天津銀行
BANK OF TIANJIN

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

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

(Stock Code: 1578)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

The board of directors (the "**Board**") of Bank of Tianjin Co., Ltd. (the "**Bank**") hereby announces the unaudited consolidated interim results of the Bank for the six months ended June 30, 2016 (the "**Reporting Period**"). The content of this results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") in relation to preliminary announcements of interim results. The interim financial statements of the Bank for the six months ended June 30, 2016 have been prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**") and reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements. Such interim results have also been reviewed and confirmed by the Board and the audit committee of the Board. Unless otherwise stated, financial data of the Bank and its subsidiary are presented in Renminbi.

1. CORPORATE INFORMATION

1.1 Basic Information

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	YUAN Fuhua
Authorized Representatives	ZHANG Furong, NGAI Wai Fung
Listing Place of H shares	The Stock Exchange of Hong Kong Limited
Stock Name	Bank of Tianjin
Stock Code	1578

1.2 Contact Persons and Contact Details

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

2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	For the six months ended June 30,		
	2015	**2016**	**Rate of change (%)**
	(Amounts in thousands of RMB, unless otherwise stated)		
OPERATING RESULTS			
Interest income	12,827,109	**12,977,897**	1.2%
Interest expense	(7,977,157)	**(7,192,894)**	(9.8%)
NET INTEREST INCOME	4,849,952	**5,785,003**	19.3%
Fee and commission income	391,884	**715,734**	82.6%
Fee and commission expense	(9,378)	**(11,205)**	19.5%
NET FEE AND COMMISSION INCOME	382,506	**704,529**	84.2%
Net trading gains/(losses)	112,715	**(26,227)**	(123.3%)
Net gains/(losses) arising from investments securities	53,435	**22,778**	(57.4%)
Other income, gains or losses	34,038	**42,839**	25.9%
OPERATING INCOME	5,432,646	**6,528,922**	20.2%
Operating expenses	(1,758,238)	**(1,944,579)**	10.6%
Impairment losses on assets	(734,984)	**(1,264,739)**	72.1%
PROFIT BEFORE TAX	2,939,424	**3,319,604**	12.9%
Income tax expense	(644,274)	**(722,832)**	12.2%
PROFIT FOR THE PERIOD	2,295,150	**2,596,772**	13.1%
Attributable to:			
Equity holders of the Bank	2,285,396	**2,592,524**	13.4%
Non-controlling interests	9,754	**4,248**	(56.4%)
	2,295,150	**2,596,772**	13.1%
Earnings per share (Expressed in RMB Yuan per share)			
– Basic	0.45	**0.46**	2.2%
– Diluted	N/A	**0.46**	N/A

	As of December 31, 2015	**As of June 30, 2016**	**Rate of Change (%)**
	(Amounts in thousands of RMB, unless otherwise stated)		
MAJOR INDICATORS OF ASSETS/LIABILITIES			
Total assets	565,667,731	**610,435,885**	7.9%
Of which: loans and advances to customers	179,570,910	**194,369,155**	8.2%
Total liabilities	532,420,027	**570,111,643**	7.1%
Of which: deposits from customers	334,691,026	**368,613,104**	10.1%
Share capital	5,126,048	**6,070,552**	18.4%
Equity attributable to equity holders of the Bank	33,023,651	**40,105,691**	21.4%
Total equity	33,247,704	**40,324,242**	21.3%

	For the six months ended June 30,		
	2015	**2016**	**Rate of Change (%)**
PROFITABILITY INDICATORS (%)			
Return on average total assets[1]	0.92%	**0.88%**	(0.04%)
Return on average equity[2]	15.45%	**14.12%**	(1.33%)
Net interest spread[3]	1.64%	**1.76%**	0.12%
Net interest margin[4]	1.98%	**2.06%**	0.08%
Net fee and commission income to operating income	7.04%	**10.79%**	3.75%
Cost-to-income ratio[5]	22.90%	**22.89%**	(0.01%)

	As of December 31, 2015	**As of June 30, 2016**	**Rate of Change (%)**
ASSET QUALITY INDICATORS (%)			
Non-performing loan ratio[6]	1.34%	**1.41%**	0.07%
Allowance coverage ratio[7]	202.84%	**201.33%**	(1.51%)
Allowance to gross loan ratio[8]	2.73%	**2.83%**	0.10%

	As of December 31, 2015	**As of June 30, 2016**	**Rate of Change(%)**
CAPITAL ADEQUACY RATIO INDICATORS (%)			
Calculated based on Capital Adequacy Measures			
Core capital adequacy ratio[9]	N/A	**N/A**	N/A
Capital adequacy ratio[10]	N/A	**N/A**	N/A
Calculated based on Capital Administrative Measures			
Core tier-one capital adequacy Ratio[11]	9.33%	**9.58%**	0.25%
Tier-one capital adequacy ratio[12]	9.33%	**9.58%**	0.25%
Capital adequacy ratio[13]	12.23%	**12.17%**	(0.06%)
Total equity to total assets	5.88%	**6.61%**	0.73%
OTHER INDICATORS (%)			
Loan-to-deposit ratio[14]	55.93%	**54.36%**	(1.57%)
Liquidity ratio[15]	43.14%	**40.08%**	(3.06%)
Percentage of loans to the single largest customer[16]	4.50%	**4.48%**	(0.02%)
Percentage of loans to the top ten customers[17]	28.49%	**25.22%**	(3.27%)

Notes:

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

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

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

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

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

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

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

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

(9) Calculated by dividing (i) core capital, net of core capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk.

(10) Calculated by dividing (i) total capital, net of capital deductions, by (ii) sum of risk-weighted assets and 12.5 times capital charge for market risk.

(11) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.

(12) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.

(13) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.

(14) Loan-deposit ratio of as of December 31, 2015 and June 30, 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 China Banking Regulatory Commission.

(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.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Environment and Prospects

Since 2015, despite the generally positive global environment for the Chinese economy and the continuous recovery of the world's economy, macroeconomic adjustments and geopolitical conflicts of major developed economies have also created certain risks and uncertainties. China is currently undergoing a slowdown in economic growth, structural adjustments and the digestion of previous stimulus measures, the combined impacts of which will pose certain pressure and challenges to commercial banks in respect of their asset quality, corporate strategy, market forecast and risk management. In terms of the current status and reforms in China, due to the effect of the orienteering control policies of the government, the enhanced administration streamlining and powers delegation, measures allowing the establishment of financial institutions by using private capital and promoting marketization, as well as the reforms of the financial and taxation systems, we believe the Chinese economy will still be able to maintain a steady growth.

The banking industry in China is still in a stage of swift development, evidenced by continuous improvement in the internal management and risk control levels and gradual enhancement of the business innovation capability. However, as the marketization of interest rate, the interest spread of commercial banks will be pressurized. Besides, the increase in the balance of non-performing loans which will lead to a rise in the allowance of impairment losses, will put pressure on the profitability of the banking industry in future.

