

Bank of Tianjin Co., LTD.*

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

(Stock code: 1578)

2016 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, 2016
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Selling Shareholders”	the state-owned shareholders, collectively, who are required to reduce their shareholding pursuant to the relevant PRC regulations relating to reduction of state-owned shares
“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 Investment 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,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
(Amounts in thousands of RMB, unless otherwise stated)						
	Rate of change (%)					
OPERATING RESULTS						
Interest income	25,202,576	26,656,584	(5.5)%	24,769,304	19,632,392	13,357,473
Interest expense	(14,843,351)	(15,977,161)	(7.1)%	(15,620,494)	(11,801,613)	(7,203,911)
NET INTEREST INCOME	10,359,225	10,679,423	(3.0)%	9,148,810	7,830,779	6,153,562
Fee and commission income	1,442,473	1,026,900	40.5%	560,684	443,277	348,867
Fee and commission expense	(40,421)	(31,171)	29.7%	(36,481)	(25,977)	(16,236)
NET FEE AND COMMISSION	1,402,052	995,729	40.8%	524,203	417,300	332,631
Net trading (losses)/gains	(120,090)	101,680	(218.1)%	180,540	(164,934)	(41,866)
Net gains/(losses) arising from investment securities	63,342	52,182	21.4%	2,354	(3,913)	13,987
Other income, gains or losses	110,207	92,730	18.8%	84,639	124,901	131,683
OPERATING INCOME	11,814,736	11,921,744	(0.9)%	9,940,546	8,204,133	6,589,997
Operating expenses	(3,767,642)	(3,817,123)	(1.3)%	(3,261,328)	(2,906,067)	(2,384,594)
Impairment losses on assets	(2,352,964)	(1,757,695)	33.9%	(975,286)	(912,780)	(906,800)
Share of profit of associated companies	16,244	-	-	-	-	-
PROFIT BEFORE TAX	5,710,374	6,346,926	(10.0)%	5,703,932	4,385,286	3,298,603
Income tax expense	(1,192,470)	(1,414,543)	(15.7)%	(1,274,971)	(950,337)	(661,928)
PROFIT FOR THE YEAR	4,517,904	4,932,383	(8.4)%	4,428,961	3,434,949	2,636,675
Attributable to:						
Equity holders of the Bank	4,522,053	4,916,440	(8.0)%	4,417,231	3,418,026	2,630,222
Non-controlling interests	(4,149)	15,943	(126.0)%	11,730	16,923	6,453
Earnings per share (Expressed in RMB Yuan per share)						
- Basic	0.77	0.96	(19.8)%	0.88	0.83	0.64
- Diluted	0.77	-	-	-	-	-

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
(Amounts in thousands of RMB, unless otherwise stated)						
Rate of change (%)						
MAJOR INDICATORS OF ASSETS/ LIABILITIES						
Total assets	657,310,107	565,667,731	16.2%	478,859,079	405,687,013	302,346,017
Of which: loans and advances to customers	207,854,530	179,570,910	15.8%	166,461,335	144,139,041	118,767,291
Total liabilities	615,555,327	532,420,027	15.6%	449,969,138	386,237,537	285,586,247
Of which: deposits from customers	365,470,957	334,691,026	9.2%	289,467,447	247,207,751	201,416,200
Share capital	6,070,552	5,126,048	18.4%	5,126,048	4,123,268	4,123,268
Equity attributable to equity holders of the Bank	41,709,929	33,023,651	26.3%	28,672,168	19,232,563	16,697,127
Total equity	41,754,780	33,247,704	25.6%	28,889,941	19,449,476	16,759,770

	For the year ended December 31,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
PROFITABILITY INDICATORS (%)						
Return on average total assets ⁽¹⁾	0.74%	0.94%	(0.20)%	1.00%	0.97%	0.98%
Return on average equity ⁽²⁾	12.05%	15.88%	(3.83)%	18.32%	18.97%	16.97%
Net interest spread ⁽³⁾	1.43%	1.74%	(0.31)%	1.73%	1.88%	2.29%
Net interest margin ⁽⁴⁾	1.76%	2.08%	(0.32)%	2.06%	2.12%	2.50%
Net fee and commission income to operating income	11.87%	8.35%	3.52%	5.27%	5.09%	5.05%
Cost-to-income ratio ⁽⁵⁾	27.52%	22.49%	5.03%	23.63%	25.63%	27.63%

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
ASSET QUALITY INDICATORS (%)						
Non-performing loan ratio ⁽⁶⁾	1.48%	1.34%	0.14%	1.09%	1.03%	0.72%
Allowance coverage ratio ⁽⁷⁾	193.56%	202.84%	(9.28)%	238.15%	269.08%	453.41%
Allowance to gross loan ratio ⁽⁸⁾	2.87%	2.73%	0.14%	2.61%	2.76%	3.28%

	For the year ended December 31,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
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	10.13%
Capital adequacy ratio ⁽¹⁰⁾	N/A	N/A	N/A	N/A	N/A	12.72%
<i>Calculated based on Capital Administrative Measures</i>						
Core tier-one capital adequacy Ratio ⁽¹¹⁾	9.48%	9.33%	0.15%	10.64%	8.30%	N/A
Tier-one capital adequacy ratio ⁽¹²⁾	9.48%	9.33%	0.15%	10.64%	8.31%	N/A
Capital adequacy ratio ⁽¹³⁾	11.88%	12.23%	(0.35)%	12.61%	11.05%	N/A
Total equity to total assets	6.35%	5.88%	0.47%	6.03%	4.79%	5.54%

Summary of Accounting Data and Financial Indicators

	For the year ended December 31,					
	2016	2015	Year-on-year change between 2016 and 2015	2014	2013	2012
OTHER INDICATORS (%)						
Loan-to-deposit ratio ⁽¹⁴⁾	58.57%	55.93%	2.64%	58.51%	59.99%	60.25%
Liquidity ratio ⁽¹⁵⁾	34.39%	43.14%	(8.75)%	38.12%	37.21%	35.82%
Percentage of loans to the single largest customer ⁽¹⁶⁾	7.83%	4.50%	3.33%	6.46%	7.06%	7.93%
Percentage of loans to the top ten customers ⁽¹⁷⁾	35.76%	28.49%	7.27%	33.75%	41.47%	49.82%

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, 2012 and 2013 were calculated according to Notice on the Definition and Formulas of off-site Regulatory Indicators (《關於印發非現場監管指標定義及計算公式的通知》) released by CBRC, the loan-deposit ratio as of December 31, 2014, 2015 and 2016 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 2016, our Bank vigorously supported a number of important projects in the Beijing-Tianjin-Hebei region by closely tapping into the synergistic development in the region, providing services to meet the national strategy, and fully utilizing the strengths of our branches and sub-branches with a focus on our business presence in the region. In addition, our Bank introduced specific policies, optimized our credit structure, and innovated our service models. By proactively undertaking the major tasks of "cutting overcapacity, destocking, de-leveraging, lowering costs, and improving weak links" under the national reform, our Bank enhanced our product innovation, quality, and efficiency amid accurate categorization. Our committed development of green finance, as well as our improving financial products and services and our constant investments in the livelihood sector, rendered unswerving support to the mass entrepreneurship and innovation campaign. As a result, we effectively satisfied the financing requirements of the technology-based small and medium enterprises and individual startups, significantly promoting the corporate image of our Bank.

Especially, our successful access to the international capital market, which is listing of our shares on the Main Board of the Hong Kong Stock Exchange, realized the dream that our several sessions of senior management and our employees have been pursuing over years. Our official opening of Bank of Tianjin Financial Leasing Co., Ltd.* (天銀金融租賃有限公司) represented a substantial progress in our integrated business operation. In addition, we were awarded many honors and titles, including the "Golden City Commercial Bank of the Year" (年度金牌城商行), "Top Ten City Commercial Banks of China (by Competitiveness)" (中國城商行競爭力排名十佳), and "Top Ten Outstanding City Commercial Bank (by Competitiveness)" (卓越競爭力城商行十佳). We attributed our achievements today to unwavering support from our Shareholders, clients, and the community, as well as diligence and commitment of our employees. On behalf of our Bank, I hereby express my sincerest gratitude to you all.

Undaunted by challenges ahead, we will stride forward constantly and steadily. Looking into 2017, the banking sector in general faces an array of interrelated difficulties and challenges under complicated economic and financial conditions at home and abroad. By closely persisting in development as the primary task and believing reform and innovation as the drivers, our Bank will maintain our operations in compliance with laws and regulations with a firm stance against risks, and continue improving our corporate governance and internal systems and mechanisms. Committed to enhancing our development quality and efficiency, our Bank will vigorously address noticeable issues that constrain our development, while constantly enhancing our corporate value. Working shoulder to shoulder with our Shareholders, clients, employees, and the community, our Bank will realize our development achievements and embrace a brighter future.



LI Zongtang
Chairman

President's Statement



SUN Liguó
President

President's Statement

2016 was an extraordinary year for our Bank in its development history. Under the complicated economic and financial conditions with multiple challenges posed by various risks throughout the year, our Bank in general maintained good growth momentum, as we meticulously implemented various measures to meet the requirements set by the Board, overcame various unfavorable factors to vigorously resolve systemic and structural issues that constrain our development, and accomplished the plans laid out by the Board for our various businesses.

As of the end of 2016, our total assets amounted to RMB657.3 billion with loans and advances to customers of RMB207.9 billion, while our total liabilities amounted to RMB615.6 billion with the balance of deposits of RMB365.5 billion. Our net profits amounted to RMB4.518 billion. The non-performing loan ratio was 1.48%. The capital adequacy ratio was 11.88%. The allowance coverage ratio was 193.56%. All indicators fell in line with regulatory requirements. We ranked 211th in the Top 1,000 World Banks published by the Banker, a UK publication. According to the "Global Banking 500 (by Brand Value)", we ranked 223rd.

During 2016, we became a listed state-owned enterprise with the most proceeds and the largest assets in Tianjin following successful listing of our shares on the Main Board of the Hong Kong Stock Exchange. As our integrated operations accelerated, our Bank of Tianjin Financial Leasing Co., Ltd.* (天銀金融租賃有限公司) was established and officially opened for business. We are one of the first banks eligible for the "Pilot Program for Integrated Financing through Investments and Facilities".

During 2016, we laid a solid foundation for further enhancing the quality and operation efficiency of our network outlets by streamlining the bank-wide organizational structure, defining the terms of reference for all departments, adjusting the hierarchy of authority and reducing administrative levels and concentrating scope of management. We enhanced our overall risk management, while improving centralized control over our mid-and-back-office functions. In addition, by rationalizing job positions of cadres, we eliminated the systemic and institutional barriers that constrain the development of in-house talents. By adopting bank-wide open offer of work posts, we reinforced the construction of our talent reserve and echelon. By improving the supplemental medical insurance and annuities to employees, we mobilized the positivity of our cadres, employees, and executives.

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.

Looking into 2017, we will persistently seek further improvements and proactively adapt to the New Normal state of economic development by firmly capitalizing on the five major development notions. With the mission of serving the goals of national strategies, local economic development as well as the changing customer needs, we will incorporate innovate ideas for our operations, actively nourish new growth drivers. At the same time, we will strengthen risk prevention and control and company infrastructure. Furthermore, we will enhance the quality and efficiency of our operations and management. We expect to offer promising returns to our Shareholders, clients, and the community.



SUN Ligu
President

Management Discussion and Analysis

I. ENVIRONMENT AND PROSPECTS

In 2016, we herald a good start for the “13th Five-Year Plan”, with the domestic economic structure continuing to optimize while the economy saw a slower but stable, positively biased performance. Economic activities are moving forward within a reasonable range with quality and efficiency both improving. In general, China experienced stable and healthy economic and social development during the year. 2017 represents a year to deepen the supply-side structural reform, during which, the five major tasks of “cutting overcapacity, destocking, de-leveraging, lowering costs, and improving weak links” will render support to improve the adaptability of the supply-side structure to the demand-side structure, thus effectively realizing a new dynamic balance between the supply and demand relationship regarding economic activities, as well as pushing forward stable economic development.

The economy of China is under increased pressure in the context of on-going deep correction of the global economy, weak recovery, further arising of long-term accumulated contradictions and risks of domestic economy and re-gear economic growth. However, due to the solid development foundation, strong economic resilience, significant potential, huge development spaces as well as continuous new impetus and emerging benefits from opening up and reform of China in general, in particular the continued advancement of new type of industrialization, informatization, urbanization, and agricultural modernization in the domestic market, a comparatively favorable external environment has been created for the development of commercial banks. By closely following central policies and capitalizing on excellent opportunities arising from the synergistic development of the Beijing-Tianjin-Hebei region, we will deepen the reforms, strengthen our innovation, optimize our balance sheet management, exercise stringent risk management, and enhance our profitability.

II. CORPORATE STRATEGIES

Our strategic objectives are: (i) being headquartered in Tianjin with strong presence in the Beijing-Tianjin-Hebei region and Bohai Economic Zone, to improve our business coverage in Yangtze River Delta and Southwestern China and establish ourselves as a city commercial bank that serves all major economic zones in China; (ii) capitalizing our distinguished business management to offer good returns to shareholders; (iii) to continue to utilize sound risk control mechanisms and strategies to maintain solid asset quality; and (iv) to promote innovation and enhance competitiveness and growth potential. We plan to achieve our objectives and strategies through the following measures: (1) we will adjust and optimize the wholesale business structure to support the supply-side structural reform and the deepening of the mixed ownership reform of state-owned enterprises through actively participating in the implementation of national development strategy, and will explore new business model to develop new customer resources and build more new business drivers; (2) we are committed to expanding our customer base and providing diversified financial products and services by enhancing our retail banking operations, focusing on the improvement of customer experience, and integrating and improving our retail business operations and bank card product pipeline; (3) we will further enhance the competitiveness of our SME business by increasing participation in transactions and capital management of our corporate banking clients, maintaining our competitive advantages in providing financial services to SMEs in technology industries, building multi-channel platforms, and enriching functions of banking products; (4) we will expand the profit margin of our business lines in the financial market, constantly broaden our investing and financing channels for assets, and cement partnership with industrial peers and non-banking institutions with a comparatively stronger capability to provide assets, while putting special effort to enhance the profitability of our treasure business; (5) we will expand the range of our financial services, and promote synergies among our different business segments through coordination amongst intra-group companies; (6) we will be committed to sharpening our market competitive edges by building our network outlets into customer service centers and profitability centers, which can be achieved by strategically optimizing our network layout and strengthening the centralized management of the business network; (7) we will expand our network-based financial services by focusing on the key development of internet finance and mobile finance business and integrating the “internet +” into our one-stop financial services for customers; (8) we will maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; and (9) we will improve our organizational and management structure, establish a market-oriented human resources system, and cultivate high-quality financial talent.

Management Discussion and Analysis

III. ANALYSIS OF THE INCOME STATEMENT

	For the year ended December 31,		Rate of change (%)
	2015	2016	
	(Amounts in thousands of RMB, unless otherwise stated)		
Interest income	26,656,584	25,202,576	(5.5)%
Interest expense	(15,977,161)	(14,843,351)	(7.1)%
NET INTEREST INCOME	10,679,423	10,359,225	(3.0)%
Fee and commission income	1,026,900	1,442,473	40.5%
Fee and commission expense	(31,171)	(40,421)	29.7%
NET FEE AND COMMISSION INCOME	995,729	1,402,052	40.8%
Net trading gains/(losses)	101,680	(120,090)	(218.1)%
Net gains arising from investment securities	52,182	63,342	21.4%
Other income, gains or losses	92,730	110,207	18.8%
OPERATING INCOME	11,921,744	11,814,736	(0.9)%
Operating expenses	(3,817,123)	(3,767,642)	(1.3)%
Impairment losses on assets	(1,757,695)	(2,352,964)	33.9%
Share of profit of associated companies	–	16,244	–
PROFIT BEFORE TAX	6,346,926	5,710,374	(10.0)%
Income tax expense	(1,414,543)	(1,192,470)	(15.7)%
PROFIT FOR THE YEAR	4,932,383	4,517,904	(8.4)%

For the year ended December 31, 2016, the Bank's profit before tax decreased by 10.0% to RMB5,710.4 million from RMB6,346.9 million for the year ended December 31, 2015 and the profit for the same year decreased by 8.4% to RMB4,517.9 million from RMB4,932.4 million for the year ended December 31, 2015.

Management Discussion and Analysis

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

For the year ended December 31, 2016, the Bank's net interest income decreased by 3.0% to 10,359.2 million from RMB10,679.4 million for the year ended December 31, 2015. Our net interest spread decreased from 1.74% for the year ended December 31, 2015 to 1.43% for the year ended December 31, 2016, primarily due to the fact that our average yield on interest-earning assets decreased by 89 basis points, which was higher than the decrease of the average cost of interest-bearing liabilities by 58 basis points. Our net interest margin decreased from 2.08% for the year ended December 31, 2015 to 1.76% for the year ended December 31, 2016, because our net interest income decreased by 3.0% for the year ended December 31, 2016, while our average balance of our interest-earning assets increased by 14.3% for the year ended December 31, 2016.

The following tables set forth, for the year ended December 31, 2015 and 2016, 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,					
	Average balance	2015 Interest income/ expense	Average yield/cost	Average balance	2016 Interest income/ expense	Average yield/cost
(Amounts in millions of RMB, except percentages)						
Interest-earning Assets						
Loans and advances to customers	186,701.5	11,405.7	6.11%	199,576.5	10,015.1	5.02%
Investment securities and other financial assets, including	161,316.8	9,333.1	5.79%	262,941.4	12,174.2	4.63%
– Trust beneficiary rights, wealth management products and asset management plans	101,408.0	7,466.5	7.36%	163,354.8	9,254.1	5.67%
– Debt securities investment	59,908.8	1,866.6	3.12%	99,586.6	2,920.1	2.93%
Amounts due from banks and other financial institutions ⁽¹⁾	83,080.4	3,915.7	4.71%	48,880.4	1,520.8	3.11%
Deposits with banks and other financial institutions	28,243.2	1,163.5	4.12%	21,904.7	658.7	3.01%
Balances with central bank	55,027.9	838.6	1.52%	54,703.3	833.8	1.52%
Total interest-earning assets	514,369.8	26,656.6	5.18%	588,006.3	25,202.6	4.29%
Allowance for impairment losses	(5,695.9)			(6,851.7)		
Non-interest earning assets ⁽²⁾	5,468.6			9,891.4		
Total assets	514,142.5	26,656.6	5.18%	591,046.0	25,202.6	4.26%

Management Discussion and Analysis

	For the year ended December 31,					
	Average balance	2015 Interest income/ expense	Average yield/cost	Average balance	2016 Interest income/ expense	Average yield/cost
(Amounts in millions of RMB, except percentages)						
Interest-bearing Liabilities						
Due to customers	302,239.6	8,970.8	2.97%	340,782.2	9,117.3	2.68%
Deposits from banks and other financial institutions	134,023.2	5,914.3	4.41%	117,889.8	3,860.6	3.27%
Amounts due to banks and other financial institutions ⁽³⁾	20,466.1	694.2	3.39%	29,608.1	685.0	2.31%
Debt securities issued	7,453.6	389.0	5.22%	30,950.6	1,180.4	3.81%
Borrowings from central bank	325.6	8.9	2.73%	4.4	0.1	2.27%
Total interest-bearing liabilities	464,508.1	15,977.2	3.44%	519,235.1	14,843.4	2.86%
Non-interest-bearing liabilities ⁽⁴⁾	19,763.1			33,171.7		
Total liabilities	484,271.2	15,977.2	3.30%	552,406.8	14,843.4	2.69%
Net interest income		10,679.4			10,359.2	
Net interest spread⁽⁵⁾			1.74%			1.43%
Net interest margin⁽⁶⁾			2.08%			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, 2016, our interest income decreased by 5.5% to RMB25,202.6 million from RMB26,656.6 million for the year ended December 31, 2015, which was primarily attributable to an decrease of the average yield of our interest-earning assets from 5.18% for the year ended December 31, 2015 to 4.29% for the year ended December 31, 2016, which was primarily due to an decrease in the average yield of our loans and advances to customers, amounts due from banks and other financial institutions, and investment securities and other financial assets, partially offset by a 14.3% increase in the average balance of interest-earning assets from RMB514,369.8 million for the year ended December 31, 2015 to RMB588,006.3 million for the year ended December 31, 2016, mainly as a result of increases in the average balance of our loans and advances to customers and our investment securities and other financial assets.

Interest income from loans and advances to customers

For the year ended December 31, 2016, interest income from loans and advances to customers decreased by 12.2% from RMB11,405.7 million for the year ended December 31, 2015 to RMB10,015.1 million for the year ended December 31, 2016, primarily due to the decrease of the average yield of our loans and advances to customers from 6.11% for the year ended December 31, 2015 to 5.02% for the year ended December 31, 2016, reflecting the consecutive reductions of benchmark interest rates by the People's Bank of China (the "PBoC"), the tax policy reform of replacing business tax with value-added tax expanded to financial industry in China since May 1, 2016 and intensified competition in PRC banking industry, partially offset by a 6.9% increase in average balance of loans and advances to customers from RMB186,701.5 million for the year ended December 31, 2015 to RMB199,576.5 million for the year ended December 31, 2016, primarily reflected our continued efforts to increase our extending of loans to support the development of real economies.

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

For the year ended December 31, 2016, interest income from trust beneficiary rights, wealth management products and asset management plans increased by 23.9% from RMB7,466.5 million for the year ended December 31, 2015 to RMB9,254.1 million for the year ended December 31, 2016, primarily as a result of a 61.1% increase in average balance of trust beneficiary rights, wealth management products and asset management plans from RMB101,408.0 million for the year ended December 31, 2015 to RMB163,354.8 million for the year ended December 31, 2016, 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 7.36% for the year ended December 31, 2015 to 5.67% for the year ended December 31, 2016. The decrease in average yield of our trust beneficiary rights, wealth management products and asset management plans was mainly due to a decrease in the interbank market interest rate for Renminbi resulted from increased liquidity of the PRC interbank market.

Management Discussion and Analysis

Interest income from debt securities investment

Interest income from debt securities investment increased by 56.4% from RMB1,866.6 million for the year ended December 31, 2015 to RMB2,920.1 million for the year ended December 31, 2016, primarily due to a 66.2% increase in the average balance of our debt securities investment from RMB59,908.8 million for the year ended December 31, 2015 to RMB99,586.6 million for the year ended December 31, 2016, partially offset by a decrease in the average yield of our debt securities investment from 3.12% for the year ended December 31, 2015 to 2.93% for the year ended December 31, 2016. 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. The decrease in the average yield of our debt securities investment was primarily due to a decrease in the bond market interest rate resulted from increased liquidity of the PRC interbank market.

Interest income from amounts due from banks and other financial institutions

Interest income from amounts due from banks and other financial institutions decreased by 61.2% from RMB3,915.7 million for the year ended December 31, 2015 to RMB1,520.8 million for the year ended December 31, 2016, primarily due to a 41.2% decrease in the average balance of our amounts due from banks and other financial institutions from RMB83,080.4 million for the year ended December 31, 2015 to RMB48,880.4 million for the year ended December 31, 2016, and a decrease in the average yield of our amounts due from banks and other financial institutions from 4.71% for the year ended December 31, 2015 to 3.11% for the year ended December 31, 2016. 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 decrease in the average yield of our amounts due from banks and other financial institutions was due to a decrease in the interbank market interest rate for Renminbi resulted from increased liquidity of the PRC interbank market.

Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 43.4% from RMB1,163.5 million for the year ended December 31, 2015 to RMB658.7 million for the year ended December 31, 2016, primarily due to a 22.4% decrease in the average balance of deposits with banks and other financial institutions from RMB28,243.2 million for the year ended December 31, 2015 to RMB21,904.7 million for the year ended December 31, 2016 and a decrease in the average yield of our deposits with banks and other financial institutions from 4.12% for the year ended December 31, 2015 to 3.01% for the year ended December 31, 2016. 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 decrease of average yield of our deposits with banks and other financial institutions was mainly due to a decrease in the interbank market interest rate for Renminbi resulted from increased liquidity of the PRC interbank market.

Management Discussion and Analysis

Interest income from balances with central bank

Interest income from balances with central bank decreased by 0.6% from RMB838.6 million for the year ended December 31, 2015 to RMB833.8 million for the year ended December 31, 2016, primarily due to a 0.6% decrease in the average balance of our balances with central bank from RMB55,027.9 million for the year ended December 31, 2015 to RMB54,703.3 million for the year ended December 31, 2016.

3 Interest Expense

Our interest expense decreased by 7.1% from RMB15,977.2 million for the year ended December 31, 2015 to RMB14,843.4 million for the year ended December 31, 2016, primarily due to a decrease in the average cost of our interest-bearing liabilities from 3.44% for the year ended December 31, 2015 to 2.86% for the year ended December 31, 2016, partially offset by an increase of 11.8% in the average balance of the interest-bearing liabilities from RMB464,508.1 million for the year ended December 31, 2015 to RMB519,235.1 million for the year ended December 31, 2016. The decrease in the average cost of our interest-bearing liabilities primarily reflected a decrease in the average cost in our due to customers, deposits from banks and other financial institutions, amounts due to banks and other financial institutions, debt securities issued and borrowings from central bank. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balances of our amounts due to customers and debt securities issued.

Interest expense on amounts due to customers

Our interest expense on amounts due to customers increased by 1.6% from RMB8,970.8 million for the year ended December 31, 2015 to RMB9,117.3 million for the year ended December 31, 2016, primarily due to an increase of 12.8% in the average balance of total amounts due to customers from RMB302,239.6 million for the year ended December 31, 2015 to RMB340,782.2 million for the year ended December 31, 2016, partially offset by a decrease in the average cost of the amounts due to customers from 2.97% for the year ended December 31, 2015 to 2.68% for the year ended December 31, 2016. The increase in the average balance of the amounts due to customers was primarily due to our continued efforts in sales and marketing activities and improving our service quality. The decrease in the average cost of the amounts due to customers was primarily due to the consecutive reductions of benchmark interest rates by PBoC, and our efforts to increase our due to customers with lower cost to optimize our deposit structure.

Management Discussion and Analysis

Interest expense on deposits from banks and other financial institutions

Our interest expense on deposits from banks and other financial institutions decreased by 34.7% from RMB5,914.3 million for the year ended December 31, 2015 to RMB3,860.6 million for the year ended December 31, 2016, primarily due to a decrease in the average cost of the relevant liabilities from 4.41% for the year ended December 31, 2015 to 3.27% for the year ended December 31, 2016, and a 12.0% decrease in the average balance of the underlying liabilities from RMB134,023.2 million for the year ended December 31, 2015 to RMB117,889.8 million for the year ended December 31, 2016. The decrease in the average cost of our deposits from banks and other financial institutions primarily reflected a decrease in the interbank market interest rate for Renminbi resulted from increased liquidity of the PRC interbank market.

Interest expense on amounts due to banks and other financial institutions

Our interest expense on amounts due to banks and other financial institutions decreased by 1.3% from RMB694.2 million for the year ended December 31, 2015 to RMB685.0 million for the year ended December 31, 2016, primarily due to a decrease of the average cost of our amounts due to banks and other financial institutions from 3.39% for the year ended December 31, 2015 to 2.31% for the year ended December 31, 2016, partially offset by a 44.7% increase of the average balance of our amounts due to banks and other financial institutions from RMB20,466.1 million for the year ended December 31, 2015 to RMB29,608.1 million for the year ended December 31, 2016. The increase in the average balance of our amounts due to banks and other financial institutions was primarily due to our decision to increase our inter-bank liabilities to meet our liquidity needs. The decrease in the average cost of our amounts due to banks and other financial institutions was primarily due to a decrease in the interbank market interest rate resulted from increased liquidity of the PRC interbank market.

Interest expense on debt securities issued

Our interest expense on debt securities issued increased by 203.4% from RMB389.0 million for the year ended December 31, 2015 to RMB1,180.4 million for the year ended December 31, 2016, primarily due to a 315.2% increase in the average balance of our debt securities issued from RMB7,453.6 million for the year ended December 31, 2015 to RMB30,950.6 million for the year ended December 31, 2016, partially offset by a decrease in the average cost of our debt securities issued from 5.22% for the year ended December 31, 2015 to 3.81% for the year ended December 31, 2016. The increase in the average balance of our debt securities issued was primarily due to the issuance of our interbank negotiable certificates of deposit at a nominal value of RMB62.8 billion for the year ended December 31, 2016. The decrease in the average cost of our debt securities issued was primarily due to the average costs of the interbank negotiable certificates we issued in 2016 were lower than that of the debt securities we issued before 2016.

Management Discussion and Analysis

Interest expense on borrowings from central bank

Our interest expense on borrowings from central bank decreased by 98.9% from RMB8.9 million for the year ended December 31, 2015 to RMB0.1 million for the year ended December 31, 2016, primarily due to a 98.6% decrease of the average balance of borrowings from central bank from RMB325.6 million for the year ended December 31, 2015 to RMB4.4 million for the year ended December 31, 2016, accompanied by a decrease in the average cost of our borrowings from central bank from 2.73% for the year ended December 31, 2015 to 2.27% for the year ended December 31, 2016.

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, 2015 and 2016.

	For the year ended December 31,			
	2015	2016	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Fee and commission income				
Settlement and clearing fees	260.5	168.1	(92.4)	(35.5)%
Wealth management service fees	306.0	860.9	554.9	181.3%
Acceptance and guarantee commitment fees	265.6	186.8	(78.8)	(29.7)%
Agency and fiduciary services fees	110.2	166.0	55.8	50.6%
Bank card fees	30.2	33.4	3.2	10.6%
Others ⁽¹⁾	54.4	27.3	(27.1)	(49.8)%
Subtotal	1,026.9	1,442.5	415.6	40.5%
Fee and commission expenses	(31.2)	(40.4)	(9.2)	29.7%
Net fee and commission income	995.7	1,402.1	406.4	40.8%

Note:

(1) Consists primarily of fees earned from financial assets beneficiary rights transfer business.

Management Discussion and Analysis

Our net fee and commission income increased by 40.8% from RMB995.7 million for the year ended December 31, 2015 to RMB1,402.1 million for the year ended December 31, 2016. The increase was primarily due to the increase in our wealth management service fees and agency and fiduciary services fees. For the year ended December 31, 2016, wealth management service fees amounted to RMB860.9 million, compared to RMB306.0 million for the year ended December 31, 2015.

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 29.7% from RMB31.2 million for the year ended December 31, 2015 to RMB40.4 million for the year ended December 31, 2016.

Net trading gains or losses

Net trading gains or 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 RMB120.1 million for the year ended December 31, 2016, primarily due to the fluctuation of conditions of the bond market, while the Bank had a net trading gains of RMB101.7 million for the year ended December 31, 2015.

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 increased by 21.4% from RMB52.2 million for the year ended December 31, 2015 to RMB63.3 million for the year ended December 31, 2016, primarily due to an increase of trading volumes of our available-for-sale financial assets for the year ended December 31, 2016.

Other components of our operating income

Other components of our operating income consist primarily of exchange gains, government subsidies, rental income and dividends income. Other components of our operating income totaled RMB92.7 million for the year ended December 31, 2015 and RMB110.2 million for the year ended December 31, 2016.

Management Discussion and Analysis

5 Operating Expenses

The following table sets forth, for the year ended December 31, 2015 and 2016, the principal components of our operating expenses.

	For the year ended December 31,			
	2015	2016	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Operating expenses				
Staff costs	1,556.8	2,141.3	584.5	37.5%
Tax and surcharges	1,136.2	516.8	(619.4)	(54.5)%
Other general and administrative expenses	322.3	343.3	21.0	6.5%
Office expenses	312.9	252.2	(60.7)	(19.4)%
Rental and property management expenses	284.0	314.3	30.3	10.7%
Depreciation and amortization	178.5	199.7	21.2	11.9%
Others ⁽¹⁾	26.5	–	(26.5)	(100.0)%
Total operating expenses	3,817.2	3,767.6	(49.6)	(1.3)%
Cost-to-income ratio⁽²⁾	22.5%	27.5%	–	5.0%

Notes:

(1) Consists primarily of tax expenses.

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

Our operating expenses decreased by 1.3% from RMB3,817.2 million for the year ended December 31, 2015 to RMB3,767.6 million for the year ended December 31, 2016. The decrease was primarily due to the decrease in tax and surcharges.

Our cost-to-income ratio (excluding tax and surcharges) was 22.5% and 27.5% for the year ended December 31, 2015 and 2016, respectively.

Management Discussion and Analysis

Staff costs

Staff costs are the largest component of our operating expenses, which amounted to RMB2,141.3 million for the year ended December 31, 2016, representing an increase of 37.5% from RMB1,556.8 million for the year ended December 31, 2015. The following table sets forth the major components of staff costs for the periods indicated.

