasing Co., Ltd. (Bank of Tianjin Financial Leasing), an affiliate of us, completed its capital increase and share expansion and introduced two new investors, and therefore, its registered capital increased from RMB1,000 million (RMB, the same below) to RMB1,700 million; after completion of the capital increase and share expansion, Bank of Tianjin Financial Leasing implemented shareholding reform to quantify shareholders' contributions as shares; it was changed from a "limited liability company" to a "company limited by shares" and renamed as "Bank of Tianjin Financial Leasing Co., Ltd.". During the capital increase and share expansion, we increased investment of 120 million shares in Bank of Tianjin Financial Leasing and therefore held an aggregate of 1,120 million shares therein, accounting for 65.88% of its total shares. Centering on the synergistic development of the Beijing-Tianjin-Hebei region and construction of Binhai New Area and free trade zone in Tianjin, Bank of Tianjin Financial Leasing Co., Ltd. is committed to building itself into a top-class financial leasing company backed by "scientific governance structure, flexible system, substantial financial return and quality assets" under the guidelines of the "Finance + Industry" strategy focusing on core business sectors underpinned by a profit model integrating financing, investment and asset management. As of December 31, 2017, Bank of Tianjin Financial Leasing Co., Ltd. recorded total assets of RMB10,046.91 million, up by RMB9,015.30 million as compared with the end of last year, and net profits of RMB40.81 million, up by RMB30.81 million as compared with the end of last year.

As of December 31, 2017, the corporate registered capital of Ningxia Tongxin Jinhui County Bank funded by the Bank as the promoter was RMB50 million (RMB, the same below), including RMB25.5 million contributed by the Bank, accounting for 51% of its total share capital. Adhering to the market positioning of "serving communities and supporting agriculture-related and small businesses in counties", Ningxia Tongxin Jinhui County Bank strives to fulfil the needs for regional economic development by providing individualized, localized and convenient financial products and services for local small and micro businesses and economic sectors related to "rural areas, agricultural activities and farmers". As of December 31, 2017, Ningxia Tongxin Jinhui County Bank recorded total assets of RMB723.57 million, up by RMB219.37 million as compared with the end of last year, and net profits of RMB6.45 million, up by RMB10.99 million as compared with the end of last year.

Important Events

As of December 31, 2017, the corporate registered capital of Ningxia Yuanzhou Jinhui County Bank funded by the Bank as the promoter was RMB50 million (RMB, the same below), including RMB25.5 million contributed by the Bank, accounting for 51% of its total share capital. Adhering to the market positioning of “serving communities and supporting agriculture-related and small businesses in counties”, Ningxia Yuanzhou Jinhui County Bank strives to fulfil the needs for regional economic development by providing individualized, localized and convenient financial products and services for local small and micro businesses and economic sectors related to “rural areas, agricultural activities and farmers”. As of December 31, 2017, Ningxia Yuanzhou Jinhui County Bank recorded total assets of RMB811.30 million, down by RMB12.24 million as compared with the end of last year, and net profits of RMB19.59 million, up by RMB23.52 million as compared with the end of last year.

In April 2016, the CBRC, the Ministry of Science and Technology and the PBoC jointly published the Guideline on Supporting the Banking and Financial Institutions to Increase the Innovative Efforts in Implementation of Pilot Program for Integrated Financing through Investments and Facilities to Technological Innovation-Based Enterprises (Yin Jianfa [2016] No.14), which included the Bank as one of ten pilot financial institutions in investment-loan linkage. The Bank proposed to establish the subsidiary, Bank of Tianjin Kechuang Investment Co., Ltd., (天銀科創投資有限公司) with proposed registered capital of RMB500 million (RMB, the same below) and exclusive funded by the Bank. As of the date of this annual report, the Bank had submitted files of applying establish the Bank of Tianjin Kechuang Investment Co., Ltd., if it was approved to operate during 2018, the Bank will complete the investment of registered capital of RMB500 million as planned, which was derived from the Bank's own fund.

MATERIAL LITIGATIONS AND ARBITRATIONS

As of the date of this annual report, our Bank does not expect any of our current and pending legal or arbitration proceedings to have, individually or in the aggregate, a material adverse effect on our business, financial condition and result of operations after provision for impairment.

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 annual 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 annual report, the civil litigation relating to the remaining four customers is in progress.

Important Events

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 of 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 annual report, the civil litigation is still in progress.

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 annual report, the civil litigation is still in progress.

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.

Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

During the Reporting Period, our Bank has further strengthened the existing corporate governance framework and internal control measures, standardized the implementation and evaluation procedures of the internal control system, and formulated comprehensive, systematic and standardized operation system and management system for operational and management activities, and established an audit mechanism regarding the compliance of such system. During the Reporting Period, 205 systems were amended and supplemented, which further regulated the operational management and business development. Besides, the Bank also provided regular compliance training, special examination and risk warning, which included risk management in compliance with regulation, study of the regulatory policies, case analysis and the latest regulatory trend, so as to improve the compliance awareness of all the staff.

Our well-developed Comprehensive Risk Management System covers major risks facing our Bank, including credit risks, market risks, operating risks, liquidity risks, information technology risks, etc. To counter these risks, our Bank gradually develops and improves a comprehensive risk management structure with clear and definite terms of reference, checks and balances, and highly efficient operations, further strengthening the independence and professionalism of risk management. To ensure effective operation of our risk management system, our Bank establishes and improves our risk management procedures. By exercising prudence, our Bank will identify, assess, and manage risks arising from our Bank as a whole and various products, business lines, business processes, and departments at all levels. For more details of the risk management system of our Bank, please refer to "Management Discussion and Analysis – Risk Management".

Risk Management and Internal Control

Our Bank implements a negative list management mechanism for risk exposure. By formulating and circulating the “Negative List for Risk Prevention”, we distinctly categorize and prescribe 212 accounts of prohibited actions for all employees at our Bank, and focus on clarifying prohibited matters involved in risk prevention and control. Furthermore, we regulate the management of conducts of all employees at our Bank, while improving our employees’ awareness of compliance and self-discipline. At the same time, we revised and promulgated the Administrative Measures on Reporting of Compliance and Honesty in Tianjin Bank (《天津銀行合規誠信舉報管理辦法》), to further clarify the establishment of a reporting mechanism for compliance and honesty, increase the management responsibilities of relevant departments and smooth the reporting channels for compliance and honesty.

The “Measures to Manage Disclosure of Information about Bank of Tianjin”, which is formulated by the Board of our Bank, expressly prescribes that our Board will be responsible for managing information disclosure. Our Board and president will ensure the truthfulness, accuracy, and completeness of the information so disclosed, for which they shall assume the corresponding legal responsibilities. Our Bank shall make timely disclosure upon occurrence of “inside information” as defined under Part XIVA of the Securities and Futures Ordinance of Hong Kong or in case of timely disclosure of other matters as required under the relevant laws and regulations and the regulatory rules governing the listing of securities in the jurisdiction where our Bank is listed, unless exemptions are granted under the same.

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

Our Bank highly values effective information management, and has established a comprehensive set of guidance regarding internal communication and reporting duties, which specifies the requirements of internal communication and reporting duties and procedures, in view of ensuring the effective communication internally and externally. The Bank has formulated many systems including Operational Risk Management Policies of Bank of Tianjin Co., Ltd. (《天津銀行股份有限公司操作風險管理政策》), Management Measures for Case Disposal Work of Bank of Tianjin (《天津銀行案件處置工作管理辦法》), Information Technology Risk Management Policies of Bank of Tianjin Co., Ltd. (《天津銀行股份有限公司信息科技風險管理政策》), Business Continuity Management Policies of Bank of Tianjin (《天津銀行業務連續性管理政策》) and Management Measures for Business System of Bank of Tianjin (《天津銀行業務制度管理辦法》). to facilitate orderly division of work responsibilities amongst different working levels throughout our Bank for implementing effective precautions against various risks. By clarifying the responsibility boundaries of departments and identifying the responsible departments for reporting and the reporting paths, our Bank has strengthened the existing internal system for internal information exchange and communication, ensuring that various departments and entities at all levels of our Bank can relay information on any updates in our Bank’s strategies, policies, systems and relevant requirements to our working level in a timely manner, and simultaneously provide support across our working level for timely report of potential internal control issues to the management.

Risk Management and Internal Control

During the Reporting Period, our Bank established a set of risk management framework and policies, which promotes adequate compliance culture and professional ethics, and enhanced the awareness to comply with the rules and regulations when carrying out business activities, and optimized the environment for controlling compliance and risk management. The Bank also amended Compliance Risk Management Policies of Bank of Tianjin (《天津銀行股份有限公司合規風險管理政策》) and Administrative Methods for Compliance Risk Management of Bank of Tianjin (《天津銀行合規風險管理辦法》), which further enhanced the objectives of compliance risk management, clarified the responsibilities of compliance risk management and optimized the process of compliance risk management.

Our Bank has paid great attention to the Basic Rules on Enterprise Internal Control (《企業內部控制基本規範》) and its supporting guidelines. First, our Bank has established a sound risk management system which covers various aspects of business operations, including corporate governance, loan extension business, treasury business, billing business, anti-money laundering, legal and compliance, internal audit and information technology management. Second, our Bank has separated the responsibilities of the front, middle and back offices of headquarters and branches as well as sub-branches, targeting effective check and balance mechanism and clear reporting lines. Third, our Bank timely supervised and monitored the progress of tackling the internal control issues identified during the internal audit and business review in 2017, continuously improving the internal control management capabilities and standards. Fourth, our Bank carried out evaluation of the internal control involving different departments at our headquarters, branches and sub-branches to ensure the internal control system of our Bank has been effectively implemented.

The risk management and internal control system of our Bank is, however, designed to manage and mitigate rather than eliminate the risk, and can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

The Bank further improved an independent internal audit organizational structure and the Board of Directors is ultimately responsible for independence and effectiveness of internal audit. The Audit Committee under the Board of Directors is responsible for approving important internal audit systems and reports, medium and long-term audit plans and annual audit plans and offering guidance, reviewing and assessing the internal audit work. The internal audit department of the Bank uniformly organizes, manages and reports the audit work of the Bank and takes charge of reviewing, assessing and supervising the improvement of the business operations, risk management, internal control compliance and corporate governance effects of the company. The Bank adheres to the principles of independence, objectivity, prudence, efficiency and importance throughout the internal audit work.

During the Reporting Period, the internal audit department continued to improve the internal audit management system and enhanced the capabilities of internal audit by systematic and standardised methods, upgraded and reformed the internal audit system, improved the various systems and processes of internal control, conducted various audit assessments by on-site and off-site audit and expanded gradually the functions of internal audit.

Independent Auditor's Report

Deloitte.

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TO THE SHAREHOLDERS OF BANK OF TIANJIN CO., LTD

(天津银行股份有限公司)

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

OPINION

We have audited the consolidated financial statements of Bank of Tianjin Co., Ltd (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 135 to 252, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of financial assets that are subject to credit risk</i></p> <p>We identified the impairment of financial assets as a key audit matter due to the significance of these financial assets to the Group and the corresponding uncertainty inherent in the impairment assessment and provision estimate. Financial assets including loans and advances to customers, financial assets held under resale agreements, and investments classified as receivables are exposed to credit risk and therefore are subject to regular impairment assessment. These three items altogether represent 74.6% of the total assets of the Group. The impairment assessment on these items and the corresponding provisions are estimated by the management through the application of judgement and use of highly subjective assumptions.</p> <p>Please refer to notes 21, 20 and 24 to the consolidated financial statements respectively for details of these financial assets.</p>	<p>Our procedures in relation to impairment of financial assets that are subject to credit risk included:</p> <ul style="list-style-type: none"> • Testing the controls relevant to our audit on impairment assessment and provision estimate; • Selecting samples on the credit review performed by the Group and reviewing the assumptions used including the expected future cash flows from customers, counterparties or guarantors, and the realization of collateral held; • Recalculating the provision and comparing the results with those estimated by the Group; • For the financial assets collectively assessed for impairment loss, understanding the impairment estimation methods used by the Group, evaluating the appropriateness of the critical assumptions used in the impairment estimation methods, recalculating the provision and comparing the results with those estimated by the Group.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Consolidation of Structured Entities

We identified consolidation of structured entities as an area of key audit matter since significant judgment was applied by management to determine whether the Group has control of structured entities and the classification of structured entities significantly affects most of the accounts in the consolidated financial statements.

The structured entities include asset-backed securities, wealth management products, asset management plans and trust beneficiary rights disclosed in note 44 in the consolidated financial statements.

Our procedures in relation to consolidation of structured entities included:

- Evaluating whether the accounting policies for the consolidation of structured entities determined by the Group and the factors considered are in compliance with the accounting standards and are consistently applied;
- Testing the controls relevant to our audit on the consolidation of structured entities;
- Performing sampling test on related contractual terms, making our independent judgements by analyzing of the contractual terms and comparing the results with those judgments made by the Group.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Bank are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- o Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- o Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- o Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- o Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- o Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Shi Chung Fai.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

March 23, 2018

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2017	2016
Interest income	5	27,894,735	25,202,576
Interest expense	5	(19,493,523)	(14,843,351)
Net interest income		8,401,212	10,359,225
Fee and commission income	6	2,112,839	1,442,473
Fee and commission expense	6	(79,374)	(40,421)
Net fee and commission income		2,033,465	1,402,052
Net trading losses	7	(172,619)	(120,090)
Net gains arising from investment securities	8	15,601	63,342
Other income, gains or losses	9	(134,343)	110,207
Operating income		10,143,316	11,814,736
Operating expenses	10	(3,102,593)	(3,767,642)
Impairment losses	11	(2,131,853)	(2,352,964)
Share of results of associates		(25,932)	16,244
Profit before tax		4,882,938	5,710,374
Income tax expense	12	(939,874)	(1,192,470)
Profit for the year		3,943,064	4,517,904
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net changes in investment revaluation reserve for available-for-sale financial assets		(480,095)	(508,895)
Income tax effect		120,024	127,224
Other comprehensive expense for the year, net of income tax		(360,071)	(381,671)
Total comprehensive income for the year		3,582,993	4,136,233

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2017	2016
Profit for the year attributable to:			
Equity holders of the Bank		3,916,386	4,522,053
Non-controlling interests		26,678	(4,149)
		3,943,064	4,517,904
Total comprehensive income attributable to:			
Equity holders of the Bank		3,556,315	4,140,382
Non-controlling interests		26,678	(4,149)
		3,582,993	4,136,233
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)			
– Basic	13	0.65	0.77
– Diluted	13	0.65	0.77

Consolidated Statement of Financial Position

As at December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2017	2016
ASSETS			
Cash and balances with central bank	16	57,372,466	58,107,633
Deposits with banks and other financial institutions	17	8,003,859	26,118,021
Placements with banks and other financial institutions	18	12,295,007	13,779,965
Financial assets held for trading	19	5,720,098	5,880,431
Financial assets held under resale agreements	20	9,356,836	33,277,007
Loans and advances to customers	21	241,637,249	207,854,530
Available-for-sale financial assets	22	36,270,946	50,589,734
Held-to-maturity investments	23	49,123,275	42,340,601
Investments classified as receivables	24	272,338,316	211,926,509
Interests in associates	25	203,863	184,995
Property and equipment	26	1,653,828	1,686,422
Deferred tax assets	27	2,237,505	1,698,048
Other assets	28	5,700,341	3,866,211
Total assets		701,913,589	657,310,107
LIABILITIES			
Borrowings from central bank	29	7,505,000	–
Deposits from banks and other financial institutions	30	77,036,368	119,333,012
Placements from banks	31	22,719,415	18,550,308
Financial assets sold under repurchase agreements	32	50,696,397	58,805,600
Due to customers	33	357,857,635	365,470,957
Income tax payable		635,060	567,216
Debt securities issued	34	118,688,315	40,631,584
Other liabilities	35	22,019,537	12,196,650
Total liabilities		657,157,727	615,555,327

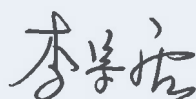
Consolidated Statement of Financial Position

As at December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2017	2016
EQUITY			
Share capital	36	6,070,552	6,070,552
Capital reserve	37	10,731,130	10,699,811
Investment revaluation reserve	38	(575,715)	(215,644)
Surplus reserve	39	3,352,331	3,014,661
General reserve	40	8,363,493	7,136,619
Retained earnings		16,141,662	15,003,930
Equity attributable to equity holders of the Bank		44,083,453	41,709,929
Non-controlling interests		672,409	44,851
Total equity		44,755,862	41,754,780
Total equity and liabilities		701,913,589	657,310,107

The consolidated financial statements on pages 135 to 252 were approved and authorized for issue by the Board of Directors on March 23, 2018 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 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		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 year		-	-	-	-	-	3,916,386	3,916,386	26,678	3,943,064
Other comprehensive expense for the year		-	-	(360,071)	-	-	-	(360,071)	-	(360,071)
Total comprehensive income for the year		-	-	(360,071)	-	-	3,916,386	3,556,315	26,678	3,582,993
Contributions from non-controlling shareholders		-	31,319	-	-	-	-	31,319	600,880	632,199
Appropriation to surplus reserve	39	-	-	-	337,670	-	(337,670)	-	-	-
Appropriation to general reserve	40	-	-	-	-	1,226,874	(1,226,874)	-	-	-
Dividend distribution	14	-	-	-	-	-	(1,214,110)	(1,214,110)	-	(1,214,110)
As at December 31, 2017		6,070,552	10,731,130	(575,715)	3,352,331	8,363,493	16,141,662	44,083,453	672,409	44,755,862
As at January 1, 2016		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 year		-	-	-	-	-	4,522,053	4,522,053	(4,149)	4,517,904
Other comprehensive expense for the year		-	-	(381,671)	-	-	-	(381,671)	-	(381,671)
Total comprehensive income for the year		-	-	(381,671)	-	-	4,522,053	4,140,382	(4,149)	4,136,233
Issuance of shares	36	944,504	4,890,668	-	-	-	-	5,835,172	-	5,835,172
Expense related to share issuance		-	(180,933)	-	-	-	-	(180,933)	-	(180,933)
Contributions from non-controlling shareholders		-	-	-	-	-	-	-	49,000	49,000
Appropriation to surplus reserve	39	-	-	-	451,637	-	(451,637)	-	-	-
Appropriation to general reserve	40	-	-	-	-	1,319,476	(1,319,476)	-	-	-
Dividend distribution	14	-	-	-	-	-	(1,092,699)	(1,092,699)	(9,750)	(1,102,449)
Others		-	(681)	-	-	(2,450)	(12,513)	(15,644)	(214,303)	(229,947)
As at December 31, 2016		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