In terms of regional development, the rapid expansion of the financial industry in Tianjin, the quick development of the Binhai New Area in Tianjin, the implementation of the Beijing-Tianjin-Hebei integration strategy and the establishment of the Tianjin Free-Trade Zone have promoted the trade development, accelerated the economic growth and facilitated the continuous deepening of the financial innovation reform in Tianjin, which presents excellent development opportunities for the banking industry in this region. Leveraging the favorable domestic and regional economic environment, our Bank will further formulate definite development strategies and measures and continuously improve its corporate banking, retail banking and treasury businesses as well as its risk management system and organizational structure, thereby enhancing its overall competitiveness and growth potential.

3.2 Corporate Strategies

Our strategic objectives are: (i) being headquartered in Tianjin with strong presence in Beijing-Tianjin-Hebei region and Bohai Economic Zone, to improve our business coverage in Yangtze River Delta and Southwestern China and establish ourselves as a city commercial bank that serves all major economic zones in China; (ii) capitalizing our distinguished business management, to offer good returns to shareholders; (iii) to continue to utilize sound risk control mechanisms and strategies to maintain solid asset quality; and (iv) to promote innovation and enhance competitiveness and growth potential. We plan to achieve our objectives and strategies through the following measures: (i) to improve our retail banking business by expanding our customer base and providing products and services designed to capture business opportunities arising from our retail customers' daily lives; (ii) to enhance the competitiveness of our SME business through increasing participation in the business transactions and fund management of our corporate banking clients and maintaining our competitive advantages in providing financial services to SMEs in technology industries; (iii) to further strengthen our treasury business and interbank cooperation through enhancing the profitability of our treasury business; (iv) to become an integrated banking group with great growth potential by expanding the range of our financial services and promoting synergies among different business segments; (v) to improve the structure of our business network and capture Internet banking opportunities to enhance our competitiveness; (vi) to maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; (vii) to improve our organizational and management structure, establish a market-oriented human resources system and cultivate high-quality financial talent.

3.3 Analysis of the Income Statement

	For the six months ended June 30,		
	2015	**2016**	**Rate of change (%)**
	(Amounts in thousands of RMB, unless otherwise stated)		
Interest income	12,827,109	**12,977,897**	1.2%
Interest expense	(7,977,157)	**(7,192,894)**	(9.8%)
NET INTEREST INCOME	4,849,952	**5,785,003**	19.3%
Fee and commission income	391,884	**715,734**	82.6%
Fee and commission expense	(9,378)	**(11,205)**	19.5%
NET FEE AND COMMISSION INCOME	382,506	**704,529**	84.2%
Net trading gains	112,715	**(26,227)**	(123.3%)
Net gains arising from investments securities	53,435	**22,778**	(57.4%)
Other income, gains or losses	34,038	**42,839**	25.9%
OPERATING INCOME	5,432,646	**6,528,922**	20.2%
Operating expenses	(1,758,238)	**(1,944,579)**	10.6%
Impairment losses on assets	(734,984)	**(1,264,739)**	72.1%
PROFIT BEFORE TAX	2,939,424	**3,319,604**	12.9%
Income tax expense	(644,274)	**(722,832)**	12.2%
PROFIT FOR THE PERIOD	2,295,150	**2,596,772**	13.1%

For the six months ended June 30, 2016, the Bank's profit before tax increased by 12.9% to RMB3,319.6 million from RMB2,939.4 million for the six months ended June 30, 2015 and the profit for the same period increased by 13.1% to RMB2,596.8 million from RMB2,295.2 million for the six months ended June 30, 2015.

3.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

For the six months ended June 30, 2016, the Bank's net interest income increased by 19.3% to RMB5,785.0 million from RMB4,849.9 million for the six months ended June 30, 2015. Our net interest spread increased from 1.64% for the six months ended June 30, 2015 to 1.76% for the six months ended June 30, 2016, primarily due to the fact that our average yield on interest-earning assets decreased by 60 basis points, which was lower than the decrease of the average cost of interest-bearing liabilities by 72 basis points. Our net interest margin increased from 1.98% for the six months ended June 30, 2015 to 2.06% for the six months ended June 30, 2016, because our net interest income increased by 19.3% for the six months ended June 30, 2016, higher than the 14.4% increase in the average balance of our interest-earning assets.

The following tables set forth, for the six months ended June 30, 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 six months ended June 30,					
	2015			**2016**		
	Average balance	Interest income/ expense	Average yield/cost	**Average balance**	**Interest income/ expense**	**Average yield/cost**
	(Amounts in millions of RMB, except percentages)					
Interest-earning Assets						
Loans and advances to customers	186,055.5	5,669.0	6.09%	**192,941.1**	**5,140.2**	**5.33 %**
Investment securities and other financial assets, including	138,040.3	3,890.2	5.64%	**233,577.2**	**6,137.2**	**5.25%**
– Trust beneficiary rights, wealth management products and asset management plans	83,952.4	2,707.1	6.45%	**158,948.7**	**4,912.0**	**6.18%**
– Debt securities investment	54,087.9	1,183.1	4.37%	**74,628.5**	**1,225.2**	**3.28%**
Amounts due from banks and other financial institutions[1]	80,952.4	2,157.3	5.33%	**55,602.3**	**915.3**	**3.29%**
Deposits with banks and other financial institutions	29,512.6	687.2	4.66 %	**26,043.2**	**384.4**	**2.95 %**
Balances with central bank	55,934.4	423.4	1.51 %	**52,772.6**	**400.8**	**1.52 %**
Total interest-earning assets	490,495.2	12,827.1	5.23 %	**560,936.4**	**12,977.9**	**4.63%**
Allowance for impairment losses	(5,321.5)			**(6,498.6)**		
Non-interest earning assets[2]	4,925.6			**9,759.9**		
Total assets	490,099.3	12,827.1	5.23%	**564,197.7**	**12,977.9**	**4.60%**
Interest-bearing Liabilities						
Due to customers	292,771.6	4,288.9	2.93%	**330,967.0**	**4,379.5**	**2.65 %**
Deposits from banks and other financial institutions	122,729.5	3,093.9	5.04%	**124,292.6**	**2,078.2**	**3.34 %**
Amounts due to banks and other financial institutions[3]	24,664.9	482.3	3.91%	**19,499.4**	**224.4**	**2.30 %**
Debt securities issued	3,663.7	107.0	5.84 %	**26,039.7**	**509.5**	**3.91 %**
Borrowings from central bank	401.2	5.1	2.51 %	**120.3**	**1.3**	**2.13 %**
Total interest-bearing liabilities	444,230.9	7,977.2	3.59 %	**500,919.0**	**7,192.9**	**2.87%**
Non-interest-bearing liabilities[4]	17,210.5			**26,585.0**		
Total liabilities	461,441.4	7,977.2	3.46%	**527,504.0**	**7,192.9**	**2.73 %**
Net interest income		4,849.9			**5,785.0**	
Net interest spread[5]			1.64%			**1.76%**
Net interest margin[6]			1.98%			**2.06%**

Notes:

(1) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.