	For the year ended December 31,		Change in amount	Rate of change
	2015	2016		
	(Amounts in millions of RMB, except percentages)			
Salaries, bonuses and allowances	1,053.4	1,575.7	522.3	49.6%
Social insurance	284.7	321.9	37.2	13.1%
Housing funds	89.6	92.4	2.8	3.1%
Staff welfare	43.7	49.6	5.9	13.5%
Labor union fees and staff education expenses	16.3	18.7	2.4	14.7%
Contribution to annuity funds	69.1	83.0	13.9	20.1%
Total	1,556.8	2,141.3	584.5	37.5%

Tax and surcharges

The tax and surcharges amounted to RMB516.8 million for the year ended December 31, 2016, representing a decrease of 54.5% from RMB1,136.2 million for the year ended December 31, 2015. The decrease in tax and surcharges was primarily due to the tax policy reform of replacing business tax with value-added tax expanded to financial industry in China since May 1, 2016.

Office expenses and rental and property management expenses

The office expenses and rental and property management expenses amounted to RMB566.5 million for the year ended December 31, 2016, representing a decrease of 5.1% from RMB596.9 million for the year ended December 31, 2015.

Management Discussion and Analysis

Other general and administrative expenses

Our other general and administrative expenses amounted to RMB343.3 million for the year ended December 31, 2016, representing an increase of 6.5% from RMB322.3 million for the year ended December 31, 2015.

Depreciation and amortization

Depreciation and amortization amounted to RMB199.7 million for the year ended December 31, 2016, representing an increase of 11.9% from RMB178.5 million for the year ended December 31, 2015.

6 Impairment Losses on Assets

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

	For the year ended December 31,			
	2015	2016	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Loans and advances to customers	1,322.3	1,865.9	543.6	41.1%
Investments classified as receivables	406.9	221.9	(185.0)	(45.5)%
Financial assets held under resale agreements	23.5	251.7	228.2	971.1%
Others	5.0	13.5	8.5	170.0%
Total	1,757.7	2,353.0	595.3	33.9%

Our impairment losses on assets for the year ended December 31, 2016 were RMB2,353.0 million, representing an increase of 33.9% from RMB1,757.7 million for the year ended December 31, 2015, primarily due to our impairment losses on loans and advances to customers increasing by 41.1% from RMB1,322.3 million for the year ended December 31, 2015 to RMB1,865.9 million for the year ended December 31, 2016, reflecting an increase in our total loans and advances to customers.

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,			
	2015	2016	Change in amount	Rate of change
	(Amounts in millions of RMB, except percentages)			
Profit before tax	6,346.9	5,710.4	(636.5)	(10.0)%
Tax calculated at applicable statutory tax rate of 25%	1,586.7	1,427.6	(159.1)	(10.0)%
Underprovision of tax in prior years	1.3	1.3	0.0	0.0%
Tax effect of expense not deductible for tax purpose	14.6	7.1	(7.5)	(51.4)%
Tax effect of income not taxable for tax purpose ⁽¹⁾	(188.1)	(245.3)	(57.2)	30.4%
Tax effect of tax losses/deductible temporary differences not recognized	–	1.8	1.8	–
Income tax expense	1,414.5	1,192.5	(222.0)	(15.7)%

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, 2016 amounted to RMB1,192.5 million, representing a 15.7% decrease from RMB1,414.5 million for the year ended December 31, 2015, which was generally consistent with 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
ASSETS				
Gross loans and advances to customers	184,603.7	32.6%	214,000.7	32.5%
Allowance for impairment losses	(5,032.8)	(0.9)%	(6,146.2)	(0.9)%
Loans and advances to customers, net	179,570.9	31.7%	207,854.5	31.6%
Investment securities and other financial assets, net	203,459.1	36.0%	310,737.3	47.3%
Financial assets held under resale agreements	70,328.4	12.4%	33,277.0	5.1%
Cash and deposits with central bank	62,107.2	11.0%	58,107.6	8.8%
Deposits with banks and other financial institutions	30,817.9	5.4%	26,118.0	4.0%
Placements with banks and other financial institutions	13,421.2	2.4%	13,780.0	2.1%
Other assets ⁽¹⁾	5,963.0	1.1%	7,435.7	1.1%
TOTAL ASSETS	565,667.7	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, 2016, our total assets amounted to RMB657,310.1 million, representing an increase of 16.2% compared to RMB565,667.7 million as of December 31, 2015. 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Corporate loans	154,018.1	83.5%	182,240.3	85.2%
Personal loans	24,775.2	13.4%	28,515.5	13.3%
Discounted bills	5,810.4	3.1%	2,941.3	1.4%
Finance lease receivables	–	–	303.6	0.1%
Total	184,603.7	100.0%	214,000.7	100.0%

Corporate loans

Our corporate loans amounted to RMB182,240.3 million as of December 31, 2016, representing an increase of 18.3% compared to RMB154,018.1 million as of December 31, 2015. The increase in our corporate loans was in line with the development of our corporate banking business.

The following table sets forth a breakdown of our corporate loans by contract maturity as of the dates indicated.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Short-term loans (one year or less)	108,110.4	70.2%	110,081.1	60.4%
Medium- and long-term loans (over one year)	45,907.7	29.8%	72,159.2	39.6%
Total corporate loans	154,018.1	100.0%	182,240.3	100.0%

Management Discussion and Analysis

Short-term loans as a percentage of our corporate loan portfolio decreased from 70.2% as of December 31, 2015 to 60.4% as of December 31, 2016 and our medium- and long-term loans as a percentage of our corporate loan portfolio increased from 29.8% as of December 31, 2015 to 39.6% as of December 31, 2016. 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Working capital loans	108,193.3	70.2%	136,335.5	74.7%
Fixed assets loans	42,125.0	27.4%	41,104.3	22.6%
Trade finance	1,764.2	1.1%	3,595.5	2.0%
Others ⁽¹⁾	1,935.6	1.3%	1,205.0	0.7%
Total corporate loans	154,018.1	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 RMB136,335.5 million as of December 31, 2016, representing an increase of 26.0% compared to RMB108,193.3 million as of December 31, 2015. 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 RMB41,104.3 million as of December 31, 2016, representing a decrease of 2.4% compared to RMB42,125.0 million as of December 31, 2015. The decrease 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 RMB1,764.2 million and RMB3,595.5 million as of December 31, 2015 and December 31, 2016. Our other corporate loans amounted to RMB1,935.6 million and RMB1,205.0 million as of December 31, 2015 and December 31, 2016.

Personal loans

Our personal loans amounted to RMB28,515.5 million as of December 31, 2016, representing an increase of 15.1% compared to RMB24,775.2 million as of December 31, 2015. This increase was mainly attributable to our strategy and continued efforts to grow our retail banking business.

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

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Personal consumption loans	10,801.7	43.6%	10,220.7	35.8%
Residential mortgage loans	10,028.1	40.5%	14,520.1	50.9%
Personal business loans	3,570.0	14.4%	3,357.7	11.8%
Credit card overdrafts	375.4	1.5%	417.0	1.5%
Total personal loans	24,775.2	100.0%	28,515.5	100.0%

Our personal consumption loans amounted to RMB10,220.7 million as of December 31, 2016, representing a decrease of 5.4% compared to RMB10,801.7 million as of December 31, 2015.

Our residential mortgage loans amounted to RMB14,520.1 million as of December 31, 2016, representing an increase of 44.8% compared to RMB10,028.1 million as of December 31, 2015. The increase in our residential mortgage loans was primarily due to (i) our efforts to grow our residential mortgage loan business to meet the various needs of our retail customers, and (ii) our increased marketing efforts on residential mortgage loans as our response to the PRC government's sound policy on the residential mortgage loans.

Management Discussion and Analysis

Our personal business loans amounted to RMB3,357.7 million as of December 31, 2016, representing a decrease of 5.9% compared to RMB3,570.0 million as of December 31, 2015. The decrease in our personal business loans was primarily due to (i) the maturity of certain of our personal business loans, and (ii) the decrease in our lending to individual businesses given their deteriorated repayment abilities during the slowdown in the PRC economy.

Our credit card overdrafts amounted to RMB375.4 million and RMB417.0 million as of December 31, 2015 and December 31, 2016.

Discounted bills

Discounted bills represented an important component of our portfolio of loans and advances to customers. Our discounted bills decreased by 49.4% to RMB2,941.3 million as of December 31, 2016 from RMB5,810.4 million as of December 31, 2015, primarily due to our decision to decrease the business volume of discounted bills given the relatively lower market prices of discounted bills in 2016.

Finance lease receivables

As of December 31, 2016, we recorded finance lease receivables amounted to RMB303.6 million, primarily due to the establishment and commence of business of Bank of Tianjin Financial Leasing Co., Ltd. in 2016, a newly established subsidiary of the Bank. We did not record any finance lease receivable as of December 31, 2015.

Investment securities and other financial assets

As of December 31, 2016, the balance of our investment securities and other financial assets amounted to RMB310,737.3 million, representing an increase of 52.7% compared to RMB203,459.1 million as of December 31, 2015. 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, 2015 and December 31, 2016, the components of our investment securities and other financial assets.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Debt securities				
Held-to-maturity investments	31,684.0	15.6%	42,340.6	13.6%
Available-for-sale debt securities	17,605.4	8.7%	48,706.9	15.7%
Debt securities held for trading	5,952.1	2.9%	5,880.4	1.9%
Debt securities classified as receivables	8,378.9	4.1%	26,756.1	8.6%
Allowance for impairment losses	–	–	(57.5)	(0.0)%
Subtotal	63,620.4	31.3%	123,626.5	39.8%
Funds	200.4	0.1%	1,824.3	0.6%
Wealth management products issued by other financial institutions	35,305.2	17.3%	64,717.1	20.8%
Trust beneficiary rights and assets management plans, net				
Asset management plans	64,088.4	31.5%	85,898.6	27.7%
Trust beneficiary rights	40,692.6	20.0%	35,246.8	11.3%
Allowance for impairment losses	(506.5)	(0.2)%	(634.6)	(0.2)%
Subtotal	104,274.5	51.3%	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	203,459.1	100.0%	310,737.3	100.0%

Management Discussion and Analysis

Debt securities

The following table sets forth, as of December 31, 2015 and December 31, 2016, the components of our debt securities.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
PRC government bonds	23,646.8	37.2%	40,887.5	33.1%
Debt securities issued by PRC policy banks	22,330.2	35.1%	27,272.0	22.0%
Debt securities issued by PRC corporate issuers	10,427.4	16.4%	27,667.9	22.4%
Debt securities issued by PRC banks and other financial institutions	7,216.0	11.3%	27,856.6	22.5%
Total	63,620.4	100.0%	123,684.0	100.0%

Our holding of debt securities issued by PRC governments increased by 72.9% from RMB23,646.8 million as of December 31, 2015 to RMB40,887.5 million as of December 31, 2016, primarily due to our preference for their high liquidity and relatively low risks.

Our holding of debt securities issued by PRC policy banks increased by 22.1% from RMB22,330.2 million as of December 31, 2015 to RMB27,272.0 million as of December 31, 2016, which primarily because of our preference for their high liquidity and relatively low risks.

Our holding of debt securities issued by PRC corporate issuers increased by 165.3% from RMB10,427.4 million as of December 31, 2015 to RMB27,667.9 million as of December 31, 2016, which primarily because of our decision to achieve higher returns on investments whilst maintaining reasonable level of liquidity.

Our holding of debt securities issued by PRC banks and other financial institutions increased by 286.0% from RMB7,216.0 million as of December 31, 2015 to RMB27,856.6 million as of December 31, 2016, which reflected our preference for such financial debt securities with relatively high returns.

Management Discussion and Analysis

Distribution of investment securities and other financial assets by investment intention

The following table sets forth, as of December 31, 2015 and December 31, 2016, the distribution of our investment securities and other financial assets by our investment intention.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Investment classified as receivables	147,958.6	72.7%	211,926.5	68.2%
Held-to-maturity investments	31,684.0	15.6%	42,340.6	13.6%
Available-for-sale financial assets	17,864.4	8.8%	50,589.8	16.3%
Financial assets held for trading	5,952.1	2.9%	5,880.4	1.9%
Total	203,459.1	100.0%	310,737.3	100.0%

Financial assets held under resale agreements

The table below sets forth, as of December 31, 2015 and December 31, 2016, the distribution of our financial assets held under resale agreements by collateral type.

	As of December 31 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Analyzed by collateral type:				
Bills	51,815.2	73.7%	10,097.5	30.1%
Trust beneficial rights and asset management plans ⁽¹⁾	9,642.0	13.7%	630.0	1.9%
Bonds	8,894.7	12.6%	22,824.7	68.0%
Gross amount	70,351.9	100.0%	33,552.2	100.0%
Allowance for impairment losses	(23.5)		(275.2)	
Net amount	70,328.4		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 RMB33,277.0 million as of December 31, 2016, representing a decrease of 52.7% compared to RMB70,328.4 million as of December 31, 2015, primarily due to the fact that our bills held under resale agreements and certain of our other financial assets held under resale agreements came to maturity.

Other components of our assets

Other components of our assets primarily consist of (i) cash and deposits with central bank, (ii) deposits with banks and other financial institutions, (iii) placements with banks and other financial institutions, and (iv) others.

Our cash and deposits with central bank amounted to RMB58,107.6 million as of December 31, 2016, representing a decrease of 6.4% compared to RMB62,107.2 million as of December 31, 2015.

Deposits with banks and other financial institutions amounted to RMB26,118.0 million as of December 31, 2016, representing a decrease of 15.3% compared to RMB30,817.9 million as of December 31, 2015. This decrease was primarily due to our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs.

Our placements with banks and other financial institutions amounted to RMB13,780.0 million as of December 31, 2016, representing an increase of 2.7% compared to RMB13,421.2 million as of December 31, 2015, 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 24.7% from RMB5,963.0 million as of December 31, 2015 to RMB7,435.7 million as of December 31, 2016, primarily due to the increase of our reprocessed assets by RMB560.7 million.

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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Deposits from customers	334,691.0	62.9%	365,471.0	59.4%
Deposits from banks and other financial institutions	148,732.7	27.9%	119,333.0	19.4%
Financial assets sold under repurchase agreements	14,557.3	2.7%	58,805.6	9.5%
Debt securities issued	13,903.8	2.6%	40,631.6	6.6%
Placements from banks	4,283.6	0.8%	18,550.3	3.0%
Borrowings from central bank	237.4	0.1%	–	–
Income tax payable	701.1	0.1%	567.2	0.1%
Other liabilities ⁽¹⁾	15,313.1	2.9%	12,196.6	2.0%
TOTAL LIABILITIES	532,420.0	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, 2016, our total liabilities were RMB615,555.3 million, representing an increase of 15.6% compared to RMB532,420.0 million as of December 31, 2015.

Management Discussion and Analysis

Deposits from customers

As of December 31, 2016, our deposits from customers amounted to RMB365,471.0 million, representing an increase of 9.2% compared to RMB334,691.0 million as of December 31, 2015. The increase in our deposits from customers was primarily due to the increases in both corporate and personal deposits, resulting from the expansion of outlets, improvement of services and strengthening of marketing capabilities.

The following table sets forth, as of December 31, 2015 and December 31, 2016, our due to customers by product type and maturity profile of deposits.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Corporate deposits				
Demand	132,621.1	39.6%	159,939.7	43.8%
Time ⁽¹⁾	111,215.9	33.2%	119,638.9	32.7%
Subtotal	243,837.0	72.8%	279,578.6	76.5%
Personal deposits				
Demand	17,734.3	5.3%	16,218.4	4.5%
Time ⁽¹⁾	45,122.3	13.5%	48,041.7	13.1%
Subtotal	62,856.6	18.8%	64,260.1	17.6%
Others ⁽²⁾	27,997.4	8.4%	21,632.3	5.9%
Total deposits from customers	334,691.0	100.0%	365,471.0	100.0%

Notes:

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

Management Discussion and Analysis

Our corporate deposits increased, both in absolute terms and as a percentage of our total deposits, from RMB243,837.0 million and 72.8% as of December 31, 2015 to RMB279,578.6 million and 76.5% as of December 31, 2016. The increase in our corporate deposits, both in absolute terms and as a percentage of total deposits, was primarily due to (i) the increase in our business with our core corporate customers that we have attributed to the long term strategic cooperation relationships, and (ii) the growth of our small- and medium- corporate client base as a result of continued marketing efforts.

Our personal deposits increased by 2.2% from RMB62,856.6 million as of December 31, 2015 to RMB64,260.1 million as of December 31, 2016. The increase in the absolute terms of our personal deposits was primarily due to our continued efforts to grow retail banking business, the expansion of our branch and sub-branch network for our retail banking business and the growth in our retail customer base.

Deposits from banks and other financial institutions

As of December 31, 2016, our deposits from banks and other financial institutions amounted to RMB119,333.0 million, representing a decrease of 19.8% from RMB148,732.7 million as of December 31, 2015. 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, 2016, our financial assets sold under repurchase agreements amounted to RMB58,805.6 million, representing an increase of 304.0% from RMB14,557.3 million as of December 31, 2015. The increase 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
EQUITY				
Share capital	5,126.0	15.4%	6,070.5	14.5%
Capital reserve	5,990.8	18.0%	10,699.8	25.6%
Investment revaluation reserve	166.0	0.5%	(215.6)	(0.5)%
Surplus reserve	2,563.0	7.7%	3,014.7	7.2%
General reserve	5,819.6	17.5%	7,136.6	17.1%
Retained earnings	13,358.2	40.2%	15,003.9	36.0%
Equity attributable to equity holders of the Bank	33,023.6	99.3%	41,709.9	99.9%
No-controlling interests	224.1	0.7%	44.9	0.1%
TOTAL EQUITY	33,247.7	100.0%	41,754.8	100.0%

As of December 31, 2016, our shareholders' equity amounted to RMB41,754.8 million, representing an increase of 25.6% compared to RMB33,247.7 million as of December 31, 2015. Equity attributable to equity holders of the Bank was RMB41,709.9 million as of December 31, 2016, representing an increase of 26.3% compared to RMB33,023.6 million as of December 31, 2015. The increase in the shareholders' equity in the year ended December 31, 2016 was mainly due to the issue of our new H shares in 2016.

Management Discussion and Analysis

V. ANALYSIS OF OFF-BALANCE SHEET ITEMS

The following table sets forth, as of December 31, 2015 and December 31, 2016, the contractual amounts of our off-balance sheet commitments.

	As of December 31, 2015	As of December 31, 2016
	(Amounts in millions of RMB)	
Bank acceptance	57,341.3	48,612.3
Letters of credit	11,614.2	8,329.6
Letters of guarantee issued	5,718.4	7,693.4
Undrawn credit card commitments	2,473.2	1,625.2
Subtotal	77,147.1	66,260.5
Operating lease commitments	985.8	1,168.0
Capital commitments	194.4	217.3
Total	78,327.3	67,645.8

VI. ANALYSIS

Distribution of loans by five-category loan classification

The following table sets forth, as of December 31, 2015 and December 31, 2016, the distribution of our loan portfolio by the five-category loan classification.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Normal	175,657.0	95.2%	201,313.4	94.1%
Special mention	6,465.6	3.5%	9,512.0	4.4%
Subtotal	182,122.6	98.7%	210,825.4	98.5%
Substandard	1,433.1	0.8%	2,624.1	1.2%
Doubtful	640.8	0.3%	177.8	0.1%
Loss	407.2	0.2%	373.4	0.2%
Subtotal	2,481.1	1.3%	3,175.3	1.5%
Total loans to customers	184,603.7	100.0%	214,000.7	100.0%

Management Discussion and Analysis

As of December 31, 2016, according to the five-category classification, the normal loans amounted to RMB201,313.4 million, representing an increase of RMB25,656.4 million as compared to that as of December 31, 2015. The normal loans accounted for 94.1% of all the loans of the Bank as of December 31, 2016. Loans classified as special mention were RMB9,512.0 million, representing an increase of RMB3,046.4 million as compared to that as of December 31, 2015. The loans classified as special mention accounted for 4.40% of all loans. The non-performing loans were RMB3,175.3 million, representing an increase of RMB694.2 million as compared to that as of December 31, 2015 with a non-performing loan ratio of 1.48%, representing an increase of 0.14 percentage point as compared to that as of December 31, 2015, 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Manufacturing	34,138.4	22.0%	49,707.3	27.1%
Wholesale and retail	33,930.0	22.0%	39,334.3	21.6%
Construction	22,935.4	14.9%	22,671.5	12.4%
Water, environment and public facilities management	12,334.4	8.0%	15,833.8	8.7%
Real estate	16,989.2	11.0%	15,484.9	8.5%
Leasing and business services	8,713.6	5.7%	13,863.0	7.6%
Resident services repair and other services	4,765.6	3.1%	5,315.1	2.9%
Transportation, storage and postal services	4,567.2	3.0%	4,290.7	2.4%
Electricity, heat, gas and water production and supply	2,143.9	1.4%	3,693.1	2.0%
Public administration, social security and social organization	3,207.0	2.1%	2,479.0	1.4%
Information transmission, software and information technology services,	1,014.7	0.7%	2,125.9	1.2%
Finance	2,015.6	1.3%	1,564.5	0.9%
Accommodation and catering	1,355.4	0.9%	1,414.1	0.8%
Mining	852.5	0.6%	1,206.9	0.7%
Scientific research and technical services	2,072.9	1.3%	1,077.7	0.6%
Agriculture, forestry, animal husbandry and fishery	1,871.4	1.2%	888.2	0.5%
Health and social services	552.6	0.4%	631.0	0.3%
Education	243.3	0.2%	353.9	0.2%
Cultural, sports and entertainment	315.0	0.2%	305.4	0.2%
Total corporate loans	154,018.1	100.0%	182,240.3	100.0%

Management Discussion and Analysis

For the year ended December 31, 2016, the Bank actively supported the development of the real economy with its lending structure further optimized. As of December 31, 2016, loans provided to customers in the industries of (i) manufacturing, (ii) wholesale and retail, (iii) construction, (iv) water, environment and public facilities management, and (v) real estate represented the top five largest components of the Bank's corporate loans. As of December 31, 2016 and December 31, 2015, the balance of loans provided to the corporate customers in these five industries were RMB143,031.8 million and RMB120,327.4 million, respectively, accounting for 78.3% and 77.9% 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, 2015			As of December 31, 2016		
	Amount	% of total	NPL ratio ⁽¹⁾	Amount	% of total	NPL ratio ⁽¹⁾
(Amounts in millions of RMB, except percentages)						
Wholesale and retail	1,460.0	66.3%	4.30%	1,226.1	44.8%	3.12%
Manufacturing	388.6	17.6%	1.14%	1,157.2	42.2%	2.33%
Mining	–	–	–	150.6	5.5%	12.48%
Transportation, storage and postal services	25.6	1.2%	0.56%	76.5	2.8%	1.78%
Information transmission, software and information technology services	–	–	–	34.0	1.3%	1.60%
Real estate	32.5	1.5%	0.19%	32.5	1.2%	0.21%
Leasing and business services	75.0	3.4%	0.86%	25.0	0.9%	0.18%
Agriculture, forestry, animal husbandry and fishery	4.5	0.2%	0.24%	23.0	0.8%	2.59%
Scientific research and technical services	–	–	–	14.8	0.5%	1.37%
Accommodation and catering	33.0	1.5%	2.43%	–	–	–
Health and social services	9.8	0.4%	1.77%	–	–	–
Resident services repair and other services	149.3	6.8%	3.13%	–	–	–
Construction	19.5	0.9%	0.09%	–	–	–
Cultural, sports and entertainment	5.2	0.2%	1.65%	–	–	–
Total non-performing corporate loans	2,203.0	100.0%	1.43%	2,739.7	100.0%	1.50%

Management Discussion and Analysis

The non-performing loan ratio for our corporate loans in the wholesale and retail industry was 4.30% and 3.12% as of December 31, 2015 and December 31, 2016, respectively. As of December 31, 2015 and December 31, 2016, non-performing corporate loans to borrowers in this industry accounted for 66.3% and 44.8% of our total non-performing corporate loans, respectively. The decrease in the non-performing loan ratio for our corporate loans to borrowers in the wholesale and retail industry was primarily due to (i) our efforts of active management and collection of non-performing loans, and (ii) our lending to corporate borrowers in the wholesale and retail industry increased by 15.9% from RMB33,930.0 million as of December 31, 2015 to RMB39,334.3 million as of December 31, 2016.

The non-performing loan ratio for our corporate loans in the manufacturing industry was 1.14% and 2.33% as of December 31, 2015 and December 31, 2016, respectively. As of December 31, 2015 and December 31, 2016, non-performing corporate loans to borrowers in this industry accounted for 17.6% and 42.2% 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.

We did not record any non-performing loan for our corporate loans in the mining industry as of December 31, 2015. The non-performing loan ratio for our corporate loans in the mining industry was 12.48% as of December 31, 2016. As of December 31, 2016, non-performing corporate loans to borrowers in this industry accounted for 5.5% of our total non-performing corporate loans. The increase in the non-performing ratio for our corporate loans to borrowers in mining 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 0.56% and 1.78% as of December 31, 2015 and December 31, 2016, respectively. As of December 31, 2015 and December 31, 2016, non-performing corporate loans to borrowers in this industry accounted for 1.2% and 2.8% of our total non-performing corporate loans, respectively. The increase in the non-performing ratio for our corporate loans to borrowers in transportation, storage and postal services industry primarily reflected the financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

We did not record any non-performing loan for our corporate loans in the information transmission, software, and information technology services industry as of December 31, 2015. The non-performing loan ratio for our corporate loans in the information transmission, software, and information technology services industry was 1.60% as of December 31, 2016. As of December 31, 2016, non-performing corporate loans to borrowers in this industry accounted for 1.3% of our total non-performing corporate loans, primarily reflected the financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

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, 2015			As of December 31, 2016		
	Amount	% of total	NPL ratio ⁽¹⁾	Amount	% of total	NPL ratio ⁽¹⁾
(Amounts in millions of RMB, except percentages)						
Corporate loans						
Working capital loans	1,554.9	62.7%	1.44%	2,250.8	70.9%	1.65%
Fixed asset loans	38.1	1.5%	0.09%	32.8	1.0%	0.08%
Trade finance	23.8	1.0%	1.35%	24.4	0.8%	0.68%
Others ⁽²⁾	586.2	23.6%	30.29%	431.7	13.6%	35.83%
Subtotal	2,203.0	88.8%	1.43%	2,739.7	86.3%	1.5%
Discounted bills						
	–	–	–	85.0	2.6%	2.89%
Subtotal	–	–	–	85.0	2.6%	2.89%
Personal loans						
Residential mortgage loans	48.8	2.0%	0.49%	43.1	1.4%	0.30%
Personal consumption loans	44.8	1.8%	0.41%	55.7	1.8%	0.54%
Personal business loans	161.4	6.5%	4.52%	228.1	7.2%	6.79%
Credit card overdrafts	23.1	0.9%	6.15%	23.7	0.7%	5.68%
Subtotal	278.1	11.2%	1.12%	350.6	11.1%	1.23%
Total non-performing loans	2,481.1	100.0%	1.34%	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) 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 increased from 1.43% as of December 31, 2015 to 1.50% as of December 31, 2016, with a 24.4% increase in our non-performing corporate loans from RMB2,203.0 million to RMB2,739.7 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 44.8% from RMB1,554.9 million as of December 31, 2015 to RMB2,250.8 million as of December 31, 2016, 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 1.12% as of December 31, 2015 to 1.23% as of December 31, 2016, with a 26.1% increase in our non-performing personal loans from RMB278.1 million as of December 31, 2015 to RMB350.6 million as of December 31, 2016. 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.

We did not record any non-performing loans for our discounted bills as of December 31, 2015. The non-performing loan ratio for our discounted bills was 2.89% as of December 31, 2016 and our non-performing loans for discounted bills amounted to RMB85.0 million as of the same date. The record of non-performing loans as of December 31, 2016 was primarily due to operational difficulties and deteriorated repayment abilities of certain of our customers as a result of the slowdown in the PRC economy.

Distribution of non-performing loans by geographical region

The following table sets forth, as of December 31, 2015 and December 31, 2016, the distribution of our non-performing loans by geographical region.

	As of December 31, 2015			As of December 31, 2016		
	Amount	% of the total	NPL ratio	Amount	% of the total	NPL ratio
	(Amounts in millions of RMB, except percentages)					
Tianjin	1,557.6	62.8%	1.47%	1,141.4	36.0%	1.04%
Beijing	154.2	6.2%	1.10%	228.7	7.2%	1.52%
Shandong Province	90.6	3.7%	0.47%	330.7	10.4%	1.16%
Shanghai	338.8	13.7%	1.80%	291.9	9.2%	1.29%
Hebei Province	264.1	10.6%	2.23%	1,138.0	35.8%	4.83%
Sichuan Province	75.8	3.0%	0.53%	44.6	1.4%	0.32%
Total non-performing loans	2,481.1	100.0%	1.34%	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, 2015 and December 31, 2016, the distribution of our loans and advances to customers by type of collateral.

	As of December 31, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Unsecured loan	12,297.4	6.7%	20,876.9	9.8%
Guaranteed loan	84,475.3	45.7%	99,013.3	46.2%
Collateralized loans ⁽¹⁾	59,406.9	32.2%	56,006.5	26.2%
Pledged loans ⁽¹⁾	28,424.1	15.4%	38,104.0	17.8%
Total loans and advances to customers	184,603.7	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, 2016, the Bank's total loans to its largest single borrower accounted for 7.83% of its regulatory capital while total loans to its top ten customers accounted for 35.76% of its regulatory capital, which were in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of December 31, 2015	As of December 31, 2016
Loan concentration ratio for the largest single customer (%)	<=10	4.50	7.83
Loan concentration ratio for the top ten customers (%)	<=50	28.49	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, 2016					
	Industry	Amount	% of total loans	% of regulatory capital ⁽¹⁾	Classification
(Amounts in millions of RMB, except percentages)					
Borrower A	Manufacturing	4,071.5	1.90%	7.83%	Normal
Borrower B	Manufacturing	2,900.0	1.35%	5.58%	Normal
Borrower C	Manufacturing	2,428.0	1.13%	4.67%	Normal
Borrower D	Real estate	2,287.0	1.07%	4.40%	Normal
Borrower E	Water, environment and public facilities management	1,273.5	0.60%	2.45%	Normal
Borrower F	Water, environment and public facilities management	1,224.0	0.57%	2.36%	Normal
Borrower G	Manufacturing	1,200.0	0.56%	2.31%	Normal
Borrower H	Construction	1,189.8	0.56%	2.29%	Normal
Borrower I	Water, environment and public facilities management	1,010.8	0.47%	1.95%	Normal
Borrower J	Real estate	1,000	0.47%	1.92%	Normal
Total		18,584.6	8.68%	35.76%	

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, 2016, the loan balance of the largest single borrower of the Bank was RMB4,071.5 million, accounting for 1.90% of the total amount of loans of the Bank, and the total amount of loans of the top ten single borrowers was RMB18,584.6 million, representing 8.68% 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, 2015		As of December 31, 2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Current loans	178,697.6	99.5%	208,421.0	100.3%
Loans past due but not impaired⁽¹⁾				
Up to 30 days	2,091.8	1.2%	1,270.7	0.6%
31 to 60 days	446.3	0.2%	395.9	0.2%
61 to 90 days	806.3	0.4%	737.8	0.4%
More than 90 days	80.6	0.1%	–	–
Sub-total	3,425.0	1.9%	2,404.4	1.2%
Impaired loans	2,481.1	1.4%	3,175.3	1.5%
Allowances for impairment losses	5,032.8	2.8%	6,146.2	3.0%
Total	179,570.9	100.0%	207,854.5	100.0%

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 22.1% to RMB6,146.2 million as of December 31, 2016 from RMB5,032.8 million as of December 31, 2015. 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, 2015		As of December 31, 2016	
	Amount	NPL ratio	Amount	NPL ratio
	(Amounts in millions of RMB, except percentages)			
Beginning of year	4,456.8	1.09%	5,032.8	1.34%
Charge-offs for the year ⁽¹⁾	1,322.3		1,865.9	
Unwinding of discount	(55.7)		(63.0)	
Write-off and transfers	(691.4)		(730.5)	
Recoveries	0.8		41.0	
End of year	5,032.8	1.34%	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,			
	2015		2016	
	Amount	% of the total	Amount	% of the total
(Amounts in millions of RMB, except percentages)				
Tianjin	7,981.6	67.0%	7,146.4	60.5%
Shandong Province	1,064.4	8.9%	1,472.3	12.5%
Shanghai	835.8	7.0%	992.9	8.4%
Sichuan Province	902.0	7.6%	1,124.0	9.5%
Beijing	538.6	4.5%	296.5	2.5%
Hebei Province	599.4	5.0%	769.7	6.5%
Ningxia	–	–	12.9	0.1%
Total	11,921.8	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,			
	2015		2016	
	Amount	% of the total	Amount	% of the total
	(Amounts in millions of RMB, except percentages)			
Corporate banking	6,730.8	56.5%	6,114.1	51.7%
Retail banking	1,656.9	13.9%	2,028.8	17.2%
Treasury business	3,506.8	29.4%	3,661.6	31.0%
Other ⁽¹⁾	27.3	0.2%	10.2	0.1%
Total	11,921.8	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, 2016, our Bank's capital adequacy ratios met the regulatory requirements under such regulations. As of December 31, 2016, the capital adequacy ratio was 11.88%, 0.35 percentage points lower than that as of December 31, 2015 and tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 9.48% and 9.48% as of December 31, 2016, 0.15 percentage points higher than those as of December 31, 2015.