Consolidated Statement of Cash Flows

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	2017	2016
OPERATING ACTIVITIES		
Profit before tax	4,882,938	5,710,374
Adjustments for:		
Depreciation and amortization	224,498	199,679
Impairment losses	2,131,853	2,352,964
Share of results of associates	25,932	(16,244)
Interest income arising from investment securities	(14,343,675)	(12,051,035)
Interest income arising from impaired financial assets	(78,730)	(63,020)
Interest expense arising from debt securities issued	3,922,701	1,180,400
Net unrealized trading losses	147,384	103,127
Net gains arising from investment securities	(15,601)	(63,342)
Unrealized exchange losses/(gains)	80,362	(176,713)
Dividend income from investment securities	(5,000)	(6,420)
Other income, gains or losses	60,440	138,061
Operating cash flows before movements in working capital	(2,966,898)	(2,692,169)
Decrease in balances with central bank and deposits with banks and other financial institutions	8,418,674	3,020,009
(Increase)/decrease in placements with banks and other financial institutions	(243,357)	1,123,158
Decrease/(increase) in financial assets held for trading	12,949	(15,225)
Decrease in financial assets held under resale agreements	6,703,995	25,054,266
Increase in loans and advances to customers	(35,235,867)	(31,662,232)
Increase/(decrease) in borrowings from central bank	7,505,000	(237,357)
Decrease in deposits from banks and other financial institutions	(42,296,644)	(29,399,643)
Increase in placements from banks	4,169,107	14,266,678
(Decrease)/increase in financial assets sold under repurchase agreements	(8,109,203)	44,248,347
(Decrease)/increase in due to customers	(7,613,322)	30,779,931
Increase in other operating assets	(968,889)	(120,404)
Increase/(decrease) in other operating liabilities	9,741,543	(3,088,946)
Cash (used in)/generated by operating activities	(60,882,912)	51,276,413
Income tax paid	(1,291,463)	(1,749,005)
Net cash (used in)/generated by operating activities	(62,174,375)	49,527,408

Consolidated Statement of Cash FlowsFor the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2017	2016
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		1,210,957,082	767,166,526
Cash received from disposal of property and equipment and other assets		28,350	11,344
Cash paid for purchase of investment securities		(1,265,393,212)	(875,327,157)
Cash paid for purchase of property and equipment and other assets		(218,754)	(290,249)
Interest income received from investment securities		13,805,174	12,114,377
Dividend income from investment securities		5,000	6,420
Net cash used in investing activities		(40,816,360)	(96,318,739)
FINANCING ACTIVITIES			
Cash received from share issuance		–	5,835,172
Contributions from non-controlling shareholders		632,199	49,000
Expense paid related to share issuance		–	(180,933)
Cash received from debt securities issued		257,606,433	61,980,544
Repayment of debt securities issued		(180,578,660)	(35,488,708)
Interest expenses paid for debt securities issued		(2,667,700)	(944,422)
Dividends paid		(1,211,476)	(1,066,303)
Net cash generated by financing activities		73,780,796	30,184,350
Net decrease in cash and cash equivalents		(29,209,939)	(16,606,981)
Cash and cash equivalents at beginning of the year		52,231,121	68,425,701
Effect of foreign exchange rate changes		(204,457)	412,401
Cash and cash equivalents at end of the year	42	22,816,725	52,231,121
Net cash generated by operating activities include:			
Interest received		15,513,042	14,969,000
Interest paid		(14,654,175)	(12,552,518)
Net interest received from operating activities		858,867	2,416,482

Notes to the Consolidated Financial Statements

For the year ended December 31, 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 licensed as a financial institution by the China Banking Regulatory Commission (the "CBRC") Tianjin Bureau (No. B0108H212000001) and is registered as a business enterprise with the approval of Tianjin Market and Quality Supervision Administration (Unified Credit Record No. 911200001030702984). The Bank was listed on the Stock Exchange of Hong Kong Limited on March 30, 2016.

As at December 31, 2017, the number of ordinary shares of the Bank was 6.071 billion. As at December 31, 2017, the Bank had a total of 14 tier-one branches, 9 of them are located in Tianjin Municipality and 5 of them are located outside the Tianjin Municipality. Information on the subsidiaries of the Bank is presented in Note 51.

The approved business scope of the Bank and its subsidiaries (collectively referred to as the "Group") 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 discount; credit investigation, consulting, and assurance; proprietary and broker trading of foreign currency marketable securities other than stocks; proprietary and broker trading of foreign exchange; financial leasing; transfer of assets under finance lease, securities investment with fixed income, lease guarantee deposits 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 of 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 consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Bank and its subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

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

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle

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

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specially, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 41. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 41, the application of these amendments has had no impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle ²

¹ Effective for annual periods beginning on or after January 1, 2018.

² Effective for annual periods beginning on or after January 1, 2019.

³ Effective for annual periods beginning on or after a date to be determined.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) *(Continued)*

New and revised IFRSs in issue but not yet effective *(Continued)*

Except for the new and amendments to IFRSs mentioned below, the directors of the Bank anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (“FVTOCI”). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Based on the Group’s financial instruments and risk management policies as at December 31, 2017, the directors of the Bank anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement

- Listed debt instruments classified as available-for-sale financial assets carried at fair value as disclosed in note 22: some of these financial assets satisfy the contractual cash flow characteristics tests, and are held within a business model whose objective is achieved by both collecting contractual cash flows and selling these debt instruments in the open market. Accordingly, these financial assets will continue to be subsequently measured at FVTOCI upon the applications of IFRS 9, and the fair value gains or losses accumulated in the investment revaluation reserve will continue to be subsequently reclassified to profit or loss when the debt instruments are derecognized. Some of these financial assets fail the contractual cash flow characteristics test and therefore will be measured subsequently at fair value with fair value gains or losses to be recognized in profit or loss instead of other comprehensive income under IFRS 9. Upon initial application of IFRS 9, investment revaluation reserve relating to these financial assets subsequently measured at fair value through profit or loss will be transferred to retained earnings as at January 1, 2018.
- Listed fund investments classified as available-for-sale financial assets carried at fair value as disclosed in note 22: these financial assets will be measured at fair value with subsequent fair value gains or losses to be recognized in profit or loss. Upon initial application of IFRS 9, investment revaluation reserve relating to these financial assets subsequently measured at fair value through profit or loss will be transferred to retained earnings as at January 1, 2018.
- Equity instruments classified as available-for-sale financial assets carried at cost less impairment as disclosed in note 22: these instruments will be measured at fair value with subsequent fair value gains or losses to be recognized in profit or loss. Upon initial application of IFRS 9, the directors of the Bank consider that the amortized cost of these instruments approximate their fair value.
- Debt instruments classified as receivable carried at amortized cost as disclosed in note 24: some of these financial assets are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, they will continue to be subsequently measured at amortized cost upon the application of IFRS 9. Some other financial assets satisfy the contractual cash flow characteristics tests, and are held within a business model whose objective is achieved by both collecting contractual cash flows and selling these debt instruments in the open market. Accordingly, these financial assets will subsequently be measured at FVTOCI upon the applications of IFRS 9. In addition, some of these financial assets fail the contractual cash flow characteristics test and therefore will be measured subsequently at fair value with fair value gains or losses to be recognized in profit or loss under IFRS 9. Fair value changes of these financial assets will be adjusted to investment revaluation reserve or retained earnings as at January 1, 2018.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Classification and measurement (Continued)

- Wealth management products, asset management plans and trust beneficiary rights classified as receivables carried at amortized cost as disclosed in note 24: some of these financial assets will be measured at fair value with subsequent fair value gains or losses to be recognized in profit or loss upon the application of IFRS 9 because the contractual cash flows are not solely payments of principal and interest on the principal outstanding. Upon initial application of IFRS 9, the fair value changes will be adjusted to retained earnings as at January 1, 2018. The rest of these investments are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these instruments will continue to be subsequently measured at amortized cost upon the application of IFRS 9.
- All other financial assets and financial liabilities will continue to be measured on the same basis as are currently adopted under IAS 39.

Impairment

In general, the directors of the Bank anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized costs and other items that are subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Bank, the adoption of the new classification and measurement basis and expected credit loss model mentioned above in respect of financial assets will decrease the total equity as at January 1, 2018 by no more than 2% of the amount as at December 31, 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Bank anticipate that the application of IFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

Under IAS 17, the Group has already recognized an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB1,372.6 million as disclosed in note 46. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits received of RMB57 million as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortized cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Bank and the entities (including structured entities) controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the Bank and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the equity holders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Bank.

When the Group loses control of a subsidiary, the assets and liabilities of its subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of fair value of the consideration received and fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Investments in associates *(Continued)*

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Specific recognition criteria for different nature of revenue are disclosed below.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within "interest income" and "interest expense" in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount on initial recognition. When calculating the effective interest rate, the Group estimates cash flows after considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

The Group earns fee and commission income from a range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income are accrued over that period when the services are rendered. For other services, fee and commission income are recognized when the transactions are completed.

Dividend income

Dividend income from investments is recognized when the Group's right to receive payment is established.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Taxation *(Continued)*

Deferred tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.7 Employee benefits

In the period in which an employee has rendered services, the Group recognizes the employee benefits payable for those services as a liability.

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the Government, including social insurance, housing funds and other social welfare contributions. The Group contributes on a monthly basis to these funds based on certain percentage of the salaries of the employees and the contributions are recognized in profit or loss for the year in which they are incurred. The Group's liabilities in respect of these funds are limited to the contribution payable during the year.

Annuity plan

The Bank has set up its annuity plan. The scope of beneficiary has covered all staff under current employment and in the early retirement arrangement of the Bank. It is a defined contribution plan where the Bank contributes certain percentage of the gross employee salaries, and the contributions are charged or credited to profit or loss immediately as "Operating expenses" when they occur. Besides the fixed amount contributed to the pension plan, even if the pension plan is not sufficient to pay the employees' future retirement benefits, the Group has no further obligation to contribute to the plan.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Employee benefits *(Continued)*

Early retirement benefits

The Group provides early retirement benefits to those employees who accept the early retirement arrangement.

Obligations of early retirement benefits are calculated using the projected unit credit method at the end of the reporting period. All resulting gains or losses are charged or credited to profit or loss immediately as "Operating expenses" when they occur.

3.8 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the year in which they become receivable.

3.9 Financial instruments

Financial assets and financial liabilities are recognized in the consolidated financial statements when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables. Investment securities comprise held-to-maturity investments, available-for-sale financial assets and investments classified as receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is part of an portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the year in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets and is included in other gains and losses. Fair value is determined in the manner describe in note 50.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities dates that quoted in an active market and that the Group has the positive intention and ability to hold to maturity other than:

- a) those that the Group upon initial recognition designates as at FVTPL;
- b) those that the Group designates as available-for-sale; and
- c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of the reporting period except for unlisted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount are recognized in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, the objective evidence of impairment could include:

- (1) significant financial difficulty of the issuer or counter party;
- (2) breach of contract, such as a default or delinquency in interest or principal payments;
- (3) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (4) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (5) the disappearance of an active market for that financial asset because of financial difficulties; or
- (6) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Impairment of financial assets carried at amortized cost

An impairment loss is recognized in profit or loss when there is objective evidence that the assets are impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For financial assets with variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

The carrying amount of the financial asset is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognized in the profit or loss. When a financial asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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For the year ended December 31, 2017

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of available-for-sale financial assets

A decline in the fair value of an available-for-sale financial asset is recognized directly in other comprehensive income and accumulated in the investment revaluation reserve. Where there is objective evidence that asset is impaired, the cumulative loss that had been recognized directly in the investment revaluation reserve is reclassified to profit or loss.

Impairment loss on available-for-sale equity investments at fair value is not reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in other comprehensive income and accumulated in the investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

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For the year ended December 31, 2017
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated as at FVTPL on initial recognition.

The criteria for a financial liability to be classified as held for trading and designated as at FVTPL are the same as those for a financial asset to be classified as held for trading and designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with changes in fair value arising from re-measurement recognized directly in profit or loss in the year in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Bank for cash are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the assets to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and a collateralized borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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For the year ended December 31, 2017

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Derecognition (Continued)

Financial liabilities are derecognized when and only when the obligation specified in the relevant contract is discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and presented on the consolidated statement of financial position at net amount when the Bank has a legally enforceable right to set off the recognized amounts and the intention to settle on a net basis, or by realizing the asset and settling the liability simultaneously.

3.10 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 Revenue.

3.11 Repurchase agreements and agreements to resell

Financial assets sold subject to repurchase agreements continue to be recognized, and are recorded as "available-for-sale financial assets", "investments classified as receivables", "held-to-maturity investments" or "loans and advances to customers" as appropriate. The corresponding liability is included in "financial assets sold under repurchase agreements". Financial assets held under agreements to resell at a specific future date at a fixed price are recorded as "financial assets held under resale agreements".

The difference between purchase and sale price is recognized as interest expense or income in profit or loss over the life of the agreements using the effective interest method.

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than properties under construction in progress), are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20-50 years	3%-5%	1.90%-4.85%
Electronic equipment	3-5 years	3%-5%	19.00%-32.33%
Motor vehicles	4-5 years	3%-5%	19.00%-24.25%
Furniture and fixtures	5-10 years	3%-5%	9.50%-19.40%

Properties and equipment in the course of construction for supply of services or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and other directly attributable costs. Such properties and equipment are classified to the appropriate category of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Certain properties are used by the Group as investment properties. They are initially measured at cost and stated at cost less accumulated depreciation and any accumulated impairment losses subsequent to initial recognition. Depreciation is recognized on the same basis as buildings stated above.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Land use rights

Land use rights are included in other assets and amortized on a straight-line basis over the lease term.

3.14 Repossessed assets

Repossessed assets are initially recognized at fair value and subsequently measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period. When the fair value less costs to sell is lower than the repossessed asset's carrying amount, an impairment loss is recognized in profit or loss.

Any gain or loss arising from disposal of the repossessed asset is included in profit or loss in the year in which the item is disposed of.

A repossessed asset used by the Group is transferred to property and equipment at carrying amount.

3.15 Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the relevant payments can be made reliably, interests in leasehold land (i.e. land use rights) is accounted for as operating leases and is amortized over the lease term on a straight-line basis.

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

3.18 Impairment of tangible and intangible assets

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made on the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

3.21 Fiduciary Activities

The Group acts in fiduciary activities as a manager, custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

3.22 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgements and key sources of estimation uncertainty that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements and/or in the next twelve months.

Impairment losses on financial assets

The directors of the Bank review its loan portfolio, amounts due from banks and other financial institutions, debt securities and other investment securities issued by financial institutions to assess impairment on a periodic basis. In determining whether an impairment loss should be recognized in profit or loss, the directors of the Bank make judgements as to whether there is any observable data indicating that there is an objective evidence of impairment which will have a measurable decrease in the estimated future cash flows from a portfolio. When the decrease may not have been identified individually or the individual financial asset is not significant, the directors of the Bank use estimates based on historical loss experience on a collective basis with similar credit risk characteristics to assess the impairment loss while estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Details of the carrying amounts and the impairment losses of these assets are included in notes 20, 21 and 24.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments. This classification requires significant judgement. In making this judgement, the directors of the Bank evaluate its intention and ability to hold such investments to maturity. If the Bank fails to hold these investments to maturity other than for specific circumstances (such as selling an insignificant amount close to maturity), it will be required to reclassify the entire portfolio of assets as available-for-sale financial assets. There was neither disposal of held-to-maturity investments nor any change of intention during the year. As at December 31, 2017, the carrying amount of held-to-maturity investments was RMB49,123.3 million (December 31, 2016: RMB42,340.6 million).

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Fair value of financial instruments

The directors of the Bank use various valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis or other valuation methods as appropriate. To the extent practical, models use only observable data, however areas such as credit risk of the Bank and counterparties, volatilities and correlations require the directors of the Bank to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. As at December 31, 2017, the carrying amount of financial assets that are measured at fair value on a recurring basis was RMB41,932.4 million (December 31, 2016: RMB56,411.6 million).

Taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the year during which such determination is made. As at December 31, 2017, a deferred tax asset of RMB2,237.5 million has been recognized (December 31, 2016: RMB1,698.0 million). Current income tax expense for the year ended December 31, 2017 was RMB1,359.3 million (Year ended December 31, 2016: RMB1,618.9 million).

Consolidation of structured entities

Where the Group acts as an asset manager of structured entities, the Group makes judgment on whether it is the principal or an agent to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment periodically.

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For the year ended December 31, 2017
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5. NET INTEREST INCOME

	Year ended December 31	
	2017	2016
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	9,054,002	8,550,426
Personal loans and advances	1,498,077	1,296,992
Discounted bills	100,227	165,940
Finance lease	228,357	1,780
Balances with central bank	832,184	833,818
Deposits with banks and other financial institutions	556,032	658,673
Placements with banks and other financial institutions	653,640	369,654
Financial assets held under resale agreements	503,743	1,151,118
Investments, including:		
Bonds investment	4,016,448	2,920,124
Other investments classified as receivables*	10,452,025	9,254,051
Subtotal	27,894,735	25,202,576
Interest expense:		
Deposits from banks and other financial institutions	(4,240,365)	(3,860,563)
Placements from banks	(533,129)	(138,669)
Financial assets sold under repurchase agreements	(1,971,998)	(546,316)
Due to customers	(8,744,829)	(9,117,308)
Debt securities issued	(3,922,701)	(1,180,400)
Borrowings from central bank	(80,501)	(95)
Subtotal	(19,493,523)	(14,843,351)
Net interest income	8,401,212	10,359,225
Including: Interest income on impaired financial assets	78,730	63,020

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

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For the year ended December 31, 2017

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5. NET INTEREST INCOME *(Continued)*

Notes:

- (i) Total interest income arising from financial assets that are not at fair value through profit or loss for the year ended December 31, 2017 amounted to RMB27,770 million (2016: RMB25,079 million).
- (ii) Total interest expense arising from financial liabilities that are not at fair value through profit or loss for the year ended December 31, 2017 amounted to RMB19,494 million (2016: RMB14,843 million).

6. NET FEE AND COMMISSION INCOME

	Year ended December 31	
	2017	2016
Fee and commission income		
Wealth management service fees	1,229,197	860,912
Acceptance and guarantee commitment fees	194,369	186,818
Settlement and clearing fees	157,350	168,066
Agency commissions and fiduciary service fees	237,431	165,983
Bank card fees	35,249	33,396
Consultancy fees	258,976	25,762
Others	267	1,536
Subtotal	2,112,839	1,442,473
Fee and commission expense	(79,374)	(40,421)
Total	2,033,465	1,402,052

7. NET TRADING LOSSES

	Year ended December 31	
	2017	2016
Realized losses from debt securities	(25,235)	(16,963)
Unrealized losses from debt securities	(147,384)	(103,127)
Total	(172,619)	(120,090)

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

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8. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Year ended December 31	
	2017	2016
Net gains on disposal of available-for-sale financial assets	15,601	63,342

9. OTHER INCOME, GAINS OR LOSSES

	Note	Year ended December 31	
		2017	2016
Dividends income		5,000	6,420
Government subsidies		11,488	43,911
Exchange (losses)/gains		(81,271)	177,222
Dormant accounts		3,381	10,209
Provision	(1)	(60,000)	(145,600)
Rental income		5,385	6,138
Others		(18,326)	11,907
Total		(134,343)	110,207

Note:

(1) Provision was made in relation to the Group's legal proceedings. Details are included in note 35.

10. OPERATING EXPENSES

	Notes	Year ended December 31	
		2017	2016
Staff costs	(1)	1,843,233	2,141,339
Office expenses		222,420	252,188
Rental and property management expenses		339,916	314,332
Other general and administrative expenses	(2)	353,875	343,290
Sundry taxes		118,651	516,814
Depreciation		144,427	134,620
Amortization		80,071	65,059
Total		3,102,593	3,767,642

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

10. OPERATING EXPENSES *(Continued)*

Notes:

- (1) Staff costs

	Year ended December 31	
	2017	2016
Salaries, bonuses and allowances	1,201,147	1,575,616
Social insurance	275,537	321,926
Housing funds	105,848	92,416
Staff welfare	102,690	49,638
Labor union fees and staff education expenses	36,288	18,738
Contribution to annuity funds	121,723	83,005
Total	1,843,233	2,141,339

- (2) The Group's statutory audit fee for the year ended December 31, 2017 was RMB2.95 million (2016: RMB2.99 million).