(2) Consists of cash, interest receivable, 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.

3.3.2 Interest Income

For the six months ended June 30, 2016, our interest income increased by 1.2% to RMB12,977.9 million from RMB12,827.1 million for the six months ended June 30, 2015, which was primarily attributable to a 14.4% increase in the average balance of interest-earning assets from RMB490,495.2 million for the six months ended June 30, 2015 to RMB560,936.4 million for the six months ended June 30, 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, partially offset by a decrease of the average yield of our interest-earning assets from 5.23% for the six months ended June 30, 2015 to 4.63% for the six months ended June 30, 2016, which was primarily due to a decrease in the average yield of our loans and advances to customers, amounts due from banks and other financial institutions, and investment securities and other financial assets.

Interest income from loans and advances to customers

For the six months ended June 30, 2016, interest income from loans and advances to customers decreased by 9.3% from RMB5,669.0 million for the six months ended June 30, 2015 to RMB5,140.2 million for the six months ended June 30, 2016, primarily due to the decrease of the average yield of our loans and advances to customers from 6.09% for the six months ended June 30, 2015 to 5.33% for the six months ended June 30, 2016, reflecting the consecutive reductions of benchmark interest rates by the People's Bank of China (the "PBoC") and intensified competition in PRC banking industry, partially offset by a 3.7% increase in average balance of loans and advances to customers from RMB186,055.5 million for the six months ended June 30, 2015 to RMB192,941.1 million for the six months ended June 30, 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 six months ended June 30, 2016, interest income from trust beneficiary rights, wealth management products and asset management plans increased by 81.4% from RMB2,707.1 million for the six months ended June 30, 2015 to RMB4,912.0 million for the six months ended June 30, 2016, primarily as a result of a 89.3% increase in average balance of trust beneficiary rights, wealth management products and asset management plans from RMB83,952.4 million for the six months ended June 30, 2015 to RMB158,948.7 million for the six months ended June 30, 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 6.45% for the six months ended June 30, 2015 to 6.18% for the six months ended June 30, 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 consecutive reductions of benchmark interest rates by PBoC.

Interest income from debt securities investment

Interest income from debt securities investment increased by 3.6% from RMB1,183.1 million for the six months ended June 30, 2015 to RMB1,225.2 million for the six months ended June 30, 2016, principally due to a 38.0% increase in the average balance of our debt securities investment from RMB54,087.9 million for the six months ended June 30, 2015 to RMB74,628.5 million for the six months ended June 30, 2016, partially offset by a decrease in the average yield of our debt securities investment from 4.37% for the six months ended June 30, 2015 to 3.28% for the six months ended June 30, 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 consecutive reductions of benchmark interest rates by PBoC.

Interest income from amounts due from banks and other financial institutions

Interest income from amounts due from banks and other financial institutions decreased by 57.6% from RMB2,157.3 million for the six months ended June 30, 2015 to RMB915.3 million for the six months ended June 30, 2016, principally due to a 31.3% decrease in the average balance of our amounts due from banks and other financial institutions from RMB80,952.4 million for the six months ended June 30, 2015 to RMB55,602.3 million for the six months ended June 30, 2016, and a decrease in the average yield of our amounts due from banks and other financial institutions from 5.33% for the six months ended June 30, 2015 to 3.29% for the six months ended June 30, 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 consecutive reductions of benchmark interest rates by PBoC.

Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 44.1% from RMB687.2 million for the six months ended June 30, 2015 to RMB384.4 million for the six months ended June 30, 2016, primarily due to a 11.8% decrease in the average balance of deposits with banks and other financial institutions from RMB29,512.6 million for the six months ended June 30, 2015 to RMB26,043.2 million for the six months ended June 30, 2016 and a decrease in the average yield of our deposits with banks and other financial institutions from 4.66% for the six months ended June 30, 2015 to 2.95% for the six months ended June 30, 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 consecutive reductions of benchmark interest rates by PBoC.

Interest income from balances with central bank

Interest income from balances with central bank decreased by 5.3% from RMB423.4 million for the six months ended June 30, 2015 to RMB400.8 million for the six months ended June 30, 2016, primarily due to a 5.7% decrease in the average balance of our balances with central bank from RMB55,934.4 million for the six months ended June 30, 2015 to RMB52,772.6 million for the six months ended June 30, 2016.

3.3.3 Interest Expense

Our interest expense decreased by 9.8% from RMB7,977.2 million for the six months ended June 30, 2015 to RMB7,192.9 million for the six months ended June 30, 2016, primarily due to a decrease in the average cost of our interest-bearing liabilities from 3.59% for the six months ended June 30, 2015 to 2.87% for the six months ended June 30, 2016, partially offset by an increase of 12.8% in the average balance of the interest-bearing liabilities from RMB444,230.9 million for the six months ended June 30, 2015 to RMB500,919.0 million for the six months ended June 30, 2016. The decrease in the average cost of our interest-bearing liabilities primarily reflected a decrease in the average cost in our deposits from banks and other financial institutions, amounts due to banks and other financial institutions and debt securities issued. The increase in the average balance of our interest-bearing liabilities was primarily due to an increase in the average balances of our amounts due to customers and debt securities issued.

Interest expense on amounts due to customers

Our interest expense on amounts due to customers increased by 2.1% from RMB4,288.9 million for the six months ended June 30, 2015 to RMB4,379.4 million for the six months ended June 30, 2016, primarily due to an increase of 13.0% in the average balance of total amounts due to customers from RMB292,771.6 million for the six months ended June 30, 2015 to RMB330,967.0 million for the six months ended June 30, 2016, partially offset by a decrease in the average cost of the amounts due to customers from 2.93% for the six months ended June 30, 2015 to 2.65% for the six months ended June 30, 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 of time deposits by PBoC in 2015.

Interest expense on deposits from banks and other financial institutions

Our interest expense on deposits from banks and other financial institutions decreased by 32.8% from RMB3,093.9 million for the six months ended June 30, 2015 to RMB2,078.2 million for the six months ended June 30, 2016, primarily due to a decrease in the average cost of the relevant liabilities from 5.04% for the six months ended June 30, 2015 to 3.34% for the six months ended June 30, 2016, partially offset by a 1.3% increase in the average balance of the underlying liabilities from RMB122,729.5 million for the six months ended June 30, 2015 to RMB124,292.6 million for the six months ended June 30, 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 consecutive reductions of benchmark interest rates by PBoC.