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, 2015	As of December 31, 2016
	(Amounts in millions of RMB, except percentages)	
Core capital		
– Share capital	5,126.0	6,070.5
– Capital reserve and other comprehensive income	6,156.8	10,484.2
– Surplus reserve	2,563.0	3,014.7
– General reserve	5,819.6	7,136.6
– Retained earnings	13,358.2	15,003.9
– Non-controlling interests	46.6	20.3
Total Core Capital	33,070.2	41,730.2
Core tier-one capital	33,070.2	41,730.2
Core tier-one capital deductible items	(52.3)	(260.4)
Net core tier-one capital	33,017.9	41,469.8
Net tier-one capital	33,024.1	41,472.5
Tier-two capital		
– Net tier-two capital instruments and related premiums	7,700.0	7,520.0
– Surplus allowance for impairment losses on loans	2,552.5	2,970.9
– Portion of minority shareholders that may be included	11.4	5.4
Total tier-two capital	10,263.9	10,496.3
Net capital base	43,288.0	51,968.8
Total risk-weighted assets	353,950.2	437,559.1
Core tier-one capital adequacy ratio	9.33%	9.48%
Tier-one capital adequacy ratio	9.33%	9.48%
Capital adequacy ratio	12.23%	11.88%

Management Discussion and Analysis

As of December 31, 2016, the Bank's leverage ratio was 5.80%.

(Expressed in percentage)

	As of December 31, 2015	As of December 31, 2016
Leverage ratio	5.23%	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 2016, 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 standardized authorization and credit review and extension system that covers the whole Bank, where we have promulgated comprehensive policies to identify, assess, measure, monitor, mitigate, and control risks that may arise from the entire business process, including our treasury business. Our Bank seeks to improve our overall credit risk management capabilities through a variety of measures, such as the implementation of a vertical credit risk management system, the establishment of a digital credit extension management system, the establishment of a twelve-level loan categorization system to adopt specific procedures to manage relevant risks, the enhancement of our capacity to process credit risk management by utilizing information technology, the implementation of post-credit extension risk management work, and the further tightening of credit review and monitoring. We are developing a credit risk internal rating system for retail and non-retail operations to effectively manage the approval, monitoring and risk alert of our credit extension process, which will further enhance our credit risk control capabilities. In accordance with working guidelines of “reducing the management levels, compressing the management radiance, and promoting the continual healthy development of our Bank”, we re-plan the risk management structure and operation management system construction of our business operations within Tianjin, optimize the management functions, clarify the job responsibilities, adjust the management authority and improve the control measures to achieve the overall goal to improve quality and efficiency.

Operational Risk

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

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

Management Discussion and Analysis

Market Risk

Market risk refers to the risk of losses in on- and off-balance sheet positions arising from the movements in market prices caused by interest rates, exchange rates and other market factors. It mainly includes interest rate risk and exchange rate risk. We have established a three-level market risk management system covering our Board of Directors, senior management, and functional operation departments including our risk management department, interbank business department, and asset management department. Our Board of Directors is responsible for supervising our market risk management. Our senior management is responsible for formulating, reviewing and supervising the implementation of market risk management strategies, policies and procedures, and closely monitors over our market risk level and management status. The interbank business department and asset management department are the business operation departments responsible for implementing our market risk management measures through their daily business operations, while the risk management department is responsible for identifying, calculating, supervising, and controlling our market risk.

Market Risk of Banking Book

Interest Rate Risk

The interest rate risk of the banking book primarily arises from the mismatch of the maturity dates or repricing dates of our Bank's interest rate-sensitive on- and off-balance sheet assets and liabilities. The Bank manages the interest rate risk of the banking book primarily through the adjustments of interest rates and the management of maturity dates. We conduct maturity analysis on the bond instruments within our investment portfolios where we evaluate their potential price fluctuations through our analysis on the sensitivity of the bonds' price against the interest rate fluctuations. We primarily use repricing gap analysis, duration gap analysis, interest rate sensitivity analysis, stress testing, and scenario analysis to weigh our exposure to potential interest rate changes.

Exchange Rate Risk

Exchange rate risk refers to risk caused by the adverse impact on the banks' foreign currency position and cash flow as a result of the exchange rate fluctuations of their primary foreign currency. Our primary principle for controlling our exchange rate risk is to match asset and liability denominated in every currency and actively monitor our foreign currency exposure on a daily basis. Based on the relevant regulatory requirements and our management's judgments on the current situation, we seek to control our exposure to exchange rate risk through reasonably arranging our sources and use of funds denominated in foreign currencies and minimizing our mismatches of assets and liabilities in different currencies.

Management Discussion and Analysis

Market Risk of Trading Book

The market risk of the trading book of our Bank primarily arises from fluctuations in the value of the financial instruments on our trading book due to changes in interest rates and exchange rates. Based on our overall market risk management policies, have adopted a number of risk management techniques, including exposure limits, stop-loss limits, and value-at-risk analysis, to monitor on a daily basis and control market risk arising from our trading book. We evaluate the market value of the bonds assets within the trading accounts and accounts held for trading that are managed by our interbank business department on a daily basis. Our Risk Management Department also has designated staff to station at the interbank business department to ensure that their business operations are in line with the authorization limits. We have introduced a market risk management system as a means to improve our market risk measurement capability. We also conduct sensitivity tests and stress tests on a monthly basis for our trading book.

Liquidity Risk Management

Liquidity risk refers to the risk of failure for commercial banks to acquire sufficient funds in a timely manner and at a reasonable cost to pay off debts due or meet the liquidity demand in line with expansion of our business operations. We are exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions. Our bank 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.

Information Technology Risk Management

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

Management Discussion and Analysis

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, 2016, our operating income from corporate banking business amounted to RMB6,114.1 million, accounting for 51.7% of the total operating income over the same period, representing a decrease of 9.2% as compared to the same period last year.

As of December 31, 2016, the balance of our corporate loans (excluding discounted bills) amounted to RMB182,240.3 million, representing an increase of 18.3% as compared to that of December 31, 2015. As of the same date, RMB135,533.7 million of these loans were loans to SMEs, accounting for 74.4% of our total corporate loans and representing an increase of 28.1% as compared to that of December 31, 2015. As of December 31, 2016, our total corporate deposits amounted to RMB279,578.6 million, representing an increase of 14.7% as compared to that of December 31, 2015. In the year ended December 31, 2016, 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 RMB19,535.0 million as of December 31, 2016, representing a decrease of 1.3% as compared to that of December 31, 2015. Further, due to our prudent risk control, our non-performing loan ratio of SME loans was 1.92% as of December 31, 2016.

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, 2016, total assets and net profit of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB1,031.6 million and RMB10.0 million, respectively.

Management Discussion and Analysis

Retail Banking Business

In the year ended December 31, 2016, 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, 2016, the number of our retail banking customers exceeded 7.42 million and the operating income from our retail banking business amounted to RMB2,028.8 million, accounting for 17.2% of our total operating income over the same period and representing an increase of 22.4% as compared to the same period last year. As of December 31, 2016, the balance of our personal loans reached RMB28,515.3 million, accounting for 13.3% of our total loans to customers. As of December 31, 2016, our residential mortgage loans, personal consumption loans, personal business loans and credit card overdrafts amounted to RMB14,520.1 million, RMB10,220.7 million, RMB3,357.7 million and RMB417.0 million, respectively, and accounted for 50.9%, 35.8%, 11.8%, and 1.5%, respectively, of our total personal loans. As of that date, our total personal deposits amounted to RMB64,260.1 million, representing an increase of 2.2% as compared to that of December 31, 2015.

In the year ended December 31, 2016, our Bank continued to enhance our product offering and the product features of credit cards. As of December 31, 2016, our Bank had issued 167,788 credit cards.

Rural Financial Services

The nationwide developments of modern agriculture and urbanization have facilitated the expansion of our rural financial services. Taking into account the characteristics of modern agriculture, we continued to improve our rural financial services. As of December 31, 2016, we provided rural financial services through a network of 97 outlets, which included 53 branch outlets, 8 financial service stations and 36 convenience stores in rural areas.

Treasury Business

In the year ended December 31, 2016, 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, 2016, the operating income of our treasury operations amounted to RMB3,661.6 million, accounting for 31.0% of our total operating income and representing an increase of 4.4% as compared to the same period last year.

Management Discussion and Analysis

Money Market Transactions

In the year ended December 31, 2016, 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, 2016, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB73,175.0 million, representing a decrease of 36.1% as compared to that as of December 31, 2015 and accounting for 11.1% of our total assets as of December 31, 2016. 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 RMB196,688.9 million, representing an increase of 17.4% as compared to that as of December 31, 2015 and accounting for 32.0% of our total liabilities as of December 31, 2016.

Investments in Securities and Other Financial Assets

In the year ended December 31, 2016, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of December 31, 2016, the balance of our debt securities investments was RMB123,626.5 million, representing an increase of 94.3% as compared to that as of December 31, 2015. As of December 31, 2016, the balance of our investments in debt securities issued by PRC banks and financial institutions was RMB55,128.6 million, representing an increase of 86.6% as compared to that as of December 31, 2015.

Treasury Business Conducted on Behalf of Customers

In the year ended December 31, 2016, 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, 2016, the total outstanding amount of wealth management products issued by us was RMB95,868.2 million. For the year ended December 31, 2016, the net fee and commission income from the wealth management products issued by us amounted to RMB860.9 million.

International Business

For the year ended December 31, 2016, our Bank's international settlement volume amounted to US\$7,337.5 million.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARES OF THE BANK

Share Capital

Our Bank was listed on the Hong Kong Stock Exchange on March 30, 2016, upon an issuance of 905,000,000 H Shares and the conversion of 725,644,563 Foreign Shares into H Shares. In addition, the Bank partially exercised the over-allotment option for offering 39,504,091 H Shares at HK\$7.39 per H Share. The over-allotment Shares were listed on the Main Board of the Hong Kong Stock Exchange on April 21, 2016. After completion of the issuance and conversion, the total share capital of the Bank increased to 6,070,551,822 Shares. Our Bank received HK\$6.98 billion for the issuance of 944,504,091 new H Shares.

Statement of Changes In Shares

	January 1, 2016		Changes during the Reporting Period	December 31, 2016	
	Number of Shares	Percentage of total share capital		Number of Shares	Percentage of total share capital
Domestic legal persons	4,073,452,047	79.46%	(94,450,409) ⁽¹⁾	3,979,001,638	65.54%
Domestic natural persons	326,951,121	6.38%	–	326,951,121	5.39%
H shares	–	–	1,764,599,063	1,764,599,063	29.07%
Other foreign shares	725,644,563	14.16%	(725,644,563) ⁽²⁾	–	–
Total	5,126,047,731	100.00%	944,504,091	6,070,551,822	100.00%

Notes:

- (1) In accordance with the relevant PRC rules regarding state-owned shares, 240 state-owned Shareholders of our Bank transferred 94,450,409 Shares to the National Council for Social Security Fund of the PRC. The Shares were then converted into H Shares.
- (2) Upon the global offering, 725,644,563 Foreign Shares held by Australia and New Zealand Banking Group Limited were converted into H Shares traded on the Hong Kong Stock Exchange.

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 year	Total number of shares held at end of year	Shareholding percentage held at end of year (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司)	996,778,167	964,199,695	15.88
2	Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司)	502,352,678	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)	502,352,678	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)	153,730,500	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⁾	108,305,041	105,011,966	1.73
8	Tianjin Wenhua Tianhai 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	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)	102,487,000	99,370,826	1.64
	Total	2,804,787,338	2,730,576,732	44.98

Note: (1) Tianjin Hengchangyuan Industrial Co., Ltd. (天津恒昌圓實業有限公司) pledged its 50,837,781 Shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).

(2) Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) pledged its 62,636,198 Shares to Tianjin Branch of China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司天津分行).

(3) Tianjin Wenhua Tianhai Industrial Co., Ltd. (天津文華天海實業有限公司) pledged its 88,308,303 Shares to New Times Trust Co., Ltd. (新時代信託股份有限公司).

Changes in Share Capital and Information on Shareholders

II. INFORMATION ON SHAREHOLDERS

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

As of December 31, 2016, the following persons (other than the Bank's Directors, Supervisors and chief executive) had or be deemed or taken to have interests and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Bank:

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held (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	964,199,695	15.88	22.39
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司) ⁽¹⁾	Interest in controlled corporation	Domestic Shares	964,199,695	15.88	22.39
Australia and New Zealand Banking Group Limited (澳大利亞和新西蘭銀行集團有限公司) ⁽²⁾	Beneficial owner	H Shares	725,644,563	11.95	41.12
Tianjin Pharmaceutical Holdings Ltd. (天津市醫藥集團有限公司) ⁽³⁾	Beneficial owner	Domestic Shares	489,107,183	8.06	11.36
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) ⁽³⁾	Interest in controlled corporation	Domestic Shares	489,107,183	8.06	11.36
Tianjin Jinlian Investment Holdings Limited (天津津聯投資控股有限公司) ⁽³⁾	Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36
Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集團有限責任公司) ⁽⁴⁾	Beneficial Owner	Domestic Shares	488,050,644	8.04	11.33
Fortune Eris Holding Company Limited ⁽⁵⁾	Interest in 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⁾	Beneficial owner	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
China Create Capital Limited	Beneficial owner	H Shares	105,879,500	1.74	6.00

Changes in Share Capital and Information on Shareholders

Notes:

- (1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. (天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.
- (2) Australia and New Zealand Banking Group Limited, a shareholder of our Bank, was 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. (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, hold 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. directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, hold an aggregate of 972,278 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 488,050,644 Shares by virtue of the SFO. Tianjin Bohai Chemical Industry Group Co., Ltd. is wholly-owned by the Tianjin State-Owned Assets Supervision and Administration (天津市人民政府國有資產監督管理委員會).
- (5) China State Shipbuilding Corporation 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 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) ⁽¹⁾	57	Executive Director, Chairman	March 14, 2017 to December 10, 2017
Mr. SUN Liguó (孫利國) ⁽²⁾	54	Executive Director, President	March 14, 2017 to December 10, 2017
Mr. YUE Desheng (岳德生)	53	Executive Director, Vice President	December 11, 2014 to December 10, 2017
Ms. ZHANG Furong (張富榮)	55	Executive Director, Vice President, Secretary of the Board of Directors, trade union president	December 11, 2014 to December 10, 2017
Mr. ZHAO Jiawang (趙家旺) ⁽³⁾	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)	59	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. ZHAO Wei (趙煒)	47	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LUAN Fengxiang (樂鳳祥)	58	Non-executive Director	December 11, 2014 to December 10, 2017
Mr. ZENG Xiangxin (曾祥新)	49	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)	48	Independent Non-executive Director	December 11, 2014 to December 10, 2017
Mr. LAW Yee Kwan, Quinn (羅義坤)	64	Independent Non-executive Director	October 15, 2015 to December 10, 2017
Mr. JIN Qingjun (靳慶軍) ⁽⁴⁾	59	Independent Non-executive Director	March 14, 2017 to December 10, 2017

Directors, Supervisors, Senior Management and Employees

2. Supervisors

Name	Age	Position	Term of Office
Mr. ZHANG Xiang (張祥)	60	Chairman of our Board of Supervisors, Employee Representative Supervisor	December 11, 2014 to December 10, 2017
Mr. YAO Tao (姚濤)	54	Employee Representative Supervisor	December 11, 2014 to December 10, 2017
Ms. FENG Xia (馮俠)	45	Shareholder Representative Supervisor	December 11, 2014 to December 10, 2017
Ms. CHENG Yifeng (程懿豐)	33	Shareholder Representative Supervisor	December 11, 2014 to December 10, 2017
Mr. ZHANG Lianming (張連明)	53	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

Directors, Supervisors, Senior Management and Employees

3. Senior Management

Name	Age	Position	Date of First Appointment as a senior Management
Mr. SUN Liguó (孫利國) ⁽²⁾	54	President	December 2016
Mr. YUE Desheng (岳德生)	53	Vice President	November 2002
Ms. ZHANG Furong (張富榮)	55	Vice President, Secretary of the Board of Directors, trade union president	November 2009
Ms. ZHANG Ying (張穎)	41	Secretary of the disciplinary committee	September 2014
Mr. LIANG Jianfa (梁建法)	51	Vice President	December 2014
Mr. XIA Zhenwu (夏振武)	47	Assistant to President	January 2008

Note:

- (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 office on March 14, 2017.
- (2) Mr. Sun Liguó 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 office on March 14, 2017. Mr. Sun Liguó 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 Office on February 24, 2017.
- (3) Mr. Zhao Jiawang was appointed as a non-executive Director of the Bank on February 16, 2017, and his qualification as director of the Bank was approved by CBRC Tianjin office on March 14, 2017.
- (4) Mr. Jin Qingjun was appointed as independent non-executive Director of the Bank on February 16, 2017, and his qualification as director of the Bank was approved by CBRC Tianjin office on March 14, 2017.

Directors, Supervisors, Senior Management and Employees

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

During the Reporting Period, Mr. Zeng Xiangxin was appointed as a non-executive Director by the Shareholders at the Bank's 2015 annual general meeting held on June 21, 2016. The qualification of Mr. Zeng Xiangxin as a Director of the Bank has been approved by CBRC Tianjin Office and the term of office of Mr. Zeng Xiangxin commenced from July 29, 2016. Announcements regarding the appointment of Mr. Zeng Xiangxin as a non-executive Director have been published on May 31, 2016, June 21, 2016 and August 5, 2016.

Mr. Jia Hongqian resigned from the position of non-executive Director of the Bank and a member of the audit committee under the Board on August 30, 2016. For details, please see the announcement named "RESIGNATION OF DIRECTOR AND PROPOSED APPOINTMENT OF DIRECTOR" of the Bank dated August 30, 2016.

Mr. Yuan Fuhua, Mr. Wen Yuanhua and Mr. Liang Zhixiang tendered their resignations as Directors of the Bank and members of the relevant committees under the Board during the Reporting Period. For details, please see the announcement named "CHANGES OF DIRECTORS, CHAIRMAN AND PRESIDENT" of the Bank dated December 21, 2016.

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 Tianjin Regulatory Bureau of China Banking Regulatory Commission and the term of office of the New Directors commenced from March 14, 2017. Announcements regarding the appointment of the New Directors as directors were published on August 30, 2016, December 21, 2016, February 16, 2017 and March 14, 2017.

During the Reporting Period, there was no change in the Supervisors.

Mr. Wen Yuanhua and Mr. Yuan I-Pei resigned from the position of president and vice president of the Bank, due to the adjustment of work arrangement and personal job arrangement with effect from December 21, 2016 and August 31, 2016, respectively.

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

Directors, Supervisors, Senior Management and Employees

III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Mr. LI Zongtang (李宗唐), aged 57. 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 Party Committee and our 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. 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 (天津農村合作銀行). 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.

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. Since August 2016, Mr. Sun has served as the deputy secretary of the Party Committee of the Bank. 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 administrative office, Asset and Liability Management Department and Strategic Development Department. From August 2016 to December 2016, Mr. Sun 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).

Directors, Supervisors, Senior Management and Employees

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.

Mr. YUE Desheng (岳德生), aged 53, was appointed as our Executive Director in December 2014, and has been Vice President and a member of the Party Committee of our Bank since June 2006. He is primarily responsible for works in respect of corporate business segments, oversees Business Department, Trade and Finance Department, SME Business Department, Investment Banking Department, Interbank Market Department, Asset Management Department and Direct Sales Banking Team, and is responsible for the establishment of Custody Business Department.

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

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

Ms. ZHANG Furong (張富榮), aged 55, was appointed as our Executive Director in December 2014 and has been the secretary of the Board of Directors of our Bank since June 2015. Ms. Zhang was appointed as our Vice President in January 2016. Ms. Zhang has been a member of the Party Committee of our Bank since September 2009 and the trade union president of our Bank since November 2009. 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 is primarily responsible for works relating to governmental public relations, institutional business and external establishment of institutions, and is in charge of Institution Business Department, team of ANZ, and the work of Trade Union and is assisting the chairman with the management of the Office of Board of Directors, equity investments and management of subsidiaries.

Directors, Supervisors, Senior Management and Employees

Ms. Zhang has around 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. 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.

Ms. Zhang served as the representative of the 13th, 14th and 15th People's Congress of Tianjin, and was a member of the 15th Federation of Trade Unions Committee of Tianjin. Ms. Zhang was elected as a committee member of the 13th of the Women's Executive Committee in April 2013 and became a national representative of the 16th National Congress of PRC Trade Unions in October 2013.

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

Directors, Supervisors, Senior Management and Employees

Mr. ZHAO Jiawang (趙家旺), aged 53, is a member of the Communist Party of China and a senior accountant. He was appointed as our Non-executive Director on February 2017. Mr. Zhao has served as deputy secretary of the Party Committee and vice general manager of Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司) since December 2015. Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司) 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 with 15.88% equity interest in the Bank as of November 30, 2016, are both wholly-owned subsidiaries of Tianjin Port Free Trade Zone Investment Holding Co., Ltd. (天津保稅區投資控股集團有限公司). 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 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. During this period, 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.

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. Since January 2009, Mr. Yu served as assistant to the general manager and deputy general manager and currently serves as the general manager at Tianjin Port Free Trade Zone Investment Co., Ltd. Mr. Yu served as the head of the asset management department of Tianjin Tianbao Holdings 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 sector economics in real estate operation and management from the Department of Economics.

Directors, Supervisors, Senior Management and Employees

Mr. Alistair Marshall BULLOCH (布樂達), aged 59, was appointed as our Non-executive Director on June, 2009. Mr. Bulloch has held a number of positions at ANZ. He has been Managing Director of the Partnerships, International and Institutional Banking division of ANZ, and Trustee of the ANZ UK Death Service Plan of ANZ Pensions (UK) Limited since June 2014. He 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 served as Director of ANZ Bank (China) from October 2010 to September 2016. He has been Chairman and Director of ANZ Insurance Broker Co., Ltd. from April 2010 to September 2016. He has been Chairman and Director of ANZ Bank (Vietnam) Limited since April 2010 and of ANZ Bank (Taiwan) Limited since October 2012. He has been serving as director of ANZ Bank (Europe) Limited since March 2010, of ANZ Pensions (UK) Limited since June 2013, of ANZ Royal Bank (Cambodia) Limited since March 2011, and of ANZ V-Trac International Leasing Company since October 2012. He has since successively held positions in ANZ as Deputy CEO of Asia Pacific, Europe and America from December 2009 to September 2010 and as Managing Director of Asia Pacific, Europe and America from September 2010 to 2014. He 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's degree in business studies from Dundee College of Technology in Scotland, the United Kingdom in January 1980.

Mr. ZHAO Wei (趙煒), aged 47, was appointed as our Non-executive Director on December 2014. He served as the deputy general manager of Tianjin Pharmaceutical Holdings Ltd. since December 2013. Prior to that, he served successively as deputy general manager of Tsinlien Group (Tianjin) Assets Management Company Limited (香港津聯集團(天津)資產管理有限公司), general manager of the financial market department of Tsinlien Group Company Limited in Hong Kong, general manager of Tianjin Development Assets Management Company Limited (天津發展資產管理有限公司) and assistant to general manager of Tsinlien Group Company Limited in Hong Kong from September 2005 to December 2013. Between July 1992 and September 2005, Mr. Zhao held a number of positions at Northern International Trust and Investment Corporation (北方國際信託投資股份有限公司), including being assistant to manager of the international business department, assistant to manager of the trading department, manager of the international business department and vice general manager of the securities investment department.

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

Directors, Supervisors, Senior Management and Employees

Mr. LUAN Fengxiang (樂鳳祥), aged 58, was appointed as our non-executive Director on December 2014. He has been serving as deputy general manager and general counsel and was a member of the Party Committee of Tianjin Bohai Chemical Industry Group Co., Ltd.(天津渤海化工集團有限責任公司) since March 2014. Mr. Luan was the vice chairman and member of the Party Committee of the Tianjin Federation of Trade Unions from August 2011 to February 2014. Prior to that, he served as the deputy general manager of Tianjin Textile Group (Holdings) Co., Ltd. (天津紡織集團(控股)有限公司) from June 2001 to August 2011. Between November 1997 and June 2001, Mr. Luan worked as the assistant to the general manager and chief economist of Tianjin Textile Industrial Corporation (天津市紡織工業總公司). Mr. Luan held a number of positions at Tianjin Textiles Factory (天津麻紡織廠) from November 1989 to November 1997, including being the deputy director, director and deputy secretary of the party committee.

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

Mr. ZENG Xiangxin (曾祥新), aged 49, was appointed as our non-executive Director on 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 has been the chairman of CSSC (Hong Kong) Shipping Company Limited since September 2013. 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 on December 2014. Mr. Feng was 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 48, 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 64, was appointed as our Independent Non-executive Director in October 2015. Mr. Law has been a director and Vice President of the Hong Kong Business Accountants Association since October 2014. 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 and lately on its Professional Conduct Committee from 2008 to 2015. 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 59 and was appointed as our Independent Non-executive Director on 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

Mr. ZHANG Xiang (張祥), aged 60, was appointed as our Chairman of the Board of Supervisors in December 2014, responsible for the overall work of the Board of Supervisors. Mr. Zhang is assisting the daily work relating to the Party and the management of Party-masses Work Office and Audit Department. He is also in charge of Human Resources Department (Organization Department of Party Committee) and the Office of the Board of Supervisors.

Mr. Zhang served as deputy president of our Bank from July 2002 to January 2015, and has been primarily 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 has been serving as vice secretary of the Party Committee since 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. Between January 1985 and August 1995, Mr. Zhang served at the Tianjin branch of Industrial and Commercial Bank of China and served as the deputy director of planning department from May 1992 to August 1995. Prior to that, Mr. Zhang worked at the Tianjin Branch of the People's Bank of China from March 1980 to January 1985.

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

Mr. YAO Tao (姚濤), aged 54, was appointed as our Supervisor on November 2014. Mr. Yao is currently an Employee Representative Supervisor of our Bank. 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.

Directors, Supervisors, Senior Management and Employees

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

Ms. FENG Xia (馮俠), aged 45, was appointed as our Shareholder Representative Supervisor on April 2013. She has served as the deputy general manager and member of the Party Committee of Tianjin Jinrong Investment Service Group Co., Ltd. (天津津融投資服務集團有限公司) since June 2013. Ms. Feng also served as the deputy general manager and member of the Party Committee of Tianjin Investment Group (天津投資集團公司) from October 2012 to June 2013. She served as the deputy secretary of the Tianjin Municipal Committee of the Communist Youth League from June 2007 to October 2012, deputy secretary and secretary of Tianjin Dongli District Youth League (天津市東麗區團委) from April 1998 to June 2007 and the clerk and the deputy director of office of the Tianjin Dongli District Enterprises Economic Commission (天津市東麗區企經委) from July 1994 to April 1998.

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

Ms. CHENG Yifeng (程懿豐), aged 33, was appointed as our Shareholder Representative Supervisor on 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 53, was appointed as our External Supervisor on 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 external business 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 sub-division secretary of the personnel department and deputy chief of Section III of the Tianjin Municipal Tax Bureau Heping District Sub-Administration from January 1982 to March 1990.

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 – 1. Directors” of this section.

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

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

Ms. ZHANG Ying (張穎), aged 41, 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 discipline inspection and supervision, 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 being the 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 (天津財經學院) in Tianjin, China, majoring in banking and currencies, and obtained her bachelor's degree in finance in July 1998. Ms. Zhang obtained a master's degree in Economics from the Faculty of Finance at Nankai University (南開大學) in Tianjin, China in June 2010. She was also accredited the qualification of intermediate economist by the Ministry of Personnel of the PRC in November 2002.

Directors, Supervisors, Senior Management and Employees

Mr. LIANG Jianfa (梁建法), aged 51, has served as a member of the Party Committee since September 2014, Vice President since December 2014 and the chief financial officer of our Bank since June 2015. Mr. Liang is in charge of the Risk Management Department, Credit Management Department, Asset Preservation Department, Legal and Compliance Department, Financial Accounting Department, Operation Management Department, International Business Department and IT Department.

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

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

Mr. XIA Zhenwu (夏振武), aged 47, has been serving as assistant to our president of the Bank since April 2014, primarily in charge of Personal Banking Department (including Credit Card Centre), Internet Finance Department, 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 an 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 served as several positions in the Bank since then, including as president of Jinlian sub-Branch from November 1996 to July 2002, president of Tianjin Bonded Area sub-Branch from July 2002 to April 2004, manager of International Business Department from March 2003 to December 2003 and general manager of Financial Planning Department from December 2003 to July 2010. Prior to this, he served as several positions of Tianjin Jinlian Urban Credit Cooperatives (天津市津聯城市信用社), the predecessor of the Bank, from January 1991 to November 1996, including assistant to the director, deputy director and director, being primarily responsible for the overall work of this credit cooperatives.

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, majoring in administrative cadre, and obtained a vocational diploma. He obtained a certificate in Accountancy from Xinhua Workers College (新華職工大學) in Tianjin, China in July 1993, a certificate in economic management from Correspondence School, Central Party School (中央黨校函授學院) in Beijing, China in December 1996 and a certificate in finance from the Open University of China (中央廣播電視大學) in Beijing, China in January 2007. He was qualified as a senior economist accredited by Tianjin Personnel Bureau (天津市人事局) in March 2009.

IV. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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 Listing Rules.

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, 2016, 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, 2016 is set out below:

	Number of employees	% of the total
Nil to RMB500,000	3	75%
RMB500,000 to RMB10,000,000	1	25%

Note: (1) As of December 31, 2016, three of the Bank's senior management members are concurrently the Directors, namely Mr. Wen Yuanhua, Mr. Yue Desheng and Ms. Zhang Furong, respectively. For the details of the remuneration of Mr. Wen Yuanhua, Mr. Yue Desheng and Ms. Zhang Furong, please refer to Note 15 of the financial statement of this annual report.

Directors, Supervisors, Senior Management and Employees

VI. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

As of December 31, 2016, we had 6,526 employees in total, of which 823 employees at our head office and 5,593 employees at our branches and sub-branches, 84 employees at our consolidated county banks and 26 employees at Bank of Tianjin Financial Leasing Co., Ltd. (天銀金融租賃有限公司). As of December 31, 2016, we had 5,254 employees or 80.51% 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 our employees' social insurance and other employee benefits, such as pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund in accordance with the applicable PRC laws, rules and regulations.

Each year, our Bank formulates key points and plans for staff education and training every year. The head office organizes exemplary training to key business personnel from our branches and sub-branches on front-line business operations, customer marketing management, new products and services, case prevention of internal control and compliance by professions and levels, guiding branches and sub-branches to carry out secondary training in accordance with the actual situation. With the aid of the diversified learning channels and resources of the Australia and New Zealand Banking Group Limited, the Bank's strategic partner, the Bank periodically organizes key business and management personnel for training and exchange studies at home and abroad. According to the business development needs, the Bank occasionally invites experts from the Australia and New Zealand Banking Group Limited to share their experience or provide single-point training for our employees with relevant lines of profession. Since 2014, the Bank has launched the system of job-related post certificates for the staff throughout the Bank. The Bank has also regularly organized various types of professional qualifications and selection competitive examinations. As of the date of this annual report, more than 7,400 people passed the tests and obtained various kinds of vocational qualification certificates.