11. IMPAIRMENT LOSSES

	Year ended December 31	
	2017	2016
Loans and advances to customers	1,338,595	1,865,883
Off-balance sheet credit commitments	(207,334)	514
Investments classified as receivables	1,035,542	221,920
Financial assets held under resale agreements	(39,250)	251,714
Others	4,300	12,933
Total	2,131,853	2,352,964

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12. INCOME TAX EXPENSE

	Year ended December 31	
	2017	2016
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	1,359,307	1,618,853
Deferred tax (note 27)	(419,433)	(426,383)
Total	939,874	1,192,470

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

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

	Year ended December 31	
	2017	2016
Profit before tax	4,882,938	5,710,374
Tax calculated at applicable statutory tax rate of 25%	1,220,735	1,427,594
Underprovision of tax in prior years	3,972	1,332
Tax effect of expenses not deductible for tax purpose	25,173	7,128
Tax effect of income not taxable for tax purpose*	(310,006)	(245,348)
Tax effect of tax losses/deductible temporary differences not recognized	–	1,764
Income tax expense	939,874	1,192,470

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	Year ended December 31	
	2017	2016
Earnings:		
Profit for the year attributable to equity holders of the Bank	3,916,386	4,522,053
Numbers of shares:		
Weighted average number of shares in issue (in thousand)	6,070,552	5,838,503
Basic earnings per share (RMB Yuan)	0.65	0.77
Diluted earnings per share (RMB Yuan)	0.65	0.77

The Group did not have any dilutive event in 2017. Since the exercise price of the Bank's over-allotment share option in 2016 was higher than the average market price of shares for the option period, the exercise of the share option would not have a dilutive effect on earnings per share for the year ended December 31, 2016.

14. DIVIDENDS

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

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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(I) Directors' and supervisors' remunerations

Year ended December 31, 2017

Name	Fees	Paid remuneration and other benefits	Contribution to pension schemes	Total
Executive directors				
LI Zongtang ⁽¹⁾	–	319	158	477
SUN Ligu ⁽²⁾	–	319	158	477
YUE Desheng	–	291	158	449
ZHANG Furong	–	291	158	449
Non-executive directors				
YU Yang ⁽³⁾	–	–	–	–
Alistair Marshall Bulloch	95	–	–	95
ZHAO Wei ⁽⁴⁾	–	–	–	–
LUAN Fengxiang	91	–	–	91
ZENG Xiangxin	90	–	–	90
ZHAO Jiawang ⁽⁵⁾	–	–	–	–
Independent non-executive directors				
LIU Baorui	192	–	–	192
FENG Heping	186	–	–	186
GUO Tianyong	180	–	–	180
LAW Yee Kwan, Quinn	185	–	–	185
JIN Qingjun ⁽⁶⁾	163	–	–	163
Supervisors				
ZHANG Xiang	–	97	52	149
YAO Tao	–	742	158	900
ZHANG Lianming	191	–	–	191
ZHANG Xiaoli	194	–	–	194
FENG Xia	94	–	–	94
CHENG Yifeng	94	–	–	94
Total	1,755	2,059	842	4,656

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations (Continued)

Year ended December 31, 2016

Name	Fees	Paid remuneration and other benefits	Contribution to pension schemes	Total
Executive directors				
YUAN Fuhua ⁽⁷⁾	–	680	220	900
WEN Yuanhua ⁽⁸⁾	–	680	220	900
YUE Desheng	–	531	177	708
ZHANG Furong	–	615	177	792
Non-executive directors				
YU Yang ⁽³⁾	–	–	–	–
JIA Hongqian ⁽⁹⁾	–	–	–	–
Alistair Marshall Bulloch	96	–	–	96
ZHAO Wei	18	–	–	18
LUAN Fengxiang	91	–	–	91
ZENG Xiangxin ⁽¹⁰⁾	38	–	–	38
Independent non-executive directors				
LIU Baorui	200	–	–	200
LIANG Zhixiang ⁽¹¹⁾	184	–	–	184
FENG Heping	200	–	–	200
GUO Tianyong	200	–	–	200
LAW Yee Kwan, Quinn	193	–	–	193
Supervisors				
ZHANG Xiang	–	615	177	792
YAO Tao	–	985	145	1,130
ZHANG Lianming	194	–	–	194
ZHANG Xiaoli	200	–	–	200
FENG Xia	95	–	–	95
CHENG Yifeng	95	–	–	95
Total	1,804	4,106	1,116	7,026

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations *(Continued)*

- (1) Mr. LI Zongtang was appointed as an executive Director and Chairman of the Bank on February 16, 2017, and his qualification as director of the Bank was approved by CBRC Tianjin Bureau on March 14, 2017.
- (2) Mr. SUN Liguo was appointed as an executive Director of the Bank on February 16, 2017, and his qualification as director of the Bank was approved by CBRC Tianjin Bureau on March 14, 2017. Mr. SUN Liguo was appointed as the president of the Bank on December 21, 2016, and his qualification as president of the Bank was approved by the CBRC Tianjin Bureau on February 24, 2017.
- (3) In 2016 and 2017, the director's fees of YU Yang were waived with his authorization.
- (4) In 2017, the director's fees of ZHAO Wei were waived with his authorization.
- (5) In February 2017, ZHAO Jiawang was appointed as non-executive director. The director's fees of ZHAO Jiawang for 2017 were waived with his authorization.
- (6) In February 2017, JIN Qingjun was appointed as independent non-executive director.
- (7) In December 21, 2016, YUAN Fuhua resigned from the position of executive director and chairman of the Bank.
- (8) In December 21, 2016, WEN Yuanhua resigned from the position of executive director and the president of the Bank.
- (9) In August 2016, JIA Hongqian resigned from the position of non-executive director. The director's fees of JIA Hongqian for 2016 were waived with his authorization.
- (10) In June 2016, ZENG Xiangxin was appointed as non-executive director.
- (11) In December 2016, LIANG Zhixiang resigned from the position of independent non-executive director.

The total compensation packages for these directors and supervisors for the year ended December 31, 2017 have not been finalized in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

The executive directors' and supervisors' remunerations shown above were paid for their services in connection with the management of the affairs of the Bank and the Group.

The independent non-executive directors' remunerations shown above were paid for their services as directors of the Bank.

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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(II) Five highest paid individuals

Among the five highest paid individuals, none (2016: none) of them are directors or supervisors whose remunerations are disclosed above for the year ended December 31, 2017.

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

	Year ended December 31	
	2017	2016
Salaries and other emoluments	1,273	2,143
Discretionary bonuses	8,781	3,817
Contribution to pension schemes	647	717
Total	10,701	6,677

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

	Year ended December 31	
	2017	2016
RMB Nil – RMB1,000,000	–	–
RMB1,000,001 – RMB1,500,000	3	3
RMB1,500,001 – RMB2,000,000	1	2
RMB2,000,001 – RMB3,000,000	–	–
RMB3,000,001 – RMB4,000,000	–	–
RMB4,000,001 – RMB5,000,000	1	–
Total	5	5

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16. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at December 31	
		2017	2016
Cash		638,816	801,059
Mandatory reserve deposits	(1)	48,068,146	49,119,351
Surplus reserve deposits	(2)	8,659,021	8,113,271
Other deposits	(3)	6,483	73,952
Total		57,372,466	58,107,633

Notes:

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

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

- (2) The surplus reserve deposits are maintained with the PBoC mainly for the purpose of clearing.

- (3) Other deposits mainly represent the required fiscal deposits placed with the PBoC, which are non-interest bearing.

17. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2017	2016
Deposits with:		
Banks and other financial institutions in mainland China	6,795,951	25,154,070
Banks outside mainland China	1,207,908	963,951
Total	8,003,859	26,118,021

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2017	2016
Placements with:		
Banks in mainland China	10,768,362	8,394,908
Other financial institutions in mainland China	1,526,645	5,385,057
Total	12,295,007	13,779,965

19. FINANCIAL ASSETS HELD FOR TRADING

	As at December 31	
	2017	2016
Listed debt securities issued by:		
Government	1,785,329	1,275,180
Financial institutions – policy banks	1,830,279	2,639,400
Corporations	2,104,490	1,965,851
Total	5,720,098	5,880,431

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analyzed by counterparties:

	As at December 31	
	2017	2016
Banks in mainland China	9,452,740	20,157,171
Other financial institutions in mainland China	140,960	13,395,950
Subtotal	9,593,700	33,553,121
Less: Allowance for impairment losses	(236,864)	(276,114)
Including: Individually assessed	(236,864)	(274,864)
Collectively assessed	–	(1,250)
Total	9,356,836	33,277,007

Notes to the Consolidated Financial Statements

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

Analyzed by collateral type:

	Note	As at December 31	
		2017	2016
Bills		993,500	10,097,521
Trust beneficial rights and asset management plans	(1)	–	630,000
Bonds		8,600,200	22,825,600
Subtotal		9,593,700	33,553,121
Less: Allowance for impairment losses		(236,864)	(276,114)
Including: Individually assessed		(236,864)	(274,864)
Collectively assessed		–	(1,250)
Total		9,356,836	33,277,007

Note:

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

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21. LOANS AND ADVANCES TO CUSTOMERS

(1) Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

	As at December 31	
	2017	2016
Corporate loans and advances		
– Loans	202,547,230	182,240,328
– Discounted bills	3,242,417	2,941,289
– Finance lease receivable	8,711,837	303,619
Subtotal	214,501,484	185,485,236
Retail loans and advances		
– Residential mortgage loans	21,286,213	14,520,115
– Personal loans for consumption	8,792,989	10,220,665
– Personal loans for business purposes	3,815,821	3,357,698
– Credit card	484,197	416,998
Subtotal	34,379,220	28,515,476
Gross loans and advances to customers	248,880,704	214,000,712
Allowance for impairment losses	(7,243,455)	(6,146,182)
Including: Collectively assessed	(5,655,657)	(4,646,572)
Individually assessed	(1,587,798)	(1,499,610)
Loans and advances to customers, net	241,637,249	207,854,530

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

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

	Loans and advances for which allowance is collectively assessed ⁽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 December 31, 2017							
Gross loans and advances	245,143,346	562,981	3,174,377	3,737,358	248,880,704	1.50	
Allowance for impairment losses	(5,234,562)	(421,095)	(1,587,798)	(2,008,893)	(7,243,455)		
Loans and advances to customers, net	239,908,784	141,886	1,586,579	1,728,465	241,637,249		
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 losses	(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 exists and which have been identified as bearing an impairment loss and are assessed either individually or collectively.

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

(3) Movements of allowance on loans and advances to customers are as follows:

	Individually assessed allowance	Collectively assessed allowance	Total
As at January 1, 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 transfers	(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 year	548,849	2,538,459	3,087,308
Reversal for the year	(298,136)	(1,450,577)	(1,748,713)
Write-off and transfers	(205,714)	(92,936)	(298,650)
Recovery after write-off	121,919	14,139	136,058
Unwinding of discount on allowance	(78,730)	–	(78,730)
As at December 31, 2017	1,587,798	5,655,657	7,243,455

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22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	As at December 31	
		2017	2016
Listed debt securities issued by:			
Government		9,954,663	9,943,072
Financial institutions			
– Policy banks		14,443,340	10,864,542
– Commercial banks and other financial institutions		6,494,718	27,146,633
Corporations		2,215,986	752,617
Subtotal		33,108,707	48,706,864
Listed funds		3,103,639	1,824,270
Unlisted equity instruments	(1)	58,600	58,600
Total		36,270,946	50,589,734

Note:

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

23. HELD-TO-MATURITY INVESTMENTS

	As at December 31	
	2017	2016
Listed debt securities issued by:		
Government	25,547,504	27,872,583
Financial institutions		
– Policy banks	22,875,771	13,768,018
– Commercial banks and other financial institutions	700,000	700,000
Total	49,123,275	42,340,601

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24. INVESTMENTS CLASSIFIED AS RECEIVABLES

	Notes	As at December 31	
		2017	2016
Government bonds		1,838,000	1,558,000
Certificate government bonds		291,960	238,569
Financial institution bonds			
– Commercial banks and other financial institutions		134,891	10,002
Asset-backed securities		19,850,680	13,251,091
Corporate bonds		17,745,016	11,698,412
Wealth management products	(1)	67,924,624	64,717,076
Asset management plans	(2)	81,347,831	85,903,106
Trust beneficiary rights	(3)	84,937,452	35,246,849
Subtotal		274,070,454	212,623,105
Allowance for impairment losses		(1,732,138)	(696,596)
Including: Collectively assessed		(953,402)	(634,512)
Individually assessed		(778,736)	(62,084)
Total, unlisted	(4)	272,338,316	211,926,509

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

	Collectively assessed allowance	Individually assessed allowance	Total
As at January 1, 2016	470,092	36,363	506,455
Charge for the year	164,420	62,032	226,452
Write-off	–	(36,311)	(36,311)
As at December 31, 2016	634,512	62,084	696,596
Charge for the year	318,890	716,652	1,035,542
As at December 31, 2017	953,402	778,736	1,732,138

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24. INVESTMENTS CLASSIFIED AS RECEIVABLES *(Continued)*

Notes:

- (1) Wealth management products were issued by other commercial banks.
- (2) Asset management plans refer to designated asset management plans managed by securities companies for the Bank and mainly invested in corporate loans.
- (3) Trust beneficiary rights refer to beneficial right of trust plans that mainly invested in corporate loans.
- (4) Total unlisted investments classified as receivables include bonds that have no active market.

25. INTERESTS IN ASSOCIATES

The balance of interests in associates is as follows:

	As at December 31	
	2017	2016
Unlisted shares, at cost	223,000	174,000
Share of post-acquisition (losses)/profits and other comprehensive income	(19,137)	10,995
Total	203,863	184,995

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25. INTERESTS IN ASSOCIATES (Continued)

Details of the Bank's associates as at December 31, 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 December 31, 2017 (In RMB'000)	Proportion of ownership and voting rights held by the Group		Principal activities
					As at December 31, 2017 %	As at December 31, 2016 %	
Tianjin Jixian County Bank Company Limited (天津市薊州村鎮銀行股份有限公司)	Limited company	Tianjin, PRC	August 2008	300,000	35	35	Banking
AlaEr JinHui County Bank Company Limited (阿拉爾津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2016	50,000	40	40	Banking
Tiemenguan Jinhui County Bank Company Limited (鐵門關津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
HuTuBi JinHui County Bank Company Limited (呼圖壁津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
TaCheng JinHui County Bank Company Limited (塔城津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	June 2017	50,000	49	N.A.	Banking
FuKang JinHui County Bank Company Limited (阜康津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2017	50,000	49	N.A.	Banking

For the year ended December 31, 2017, the total amount of associated companies' operating income was RMB102 million. Total assets and total equity as at December 31, 2017 were RMB3,496 million and RMB511 million respectively. They represent 1.00%, 0.50% and 1.14% 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, total assets, and total equity respectively. Directors of the Bank consider that these associates are immaterial to the Group.

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26. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at January 1, 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	–	9,082	788	15,376	183,430	208,676
Transfers	–	22,415	–	36,571	(58,986)	–
Transfers out	–	–	–	–	(68,053)	(68,053)
Disposals	–	(21,233)	(6,175)	(28,719)	–	(56,127)
As at December 31, 2017	1,592,838	599,545	84,878	277,694	396,768	2,951,723
ACCUMULATED DEPRECIATION						
As at January 1, 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	796	1,589	–	6,451
Disposals	7,662	5	5,521	5,802	–	18,990
As at December 31, 2016	(487,557)	(437,636)	(80,630)	(174,982)	–	(1,180,805)
Provided for the year	(58,423)	(54,023)	(1,364)	(30,617)	–	(144,427)
Transfers out	–	–	–	–	–	–
Disposals	–	15,376	4,411	7,550	–	27,337
As at December 31, 2017	(545,980)	(476,283)	(77,583)	(198,049)	–	(1,297,895)
NET BOOK VALUE						
As at December 31, 2016	1,105,281	151,645	9,635	79,484	340,377	1,686,422
As at December 31, 2017	1,046,858	123,262	7,295	79,645	396,768	1,653,828

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26. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amount of buildings of the Group with incomplete title deeds as at December 31, 2017 amounted to RMB23.70 million (December 31, 2016: RMB24.94 million). The Group is still in the process of applying for the outstanding title deeds for the above buildings. The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at December 31, 2017, buildings of the Group with net book value amounted to RMB33.43 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.

27. DEFERRED TAXATION

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

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Provision	Fair value changes of available- for-sale financial assets	Fair value changes of financial assets held for trading	Others	Total
As at January 1, 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
Charge 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	432,391	(28,458)	(36,833)	-	36,846	15,487	419,433
Charge to other comprehensive income	-	-	-	120,024	-	-	120,024
As at December 31, 2017	1,664,749	177,494	146,231	191,905	39,005	18,121	2,237,505

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28. OTHER ASSETS

	As at December 31	
	2017	2016
Interest receivables	4,373,366	2,659,680
Repossessed assets	670,761	560,729
Prepaid expenses	210,153	336,150
Other receivables	290,137	180,701
Intangible assets	104,580	75,418
Land use rights	51,344	53,533
Total	5,700,341	3,866,211

29. BORROWINGS FROM CENTRAL BANK

	As at December 31	
	2017	2016
Agricultural Re-lending	5,000	–
Medium-term Lending Facility	7,500,000	–
Total	7,505,000	–

30. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2017	2016
Banks in mainland China	47,344,541	93,507,313
Other financial institutions in mainland China	29,691,827	25,825,699
Total	77,036,368	119,333,012

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31. PLACEMENTS FROM BANKS

	As at December 31	
	2017	2016
Banks in mainland China	22,719,415	16,032,306
Banks outside mainland China	–	2,518,002
Total	22,719,415	18,550,308

32. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analyzed by counterparties:

	As at December 31	
	2017	2016
Banks in mainland China	29,962,447	53,759,300
Other financial institutions in mainland China	20,733,950	5,046,300
Total	50,696,397	58,805,600

Analyzed by collateral type:

	As at December 31	
	2017	2016
Bonds	50,696,397	58,805,600
Total	50,696,397	58,805,600

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33. DUE TO CUSTOMERS

	Note	As at December 31	
		2017	2016
Demand deposits			
Corporate customers		182,502,602	159,939,661
Individual customers		17,163,401	16,218,421
Time deposits			
Corporate customers		92,825,491	119,638,905
Individual customers		45,717,796	48,041,674
Pledged deposits	(1)	19,486,797	21,529,086
Others		161,548	103,210
Total		357,857,635	365,470,957

Note:

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

	As at December 31	
	2017	2016
Acceptances	8,941,058	13,537,174
Guarantees	5,160,517	2,815,499
Letters of guarantee	2,234,769	2,443,205
Letters of credit	2,953,962	2,655,635
Others	196,491	77,573
Total	19,486,797	21,529,086

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34. DEBT SECURITIES ISSUED

	Notes	As at December 31	
		2017	2016
12 Tianjin Bank bonds 01	(1)	1,500,000	1,500,237
12 Tianjin Bank bonds 02	(2)	1,198,986	1,199,407
15 Tianjin Bank bonds 01	(3)	2,499,365	2,571,381
15 Tianjin Bank bonds 02	(4)	2,499,305	2,561,646
15 Tianjin Bank bonds	(5)	4,993,797	5,079,325
Tianjin Bank 1-month negotiable certificates of deposit	(6)	6,375,449	–
Tianjin Bank 3-month negotiable certificates of deposit	(7)	32,554,492	5,482,800
Tianjin Bank 6-month negotiable certificates of deposit	(8)	32,055,517	10,815,575
Tianjin Bank 9-month negotiable certificates of deposit	(9)	21,471,049	7,772,020
Tianjin Bank 1-year negotiable certificates of deposit	(10)	13,540,355	3,649,193
Total		118,688,315	40,631,584

Notes:

- (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 5.90% 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. The Bank did not exercise this option and the interest rate remained at 5.90% per annum.
- (2) The 15 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of 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 interest 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.