Interest expense on amounts due to banks and other financial institutions

Our interest expense on amounts due to banks and other financial institutions decreased by 53.5% from RMB482.3 million for the six months ended June 30, 2015 to RMB224.4 million for the six months ended June 30, 2016, primarily due to a 20.9% decrease of the average balance of our amounts due to banks and other financial institutions from RMB24,664.9 million for the six months ended June 30, 2015 to RMB19,499.4 million for the six months ended June 30, 2016, accompanied by a decrease of the average cost of our amounts due to banks and other financial institutions from 3.91% for the six months ended June 30, 2015 to 2.30% for the six months ended June 30, 2016. The decrease in the average balance of our amounts due to banks and other financial institutions was primarily due to our decision to decrease our inter-bank liabilities to meet our liquidity needs. The decrease in the average cost of our amounts due to banks and other financial institutions was primarily due to a decrease in the interbank market interest rate resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest expense on debt securities issued

Our interest expense on debt securities issued increased by 376.2% from RMB107.0 million for the six months ended June 30, 2015 to RMB509.5 million for the six months ended June 30, 2016, primarily due to a 610.8% increase in the average balance of our debt securities issued from RMB3,663.7 million for the six months ended June 30, 2015 to RMB26,039.7 million for the six months ended June 30, 2016, partially offset by a decrease in the average cost of our debt securities issued from 5.84% for the six months ended June 30, 2015 to 3.91% for the six months ended June 30, 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 RMB36.7 billion in the first half of 2016. The decrease in the average cost of our debt securities issued was primarily due to a decrease in the interbank market interest rate for Renminbi resulted from consecutive reductions of benchmark interest rates by PBoC.

Interest expense on borrowings from central bank

Our interest expense on borrowings from central bank decreased by 74.5% from RMB5.1 million for the six months ended June 30, 2015 to RMB1.3 million for the six months ended June 30, 2016, primarily due to a 70.0% decrease of the average balance of borrowings from central bank from RMB401.2 million for the six months ended June 30, 2015 to RMB120.3 million for the six months ended June 30, 2016, accompanied by a decrease in the average cost of our borrowings from central bank from 2.51% for the six months ended June 30, 2015 to 2.13% for the six months ended June 30, 2016.

3.3.4 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 six months ended June 30, 2015 and 2016.

	For the six months ended June 30,			
	2015	**2016**	**Change in amount**	**Rate of change**
	(Amounts in millions of RMB, except percentages)			
Fee and commission income				
Settlement and clearing fees	146.9	**88.2**	(58.7)	(40.0%)
Wealth management service fees	115.4	**388.4**	273.0	236.6%
Acceptance and guarantee commitment fees	85.4	**119.0**	33.6	39.3%
Agency and fiduciary services fees	23.0	**79.9**	56.9	247.4%
Bank card fees	10.0	**15.5**	5.5	55.0%
Others[1]	11.2	**24.7**	13.5	120.5%
Subtotal	391.9	**715.7**	323.8	82.6%
Fee and commission expenses	(9.4)	**(11.2)**	(1.8)	19.1%
Net fee and commission income	382.5	**704.5**	322.0	84.2%

Note:

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

Our net fee and commission income increased by 84.2% from RMB382.5 million for the six months ended June 30, 2015 to RMB704.5 million for the six months ended June 30, 2016. The increase was primarily due to the increase in our wealth management service fees and agency and fiduciary services fees. For the six months ended June 30, 2016, wealth management service fees amounted to RMB388.4 million, compared to RMB115.4 million for the six months ended June 30, 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 19.1% from RMB9.4 million for the six months ended June 30, 2015 to RMB11.2 million for the six months ended June 30, 2016.

Net trading gains

Net trading gains include realized and unrealized gains from debt securities. Our net trading losses amounted to RMB26.2 million for the six months ended June 30, 2016, primarily due to the fluctuation of conditions of the bond market, while the Bank had a net trading gains of RMB112.7 million for the six months ended June 30, 2015.

Net gains arising from investments securities

Net gains arising from investment securities represent net gains on disposal of available-for-sale financial assets. The Bank's net gains arising from investment securities decreased by 57.3% from RMB53.4 million for the six months ended June 30, 2015 to RMB22.8 million for the six months ended June 30, 2016, primarily due to a decrease of trading volumes of our available-for-sale financial assets in the first half of 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 totalled RMB34.0 million for the six months ended June 30, 2015 and RMB42.8 million for the six months ended June 30, 2016.

3.3.5 Operating Expenses

The following table sets forth, for the six months ended June 30, 2015 and 2016, the principal components of our operating expenses.

	For the six months ended June 30,			
	2015	**2016**	**Change in amount**	**Rate of change**
	(Amounts in millions of RMB, except percentages)			
Operating expenses				
Staff costs	749.0	**981.6**	232.6	31.1%
Business tax and surcharges	514.4	**450.2**	(64.2)	(12.5%)
Other general and administrative expenses	154.8	**166.9**	12.1	7.8%
Office expenses	113.7	**91.3**	(22.4)	(19.7%)
Rental and property management expenses	127.3	**139.6**	12.3	9.7%
Depreciation and amortization	83.3	**98.9**	15.6	18.7%
Others(1)	15.7	**16.0**	0.3	1.9%
Total operating expenses	1,758.2	**1,944.5**	186.3	10.6%
Cost-to-income ratio(2)	22.9%	**22.9%**	–	–

Notes:

(1) Consists primarily of tax expenses.

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

Our operating expenses increased by 10.6% from RMB1,758.2 million for the six months ended June 30, 2015 to RMB1,944.5 million for the six months ended June 30, 2016. The increase was primarily due to the increase in our staff cost. The increase in our staff cost resulted primarily from (i) an increase in the number of our employees for the six months ended June 30, 2016, and (ii) an increase in the average compensation and the total performance salaries of our employees, which was in line with our business growth.

Our cost-to-income ratio (excluding business tax and surcharges) was 22.9% and 22.9% for the six months ended June 30, 2015 and 2016, respectively.

Staff costs

Staff costs are the largest component of our operating expenses, which amounted to RMB981.6 million for the six months ended June 30, 2016, representing an increase of 31.1% from RMB749.0 million for the six months ended June 30, 2015. The following table sets forth the major components of staff costs for the periods indicated.

	For the six months ended June 30,			
	2015	**2016**	**Change in amount**	**Rate of change**
	(Amounts in millions of RMB, except percentages)			
Salaries, bonuses and allowances	556.5	**752.2**	195.7	35.2%
Social insurance	102.2	**118.7**	16.5	16.1%
Housing funds	41.8	**45.7**	3.9	9.3%
Staff welfare	12.0	**17.0**	5.0	41.7%
Labor union fees and staff education expenses	4.4	**5.2**	0.8	18.2%
Contribution to annuity funds	32.1	**42.8**	10.7	33.3%
Total	749.0	**981.6**	232.6	31.1%

Business tax and surcharges

The business tax and surcharges amounted to RMB450.2 million for the six months ended June 30, 2016, representing a decrease of 12.5% from RMB514.4 million for the six months ended June 30, 2015. The decrease in business 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 RMB230.9 million for the six months ended June 30, 2016, representing a decrease of 4.2% from RMB241.0 million for the six months ended June 30, 2015.