Corporate Governance Report

I. 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.

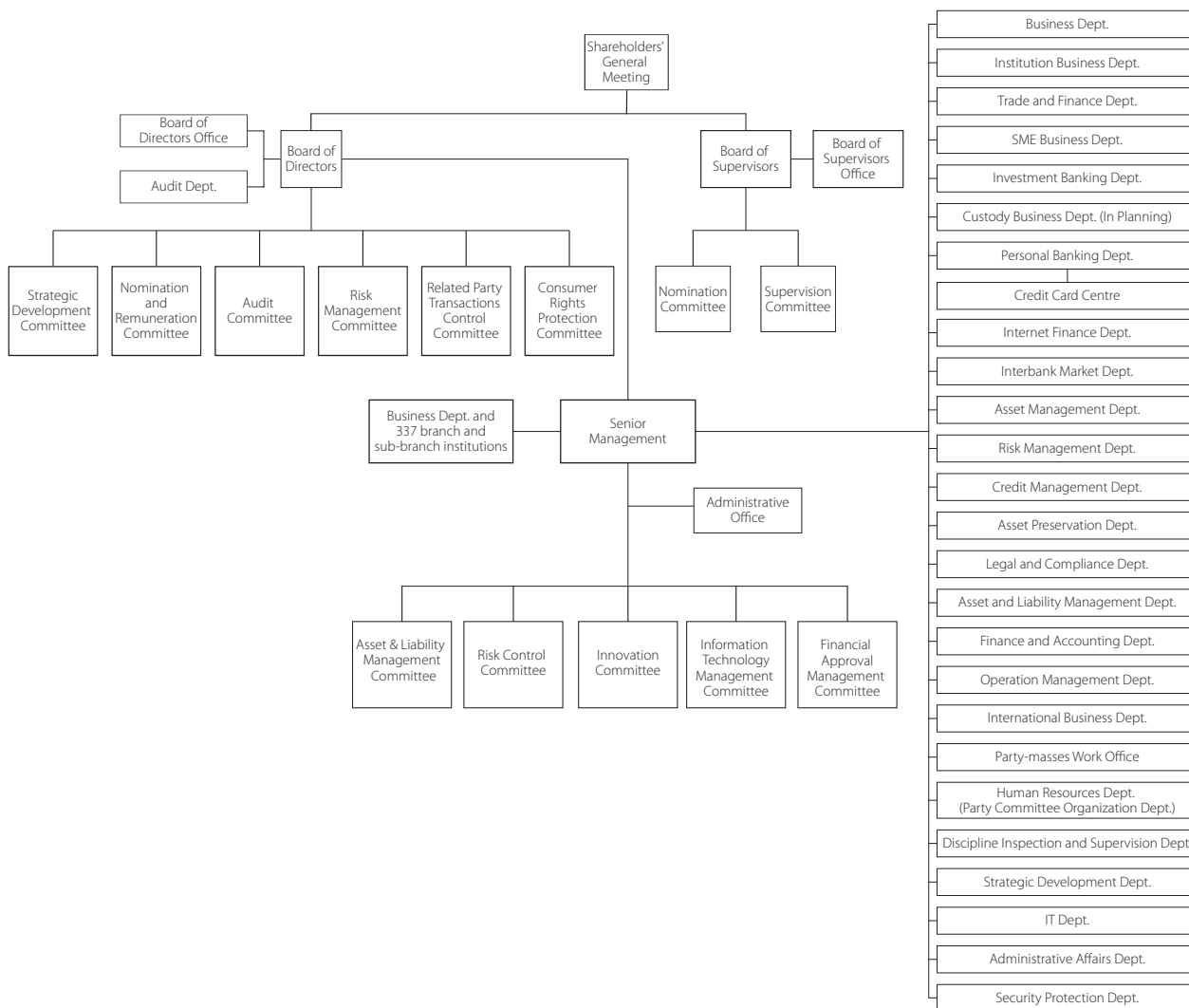
Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly 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 requirements and has established a sound corporate governance system. The Board believes that, upon listing on the Hong Kong Stock Exchange on March 30, 2016, our Bank has complied with the requirements of the code provisions in Appendix 14 of the Hong Kong Listing Rules.

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

Corporate Governance Report

II. ORGANIZATION CHART



Corporate Governance Report

III. SHAREHOLDERS' GENERAL MEETINGS

Information of Shareholders' General Meetings

In 2016, the Bank held one Shareholders' general meeting, details of which are set out below:

At the 2015 annual general meeting of the Bank which was held on June 21, 2016, eight proposals were considered and approved, including the Work Report of the Board of Directors for 2015, Work Report of the Board of Supervisors for 2015, the Report for Final Financial Accounts for 2015 and Financial Budget for 2016, the Profit Distribution Plan for 2015, the adoption of the Administrative Measures on External Equity Investment (provisional), re-appointment of external auditors for 2016, the appointment of Mr. Zeng Xiangxin as a non-executive director of the fifth session of the Board of Directors of the Bank and the change of the registered capital of the Bank.

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

IV. BOARD OF DIRECTORS

The Operation of the Board of Directors

The Board of Directors shall hold at least four regular meetings a year and convene other meetings when necessary. The meetings of the Board of Directors may be convened by physical meetings or by way of telecommunication. The Board shall inform all Directors in advance of the meetings and provide sufficient information to all Directors timely, including background materials for the proposed resolutions and other information and data to assist the Directors to make informed decisions. Prior to the listing on the Hong Kong Stock Exchange, the Board shall give the notice of the regular Board meetings 10 business days before the relevant meeting is convened. Upon the listing of the Bank on the Hong Kong Stock Exchange, for a regular Board meeting, a notice of at least 14 days shall be given and for all other Board meetings, a notice of five days shall be given to all Directors. A good communication and report mechanism has been established among the Directors, the Board of Directors and senior management. All Directors can seek independent professional advice at the Bank's expense. The President reports regularly to the Board and is supervised by the Board. 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 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, 2016 to December 31, 2016. The Bank considers such review effective and adequate. The Board of Directors are of the view that, the risk management and internal control system established and implemented by the Bank are sufficient and effective.

For more details on our internal audit, please refer to the section "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 fifteen Directors, including four executive Directors, namely, Mr. LI Zongtang, Mr. SUN Liguu, Mr. YUE Desheng 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.

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.

Corporate Governance Report

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;
- (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 requirements;
- (g) to formulate proposals for material acquisitions, the repurchase of our shares, merger, separation, dissolution of our Bank or change of the form of our Bank;
- (h) within the scope authorized by our Shareholders' general meetings, to decide on significant matters that are not daily business, such as external investments, purchases and sales of assets, pledges of assets, external guarantees, entrusted wealth management and connected transaction;
- (i) to decide on the establishment of our internal management departments;
- (j) to appoint or remove our president and secretary to our Board based on the nominations by the chairman; to appoint or remove senior management, such as the vice presidents, head of finance department based on the nominations by the president and to decide on matters relating to their emoluments and on the imposition of any disciplinary measures;
- (k) to formulate the standard policies on the remuneration and allowance of our Directors;
- (l) to establish our basic management system, decide on policies in respect of our risk management, internal control and compliance, and to consider and approve green credit strategies;
- (m) to formulate proposals for any amendment to our Articles of Association;

Corporate Governance Report

- (n) to approve our Bank's internal audit charter and audit planning and work plan;
- (o) to supervise or authorize the related transaction management by Related Party Transactions Control Committee;
- (p) to formulate mid- and long-term operation development strategies and major business development plans, and to monitor the effective implementation of relevant plans;
- (q) to formulate information disclosure system, to manage information disclosure matters, and take ultimate responsibility for the authenticity, completeness, accuracy and timeliness of the accounting and financial reporting system of our Bank;
- (r) to propose to the Shareholders' 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;
- (w) to exercise any other power prescribed by the applicable laws, administrative regulations, departmental rules, as well as any other power conferred by our Articles of Association and Shareholders' 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, 2016, 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 135 to 138.

Corporate Governance Report

Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held eight meetings of the Board of Directors, considering and approving 35 proposals on matters mainly including adoption and/or amendments to various corporate governance measures, profit distribution, 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 telecommunication meeting of the 5th Board of Directors	January 13, 2016	Telecommunication
The 5th meeting of the 5th Board of Directors	March 4, 2016	On-site
The 6th meeting of the 5th Board of Directors	April 27, 2016	On-site
The telecommunication meeting of the 5th Board of Directors	May 30, 2016	Telecommunication
The 7th meeting of the 5th Board of Directors	June 21, 2016	On-site
The 8th meeting of the 5th Board of Directors	August 30, 2016	On-site
The 9th meeting of the 5th Board of Directors	November 22, 2016	On-site
The 10th meeting of the 5th Board of Directors	December 21, 2016	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 ⁽¹⁾	Shareholders' general meeting attended/ Numbers of Shareholders' general meetings requiring attendance
Mr. YUAN Fuhua	8	5	3	100%	1/1
Mr. WEN Yuanhua	8	5	3	100%	1/1
Mr. YUE Desheng	8	8	0	100%	1/1
Ms. ZHANG Furong	8	8	0	100%	1/1
Mr. YU Yang	8	7	1	100%	0/1
Mr. JIA Hongqian ⁽²⁾	6	4	2	100%	0/1
Mr. ZENG Xiangxin ⁽³⁾	3	2	1	100%	0/1
Mr. Alistair Marshall BULLOCH	8	8	0	100%	1/1
Mr. ZHAO Wei	8	7	1	100%	1/1
Mr. LUAN Fengxiang	8	7	1	100%	0/1
Mr. LIU Baorui	8	8	0	100%	1/1
Mr. LIANG Zhixiang	8	6	2	100%	0/1
Mr. FENG Heping	8	8	0	100%	1/1
Mr. GUO Tianyong	8	8	0	100%	1/1
Mr. LAW Yee Kwan, Quinn	8	7	1	100%	0/1

Corporate Governance Report

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

(2) Mr. Jia Hongqian resigned as a non-executive director of the Bank on August 30, 2016.

(3) Mr. Zeng Xiangxin was appointed as a non-executive director of the Bank on July 29, 2016

Independent non-executive Directors

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

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

The Bank has received the 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 Hong Kong 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.

Corporate Governance Report

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. 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 the following after the listing of the Bank:

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

Corporate Governance Report

During the Reporting Period, the Strategic Development Committee held four meetings, considering and approving 17 proposals on matters mainly including: The Resolution on the H-Share Prospectus and Related Documents, Resolution on the Profit Distribution for 2015 of Bank of Tianjin Co., Ltd., Resolution on Changes to Registered Capital of Bank of Tianjin Co., Ltd. The attendance of each member in the meetings of the Strategic Development Committee in 2016 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate
Mr. YUAN Fuhua	4	2	2	100%
Mr. WEN Yuanhua	4	2	2	100%
Mr. YU Yang	4	3	1	100%
Mr. LIU Baorui	4	4	0	100%
Mr. Alistair Marshall BULLOCH	4	4	0	100%

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 after the listing of the Bank:

- reviewing our accounting policies, financial position and financial reporting procedures, and inspecting our risk and compliance;
- considering our financial statements, annual report and accounts, half-year report and (if prepared for publication) quarterly reports as issued by the external auditor on our operating results in the previous year, and to review significant financial reporting views contained in such statements and reports; to make judgements on the truthfulness, accuracy, completeness and timeliness of the information of the audited financial reports, and to submit the deliberations to the Board of Directors;
- making recommendations to the Board on the appointment or change of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

Corporate Governance Report

- 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 five meetings, considering and approving nine proposals on matters mainly including the Report by Deloitte Touche Tohmatsu Certified Public Accountants LLP on Bank of Tianjin Co., Ltd.'s Implementation Results and Audit Targets Regarding the Audit Schedule for 2015 Financial Statements, 2016 Interim Report of Bank of Tianjin Co., Ltd., and Report on Internal Audit Work for 2015 and Internal Audit Work Plan for 2016 of Bank of Tianjin Co., Ltd.

The Audit Committee also organized the preparation and review of the 2015 annual report and 2016 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 23, 2017, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2016 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 ⁽¹⁾	Attendance rate ^(Note)
Mr. FENG Heping	5	5	0	100%
Mr. GUO Tianyong	5	5	0	100%
Mr. LAW Yee Kwan, Quinn	5	5	0	100%
Mr. YU Yang	5	4	1	100%
Mr. JIA Hongqian ⁽²⁾	4	3	1	100%

Notes:

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

(2) Mr. Jia Hongqian resigned as a non-executive director of the Bank on August 30, 2016.

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 five Directors, being Mr. LIU Baorui, Mr. FENG Heping, Mr. JIN Qingjun, Mr. LUAN Fengxiang and Mr. YUE Desheng. The chairman of the Related Party Transactions Control Committee is Mr. LIU Baorui. Mr. YUE Desheng is an executive Director. 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 after the listing of the Bank:

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

Corporate Governance Report

During the Reporting Period, the Related Party Transaction Control Committee held two meetings, considering and approving two proposals on matters mainly including the 2015 Work Report on the Related Party Transactions Control Committee under the Board of Bank of Tianjin Co., Ltd. and its 2016 Work Plan, and Resolution on Major Connected Transactions in Relation to Credit Facilities Granted by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd.

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 ^(Note)
Mr. LIU Baorui	2	2	0	100%
Mr. YUE Desheng	2	2	0	100%
Mr. FENG Heping	2	2	0	100%
Mr. GUO Tianyong	2	2	0	100%
Mr. LUAN Fengxiang	2	1	1	100%

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 five Directors, being Mr. SUN Ligu, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Jiawang, Mr. ZHAO Wei and Mr. YUE Desheng. The chairman of the Risk Management Committee is Mr. SUN Ligu. Mr. SUN Ligu and Mr. YUE Desheng are 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 after the listing of the Bank:

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

Corporate Governance Report

During the Reporting Period, the Risk Management Committee held five meetings, considering and approving six proposals on matters mainly including the Risk Appetite Statement of Bank of Tianjin Co., Ltd., Proposal on the Mandate to the Board at the Shareholders' General Meeting of Bank of Tianjin Co., Ltd., and Proposal on the Mandate to the Senior Management by the Fifth Session of the Board of Bank of Tianjin Co., Ltd.. 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 system, and supervise the senior management to improve the risk management workflow.

The attendance of each member in the meetings of the Risk Management Committee 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
Mr. WEN Yuanhua	5	3	2	100%
Mr. Alistair Marshall BULLOCH	5	5	0	100%
Mr. YUE Desheng	5	5	0	100%
Ms. ZHANG Furong	5	5	0	100%
Mr. ZHAO Wei	5	4	1	100%

Nomination and Remuneration Committee

Our Bank has established the Nomination and Remuneration Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Nomination and Remuneration Committee can be found on the website of the Hong Kong Stock Exchange and 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 after the listing of the Bank:

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 and approving compensation arrangements relating to dismissal or removal of any director for his misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate.

During the Reporting Period, the Nomination and Remuneration Committee held four meetings, considering and approving seven proposals on matters mainly including the 2015 Work Report on the Nomination and Remuneration Committee under the Board of Bank of Tianjin Co., Ltd. and its 2016 Work Plan, Resolution on the Appointment of Directors of Bank of Tianjin Co., Ltd., and Resolution on the Appointment and Dismissal of the President 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 ⁽¹⁾	Attendance rate ^(Note)
Mr. GUO Tianyong	4	4	0	100%
Mr. YUAN Fuhua	4	2	2	100%
Ms. ZHANG Furong	4	4	0	100%
Mr. LIANG Zhixiang	4	3	1	100%
Mr. LAW Yee Kwan, Quinn	4	4	0	100%

Note:

(1) 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 five Directors, being Mr. LI Zongtang, Mr. SUN Liguo, Mr. JIN Qingjun, Mr. YUE Desheng 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;

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- 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.

As the Consumer Rights Protection Committee was established after the Reporting Period, the Consumer Rights Protection Committee did not hold any meeting in 2016.

Corporate Governance Functions

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

V. BOARD OF SUPERVISORS

Composition of the Board of Supervisors

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

Change of Supervisors during the Reporting Period

During the Reporting Period, there was no change in the Supervisors.

Meetings of the Board of Supervisors and the Supervisors' Attendance

During the Reporting Period, the Board of Supervisors held 13 meetings, considering and approving 42 proposals on matters mainly including the 2015 Work Report of the Board of Supervisors, Report on Financial Income and Expense Accounts for 2015 and Financial Income and Expense Budget for 2016 of Bank of Tianjin, and Result of Duty Performance Evaluation on Directors and Senior Management of Bank of Tianjin for 2015.

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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	13	13	0	100%
Mr. YAO Tao	13	13	0	100%
Ms. FENG Xia	13	12	1	100%
Ms. CHENG Yifeng	13	13	0	100%
Mr. ZHANG Lianming	13	12	1	100%
Ms. ZHANG Xiaoli	13	13	0	100%

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

Committees under the Board of Supervisors

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

Supervision Committee

As of the date of this annual report, the Supervision Committee consists of four Supervisors, being Mr. ZHANG Xiang, Mr. YAO Tao, Ms. FENG Xia and Mr. ZHANG Lianming. The chairman of the Supervision Committee is Mr. ZHANG Lianming. The primary duties of the Supervision Committee include the following:

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

Corporate Governance Report

During the Reporting Period, the Supervision Committee held five meetings, considering and approving 27 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	5	5	0	100%
Mr. YAO Tao	5	5	0	100%
Ms. FENG Xia	5	4	1	100%
Mr. ZHANG Lianming	5	4	1	100%

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

Nomination Committee

As of the date of this annual report, the Nomination Committee consists of four Supervisors, being Mr. ZHANG Xiang, Mr. YAO Tao, Ms. CHENG Yifeng and Ms. ZHANG Xiaoli. The chairman of the Nomination Committee is Ms. ZHANG Xiaoli. The primary duties of the Nomination Committee include the following:

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

Corporate Governance Report

During the Reporting Period, the Nomination Committee held six meetings, considering and approving 17 proposals on matters mainly including report on interviews with Directors on performance, performance evaluation report results in relation to directors and senior management, etc. The attendance of each member in the meetings of the Nomination Committee 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	6	6	0	100%
Mr. YAO Tao	6	6	0	100%
Ms. CHENG Yifeng	6	6	0	100%
Ms. ZHANG Xiaoli	6	6	0	100%

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

Attendance at shareholders' general meetings during the Reporting Period

During the Reporting Period, the Bank held one 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.

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.

VI. TRAINING TO AND SURVEY AND INVESTIGATION BY 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 the obligations of the Directors and Supervisors and continuing obligations of the Bank as a company listed on the Hong Kong Stock Exchange.

During the Reporting Period, the Board of Supervisors as a whole launched a tour investigation into some sub-branches and core branches of our Bank in terms of the development of the internal control system for some sub-branches, the development of the "three lines of defenses", the development of over-counter business procedures and policies, the management and policy implementation and execution of bank accounts and the corporate chops, test keys, and certificates, risk management and accountability, internal supervision and inspection, etc.

Corporate Governance Report

VII. SENIOR MANAGEMENT

The senior management has the powers vested by our Board of Directors to manage our daily operations. Our President is primarily responsible for carrying out the decisions made by our Board and shall report to our Board of Directors. We have also appointed three 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 appropriate 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 of the date of this annual report, Mr. LI Zongtang, as the Chairman to the Board, was responsible for the overall work of Party Committee and our Board and was in charge of Party-masses Work Office, Board of Directors office, Audit Department and the management of our equity investment and subsidiaries. Mr. SUN Liguang, as our President, was responsible for the daily work of our operation and management, overseeing the General Office, Asset and Liability Management Department and Strategic Development Department.

VIII. COMPANY SECRETARIES

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

IX. RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Corporate Governance Report

X. AMENDMENT TO THE ARTICLES OF ASSOCIATION

Pursuant to the requirements of the applicable PRC laws and regulations and the Hong Kong Listing Rules, the Bank made amendments to the Articles of Association, which took effect upon the listing of the Bank on the Hong Kong Stock Exchange on March 30, 2016, and the resolution on such amendments was considered and approved by the 2015 second extraordinary general meeting of the Shareholders on October 15, 2015. The Bank obtained the "Approval from CBRC Tianjin Office for the Amendment to the Articles of Association" on November 18, 2015 for the approval of the revised Articles of Association.

The Bank made amendment to the Articles of Association in relation to the registered capital of the Bank, and the resolution on the change of the registered capital of the Bank was considered and approved by the 2015 annual general meeting of the Shareholders on June 21, 2016.

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

XI. COMMUNICATION WITH SHAREHOLDERS

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

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

Post Code: 300201

Tel: +86 2228405536

Fax: +86 2228405537

E-mail: fazhan1906@163.com

Corporate Governance Report

XII. RIGHTS OF SHAREHOLDERS

Procedures of Convening an Extraordinary General Meeting of the Shareholders

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

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

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

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

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

Corporate Governance Report

Procedures of Submitting a Proposal to the Shareholders' General Meeting

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

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.

XIII. 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 2016 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 2016 was RMB2.99 million, and the fee for reviewing the interim financial statements was RMB1.45 million.

XIV. REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration of the members of the senior management for the year ended December 31, 2016 are set out in "Directors, Supervisors, Senior Management and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management".

XV. 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.

XVI. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

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

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

Environmental, Social and Governance Report

To comply with the requirements of the “Environmental, Social and Governance Report Guide” (the “ESG Guide”) as contained in Appendix 27 of the Hong Kong Listing Rules, our Bank hereby presents the Environmental, Social and Governance Report for the year ended December 31, 2016.

The Board of our Bank is responsible for our ESG strategy and reporting including evaluating and determining our ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our Bank will identify relevant ESG issues and risks to assess their materiality to our business as well as our stakeholders by reviewing our operations. Our management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems. The Board believes that, upon listing on the Hong Kong Stock Exchange on March 30, 2016, our Bank has complied with the “comply or explain” provisions set out in Appendix 27 of the Hong Kong Listing Rules.

Pursuant to the general disclosure requirements of the ESG Guide, disclosures relating to the material ESG issues identified have been included in this ESG Report which aims to provide a balanced representation of our Group’s ESG performance in the environmental and social areas, and covers our Group’s operations.

A. ENVIRONMENTAL

A1: Emissions

Our Bank is principally engaged in banking businesses. We do not have significant exhaust gas, greenhouse gas emissions, discharges into water or land or any hazardous wastes, except for the non-hazardous solid wastes generated in our office during our operations.

Our Group upholds the principles of waste management and is committed to sorting and recycling all wastes from our business activities. We also provide appropriate facilities in our offices and engage our employees to facilitate source separation and waste recycling. All of our waste management practices are in compliance with the relevant laws and regulations.

There were no non-compliance with environmental laws and regulations governing gas emission, sewage or wastes noted for the year ended December 31, 2016.

A2: Use of resources

Our use of resources is mainly attributed to public utilities at the office, paper, and gasoline. During the Reporting Period, our Bank implemented various measures to conserve energy and minimize consumption. We purchased or leased office premises based on the principle of energy-saving buildings, and used natural light at our office premises. The air-conditioning temperature was set no less than 26 Celsius, lighting and electronic equipment was turned off after work hours, and the water faucets were timely turned off. In addition, we controlled the printing quantity of our paper-based documents and encouraged transfer of electronic documents or use of both sides of paper. Access to corporate vehicles was in strict compliance with the rules and standards governing use of vehicles, and effective measures were adopted to minimize the use of gasoline. In addition, our administrative department will be responsible for inspecting and examining all types of energy-consuming facilities and equipment, regularly monitoring and assessing the energy consumption, and timely providing effective measures to control highly energy-consuming facilities.

A3: Environmental and natural resources

The business and operating activities of our Bank have insignificant impacts on the environmental and natural resources, thus discussions will not apply here.

Environmental, Social and Governance Report

B. SOCIAL

B1: Employment

Our Bank is always in compliance with the relevant national laws and regulations, and proactively implements and carries out the national and local labor laws. To further standardize the human resources management at our Bank, we issued the “Employee Management Measures of Bank of Tianjin (2016 Amendments)” (the “Management Measures”) during the Reporting Period. According to our Management Measures, we clarified the employment, removal, the management of remuneration and fringe benefits, leave and employee education and training systems of our Bank. Our Bank adopted the performance-based remuneration policy, under which, our employees’ remuneration was subject to the position and performance assessment. In accordance with the laws and regulations of the PRC, our bank provided our employees with social security and other employee benefits, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing fund. Our Bank implements the national standard working hour system. Termination of the employment may take place upon a consensus reached between our Bank and the employee. In addition, termination of a labor contract may take place if several conditions as stipulated our “the Rules of Implementing the Labor Contract of Bank of Tianjin” are met. Our employees will be treated fairly in terms of employment, training, promotion, and the management of performance-based remuneration, regardless of the ethnicity, sex, age, etc. In 2016, to retain our talented employees and strengthen the workforce stability, our Bank increased the efforts to introduce and cultivate talented professionals, provided and guided multiple employee career development paths, and established fair and open incentive mechanisms, all of which pivot on the cultivation of employees at multiple and hierarchical levels. In the meantime, we further enhanced the standardized and scientific management of human resources by proactively adopting various means, including revision to the rules and systems, intensive training, and irregular inspection, reaffirming personnel management requirements, and streamlining personnel management rules.

There were no non-compliance cases noted in relation to employment laws and regulations for the year ended December 31, 2016.

B2: Health and safety

In compliance with the Labor Law of the People’s Republic of China, the Law of the People’s Republic of China on the Protection of Laborers’ Rights and Interests, and other applicable laws and regulations, the Bank is committed to providing a safe and healthy work environment with necessary working conditions. In strict compliance with the national laws and regulations, our Bank provides social security contributions (including work-related injury insurances) in favor of all of our employees. In case of any work-related injuries, our employees may timely enjoy the protection of various work-related insurance upon the verification by the human resource and social security authorities. The daily work is carried out under a reasonable working schedule in accordance with the standard working hour system, and training and seminars regarding physical health will be held. In addition, the workers’ union will arrange a healthy check for all employees each year. In recent years, our Bank has reported zero death tolls caused by work.

There were no non-compliance cases noted in relation to laws and regulations governing health and safety for the year ended December 31, 2016.

Environmental, Social and Governance Report

B3: Development and training

Our Bank provides a good learning and development environment through multiple training channels, which fully utilizes the important functions of education and training in such areas as “promoting the knowledge, changing behaviors, and improving expertise”. These functions assist our employees in improving individual accomplishments, expedite personal development, and guide the career development. Our Bank prepares important working contents and plans for educating and training our employees every year, which focuses on financial innovation, business transformation, standard practices, product promotion, operating procedures, and other themed training programs. As a result, our employees will receive systemic training for their different professions at different hierarchical levels. For coordinated management of the human resources pipeline, the Bank implements the system of job-related post certificates for the staff throughout the Bank, and regularly organizes various types of professional qualifications and selection competitive examinations. In addition, the Bank continues to improve the electronic archive with respect to the employee education and training, which closely links our employee training and development to promotion, remuneration adjustments, and personnel access.

In 2016, we officially launched the Online Training Academy of Bank of Tianjin* (天津銀行網絡培訓學院), thoroughly covering online and offline employee training. Focusing on professional enhancement, operating expertise improvement, advanced managerial skills, and other aspects, our Bank strategically develops a series of electronic courses, which admits our new employees, the frontline employees, and the midlevel management to the online learning. In addition, our Bank operates our daily employee training in accordance with the key annual training contents and plans. By regularly organizing and holding important bank-wide training programs, including Bank of Tianjin Lecture Hall (天行大講堂), Young Cadre Pipeline Training Class (Phase III) (青年骨幹培訓班(三期)), Retail Customer Manager Training, and special training for management of operating risks, our bank will constantly improve our employees’ performance quality to provide full support for our business development.

B4: Labor standards

Our Bank is committed to safeguarding the interests and rights of our employees by prohibiting child labor or forced work by means of corporal punishment, abuse, involuntary servitude, peonage or trafficking used for our business operations. In addition, our Bank is in strict compliance with the Chinese labor laws and regulations regarding work schedule, work break, and holidays so as to ensure the sound mental and physical health of our employees.

There were no non-compliance cases noted in relation to laws and regulations governing labor standards for the year ended December 31, 2016.

Environmental, Social and Governance Report

B5: Supply chain management

Customer deposits are the major funding source of our Bank. To secure a stable source of deposits, our Bank has always been persisting in the marketing philosophy of customer orientation, focusing on our provision of premier services and well-developed product portfolio to our customers, and maintaining long-term and stable cooperation with our major existent customers. In terms of our customer marketing, we will focus on selecting our target customers in the premier, green, ecofriendly, and emerging industries, and achieve a stable development in our demand deposits by innovating products to increase the percentage of operating and settling deposits.

B6: Product responsibility

To enhance our service quality and generate customer values, our Bank stresses the importance to the protection of the consumer rights by effectively notifying risk exposure, appropriately disclosing information, enhancing the management of customer complaints and improving confidentiality policies about customer information. For the purposes of protecting consumer rights, our Bank formulates the bank-wide outline document headed "Administrative Measures for Consumer Rights Protection", whereby guiding our Bank to safeguard the information security of individual customers, standardize the service pricing system, and improve the service capacity at our outlets and the efficiency of handling customer complaints. In strict compliance with the Advertising Law of the People's Republic of China, our Bank promulgated the "Measures to Manage the Advertising Placements" to standardize the management of our advertising placements, establish and maintain our positive corporate image, and boost our brand presence in the community.

There were no non-compliance cases noted in relation to laws and regulations governing product responsibility for the year ended December 31, 2016.

B7: Anti-corruption

In strict compliance with the Criminal Law of the People's Republic of China, the Law of the People's Republic of China on the People's Bank of China, the Rules for Anti-money Laundering by Financial Institutions, and other relevant laws and regulations, our Bank prohibits any form of actions involved in graft, bribery, blackmail, fraud or money laundering during our business operation, and adopts a series of countermeasures to prevent actions involved graft, bribery, blackmail, fraud or money laundering.

First, we will further improve our business accountability reporting system by reviewing and finalizing the "Accountability Reporting System of Bank of Tianjin", under which, our disciplinary audit extends to all business management, further reinforcing our internal control, as well as linking the business accountability and administrative punishment to the party discipline and penalties.

Environmental, Social and Governance Report

Second, we will strengthen the warning and education about honesty and integrity, and further identify and eliminate the sources of corruption. By fully utilizing the WeChat platform of the local discipline inspection commission, we will integrate all warnings into our daily work by persistently circulating warning cases and information about honesty and integrity on a daily basis. There were more than 230 messages regarding commentaries on honesty and integrity and anti-corruption work reports. Meanwhile, we organize various forms of integrity-themed activities amongst our branches and sub-branches.

Third, during the public holidays, including New Year's Day, Chinese Spring Festival, Labor Day, and National Day, we will circulate the documents issued by our superiors and discussions at meetings to our employees to reiterate the disciplinary requirements. In particular, we will inspect the circulation and implementation of the requests by our superior to some sub-branches and branches, use of operating and marketing expenditure, the management of overseas travels due to personal matters, and the use of public vehicles and gasoline cards.

Fourth, we establish a risk control system with respect to anti-money laundering. Our indigenously developed anti-money laundering model can automatically detect and analyze suspicious transactions, and all suspicious transaction cases throughout our bank will be collected to the headquarters for analysis. Meanwhile, with reference to the leads provided by our sub-branches and branches with respect to the suspects, we will effectively summarize the risks involved in the suspicious aspects and timely issue the "Notice on Money Laundering Risks". By reminding the basic features of suspected customers, the features of suspicious accounts, and suspicious transactions, as well as issuing risk notices, we will emphasize the persistence in carrying out due diligence investigation and transaction reporting policies to prevent the money laundering risks. For more details about the anti-money laundering work of our Bank, please refer to "Report of the Board of Directors - Compliance with Laws and Regulations" of this annual report.

There were no non-compliance cases noted in relation to laws and regulations governing prevention of graft, bribery, blackmail, fraud and money laundering for the year ended December 31, 2016.

B8: Community investment

Our Bank proactively undertakes 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

Our Bank is committed to promoting the education of financial knowledge. In 2016, we organized numerous promotional and educational activities. According to the statistics available, our Bank introduced a total of more than 1,900 activities focused on financial knowledge to enterprises, communities, universities, and the rural areas. As a result, more than 400,000 flyers and one million text messages were distributed, benefiting more than 1.9 million people.

Report of the Board of Directors

I. PRINCIPAL BUSINESS

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

II. BUSINESS REVIEW

Review of the Bank's business

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

Environmental Policy and Performance

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

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

In line with national policies to save energy costs, we have implemented a series of measures, including: (i) regulating office room temperature; (ii) strengthening management of usage of the Bank's business vehicles; (iii) encouraging the turning off of lights and electronic appliances after work; and (iv) the issuance of recommendations in relation to water-savings to staff of our Bank.

For more details of our environmental policy and performance, please refer to the "Environmental, Social and Governance Report" in this annual report.

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.