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34. DEBT SECURITIES ISSUED *(Continued)*

Notes: *(Continued)*

- (5) The 10 year fixed-rate tier-two capital bonds were issued on August 21, 2015 by the Bank at a face value of 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 negotiable certificates of deposit ("CD") during the year ended December 31, 2017. As at December 31, 2017, the face value of outstanding CD amounted to RMB6.39 billion (December 31, 2016: Nil), with a reference interest rate of 5.00%-5.72% per annum (December 31, 2016: Nil), payable at maturity.
- (7) The Bank issued a series of 3-month CD during the year ended December 31, 2017. As at December 31, 2017, the face value of outstanding CD amounted to RMB32.83 billion (December 31, 2016: RMB5.5 billion), with a reference interest rate of 4.55%-5.40% per annum (December 31, 2016: 2.90%-4.70% per annum), payable at maturity.
- (8) The Bank issued a series of 6-month CD during the year ended December 31, 2017. As at December 31, 2017, the face value of outstanding CD amounted to RMB32.39 billion (December 31, 2016: RMB10.9 billion), with a reference interest rate of 4.35%-5.25% per annum (December 31, 2016: 2.95%-3.48% per annum), payable at maturity.
- (9) The Bank issued a series of 9-month CD during the year ended December 31, 2017. As at December 31, 2017, the face value of outstanding CD amounted to RMB21.77 billion (December 31, 2016: RMB7.9 billion), with a reference interest rate of 4.50%-5.40% per annum (December 31, 2016: 3.00%-3.81% per annum), payable at maturity.
- (10) The Bank issued a series of 1-year CD during the year ended December 31, 2017. As at December 31, 2017, the face value of outstanding CD amounted to RMB13.96 billion (December 31, 2016: RMB3.7 billion), with a reference interest rate of 4.55%-5.30% per annum (December 31, 2016: 3.10%-3.22% per annum), payable at maturity.

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35. OTHER LIABILITIES

	Notes	As at December 31	
		2017	2016
Interest payables		8,948,936	7,726,871
Other payables	(1)	9,796,382	1,484,063
Settlement payable		1,648,634	1,359,061
Salaries payable	(2)	797,848	848,220
Provision	(3)	584,923	732,257
Dividends payable		46,941	44,307
Sundry taxes payable		195,873	1,871
Total		22,019,537	12,196,650

Notes:

- (1) Other payables included funds received for the non-principal-guaranteed wealth management products sponsored by the Bank that commenced after year end date, amounting to RMB9,321 million (December 31, 2016: RMB919 million), as at December 31, 2017.
- (2) Salaries payables included the Group's obligations in respect of the early retirement benefits, amounting to RMB46.6 million (December 31, 2016: RMB10.5 million) as at December 31, 2017, estimated based on the projected unit credit actuarial cost method.
- (3) Provision refers to the allowance made on exposure relating to off balance sheet credit commitments and litigation. Provision in relation to litigations is RMB205.6 million (December 31, 2016: RMB145.6 million), the remaining balance relates to off-balance credit commitments. Movements of provision are as follows:

	As at December 31	
	2017	2016
At beginning of the year	732,257	586,143
Charge for the year	328,591	469,489
Reversal for the year	(475,925)	(323,375)
At end of the year	584,923	732,257

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36. SHARE CAPITAL

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

On 30 March, 2016, the Bank was listed on 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 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 27 May, 2016.

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

	2017			
	As at January 1	Conversion/ Issuance	Transfer	As at December 31
Shareholders				
Domestic shareholders	4,305,953	–	–	4,305,953
H shareholders	1,764,599	–	–	1,764,599
Total	6,070,552	–	–	6,070,552

	2016			
	As at January 1	Conversion/ Issuance	Transfer	As at December 31
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

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36. SHARE CAPITAL *(Continued)*

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

37. 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. In 2017, it also included the difference between the carrying amount of net assets and the amount contributed by non-controlling shareholders during the capital injection of its subsidiary.

38. INVESTMENT REVALUATION RESERVE

	Gross amount	Tax effect	Net amount
As at January 1, 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	(464,494)	116,124	(348,370)
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(15,601)	3,900	(11,701)
As at December 31, 2017	(767,620)	191,905	(575,715)

39. SURPLUS RESERVE

Under relevant PRC Laws, corporation is required to transfer 10% of its net profit, determined under the PRC GAAP, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in the shareholders' general meeting. Subject to the approval by the shareholders' general meeting, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

For the year ended December 31, 2017, the Group appropriated approximately RMB338 million (2016: RMB452 million) to the statutory surplus reserve.

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40. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures by year 2017.

During the year ended December 31, 2017, the Group transferred approximately RMB1,227 million (2016: RMB1,319 million) to general reserve.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017			As at December 31
	As at January 1	Financing Cash Flows	Other Changes ⁽ⁱ⁾	
Debt securities issued (Note 34)	40,631,584	77,027,773	1,028,958	118,688,315
Total	40,631,584	77,027,773	1,028,958	118,688,315

(i) Other changes include interest accruals and payments.

42. CASH AND CASH EQUIVALENTS

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

	As at December 31	
	2017	2016
Cash	638,816	801,059
Balances with central bank	8,659,021	8,113,271
Deposits with banks and other financial institutions	2,503,859	13,318,021
Placements with banks and other financial institutions	4,753,699	6,482,014
Financial assets held under resale agreements	6,261,330	23,516,756
Total	22,816,725	52,231,121

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43. 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.

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

The Group has no major customer which contributes to 10 per cent or more of the Group's income. No geographical information is presented as most of the Group's operations are conducted and majority of its non-current assets are located and therefore revenue is derived from activities in Tianjin Municipality of the PRC.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating Segments

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are 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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43. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2017					
External interest income	9,348,550	1,498,077	17,048,108	-	27,894,735
External interest expense	(7,073,313)	(1,671,516)	(10,748,694)	-	(19,493,523)
Inter-segment interest income/(expense)	3,659,737	1,565,333	(5,225,070)	-	-
Net interest income	5,934,974	1,391,894	1,074,344	-	8,401,212
Fee and commission income	1,534,002	378,668	200,169	-	2,112,839
Fee and commission expense	(65,394)	(13,976)	(4)	-	(79,374)
Net fee and commission income	1,468,608	364,692	200,165	-	2,033,465
Net trading losses	-	-	(172,619)	-	(172,619)
Net gains arising from investment securities	-	-	15,601	-	15,601
Other income, gains or losses	(60,000)	-	(81,271)	6,928	(134,343)
Operating income	7,343,582	1,756,586	1,036,220	6,928	10,143,316
Operating expenses	(1,825,469)	(976,571)	(300,553)	-	(3,102,593)
Impairment losses	(1,798,570)	(225,033)	(108,250)	-	(2,131,853)
Share of results of associates	-	-	-	(25,932)	(25,932)
Profit/(losses) before tax	3,719,543	554,982	627,417	(19,004)	4,882,938
Income tax expense					(939,874)
Profit for the year					3,943,064
Depreciation and amortization	(163,175)	(38,484)	(22,839)	-	(224,498)
Capital expenditure	(117,290)	(67,683)	(9,136)	(24,645)	(218,754)
As at December 31, 2017					
Segment assets	212,058,853	34,607,292	454,701,284	546,160	701,913,589
Segment liabilities	(306,411,501)	(71,087,087)	(278,975,443)	(683,696)	(657,157,727)
Supplementary information					
Credit commitments	43,850,850	1,799,981	-	-	45,650,831

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43. SEGMENT ANALYSIS *(Continued)*

Operating Segments *(Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2016					
External interest income	8,690,373	1,296,992	15,215,211	–	25,202,576
External interest expense	(7,378,493)	(1,738,815)	(5,726,043)	–	(14,843,351)
Inter-segment interest income/(expense)	3,944,797	2,110,246	(6,055,043)	–	–
Net interest income	5,256,677	1,668,423	3,434,125	–	10,359,225
Fee and commission income	970,008	365,422	107,043	–	1,442,473
Fee and commission expense	(34,870)	(5,543)	(8)	–	(40,421)
Net fee and commission income	935,138	359,879	107,035	–	1,402,052
Net trading losses	–	–	(120,090)	–	(120,090)
Net gains arising from investment securities	–	–	63,342	–	63,342
Other income, gains or losses	(77,689)	486	177,221	10,189	110,207
Operating income	6,114,126	2,028,788	3,661,633	10,189	11,814,736
Operating expenses	(1,555,649)	(1,237,977)	(974,016)	–	(3,767,642)
Impairment losses	(1,762,365)	(181,576)	(409,023)	–	(2,352,964)
Share of results of associates	–	–	–	16,244	16,244
Profit before tax	2,796,112	609,235	2,278,594	26,433	5,710,374
Income tax expense					(1,192,470)
Profit for the year					4,517,904
Depreciation and amortization	(76,218)	(87,659)	(35,802)	–	(199,679)
Capital expenditure	(145,125)	(130,612)	(14,512)	–	(290,249)
As at December 31, 2016					
Segment assets	183,690,046	28,109,229	444,248,257	1,262,575	657,310,107
Segment liabilities	(307,909,472)	(68,449,313)	(238,584,912)	(611,630)	(615,555,327)
Supplementary information					
Credit commitments	64,635,323	1,625,223	–	–	66,260,546

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44. STRUCTURED ENTITIES

44.1 Consolidated structured entities

The consolidated structured entities of the Group mainly include principal-guaranteed wealth management products sponsored by the Bank. As at December 31, 2017, the amount of assets held by the consolidated principal-guaranteed wealth management products sponsored by the Bank amounted to RMB23,949 million (December 31, 2016: RMB19,661 million).

For the year ended December 31, 2017, the management fee relating to these products recognized by the Group amounted to RMB214 million (2016: RMB190 million).

44.2 Unconsolidated structured entities

(1) *Structured entities sponsored by third party institutions in which the Bank holds an interest*

The Bank holds an interest in these structured entities sponsored by third party institutions through investments in the rights or plans issued relating to these structured entities. The Bank does not consolidate these structured entities. Such structured entities include wealth management products issued by financial institutions, asset management plans, trust beneficiary rights and asset-backed securities.

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2017 in the structured entities sponsored by third party institutions.

	As at December 31	
	2017	2016
Asset-backed securities	19,850,680	13,251,091
Wealth management products	67,924,624	64,717,076
Asset management plans	81,347,831	85,903,106
Trust beneficiary rights	84,937,452	35,246,849
Total	254,060,587	199,118,122

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 year.

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44. STRUCTURED ENTITIES *(Continued)*

44.2 Unconsolidated structured entities *(Continued)*

(2) *Unconsolidated structured entities sponsored by the Bank in which the Bank holds an interest*

The types of unconsolidated structured entities sponsored by the Bank mainly include non-principal-guaranteed wealth management products. The purpose of sponsoring these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

For the year ended December 31, 2017, the management fee relating to these products recognized by the Group amounted to RMB1,015 million (2016: RMB671 million).

As at December 31, 2017, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products sponsored by the Bank amounted to RMB96,084 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 48.

The Group did not provide any financial or other support to these unconsolidated structured entities during the year (2016: None).

45. RELATED PARTY TRANSACTIONS

(1) Balances and transactions between the Group and the major shareholders and entities under their control

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

	Percentage of shares held as at December 31	
	2017	2016
Tianjin Bonded Zone Investment Co., Ltd.	15.92%	15.88%
Australia and New Zealand Banking Group Limited ("ANZ")	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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45. RELATED PARTY TRANSACTIONS *(Continued)*

(1) Balances and transactions between the Group and the major shareholders and entities under their control *(Continued)*

During the 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 December 31	
	2017	2016
Balances at the end of the year:		
Assets		
Deposits with banks and other financial institutions	4,704	3,594
Loans and advances to customers	2,600,000	–
Interest receivable from related parties	3,621	–
Total	2,608,325	3,594
Liabilities		
Due to customers	914,651	118,092
Interest payable to related parties	213	–
Total	914,864	118,092
	Year ended December 31	
	2017	2016
Transactions during the year:		
Interest income	123,537	1,753
Interest expense	3,634	9,636
Interest rate ranges during the year:	%	%
Deposits with banks and other financial institutions	–	–
Placements with banks and other financial institutions	–	0.50~1.80
Loans and advances to customers	4.35~5.50	–
Placements from banks	–	2.77~3.10
Due to customers	0.05~1.32	0.35~1.38

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45. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Subsidiaries of the Bank

As at December 31, 2017, the Bank's deposits from its subsidiaries amounted to RMB1,673.99 million (December 31, 2016: RMB780.03 million) and the interest expenses for the year ended December 31, 2017 amounted to RMB22.55 million (2016: RMB3.27 million).

(3) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors and senior management, and close family members of such individuals. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

Balances and transactions with other related parties

	As at December 31	
	2017	2016
Balances at the end of the year:		
Liabilities		
Deposits from banks and other financial institutions	591,393	168,805
Due to customers	50,000	–
Interest payable to related parties	1,112	–
Total	642,505	168,805
	Year ended December 31	
	2017	2016
Transactions during the year:		
Interest expense	1,884	1,958
Interest rate range during the year:	%	%
Deposits from banks and other financial institutions	0.35~5.30	0.35~3.00
Due to customers	–	0.35~1.38

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45. RELATED PARTY TRANSACTIONS *(Continued)*

(4) Key management personnel

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

	Year ended December 31	
	2017	2016
Fees	1,755	1,804
Basic salaries, bonuses and allowances*	4,396	6,829
Contribution to pension schemes	1,435	1,635
Total	7,586	10,268

* Bonus for 2017 can only be determined after the shareholders' general meeting and regulatory approval.

(5) Annuity Scheme

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

	Year ended December 31	
	2017	2016
Contribution to annuity funds	121,723	83,005

46. 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 at December 31, 2017, the Group has assessed and measured the impact of those significant pending lawsuits and recognized reasonable amount of provisions (refer to Note 35).

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46. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Capital commitments

	As at December 31	
	2017	2016
Contracted but not provided for – commitments for the acquisition of property and equipment	156,338	217,252

Operating lease commitments

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

	As at December 31	
	2017	2016
Within 1 year	297,903	373,427
1 to 2 years	253,458	193,248
2 to 3 years	206,895	193,070
3 to 4 years	162,413	125,874
4 to 5 years	133,082	86,542
Over 5 years	318,895	195,798
Total	1,372,646	1,167,959

Credit commitments

	As at December 31	
	2017	2016
Acceptances	29,021,385	48,612,349
Undrawn credit card limit	1,799,981	1,625,223
Letters of credit issued	8,557,033	8,329,551
Letters of guarantee	6,272,432	7,693,423
Total	45,650,831	66,260,546

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46. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Credit commitments (Continued)

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

The Group grants loan commitments to specific customers. Directors of the Bank are of the opinion that such commitments are conditional and revocable.

Credit risk weighted amounts for credit commitments

	As at December 31	
	2017	2016
Credit commitments	19,367,185	27,509,516

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and commitments.

Collateral

Assets pledged

The total carrying amount of assets pledged as collateral under repurchase agreement and customer deposits for the Group is as follows:

	As at December 31	
	2017	2016
Bonds	68,319,201	66,280,478
Total	68,319,201	66,280,478

As at December 31, 2017, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB50,696 million (December 31, 2016: RMB58,806 million). All repurchase agreements were due within twelve months from inception.

As at December 31, 2017, the balances of customer deposits that were secured by the Group's assets amounted to RMB9,673 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.

As at December 31, 2017, the balances of Medium-term Lending Facility that were secured by the Group's assets amounted to RMB7,500 million (December 31, 2016: nil).

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46. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Collateral *(Continued)*

Collateral accepted

As at December 31, 2017, the Group received RMB9,594 million (December 31, 2016: RMB34,540 million) of bonds and bills as collateral relating to financial assets held under resale agreements. As at December 31, 2017 and 2016, none of these collateral could be resold or repledged by the Group.

Redemption commitments of government bond

The Group is authorized by the Ministry of Finance to underwrite certificate government bonds and e-saving bonds. The investors of these bonds can redeem before maturity date and the Group has the obligation to pay the principal and related interests to investors.

As at December 31, 2017, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,144 million (December 31, 2016: RMB2,150 million), and the principal balance of e-saving bonds which the Group has early payment obligations amounted to RMB2,371 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 certificate government bonds until the maturity date and pays the principal and interest of the e-saving bonds periodically upon the Group's demand.

47. FIDUCIARY ACTIVITIES

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

As at December 31, 2017, the entrusted loans balance of the Group amounted to RMB44,599 million (December 31, 2016: RMB32,333 million).

As at December 31, 2017, the balance of non-principal-guaranteed wealth management products issued by the Group amounted to RMB96,084 million (December 31, 2016: RMB76,207 million).

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48. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds of carrying amount of RMB50,726 million as at December 31, 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 totaling RMB50,696 million as at the end of the year (December 31, 2016: RMB58,806 million) is presented as “financial assets sold under repurchase agreements” (note 32).

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds to the counterparties during the covered period. However, the Group is not allowed to resell or repledge 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 them as “collateral” for the secured lending from the counterparties. The counterparty's recourse is not limited to the transferred assets.

Asset securitization

The Group enters into securitization transactions in normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. For the year ended December 31, 2017, the Group has not securitized any loans (Year ended December 31, 2016: RMB2,010 million). As at December 31, 2017, the Group has held securitized credit assets in the form of asset-backed securities amounting to RMB Nil (December 31, 2016: RMB25 million).

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49. FINANCIAL RISK MANAGEMENT

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and set up risk controls to identify, analyze, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Bank has a Risk Management Committee, which is headed by the executive director under the Board of Directors. Risk Management Committee is responsible for setting the overall risk management and internal control strategies of the Group, monitoring the credit risk, liquidity risk, market risk and operation risk, and periodically assesses the overall risk position, risk acceptance and management capabilities, and makes recommendations and suggestions on risk management and internal control of the Group.

Following the risk management strategies set by the Risk Management Committee, the Risk Management Department of the Bank formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

49.1 Credit risk

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Group exercises standardized credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrading its credit management system.

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Credit risk management (Continued)

Apart from the credit risk exposures on credit-related assets and deposits with banks and other financial institutions, the credit risk arising from treasury business is managed by selecting counterparties with acceptable credit quality through referencing to external credit rating information where available. In addition, the Group also provides financial guarantee service to customers which may require the Group to make payments on behalf of customers upon their failure to perform under the terms of the contract. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management policies and procedures.