Other general and administrative expenses

Our other general and administrative expenses amounted to RMB166.9 million for the six months ended June 30, 2016, representing an increase of 7.8% from RMB154.8 million for the six months ended June 30, 2015.

Depreciation and amortization

Depreciation and amortization amounted to RMB98.9 million for the six months ended June 30, 2016, representing an increase of 18.7% from RMB83.3 million for the six months ended June 30, 2015.

3.3.6 Impairment Losses on Assets

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

	For the six months ended June 30,			
	2015	**2016**	**Change in amount**	**Rate of change**
	(Amounts in millions of RMB, except percentages)			
Loans and advances to customers	657.0	**979.0**	322.0	49.0%
Off-balance sheet credit commitments	5.1	**0.5**	(4.6)	(90.2%)
Investments classified as receivables	72.9	**34.7**	(38.2)	(52.4%)
Financial assets held under resale agreements	–	**250.5**	250.5	–
Other assets	(0.008)	**–**	0.008	(100.0%)
Total	735.0	**1,264.7**	529.7	72.1%

Our impairment losses on assets for the six months ended June 30, 2016 were RMB1,264.7 million, representing an increase of 72.1% from RMB735.0 million for the six months ended June 30, 2015, primarily due to (i) our impairment losses on loans and advances to customers increasing by 49.0% from RMB657.0 million for the six months ended June 30, 2015 to RMB979.0 million for the six months ended June 30, 2016, reflecting an increase in our non-performing loans as a result of the general slowdown in the PRC economy, and (ii) the impairment losses on financial assets held under resale agreements of RMB250.5 million.

3.3.7 Income Tax Expenses

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

	For the six months ended June 30,			
	2015	**2016**	**Change in amount**	**Rate of change**
	(Amounts in millions of RMB, except percentages)			
Profit before tax	2,939.4	**3,319.6**	380.2	12.9%
Tax calculated at applicable statutory tax rate of 25%	734.9	**829.9**	95.0	12.9%
Under-provision of tax in prior years	2.4	**1.5**	(0.9)	(37.5%)
Tax effect of expense not deductible for tax purpose	2.0	**0.8**	(1.2)	(60.0%)
Tax effect of income not taxable for tax purpose[1]	(95.0)	**(109.4)**	(14.4)	15.2%
Income tax expense	644.3	**722.8**	78.5	12.2%

Note:

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

Our income tax for the six months ended June 30, 2016 amounted to RMB722.8 million, representing a 12.2% increase from RMB644.3 million for the six months ended June 30, 2015, which was generally consistent with the increase in our profit before tax.

3.4 Analysis of the Statement of Financial Position

3.4.1 Assets

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

	As of December 31, 2015		**As of June 30, 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%	**200,029.3**	**32.8%**
Allowance for impairment losses	(5,032.8)	(0.9%)	**(5,660.1)**	**(0.9%)**
Loans and advances to customers, net	179,570.9	31.7%	**194,369.2**	**31.9%**
Investment securities and other financial assets, net	203,459.1	36.0%	**271,674.0**	**44.5%**
Financial assets held under resale agreements	70,328.4	12.4%	**39,313.7**	**6.4%**
Cash and deposits with central bank	62,107.2	11.0%	**64,016.5**	**10.5%**
Deposits with banks and other financial institutions	30,817.9	5.4%	**21,424.1**	**3.5%**
Placements with banks and other financial institutions	13,421.2	2.4%	**11,719.0**	**1.9%**
Other assets[(1)]	5,963.0	1.1%	**7,919.4**	**1.3%**
TOTAL ASSETS	565,667.7	100.0%	**610,435.9**	**100.0%**

Note:

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

As of June 30, 2016, our total assets amounted to RMB610,435.9 million, representing an increase of 7.9% 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.

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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Corporate loans	154,018.1	83.5%	**169,592.8**	**84.8%**
Personal loans	24,775.2	13.4%	**25,205.2**	**12.6%**
Discounted bills	5,810.4	3.1%	**5,231.3**	**2.6%**
Total	184,603.7	100.0%	**200,029.3**	**100.0%**

Corporate loans

Our corporate loans amounted to RMB169,592.8 million as of June 30, 2016, representing an increase of 10.1% 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 June 30, 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%	**101,762.4**	**60.0%**
Medium- and long-term loans (over one year)	45,907.7	29.8%	**67,830.4**	**40.0%**
Total corporate loans	154,018.1	100.0%	**169,592.8**	**100.0%**

Short-term loans as a percentage of our corporate loan portfolio decreased from 70.2% as of December 31, 2015 to 60.0% as of June 30, 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 40.0% as of June 30, 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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Working capital loans	108,193.3	70.2%	**125,438.0**	**74.0%**
Fixed assets loans	42,125.0	27.4%	**41,096.6**	**24.2%**
Trade finance	1,764.2	1.1%	**1,191.7**	**0.7%**
Others[1]	1,935.6	1.3%	**1,866.5**	**1.1%**
Total corporate loans	154,018.1	100.0%	**169,592.8**	**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 RMB125,438.0 million as of June 30, 2016, representing an increase of 15.9% 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 RMB41,096.6 million as of June 30, 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 certain fixed assets loans came to maturity.

Our trade finance amounted to RMB1,764.2 million and RMB1,191.7 million as of December 31, 2015 and June 30, 2016. Our other corporate loans amounted to RMB1,935.6 million and RMB1,866.5 million as of December 31, 2015 and June 30, 2016.

Personal loans

Our personal loans amounted to RMB25,205.2 million as of June 30, 2016, representing an increase of 1.7% 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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Personal consumption loans	10,803.7	43.6%	**10,689.3**	**42.4%**
Residential mortgage loans	10,028.1	40.5%	**10,763.9**	**42.7%**
Personal business loans	3,568.0	14.4%	**3,360.8**	**13.3%**
Credit card overdrafts	375.4	1.5%	**391.2**	**1.6%**
Total personal loans	24,775.2	100.0%	**25,205.2**	**100.0%**

Our personal consumption loans amounted to RMB10,689.3 million as of June 30, 2016, representing a decrease of 1.1% compared to RMB10,803.7 million as of December 31, 2015.

Our residential mortgage loans amounted to RMB10,763.9 million as of June 30, 2016, representing an increase of 7.3% 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.

Our personal business loans amounted to RMB3,360.8 million as of June 30, 2016, representing a decrease of 5.8% compared to RMB3,568.0 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 RMB391.2 million as of December 31, 2015 and June 30, 2016.

Investment securities and other financial assets

As of June 30, 2016, the balance of our investment securities and other financial assets amounted to RMB271,674.0 million, representing an increase of 33.5% 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.