Report of the Board of Directors

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) Improving the development of banking mechanisms and systems. To serve our customers better and protect consumer rights, our Bank established a system of organizing and managing the protection of consumer rights in 2016. A functional department to protect consumer rights was established with designated professionals competent in providing consumer protection and comprehensive work and we conducted our daily work in accordance with the "Measures (Trial) to Assess and Evaluate the Protection of Consumer rights by Banking and Financial Institutions". In addition, our sub-branches at all levels established a specific functional department for consumer rights and protection to ensure the specific implementation of the protection work regarding consumer rights. We formulated the "Administrative Measures for Consumer Rights Protection" serving as the guidelines to implement the protection of consumer rights throughout the entire bank. These measures will guide the Bank to enhance public education on banking, safeguard personal information about customers, and regulate the pricing management system for banking services. In addition, these measures help enhance the service capacities of banking outlets, while improving the efficiency of handling customer complaints. (2) Launching promotion and education of financial knowledge. In 2016, our Bank launched more than ten promotional and educational campaigns on financial knowledge, including the themed promotional campaign named "3.15 Financial Consumer Right Days" in March, "Questionnaire on Financial Knowledge" in April, promotional and educational campaign named "10,000-Li Trip to Promote Financial Knowledge" in June, July and August, "Investigation into Accessibility Services" in August, "Financial Knowledge to the Home" Event and "Financial Knowledge of the Month" in September, themed promotional and educational campaign named "Banking Card Information Security" in November, and themed promotional and educational campaign named "Enhanced Information Protection and Payment Security to Prevent Telecommunications Frauds" in December. According to the statistics available, our Bank introduced a total of more than 1,900 activities focused on financial knowledge to enterprises, communities, universities, and the rural areas. As a result, more than 400,000 flyers and one million text messages were distributed, benefiting more than 1.9 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.

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

Report of the Board of Directors

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

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

We have set up an anti-money laundering lead group within our legal and compliance department. Our anti-money laundering lead group takes charge of calling the meeting of our anti-money laundering lead team, liaising with relevant departments to prevent, identify, and punish actions that breach relevant laws and regulations, and improve our control over relevant risks through promulgating and implementing rules and measures. The Risk Management Committee under our Board of Directors is ultimately responsible for anti-money laundering risk management. Our anti-money laundering lead group leads the bank-wide implementation of our anti-money laundering policies and procedures. Our operation management department is responsible for formulating anti-money laundering policies and procedures and monitoring our compliance with anti-money laundering laws and regulations. It is also responsible for coordinating our implementation of such policies and procedures with various business lines, functions, branches, and sub-branches. Our head office, branches, and sub-branches have respective teams to execute anti-money laundering activities and operations on a day-to-day basis.

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

Relationship between the Bank and its Employees

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.

Report of the Board of Directors

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, 2016 are set out in the consolidated statement of profit or loss and consolidated statement of other comprehensive income on pages 139 to 140.

Dividends

The profit distribution plan for 2015 of the Bank was considered and approved by the Shareholders at the 2015 annual general meeting of the Bank held on June 21, 2016. A final dividend of RMB1.8 (tax inclusive) per ten shares for the year of 2015, amounting to a total dividend of RMB1,092.7 million (tax inclusive) was distributed to holders of H Shares and Domestic Shares of the Bank on August 8, 2016.

The Board has recommended the payment of the final dividend of RMB2.0 per ten shares (tax inclusive) in cash for the year ended December 31, 2016, representing a total payment of approximately RMB1,214.11 million. The final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Bank for 2016. If approved by the Bank's 2016 annual general meeting, it is expected the final dividend will be payable on July 6, 2017.

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, 2016, we were providing 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.

Report of the Board of Directors

During 2016, our Bank were awarded many honors and titles, including the “Golden City Commercial Bank of the Year” (年度金牌城商行), “Top Ten City Commercial Banks of China (by Competitiveness)” (中國城商行競爭力排名十佳), “Top Ten Outstanding City Commercial Bank (by Competitiveness)” (卓越競爭力城商行十佳), “Best People’s Livelihood Financial Award in Social Responsibilities” (社會責任最佳民生金融獎), “Innovation Award for Ten Best Financial Products” (十佳金融產品創新獎), “Best Mobile Banking Security Award” (最佳手機銀行安全獎), “Top 10 Small and Medium Banks with Financial Management Services” (十佳理財服務中小銀行獎), “Financial Service Award for Small and Medium Model Enterprises in Tianjin” (“榜樣天津”中小企業金融服務獎), and “Pioneer Award for Credit Asset Securitization” (信貸資產證券化“新銳獎”).

We ranked 211th in the Top 1,000 World Banks published by the Banker, a UK publication, moving up by 8 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 in this regard. According to the list of Top 100 Enterprises in Tianjin for 2016 published by Tianjin Enterprise Confederation, we ranked 24th, moving up by 3 places as compared with last year.

We have acquired and maintained a large pool of retail customers. As of December 31, 2016, we have had 248 outlets in Tianjin, covering all regions 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.

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

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

III. 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”.

IV. DONATIONS

The charitable and other donations made by the Bank amounted to approximately RMB5.6 million for the year ended December 31, 2016.

V. PROPERTY AND EQUIPMENT

Details of the changes in property and equipment of the Bank for the year ended December 31, 2016 are set out in the Note 26 of the financial statement in this annual report.

VI. CHANGES IN THE RESERVES

For the year ended December 31, 2016, the details of changes in the reserves of the Bank are set out in the Consolidated Statement of Changes in Equity in the financial statement of the Bank.

VII. DISTRIBUTABLE RESERVES

The distributable reserves of the Bank as of December 31, 2016 were RMB15,003.9 million.

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

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

IX. RETIREMENT BENEFITS

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

Report of the Board of Directors

X. MAJOR CUSTOMERS

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

XI. DIRECTORS

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

XII. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

XIII. PERMITTED INDEMNITY PROVISIONS

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

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

For the year ended December 31, 2016, 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.

XV. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

XVI. MANAGEMENT CONTRACTS

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

Report of the Board of Directors

XVII. 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, 2016.

Report of the Board of Directors

XVIII. CORPORATE GOVERNANCE

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

XIX. PUBLIC FLOAT

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.

XX. CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in note 43 to the Financial Statements. 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.

Report of the Board of Directors

XXI. REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

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

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

XXIII. TAX RELIEF

Withholding foreign non-resident enterprise income tax

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

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

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

Report of the Board of Directors

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

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

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

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

XXIV. AUDITORS

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

XXV. ISSUANCE OF DEBT SECURITIES

(I) Bond Issuance during the Reporting Period

Our Bank did not issue any type of bonds during the Reporting Period.

Report of the Board of Directors

(II) Previous Financial Bonds Issuance

In 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.

In 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.

In August 21, 2015, we issued fixed-rate tier-two capital bonds named "15 Tianjin Bank bonds," at a face value of RMB5.0 billion with a fixed coupon rate of 5.00% per annum, payable annually. We have the option to redeem part or all of the bonds at face value on the last day of the 5th year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. If no early redemption is exercised, the interested rate will remain at 5.00% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows us to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These tier-two capital bonds are qualified as Tier-two Capital Instruments in accordance with the CBRC requirements.

The 10 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.5 billion with a fixed coupon rate of 5.9% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. If no early redemption is exercised, the interested rate will remain at 5.9% 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 interested rate will remain at 5.99% per annum.

XXVI. EQUITY LINKED AGREEMENT

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

On behalf of the Board of Directors,
Li Zongtang
Chairman

Tianjin, China
March 24, 2017

Report of the Board of Supervisors

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

In 2016, in accordance with the requirements of the Listing Rules, the Board of Supervisors of our Bank conscientiously implemented the regulatory requirements, closely focused on the central work of the whole bank and brought into play the functional role of the Board of Supervisors through various forms to continuously deepen the work of the Board of Supervisors, which was mainly reflected in the following aspects.

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

Pursuant to our Articles of Association, the requirements of regulatory authorities and the measures for the evaluation of the performance of duties of our Directors, Supervisors and senior management, we completed evaluation of the performance of duties by our Directors, Supervisors and senior management for 2015 in April 2016. Through a variety of methods such as self-evaluated and mutual evaluated by Directors and Supervisors, recording daily work, survey questionnaires on senior management duty performance and duty performance interviews with some Directors, we summarized the duty performance evaluation result and provided timely feedback to our Directors, Supervisors, the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management.

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

During the process of duty performance evaluation in 2016, according to issues mentioned in the "On-site Inspection Proposal of China Banking Regulatory Commission Tianjin Office" issued by CBRC Tianjin Office after it conducted on-site inspection in respect of liquidity risk management of our Bank in October 2015, following the supplements and amendments to the "Evaluation Approaches for the Duty Performance of Directors of Bank of Tianjin" at the beginning of 2016, the Board of Supervisors clearly considered the topic of "whether or not focus on the situation and credit, market, operation, liquidity, investment, reputation, capital adequacy ratio, connected transactions and emergencies, cases and other key risk conditions of the establishment and improvement of the Bank's comprehensive risk management and governance structure" as an important assessment during the performance evaluation of the Directors of the Bank, which highlights the risk assessment contents.

Report of the Board of Supervisors

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

The Board of Supervisors started to conduct inspection, investigation and research on some branches and central sub-branches in mid-October of 2016. The investigation and research work was led by the Chairman of the Board of Supervisors with the participation by all Supervisors as well as staff of the office of the Board of Supervisors. The investigation group issued investigation and research notices and survey questionnaires mainly focusing on the construction of internal control system, the development of “three lines of defenses”, the development of over-counter business procedures and policies, the management and policy implementation and execution of account and the corporate chops, test keys, and certificates, risk management and accountability, internal supervision and inspection of certain branches and sub-branches, and listened to reports on the situation of branches and sub-branches on site. The investigation group also organized forums attended by employee representatives. Besides gaining a deeper understanding of the front-line banks of the non-local branches, the investigation group paid special visits to banking regulatory authorities of places where our branches were located to gain a deep insight into the regulatory opinions of the regulatory authorities on our branches and sub-branches. To allow all Supervisors to gain a full picture of the operation risks and internal control at our Bank, our relevant departments competent in risks, operations, and internal audit work were required to provide special reports on operation risk management, operating lines management, supervision over the third line of defenses, and other conditions during the meeting of the Board of Supervisors, and inquiries were made into the related matters, thus ensuring effective supervision, investigation, and research. Through organizing forum, interviews and briefings of different levels, the group extensively listened to and understood situations in various aspects, and formed supervisory opinions.

(3) Improving the system construction of the Board of Supervisors according to regulatory requirements

In accordance with regulatory opinions, amendments and improvements were made to the related evaluation methods and systems, including evaluation over the performance of directors and Supervisors.

(4) Actively creating conditions to carry out the work of meetings of the Board of Supervisors

Taking into account the listing and annual schedule of the Bank in 2016, the Board of Supervisors met 13 times (including seven times by voting over correspondence) in 2016 to consider 42 proposals and 22 reports. The Nomination Committee of the Board of Supervisors met six times (including one time by voting over correspondence) to consider 17 proposals. The Supervision Committee of the Board of Supervisors met five times to consider 27 proposals, and satisfactorily completed the agenda and matters considered at the meetings of the Board of Supervisors and special committees of the Bank.

Report of the Board of Supervisors

(5) Actively completing the auditing of the off-office economic responsibility of the relevant personnel

Pursuant to the terms of reference of the Board of Supervisors and regulatory provisions and requirements, the Board of Supervisors formed an audit group with the Bank's audit department and successively completed the auditing of the economic responsibility of several directors and senior management. Taking into account major leadership adjustments made by the municipal government to our Bank, the Board of Supervisors worked with the external auditors to carry out the auditing of the off-office Chairman and the President.

(6) Reinforcing communications among Supervisors to ensure the functional performance of the Board of Supervisors

Besides organizing the meetings of the Board of Supervisors and specialized committees on a regular basis, organizing the attendance of the meetings of the Board of Directors and its specialized committees by all Supervisors, expressing supervision opinions, and conducting duty performance evaluation and special examination, our Board of Supervisors facilitated the daily supervision work by relaying to Supervisors information on areas such as risk control of the whole bank, management status, regulatory opinions and exchanges among peers from different angles, effectively ensuring the functional performance of the Board of Supervisors.

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

In 2016, the Board of Supervisors performed its duty of supervising the performance of duties by the Board and senior management of our Bank in accordance with our Articles of Association. The opinions issued in respect of the relevant issues are as follows:

(1) Operating according to law

In 2016, we operated in accordance with the laws and regulations and continuously improved management. The internal control mechanism was continuously improved. The operating decision-making procedure complied with the relevant provisions of the "Company Law of the PRC" and the "Articles of Association of Bank of Tianjin", which achieved the coordinated development of quality, efficiency and scale. During the course of business operations and management, none of our Directors and senior management were found to violate any laws and regulations and damage the interests of our Bank and shareholders.

(2) Financial Report

Our financial report for 2016 has truthfully and fully reflected our financial position and operating results. The financial report for 2016 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu engaged by our Board of Directors in accordance with the new Accounting Standards and an audit report with unqualified opinions was issued.

Report of the Board of Supervisors

(3) Related Party Transactions

In 2016, the Board of Supervisors supervised the management of our related party transactions and considered that the management of our related party transactions was relatively standardized, which formed a standardized procedure for the management of related party transactions. With regard to related party transactions, we adhered to the principle of fairness and did not find any act of damaging the interests of our Bank and its shareholders.

(4) Execution of the Resolutions of the Shareholders' General Meeting

During the Reporting Period, we convened one Shareholders' general meeting. 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". We had no objection to the reports and proposals submitted by our Board of Directors to the Shareholders' general meeting for consideration, supervised the execution of the resolutions of the Shareholders' general meeting and considered that our Board of Directors were able to conscientiously implement the relevant resolutions of the Shareholders' general meeting.

III. THE KEY WORK ARRANGEMENTS OF THE BOARD OF SUPERVISORS FOR 2017

In 2017, the Board of Supervisors shall mainly achieve the following tasks by centering on persistent duty performance and supervision, as well as focusing on internal control and risk monitoring:

(1) To constantly evaluate the due duty performance

Pursuant to the existing evaluation approaches for the duty performance, we shall duly complete evaluating the duty performance by our Directors, Supervisors and senior management for 2016, and make further amendments to such systems as "Evaluation Approaches for the Duty Performance of Directors of Bank of Tianjin" in accordance with the relevant regulatory requirements and system regulations.

(2) To continue our special examination, investigation, and research

In consideration of our major work and risk and internal control, first, we will organize the Board of Supervisors as a whole to attend the relevant meetings of the Board of Directors on schedule, at which, all Supervisors will carefully examine our general risk exposure, fully express supervision opinions, and closely follow up subsequent implementation. Second, we will play our role in supervision by carrying out the special examination for the major risks, and listening to reports of the relevant departments competent in internal audit, compliance, risk management, and credit facilities before further analyzing the risks and providing supervision opinions. Thirdly, to enhance supervision through investigation and research, we will select two or three branches or sub-branches for investigation and research for gaining insight into the real conditions of our innovation development, profitability, technology support, risk control, compliant operation, or organizational construction.

Report of the Board of Supervisors

(3) To strengthen daily supervision

Pursuant to the duty requirements of supervision, we shall audit the profit distribution plan and annual report of our Bank; we will strengthen the daily supervision of the Board of Supervisors by attending meetings of the Board of Directors, special committees and the Office of the President; to promote our healthy development, we will meet directors and senior managements whenever necessary, and listen to their suggestions on the work of the Board of Directors; we will also enhance the guidance and supervision of our internal audit over our banking businesses and activities and operation management by attending meetings of the Audit Committee of the Board of Directors, listening to reports of internal audit, and raising supervision and guidance opinions.

(4) To constantly improve the Board of Supervisors

First, we will constantly carry out training sessions for Supervisors. Therefore, we will organize Supervisors to attend counseling training programs on a regular basis to meet the work requirements after listing; and constantly improve the comprehensive quality and duty performance of the Board of Supervisors as a whole by organizing them to attend the training programs sponsored by the China Banking Regulatory Commission and CBRC offices for directors, supervisors and senior management; Second, we will improve our supervisory functions by continuing and strengthening the exchanges among industry peers to learn and understand the development of their Board of Supervisors and their role in risk control; thirdly, we will further exercise the right of Supervisors to information to enable our Supervisors to gain a better understanding of the operation and management of the Bank by delivering to our Supervisors financial information and reports on our major events, as well as information, materials, and supervisory reports on our business development, internal control and corporate governance on irregularly basis; Fourth, we will continue to amend and improve the relevant system regulations of the Board of Supervisors according to the requirements under the relevant supervision policies and systems; fifth, we will strengthen the office of the Board of Supervisors to constantly improve our work quality and competence, fulfill the duties of the Board of Supervisors during adjournments, and enhance our institutionalization and standardization.

On behalf of the Board of Supervisors,

ZHANG Xiang

Chairman

Tianjin, China
March 23, 2017

Important Events

I. ISSUANCE OF H SHARES AND THE LISTING AND USE OF PROCEEDS

The Bank was listed on the Hong Kong Stock Exchange on March 30, 2016. A total number of 1,721,144,563 H Shares were issued in the global offering (comprising 905,000,000 new Shares issued by the Bank, 725,644,563 Shares converted from Foreign Shares and 90,500,000 Shares converted from Domestic Shares). The offer price was HK\$7.39 per H Share. The nominal value is RMB1.00 per H Share. The funds raised from the global offering were approximately HKD7.3 billion.

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

As of the date of this annual report, the Bank has applied the proceeds to replenish capital by increasing the registered capital to RMB6,070,551,822 to meet the needs for sustained growth of the business of our Bank. As of December 31, 2016, the net proceeds raised by the Bank was fully used as supplementary capital.

II. SIGNIFICANT BUSINESS DEVELOPMENT

The Bank, as the promoter, applied to the CBRC for the promotion and establishment of Bank of Tianjin Financial Leasing Co., Ltd., which on October 18, 2016 formally commenced its business operation. As of the date of the annual report, our contribution to the registered capital of Bank of Tianjin Financial Leasing Co., Ltd., which amounted to RMB1,000 million, has been fully paid up. With a clear strategic direction and operating position in place, Bank of Tianjin Financial Leasing Co., Ltd. has actively developed an up-to-date finance leasing service model and industry platform in line with consumption upgrade, which focuses on elements from the "Standard of Living + Little Tech Giant" under the guidelines of the "Finance + Industry" strategy. The financial leasing service model and industry platform is aimed to support the consumption upgrade, real economy, national policy and the standard of living. In addition, this company will persist in its unique and differentiated development model to continue its commitments to lease businesses related to infrastructure, medical services and healthcare, and "Little Tech Giant", all of which focus on the standard of living in the Beijing-Tianjin-Hebei region. In doing so, we will strive to build this company into a first-class national finance leasing enterprise featuring "scientific corporate governance, outstanding professional features, flexible systems and mechanisms, sound operating efficiency and high quality assets".

As approved by the Wuzhong Branch Office under the CBRC Ningxia Autonomous Office in its letter of response, Ningxia Tongxin Jinhui County Bank, which is funded and established by our Bank as the lead promoter, was officially opened on August 18, 2016. As of the date of this report, Ningxia Tongxin Jinhui County Bank has a registered capital of RMB50 million. As the lead promoter, our Bank contributed RMB25.5 million, accounting for 51% of the total registered capital.

Important Events

As approved by the Guyuan Branch Office under the CBRC Ningxia Autonomous Office in its letter of response, Ningxia Yuanzhou Jinhui County Bank, which is funded and established by our Bank as the lead promoter, was officially opened on October 21, 2016. As of the date of this report, Ningxia Yuanzhou Jinhui County Bank has a registered capital of RMB50 million. As the lead promoter, our Bank contributed RMB25.5 million, accounting for 51% of the total registered capital.

Following their establishment, Ningxia Tongxin Jinhui County Bank and Ningxia Yuanzhou Jinhui County Bank will strive to fulfill the needs for regional economic development by vigorously providing premier and convenient financial services for local small and micro businesses and economic sectors related to “rural areas, agricultural activities, and farmers”.

III. 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.

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”), 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 or 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. Initial review over the civil litigation involving the remaining 7 customers currently remains in progress. 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. As of the date of this annual report, the relevant civil litigation is in progress.

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

In April 2015, Hezhong Asset Management Company (“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 interest accrued along with the litigation fees. As at December 28, 2016, the High Court of Shandong made the initial ruling that our Jinan Bank will revert to Hezhong Asset Management the deposit of RMB300 million and the corresponding interests accrued on demand along with the litigation fees.

Important Events

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 our Shanghai Branch raised by Zhejiang Chouzhou Commercial Bank 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 resale agreement entered into between our Bank and Zhejiang Chouzhou Commercial Bank. As agreed by both parties to the bills held under resale agreement, our Bank is 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.

IV. 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 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, 310 rules and policies were amended and supplemented which further regulated the operational management and business development. Besides, our Bank also provided regular compliance training and risk warning, which included risk management in compliance with regulation, study of the regulatory policies, case analysis and the latest regulatory trend, so as to improve the compliance awareness of all the staff.

Our 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.

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. Our Bank has issued Administrative Methods for the Case Prevention and Control of Bank of Tianjin (《天津銀行案件防控工作管理辦法》), Administrative Methods for Case Risk Management and Investigation of Bank of Tianjin (《天津銀行案件風險排查管理辦法》) and Compliance Management Reporting Regime of Bank of Tianjin (《天津銀行合規管理報告制度》) 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. Our Bank also published the Administrative Methods for Compliance Risk Management of Bank of Tianjin (《天津銀行合規風險管理辦法》), which strengthens and optimizes the existing compliance and risk management reporting and performance evaluation mechanism.

Our Bank has paid great attention to the Basic Rules on Enterprise Internal Control (《企業內部控制基本規範》) and its supporting guidelines. First, our Bank has established a sound risk management system which covers various aspects of business operations, including corporate governance, loan extension business, treasury business, billing business, anti-money laundering, legal and compliance, internal audit and information technology management. Second, our Bank has separated the responsibilities of the front, middle and back offices of headquarters and branches as well as sub-branches, targeting effective check and balance mechanism and clear reporting lines. Third, our Bank timely supervised and monitored the progress of tackling the internal control issues identified during the internal audit and business review in 2016, 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

Our Bank further improved an independent internal audit organizational structure, which is led by our Board of Directors and comprises the Audit Committee and the audit department at our head office. Our Board of Directors is responsible for supervising, assessing and reviewing the internal audit of the Bank to ensure the independence and effectiveness of internal audit. The Audit Committee under our Board of Directors is responsible for reviewing our internal audit method, audit policy and procedures, and annual audit plans while offering guidance and supervising their implementations. Our Bank adheres to the principles of independence, objectivity, prudence, efficiency, importance and relevance throughout our internal audit work. Our internal audit system covers a comprehensive range of areas including our business operations, risk management, internal control and corporate governance.

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

Independent Auditor's Report

Deloitte.

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TO THE SHAREHOLDERS OF BANK OF TIANJIN CO., LTD

(天津銀行股份有限公司)

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

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 139 to 248, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and 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, 2016 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 loss allowance 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 68.9% 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 over 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 compared 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.

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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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

- 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.
- 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 24, 2017

Consolidated Statement of Profit or Loss

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2016	2015
Interest income	5	25,202,576	26,656,584
Interest expense	5	(14,843,351)	(15,977,161)
Net interest income		10,359,225	10,679,423
Fee and commission income	6	1,442,473	1,026,900
Fee and commission expense	6	(40,421)	(31,171)
Net fee and commission income		1,402,052	995,729
Net trading (losses)/gains	7	(120,090)	101,680
Net gains arising from investment securities	8	63,342	52,182
Other income, gains or losses	9	110,207	92,730
Operating income		11,814,736	11,921,744
Operating expenses	10	(3,767,642)	(3,817,123)
Impairment losses on assets	11	(2,352,964)	(1,757,695)
Share of profit of associated companies		16,244	–
Profit before tax		5,710,374	6,346,926
Income tax expense	12	(1,192,470)	(1,414,543)
Profit for the year		4,517,904	4,932,383
Attributable to:			
Equity holders of the Bank		4,522,053	4,916,440
Non-controlling interests		(4,149)	15,943
		4,517,904	4,932,383
Earnings per share (Expressed in RMB Yuan per share)			
– Basic	13	0.77	0.96
– Diluted	13	0.77	N/A

Consolidated Statement of other Comprehensive Income

For the year ended December 31, 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	2016	2015
Profit for the year	4,517,904	4,932,383
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net changes in investment revaluation reserve for available-for-sale financial assets	(508,895)	182,363
Income tax relating to available-for-sale financial assets	127,224	(45,591)
Other comprehensive income for the year, net of tax	(381,671)	136,772
Total comprehensive income for the year	4,136,233	5,069,155
Total comprehensive income attributable to:		
Equity holders of the Bank	4,140,382	5,053,212
Non-controlling interests	(4,149)	15,943
Total comprehensive income for the year	4,136,233	5,069,155

Consolidated Statement of Financial Position

As at December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2016	2015
ASSETS			
Cash and balances with central bank	16	58,107,633	62,107,212
Deposits with banks and other financial institutions	17	26,118,021	30,817,893
Placements with banks and other financial institutions	18	13,779,965	13,421,168
Financial assets held for trading	19	5,880,431	5,952,089
Financial assets held under resale agreements	20	33,277,007	70,328,366
Loans and advances to customers	21	207,854,530	179,570,910
Available-for-sale financial assets	22	50,589,734	17,864,413
Held-to-maturity investments	23	42,340,601	31,683,985
Investments classified as receivables	24	211,926,509	147,958,624
Interests in associates	25	184,995	–
Property and equipment	26	1,686,422	1,739,648
Deferred tax assets	27	1,698,048	1,144,441
Other assets	28	3,866,211	3,078,982
Total assets		657,310,107	565,667,731
LIABILITIES			
Borrowings from central bank		–	237,357
Deposits from banks and other financial institutions	29	119,333,012	148,732,655
Placements from banks	30	18,550,308	4,283,630
Financial assets sold under repurchase agreements	31	58,805,600	14,557,253
Due to customers	32	365,470,957	334,691,026
Income tax payable		567,216	701,095
Debt securities issued	33	40,631,584	13,903,769
Other liabilities	34	12,196,650	15,313,242
Total liabilities		615,555,327	532,420,027

Consolidated Statement of other Comprehensive Income

As at December 31, 2016

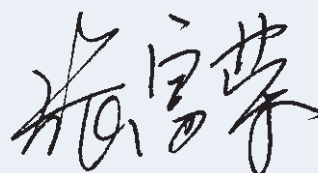
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2016	2015
EQUITY			
Share capital	35	6,070,552	5,126,048
Capital reserve	36	10,699,811	5,990,757
Investment revaluation reserve	37	(215,644)	166,027
Surplus reserve	38	3,014,661	2,563,024
General reserve	39	7,136,619	5,819,593
Retained earnings		15,003,930	13,358,202
<hr/>			
Equity attributable to equity holders of the Bank		41,709,929	33,023,651
Non-controlling interests		44,851	224,053
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Total equity		41,754,780	33,247,704
<hr/>			
Total equity and liabilities		657,310,107	565,667,731

The consolidated financial statements on pages 139 to 248 were approved and authorized for issue by the Board of Directors on March 24, 2017 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank						Subtotal	Non-controlling interests	Total
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			
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 income 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	35	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	38	-	-	-	451,637	-	(451,637)	-	-	-
Appropriation to general reserve	39	-	-	-	-	1,319,476	(1,319,476)	-	-	-
Dividend distribution		-	-	-	-	-	(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
As at January 1, 2015		5,126,048	5,990,757	29,255	2,356,347	4,879,734	10,290,027	28,672,168	217,773	28,889,941
Profit for the year		-	-	-	-	-	4,916,440	4,916,440	15,943	4,932,383
Other comprehensive income for the year		-	-	136,772	-	-	-	136,772	-	136,772
Total comprehensive income for the year		-	-	136,772	-	-	4,916,440	5,053,212	15,943	5,069,155
Appropriation to surplus reserve	38	-	-	-	206,677	-	(206,677)	-	-	-
Appropriation to general reserve	39	-	-	-	-	939,859	(939,859)	-	-	-
Dividend distribution		-	-	-	-	-	(700,723)	(700,723)	(7,800)	(708,523)
Others		-	-	-	-	-	(1,006)	(1,006)	(1,863)	(2,869)
As at December 31, 2015		5,126,048	5,990,757	166,027	2,563,024	5,819,593	13,358,202	33,023,651	224,053	33,247,704

Consolidated Statement of Cash Flows

For the year ended December 31, 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	2016	2015
OPERATING ACTIVITIES		
Profit before tax	5,710,374	6,346,926
Adjustments for:		
Depreciation and amortization	199,679	178,535
Impairment losses on assets	2,352,964	1,757,695
Share of profit of associates	(16,244)	-
Interest income arising from investment securities	(12,051,035)	(9,156,103)
Interest income arising from impaired financial assets	(63,020)	(55,671)
Interest expense arising from debt securities issued	1,180,401	388,966
Net unrealized trading losses/(gains)	103,127	(28,931)
Net gains arising from investment securities	(63,342)	(52,182)
Unrealized exchange gains	(176,713)	(45,003)
Dividend income from investment securities	(6,420)	(5,440)
Other income, gains or losses	(153,139)	3,313
Operating cash flows before movements in working capital	(2,983,368)	(667,895)
Decrease/(increase) in balances with central bank and deposits with banks and other financial institutions	3,020,009	(2,835,655)
Decrease in placements with banks and other financial institutions	1,123,158	78,231
(Increase)/decrease in financial assets held for trading	(15,225)	1,589,024
Decrease in financial assets held under resale agreements	25,054,266	19,975,687
Increase in loans and advances to customers	(31,662,232)	(14,375,438)
Decrease in borrowings from central bank	(237,357)	(168,555)
(Decrease)/increase in deposits from banks and other financial institutions	(29,399,643)	26,410,908
Increase/(decrease) in placements from banks	14,266,678	(6,621,447)
Increase in financial assets sold under repurchase agreements	44,248,347	701,253
Increase in due to customers	30,779,931	45,073,579
Increase in other operating assets	(120,404)	(617,896)
(Decrease)/increase in other operating liabilities	(2,797,747)	5,579,189
Cash generated by operating activities	51,276,413	74,120,985
Income tax paid	(1,749,005)	(1,421,500)
Net cash generated by operating activities	49,527,408	72,699,485

Consolidated Statement of Cash FlowsFor the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2016	2015
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		767,166,526	260,042,661
Cash received from disposal of property and equipment and other assets		11,344	1,198
Cash paid for purchase of investment securities		(875,327,157)	(341,886,204)
Cash paid for purchase of property and equipment and other assets		(290,249)	(434,080)
Interest income received from investment securities		12,114,377	9,209,289
Dividend income from investment securities		6,420	5,440
Net cash used in investing activities		(96,318,739)	(73,061,696)
FINANCING ACTIVITIES			
Cash received from share issuance		5,835,172	–
Contributions from non-controlling shareholders		49,000	–
Expense paid related to share issuance		(180,933)	–
Cash received from debt securities issued		61,980,544	10,974,845
Repayment of debt securities issued		(35,488,708)	–
Interest expenses paid for debt securities issued		(944,422)	(158,933)
Dividends paid		(1,066,303)	(705,691)
Net cash generated by financing activities		30,184,350	10,110,221
Net (decrease)/increase in cash and cash equivalents		(16,606,981)	9,748,010
Cash and cash equivalents at beginning of the year		68,425,701	58,508,863
Effect of foreign exchange rate changes		412,401	168,828
Cash and cash equivalents at end of the year	40	52,231,121	68,425,701
Net cash generated by operating activities include:			
Interest received		14,969,000	17,077,080
Interest paid		(12,552,518)	(15,169,638)
Net interest received from operating activities		2,416,482	1,907,442

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

(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 (Uniform Social Credit Code 911200001030702984). The Bank was listed on the Stock Exchange of Hong Kong Limited on March 30, 2016.

As at December 31, 2016, the number of ordinary shares of the Bank was 6.071 billion. As at December 31, 2016, the Bank had a total of 15 tier-one branches, 9 of them are located in Tianjin Municipality and 6 of them are located outside the Tianjin Municipality. Information on the subsidiaries of the Bank is presented in Note 49.

The approved business scope of 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 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, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

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

Application of amendments to IFRSs

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

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

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.

New and amendments to IFRSs issued but not yet effective

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

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ¹
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 7	Disclosure Initiative ⁴
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses ⁴
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle ⁵

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

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

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

New and amendments to IFRSs issued but not yet effective *(Continued)*

The Bank is in the process of assessing the impact of the new standards and amendments on the consolidated financial statements. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets, 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 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

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

New and amendments to IFRSs issued but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9 are described as follows: (Continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Based on the Group's financial instruments and risk management policies as at December 31, 2016, application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial assets, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI. In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

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.