Impairment assessment

Key factors on impairment assessment

The Group generally measures and manages the quality of credit risk-bearing assets based on the Guidelines for Loan Credit Risk Classification issued by the CBRC, which requires the Group to classify loans into the following five category loan classifications: normal, special mention, substandard, doubtful and loss. Loans classified in the substandard, doubtful and loss categories are regarded as non-performing loans. The main factors considered in loan impairment assessment include probability of loan repayment and recoverability of principal and interest, which relate to borrowers' repayment ability, credit record, repayment intention, projected profitability, guarantees or collateral and legal responsibility of repayment. The allowances for impairment losses are assessed collectively or individually as appropriate.

The Group assesses the impairment for loans and advances to customers in accordance with the accounting policies set out in note 3. In addition, analysis based on the contractual amounts of loans and advances to customers at the end of the reporting period is provided internally to management for the purpose of assessing financial risks. Hence, certain quantitative disclosure in financial risk management has been prepared based on the original contractual amount of those instruments particularly, loans and advances to customers.

The five category loan classifications in which the Group classifies its loans and advances to customers are set out below:

- Normal: Borrowers can honor the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.
- Special mention: Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors.

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Impairment assessment (Continued)

Key factors on impairment assessment *(Continued)*

- Substandard: Borrowers' ability to service their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.
- Doubtful: Borrowers cannot repay principal and interest in full and significant losses will need to be recognized even when collateral or guarantees are invoked.
- Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

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

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements at the end of the year is represented by the carrying amount of each financial asset and the credit commitments disclosed in note 46.

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

	As at December 31	
	2017	2016
Balances with central bank	56,733,650	57,306,574
Deposits with banks and other financial institutions	8,003,859	26,118,021
Placements with banks and other financial institutions	12,295,007	13,779,965
Financial assets held for trading	5,720,098	5,880,431
Financial assets held under resale agreements	9,356,836	33,277,007
Loans and advances to customers	241,637,249	207,854,530
Available-for-sale financial assets	36,212,346	50,531,134
Held-to-maturity investments	49,123,275	42,340,601
Investments classified as receivables	272,338,316	211,926,509
Other financial assets	4,663,503	2,840,381
Subtotal	696,084,139	651,855,153
Off-balance sheet credit commitments	45,650,831	66,260,546
Total	741,734,970	718,115,699

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

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

The Group implements specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level, and the most typical of these is by obtaining collateral and guarantees. The amount and type of acceptable collateral are determined by credit risk evaluations on the borrowers. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters.

The main types of collateral obtained are as follows:

- Mortgage loans to personal customers are generally collateralized by mortgages over residential properties;
- Corporate loans and advances and other personal lending are mainly collateralized by charges over land and properties and other assets of the borrowers; and
- Reverse repurchase transactions are mainly collateralized by bonds, bills, or other types of financial assets.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 Credit risk (Continued)

Loans and advances to customers

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

	As at December 31,					
	2017			2016		
	Amount	% of total	Secured by collateral	Amount	% of total	Secured by collateral
Corporate loans and advances						
A – Farming, forestry, animal husbandry and fishery	790,780	0.3	389,480	888,225	0.4	410,325
B – Mining	1,491,602	0.6	347,230	1,206,921	0.6	170,816
C – Manufacturing	51,970,716	21.0	10,219,667	49,707,281	23.2	10,909,025
D – Production and supply of electricity, gas and water	3,941,133	1.6	1,619,380	3,693,147	1.7	1,635,850
E – Construction	24,366,195	9.8	9,602,308	22,671,505	10.6	11,089,777
F – Retail and wholesale	39,572,818	15.9	13,414,846	39,334,290	18.4	16,062,769
G – Transportation, logistics and postal services	6,607,507	2.7	1,244,567	4,594,328	2.1	1,459,781
H – Accommodation and food services	1,231,573	0.5	849,905	1,414,079	0.7	1,208,079
I – Information transmission, computer services and software	2,542,759	1.0	810,942	2,125,885	1.0	667,885
J – Financial services	3,069,500	1.2	934,500	1,564,500	0.7	697,500
K – Real estate	24,471,933	9.8	14,629,187	15,484,910	7.2	10,481,240
L – Leasing and commercial services	20,649,274	8.3	4,552,279	13,862,973	6.5	4,816,731
M – Scientific research, technical services	1,413,129	0.6	581,478	1,077,711	0.5	235,980
N – Water, environment and public utilities management	23,424,268	9.4	5,907,101	15,833,772	7.4	5,104,336
O – Resident services and other services	3,775,170	1.5	3,257,970	5,315,132	2.5	3,846,332
P – Education	88,000	–	–	353,900	0.2	50,000
Q – Health, social security and welfare	257,827	0.1	13,029	631,009	0.3	14,258
R – Culture, sports and entertainment	530,883	0.2	150,883	305,379	0.1	169,599
S – Public administration and social organizations	1,064,000	0.4	1,004,000	2,479,000	1.2	1,379,000
Discounted bills	3,242,417	1.3	3,242,417	2,941,289	1.4	2,941,289
Subtotal	214,501,484	86.2	72,771,169	185,485,236	86.7	73,350,572
Personal loans and advances	34,379,220	13.8	27,260,255	28,515,476	13.3	21,802,566
Gross amount of loans and advances to customers	248,880,704	100.0	100,031,424	214,000,712	100.0	95,153,138

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 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 December 31, 2017						
	Gross amount	Impaired loans	Overdue loans	Allowance		Provision charged for the year	Write-off for the year
				Individually assessed	Collectively assessed		
Manufacturing	51,970,716	1,332,715	2,687,259	654,181	1,372,658	334,870	118,342
Retail and wholesale	39,572,818	1,430,185	1,986,314	740,952	1,121,692	341,272	17,840

	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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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 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 December 31, 2017						
	Gross amount of loans and advances to customers	%	Impaired loan		Overdue loan balance	Allowance	
			Balance	Ratio		Individually assessed	Collectively assessed
Tianjin	125,408,476	50.38	1,014,142	0.81%	1,961,054	497,728	2,435,102
Beijing	18,782,305	7.55	207,846	1.11%	234,817	32,183	451,140
Shandong	34,908,482	14.03	484,375	1.39%	970,593	225,618	785,265
Shanghai	25,045,542	10.06	543,897	2.17%	833,418	126,707	739,144
Hebei	29,063,669	11.68	1,430,351	4.92%	2,559,977	685,658	813,339
Sichuan	14,778,527	5.94	56,747	0.38%	240,751	19,904	404,435
Ningxia	893,703	0.36	-	-	-	-	27,232
Total	248,880,704	100.00	3,737,358	1.50%	6,800,610	1,587,798	5,655,657

	As at December 31, 2016						
	Gross amount of loans and advances to customers	%	Impaired loan		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	-	-	-	-	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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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 Credit risk (Continued)

Loans and advances to customers (Continued)

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

	As at December 31, 2017			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Unsecured loans	19,579,178	11,871,209	1,734,801	33,185,188
Guaranteed loans	71,453,578	36,699,250	6,277,087	114,429,915
Collateralized loans	20,009,661	14,823,205	26,768,959	61,601,825
Pledged loans	23,813,631	15,453,614	396,531	39,663,776
Total	134,856,048	78,847,278	35,177,378	248,880,704

	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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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

(4) Past due loans at contractual amount

	As at December 31, 2017				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
Unsecured loans	15,784	33,716	50,945	20,000	120,445
Guaranteed loans	1,598,289	1,511,408	1,250,011	147,328	4,507,036
Collateralized loans	478,850	639,302	694,890	59,090	1,872,132
Pledged loans	99,500	23,000	176,618	1,879	300,997
Total	2,192,423	2,207,426	2,172,464	228,297	6,800,610
Percentage of total gross loans and advances to customers	0.88%	0.89%	0.87%	0.09%	2.73%

	As at December 31, 2016				
	Up to 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
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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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 Credit risk (Continued)

Loans and advances to customers (Continued)

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

	Notes	As at December 31	
		2017	2016
Neither past due nor impaired	(i)	242,020,096	208,421,005
Past due but not impaired	(ii)	3,123,250	2,404,413
Impaired	(iii)	3,737,358	3,175,294
Subtotal		248,880,704	214,000,712
Allowances for impairment losses		(7,243,455)	(6,146,182)
Loans and advances to customers, net		241,637,249	207,854,530

(i) Loans and advances neither past due nor impaired

	As at December 31, 2017		
	Normal	Special mention	Total
Corporate loans and advances	200,864,142	7,602,741	208,466,883
Personal loans and advances	33,553,213	–	33,553,213
Total	234,417,355	7,602,741	242,020,096

	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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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

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

(ii) Loans and advances past due but not impaired

	As at December 31, 2017					Fair value of collateral
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	
Corporate loans and advances	1,002,640	223,857	641,107	992,620	2,860,224	2,765,683
Personal loans and advances	146,060	93,612	23,354	–	263,026	179,148
Total	1,148,700	317,469	664,461	992,620	3,123,250	2,944,831

	As at December 31, 2016					Fair value of collateral
	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total	
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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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

- (5) Credit quality of loans and advances to customers at contractual amount *(Continued)*
(iii) Impaired loans and advances

	As at December 31, 2017		
	Contractual amount	Allowance for impairment losses	Carrying value
Individually assessed	3,174,377	(1,587,798)	1,586,579
Collectively assessed	562,981	(421,095)	141,886
Total	3,737,358	(2,008,893)	1,728,465

	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 December 31	
	2017	2016
Individually assessed and impaired	3,174,377	2,824,690
Individually assessed and impaired %	1.28	1.32
Fair value of collateral	2,046,219	1,613,976

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

(6) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2017 amounted to RMB701 million (December 31, 2016: RMB639 million), among which loans and advances overdue for more than 90 days amounted to RMB94 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 set credit lines for individual banks and other financial institutions that it conducts business with. The balances due from banks and other financial institutions are as follows:

	Note	As at December 31	
		2017	2016
Neither past due nor impaired			
Deposits with banks and other financial institutions		8,003,859	26,118,021
Placements with banks and other financial institutions		12,295,007	13,779,965
Financial assets held under resale agreements		8,599,300	32,078,721
Impaired	(1)	994,400	1,473,500
Subtotal		29,892,566	73,450,207
Less: Allowance for impairment losses		(236,864)	(275,214)
Net carrying amount		29,655,702	73,174,993

Note:

- (1) Impaired amounts due from banks and other financial institutions for the Group comprise impaired bills purchased under resale agreements.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 Credit risk (Continued)

Debt securities

(1) Credit quality of debt securities

	Notes	As at December 31	
		2017	2016
Neither past due nor impaired	(i)	356,901,889	310,841,547
Past due but not impaired	(ii)	18,760	279,140
Impaired	(iii)	8,205,524	250,052
Subtotal		365,126,173	311,370,739
Less: Allowance for impairment losses		(1,732,138)	(692,064)
Debt securities, net		363,394,035	310,678,675

Note:

(i) Debt securities neither past due nor impaired

	As at December 31, 2017				
	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	Investments classified as receivables	Total
Government bonds	1,785,329	9,954,663	25,547,504	1,838,000	39,125,496
Financial institution bonds	1,830,279	20,938,058	23,575,771	134,891	46,478,999
Asset-backed securities	-	-	-	19,850,680	19,850,680
Corporate bonds	2,085,730	2,215,986	-	17,495,016	21,796,732
Certificate government bonds	-	-	-	291,960	291,960
Wealth management products	-	-	-	67,924,624	67,924,624
Asset management plans	-	-	-	80,012,867	80,012,867
Trust beneficiary rights	-	-	-	78,316,892	78,316,892
Funds	-	3,103,639	-	-	3,103,639
Total	5,701,338	36,212,346	49,123,275	265,864,930	356,901,889

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 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 corporate bonds.

(iii) Impaired debt securities for the Group comprise impaired asset management plans, trust beneficiary rights and corporate bonds.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1 Credit risk (Continued)

Debt securities (Continued)

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

	As at December 31, 2017					
	AAA	AA	A	Below A	Unrated	Total
Government bonds	2,022,168	–	–	–	37,103,328	39,125,496
Financial institution bonds	3,734,597	2,357,920	–	–	40,386,482	46,478,999
Asset-backed securities	2,419,367	3,251,078	–	–	14,180,235	19,850,680
Corporate bonds	11,121,884	7,761,092	–	268,760	2,913,756	22,065,492
Certificate government bonds	–	–	–	–	291,960	291,960
Total	19,298,016	13,370,090	–	268,760	94,875,761	127,812,627

	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

49.2 Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.2 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 year.

	As at December 31, 2017							
	Past due/ Indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 year	Over 5 years	Total
Cash and balances with central bank	48,074,629	9,297,837	-	-	-	-	-	57,372,466
Deposits with banks and other financial institutions	-	2,133,859	145,000	1,975,000	3,750,000	-	-	8,003,859
Placements with banks and other financial institutions	-	-	2,329,511	4,811,158	5,154,338	-	-	12,295,007
Financial assets held for trading	18,760	-	619,813	514,238	1,559,118	2,331,532	676,637	5,720,098
Financial assets held under resale agreements	757,536	-	5,084,760	2,848,640	665,900	-	-	9,356,836
Loans and advances to customers	3,465,198	-	11,738,749	23,580,565	94,281,791	79,815,165	28,755,781	241,637,249
Available-for-sale financial assets	58,600	1,200,478	2,237,032	1,607,542	10,271,623	14,956,551	5,939,120	36,270,946
Held-to-maturity investments	-	-	3,899,993	3,380,170	7,712,132	31,145,903	2,985,077	49,123,275
Investments classified as receivables	700,228	-	13,404,845	41,532,235	66,421,342	148,149,803	2,129,863	272,338,316
Others	335,371	5,501,991	249,339	507,082	1,199,414	1,746,513	255,827	9,795,537
Total assets	53,410,322	18,134,165	39,709,042	80,756,630	191,015,658	278,145,467	40,742,305	701,913,589
Borrowings from central bank	-	-	-	-	7,505,000	-	-	7,505,000
Deposits from banks and other financial institutions	27,462,287	346,504	17,883,570	15,478,288	15,865,719	-	-	77,036,368
Placements from banks	-	-	8,412,170	4,438,372	9,479,176	389,697	-	22,719,415
Financial assets sold under repurchase agreements	-	-	49,571,797	1,124,600	-	-	-	50,696,397
Due to customers	-	229,164,880	11,492,930	20,442,965	49,962,169	46,794,691	-	357,857,635
Debt securities issued	-	-	19,228,646	54,793,948	36,972,938	7,692,783	-	118,688,315
Others	387,324	16,942,655	1,503,317	1,357,893	1,689,430	773,978	-	22,654,597
Total liabilities	27,849,611	246,454,039	108,092,430	97,636,066	121,474,432	55,651,149	-	657,157,727
Net position	25,560,711	(228,319,874)	(68,383,388)	(16,879,436)	69,541,226	222,494,318	40,742,305	44,755,862

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.2 Liquidity risk (Continued)

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

	As at December 31, 2016							Total
	Past due/ Indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	49,193,303	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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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.2 Liquidity risk *(Continued)*

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of the year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at December 31, 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	48,074,629	9,320,574	-	-	-	-	-	57,395,203
Deposits with banks and other financial institutions	-	2,133,859	148,465	1,996,789	3,830,157	-	-	8,109,270
Placements with banks and other financial institutions	-	-	2,335,079	4,860,621	5,342,958	-	-	12,538,658
Financial assets held for trading	40,000	-	634,596	537,185	1,738,815	2,766,867	833,692	6,551,155
Financial assets held under resale agreements	994,400	-	5,091,976	2,890,020	682,012	-	-	9,658,408
Loans and advances to customers	5,600,919	-	13,341,703	25,855,078	103,373,717	94,978,579	40,796,158	283,946,154
Available-for-sale financial assets	58,600	1,200,000	2,368,504	1,787,245	11,378,452	17,271,479	7,618,235	41,682,515
Held-to-maturity investments	-	-	4,131,868	3,618,391	8,895,197	34,171,078	3,288,994	54,105,528
Investments classified as receivables	1,044,964	-	13,625,108	43,691,171	75,058,827	163,718,849	2,497,630	299,636,549
Other financial assets	-	333,270	-	-	-	-	-	333,270
Total financial assets	55,813,512	12,987,703	41,677,299	85,236,500	210,300,135	312,906,852	55,034,709	773,956,710
Borrowings from central bank	-	-	-	-	7,745,718	-	-	7,745,718
Deposits from banks and other financial institutions	27,462,287	346,504	17,919,805	15,642,734	16,196,538	-	-	77,567,868
Placements from banks	-	-	8,441,598	4,492,003	9,688,013	389,697	-	23,011,311
Financial assets sold under repurchase agreements	-	-	49,765,443	1,137,079	-	-	-	50,902,522
Due to customers	-	229,176,754	11,563,813	20,807,543	51,827,582	53,481,011	-	366,856,703
Debt securities issued	-	-	19,270,000	55,310,000	38,393,130	8,841,520	-	121,814,650
Other financial liabilities	-	11,445,016	-	-	-	-	-	11,445,016
Total financial liabilities	27,462,287	240,968,274	106,960,659	97,389,359	123,850,981	62,712,228	-	659,343,788
Net position	28,351,225	(227,980,571)	(65,283,360)	(12,152,859)	86,449,154	250,194,624	55,034,709	114,612,922

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	As at December 31, 2016							Total
	Past due/ Indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	49,193,303	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

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

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.

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2017						
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Acceptance	-	2,791,154	6,769,361	19,460,870	-	-	29,021,385
Undrawn credit card limit	1,799,981	-	-	-	-	-	1,799,981
Letters of credit issued	-	1,466,414	2,437,612	4,653,007	-	-	8,557,033
Letters of guarantee	-	670,932	406,854	3,283,511	1,908,684	2,451	6,272,432
Total	1,799,981	4,928,500	9,613,827	27,397,388	1,908,684	2,451	45,650,831

	As at December 31, 2016						
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
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

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices. Market risk mainly arises from proprietary business of the Group.

The market risk which the Group is primarily exposed to includes currency risk and interest risk.

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 proprietary business and corporate and personal banking business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.3 Market risk (Continued)

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 2017				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	56,858,247	509,589	1,482	3,148	57,372,466
Deposits with banks and other financial institutions	6,732,830	1,123,502	112,460	35,067	8,003,859
Placements with banks and other financial institutions	742,541	11,552,466	–	–	12,295,007
Financial assets held for trading	5,720,098	–	–	–	5,720,098
Financial assets held under resale agreements	9,356,836	–	–	–	9,356,836
Loans and advances to customers	232,755,364	8,599,356	–	282,529	241,637,249
Available-for-sale financial assets	36,134,930	136,016	–	–	36,270,946
Held-to-maturity investments	49,123,275	–	–	–	49,123,275
Investments classified as receivables	271,358,186	980,130	–	–	272,338,316
Other financial assets	4,611,551	51,952	–	–	4,663,503
Total financial assets	673,393,858	22,953,011	113,942	320,744	696,781,555
Borrowings from central bank	7,505,000	–	–	–	7,505,000
Deposits from banks and other financial institutions	77,036,362	6	–	–	77,036,368
Placements from banks	10,704,999	11,760,841	–	253,575	22,719,415
Financial assets sold under repurchase agreements	50,696,397	–	–	–	50,696,397
Due to customers	347,969,066	9,843,736	7,233	37,600	357,857,635
Debt securities issued	118,688,315	–	–	–	118,688,315
Other financial liabilities	20,320,669	72,829	147	307	20,393,952
Total financial liabilities	632,920,808	21,677,412	7,380	291,482	654,897,082
Net exposure	40,473,050	1,275,599	106,562	29,262	41,884,473

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.3 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

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.3 Market risk *(Continued)*

Foreign currency risk (Continued)

The table below indicates the potential effect of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit.