The following table sets forth, as of December 31, 2015 and June 30, 2016, the components of our investment securities and other financial assets.

	As of December 31, 2015		**As of June 30, 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%	**42,674.5**	**15.7%**
Available-for-sale debt securities	17,605.4	8.7%	**26,495.5**	**9.8%**
Debt securities held for trading	5,952.1	2.9%	**8,545.3**	**3.2%**
Debt securities classified as receivables	8,378.9	4.1%	**21,021.3**	**7.7%**
Subtotal	63,620.4	31.3%	**98,736.6**	**36.4%**
Funds	200.4	0.1%	**200.5**	**0.1%**
Wealth management products issued by other financial institutions	35,305.2	17.3%	**55,234.4**	**20.3%**
Trust beneficiary rights and assets management plans, net				
Asset management plans	64,088.4	31.5%	**75,039.1**	**27.6%**
Trust beneficiary rights	40,692.6	20.0%	**42,945.9**	**15.8%**
Allowance for impairment losses	(506.5)	(0.2%)	**(541.1)**	**(0.2%)**
Subtotal	104,274.5	51.3%	**117,443.9**	**43.2%**
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%	**271,674.0**	**100.0%**

Debt securities

The following table sets forth, as of December 31, 2015 and June 30, 2016, the components of our debt securities.

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
PRC government bonds	23,646.8	37.2%	**32,943.8**	**33.4 %**
Debt securities issued by PRC policy banks	22,330.2	35.1%	**28,868.2**	**29.2 %**
Debt securities issued by PRC corporate issuers	10,427.4	16.4%	**23,068.8**	**23.4 %**
Debt securities issued by PRC banks and other financial institutions	7,216.0	11.3%	**13,855.8**	**14.0 %**
Total	63,620.4	100.0%	**98,736.6**	**100.0%**

Our holding of debt securities issued by PRC governments increased by 39.3% from RMB23,646.8 million as of December 31, 2015 to RMB32,943.8 million as of June 30, 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 29.3% from RMB22,330.2 million as of December 31, 2015 to RMB28,868.2 million as of June 30, 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 121.2% from RMB10,427.4 million as of December 31, 2015 to RMB23,068.8 million as of June 30, 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 92.0% from RMB7,216.0 million as of December 31, 2015 to RMB13,855.8 million as of June 30, 2016, which reflected our preference for such financial debt securities with relatively high returns.

Distribution of investment securities and other financial assets by investment intention

The following table sets forth, as of December 31, 2015 and June 30, 2016, the distribution of our investment securities and other financial assets by our investment intention.

	As of December 31, 2015		**As of June 30, 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%	**193,699.6**	**71.3%**
Held-to-maturity investments	31,684.0	15.6%	**42,674.5**	**15.7%**
Available-for-sale financial assets	17,864.4	8.8%	**26,754.6**	**9.9%**
Financial assets held for trading	5,952.1	2.9%	**8,545.3**	**3.1%**
Total	203,459.1	100.0%	**271,674.0**	**100.0%**

Financial assets held under resale agreements

The table below sets forth, as of December 31, 2015 and June 30, 2016, the distribution of our financial assets held under resale agreements by collateral type.

	As of December 31, 2015		**As of June 30, 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%	**6,236.8**	**15.7%**
Trust beneficial rights and asset management plans[(1)]	9,642.0	13.7%	**1,610.0**	**4.1%**
Bonds	8,894.7	12.6%	**31,740.9**	**80.2%**
Gross amount	70,351.9	100.0%	**39,587.7**	**100.0%**
Allowance for impairment losses	(23.5)		**(274.0)**	
Net amount	70,328.4		**39,313.7**	

Note:

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

Our financial assets held under resale agreements amounted to RMB39,313.7 million as of June 30, 2016, representing a decrease of 44.1% 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 RMB64,016.5 million as of June 30, 2016, representing an increase of 3.1% compared to RMB62,107.2 million as of December 31, 2015.

Deposits with banks and other financial institutions amounted to RMB21,424.1 million as of June 30, 2016, representing a decrease of 30.5% 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 RMB11,719.0 million as of June 30, 2016, representing a decrease of 12.7% 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, long-term deferred expenses, intangible assets and other receivables. Our other assets increased by 32.8% from RMB5,963.0 million as of December 31, 2015 to RMB7,919.4 million as of June 30, 2016, primarily due to the increase of our other receivables from RMB165.6 million as of December 31, 2015 to RMB1,728.0 million as of June 30, 2016, resulting from our contribution made to establish a financial leasing company and five county banks and such contribution was recorded in other receivables.

3.4.2 Liabilities

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

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Deposits from customers	334,691.0	62.9%	**368,613.1**	**64.7%**
Deposits from banks and other financial institutions	148,732.7	27.9%	**110,003.6**	**19.3%**
Debt securities issued	13,903.8	2.6%	**39,243.6**	**6.9%**
Financial assets sold under repurchase agreements	14,557.3	2.7%	**30,281.9**	**5.3%**
Placements from banks	4,283.6	0.8%	**8,761.4**	**1.5%**
Borrowings from central bank	237.4	0.1%	**41.9**	**0.0%**
Income tax payable	701.1	0.1%	**570.3**	**0.1%**
Other liabilities[(1)]	15,313.1	2.9%	**12,595.8**	**2.2%**
TOTAL LIABILITIES	532,420.0	100.0%	**570,111.6**	**100.0%**

Note:

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

As of June 30, 2016, our total liabilities were RMB570,111.6 million, representing an increase of 7.1% compared to RMB532,420.0 million as of December 31, 2015.

Deposits from customers

As of June 30, 2016, our deposits from customers amounted to RMB368,613.1 million, representing an increase of 10.1% 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 June 30, 2016, our due to customers by product type and maturity profile of deposits.

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Corporate deposits				
Demand	132,621.1	39.6%	**157,113.5**	**42.6%**
Time[1]	111,215.9	33.2%	**124,984.4**	**33.9%**
Subtotal	243,837.0	72.8%	**282,097.9**	**76.5%**
Personal deposits				
Demand	17,734.3	5.3%	**17,988.3**	**4.9%**
Time[1]	45,122.3	13.5%	**46,548.2**	**12.6%**
Subtotal	62,856.6	18.8%	**64,536.5**	**17.5%**
Others[2]	27,997.4	8.4%	**21,978.7**	**6.0%**
Total deposits from customers	334,691.0	100.0%	**368,613.1**	**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.

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 RMB282,097.9 million and 76.5% as of June 30, 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 2.7% from RMB62,856.6 million as of December 31, 2015 to RMB64,536.5 million as of June 30, 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 June 30, 2016, our deposits from banks and other financial institutions amounted to RMB110,003.6 million, representing a decrease of 26.0% 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 June 30, 2016, our financial assets sold under repurchase agreements amounted to RMB30,281.9 million, representing an increase of 108.0% 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.