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

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

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

New and amendments to IFRSs issued but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

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, the directors of the Bank 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 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 and finance leases 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.

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 while other operating lease payments are presented as operating cash flows. Under the 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/operating cash flows respectively.

Under IAS 17, the Group has already recognized 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

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

New and amendments to IFRSs issued but not yet effective (Continued)

IFRS 16 Leases (Continued)

Furthermore, extensive disclosures are required by IFRS 16.

As at December 31, 2016, the Group has non-cancellable operating lease commitments of RMB1,168 million as disclosed in note 44. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence 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 upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Bank complete a detailed review.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Basis of preparation *(Continued)*

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.

3.3 Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Bank and the subsidiaries controlled by the Bank. Control is achieved when the Bank:

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Basis of consolidation *(Continued)*

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

Changes in the Group's ownership interests in existing subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The carrying amount of the non-controlling interests is adjusted at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Bank.

When the Group loses control of a subsidiary, a gain or loss is 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, 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.

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 recognising 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Investments in associates *(Continued)*

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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, 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 in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part 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) when the equity method is discontinued.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Revenue recognition *(Continued)*

Interest income and expense (Continued)

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.

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 financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of each reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Taxation *(Continued)*

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally 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 other 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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

In December 2007, the Bank set up its annuity plan, the scope of beneficiary has covered all staff under current employment and in the early retirement arrangement of the Bank. It is a defined contribution plan where the Bank contributes certain percentage of the gross employee salaries, and the contributions are charged or credited to profit or loss immediately as "Operating expenses" when they occur. Besides the fixed amount contributed to the pension plan, even if the pension plan is not sufficient to pay the employees' future retirement benefits, the Group has no further obligation to contribute to the plan.

Early retirement benefits

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

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

3.8 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 over the useful lives of the related assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Government grants *(Continued)*

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 fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale financial assets and loans and receivables. Investment securities comprise held-to-maturity investments, available-for-sale financial assets and investments classified as receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are 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 fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

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

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement 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.

Held-to-maturity investments

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

- a) those that the Group upon initial recognition designates as at fair value through profit or loss;
- b) those that the Group designates as available-for-sale; and
- c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets (Continued)

Equity and debt securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are 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.

Loans and receivables

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

Impairment of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(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)

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

- (1) significant financial difficulty of the issuer or obligor;
- (2) breach of contract, such as a default or delinquency in interest or principal payments;
- (3) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (4) it becoming probable that the borrower will enter bankruptcy or other financial 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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(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 carried at amortized cost (Continued)

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.

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.

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

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

Financial liabilities at FVTPL

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

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

Financial liabilities at FVTPL are stated at fair value, with changes in fair value arising from re-measurement 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 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial instruments *(Continued)*

Derecognition (Continued)

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. 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 fair value through profit or loss 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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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 construction in progress), are stated at cost less subsequent accumulated depreciation and 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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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 and recognized as an expense on a straight-line basis over the lease term.

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

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

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are 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 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Provisions *(Continued)*

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

3.20 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 recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 as "others" segment if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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. As at December 31, 2016, the carrying amount of loan and advances to customers is RMB207,854.5 million (net of allowance for impairment losses of RMB6,146.2 million) (December 31, 2015: carrying amount of RMB179,570.9 million, net of allowance for impairment losses of RMB5,032.8 million).

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

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments. This classification requires significant judgement. In making this judgement, the directors of the Bank evaluate its intention and ability to hold such investments to maturity. If the Bank fails to hold these investments to maturity other than for specific circumstances (such as selling an insignificant amount close to maturity), it will be required to reclassify the entire portfolio of assets as available-for-sale financial assets. There was neither disposal of held-to-maturity investments nor any change of intention during the year. As at December 31, 2016, the carrying amount of held-to-maturity investments is RMB42,340.6 million (December 31, 2015: RMB31,684.0 million).

Fair value of financial instruments

The directors of the Bank use the valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis or other valuation methods as appropriate. To the extent practical, models use only observable data, however areas such as credit risk of the Bank and counterparties, volatilities and correlations require the directors of the Bank to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. As at December 31, 2016, the carrying amount of financial assets that are measured at fair value on a recurring basis is RMB56,411.6 million (December 31, 2015: RMB23,757.9 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 a determination is made. As at December 31, 2016, a deferred tax asset of RMB1,698.0 million has been recognized (December 31, 2015: RMB1,144.4 million). Current income tax expense for the year ended December 31, 2016 is RMB1,618.9 million (Year ended December 31, 2015: RMB1,688.9 million).

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5. NET INTEREST INCOME

	Year ended December 31	
	2016	2015
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	8,550,426	9,340,842
Personal loans and advances	1,296,992	1,415,177
Discounted bills	165,940	649,646
Finance lease	1,780	–
Balances with central bank	833,818	838,607
Deposits with banks and other financial institutions	658,673	1,163,503
Placements with banks and other financial institutions and financial assets held under resale agreements	1,520,772	3,915,664
Investments, including:		
Bonds investment	2,920,124	1,866,577
Other investments classified as receivables*	9,254,051	7,466,568
Subtotal	25,202,576	26,656,584
Interest expense:		
Deposits from banks and other financial institutions	(3,860,563)	(5,914,281)
Placements from banks and financial assets sold under repurchase agreements	(684,985)	(694,181)
Due to customers	(9,117,308)	(8,970,803)
Debt securities issued	(1,180,400)	(388,966)
Others	(95)	(8,930)
Subtotal	(14,843,351)	(15,977,161)
Net interest income	10,359,225	10,679,423
Including: Interest income on impaired financial assets	63,020	55,671

* 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, 2016

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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, 2016 amounted to RMB25,079 million (2015:RMB26,444 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, 2016 amounted to RMB14,843 million (2015:RMB15,977 million).

6. NET FEE AND COMMISSION INCOME

	Year ended December 31	
	2016	2015
Fee and commission income		
Wealth management service fees	860,912	306,018
Acceptance and guarantee commitment fees	186,818	265,574
Settlement and clearing fees	168,066	260,500
Agency commissions and fiduciary service fees	165,983	110,210
Bank card fees	33,396	30,232
Others	27,298	54,366
Subtotal	1,442,473	1,026,900
Fee and commission expense	(40,421)	(31,171)
Total	1,402,052	995,729

7. NET TRADING (LOSSES)/GAINS

	Year ended December 31	
	2016	2015
Realized (losses)/gains from debt securities	(16,963)	72,749
Unrealized (losses)/gains from debt securities	(103,127)	28,931
Total	(120,090)	101,680

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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8. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Year ended December 31	
	2016	2015
Net gains on disposal of available-for-sale financial assets	63,342	52,182

9. OTHER INCOME, GAINS OR LOSSES

	Note	Year ended December 31	
		2016	2015
Dividends income		6,420	5,440
Government subsidies		43,911	22,365
Exchange gains		177,222	45,512
Dormant accounts		10,209	3,099
Provision	(1)	(145,600)	–
Rental income		6,138	14,444
Others		11,907	1,870
Total		110,207	92,730

Note:

(1) Provision was made in relation to the Group's legal proceedings. Details are included in note 44.

10. OPERATING EXPENSES

	Notes	Year ended December 31	
		2016	2015
Staff costs	(1)	2,141,339	1,556,753
Office expenses		252,188	312,852
Rental and property management expenses		314,332	283,986
Other general and administrative expenses	(2)	343,290	322,276
Sundry taxes		516,814	1,162,721
Depreciation		134,620	125,783
Amortization		65,059	52,752
Total		3,767,642	3,817,123

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

10. OPERATING EXPENSES *(Continued)*

Notes:

(1) Staff costs

	Year ended December 31	
	2016	2015
Salaries, bonuses and allowances	1,575,616	1,053,361
Social insurance	321,926	284,693
Housing funds	92,416	89,592
Staff welfare	49,638	43,724
Labor union fees and staff education expenses	18,738	16,275
Contribution to annuity funds	83,005	69,108
Total	2,141,339	1,556,753

(2) The Group's statutory audit fee for the year ended December 31, 2016 is RMB2.99 million (2015: RMB1.80 million).

11. IMPAIRMENT LOSSES ON ASSETS

	Year ended December 31	
	2016	2015
Loans and advances to customers	1,865,883	1,322,315
Investments classified as receivables	221,920	406,911
Financial assets held under resale agreements	251,714	23,500
Others	13,447	4,969
Total	2,352,964	1,757,695

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For the year ended December 31, 2016
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12. INCOME TAX EXPENSE

	Year ended December 31	
	2016	2015
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	1,618,853	1,688,856
Deferred tax (note 27)	(426,383)	(274,313)
Total	1,192,470	1,414,543

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	
	2016	2015
Profit before tax	5,710,374	6,346,926
Tax calculated at applicable statutory tax rate of 25%	1,427,594	1,586,731
Underprovision of tax in prior years	1,332	1,275
Tax effect of expenses not deductible for tax purpose	7,128	14,588
Tax effect of income not taxable for tax purpose (1)	(245,348)	(188,051)
Tax effect of tax losses/deductible temporary differences not recognized	1,764	–
Income tax expense	1,192,470	1,414,543

Note:

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

13. EARNINGS PER SHARE

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

	Year ended December 31	
	2016	2015
Earnings:		
Profit for the year attributable to equity holders of the Bank	4,522,053	4,916,440
Numbers of shares:		
Weighted average number of shares in issue (in thousand)	5,838,503	5,126,048
Basic earnings per share (RMB Yuan)	0.77	0.96
Diluted earnings per share (RMB Yuan)	0.77	N/A

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. The Group did not have any dilutive event in 2015.

14. DIVIDENDS

	Notes	Year ended December 31	
		2016	2015
2014 Final Dividend	(1)	–	700,723
2015 Final Dividend	(2)	1,092,699	–

Notes:

- (1) A final dividend of RMB14 cents per share (tax inclusive) in respect of the year ended 31 December, 2014 amounting in a total of RMB701 million was proposed by the board of directors and approved by the 2014 annual general meeting on 8 May, 2015.
- (2) 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.

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For the year ended December 31, 2016
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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(1) Directors' and supervisors' remunerations

Year ended December 31, 2016

Name	Fees	Paid remuneration and other benefits	Contribution to pension schemes	Total
Executive directors				
YUAN Fuhua	–	304	221	525
WEN Yuanhua	–	304	221	525
YUE Desheng	–	258	178	436
ZHANG Furong	–	258	178	436
Non-executive directors				
YU Yang ⁽¹⁾	–	–	–	–
JIA Hongqian ⁽²⁾	–	–	–	–
Alistair Marshall BULLOCH	96	–	–	96
ZHAO Wei	18	–	–	18
LUAN Fengxiang	91	–	–	91
ZENG Xiangxin ⁽³⁾	38	–	–	38
Independent non-executive directors				
LIU Baorui	200	–	–	200
LIANG Zhixiang ⁽⁴⁾	184	–	–	184
FENG Heping	200	–	–	200
GUO Tianyong	200	–	–	200
LAW Yee Kwan, Quinn	193	–	–	193
Supervisors				
ZHANG Xiang	–	273	178	451
YAO Tao	–	777	146	923
ZHANG Lianming	194	–	–	194
ZHANG Xiaoli	200	–	–	200
FENG Xia	95	–	–	95
CHENG Yifeng	95	–	–	95
Total	1,804	2,174	1,122	5,100

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

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

Year ended December 31, 2015 (Restated)

Name	Fees	Paid remuneration and other benefits	Contribution to pension schemes	Total
Executive directors				
YUAN Fuhua	–	708	237	945
WEN Yuanhua	–	677	223	900
YUE Desheng	–	597	193	790
ZHANG Furong	–	597	193	790
Non-executive directors				
ZHANG Mingxing ⁽¹⁾	30	–	–	30
YU Yang ⁽¹⁾	–	–	–	–
JIA Hongqian ⁽²⁾	–	–	–	–
Alistair Marshall BULLOCH	81	–	–	81
Cathryn Carver ⁽⁵⁾	50	–	–	50
ZHAO Wei	67	–	–	67
LUAN Fengxiang	67	–	–	67
Independent non-executive directors				
LIU Baorui	142	–	–	142
LIANG Qi ⁽⁶⁾	131	–	–	131
LIANG Zhixiang	112	–	–	112
FENG Heping	112	–	–	112
GUO Tianyong	112	–	–	112
LAW Yee Kwan, Quinn ⁽⁷⁾	–	–	–	–
Supervisors				
ZHANG Xiang	–	633	193	826
YAO Tao	–	1,027	147	1,174
ZHANG Lianming	102	–	–	102
ZHANG Xiaoli	102	–	–	102
FENG Xia	81	–	–	81
CHENG Yifeng	86	–	–	86
Total	1,275	4,239	1,186	6,700

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

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

- (1) In May 2015, YU Yang succeeded ZHANG Mingxing as non-executive director. In 2015 and 2016, the director's fees of YU Yang were waived with his authorization.
- (2) In August 2016, JIA Hongqian resigned from the position of non-executive director. The director's fees of JIA Hongqian for 2015 and 2016 were waived with his authorization.
- (3) In June 2016, ZENG Xiangxin was appointed as non-executive director.
- (4) In December 2016, LIANG Zhixiang resigned from the position of independent non-executive director.
- (5) In September 2015, Cathryn Carver resigned from the position of non-executive director.
- (6) In December 2015, LIANG Qi resigned from the position of independent non-executive director.
- (7) In October 2015, LAW Yee Kwan, Quinn was appointed as independent non-executive director.

The total compensation packages for these directors and supervisors for the year ended December 31, 2016 have not finalized in accordance with regulations of the relevant authorities in the PRC. The final compensation will be disclosed in a separate announcement when determined.

The Chief Executive of the Bank for the period from January 1, 2015 to December 21, 2016 was WEN Yuanhua. Since December 21, 2016, SUN Liguo assumed the role of Chief Executive of the Bank.

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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For the year ended December 31, 2016
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15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(2) Five highest paid individuals

Among the five highest paid individuals, none (2015: none) of them are directors or supervisors whose remunerations are disclosed above for the year ended December 31, 2016.

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	
	2016	2015 (Restated)
Basic salaries and allowances	2,143	2,826
Discretionary bonuses*	3,817	4,087
Contribution to pension schemes	717	981
Total	6,677	7,894

* Total compensation packages of them are subject to Shareholders' general meetings and regulatory approval. They will be announced once determined.

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

	Year ended December 31	
	2016	2015
RMB Nil – RMB1,000,000	–	–
RMB1,000,001 – RMB1,500,000	3	1
RMB1,500,001 – RMB2,000,000	2	4
Total	5	5

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16. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at December 31	
		2016	2015
Cash		801,059	899,311
Mandatory reserve deposits	(1)	49,119,351	48,614,128
Surplus reserve deposits	(2)	8,113,271	12,551,075
Other deposits	(3)	73,952	42,698
Total		58,107,633	62,107,212

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, 2016, mandatory reserve deposits with the PBOC were calculated at 13.5% (December 31, 2015:15%) of eligible RMB deposits for the Bank, and at 9% (December 31, 2015:9%) of those for the subsidiaries respectively; and at 5% of foreign currency deposits for the Bank for the years ended December 31, 2015 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	
	2016	2015
Deposits with:		
Banks and other financial institutions in mainland China	25,154,070	30,184,127
Banks outside mainland China	963,951	633,766
Total	26,118,021	30,817,893

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18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2016	2015
Placements with:		
Banks in mainland China	8,394,908	5,960,765
Other financial institutions in mainland China	5,385,057	7,460,403
Total	13,779,965	13,421,168

19. FINANCIAL ASSETS HELD FOR TRADING

	As at December 31	
	2016	2015
Listed debt securities issued by:		
Government	1,275,180	1,988,496
Financial institutions -policy banks	2,639,400	2,192,682
Corporations	1,965,851	1,770,911
Total	5,880,431	5,952,089

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analyzed by counterparties:

	As at December 31	
	2016	2015
Banks in mainland China	20,156,271	68,154,866
Other financial institutions in mainland China	13,395,950	2,197,000
Subtotal	33,552,221	70,351,866
Less: Individually assessed allowance for impairment losses	(275,214)	(23,500)
Total	33,277,007	70,328,366

Notes to the Consolidated Financial Statements

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

Analyzed by collateral type:

	As at December 31	
	2016	2015
Bills	10,097,521	51,815,166
Trust beneficial rights and asset management plans ⁽¹⁾	630,000	9,642,000
Bonds	22,824,700	8,894,700
Subtotal	33,552,221	70,351,866
Less: Individually assessed allowance for impairment losses	(275,214)	(23,500)
Total	33,277,007	70,328,366

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	
	2016	2015
Corporate loans and advances		
– Loans	182,240,328	154,018,098
– Discounted bills	2,941,289	5,810,376
– Finance lease receivable	303,619	–
Subtotal	185,485,236	159,828,474
Retail loans and advances		
– Residential mortgage loans	14,520,115	10,028,065
– Personal loans for consumption	10,220,665	10,801,802
– Personal loans for business purposes	3,357,698	3,569,984
– Credit card	416,998	375,392
Subtotal	28,515,476	24,775,243
Gross loans and advances to customers	214,000,712	184,603,717
Allowance for impairment losses	(6,146,182)	(5,032,807)
Including: Collectively assessed	(4,646,572)	(3,550,617)
Individually assessed	(1,499,610)	(1,482,190)
Loans and advances to customers, net	207,854,530	179,570,910

Notes to the Consolidated Financial Statements

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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, 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		
As at December 31, 2015							
Gross loans and advances	182,122,577	278,115	2,203,025	2,481,140	184,603,717	1.34	
Allowance for impairment losses	(3,370,243)	(180,374)	(1,482,190)	(1,662,564)	(5,032,807)		
Loans and advances to customers, net	178,752,334	97,741	720,835	818,576	179,570,910		

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, 2015	1,074,012	3,382,805	4,456,817
Charge for the year	910,939	2,324,738	3,235,677
Reversal for the year	(65,161)	(1,848,201)	(1,913,362)
Write-off and transfers	(382,662)	(308,742)	(691,404)
Recovery after write-off	733	17	750
Unwinding of discount on allowance	(55,671)	–	(55,671)
As at December 31, 2015	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

Notes to the Consolidated Financial Statements

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22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	As at December 31	
		2016	2015
Listed debt securities issued by:			
Government		9,943,072	2,932,583
Financial institutions			
– Policy banks		10,864,542	7,584,672
– Commercial banks and other financial institutions		27,146,633	6,526,025
Corporations		752,617	562,134
Subtotal		48,706,864	17,605,414
Listed funds		1,824,270	200,399
Unlisted equity instruments	(1)	58,600	58,600
Total		50,589,734	17,864,413

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	
		2016	2015
Listed debt securities issued by:			
Government		27,872,583	18,441,166
Financial institutions			
– Policy banks		13,768,018	12,552,819
– Commercial banks and other financial institutions		700,000	690,000
Total		42,340,601	31,683,985

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24. INVESTMENTS CLASSIFIED AS RECEIVABLES

	Notes	As at December 31	
		2016	2015
Government bonds		1,558,000	–
Certificate government bonds		238,569	284,585
Financial institution bonds			
– Commercial banks and other financial institutions		10,002	–
Asset-backed securities		13,251,091	4,467,844
Corporate bonds		11,698,412	3,626,488
Wealth management products	(1)	64,717,076	35,305,163
Asset management plans	(2)	85,898,574	64,088,354
Trust beneficiary rights	(3)	35,246,849	40,692,645
Subtotal		212,618,573	148,465,079
Allowance for impairment losses		(692,064)	(506,455)
Including: Collectively assessed		(634,512)	(470,092)
Individually assessed		(57,552)	(36,363)
Total, unlisted	(4)	211,926,509	147,958,624

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

	Collectively assessed allowance	Individually assessed allowance	Total
As at January 1, 2015	63,181	36,363	99,544
Charge for the year	406,911	–	406,911
As at December 31, 2015	470,092	36,363	506,455
Charge for the year	164,420	57,500	221,920
Write-off	–	(36,311)	(36,311)
As at December 31, 2016	634,512	57,552	692,064

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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	
	2016	2015
Unlisted shares, at cost	174,000	–
Share of post-acquisition profits and others comprehensive income	10,995	–
Total	184,995	–

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25. INTERESTS IN ASSOCIATES *(Continued)*

Details of the Bank's associates as at December 31, 2016 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Share capital/ registered capital	Proportion of ownership and voting rights held by the Group	Principal activities
				as at December 31, 2016 (In RMB'000)	As at December 31, 2016 %	
Tianjin Jixian County Bank Company Limited (天津市薊縣村鎮銀行股份有限公司)	Limited company	Tianjin, PRC	August 2008	300,000	35	Banking
AlaEr JinHui County Bank Company Limited (阿拉爾津匯村鎮銀行有限責任公司)	Limited company	Xinjiang, PRC	August 2016	50,000	40	Banking
Tiemenguan Jinhui County Bank Company Limited (鐵門關津匯村鎮銀行有限責任公司)	Limited company	Xinjiang, PRC	September 2016	50,000	49	Banking
HuTuBi JinHui County Bank Company Limited (呼圖壁津匯村鎮銀行有限責任公司)	Limited company	Xinjiang, PRC	September 2016	50,000	49	Banking

For the year ended December 31, 2016, the total amount of associated companies' net profit was RMB7 million. Total assets and total equity as at December 31, 2016 were RMB2,364 million and RMB486 million respectively. They represent 0.15%, 0.36%, and 1.16% to the Group's net profit, total assets, and total equity respectively. As of December 31, 2015, the Bank had no interest in associate.

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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, 2015	1,600,807	446,855	92,386	208,789	138,338	2,487,175
Additions	15	83,575	1,669	21,323	279,797	386,379
Transfers	69,137	135	–	2,800	(72,072)	–
Transfers out	–	–	–	–	(49,276)	(49,276)
Disposals	(8,342)	(4,452)	(210)	–	–	(13,004)
As at December 31, 2015	1,661,617	526,113	93,845	232,912	296,787	2,811,274
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
ACCUMULATED DEPRECIATION						
As at January 1, 2015	(381,891)	(349,131)	(78,243)	(145,058)	–	(954,323)
Provided for the year	(60,527)	(42,347)	(4,702)	(18,207)	–	(125,783)
Disposals	3,833	4,441	204	2	–	8,480
As at December 31, 2015	(438,585)	(387,037)	(82,741)	(163,263)	–	(1,071,626)
Provided for the year	(58,258)	(53,046)	(4,206)	(19,110)	–	(134,620)
Transfers out	1,624	2,442	797	1,588	–	6,451
Disposals	7,662	5	5,521	5,802	–	18,990
As at December 31, 2016	(487,557)	(437,636)	(80,629)	(174,983)	–	(1,180,805)
NET BOOK VALUE						
As at December 31, 2015	1,223,032	139,076	11,104	69,649	296,787	1,739,648
As at December 31, 2016	1,105,281	151,645	9,636	79,483	340,377	1,686,422

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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, 2016 amounted to RMB24.94 million (December 31, 2015: RMB27.39 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, 2016, buildings of the Group with net book value amounted to RMB36.68 million (December 31, 2015: RMB91.50 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, 2015	693,025	99,362	145,143	(9,752)	(16,390)	4,331	915,719
Credit/(charge) to profit or loss	264,699	16,347	1,393	-	(7,233)	(893)	274,313
Charge to other comprehensive income	-	-	-	(45,591)	-	-	(45,591)
As at December 31, 2015	957,724	115,709	146,536	(55,343)	(23,623)	3,438	1,144,441
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

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28. OTHER ASSETS

	As at December 31	
	2016	2015
Interest receivables	2,659,680	2,595,241
Repossessed assets	560,729	–
Prepaid expenses	336,150	211,960
Other receivables	180,701	165,551
Intangible assets	75,418	52,330
Land use rights	53,533	53,900
Total	3,866,211	3,078,982

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2016	2015
Banks in mainland China	93,507,313	93,760,131
Other financial institutions in mainland China	25,825,699	54,972,524
Total	119,333,012	148,732,655

30. PLACEMENTS FROM BANKS

	As at December 31	
	2016	2015
Banks in mainland China	16,032,306	3,764,142
Banks outside mainland China	2,518,002	519,488
Total	18,550,308	4,283,630

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31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analyzed by counterparties:

	As at December 31	
	2016	2015
Banks in mainland China	53,759,300	8,557,253
Other financial institutions in mainland China	5,046,300	6,000,000
Total	58,805,600	14,557,253

Analyzed by collateral type:

	As at December 31	
	2016	2015
Bonds	58,805,600	10,596,000
Bills	–	3,961,253
Total	58,805,600	14,557,253

32. DUE TO CUSTOMERS

	As at December 31	
	2016	2015
Demand deposits		
Corporate customers	159,939,661	132,621,168
Individual customers	16,218,421	17,734,262
Time deposits		
Corporate customers	119,638,905	111,215,885
Individual customers	48,041,674	45,122,349
Pledged deposits ⁽¹⁾	21,529,086	27,919,912
Others	103,210	77,450
Total	365,470,957	334,691,026

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32. DUE TO CUSTOMERS *(Continued)*

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

	As at December 31	
	2016	2015
Acceptances	13,537,174	19,914,431
Guarantees and Letters of guarantee	5,258,704	4,039,509
Letters of credit	2,655,635	3,913,098
Others	77,573	52,874
Total	21,529,086	27,919,912

33. DEBT SECURITIES ISSUED

	Notes	As at December 31	
		2016	2015
12 Tianjin Bank bonds 01	(1)	1,500,237	1,499,770
12 Tianjin Bank bonds 02	(2)	1,199,407	1,199,247
15 Tianjin Bank bonds 01	(3)	2,571,381	2,569,742
15 Tianjin Bank bonds 02	(4)	2,561,646	2,560,008
15 Tianjin Bank bonds	(5)	5,079,325	5,077,284
Tianjin Bank 1-month negotiable certificates of deposit	(6)	–	997,718
Tianjin Bank 3-month negotiable certificates of deposit	(7)	5,482,800	–
Tianjin Bank 6-month negotiable certificates of deposit	(8)	10,815,575	–
Tianjin Bank 9-month negotiable certificates of deposit	(9)	7,772,020	–
Tianjin Bank 1-year negotiable certificates of deposit	(10)	3,649,193	–
Total		40,631,584	13,903,769

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. If no early redemption is exercised, the interested rate will remain at 5.90% per annum.
- (2) The 15 year fixed-rate subordinated bonds were issued on December 27, 2012 by the Bank at a face value of RMB1.2 billion with a fixed coupon rate of 5.99% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the tenth year. If no early redemption is exercised, the interested rate will remain at 5.99% per annum.

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33. DEBT SECURITIES ISSUED *(Continued)*

Notes: *(Continued)*

- (3) The 3 year fixed-rate financial bonds were issued on May 11, 2015 by the Bank at a face value of RMB2.5 billion with a fixed coupon rate of 4.64% per annum, payable annually.
- (4) The 3 year fixed-rate financial bonds were issued on May 22, 2015 by the Bank at a face value of RMB2.5 billion with a fixed coupon rate of 4.27% per annum, payable annually.
- (5) The 10 year fixed-rate tier-two capital bonds were issued on August 21, 2015 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 5% per annum, payable annually. The Bank has an option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. If no early redemption is exercised, the interest rate will remain at 5% per annum. The tier-two capital bonds have the write-down feature of a tier-two capital instrument, which allows the Bank to write down the entire principal of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These tier-two capital bonds are qualified as tier-two capital instruments in accordance with the CBRC requirements.
- (6) The 1 month interbank negotiable certificates of deposit CD were issued on December 25, 2015 by the Bank at a face value of RMB1 billion with a reference interest rate of 3.1002% per annum. The certificates of deposit was matured in 2016.
- (7) The Bank issued a series of 3-month negotiable certificates of deposit at a discount during the year ended December 31, 2016. As at December 31, 2016, the face value of outstanding CD amounted to RMB5.5 billion, with a reference interest rate of 2.9002%-4.7000% per annum, payable at maturity.
- (8) The Bank issued a series of 6-month negotiable CD at a discount during the year ended December 31, 2016. As at December 31, 2016, the face value of outstanding CD amounted to RMB10.9 billion, with a reference interest rate of 2.9499%-3.4800% per annum, payable at maturity.
- (9) The Bank issued a series of 9-month negotiable CD at a discount during the year ended December 31, 2016. As at December 31, 2016, the face value of outstanding CD amounted to RMB7.9 billion, with a reference interest rate of 3.0000%-3.8100% per annum, payable at maturity.
- (10) The Bank issued a series of 1-year negotiable CD at a discount during the year ended December 31, 2016. As at December 31, 2016, the face value of outstanding CD amounted to RMB3.7 billion, with a reference interest rate of 3.1000%-3.2199% per annum, payable at maturity.

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34. OTHER LIABILITIES

	Notes	As at December 31	
		2016	2015
Interest payables		7,726,871	6,576,018
Other payables		1,484,063	1,369,321
Settlement payable		1,359,061	5,952,409
Salaries payable	(1)	848,220	486,780
Provision	(2)	732,257	586,143
Dividends payable		44,307	17,911
Sundry taxes payable		1,871	324,660
Total		12,196,650	15,313,242

Notes:

- (1) Salaries payables included the Group's obligations in respect of the early retirement benefits, amounting to RMB10.5 million (2015: RMB13.8 million) for the year ended December 31, 2016, estimated based on the projected unit credit actuarial cost method.
- (2) Provision refers to the allowance made on exposure relating to off balance sheet credit commitments and litigation. Provision in relation to litigations is RMB145.6 million, the rest is in relation to off-balance credit commitments. Movements of provision are as follows:

	As at December 31	
	2016	2015
At beginning of the year	586,143	580,570
Charge for the year	469,489	568,410
Reversal for the year	(323,375)	(562,837)
At end of the year	732,257	586,143

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35. SHARE CAPITAL OF THE BANK

	Year ended December 31	
	2016	2015
At beginning of the year	5,126,048	5,126,048
Issuance of shares	944,504	–
At end of the year	6,070,552	5,126,048

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 April 21, 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:

	2016			
	As at January 1,	Conversion/ Issuance	As at Transfer	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

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.

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36. 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.

37. INVESTMENT REVALUATION RESERVE

	Gross amount	Tax effect	Net amount
As at January 1, 2015	39,007	(9,752)	29,255
Fair value changes in available-for-sale financial assets	234,545	(58,636)	175,909
Amount reclassified to profit or loss upon disposal of available-for-sale financial assets	(52,182)	13,045	(39,137)
As at December 31, 2015	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)

38. SURPLUS RESERVE

Under relevant PRC Laws, corporation is required to transfer 10% of its net profit, determined under the PRC GAAP, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in 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, 2016, the Group appropriated approximately RMB452 million (2015:RMB207 million) to the statutory surplus reserve.

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39. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures by year 2017.

During the year ended December 31, 2016, the Group transferred approximately RMB1,319 million (2015:RMB940 million) to general reserve.

40. CASH AND CASH EQUIVALENTS

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

	As at December 31	
	2016	2015
Cash	801,059	899,311
Balances with central bank	8,113,271	12,551,075
Deposits with banks and other financial institutions	13,318,021	14,461,407
Placements with banks and other financial institutions	6,482,014	5,000,059
Financial assets held under resale agreements	23,516,756	35,513,849
Total	52,231,121	68,425,701

41. SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and result is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

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41. SEGMENT ANALYSIS *(Continued)*

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from/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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41. 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 on assets	(1,762,365)	(181,576)	(409,023)	-	(2,352,964)
Share of profit 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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41. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended December 31, 2015					
External interest income	10,962,569	1,629,795	14,064,220	–	26,656,584
External interest expense	(7,417,714)	(1,802,660)	(6,756,787)	–	(15,977,161)
Inter-segment interest income/(expense)	2,485,184	1,606,747	(4,091,931)	–	–
Net interest income	6,030,039	1,433,882	3,215,502	–	10,679,423
Fee and commission income	714,824	225,606	86,470	–	1,026,900
Fee and commission expense	(25,634)	(5,525)	(12)	–	(31,171)
Net fee and commission income	689,190	220,081	86,458	–	995,729
Net trading gains	–	–	101,680	–	101,680
Net gains arising from investment securities	–	–	52,182	–	52,182
Other income, gains or losses	11,555	2,889	50,952	27,334	92,730
Operating income	6,730,784	1,656,852	3,506,774	27,334	11,921,744
Operating expenses	(2,107,450)	(1,123,566)	(586,107)	–	(3,817,123)
Impairment losses on assets	(1,200,974)	(116,147)	(440,574)	–	(1,757,695)
Profit before tax	3,422,360	417,139	2,480,093	27,334	6,346,926
Income tax expense					(1,414,543)
Profit for the year					4,932,383
Depreciation and amortization	(116,047)	(53,561)	(8,927)	–	(178,535)
Capital expenditure	(217,040)	(195,336)	(21,704)	–	(434,080)
As at December 31, 2015					
Segment assets	156,464,549	25,744,519	382,255,622	1,203,041	565,667,731
Segment liabilities	(264,561,164)	(80,283,883)	(186,910,011)	(664,969)	(532,420,027)
Supplementary information Credit commitments	74,673,872	2,473,237	–	–	77,147,109

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42. STRUCTURED ENTITIES

42.1 Consolidated structured entities

The consolidated structured entities of the Group mainly include principal-guaranteed wealth management products sponsored by the Bank. As at December 31, 2016, the amount of assets held by the consolidated principal-guaranteed wealth management products sponsored by the Bank amounted to RMB19,661 million (December 31, 2015: RMB10,148 million).