	Year ended December 31	
	2017 (Decrease)/ increase in Net Profit	2016 (Decrease)/ increase in Net Profit
5% appreciation	(52,928)	(72,100)
5% depreciation	52,928	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 movements, and therefore the above sensitivity analysis may differ from the actual situation.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flows changes due to interest rate changes are mainly related to the Group's fixed rates and floating rates financial instruments.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBoC benchmark interest rates;
- Minimizing the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBoC benchmark interest rates.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.3 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 December 31, 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	56,225,958	-	-	-	-	1,146,508	57,372,466
Deposits with banks and other financial institutions	2,278,859	1,975,000	3,750,000	-	-	-	8,003,859
Placements with banks and other financial institutions	2,329,511	4,811,158	5,154,338	-	-	-	12,295,007
Financial assets held for trading	638,573	514,238	1,559,118	2,331,532	676,637	-	5,720,098
Financial assets held under resale agreements	5,842,296	2,848,640	665,900	-	-	-	9,356,836
Loans and advances to customers	23,266,954	22,988,701	91,999,811	103,381,783	-	-	241,637,249
Available-for-sale financial assets	3,437,510	2,783,172	9,804,506	14,248,038	5,939,120	58,600	36,270,946
Held-to-maturity investments	3,899,993	3,380,170	7,972,174	30,885,861	2,985,077	-	49,123,275
Investments classified as receivables	13,895,073	41,742,235	66,421,342	148,149,803	2,129,863	-	272,338,316
Other financial assets	-	-	-	-	-	4,663,503	4,663,503
Total financial assets	111,814,727	81,043,314	187,327,189	298,997,017	11,730,697	5,868,611	696,781,555
Borrowings from central bank	-	-	7,505,000	-	-	-	7,505,000
Deposits from banks and other financial institutions	45,692,362	15,478,288	15,865,718	-	-	-	77,036,368
Placements from banks	8,412,170	4,438,372	9,479,176	389,697	-	-	22,719,415
Financial assets sold under repurchase agreements	49,571,797	1,124,600	-	-	-	-	50,696,397
Due to customers	238,529,324	20,442,965	49,962,169	44,294,691	-	4,628,486	357,857,635
Debt securities issued	19,228,646	54,793,948	36,972,938	7,692,783	-	-	118,688,315
Other financial liabilities	-	-	-	-	-	20,393,952	20,393,952
Total financial liabilities	361,434,299	96,278,173	119,785,001	52,377,171	-	25,022,438	654,897,082
Interest rate gap	(249,619,572)	(15,234,859)	67,542,188	246,619,846	11,730,697	(19,153,827)	41,884,473

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.3 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

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.3 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 year.

	2017		2016	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(315,782)	(812,636)	234,458	(683,972)
- 100 basis points	315,782	870,294	(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 year remains unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate available-for-sale financial assets at the end of the year after adjusting for reasonably possible changes in interest rates.

49.4 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The internal control and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.5 Capital management

The Group's objectives on capital management is to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimize risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

The Group calculates its capital adequacy ratios in accordance with Regulation Governing the Capital of Commercial Banks (Provisional) (「商業銀行資本管理辦法(試行)」) ("Regulation") and other relevant regulations promulgated by the CBRC.

For non-systematically important banks, CBRC requires corresponding minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively. The CBRC requires commercial banks to meet these requirements by the end of 2018 in accordance with the Regulation.

	As at December 31	
	2017	2016
Core tier-one capital adequacy ratio	8.64%	9.48%
Tier-one capital adequacy ratio	8.65%	9.48%
Capital adequacy ratio	10.74%	11.88%
Components of capital base		
Core tier-one capital:		
Share capital	6,070,552	6,070,552
Qualifying portion of capital reserve	10,155,415	10,484,167
Surplus reserve and general reserve	11,715,824	10,151,280
Retained earnings	16,141,662	15,003,930
Qualifying portion of non-controlling interests	260,899	20,292
Total core tier-one capital	44,344,352	41,730,221

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49. FINANCIAL RISK MANAGEMENT *(Continued)*

49.5 Capital management *(Continued)*

	As at December 31	
	2017	2016
Deductions:		
Other intangible assets	(104,580)	(75,418)
Equity investments	(203,863)	(184,995)
Net core tier-one capital	44,035,909	41,469,808
Other tier-one capital:		
Non-controlling interests	34,787	2,705
Net tier-one capital	44,070,696	41,472,513
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	7,100,000	7,520,000
Surplus provision for loan impairment	3,506,096	2,970,889
Qualifying portion of non-controlling interests	69,573	5,411
Net capital base	54,746,365	51,968,813
Risk-weighted assets		
Credit risk-weighted assets	486,307,850	414,173,285
Market risk-weighted assets	2,206,874	2,439,031
Operational risk-weighted assets	21,131,659	20,946,823
Total	509,646,383	437,559,139

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.

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50. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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

	As at December 31, 2017			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading				
Government bonds	–	1,785,329	–	1,785,329
Financial institution bonds	–	1,830,279	–	1,830,279
Corporate bonds	–	2,104,490	–	2,104,490
Subtotal	–	5,720,098	–	5,720,098
Available-for-sale financial assets				
Government bonds	–	9,954,663	–	9,954,663
Financial institution bonds	–	20,938,058	–	20,938,058
Corporate bonds	–	2,215,986	–	2,215,986
Funds	–	3,103,639	–	3,103,639
Subtotal	–	36,212,346	–	36,212,346
Total	–	41,932,444	–	41,932,444

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50. 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)

	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

There were no significant transfers between Level 1, Level 2 and Level 3 during both years.

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.

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50. 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

	As at December 31, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers	241,637,249	253,354,732	207,854,530	217,938,596
Held-to-maturity investments	49,123,275	48,445,761	42,340,601	42,508,928
Investments classified as receivables	272,338,316	271,499,596	211,926,509	211,591,771
Total	563,098,840	573,300,089	462,121,640	472,039,295
Financial liabilities				
Deposits from banks and other financial institutions	77,036,368	77,036,368	119,333,012	119,357,123
Placements from banks	22,719,415	22,749,631	18,550,308	18,550,308
Due to customers	357,857,635	360,750,298	365,470,957	367,071,745
Debt securities issued	118,688,315	117,234,399	40,631,584	40,334,012
Total	576,301,733	577,770,696	543,985,861	545,313,188

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
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50. 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 December 31, 2017	As at December 31, 2016		
Loans and advances to customers	253,354,732	217,938,596	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amount and discounted at rates using the yield curve with reference to the PBoC benchmark interest rates and credit spread for specific borrowers.
Held-to-maturity investments	48,445,761	42,508,928	Level 2	See note 1.
Investments classified as receivables	271,499,596	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.
Deposits from banks and other financial institutions	77,036,368	119,357,123	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rates with reference to the interest rate for each contract.
Placements from banks	22,749,631	18,550,308	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates with reference to Shanghai Interbank Offered Rate for deposits of similar remaining maturities.
Due to customers	360,750,298	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	117,234,399	40,334,012	Level 2	See note 1.

Note 1: Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at rates that reflect the credit risk of the issuers.

There were no significant transfers between Level 1, Level 2 and Level 3 during both years.

Other financial assets and financial liabilities including balances with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, borrowing from central bank and financial assets sold under repurchase agreements mostly have terms within one year. Their carrying values approximate their fair values.

Notes to the Consolidated Financial Statements

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(Amounts in thousands of Renminbi, unless otherwise stated)

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's subsidiaries as at December 31, 2017 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered capital as at		Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
			December 31, 2017	December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016		
			(In RMB '000)	%	%	%	%		
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	
Bank of Tianjin Financial Leasing Co., Ltd (天銀金融租賃股份有限公司)	Tianjin, PRC	October 2016	1,700,000	65.88	100	65.88	100	Financial Leasing	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

52. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	As at December 31	
	2017	2016
ASSETS		
Cash and balances with central bank	57,220,132	58,003,278
Deposits with banks and other financial institutions	7,733,598	25,451,727
Placements with banks and other financial institutions	12,725,007	13,779,965
Financial assets held for trading	5,720,098	5,880,431
Financial assets held under resale agreements	9,356,836	33,277,007
Loans and advances to customers	232,189,618	207,066,799
Available-for-sale financial assets	36,270,946	50,589,734
Held-to-maturity investments	49,123,275	42,340,601
Investments classified as receivables	272,338,316	211,926,509
Investments in subsidiaries	1,180,000	1,051,000
Interests in associates	203,863	184,995
Property and equipment	1,649,864	1,683,491
Deferred tax assets	2,225,179	1,697,577
Other assets	5,683,188	3,848,669
Total assets	693,619,920	656,781,783
LIABILITIES		
Borrowings from central bank	7,500,000	–
Deposits from banks and other financial institutions	78,710,356	120,113,038
Placements from banks	15,249,415	18,550,308
Financial assets sold under repurchase agreements	50,696,397	58,805,600
Due to customers	356,398,536	364,237,675
Income tax payable	627,382	563,685
Debt securities issued	118,688,315	40,631,584
Other liabilities	21,743,232	12,175,649
Total liabilities	649,613,633	615,077,539

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

52. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 (Continued)

	As at December 31	
	2017	2016
EQUITY		
Share capital	6,070,552	6,070,552
Capital reserve	10,699,811	10,699,811
Investment revaluation reserve	(575,715)	(215,644)
Surplus reserve	3,352,331	3,014,661
General reserve	8,340,396	7,136,619
Retained earnings	16,118,912	14,998,245
Total equity	44,006,287	41,704,244
Total equity and liabilities	693,619,920	656,781,783

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

52. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

	2017						
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total
As at January 1, 2017	6,070,552	10,699,811	(215,644)	3,014,661	7,136,619	14,998,245	41,704,244
Profit for the year	-	-	-	-	-	3,876,224	3,876,224
Other comprehensive expense for the year	-	-	(360,071)	-	-	-	(360,071)
Appropriation to surplus reserve	-	-	-	337,670	-	(337,670)	-
Appropriation to general reserve	-	-	-	-	1,203,777	(1,203,777)	-
Dividend distribution	-	-	-	-	-	(1,214,110)	(1,214,110)
As at December 31, 2017	6,070,552	10,699,811	(575,715)	3,352,331	8,340,396	16,118,912	44,006,287
	2016						
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total
As at January 1, 2016	5,126,048	5,990,076	166,027	2,563,024	5,817,143	13,345,688	33,008,006
Profit for the year	-	-	-	-	-	4,516,369	4,516,369
Other comprehensive expense for the year	-	-	(381,671)	-	-	-	(381,671)
Issuance of shares	944,504	4,709,735	-	-	-	-	5,654,239
Appropriation to surplus reserve	-	-	-	451,637	-	(451,637)	-
Appropriation to general reserve	-	-	-	-	1,319,476	(1,319,476)	-
Dividend distribution	-	-	-	-	-	(1,092,699)	(1,092,699)
As at December 31, 2016	6,070,552	10,699,811	(215,644)	3,014,661	7,136,619	14,998,245	41,704,244

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

53. EVENT AFTER THE REPORTING PERIOD

Upon the approval of Tianjin Bureau of CBRC and the PBoC, the Bank issued a total of RMB10 billion 10-year fixed rate tier-2 capital bonds at a coupon rate of 4.8% in the inter-bank bond market on January 18, 2018 with a conditional issuer redemption right at the end of the fifth year. The funds raised will be used to supplement the Bank's tier-2 capital in accordance with the approval of applicable laws and regulatory authorities.

The board of directors of the Bank received a resignation letter on January 12, 2018 from Mr. YUE Desheng ("Mr. YUE"), an executive director and vice president of the Bank. Due to work adjustment, Mr. YUE tendered his resignation from the position of executive director of the Bank and vice president of the Bank.

The Board of Supervisors of the Bank (the "Board of Supervisors") received a resignation letter on January 19, 2018 from Ms. FENG Xia ("Ms. FENG"), a shareholder representative supervisor of the Bank, due to adjustment of her work arrangement. The Bank held an employee representatives meeting on January 19, 2018, in which Ms. FENG was elected as an employee representative supervisor of the Bank with immediate effect. On the same day, Ms. FENG was elected as the chairwoman of the Board of Supervisors with effect.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

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

LIQUIDITY COVERAGE RATIOS AND LEVERAGE RATIO

(Expressed in percentage)

(1) Liquidity ratios

	As at December 31, 2017	As at December 31, 2016
RMB current assets to RMB current liabilities	35.4%	34.5%
Foreign currency current assets to foreign currency current liabilities	40.7%	62.5%
	Average for the year ended December 31, 2017	2016
RMB current assets to RMB current liabilities	36.71%	36.69%
Foreign currency current assets to foreign currency current liabilities	50.51%	364.84%

(2) Leverage ratio

(Expressed in percentage)

	As at December 31, 2017	As at December 31, 2016
Leverage ratio	5.97%	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

	US Dollars	Equivalent in Renminbi		Total
		Hong Kong Dollars	Others	
As at December 31, 2017				
Spot assets	22,953,011	113,942	320,744	23,387,697
Spot liabilities	(21,677,412)	(7,380)	(291,482)	(21,976,274)
Net position	1,275,599	106,562	29,262	1,411,423
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 December 31, 2017	As at December 31, 2016
Deposits with banks		
Asia Pacific excluding mainland China	126,710	450,440
– of which attributed to Hong Kong	114,482	441,302
Europe	8,216	5,823
North America	1,072,982	507,688
Total	1,207,908	963,951

OVERDUE ASSETS

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

	As at December 31, 2017	As at December 31, 2016
Below 3 months (inclusive)	2,192,423	2,669,607
Between 3 and 6 months (inclusive)	828,674	438,632
Between 6 and 12 months (inclusive)	1,378,752	1,193,482
Over 12 months	2,400,761	1,088,270
Total	6,800,610	5,389,991
As a percentage of gross loans and advances to customers		
Below 3 months (inclusive)	0.88%	1.25%
Between 3 and 6 months (inclusive)	0.33%	0.20%
Between 6 and 12 months (inclusive)	0.55%	0.56%
Over 12 months	0.96%	0.51%
Total	2.72%	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 December 31, 2017	As at December 31, 2016
Below 3 months (inclusive)	–	260,380
Between 3 and 6 months (inclusive)	300,000	–
Between 6 and 12 months (inclusive)	–	100,000
Over 12 months	744,964	52
Total	1,044,964	360,432
As a percentage of gross investments classified as receivables		
Below 3 months (inclusive)	–	0.12%
Between 3 and 6 months (inclusive)	0.11%	–
Between 6 and 12 months (inclusive)	–	0.05%
Over 12 months	0.27%	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 December 31, 2017	As at December 31, 2016
On-balance sheet exposure	241,637,249	207,854,530
Off-balance sheet exposure	45,650,831	66,260,546
Individually assessed allowance for impairment losses	1,587,798	1,499,610

List of Branches

As December 31, 2017, details of the branches of the Bank are set out as below:

No.	Name of Branch	Address	Postcode
1	Bank of Tianjin, Sales Department	No. 5, Youyi Road, Hexi District, Tianjin	300201
2	Bank of Tianjin, First central sub-branch	Kangning Building, Junction of Xikang Road and Hanyang Road, Heping District, Tianjin	300070
3	Bank of Tianjin, Second central sub-branch	Zhonghao International Automobile Building, No. 62, Longchang Road, Hexi District, Tianjin	300201
4	Bank of Tianjin, Third central sub-branch	Area A2, Shengxinyuan, Nanmenwai Street, Nankai District, Tianjin	300100
5	Bank of Tianjin, Fourth central sub-branch	Ground Floor, 1-3/F, Fujian Building, Huaxing Road, Hedong District, Tianjin	300011
6	Bank of Tianjin, Fifth central sub-branch	Ground Floor, Hongji Garden, Shizilin Street, Hebei District, Tianjin	300143
7	Bank of Tianjin, Sixth central sub-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, Tianjin Airport Logistics Processing Zone	300308
10	Bank of Tianjin, Beijing branch	Xuanwumen Building, No. 73, Dongheyan Hutong, Xuanwu District, Beijing	100052
11	Bank of Tianjin, Shanghai branch	No. 110, Hankou Road, Huangpu District, Shanghai	200002
12	Bank of Tianjin, Jinan branch	1-109, Building 2 & 5, Area 1 Sanjianruifuyuan, No. 20999, Jingshi Road, Shizhong District, Jinan	250001
13	Bank of Tianjin, Chengdu branch	No. 688, Tianfu Avenue Middle, Hi-tech District, Chengdu, Sichuan	610041
14	Bank of Tianjin, Shijiazhuang branch	No. 49, Yuhua East Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
15	Bank of Tianjin, Dongying branch	No. 55, Fuqian Street, Dongying District, Dongying	257000
16	Bank of Tianjin, Taian branch	No. 483, Dongyue Street, Taian, Shandong	271000
17	Bank of Tianjin, Yantai branch	No. 16 Hengshan Road, Economic and Technological Development District, Yantai, Shandong Province	264006
18	Bank of Tianjin, Luzhou branch	No. 189, Chunjingxia Road, Jiayang District, Luzhou, Sichuan Province	646000
19	Bank of Tianjin, Baoding branch	No. 3108, Fuxing Middle Road, Baoding, Hebei Province	071000
20	Bank of Tianjin, Tangshan branch	No. 99, Xinhua West Road, Lubei District, Tangshan, Hebei	063000
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, Extension No. 3, Yijing Road, Dongli District, Tianjin	300300

List of Branches

No.	Name of Branch	Address	Postcode
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
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
39	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhuozhuang 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

List of Branches

No.	Name of Branch	Address	Postcode
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 County, Tianjin	301900
49	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jixian County, 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
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

List of Branches

No.	Name of Branch	Address	Postcode
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
65	Bank of Tianjin, Dali Road sub-branch	No. 86, Dali Road, Heping District, Tianjin	300050
66	Bank of Tianjin, Jianshe Road sub-branch	No. 82, Jianshe Road, Heping District, Tianjin	300042
67	Bank of Tianjin, Jinmao Plaza sub-branch	5-5 & 5-6, Jinmao Plaza, Northwest side at the junction of Qingshan Street and Fuan Street, Heping District, Tianjin	300041
68	Bank of Tianjin, Haihe East Road sub-branch	No. 52, Haihe East Road, Hebei District, Tianjin	300010
69	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
70	Bank of Tianjin, Ruide sub-branch	Ground Floor, Taidayuan, No. 68, Jiulong Road, Hexi District, Tianjin	300204
71	Bank of Tianjin, Jinxi sub-branch	No. 28, Xiamen Road, Hexi District, Tianjin	300203
72	Bank of Tianjin, Jincal sub-branch	Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200
73	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
74	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No. 20, Dongting Road, Hexi District, Tianjin	300220
75	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
76	Bank of Tianjin, Shaoxing Road sub-branch	No. 105, Ground Floor Store, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074
77	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
78	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
79	Bank of Tianjin, Xietong sub-branch	No. 10, Nanjing Road, Hexi District, Tianjin	300042
80	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202
81	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
82	Bank of Tianjin, Tianma sub-branch	No. 12, Xiyuan Street, Youyi Road, Hexi District, Tianjin	300061