3.4.3 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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
EQUITY				
Share capital	5,126.0	15.4%	**6,070.6**	**15.1%**
Capital reserve	5,990.8	18.0%	**10,700.5**	**26.5%**
Investment revaluation reserve	166.0	0.5%	**94.0**	**0.2%**
Surplus reserve	2,563.0	7.7%	**2,563.0**	**6.4%**
General reserve	5,819.6	17.5%	**7,150.6**	**17.7%**
Retained earnings	13,358.2	40.2%	**13,527.0**	**33.6%**
Equity attributable to equity holders of the Bank	33,023.6	99.3%	**40,105.7**	**99.5%**
No-controlling interests	224.1	0.7%	**218.5**	**0.5%**
TOTAL EQUITY	33,247.7	100.0%	**40,324.2**	**100.0%**

As of June 30, 2016, our shareholders' equity amounted to RMB40,324.2 million, representing an increase of 21.3% compared to RMB33,247.7 million as of December 31, 2015. Equity attributable to equity holders of the Bank was RMB40,105.7 million as of June 30, 2016, representing an increase of 21.4% compared to RMB33,023.6 million as of December 31, 2015. The increase in the shareholders' equity in the six months ended June 30, 2016 was mainly due to an increase in our net profit and the issue of our new H shares in the first half of 2016.

3.5 Analysis of Off-Balance Sheet Items

The following table sets forth, as of December 31, 2015 and June 30, 2016, the contractual amounts of our off-balance sheet commitments.

	As of December 31, 2015	**As of June 30, 2016**
	(Amounts in millions of RMB)	
Bank acceptance	57,341.3	**50,436.6**
Letters of credit	11,614.2	**9,318.5**
Letters of guarantee issued	5,718.4	**5,545.4**
Undrawn credit card commitments	2,473.2	**1,594.1**
Subtotal	77,147.1	**66,894.6**
Operating lease commitments	985.8	**1,069.4**
Capital commitments	181.8	**124.0**
Total	78,341.7	**68,088.0**

3.6 Analysis

Distribution of loans by five-category loan classification

The following table sets forth, as of December 31, 2015 and June 30, 2016, the distribution of our loan portfolio by the five-category loan classification.

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Normal	175,657.0	95.2%	**187,890.5**	**93.9%**
Special mention	6,465.6	3.5%	**9,327.4**	**4.7%**
Subtotal	182,122.6	98.7%	**197,217.9**	**98.6%**
Substandard	1,433.1	0.7%	**1,851.1**	**1.0%**
Doubtful	640.8	0.4%	**697.1**	**0.3%**
Loss	407.2	0.2%	**263.2**	**0.1%**
Subtotal	2,481.1	1.3%	**2,811.4**	**1.4%**
Total loans to customers	184,603.7	100.0%	**200,029.3**	**100.0%**

As of June 30, 2016, according to the five-category classification, the normal loans amounted to RMB187,890.5 million, representing an increase of RMB12,233.5 million as compared to that as of December 31, 2015. The normal loans accounted for 93.9% of all the loans of the Bank as of June 30, 2016. Loans classified as special mention were RMB9,327.4 million, representing an increase of RMB2,861.8 million as compared to that as of December 31, 2015. The loans classified as special mention accounted for 4.7% of all loans. The non-performing loans were RMB2,811.4 million, representing an increase of RMB330.3 million as compared to that as of December 31, 2015 with a non-performing loan ratio of 1.41%, representing an increase of 0.07 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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Manufacturing	34,138.4	22.2%	**41,717.5**	**24.6%**
Wholesale and retail	33,930.0	22.0%	**37,131.5**	**21.9%**
Construction	22,935.4	14.9%	**24,641.8**	**14.5%**
Real estate	16,989.2	11.0%	**16,073.1**	**9.5%**
Water, environment and public facilities management	12,334.4	8.0%	**15,183.1**	**9.0%**
Leasing and business services	8,713.6	5.7%	**11,108.6**	**6.6%**
Transportation, storage and postal services	4,567.2	3.0%	**4,182.6**	**2.5%**
Resident services repair and other services	4,765.6	3.1%	**5,452.6**	**3.2%**
Public administration, social security and social organization	3,207.0	2.1%	**2,073.0**	**1.2%**
Finance	2,015.6	1.3%	**1,529.8**	**0.9%**
Electricity, heat, gas and water production and supply	2,143.9	1.4%	**2,139.9**	**1.3%**
Scientific research and technical services	2,072.9	1.3%	**1,860.0**	**1.1%**
Agriculture, forestry, animal husbandry and fishery	1,871.4	1.2%	**1,156.9**	**0.7%**
Accommodation and catering	1,355.4	0.9%	**1,530.9**	**0.9%**
Others(1)	2,978.1	1.9%	**3,811.5**	**2.1%**
Total corporate loans	154,018.1	100.0%	**169,592.8**	**100.0%**

Note:

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

In the first half of 2016, the Bank actively supported the development of the real economy with its lending structure further optimized. As of June 30, 2016, loans provided to customers in the industries of (i) manufacturing, (ii) wholesale and retail, (iii) construction, (iv) real estate, and (v) water, environment and public utilities management represented the top five largest components of the Bank's corporate loans. As of June 30, 2016 and December 31, 2015, the balance of loans provided to the corporate customers in these five industries were RMB134,747.0 million and RMB120,327.4 million, respectively, accounting for 79.5% and 78.1% 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 June 30, 2016**		
	Amount	% of total	NPL ratio(1)	**Amount**	**% of total**	**NPL ratio(1)**
	(Amounts in millions of RMB, except percentages)					
Wholesale and retail	1,460.00	66.3%	4.30%	**1,328.4**	**55.3%**	**3.58%**
Manufacturing	388.60	17.6%	1.14%	**617.7**	**25.8%**	**1.48%**
Resident services repair and other services	149.3	6.8%	3.13%	**149.3**	**6.2%**	**2.74%**
Leasing and business services	75.0	3.4%	0.86%	**75.0**	**3.1%**	**0.68%**
Transportation, storage and postal services	25.6	1.2%	0.56%	**67.4**	**2.8%**	**1.61%**
Mining	–	–	–	**50.0**	**2.1%**	**3.98%**
Real estate	32.5	1.5%	0.19%	**32.5**	**1.4%**	**0.20%**
Accommodation and catering	33.0	1.5%	2.44%	**33.0**	**1.4%**	**2.16%**
Agriculture, forestry, animal husbandry and fishery	4.5	0.2%	0.26%	**18.5**	**0.8%**	**1.80%**
Scientific research and technical services	–	–	–	**11.9**	**0.5%**	**0.67%**
Health and social services	9.8	0.4%	1.76%	**9.8**	**0.4%**	**1.67%**
Cultural, sports and entertainment	5.2	0.2%	1.66%	**5.1**	**0.2%**	**3.39%**
Construction	19.5	0.9%	0.09%	**–**	**–**	**–**
Total non-performing corporate loans	2,203.0	100.0%	1.43%	**2,398.6**	**100.0%**	**1.41%**

Note:

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

Our non-performing corporate loans consist primarily of non-performing loans to corporate borrowers in the wholesale and retail industry. The non-performing loan ratio for our corporate loans in the wholesale and retail industry was 4.30% and 3.58% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 2016, non-performing corporate loans to borrowers in this industry accounted for 66.3% and 55.3% 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 9.4% from RMB33,930.0 million as of December 31, 2015 to RMB37,131.5 million as of June 30, 2016.