For the year ended December 31, 2016, the management fee recognized amounted to RMB189.87 million (2015: RMB146.94 million).

42.2 Unconsolidated structured entities

(1) *Structured entities sponsored by third party institutions in which the Bank holds an interest*

The Bank holds an interest in these structured entities sponsored by third party institutions through investments in the rights or plans issued relating to these structured entities. The Bank does not consolidate these structured entities. Such structured entities include wealth management products issued by financial institutions, asset management plans, trust beneficiary rights and asset-backed securities.

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2016 in the structured entities sponsored by third party institutions.

	As at December 31	
	2016	2015
Asset-backed securities	13,251,091	4,467,844
Wealth management products	64,717,076	35,305,163
Asset management plans	85,898,574	64,088,354
Trust beneficiary rights	35,246,849	40,692,645
Total	199,113,590	144,554,006

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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42. STRUCTURED ENTITIES *(Continued)*

42.2 Unconsolidated structured entities *(Continued)*

(2) *Unconsolidated structured entities sponsored by the Bank in which the Bank holds an interest*

The types of unconsolidated structured entities sponsored by the Bank mainly include non-principal-guaranteed wealth management products. The purpose of sponsoring these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

For the year ended December 31, 2016, the management fee recognized amounted to RMB671.04 million (2015: RMB159.08 million).

As at December 31, 2016, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products sponsored by the Bank amounted to RMB76,207 million (December 31, 2015: RMB29,674 million).

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

The Group did not provide any financial or other support to these unconsolidated structured entities during the year (2015: None).

43. 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	
	2016	2015
Tianjin Bonded Zone Investment Co., Ltd.	15.88%	19.45%
Australia and New Zealand Banking Group Limited ("ANZ")	11.95%	14.16%
Tianjin Pharmaceutical Holdings Ltd. and its subsidiaries	8.06%	9.84%
Tianjin Bohai Chemical Industry Group Co., Ltd. and its subsidiaries	8.04%	9.82%

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43. 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	
	2016	2015
Balances at the end of the year:		
Assets		
Deposits with banks and other financial institutions	3,594	4,746
Placements with banks and other financial institutions	–	333,022
Interest receivable from related parties	–	5,391
Total	3,594	343,159
Liabilities		
Placements from banks	–	500,000
Due to customers	118,092	178,326
Interest payable to related parties	–	2,781
Total	118,092	681,107
	Year ended December 31	
	2016	2015
Transactions during the year:		
Interest income	1,753	10,481
Interest expense	9,636	16,402
Interest rate ranges during the year:	%	%
Deposits with banks and other financial institutions	–	–
Placements with banks and other financial institutions	0.50~1.80	0.50~1.80
Placements from banks	2.77~3.10	0.80~5.40
Due to customers	0.35~1.38	0.39~0.42

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43. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Subsidiaries of the Bank

As at December 31, 2016, the Bank's deposits from its subsidiaries amounted to RMB780.03 million (December 31, 2015: RMB1.76 million) and the interest expenses for the year ended December 31, 2016 amounted to RMB3.27 million (2015: RMB1.4 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	
	2016	2015
Balances at the end of the year:		
Deposits from banks and other financial institutions	168,805	–
Due to customers	–	92,798
	Year ended December 31	
	2016	2015
Transactions during the year:		
Interest expense	1,958	1,172
Interest rate range during the year:	%	%
Due to customers	0.35~1.38	0.39~1.27
Deposits from banks and other financial institutions	0.35~3.00	–

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43. 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	
	2016	2015 (Restated)
Fees	1,804	1,275
Basic salaries, bonuses and allowances*	3,704	6,588
Contribution to pension schemes	1,644	1,761
Total	7,152	9,624

* Bonus for 2016 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	
	2016	2015
Contribution to annuity funds	83,005	69,108

44. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2016, in light of court decisions, the Group recognized provision for litigation loss amounting to RMB145.6 million (December 31, 2015: None). The Group expects no material impact arising from the final results of lawsuits on the financial position or operations of the Group except for above provision made for losses from these claims.

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44. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Capital commitments

	As at December 31	
	2016	2015
Contracted but not provided for – commitments for the acquisition of property and equipment	217,252	181,805

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	
	2016	2015
Within 1 year	373,427	227,436
1 to 2 years	193,248	228,497
2 to 3 years	193,070	150,628
3 to 4 years	125,874	139,847
4 to 5 years	86,542	77,454
Over 5 years	195,798	161,985
Total	1,167,959	985,847

Credit commitments

	As at December 31	
	2016	2015
Acceptances	48,612,349	57,341,285
Undrawn credit card limit	1,625,223	2,473,237
Letters of credit issued	8,329,551	11,614,171
Letters of guarantee	7,693,423	5,718,416
Total	66,260,546	77,147,109

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44. 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	
	2016	2015
Credit commitments	27,509,516	26,215,039

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	
	2016	2015
Bonds	66,280,478	20,723,600
Bills	–	3,961,253
Total	66,280,478	24,684,853

As at December 31, 2016, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB58,806 million (December 31, 2015: RMB14,557 million). All repurchase agreements were due within twelve months from inception.

As at December 31, 2016, the balances of customer deposits that were secured by the Group's assets amounted to RMB7,014 million (December 31, 2015: RMB9,000 million), of which RMB2,000 million (December 31, 2015: RMB2,000 million) were due over twelve months from inception.

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44. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Collateral *(Continued)*

Collateral accepted

As at December 31, 2016, the Group received RMB34,540 million (December 31, 2015: RMB60,920 million) of bonds and bills as collateral relating to financial assets held under resale agreements. As at December 31, 2016 and 2015, 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, 2016, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,150 million (December 31, 2015: RMB2,210 million), and the principal balance of e-saving bonds which the Group has payment obligations amounted to RMB2,331 million (December 31, 2015: RMB2,172 million). The original term of these bonds is from 1 to 5 years.

The Ministry of Finance does not pay the principal and interest of certificate government bonds until the maturity date and pays the principal and interest of the e-saving bonds periodically upon the Group's demand.

45. FIDUCIARY ACTIVITIES

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

As at December 31, 2016, the entrusted loans balance of the Group amounted to RMB32,333 million (December 31, 2015: RMB20,485 million).

As at December 31, 2016, the balance of non-principal-guaranteed wealth management products issued by the Group amounted to RMB76,207 million (December 31, 2015: RMB13,874 million).

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46. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB59,348 million as at December 31, 2016 (December 31, 2015: RMB14,561 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceed from selling such bonds or bills totaling RMB58,806 million as at the end of the year (December 31, 2015: RMB14,557 million) is presented as “financial assets sold under repurchase agreements”(note 31).

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds or bills to the counterparties during the covered period. However, the Group is not allowed to 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 or bills 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, 2016, loans with the original carrying amount of RMB2,010 million (2015: RMB1,682 million) have been securitized by the Group. As the Group has transferred the securitized loans and substantially all the risks and rewards of ownership of the loans have been transferred, the full amount of such securitized loans were derecognized. As at December 31, 2016, assets value of securitized credit assets in the form of asset-backed securities amounting to RMB25 million (December 31, 2015: RMB59 million) have been held by the Group and were accounted for in Investments Classified as Receivables.

47. FINANCIAL RISK MANAGEMENT

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and set up risk controls to identify, analyze, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

Risk management framework

The Bank has a Risk Management Committee, which is headed by the executive director under the Board of Directors. Risk Management Committee is responsible for setting the overall risk management and internal control strategies of the Group, monitoring the credit risk, liquidity risk, market risk and operation risk, and periodically assesses the overall risk position, risk acceptance and management capabilities, and makes recommendations and suggestions on risk management and internal control of the Group.

Following the risk management strategies set by the Risk Management Committee, the Risk Management Department of the Bank formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

47.1 Credit risk

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Group exercises standardized credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrading its credit management system.

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.

Notes to the Consolidated Financial Statements

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

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.
- 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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

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

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements at the end of the year is represented by the carrying amount of each financial asset and the credit commitments disclosed in note 44.

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

	As at December 31	
	2016	2015
Balances with central bank	57,306,574	61,207,901
Deposits with banks and other financial institutions	26,118,021	30,817,893
Placements with banks and other financial institutions	13,779,965	13,421,168
Financial assets held for trading	5,880,431	5,952,089
Financial assets held under resale agreements	33,277,007	70,328,366
Loans and advances to customers	207,854,530	179,570,910
Available-for-sale financial assets	50,531,134	17,805,813
Held-to-maturity investments	42,340,601	31,683,985
Investments classified as receivables	211,926,509	147,958,624
Other financial assets	2,840,381	2,760,792
Subtotal	651,855,153	561,507,541
Off-balance sheet credit commitments	66,260,546	77,147,109
Total	718,115,699	638,654,650

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.

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

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

The main types of collateral obtained are as follows:

- Mortgage loans to personal customers are generally collateralized by mortgages over residential properties;
- Corporate loans and advances and other personal lending are mainly collateralized by charges over land and properties and other assets of the borrowers; and
- Reverse repurchase transactions are mainly collateralized by bonds, bills, or other types of financial assets.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers

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

	As at December 31,					
	2016		Secured by collateral	2015		Secured by collateral
	Amount	% of total		Amount	% of total	
Corporate loans and advances						
A- Farming, forestry, animal husbandry and fishery	888,225	0.4	410,325	1,871,436	1.0	330,881
B- Mining	1,206,921	0.6	170,816	852,500	0.5	79,000
C- Manufacturing	49,707,281	23.2	10,909,025	34,138,429	18.5	8,886,689
D- Production and supply of electricity, gas and water	3,693,147	1.7	1,635,850	2,143,887	1.2	484,277
E- Construction	22,671,505	10.6	11,089,777	22,935,380	12.4	10,466,842
F- Retail and wholesale	39,334,290	18.4	16,062,769	33,930,035	18.4	16,140,825
G- Transportation, logistics and postal services	4,290,709	2.0	1,459,781	4,567,223	2.5	2,248,842
H- Accommodation and food services	1,414,079	0.7	1,208,079	1,355,369	0.7	1,170,239
I- Information transmission, computer services and software	2,125,885	1.0	667,885	1,014,650	0.5	387,417
J- Financial services	1,564,500	0.7	697,500	2,015,578	1.1	865,578
K- Real estate	15,484,910	7.2	10,481,240	16,989,230	9.2	12,594,681
L- Leasing and commercial services	13,862,973	6.5	4,816,731	8,713,567	4.7	3,670,326
M- Scientific research, technical services	1,077,711	0.5	235,980	2,072,939	1.1	1,026,454
N- Water, environment and public utilities management	15,833,772	7.4	5,104,336	12,334,412	6.7	2,603,561
O- Resident services and other services	5,315,132	2.5	3,846,332	4,765,569	2.6	3,155,143
P- Education	353,900	0.2	50,000	243,253	0.1	-
Q- Health, social security and welfare	631,009	0.3	14,258	552,640	0.3	25,750
R- Culture, sports and entertainment	305,379	0.1	169,599	315,001	0.2	66,601
S- Public administration and social organizations	2,479,000	1.2	1,379,000	3,207,000	1.7	3,207,000
Discounted bills	2,941,289	1.4	2,941,289	5,810,376	3.2	5,810,376
Finance lease receivable	303,619	0.1	-	-	-	-
Subtotal	185,485,236	86.7	73,350,572	159,828,474	86.6	73,220,482
Personal loans and advances	28,515,476	13.3	21,802,567	24,775,243	13.4	18,877,004
Gross amount of loans and advances to customers	214,000,712	100.0	95,153,138	184,603,717	100.0	92,097,486

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

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

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, 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	-

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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

- (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, 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

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

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

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

	As at December 31, 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

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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(4) Past due loans at contractual amount

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

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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

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

	Notes	As at December 31	
		2016	2015
Neither past due nor impaired	(i)	208,421,005	178,697,593
Past due but not impaired	(ii)	2,404,413	3,424,984
Impaired	(iii)	3,175,294	2,481,140
Subtotal		214,000,712	184,603,717
Allowances for impairment losses		(6,146,182)	(5,032,807)
Loans and advances to customers, net		207,854,530	179,570,910

(i) Loans and advances neither past due nor impaired

	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

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

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

- (5) Credit quality of loans and advances to customers at contractual amount *(Continued)*
- (ii) Loans and advances past due but not impaired

	As at December 31, 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

	As at December 31, 2015					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	1,901,718	371,120	750,333	72,021	3,095,192	2,992,885
Personal loans and advances	190,108	75,189	55,895	8,600	329,792	224,622
Total	2,091,826	446,309	806,228	80,621	3,424,984	3,217,507

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

Loans and advances to customers (Continued)

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

(iii) Impaired loans and advances

	As at December 31, 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

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

Including:

	As at December 31	
	2016	2015
Individually assessed and impaired	2,824,690	2,203,025
Individually assessed and impaired %	1.32	1.19
Fair value of collateral	1,613,976	1,265,196

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(6) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2016 amounted to RMB639 million (December 31, 2015: RMB1,434 million), among which loans and advances overdue for more than 90 days amounted to RMB99 million (December 31, 2015: RMB527 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:

	As at December 31	
	2016	2015
Neither past due nor impaired		
Deposits with banks and other financial institutions	26,118,021	30,817,893
Placements with banks and other financial institutions	13,779,965	13,421,168
Financial assets held under resale agreements	32,078,721	69,881,866
Impaired ⁽ⁱ⁾	1,473,500	470,000
Subtotal	73,450,207	114,590,927
Less: Individually assessed allowance	(275,214)	(23,500)
Net carrying amount	73,174,993	114,567,427

Note:

- (i) Impaired amounts due from banks and other financial institutions for the Group comprise impaired bills and beneficial rights of financial assets purchased under resale agreements.

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

Debt securities

- (1) Credit quality of debt securities

	Notes	As at December 31	
		2016	2015
Neither past due nor impaired	(i)	310,841,547	203,870,603
Past due but not impaired	(ii)	279,140	–
Impaired	(iii)	250,052	36,363
Subtotal		311,370,739	203,906,966
Less: Collectively assessed allowance		(634,512)	(470,092)
Individually assessed allowance		(57,552)	(36,363)
Debt securities, net		310,678,675	203,400,511

- (i) Debt securities neither past due nor impaired

	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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt securities (Continued)

- (1) Credit quality of debt securities (Continued)
- (i) Debt securities neither past due nor impaired (Continued)

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

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

Notes to the Consolidated Financial Statements

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.1 Credit risk *(Continued)*

Debt securities (Continued)

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

	As at December 31, 2016					Total
	AAA	AA	A	Below A	Unrated	
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

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

47.2 Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mis-matches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities

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

	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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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

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

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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of the year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at December 31, 2016							Total
	Past due/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	49,193,303	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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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

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

Assets available to meet all of the liabilities include cash, balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, available-for-sale financial assets and financial assets held for trading. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2016						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
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

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

47.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices. Market risk mainly arises from proprietary business of the Group.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from corporate and personal banking business. Interest rate risk is inherent in many of its businesses and largely arises from mis-matches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 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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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign currency risk (Continued)

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

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.3 Market risk *(Continued)*

Foreign currency risk (Continued)

The table below indicates the potential effect of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit.

	Year ended December 31	
	2016 (Decrease)/ increase in Net Profit	2015 (Decrease)/ increase in Net Profit
5% appreciation	(72,100)	(11,019)
5% depreciation	72,100	11,019

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.

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For the year ended December 31, 2016
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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk (Continued)

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates;
- Minimizing the mis-matches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.

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

	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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 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	
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

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

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk (Continued)

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

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.

	Year ended December 31			
	2016		2015	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(2,458)	(683,972)	472,354	(310,948)
- 100 basis points	2,458	718,804	(472,354)	328,725

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.

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.4 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The legal and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

47.5 Capital management

The Group's objectives on capital management is to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimize risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

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.

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47. FINANCIAL RISK MANAGEMENT (Continued)

47.5 Capital management (Continued)

	As at December 31	
	2016	2015
Core tier-one capital adequacy ratio	9.48%	9.33%
Tier-one capital adequacy ratio	9.48%	9.33%
Capital adequacy ratio	11.88%	12.23%
Components of capital base		
Core tier-one capital:		
Share capital	6,070,552	5,126,048
Qualifying portion of capital reserve	10,484,167	6,156,784
Surplus reserve and general reserve	10,151,280	8,382,617
Retained earnings	15,003,930	13,358,202
Qualifying portion of non-controlling interests	20,292	46,554
Total core tier-one capital	41,730,221	33,070,205
Deductions:		
Other intangible assets	(75,418)	(52,330)
Equity investments	(184,995)	–
Net core tier-one capital	41,469,808	33,017,875
Other tier-one capital:		
Non-controlling interests	2,705	6,207
Net tier-one capital	41,472,513	33,024,082
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	7,520,000	7,700,000
Surplus provision for loan impairment	2,970,889	2,552,470
Qualifying portion of non-controlling interests	5,411	11,446
Net capital base	51,968,813	43,287,998
Risk-weighted assets		
Credit risk-weighted assets	414,173,285	333,923,910
Market risk-weighted assets	2,439,031	1,397,544
Operational risk-weighted assets	20,946,823	18,628,719
Total	437,559,139	353,950,173

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47. FINANCIAL RISK MANAGEMENT *(Continued)*

47.5 Capital management *(Continued)*

The risk-weighted assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee. Similar calculation is adopted for off-balance sheet exposures, with adjustments made to reflect the more contingent nature of any potential loss. Market risk-weighted assets are calculated using the standardized approach. Basic indicator approach is used to calculate the risk-weighted assets of operational risk.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of listed equity securities on exchanges. Where level 1 fair value measurements are not available, the fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation technique used by the Group is discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates, own credit spread and counterparty credit spreads, as appropriate. If these parameters used in the model are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as level 2.

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorized and determined, in particular, the valuation technique(s) and input(s) used.

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

	As at 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

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

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

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

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

Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at rates that reflect the credit risk of the issuers.

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

	As at December 31, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held under resale agreements	33,277,007	33,557,984	70,328,366	70,340,884
Loans and advances to customers	207,854,530	217,938,596	179,570,910	186,964,774
Held-to-maturity investments	42,340,601	42,508,928	31,683,985	32,376,444
Investments classified as receivables	211,926,509	211,591,771	147,958,624	149,216,847
Total	495,398,647	505,597,279	429,541,885	438,898,949
Financial liabilities				
Deposits from banks and other financial institutions	119,333,012	119,357,123	148,732,655	148,724,106
Due to customers	365,470,957	367,071,745	334,691,026	337,194,265
Debt securities issued	40,631,584	40,334,012	13,903,769	14,242,528
Total	525,435,553	526,762,880	497,327,450	500,160,899

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48. 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, 2016	As at December 31, 2015		
Financial assets held under resale agreements	33,557,984	70,340,884	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Loans and advances to customers	217,938,596	186,964,774	Level 3	Discounted cash flows. Future cash flows are estimated base on contractual amount and discounted at rates using the yield curve with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.
Held-to-maturity investments	42,508,928	32,376,444	Level 2	See note 1.
Investments classified as receivables	211,591,771	149,216,847	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	119,357,123	148,724,106	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at a rates with reference to the interest rate for each contract.
Due to customers	367,071,745	337,194,265	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	40,334,012	14,242,528	Level 2	See note 1.

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48. 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)*

Note 1: Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at rates that reflect the credit risk of the issuers.

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

Other financial assets and financial liabilities including balances with central bank, deposits and placements with banks and other financial institutions, placements from banks and financial assets sold under repurchase agreements mostly have terms within one year. Their carrying values approximate their fair values.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's subsidiaries as at December 31, 2016 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered	Proportion of ownership		Proportion of voting rights		Principal activities
			capital	held by the Group		held by the Group		
			as at	As at	As at	As at	As at	
			December 31, 2016 (In RMB '000)	December 31, 2016 %	December 31, 2015 %	December 31, 2016 %	December 31, 2015 %	
Bank of Tianjin Financial Leasing Co., Ltd (天銀金融租賃有限公司)	Tianjin, PRC	October 2016	1,000,000	100	-	100	-	Financial Leasing
Ningxia Yuanzhou Jinhui County Bank Co., Ltd (寧夏原州津匯村鎮銀行有限責任公司)	Ningxia, PRC	July 2016	50,000	51	-	51	-	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	-	Banking

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50. STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016 AND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF FINANCIAL POSITION

	As at December 31	
	2016	2015
ASSETS		
Cash and balances with central bank	58,003,278	61,799,808
Deposits with banks and other financial institutions	25,451,727	30,496,480
Placements with banks and other financial institutions	13,779,965	13,421,168
Financial assets held for trading	5,880,431	5,952,089
Financial assets held under resale agreements	33,277,007	70,328,366
Loans and advances to customers	207,066,799	178,552,271
Available-for-sale financial assets	50,589,734	17,864,413
Held-to-maturity investments	42,340,601	31,683,985
Investments classified as receivables	211,926,509	147,958,624
Investments in subsidiaries	1,051,000	105,000
Interests in associates	184,995	–
Property and equipment	1,683,491	1,669,471
Deferred tax assets	1,697,577	1,144,441
Other assets	3,848,669	3,075,137
Total assets	656,781,783	564,051,253
LIABILITIES		
Borrowings from central bank	–	137,357
Deposits from banks and other financial institutions	120,113,038	148,734,413
Placements from banks	18,550,308	4,283,630
Financial assets sold under repurchase agreements	58,805,600	14,557,253
Due to customers	364,237,675	333,436,691
Income tax payable	563,685	697,197
Debt securities issued	40,631,584	13,903,769
Other liabilities	12,175,649	15,292,937
Total liabilities	615,077,539	531,043,247
EQUITY		
Share capital	6,070,552	5,126,048
Capital reserve	10,699,811	5,990,076
Investment revaluation reserve	(215,644)	166,027
Surplus reserve	3,014,661	2,563,024
General reserve	7,136,619	5,817,143
Retained earnings	14,998,245	13,345,688
Total equity	41,704,244	33,008,006
Total equity and liabilities	656,781,783	564,051,253

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

50. STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016 AND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016 (Continued)

STATEMENT OF CHANGES IN EQUITY

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

51. EVENT AFTER THE REPORTING PERIOD

In February 2017, the resolutions in relation to the appointment of LI Zongtang and SUN Ligu as executive Directors of the Bank, ZHAO Jiawang as a non-executive Director of the Bank, and JIN Qingjun as an independent non-executive Director of the Bank, were approved by the Shareholders of the Bank at the Extraordinary General Meeting.

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, 2016	As at December 31, 2015
RMB current assets to RMB current liabilities	34.5%	42.0%
Foreign currency current assets to foreign currency current liabilities	62.5%	322.3%
	Average for the year ended December 31, 2016	2015
RMB current assets to RMB current liabilities	36.69%	40.60%
Foreign currency current assets to foreign currency current liabilities	364.84%	200.95%

(2) Leverage ratio

(Expressed in percentage)

	As at December 31, 2016	As at December 31, 2015
Leverage ratio	5.80%	5.23%

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by the CBRC, effective from April 2015, a minimum leverage ratio of 4% is required.

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

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

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

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, 2016	As at December 31, 2015
Deposits with banks		
Asia Pacific excluding mainland China	450,440	26,484
– of which attributed to Hong Kong	441,302	17,589
Europe	5,823	20,383
North America	507,688	586,899
Total	963,951	633,766

OVERDUE ASSETS

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

	As at December 31, 2016	As at December 31, 2015
Below 3 months (inclusive)	2,669,607	3,398,745
Between 3 and 6 months (inclusive)	438,632	321,949
Between 6 and 12 months (inclusive)	1,193,482	547,715
Over 12 months	1,088,270	1,594,715
Total	5,389,991	5,863,124
As a percentage of gross loans and advances to customers		
Below 3 months (inclusive)	1.25%	1.84%
Between 3 and 6 months (inclusive)	0.20%	0.18%
Between 6 and 12 months (inclusive)	0.56%	0.30%
Over 12 months	0.51%	0.86%
Total	2.52%	3.18%

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, 2016	As at December 31, 2015
Below 3 months (inclusive)	260,380	–
Between 3 and 6 months (inclusive)	–	–
Between 6 and 12 months (inclusive)	100,000	–
Over 12 months	52	36,363
Total	360,432	36,363
As a percentage of gross investments classified as receivables		
Below 3 months (inclusive)	0.12%	–
Between 3 and 6 months (inclusive)	–	–
Between 6 and 12 months (inclusive)	0.05%	–
Over 12 months	0.00%	0.02%
Total	0.17%	0.02%

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, 2016	As at December 31, 2015
On-balance sheet exposure	207,854,530	179,570,910
Off-balance sheet exposure	66,260,546	77,147,109
Individually assessed allowance for impairment losses	1,499,610	1,482,190

List of Branches

LIST OF BRANCHES

As December 31, 2016, details of the branches of the Bank are set out as below:

No.	Name of Branches	Address	Postcode
1	Bank of Tianjin, Sales Department	Ground Floor, No. 2, Huanyouli, Hexi District, Tianjin	300074
2	Bank of Tianjin, First Central branch	Kangning Building, Junction of Xikang Road and Hanyang Road, Heping District, Tianjin	300070
3	Bank of Tianjin, Second Central branch	Zhonghao International Automobile Building, No. 62, Longchang Road, Hexi District, Tianjin	300201
4	Bank of Tianjin, Third Central branch	Area A2, Shengxinyuan, Nanmenwai Street, Nankai District, Tianjin	300100
5	Bank of Tianjin, Fourth Central branch	Ground Floor, 1-3/F, Fujian Building, Huaxing Road, Hedong District, Tianjin	300011
6	Bank of Tianjin, Fifth Central branch	Ground Floor, Hongji Garden, Shizilin Street, Hebei District, Tianjin	300143
7	Bank of Tianjin, Sixth Central branch	Ground Floor, Xinhua Building, Junction of Xinhua Road and Baoding Road, Heping District, Tianjin	300040
8	Bank of Tianjin, Binhai branch	E2ABC, No. 20, Plaza East Road, Binhai Finance Street, the Third Street, Economic and Technology Development District, Tianjin	300457
9	Bank of Tianjin, Tianjin Free-Trade Zone branch	Building 2, Finance Center, No. 158, West 3 rd 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, Tangshan branch	No. 99, Xinhua West Road, Lubei District, Tangshan, Hebei	063000
12	Bank of Tianjin, Shanghai branch	No. 110, Hankou Road, Huangpu District, Shanghai	200002
13	Bank of Tianjin, Jinan branch	1-109, Building 2 & 5, Area 1 Sanjianruifuyuan, No. 20999, Jingshi Road, Shizhong District, Jinan	250001

List of Branches

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

List of Branches

No.	Name of Branches	Address	Postcode
28	Bank of Tianjin, Baolimeiguiwan Community sub-branch	16-112, Xishuihepan Garden, Junction of Kunlun Road and Manjiang Road, Dongli District, Tianjin	300163
29	Bank of Tianjin, Wanke City Community sub-branch, Dongli Lake	Shop 6, Block 4, Wanke City Lakeside Plaza, Dongli Lake, Dongli District, Tianjin	300309
30	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
31	Bank of Tianjin, Jingu Road sub-branch	No. 1-3, Ground Floor, Zhonglv Yuan 4, Gelinxiaocheng, west side of Jingu Road, Shuanggang Town, Jinnan District, Tianjin	300350
32	Bank of Tianjin, Jinnan Economic Development District sub-branch	3-108 & 109, Xingye Creative Park, Jinnan Economic Development District (west area), Jinnan District, Tianjin	300350
33	Bank of Tianjin, Jizhao Road sub-branch	Outpatient hall, Tianjin Chest Hospital, No. 261, Taierzhuang Road, Jinnan District, Tianjin	300051
34	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
35	Bank of Tianjin, Hongkanlingshijun Community sub-branch	No. 102, Building 118, Xipuya Garden, Weishan Road, Shuanggang Town, Jinnan District, Tianjin	300041
36	Bank of Tianjin, Xinwangli Community sub-branch	No. 74, Xinwangli Commercial Street, Xinzhuang Town, Jin'an District, Tianjin	300354
37	Bank of Tianjin, Xiqing sub-branch	Junction of Guangming Road and Xinhua Road, Yangliuqing, Xiqing District, Tianjin	300380

List of Branches

No.	Name of Branches	Address	Postcode
38	Bank of Tianjin, Dasi Town sub-branch	No. 28 & 30, Liuyang Road, Dasi Town, Xiqing District, Tianjin	300385
39	Bank of Tianjin, Jinmen Lake sub-branch	Ground Floor Store, No. 1-103 Ancillary Public Building, Jiajun Garden, Jiangwan Road, Xiqing District, Tianjin	300000
40	Bank of Tianjin, Wanhui sub-branch	Unit 14, Ground Floor, No.2 Public Building, Tiankuoyuan Estate, Southwest of the intersection between Jinyang Road and Wanhui Road, Xiqing District, Tianjin	300300
41	Bank of Tianjin, Xinke Road sub-branch	No. 110 & 208, Building 1-4, Xinkeyuan Xinke Road, Zhongbei Town, Xiqing District, Tianjin	300384
42	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380
43	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
44	Bank of Tianjin, Shehuishan Community sub-branch	Shop 6, G/F 1#, Zone 2, Shehuishan Garden, South of Beijing-Fuzhou Expressway, Zhangjiawo Town, Xiqing District, Tianjin	300380
45	Bank of Tianjin, Tianfangmeiyu Community sub-branch	No. 30, Baodai Road, 7 & 8 Meiyuhaoting, west side of Weijin South Road, Xiqing District, Tianjin	300381
46	Bank of Tianjin, Wankejinao International Community sub-branch	No. 107, Building 6, Jinao Square, Junction of Weijin South Road and Lijiang Road, Xiqing District, Tianjin	300381
47	Bank of Tianjin, Yuanyang Wanhecheng Community sub-branch	No. 3, Xinghua 5 th North Road, public building No. 1 of Wanghehuayuan, Junction of Lishuang Road and Jingang Road, Dasi Town, Xiqing District, Tianjin	300385
48	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	300400

List of Branches

No.	Name of Branches	Address	Postcode
49	Bank of Tianjin, Chailou sub-branch	No. 74 & 76, Shunjing North Road, Longyuan, Chailou Village, Shuangjie Town, Beichen District, Tianjin	300400
50	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
51	Bank of Tianjin, Xinyibai Avenue sub-branch	North side of Xinyibai Avenue, Beichen District, Tianjin	300420
52	Bank of Tianjin, Yuzhuoli Community sub-branch	West No. 1, 1-4 Yuzhuoli, Beichen District, Tianjin	300402
53	Bank of Tianjin, Wuqing sub-branch	No. 143, Quanwang Road, Wuqing District, Tianjin	301799
54	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
55	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
56	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhezhuang Street, Wuqing District, Tianjin	301700
57	Bank of Tianjin, Huatinghaoyuan Community sub-branch	Ground Floor, No. 1-104, Supporting building of Huatinghaoyuan, East side of Xinchengquanwang South Road and South side of Fumin Road, Wuqing District, Tianjin	301700
58	Bank of Tianjin, Longwancheng Community sub-branch	No. 509, Guangxian Road, 1 Jinfan Square, east side of Guangxian Road, Xiazhezhuang Street, Wuqing District, Tianjin	301700
59	Bank of Tianjin, Baodi sub-branch	No. 52, Nancheng Road, Baodi District, Tianjin	301800