List of Branches

No.	Name of Branch	Address	Postcode
83	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
84	Bank of Tianjin, Tanjiang Road sub-branch	Unit 17, Ground Floor, Chuanshuiyuan Estate (Public Building III), Suijiang Street, Hexi District, Tianjin	300221
85	Bank of Tianjin, Dagu South Road sub-branch	Ground Floor, Liuyuan Apartment, No. 1041, Dagu South Road, Hexi District, Tianjin	300222
86	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222
87	Bank of Tianjin, Limin Road sub-branch	Ground Floor, Zhuhaili Community, Limin Road, Hexi District, Tianjin	300200
88	Bank of Tianjin, Meijiang sub-branch	12-1 & 12-2, Xinshuiyuan, south side of Zhujiang West Road, Hexi District, Tianjin	300221
89	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
90	Bank of Tianjin, Guhai Road sub-branch	No. 243, Jiefang South Road, Hexi District, Tianjin	300210
91	Bank of Tianjin, Meijiang Road sub-branch	No. 35 & 37, Meijiang Road, Hexi District, Tianjin	300221
92	Bank of Tianjin, Qixiangtai Road sub-branch	Extension No. 11, No. 89, Fenghuangcheng, Junction of Qixiangtai Road and Pingquan Road, Hexi District, Tianjin	300074
93	Bank of Tianjin, Heiniucheng Road sub-branch	202-203, Extension No. 1, Lidabolan, Heiniucheng Road, Hexi District, Tianjin	300381
94	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384
95	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
96	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
97	Bank of Tianjin, Xinyuan sub-branch	No. 23, Changjiang Road, Nankai District, Tianjin	300190
98	Bank of Tianjin, Wanhua sub-branch	No. 148, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
99	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192
100	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
101	Bank of Tianjin, Changkang sub-branch	Extension No. 18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
102	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110

List of Branches

No.	Name of Branch	Address	Postcode
103	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
104	Bank of Tianjin, Lingbin Road sub-branch	No. 96-98, Lingbin Road, Nankai District, Tianjin	300381
105	Bank of Tianjin, Xianyang Road sub-branch	Ground Floor, Door 3, Building 9, Jialingbeili, Xianyang Road, Nankai District, Tianjin	300122
106	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191
107	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
108	Bank of Tianjin, Huayuan East Road sub-branch	Huayuan Residential Zone, Nankai District, Tianjin	300384
109	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193
110	Bank of Tianjin, Tianda 1st sub-branch	Siji Village, Tianjin University, Nankai District, Tianjin	300072
111	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 294, Huanghe Road, Nankai District, Tianjin	300110
112	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
113	Bank of Tianjin, Haiguangsi sub-branch	No. 349, Nanjing Road, Nankai District, Tianjin	300100
114	Bank of Tianjin, Shuishang Gongyuan East Road sub-branch	Building 7, Yangguang Apartment, Nankai District, Tianjin	300381
115	Bank of Tianjin, Xima Road sub-branch	No. 140 & 142, Nankaisanma Road, Nankai District, Tianjin	300101
116	Bank of Tianjin, Beicheng Street sub-branch	No. 1351, Beicheng Street, Nankai District, Tianjin	300120
117	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111
118	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191
119	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
120	Bank of Tianjin, Nankaierwei Road sub-branch	No. 43, Huanghe Road, Nankai District, Tianjin	300102
121	Bank of Tianjin, Haihe Education Park (Beiyang Zone) Sub-branch	No.104, Xinyuan South Road, Tianjin University, Haihe Education Park, Tianjin	300350
122	Bank of Tianjin, Donglian sub-branch	Tianshan Road, Wanxin Village, Hedong District, Tianjin	300162

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No.	Name of Branch	Address	Postcode
123	Bank of Tianjin, Dongxin sub-branch	Extension No. 1, No. 2, No. 40, Jintang Road, Hedong District, Tianjin	300182
124	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
125	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012
126	Bank of Tianjin, Chenglin Road sub-branch	No. 55, Chenglin Road, Hedong District, Tianjin	300160
127	Bank of Tianjin, Weiguo Road sub-branch	No. 163, Weiguo Road, Hedong District, Tianjin	300250
128	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
129	Bank of Tianjin, Chengguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162
130	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
131	Bank of Tianjin, Dongxing Road sub-branch	No. 4, Ground Floor, Building 13, Dieqiao Apartment, Hedong District, Tianjin	300170
132	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
133	Bank of Tianjin, Taixing South Road sub-branch	Ground Floor, No. 3, Building 1, Jinwan Apartment, No. 100, Chenglinzhuang Road, Hedong District, Tianjin	300160
134	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
135	Bank of Tianjin, Bada Road sub-branch	No. 23, Minzu Road, Hebei District, Tianjin	300010
136	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
137	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
138	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
139	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
140	Bank of Tianjin, Yuying Road sub-branch	Ground Floor, Training Building, Rolling Stock Plant, Nankou Road, Hebei District, Tianjin	300230
141	Bank of Tianjin, Wuhao Road sub-branch	Ground Floor, No. 17, Cuihuali, Junction of Wuhao Road and Zhenli Road, Hebei District, Tianjin	300150
142	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142

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No.	Name of Branch	Address	Postcode
143	Bank of Tianjin, Beiningwan sub-branch	No. 179, No. 177-183 (odd No.), Yingxian Road, Hebei District, Tianjin	300402
144	Bank of Tianjin, Yuguan Road sub-branch	1/F, No. 376, Yuguan Road, Hebei District, Tianjin	300232
145	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
146	Bank of Tianjin, Hongqiao sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
147	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
148	Bank of Tianjin, Tianhe sub-branch	Junction of Jieyuan Road and Dafeng Road, Hongqiao District, Tianjin	300121
149	Bank of Tianjin, Hongyin sub-branch	Room 101, Gate 61, Xiangju Apartment, Guangrong Road, Hongqiao District, Tianjin	300130
150	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
151	Bank of Tianjin, Hebei Street sub-branch	TD-2, 1/F, Junction of Hebei Street and Xinsantiaoshida Street, Hongqiao District, Tianjin	300123
152	Bank of Tianjin, Xiangtan Road sub-branch	No. 11, Xiangtan Road, Hongqiao District, Tianjin	300133
153	Bank of Tianjin, Jieyuan Road sub-branch	Ground Floor, 7-102, Minghuali, Jieyuan Road, Hongqiao District, Tianjin	300121
154	Bank of Tianjin, Fuxing Road sub-branch	Ground Floor, No. 16, Kanghuali, Fuxing Road, Hongqiao District, Tianjin	300121
155	Bank of Tianjin, Yibo Apartment Community sub-branch	No. 104, Ground Floor, Building 1, Yibo Apartment, Hongqiao District, Tianjin	300130
156	Bank of Tianjin, Development Area sub-branch	No. 76, Dongting Road, Economic Development Zone, Tianjin	300457
157	Bank of Tianjin, Dagang sub-branch	No. 75, Yingbin Street, Dagang District, Tianjin	300270
158	Bank of Tianjin, Haibin sub-branch	No. 2048, Shanghai Road, Tanggu District, Tianjin	300450
159	Bank of Tianjin, Hangzhou Road sub-branch	No. 8, Zhongxin North Road, Tanggu District, Tianjin	300451
160	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457
161	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
162	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480

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No.	Name of Branch	Address	Postcode
163	Bank of Tianjin, Tanggu sub-branch	No. 289, 295 & 301, Yingkou Road, Tanggu District, Tianjin	300450
164	Bank of Tianjin, Sino-Singapore Eco-city sub-branch	2-1-101 & 201, Tianhexinlehui, No. 276, Hexu Road, SinoSingapore Tianjin Eco-city, Binhai New Area, Tianjin	300467
165	Bank of Tianjin, Heping Road sub-branch	No. 9, Heping Road, Tanggu District, Tianjin	300450
166	Bank of Tianjin, the Third Avenue sub-branch	No. 31-6, Building 1, No. 31, the Third Avenue, Tianjin Economic-Technological Development Area	300457
167	Bank of Tianjin, Xingfu Road sub-branch	East No. 1, No. 666, Xingfu Avenue, Dagangyoutian, Dagang District, Tianjin	300280
168	Bank of Tianjin, Yingxin Street sub-branch	No. 114, Yingxin Street, Dagang District, Tianjin	300270
169	Bank of Tianjin, Shengli Road sub-branch	Binhai House Trading Center, Dagang District, Junction of Guangming Avenue and Chuangye Road, Dagangyoutian, Tianjin	300280
170	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
171	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Tangguxin North Road, Binhai New Area, Tianjin	300451
172	Bank of Tianjin, Chunguang Road sub-branch	No. 617, Xingfujiaiyuan, Chunguang Road, Tanggu District, Tianjin	300456
173	Bank of Tianjin, Hebei Road sub-branch	No. 25, Hebei Road, Tanggu District, Tianjin	300451
174	Bank of Tianjin, Road No. 3 sub-branch	Door 2, Building 24, Ziyunyuan, No. 3462, Xingang Road No. 3, Tanggu District, Tianjin	300456
175	Bank of Tianjin, Station North Road sub-branch	No. 830 & 836, Station North Road, Tanggu District, Tianjin	300451
176	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024, Jinzhou Road, Tanggu District, Tianjin	300451
177	Bank of Tianjin, the Second Street sub-branch	No. H3-103, 203, G/H Area, TEDA MSD, No. 61, the Second Street, Tianjin Economic-Technological Development Area	300457
178	Bank of Tianjin, Hebin Road sub-branch	No. 228, Hebin Road, Binhai New Village, Bohai Oil, Tanggu District, Tianjin	300452
179	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu District, Tianjin	300452
180	Bank of Tianjin, Oil North Road sub-branch	No. 79, Dongyan Road, Tanggu District, Tianjin	300452
181	Bank of Tianjin, Yuanyang City sub-branch	No. 138, Yuanyang Central Road, Tanggu, Binhai New Area, Tianjin	300450

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No.	Name of Branch	Address	Postcode
182	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Door 1, Building 7, Huianli, Tanggu District, Tianjin	300450
183	Bank of Tianjin, Gangkou Road sub-branch	No. 25, Xingangerhao Road, Tanggu District, Tianjin	300450
184	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
185	Bank of Tianjin, Huanghai Road sub-branch	No. 21-9, the Second Street, Development District, Tianjin	300457
186	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020
187	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
188	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
189	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
190	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
191	Bank of Tianjin, Beijing Fengtai sub-branch	Unit 01, F1 and F2, Commercial Building, No. 232 West Shiliuzhuang Street, Fengtai District, Beijing	100070
192	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
193	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
194	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
195	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
196	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
197	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
198	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
199	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
200	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

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No.	Name of Branch	Address	Postcode
201	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101 & 1201, China Shipbuilding Tower, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
202	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
203	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032
204	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
205	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
206	Bank of Tianjin, Shanghai Changning sub-branch	Part of west side of 1/F, No. 2111, Yanan West Road, Changning District, Shanghai	200051
207	Bank of Tianjin, Shanghai Jing'an sub-branch	Street Front Shop, 1-2/F, No. 1056, Changde Road, Jing'an District, Shanghai	200040
208	Bank of Tianjin, Shanghai Minhang sub-branch	1/F, No. 1058, Caobao Road, Minhang District, Shanghai	201101
209	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061
210	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
211	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199
212	Bank of Tianjin, Jinan Lixia sub-branch	Yanjie Building, No. 14958, Courtyard 14966, Jingshi Road, Jinan	250014
213	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
214	Bank of Tianjin, Jinan Shizhong sub-branch	3F, No. 2666, Shop B2-002, No. 2688, Erhuannan Road, Shizhong District, Jinan City	250022
215	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
216	Bank of Tianjin, Jinan Hi-tech District sub-branch	No. 5006, Aoti Middle Road, Hi-tech District, Jinan	250101
217	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
218	Bank of Tianjin, Jinan Changqing sub-branch	No. S1-A14, 2345 Ziwei Road, Science and Technology Park, College Town, Changqing District, Jinan	250399
219	Bank of Tianjin, Jinan Zhangqiu sub-branch	Shop 104, Building 16, Qilujianqiao Community, No. 35, Mingshuishuangshan Street, Zhangqiu District, Jinan	250299

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No.	Name of Branch	Address	Postcode
220	Bank of Tianjin, Jinan Dianliu sub-branch	No. 5006-9, Erhuan East Road, Lixia District, Jinan City	250014
221	Bank of Tianjin, Small and Micro Enterprises sub-branch, Jinan Gaishi Logistics	No. 1, Business Building, East of Gaishi Group, No. 777, Erhuanbei Road, Licheng District, Jinan City	250100
222	Bank of Tianjin, Small and Micro Enterprises sub-branch, Headquarters of Jinan Times	Room 106, Building 2, D District, Phase 3, Headquarters of Jinan Times Base, No. 15, Lanxiang Road, Tianqiao District, Jinan City	250032
223	Bank of Tianjin, Dongying Xicheng sub-branch	Jindu Tower, No. 680-1, Yellow River Road, Dongying District, Dongying City	257061
224	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
225	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 560, 562, 566 & 568, Tongying Street, Jinjiang District, Chengdu, Sichuan	610066
226	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
227	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
228	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
229	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
230	Bank of Tianjin, Chengdu Hemei Community sub-branch	No. 3, 1/F, Building 7, No. 2, Vanke Road, Chenghua District, Chengdu, Sichuan	610051
231	Bank of Tianjin, Chengdu Yinxinghuayuan Community sub-branch	No. 4, Building 3, No. 6, Shuming Road, Jinniu District, Chengdu, Sichuan	610036
232	Bank of Tianjin, Tangshan Qianan sub-branch	103, Building 1, Junfuyuan, Huiquan Street, Qianan, Hebei	064000
233	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
234	Bank of Tianjin, Tangshan Fenghuangxincheng sub-branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000
235	Bank of Tianjin, Tangshan Hi-tech District sub-branch	No. 110, Jianshe North Road, Hi-tech Development Zone, Tangshan, Hebei	063020
236	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063000
237	Bank of Tianjin, Tangshan Lunan sub-branch	No. 7, Weiguo Road, Lunan District, Tangshan, Hebei	063000
238	Bank of Tianjin, Tangshan Leting sub-branch	No. 8, Dazhao Road, Leting County, Tangshan, Hebei	063000

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No.	Name of Branch	Address	Postcode
239	Bank of Tianjin, Tangshan Xinhua sub-branch	No. 517, Yuhua West Road, Lubei District, Tangshan, Hebei	063000
240	Bank of Tianjin, Tangshan Square sub-branch	No. 38, Wenhua Road, Lubei District, Tangshan, Hebei	063099
241	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezuo, Wenbai Road, Zunhua, Hebei	064200
242	Bank of Tianjin, Small Business Financial Services Center	2/F, No. 86, Dali Road, Heping District, Tianjin	300050

Appendix I

As of the end of the Reporting Period, the particulars of the Bank's substantial shareholders¹ and their controlling shareholders, de facto controllers², related parties³, persons acting in concert⁴ and the ultimate beneficiaries⁵ were set out as follows:

No.	Name of Shareholder	Relation with the Bank
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	The Bank's substantial shareholder
2	State-owned Assets Administration Authority of Tianjin Port Free Trade Zone	De facto controller of Tianjin Port Free Trade Zone Investment Co., Ltd.
3	Tianjin Port Free Trade Zone Investment Holdings Co., Ltd.	Controlling shareholder and ultimate beneficiary of Tianjin Port Free Trade Zone Investment Co., Ltd.
4	Tianjin Tianbao Binhai Investment Service Co., Ltd.	Related party of Tianjin Port Free Trade Zone Investment Co., Ltd.
5	Tianjin Aviation Industry Development CO., Ltd	Related party of Tianjin Port Free Trade Zone Investment Co., Ltd.
6	Airbus (Tianjin) Tooling and Fixture Co., Ltd.	Related party of Tianjin Port Free Trade Zone Investment Co., Ltd.
7	Stis (Tianjin) Spray Service Co., Ltd.	Related party of Tianjin Port Free Trade Zone Investment Co., Ltd.
8	Australia and New Zealand Banking Group Limited	The Bank's substantial shareholder
9	Chongqing Liangping Village Bank Co., Ltd.	Related party of Australia and New Zealand Banking Group Limited

Notes:

- For the purpose of this table and the table below of related-party transactions between the Bank and its shareholders, a substantial shareholder represents a shareholder who holds or controls more than 5% of the shares or voting rights of the Bank or who holds less than 5% of total capital or total shares, which exerts a significant impact on the operation and management of the Bank. The "significant impact" above includes but not limited to appointing directors, supervisors or senior management to the Bank, affecting through an agreement or in other ways, the decision-making of finance, operation and management of the Bank, and other circumstances affirmed by the CBRC or its agencies.
- For the purpose of this table and the table below of related-party transactions between the Bank and its shareholders, a controlling shareholder represents a shareholder whose capital contribution occupies more than 50% of the total capital of a limited liability company, or a shareholder whose shares occupy more than 50% of the total issued share capital of a joint stock company; or a shareholder the proportion of whose capital contribution or shares is less than 50% but the voting right attached to its capital contribution or the shares is significant to the extent that such shareholder may exert significant influence over the shareholders' general meeting or the resolution of the shareholders' general meeting, according to article 216 of the Company Law of the PRC.
- For the purpose of this table and the table below of related-party transactions between the Bank and its shareholders, if a party has the power to control, jointly control or exercise significant influence over another party, or where two or more parties are subject to common control, joint control or significant influence from another party, they are considered to be related parties, according to the Accounting Standard for Business Enterprises 36 "Related Party Disclosures". However, state-owned enterprises do not have related relationships solely as a result of being controlled by the State.
- For the purpose of this table and the table below of related-party transactions between the Bank and its shareholders, acting in concert refers to an act or a fact that investors and other investors jointly enlarge the proportion of the shares with voting rights in a company by way of agreement or other arrangements. The investors who agree to act in concert are persons acting in concert.
- For the purpose of this table and the table below of related-party transactions between the Bank and its shareholders, an ultimate beneficiary represents a person who is actually entitled to the return on equity of a commercial bank.

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No.	Name of Shareholder	Relation with the Bank
10	Tianjin Pharmaceutical Holdings Ltd.	The Bank's substantial shareholder
11	Tianjin Bohai State-owned Assets Operation and Management Co., Ltd.	Controlling shareholder and ultimate beneficiary of Tianjin Pharmaceutical Holdings Ltd.
12	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government	De facto controller of Tianjin Pharmaceutical Holdings Ltd.; controlling shareholder of Tianjin Bohai Chemical Industry Group Co., Ltd.; controlling shareholder, de facto controller and ultimate beneficiary of Tianjin Jinrong Investment Service Group Co., Ltd.
13	Tianjin Pharmaceutical Group Finance Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
14	Tianjin Taihe Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
15	Tianjin Baiao Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
16	Jinyao Ruida (Xuchang) Biotechnology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
17	Tianjin Pharmaceutical Group Jinyitang Chain Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
18	Tianjin Pharmaceutical Group Daming Glasses Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
19	Tianjin Pharmaceutical Group Hongze Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
20	Tianjin Medical Equipment Factory Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
21	Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
22	Tianjin EMIX Medical Equipment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
23	Tianjin Hebei Pharmaceutical Factory	Related party of Tianjin Pharmaceutical Holdings Ltd.
24	Tianjin Hospital Equipment Factory	Related party of Tianjin Pharmaceutical Holdings Ltd.
25	Tianjin Jinyi Real Estate Development and Construction Company	Related party of Tianjin Pharmaceutical Holdings Ltd.
26	Tianjin Yongjin Real Estate Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
27	Tianjin Jinyi Investment Guarantee Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
28	Tianjin Paipu Daye Equipment Technology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
29	Tianjin Pharmaceutical Group Labor Service Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
30	Tianjin Pharmaceutical Design Institute	Related party of Tianjin Pharmaceutical Holdings Ltd.
31	Hebei Dezelong Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
32	Tianjin Maida Medical Technology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
33	Tianjin Maida Medical Equipment Trading Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
34	Tianjin Puguang Medical Manufacture Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
35	Tianjin Zhi Yong Sheng Medical Equipment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.