List of Branches

No.	Name of Branches	Address	Postcode
60	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
61	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
62	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
63	Bank of Tianjin, Green Home Community sub-branch	East side of Huangcheng East Road and north side of Sanlitun Village, Baodi District, Tianjin	301800
64	Bank of Tianjin, Jixian County sub-branch	8-102, Qixing Garden, West of Guangming Road North, Jixian County, Tianjin	301900
65	Bank of Tianjin, Bangjun sub-branch	Jingha Road North, Bangjun Town, Ji County, Tianjin City	301901
66	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
67	Bank of Tianjin, Shangcang sub-branch	East of Houqingezhuang Village, Shangcang Town, Jixian County, Tianjin	301900
68	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jixian County, Tianjin	301900
69	Bank of Tianjin, Jindun Garden Community sub-branch	No. 1, Ground Floor, Trading building 58, west side of Cuihuxincun Neighborhood Committee, Jixian County, Tianjin	301900
70	Bank of Tianjin, Xinghua Street Community sub-branch	No. 7-104, Xinghua Food Street, south side of Xinghua Street, Jixian County, Tianjin	301999
71	Bank of Tianjin, Jinghai sub-branch	105 & 106, Building 7, Jinxiujiayuan (location of original Jinghai County Party Committee), Jinghai County, Tianjin	301600

List of Branches

No.	Name of Branches	Address	Postcode
72	Bank of Tianjin, Dongfanghong Road sub-branch	Commercial Area B, Haixinyuan, Dongfanghong Road, Jinghai County, Tianjin	301600
73	Bank of Tianjin, Ninghe sub-branch	No. 66, Guangming Road, Lutai Town, Ninghe County, Tianjin	301500
74	Bank of Tianjin, Panzhuang sub-branch	Panzhuang Village, Panzhuang Town, Ninghe County, Tianjin	301508
75	Bank of Tianjin, Huacui Community sub-branch	Ground Floor, Complex Building, Huacui Community, Lutai Town, Ninghe County, Tianjin	301500
76	Bank of Tianjin, Jincui Road Community sub-branch	No. 18, Public Building, Building 3-5, Zhaojiayuan Community, South of Lutai Town, Ninghe County, Tianjin	301500
77	Bank of Tianjin, Xinhua Road Community sub-branch	F-6-117, Xingfu Commercial Square, Lutai Town, Ninghe County, Tianjin	301500
78	Bank of Tianjin, Baoli sub-branch	Block B, No. 18, Guizhou Road, Heping District, Tianjin	300051
79	Bank of Tianjin, Hongtong sub-branch	No. 75, Yingkou Road, Heping District, Tianjin	300040
80	Bank of Tianjin, Huafeng sub-branch	No. 74, Jianshe Road, Heping District, Tianjin	300040
81	Bank of Tianjin, Jianye sub-branch	No. 33, Qixiangtai Road, Heping District, Tianjin	300070
82	Bank of Tianjin, Jingong sub-branch	No. 72, Jiefang North Road, Heping District, Tianjin	300041
83	Bank of Tianjin, Jinsheng sub-branch	No. 32, Xinxing Road, Heping District, Tianjin	300070
84	Bank of Tianjin, Kaifeng sub-branch	No. 11, Nanma Road, Heping District, Tianjin	300022
85	Bank of Tianjin, Laolian sub-branch	No. 87 & 89, Nanjing Road, Building 1 & 2, Junlong Plaza, Heping District, Tianjin	300042

List of Branches

No.	Name of Branches	Address	Postcode
86	Bank of Tianjin, Rongsheng sub-branch	No. 179 & 181, Chengdu Road, Heping District, Tianjin	300070
87	Bank of Tianjin, Shiye sub-branch	No. 157, Dagu North Road, Heping District, Tianjin	300040
88	Bank of Tianjin, Xiangsheng sub-branch	Ground Floor, Block B, Building 5, Changshou Apartment, Rongye Street, Heping District, Tianjin	300021
89	Bank of Tianjin, Haihe East Road sub-branch	No. 52, Haihe East Road, Hebei District, Tianjin	300010
90	Bank of Tianjin, Jianshe Road sub-branch	No. 82, Jianshe Road, Heping District, Tianjin	300042
91	Bank of Tianjin, Jinmao sub-branch	5-5 & 5-6, Jinmao Plaza, Northwest side at the junction of Qingshan Street and Fuan Street, Heping District, Tianjin	300021
92	Bank of Tianjin, Kunming Road sub-branch	No. 74, Kunming Road, Heping District, Tianjin	300051
93	Bank of Tianjin, Xiangyang Road sub-branch	No. 10, Xiangyang Road, Heping District, Tianjin	300051
94	Bank of Tianjin, Xiaobailou sub-branch	No. 95, Jianshe Road, Heping District, Tianjin	300041
95	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No. 20, Dongting Road, Hexi District, Tianjin	300220
96	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
97	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202
98	Bank of Tianjin, Jincui sub-branch	Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200

List of Branches

No.	Name of Branches	Address	Postcode
99	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
100	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
101	Bank of Tianjin, Jinxi sub-branch	No. 28, Xiamen Road, Hexi District, Tianjin	300203
102	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
103	Bank of Tianjin, Ruide sub-branch	Ground Floor, Taidayuan, No. 68, Jiulong Road, Hexi District, Tianjin	300204
104	Bank of Tianjin, Shaoxing Road sub-branch	No. 5, Youyi Road, Hexi District, Tianjin	300201
105	Bank of Tianjin, Tianma sub-branch	No. 12, Xiyuan Street, Youyi Road, Hexi District, Tianjin	300061
106	Bank of Tianjin, Xietong sub-branch	No. 10, Nanjing Road, Hexi District, Tianjin	300042
107	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
108	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
109	Bank of Tianjin, Baiyun Road sub-branch	No. 87, Weidi Road, Hexi District, Tianjin	300201
110	Bank of Tianjin, Binxi Road sub-branch	Ground Floor, No. 17, Binguan West Road, Hexi District, Tianjin	300061
111	Bank of Tianjin, Dagu South Road sub-branch	Ground Floor, Liuyuan Apartment, No. 1041, Dagu South Road, Hexi District, Tianjin	300222
112	Bank of Tianjin, Guhai Road sub-branch	No. 243, Jiefang South Road, Hexi District, Tianjin	300210

List of Branches

No.	Name of Branches	Address	Postcode
113	Bank of Tianjin, Heiniucheng Road sub-branch	202-203, Extension No. 1, Lidabolan, Heiniucheng Road, Hexi District, Tianjin	300381
114	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
115	Bank of Tianjin, Limin Road sub-branch	Ground Floor, Zhuhaili Community, Limin Road, Hexi District, Tianjin	300200
116	Bank of Tianjin, Meijiang Road sub-branch	No. 35 & 37, Meijiang Road, Hexi District, Tianjin	300221
117	Bank of Tianjin, Meijiang sub-branch	12-1 & 12-2, Xinshuiyuan, south side of Zhujiang West Road, Hexi District, Tianjin	300221
118	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
119	Bank of Tianjin, Qixiangtai Road sub-branch	Extension No. 11, No. 89, Fenghuangcheng, Junction of Qixiangtai Road and Pingquan Road Hexi District, Tianjin	300074
120	Bank of Tianjin, Taishan Road sub-branch	Junction of Dagu South Road and Jiefang South Road, Hexi District, Tianjin (Dengfa Base 2B-095)	300220
121	Bank of Tianjin, Tanjiang Road sub-branch	Unit 17, Ground Floor, Chuanshuiyuan Estate (Public Building III), Suijiang Street, Hexi District, Tianjin	300221
122	Bank of Tianjin, Weidi Road sub-branch	No. 105, Ground Floor Store, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074
123	Bank of Tianjin, Weishan Road sub-branch	FDINE, No. 1472, Dagu South Road, Hexi District, Tianjin	300220
124	Bank of Tianjin, Xiangjiang Road sub-branch	Extension No. 2, No. 48, Xiangjiang Road, Hexi District, Tianjin	300202
125	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222

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No.	Name of Branches	Address	Postcode
126	Bank of Tianjin, Haihedaguan Community sub-branch	Ground Floor, No. 44, Building 8, Bojinwannanyuan, Junction of Jiefang South Road and Xiangjiang Road, Hexi District, Tianjin	300202
127	Bank of Tianjin, Nanhuali Community sub-branch	No. 52, Fujian Road, Hexi District, Tianjin	300202
128	Bank of Tianjin, Shuiangongguan Community sub-branch	Ground Floor, Building 2, Tiantaoyuan, southeast side of junction of Youyi South Road and Tanjiang Road, Hexi District, Tianjin	300221
129	Bank of Tianjin, Changkang sub-branch	Extension No. 18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
130	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
131	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
132	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384
133	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110
134	Bank of Tianjin, Wanhua sub-branch	No. 148, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
135	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
136	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
137	Bank of Tianjin, Xinyuan sub-branch	No. 23, Changjiang Road, Nankai District, Tianjin	300190
138	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192

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No.	Name of Branches	Address	Postcode
139	Bank of Tianjin, Anshan West Road sub-branch	No. 5, Pinghu Road, Nankai District, Tianjin	300193
140	Bank of Tianjin, Beicheng Street sub-branch	No. 1351, Beicheng Street, Nankai District, Tianjin	300120
141	Bank of Tianjin, Changjiang Road sub-branch	Ground Floor, Tianrong Apartment, No. 39, Changjiang Road, Nankai District, Tianjin	300192
142	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
143	Bank of Tianjin, Guangkaisima Road sub-branch	No. 252, Guangkaisima Road, Nankai District, Tianjin	300102
144	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 148 & 150, Yuzhengyuan, Huanghe Road, Nankai District, Tianjin	300101
145	Bank of Tianjin, Haiguangsi sub-branch	No. 349, Nanjing Road, Nankai District, Tianjin	300100
146	Bank of Tianjin, Haitai Road sub-branch	1/F, Door 4, Block F, Haitai Green Industry Base, No. 6, Haitai Development 6 th Road, High-tech Industrial Park, Tianjin	300384
147	Bank of Tianjin, Hongqi Road sub-branch	Extension No. 1, No. 192, Hongqi Road, Nankai District, Tianjin	300110
148	Bank of Tianjin, Huayuan East Road sub-branch	Huayuan Residential Zone, Nankai District, Tianjin	300384
149	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111
150	Bank of Tianjin, Jieyuan West Road sub-branch	Shop 3, Ground Floor Store, Block A, Shuijun Garden, No. 10, Jieyuan West Road, Nankai District, Tianjin	300110
151	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193

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No.	Name of Branches	Address	Postcode
152	Bank of Tianjin, Miyunyizhi Road sub-branch	No. 107, Building 1, Area 1, Hardware City, Xinnanma Road, southwest side at the junction of Miyun Road and Huanghe Road, Nankai District, Tianjin	300120
153	Bank of Tianjin, Nankaierwei Road sub-branch	No. 43, Huanghe Road, Nankai District, Tianjin	300102
154	Bank of Tianjin, Shuishang Gongyuan North Road sub-branch	Shuishang Gongyuan North Road, Weijin South Road, Nankai District, Tianjin	300074
155	Bank of Tianjin, Shuishang Gongyuan East Road sub-branch	Building 7, Yangguang Apartment, Nankai District, Tianjin	300381
156	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191
157	Bank of Tianjin, Tianda 2nd sub-branch	1/F, Principal Administration Office Building of Tianjin University, No. 92, Weijin Road, Nankai District, Tianjin	300072
158	Bank of Tianjin, Tianda 1st sub-branch	Siji Village, Tianjin University, Nankai District, Tianjin	300072
159	Bank of Tianjin, Wandezhuang Street sub-branch	Ground Floor, Wande Garden, Wandezhuang Street, Nankai District, Tianjin	300073
160	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
161	Bank of Tianjin, Xianyang Road sub-branch	Ground Floor, Door 3, Building 9, Jialingbeili, Xianyang Road, Nankai District, Tianjin	300122
162	Bank of Tianjin, Xima Road sub-branch	No. 140 & 142, Nankaisanma Road, Nankai District, Tianjin	300101
163	Bank of Tianjin, Ya'an Road sub-branch	No. 204, Hongqi Road, Nankai District, Tianjin	300110

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No.	Name of Branches	Address	Postcode
164	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191
165	Bank of Tianjin, Juyingli Community sub-branch	Ground Floor, Building 2, Juyingli, Erwei Road, Nankai District, Tianjin	300100
166	Bank of Tianjin, Linyuan Road Community sub-branch	No. 74, Linyuan Road, Nankai District, Tianjin	300192
167	Bank of Tianjin, Shidaiaocheng Community sub-branch	19-1-101, Aocheng Commercial Square, southwest side of junction of Binshui West Road and Lingbin Road, Nankai District, Tianjin	300381
168	Bank of Tianjin, Yangguangyibai Community sub-branch	Business No. 12, 1 north park of Yangguang 100, Junction of extended line and outer ring road of Hongqi South Road, Nankai District, Tianjin	300381
169	Bank of Tianjin, Donglian sub-branch	Tianshan Road, Wanxin Village, Hedong District, Tianjin	300162
170	Bank of Tianjin, Dongxin sub-branch	Extension No. 1, No. 2, No. 40, Jintang Road, Hedong District, Tianjin	300182
171	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
172	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012
173	Bank of Tianjin, Bawei Road sub-branch	Ground Floor, No. 5-6, 1/F, Building 4, Bawei Road, Hedong District, Tianjin	300171
174	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
175	Bank of Tianjin, Chengguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162

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No.	Name of Branches	Address	Postcode
176	Bank of Tianjin, Chenglin Road sub-branch	No. 55, Chenglin Road, Hedong District, Tianjin	300160
177	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3 rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
178	Bank of Tianjin, Dongxing Road sub-branch	No. 4, Ground Floor, Building 13, Dieqiao Apartment, Hedong District, Tianjin	300170
179	Bank of Tianjin, Fengting Road sub-branch	No. 1004-1005, Jiahudongan Commercial Plaza, No. 5, Fengting Road, Hedong District, Tianjin	300250
180	Bank of Tianjin, Hualong Road sub-branch	No. 128, Hualong Road, Hedong District, Tianjin	300011
181	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
182	Bank of Tianjin, Shanghang Road sub-branch	No. 148, Weiguo Road, Hedong District, Tianjin	300161
183	Bank of Tianjin, Taixing South Road sub-branch	Ground Floor, No. 3, Building 1, Jinwan Apartment, No. 100, Chenglinzhuang Road, Hedong District, Tianjin	300160
184	Bank of Tianjin, Weiguo Road sub-branch	No. 163, Weiguo Road, Hedong District, Tianjin	300250
185	Bank of Tianjin, Zhangguizhuang Road sub-branch	No. 101 & 102, Building 1, Xingpin Building, No. 51, Linke East Road, Hedong District, Tianjin	300161
186	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
187	Bank of Tianjin, Binhexinyuan Community sub-branch	3-107, Binhexinyuan, Fumin Road, Hedong District, Tianjin	300182
188	Bank of Tianjin, the 6th Avenue Community sub-branch	Ground Floor, No. 5-3, Jundong Apartment, Jinbin Avenue, Hedong District, Tianjin	300161

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No.	Name of Branches	Address	Postcode
189	Bank of Tianjin, Fudongli Community sub-branch	Area A, No. 4, Ground Floor, Building 1, Fudongbeili, Erhaoqiao Street, Hedong District, Tianjin	300399
190	Bank of Tianjin, Yunliyuan Community sub-branch	No. 15, Yunli North Road, Weiguo Road, Hedong District, Tianjin	300252
191	Bank of Tianjin, Zhongbeili Community sub-branch	113 Ground Floor, No. 2, Zhongbeili, Weiguo Road, Hedong District, Tianjin	300151
192	Bank of Tianjin, Bada Road sub-branch	No. 23, Minzu Road, Hebei District, Tianjin	300010
193	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
194	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
195	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
196	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
197	Bank of Tianjin, Beiningwan sub-branch	No. 179, No. 177-183 (odd No.), Yingxian Road, Hebei District, Tianjin	300402
198	Bank of Tianjin, Jinwei Road sub-branch	No. 9, Ground Floor, Futai Apartment, Jinwei Road, Hebei District, Tianjin	300143
199	Bank of Tianjin, Jinzhonghe Street sub-branch	Ground Floor, Runyuanli Community, No. 633, Jinzhonghe Street, Hebei District, Tianjin	300241
200	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
201	Bank of Tianjin, Wuhao Road sub-branch	Ground Floor, No. 17, Cuihuali, Junction of Wuhao Road and Zhenli Road, Hebei District, Tianjin	300150

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No.	Name of Branches	Address	Postcode
202	Bank of Tianjin, Xiangwei Road sub-branch	No. 201, Xiangwei Road, Hebei District, Tianjin	300143
203	Bank of Tianjin, Yuguan Road sub-branch	1/F, No. 376, Yuguan Road, Hebei District, Tianjin	300232
204	Bank of Tianjin, Yuyin Road sub-branch	Ground Floor, Training Building, Rolling Stock Plant, Nankou Road, Hebei District, Tianjin	300230
205	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142
206	Bank of Tianjin, Jinboli Community sub-branch	No. 113, Jizhong Road, Hebei District, Tianjin	300143
207	Bank of Tianjin, Ningqiaoli Community sub-branch	4-19-105-107, Ningqiaoli, Hebei District, Tianjin	300240
208	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
209	Bank of Tianjin, Hongqiao sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
210	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
211	Bank of Tianjin, Hongyin sub-branch	Room 101, Gate 61, Xiangju Apartment, Guangrong Road, Hongqiao District, Tianjin	300130
212	Bank of Tianjin, Tianhe sub-branch	Junction of Jieyuan Road and Dafeng Road, Hongqiao District, Tianjin	300121
213	Bank of Tianjin, Fuxing Road sub-branch	Ground Floor, No. 16, Kanghuali, Fuxing Road, Hongqiao District, Tianjin	300121
214	Bank of Tianjin, Hebei Street sub-branch	TD-2, 1/F, Junction of Hebei Street and Xinsantiaoshida Street, Hongqiao District, Tianjin	300123

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No.	Name of Branches	Address	Postcode
215	Bank of Tianjin, Jieyuan Road sub-branch	Ground Floor, 7-102, Minghuali Jieyuan Road, Hongqiao District, Tianjin	300121
216	Bank of Tianjin, Xiangtan Road sub-branch	No. 11, Xiangtan Road, Hongqiao District, Tianjin	300133
217	Bank of Tianjin, Jiaanli Community sub-branch	9-6-103-105, Ground Floor, Jiaanli, Hongqiao District, Tianjin	300134
218	Bank of Tianjin, Shuimutiancheng Community sub-branch	Shop 109, G/F, Block 18, Shui Mu Tian Cheng, Lin Wan Yuan, Hongqiang District, Tianjin	300000
219	Bank of Tianjin, Yibo Apartment Community sub-branch	No. 104, Ground Floor, Building 1, Yibo Apartment, Hongqiao District, Tianjin	300130
220	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
221	Bank of Tianjin, Dagang sub-branch	No. 75, Yingbin Street, Dagang District, Tianjin	300270
222	Bank of Tianjin, Dongjiang sub-branch	1-5 No. 1-5, South Finance and Trade Center, No. 862 Yinchuan Road, Dongjiang Bonded Area, Tianjin	300456
223	Bank of Tianjin, Haibin sub-branch	No. 2048, Shanghai Road, Tanggu District, Tianjin	300450
224	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480
225	Bank of Tianjin, Hangzhou Road sub-branch	No. 8, Zhongxin North Road, Tanggu District, Tianjin	300451
226	Bank of Tianjin, Development Area sub-branch	No. 76, Dongting Road, Economic Development Zone, Tianjin	300457
227	Bank of Tianjin, Tanggu sub-branch	No. 289, 295 & 301, Yingkou Road, Tanggu District, Tianjin	300450
228	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457

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No.	Name of Branches	Address	Postcode
229	Bank of Tianjin, Sino-Singapore Eco-city sub-branch	2-1-101 & 201, Tianhexinlehui, No. 276, Hexu Road, Sino-Singapore Tianjin Eco-city, Binhai New Area, Tianjin	300467
230	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Tangguxin North Road, Binhai New Area, Tianjin	300451
231	Bank of Tianjin, Binhai Gansu Road sub-branch	No. 1197, Hangzhou Road, Tanggu District, Tianjin	300451
232	Bank of Tianjin, Station North Road sub-branch	No. 830 & 836, Station North Road, Tanggu District, Tianjin	300451
233	Bank of Tianjin, Chunguang Road sub-branch	No. 617, Xingfujiayuan, Chunguang Road, Tanggu District, Tianjin	300456
234	Bank of Tianjin, the Second Street sub-branch	No. H3-103, 203, G/H Area, TEDA MSD, No. 61, the Second Street, Economic and Technology Development District, Tianjin	300457
235	Bank of Tianjin, the Third Avenue sub-branch	No. 31-6, Building 1, No. 31, the Third Avenue, Economic and Technology Development District, Tianjin	300457
236	Bank of Tianjin, Dongfeng Middle Road sub-branch	No. 36, Dongfeng Middle Road, Hangu District, Tianjin	300480
237	Bank of Tianjin, Erjing Road sub-branch	No. 68, Erjing Road, Hangu District, Tianjin	300480
238	Bank of Tianjin, Gangkou Road sub-branch	No. 25, Xingangerhao Road, Tanggu District, Tianjin	300450
239	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
240	Bank of Tianjin, Guomao Road sub-branch	No. 18, Guomao Road, Tianjin Port Free Trade Zone	300461

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No.	Name of Branches	Address	Postcode
241	Bank of Tianjin, Heping Road sub-branch	No. 9, Heping Road, Tanggu District, Tianjin	300450
242	Bank of Tianjin, Hebei Road sub-branch	No. 25, Hebei Road, Tanggu District, Tianjin	300451
243	Bank of Tianjin, Hebin Road sub-branch	No. 228, Hebin Road, Binhai New Village, Bohai Oil, Tanggu District, Tianjin	300452
244	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu District, Tianjin	300452
245	Bank of Tianjin, Huanghai Road sub-branch	No. 21-9, the Second Street, Development District, Tianjin	300457
246	Bank of Tianjin, Jiefang Road sub-branch	No. 488, Jiefang Road, Tanggu District, Tianjin	300450
247	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024, Jinzhou Road, Tanggu District, Tianjin	300451
248	Bank of Tianjin, Road No. 3 sub-branch	Door 2, Building 24, Ziyunyuan, No. 3462, Xingang Road No. 3, Tanggu District, Tianjin	300456
249	Bank of Tianjin, Shengli Road sub-branch	Binhai House Trading Center, Dagang District, Junction of Guangming Avenue and Chuangye Road, Dagangyoutian, Tianjin	300280
250	Bank of Tianjin, Oil North Road sub-branch	No. 79, Dongyan Road, Tanggu District, Tianjin	300452
251	Bank of Tianjin, Xingang Road sub-branch	No. 1374, Xingang Road, Tanggu, Binhai New Area, Tianjin	300450
252	Bank of Tianjin, Xingfu Road sub-branch	East No. 1, No. 666, Xingfu Avenue, Dagangyoutian, Dagang District, Tianjin	300280

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No.	Name of Branches	Address	Postcode
253	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 7 th Road and north of Xuri Road, Gangdongxincheng, Dagang)	300450
254	Bank of Tianjin, Yingxin Street sub-branch	No. 114, Yingxin Street, Dagang District, Tianjin	300270
255	Bank of Tianjin, Yuanyang City sub-branch	No. 138, Yuanyang Central Road, Tanggu, Binhai New District, Tianjin	300450
256	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Door 1, Building 7, Huianli, Tanggu District, Tianjin	300450
257	Bank of Tianjin, Central Avenue sub-branch	Administrative Permission Service Center, Tianjin Airport Logistics Processing Zone	300308
258	Bank of Tianjin, Xingwangli Community sub-branch	No. 96-2, Yongming Road, Dagang, Binhai New Area, Tianjin	300270
259	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020
260	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
261	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
262	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
263	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
264	Bank of Tianjin, Beijing Fengtai sub-branch	Unit 01, F1 and F2, Commercial Building, No. 232 West Shiliuzhuang Street, Fengtai District, Beijing	100070

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No.	Name of Branches	Address	Postcode
265	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
266	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
267	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
268	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
269	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
270	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
271	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
272	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
273	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
274	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
275	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063300
276	Bank of Tianjin, Tangshan Fenghuangxincheng sub- branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000

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No.	Name of Branches	Address	Postcode
277	Bank of Tianjin, Tangshan Hi-tech District sub-branch	No. 110, Jianshe North Road, Hi-tech Development Zone, Tangshan, Hebei	063020
278	Bank of Tianjin, Tangshan Square sub-branch	No. 38, Wenhua Road, Lubei District, Tangshan, Hebei	063099
279	Bank of Tianjin, Tangshan Leting sub-branch	No. 8, Dazhao Road, Leting County, Tangshan, Hebei	063600
280	Bank of Tianjin, Tangshan Lunan sub-branch	No. 7, Weiguo Road, Lunan District, Tangshan, Hebei	063000
281	Bank of Tianjin, Tangshan Qianan sub-branch	103, Building 1, Junfuyuan, Huiquan Street, Qianan, Hebei	064400
282	Bank of Tianjin, Tangshan Qianan Xingan sub-branch	No. 732 Xingan Avenue, Qianan City, Hebei	064400
283	Bank of Tianjin, Tangshan Xinhua sub-branch	No. 517, Yuhua West Road, Lubei District, Tangshan, Hebei	063000
284	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezuo, Wenbai Road, Zunhua, Hebei	064200
285	Bank of Tianjin, Tangshan Fenghuangshijia Community sub-branch	Commercial No. 204-1-01, Fenghuangshijia, Lubei District, Tangshan, Hebei	063000
286	Bank of Tianjin, Tangshan Fuleyuan Community sub-branch	No. 901-2, Fuleyuan Community, Lunan District, Tangshan, Hebei	063000
287	Bank of Tianjin, Tangshan Jingang International Community sub-branch	No. 102-12, Ground Floor, Xinxing Building, Lubei District, Tangshan, Hebei	063000
288	Bank of Tianjin, Tangshan Lugang Community sub-branch	No. 305-S-6, Lugang Community, Lubei District, Tangshan, Hebei	300151

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No.	Name of Branches	Address	Postcode
289	Bank of Tianjin, Tangshan Century Garden Community sub-branch	No. 102-6-101, Ground Floor, Century Garden Community, Hi-tech District, Tangshan, Hebei	063000
290	Bank of Tianjin, Tangshan Xiangrongli Community sub-branch	No. 2, Building 607, Xiangrongli Community, Lubei District, Tangshan, Hebei	063000
291	Bank of Tianjin, Tangshanyongleyuan Community sub-branch	20 Xinyue Road, Lu'nan District, Tangshan, Hebei	063014
292	Bank of Tianjin, Shanghai Changning sub-branch	Part of west side of 1/F, No. 2111, Yanan West Road, Changning District, Shanghai	200051
293	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
294	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
295	Bank of Tianjin, Shanghai Jing'an sub-branch	Street Front Shop, 1-2/F, No. 1056, Changde Road, Jing'an District, Shanghai	200040
296	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
297	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101 & 1701, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
298	Bank of Tianjin, Shanghai Minhang sub-branch	1/F, No. 1058, Caobao Road, Minhang District, Shanghai	201101
299	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061
300	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032

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No.	Name of Branches	Address	Postcode
301	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
302	Bank of Tianjin, Jinan Changqing sub-branch	No. S1-A14, 2345 Ziwei Road, Science and Technology Park, College Town, Changqing District, Jinan	250399
303	Bank of Tianjin, Jinan Hi-tech District sub-branch	No. 5006, Aoti Middle Road, Hi-tech District, Jinan	250101
304	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
305	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199
306	Bank of Tianjin, Jinan Lixia sub-branch	Yanjie Building, No. 14958, Courtyard 14966, Jingshi Road, Jinan	250014
307	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
308	Bank of Tianjin, Jinan Shizhong sub-branch	3F, No. 2666, Shop B2-002, No. 2688, Erhuannan Road, Shizhong District, Jinan City	250022
309	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
310	Bank of Tianjin, Small and Micro Enterprises sub-branches, Jinan Gaishi Logistics	No. 1, Business Building, East of Gaishi Group, No. 777, Erhuanbei Road, Licheng District, Jinan City	250100
311	Bank of Tianjin, Small and Micro Enterprises sub-branches, Headquarters of Jinan Times	Room 106, Building 2, D District, Phase 3, Headquarters of Jinan Times Base, No. 15, Lanxiang Road, Tianqiao District, Jinan City	250032
312	Bank of Tianjin, Jinan Poly Daminghu Community sub-branch	Commercial Shop 4-105, Building 5, Area C, Poly Daminghu Garden Community, No. 787-28, Minghu East Road, Lixia District, Jinan	250013

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No.	Name of Branches	Address	Postcode
313	Bank of Tianjin, Jinan Haier Greentown Whole Village Community sub-branch	Commercial Shop, Room 101, Unit 2, Building 20, Baiheyuan, Haier Greentown Whole Village, Hi-tech District, Jinan	250000
314	Bank of Tianjin, Jinan Jigang Community sub-branch	Commercial Shop, Central Plaza, Jigangxincun Middle Road, Industrial North Road, Licheng District, Jinan	250101
315	Bank of Tianjin, Jinan Lufu Gongguan Community sub-branch	Unit 3-101, No. 12 Building, Greenland New Town, No. 287 Jingliu Road, Huaiyin District, Jinan	250000
316	Bank of Tianjin, Jinan Lunenglingxiucheng Community sub-branch	Room 119, Unit 1, Building 1, Land L4 (Area 19), Lunenglingxiucheng, Shizhong District, Jinan	250003
317	Bank of Tianjin, Jinan Mingshihaoting Community sub-branch	Commercial shop 1-116 & 1-117, City level public building No. 4, Shihaoting, No. 12508, Jingshi Road, Lixi District, Jinan	250014
318	Bank of Tianjin, Jinan Quanjingtianyuan Community sub-branch	Room 104, Unit 2, Building 3, Quanjingtianyuanyayuan, Yangguang New Road, Shizhong District, Jinan	250002
319	Bank of Tianjin, Jinan Sanjianhuifushanzhuang Community sub-branch	No. 600, Shuihua Road, Lixia District, Jinan	250101
320	Bank of Tianjin, Jinan Weidongxindu Community sub-branch	1-101, Building 33, Area 1, Weidongxindu, Shizhong District, Jinan	250002
321	Bank of Tianjin, Jinan Sunshine 100 International New Town Community sub-branch	Unit 2-102, No. 7 Building, Sunshine International New Town I, No. 19 New Yangguang Road, Huaiyin District, Jinan	250000
322	Bank of Tianjin, Jinan Sinotruk Feicuijun Community sub-branch	Room 4-101, Building 3, south area of Sinotruk Feicuijun, No. 13, West Gongshanghe Road, Tianqiao District, Jinan	250031

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No.	Name of Branches	Address	Postcode
323	Bank of Tianjin, Jinan Zhongjianjinxiucheng Community sub-branch	Room 101, 13/F, Zhongjianjinxiucheng, Xingfusi Road, Huaiyin District, Jinan	250117
324	Bank of Tianjin, Taian Huayuanzhou Community sub- branch	No. S-52, Commercial Building, Lincoln Garden, Taishan Avenue, Daiyue District, Taian	271000
325	Bank of Tianjin, Taian Lijing Garden Community sub-branch	No. 18, No. 338 Daizong Avenue, Taian	271000
326	Bank of Tianjin, Dongying Xicheng sub-branches	Jindu Tower, No. 680-1, Yellow River Road, Dongying District, Dongying City	257061
327	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 560, 562, 566 & 568, Tongying Street, Jinjiang District, Chengdu, Sichuan	610066
328	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
329	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
330	Bank of Tianjin, Chengdu Tianfu sub-branch	No. 5, 1/F & No. 6, 2/F, Block B, New Hope International, No. 69, Tianfu 3 rd Street, Hi-tech District, Chengdu, Sichuan	610041
331	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
332	Bank of Tianjin, Chengdu Beisen Community sub-branch	No. 16, Beisen North Road, Qingyang District, Chengdu, Sichuan	610074
333	Bank of Tianjin, Chengdu Fangqin Community sub-branch	No. 41, Fangqin Street, Hi-tech District, Chengdu, Sichuan	610093

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No.	Name of Branches	Address	Postcode
334	Bank of Tianjin, Chengdu Hemei Community sub-branch	No. 3, 1/F, Building 7, No. 2, Vanke Road, Chenghua District, Chengdu, Sichuan	610051
335	Bank of Tianjin, Chengdu Yinxinghuayuan Community sub-branch	No. 4, Building 3, No. 6, Shuming Road, Jinniu District, Chengdu, Sichuan	610036
336	Bank of Tianjin, Chengdu Yonghuwan Community sub-branch	No. 82, Shenghua South Road, Hi-tech District, Chengdu, Sichuan	610041
337	Bank of Tianjin, Small Business Financial Services Center	205, Ground Floor, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074



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