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No.	Name of Shareholder	Relation with the Bank
36	Tianjin Zhong Jian Ai He Medical Technology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
37	Tianjin Genetic Biotek Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
38	TianJin Hanaco Medical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
39	Tianjin Binjiang Jinyao Plaza Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
40	Tianjin Super Garden Hotel Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
41	Tianjin Pharmaceutical Company	Related party of Tianjin Pharmaceutical Holdings Ltd.
42	China Medical Device Industry Tianjin Supply Station	Related party of Tianjin Pharmaceutical Holdings Ltd.
43	Tianjin Taiping Xinhua Medical Equipment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
44	Tianjin Jinyao Pharmaceutical Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
45	Tianjin Taiping Bai Shi Kang Medical Equipment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
46	Tianjin Taiping Medical International Trade Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
47	Bozhou Tianquan Investment Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
48	Tianjin Pharmaceutical Holdings Pacific Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
49	Tianjin Taiping Zhenhua Large Pharmacy Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
50	Tianjin Herbal Medicine Group Jixian Company	Related party of Tianjin Pharmaceutical Holdings Ltd.
51	Tianjin Herbal Medicine Group Ninghe River Company	Related party of Tianjin Pharmaceutical Holdings Ltd.
52	Tianjin Taipinglong Medical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
53	Tianjin Herbal Medicine Group Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
54	Tianjin Medical Instrument Research Institute	Related party of Tianjin Pharmaceutical Holdings Ltd.
55	Tianjin Zhongxin Pharmaceutical Group Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
56	Tianjin Xinfeng Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
57	Chengdu Zhongxin Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
58	Chengdu Zhongxin Pharmaceutical Chain Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
59	Chengdu Zhongxin Pharmaceutical Zigong Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
60	Zigong Zhongxin Pharmaceutical Chain Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
61	Tianjin Longshunrong Development Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
62	Tianjin Longshunrong Health Products Marketing Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
63	Zhongxin Pharmaceutical Tangshan Xinhua Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
64	Tianjin Darentang Jingwanhong Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
65	Tianjin Jinwanhong Pharmacy Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
66	Tianjingu Pharmaceutical Liquor Trading Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
67	Tianjin Zhongxin Pharmaceutical Group Bohai Rim Pharmaceutical Corporation Limited	Related party of Tianjin Pharmaceutical Holdings Ltd.
68	Tianjin Zhongxin Pharmaceutical Binhai Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
69	Beijing Zhongxin Medicine Valley Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.

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No.	Name of Shareholder	Relation with the Bank
70	Tianjin Xinlong Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
71	Tianjin Zhongxin Pharmaceutical Group Guowei Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
72	Tianjin Zhongxin Chuyun Trading Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
73	Tianjin Zhongxin Pharmaceutical Group Xuzhi Pharmaceutical Technology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
74	Tianjin Zhongxin Pharmaceutical Group Darentang Zhongxing Pharmacy Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
75	Tianjin Zhongxin Pharmaceutical Group Darentang Zhonghui Pharmacy Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
76	Zhejiang Zhongxin Chuangrui Investment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
77	Tianjin Darentang (Bozhou) Chinese Herbal Pieces Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
78	Tianjin Kingyork Group Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
79	Tianjin Pharmaceutical Group Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
80	Tianjin Tianyao Pharmaceuticals Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
81	Tianjin Tianfa Pharmaceutical Import and Export Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
82	Tianjin Sanlong Chemical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
83	Tianjin Jinyao Group Tianyao Sales Company Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
84	Tianjin Wanning Health Care Products Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
85	Tianjin Jinyao Group Tianyao International Trade Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
86	Tianjin Jinyao Mmino Acid Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
87	Tianjin Tian' an Pharmaceuticals Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
88	Tianjin Shuangyan Hotel Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
89	Tianjin Yaolian Trading Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
90	Tianjin Pharmaceuticals Research Organization Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
91	Tianjin Jinyao Group Hubei Tianyao Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
92	Tianjin Jinyao Biotechnology Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
93	Tianjin Jinyao Logistics Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
94	Tianjin Gesibao Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
95	Tianjin Pharmaceutical Technology Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
96	Tianjin Tianyao Investments Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
97	Tianjin Pharmaceutical Zhongjiankangda Medical Instrument Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
98	Tianjin Haoda Medical Instrument Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
99	Tianjin Renli Orthopedic Instrument Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
100	Tianjin Pharmaceutical Air Cleanliness Test Center Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.

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No.	Name of Shareholder	Relation with the Bank
101	Tianjin Zhengtong Medical Purification Equipment Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
102	Tianjin Jinhao Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
103	Tianjin Lisheng Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
104	Tianjin Biochemical and Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
105	The Central Pharmaceutical Co., Ltd. Tianjin	Related party of Tianjin Pharmaceutical Holdings Ltd.
106	Tianjin Xinguan Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
107	Tianjin Institute of Pharmaceutical Research	Related party of Tianjin Pharmaceutical Holdings Ltd.
108	TIPR Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
109	Tianjin Hengbida Chemical Synthesis Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
110	Tianjin Institute of Pharmaceutical Research New Drug Evaluation Co., Ltd	Related party of Tianjin Pharmaceutical Holdings Ltd.
111	Tianjin Taipu Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
112	Tianjin Tailian Global Biotech Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
113	Tianjin Press of Chinese Herbal Medicines	Related party of Tianjin Pharmaceutical Holdings Ltd.
114	Tianjin Taipu Pharmaceutical Industrial Productivity Promotion Center Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
115	Tianjin Kanghong Pharmaceutical Technology Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
116	Tianjin Kanghong Trade Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
117	Hainan Li'ou Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
118	Tianjin Taipu Pharmaceutical Technology Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
119	Tianjin Taipu Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
120	Tianjin Taipu Huya Medical and Pharmaceutical Intellectual Right Transfer Reserve Center Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
121	Tianjin Yiyao Printing Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
122	Tianjin Yixuanlin Advertising Production Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
123	The U.S. Great Sacred Trade & Technology Co., Ltd	Related party of Tianjin Pharmaceutical Holdings Ltd.
124	Tianjin Pharmaceutical (Hong Kong) Co., Ltd	Related party of Tianjin Pharmaceutical Holdings Ltd.
125	Tianjin Tianyao Pharmaceutical (Asia) Co., Ltd	Related party of Tianjin Pharmaceutical Holdings Ltd.
126	Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
127	Jinyao Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
128	China Tech Investments Limited	Related party of Tianjin Pharmaceutical Holdings Ltd.
129	Tianjin Pharmaceutical Holdings International Holdings Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.

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No.	Name of Shareholder	Relation with the Bank
130	Tianjin Pharmaceutical Holdings Gencom Pharmacy Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
131	Tianjin Vocational College of Bioengineering	Related party of Tianjin Pharmaceutical Holdings Ltd.
132	Tianjin Jinyi Real Estate Development Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
133	MEDA Co., Ltd	Related party of Tianjin Pharmaceutical Holdings Ltd.
134	Tianjin Pharmaceutical Holdings Sales Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
135	Tianjin Pharmaceutical Journal	Related party of Tianjin Pharmaceutical Holdings Ltd.
136	Tianjin Kingyork Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
137	Tianjin Xinnuo Pharmaceutical Co., Ltd.	Related party of Tianjin Pharmaceutical Holdings Ltd.
138	Tianjin Hebei Daren Hospital	Related party of Tianjin Pharmaceutical Holdings Ltd.
139	Tianjin Bohai Chemical Group Co., Ltd.	The Bank's substantial shareholder
140	Tianjin Bohai Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
141	Tianjin Dagou Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
142	Tianjin Dagou Trade Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
143	Tianjin Dagou Chemical Investment and Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
144	Tianjin Dagou Fine Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
145	Tianjin Dagou Logistics Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
146	Tianjin Dagou Property Management Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
147	Tianjin Dagou Electrical and Mechanical Equipment Installation Engineering Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
148	Tianjin Botian Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
149	Tianjin Botian Construction Installation and Maintenance Engineering Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
150	Tianjin Port Free Trade Zone Tiangong International Trade Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
151	Tianjin Botian Tiangong Chemical Trade Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
152	Tianjin Bohua Zhongtai Security Technology Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
153	Tianjin Bo Tian Zhicheng Electrical Installation Limited Liability Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
154	Tianjin Bohua Yongli Chemical Industry Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
155	Tianjin Bohai Yongli Alkali Industry Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
156	Tianjin Yongli Thermal Power Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
157	Tianjin Yongli Food Additive Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
158	Tianjin Binhai New Area Yongli Heating Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
159	Tianjin Bohua Yongli Logistics Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
160	Tianjin Bohua Yongli Thermal Power Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
161	Tianjin Tanggu Yongli Engineering Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.

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No.	Name of Shareholder	Relation with the Bank
162	Tianjin Red Triangle International Trading Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
163	Tianjin Bohai Dongfanghong Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
164	Tianjin Changlu Haijing Group Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
165	Tianjin Haiguang Pharmaceutical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
166	Tianjin Haijing Huili Industrial Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
167	Tianjin Bohua Haijing Construction and Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
168	Tianjin Zhongyan Haijing Investment Consultation Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
169	Tianjin Port Free Trade Zone Haihui International Trade Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
170	Tianjin Three Gorges Economic Development Corporation	Related party of Tianjin Bohai Chemical Group Co., Ltd.
171	Tianjin Haijing Xinli Fiber Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
172	Tianjin Haijing Plastic Products Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
173	Tianjin Development Zone Integrity Property Management Limited	Related party of Tianjin Bohai Chemical Group Co., Ltd.
174	Shandong Feicheng Haijing Salinization Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
175	Tianjin Hailida Chemical Industry Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
176	Textile Economic Zone Haijing Municipal Sanitation Greening Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
177	Tianjin SEG Haijing Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
178	Tianjin Changlu Hangu Saltern Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
179	Tianjin Changlu Salinization Engineering Design Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
180	Tianjin Changlu Hangu Salt Field Engineering Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
181	Tianjin Han Salt International Trade Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
182	Tianjin Bohai Fine Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
183	Tianjin Bohua Zhonghe Chemical Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
184	Tianjin Jingye Fine Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
185	Tianjin Lisheng Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
186	Tianjin Synthetic Material Industry Research Institute Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
187	Tianjin Yihua Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
188	Tianjin Bohua Fine Chemical Equipment Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
189	Tianjin DEK Chemical Company Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
190	Tianjin Bohai Fine Property Service Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
191	TianJin YanHai Chemical Co., Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
192	Tianjin Composite Resin Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
193	Tianjin Rui Ou Wei Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.

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No.	Name of Shareholder	Relation with the Bank
194	Tianjin Haishan Chemical Technology Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
195	Tianjin Yiyou Real Estate Services Ltd	Related party of Tianjin Bohai Chemical Group Co., Ltd.
196	Tianjin Bohai Fine Chemical Trading Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
197	Tianjin Bohua Rubber Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
198	Tianjin United Tire & Rubber International Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
199	Tianjin 729 Sports Equipment Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
200	Tianjin 729 Sports Equipment Sales Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
201	Tianjin Bohai Tianli Tire & Rubber Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
202	Tianjin Dolphins Transportation Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
203	Tianjin Rubber Industry Research Institute Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
204	Tianjin Tianxiang Industrial Import & Export Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
205	Tianjin Dolphin Chemical Equipment Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
206	Tianjin Dolphin Carbon Black Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
207	NEW UT INC	Related party of Tianjin Bohai Chemical Group Co., Ltd.
208	Tianjin Shuang'An Safety Rubber Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
209	Tianjin Shuang'An Protective Supplies Limited Liability Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
210	Tianjin Boxiang Industrial Import and Export Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
211	Tianjin Bohua Asset Management Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
212	Tianjin Bohai Chemical Raw Materials Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
213	Tianjin Qinfa Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
214	Tianjin Chemical Reagent Institute	Related party of Tianjin Bohai Chemical Group Co., Ltd.
215	Tianjin Tiantai Fine Chemicals Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
216	Tianjin Inorganic Chemical Industry Institute Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
217	Tianjin Chemical Reagent Supply and Marketing Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
218	BCIG Environmental Remediation Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
219	Tianjin Tianqing Chemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
220	Tianjin Bohua Engineering Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
221	Tianjin Bohua Engineering Construction Supervision Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
222	Tianjin Bohua Property Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
223	Tianjin Bohai Property Trading Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
224	Tianjin Dinghua Investment Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
225	Tianjin Dinghua Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
226	Bohua (Hong Kong) Limited	Related party of Tianjin Bohai Chemical Group Co., Ltd.
227	M ENERGY LIMITED	Related party of Tianjin Bohai Chemical Group Co., Ltd.
228	Tianjin Chemical Supply and Marketing Corporation	Related party of Tianjin Bohai Chemical Group Co., Ltd.

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No.	Name of Shareholder	Relation with the Bank
229	Tianjin Bohai Chemical Group Supply and Marketing Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
230	Tianjin Bohua Salt Distribution Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
231	Tianjin Bohai Group Finance Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
232	Tianjin Bohua Petrochemical Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
233	Tianjin Bohai Chemical Industries Import & Export Corporation	Related party of Tianjin Bohai Chemical Group Co., Ltd.
234	Tianjin Bohai TEDA Investment Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
235	Tianjin Bohai Chemical Group Industrial Limited	Related party of Tianjin Bohai Chemical Group Co., Ltd.
236	Tianjin Bohua Property Management Company	Related party of Tianjin Bohai Chemical Group Co., Ltd.
237	Tianjin Bohua Chemical Development Co., Ltd.	Related party of Tianjin Bohai Chemical Group Co., Ltd.
238	Fortune Eris Holding Company Limited	The Bank's substantial shareholder
239	China State Shipbuilding Corporation	De facto controller of Fortune Eris Holding Company Limited
240	CSSC (Hong Kong) Shipping Company Limited	Controlling shareholder of Fortune Eris Holding Company Limited
241	State-owned Assets Supervision and Administration Commission of the State Council	Ultimate beneficiary of Fortune Eris Holding Company Limited
242	Tianjin Jinrong Investment Service Group Co., Ltd.	The Bank's substantial shareholder
243	Tianjin Jinrong Asset Management Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
244	Tianjin Jinrong Guojin Investment Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
245	Tianjin Jinrong Guoxin Capital Management Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
246	Tianjin Science and Technology Investment Group Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
247	Tianjin Jintou Jinying International Trade Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
248	Tianjin Jinyi Investment Limited	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
249	Huashuo High-Tech Investment & Development Co., Ltd. of Tianjin Investment Group	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
250	Tianjin Jinxin Real Estate Construction & Development Corporation	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
251	Tianjin Jintou Leasing Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.

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No.	Name of Shareholder	Relation with the Bank
252	Tianjin Jinrong Investment Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
253	Tianjin Jintou Jinsha Real Estate Development Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
254	Jintou Futures Brokerage Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
255	Tianjin Jinrong Guohengjinfu Group Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
256	Xinyuan Financing Leasing (Tianjin) Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
257	Tianjin Herongjiusheng Electrical Equipment Engineering Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
258	Tianjin Herong Asset Management Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
259	Tianjin Jinsha Investment Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
260	Tianjin Jinrong Shuangchuang Equity Investment Fund Co., Ltd.	Related party of Tianjin Jinrong Investment Service Group Co., Ltd.
261	Tianjin Hengchangyuan Industrial Co., Ltd.	The Bank's substantial shareholder
262	Beijing Tianyuantonghe Science Trading Co., Ltd.	Controlling shareholder of Tianjin Hengchangyuan Industrial Co., Ltd.
263	LV Chunlian	De facto controller and ultimate beneficiary of Tianjin Hengchangyuan Industrial Co., Ltd.
264	Shenzhen Huizhong Insurance Brokerage Co., Ltd.	Related party of Tianjin Hengchangyuan Industrial Co., Ltd.
265	Wuhai Shangjia Trade Co., Ltd.	Related party of Tianjin Hengchangyuan Industrial Co., Ltd.
266	YANG Shurong	Related party of Tianjin Hengchangyuan Industrial Co., Ltd.
267	ZHONG Conglin	Related party of Tianjin Hengchangyuan Industrial Co., Ltd.

Appendix II

The below table sets forth the related-party transactions between the Bank and its substantial shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries during the Reporting Period:

Unit: RMB million, %

No.	Name of Client	Transaction Amount	Transaction Balance	Transaction	Start Date	Maturity Date	Annual Interest Rate (%)
1	Tianjin Bohua Petrochemical Co., Ltd.	200.00	200.00	Credit extension	2017/06/29	2018/06/28	4.8
2	Tianjin Bohua Yongli Chemical Industry Co., Ltd	100.00	100.00	Credit extension	2017/05/22	2018/05/18	4.8
3	Tianjin Bohua Yongli Chemical Industry Co., Ltd	200.00	200.00	Credit extension	2017/05/31	2018/05/18	4.8
4	Tianjin Bohua Yongli Chemical Industry Co., Ltd	200.00	200.00	Credit extension	2017/05/24	2018/05/18	4.8
5	Tianjin Bohua Yongli Chemical Industry Co., Ltd	350.00	350.00	Credit extension	2017/12/15	2018/12/14	5.2
6	Tianjin Bohua Yongli Chemical Industry Co., Ltd	350.00	0.00	Credit extension	2016/12/29	2017/12/27	4.5675
7	Tianjin Bohua Yongli Chemical Industry Co., Ltd	200.00	200.00	Credit extension	2017/12/29	2018/06/27	5.5
8	Tianjin Botian Chemical Co., Ltd.	50.00	50.00	Credit extension	2017/11/08	2018/11/07	5.5
9	Tianjin Botian Chemical Co., Ltd.	200.00	200.00	Credit extension	2017/05/22	2018/05/16	4.65
10	Tianjin Botian Chemical Co., Ltd.	50.00	0.00	Credit extension	2016/08/24	2017/08/23	4.65
11	Tianjin Dagu Chemical Co., Ltd.	225.00	0.00	Credit extension	2016/12/09	2017/11/30	4.5675
12	Tianjin Dagu Chemical Co., Ltd.	50.00	0.00	Credit extension	2016/12/02	2017/11/30	4.5675
13	Tianjin Dagu Chemical Co., Ltd.	275.00	275.00	Credit extension	2017/11/28	2018/11/22	5.5
14	Tianjin Pharmaceutical Holdings Ltd.	375.00	375.00	Credit extension	2017/10/10	2018/10/09	4.35
15	Tianjin Pharmaceutical Group Co., Ltd.	150.00	150.00	Credit extension	2017/04/13	2018/03/10	4.35
16	Tianjin Pharmaceutical Group Co., Ltd.	100.00	100.00	Credit extension	2017/04/18	2018/03/27	4.35
17	Tianjin Pharmaceutical Group Co., Ltd.	100.00	100.00	Credit extension	2017/03/17	2018/03/15	4.35
18	Tianjin Pharmaceutical Group Co., Ltd.	150.00	100.00	Credit extension	2017/06/20	2018/03/27	5
19	Tianjin Pharmaceutical Holdings Pacific Co., Ltd.	200.00	0.00	Credit extension	2016/06/24	2017/06/23	4.35



No. 15 Youyi Road Tianjin China

P.C: 300201

Hotline: 4006-960296

www.bankoftianjin.com