The non-performing loan ratio for our corporate loans in the manufacturing industry was 1.14% and 1.48% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 2016, non-performing corporate loans to borrowers in this industry accounted for 17.6% and 25.8% of our total non-performing corporate loans, respectively. The increase in the non-performing ratio for our corporate loans to borrowers in manufacturing industry primarily reflected the financial condition of certain corporate borrowers deteriorated due to a general slowdown in the PRC economy.

The non-performing loan ratio for our corporate loans in the resident services repair and other services industry was 3.13% and 2.74% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 2016, non-performing corporate loans to borrowers in this industry accounted for 6.8% and 6.2% of our total non-performing corporate loans, respectively, which remained relatively stable.

The non-performing loan ratio for our corporate loans in the leasing and business services industry was 0.86% and 0.68% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 2016, non-performing corporate loans to borrowers in this industry accounted for 3.4% and 3.1% of our total non-performing corporate loans, respectively, which remained relatively stable.

The non-performing loan ratio for our corporate loans in the transportation, storage and postal services industry was 0.56% and 1.61% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 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.

The non-performing loan ratio for our corporate loans in the mining industry was nil and 3.98% as of December 31, 2015 and June 30, 2016, respectively. As of December 31, 2015 and June 30, 2016, non-performing corporate loans to borrowers in this industry accounted for nil and 2.1% of our total non-performing corporate loans, respectively. The increase of our non-performing loans 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.

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 June 30, 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%	**1,904.0**	**67.7%**	**1.52%**
Fixed asset loans	38.1	1.5%	0.09%	**38.1**	**1.4%**	**0.09%**
Trade finance	23.8	1.0%	1.35%	**23.8**	**0.8%**	**2.00%**
Others[2]	586.2	23.6%	30.29%	**432.7**	**15.4%**	**23.19%**
Subtotal	2,203.0	88.8%	1.43%	**2,398.6**	**85.3%**	**1.41%**
Discounted bills	–	–	–	**70.0**	**2.5%**	**1.33%**
Subtotal	–	–	–	**70.0**	**2.5%**	**1.33%**
Personal loans						
Residential mortgage loans	48.8	2.0%	0.45%	**50.3**	**1.8%**	**0.47%**
Personal consumption loans	44.8	1.8%	0.45%	**49.4**	**1.8%**	**0.46%**
Personal business loans	161.4	6.5%	4.52%	**216.8**	**7.7%**	**6.45%**
Credit card overdrafts	23.1	0.9%	6.16%	**26.3**	**0.9%**	**6.72%**
Subtotal	278.1	11.2%	1.12%	**342.8**	**12.2%**	**1.46%**
Total non-performing loans	2,481.1	100.0%	1.34%	**2,811.4**	**100.0%**	**1.41%**

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.

The non-performing loan ratio for our corporate loans decreased from 1.43% as of December 31, 2015 to 1.41% as of June 30, 2016, with a 8.9% increase in our non-performing corporate loans from RMB2,203.0 million to RMB2,398.6 million. The increase in our non-performing corporate loans was primarily due to the increase of the non-performing loans of our working capital loans by 22.5% from RMB1,554.9 million as of December 31, 2015 to RMB1,904.06 million as of June 30, 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 1.46% as of June 30, 2016, with a 23.3% increase in our non-performing personal loans from RMB278.1 million as of December 31, 2015 to RMB342.8 million as of June 30, 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 1.33% as of June 30, 2016 and our non-performing loans for discounted bills amounted to RMB70.0 million as of the same date. We recorded non-performing loans as of June 30, 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 June 30, 2016, the distribution of our non-performing loans by geographical region.

	As of December 31, 2015			**As of June 30, 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%	1.5%	**1,485.8**	**52.8%**	**1.3%**
Beijing	154.2	6.2%	1.1%	**182.6**	**6.5%**	**1.4%**
Shandong Province	90.6	3.7%	0.5%	**213.6**	**7.6%**	**0.9%**
Shanghai	338.8	13.7%	1.8%	**153.1**	**5.4%**	**0.7%**
Hebei Province	264.1	10.6%	2.2%	**688.5**	**24.5%**	**4.8%**
Sichuan Province	75.8	3.0%	0.5%	**87.8**	**3.2%**	**0.6%**
Total non-performing loans	2,481.1	100.0%	1.34%	**2,811.4**	**100.0%**	**1.41%**

Distribution of loans by collateral

The following table sets forth, as of December 31, 2015 and June 30, 2016, the distribution of our loans and advances to customers by type of collateral.

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Unsecured loan	12,297.4	6.7%	**11,246.1**	**5.6%**
Guaranteed loan	84,475.3	45.7%	**95,684.2**	**47.8%**
Collateralized loans[(1)]	59,406.9	32.2%	**55,975.9**	**28.0%**
Pledged loans[(1)]	28,424.1	15.4%	**37,123.1**	**18.6%**
Total loans and advances to customers	184,603.7	100.0%	**200,029.3**	**100.0%**

Note:

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

Borrowers concentration

In the first half of 2016, the Bank's total loans to its largest single borrower accounted for 4.48% of its regulatory capital while total loans to its top ten customers accounted for 25.22% of its regulatory capital, which were in compliance with regulatory requirements.

a. *Indicators of concentration*

Major regulatory indicators	Regulatory standard	As of June 30, 2016	As of December 31, 2015
Loan concentration ratio for the largest single customer (%)	<=10	4.48	4.50
Loan concentration ratio for the top ten customers (%)	<=50	25.22	28.49

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

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.

	Industry	As of June 30, 2016 Amount	% of total loans	% of regulatory capital[1]	Classification
		(Amounts in millions of RMB, except percentages)			
Borrower A	Manufacturing	**2,221.6**	**1.12%**	**4.48%**	Normal
Borrower B	Water, environment and public facilities management	**1,283.0**	**0.65%**	**2.59%**	Normal
Borrower C	Manufacturing	**1,256.4**	**0.63%**	**2.54%**	Normal
Borrower D	Construction	**1,200.0**	**0.60%**	**2.42%**	Normal
Borrower E	Construction	**1,189.8**	**0.60%**	**2.40%**	Normal
Borrower F	Water, environment and public facilities management	**1,176.5**	**0.59%**	**2.37%**	Normal
Borrower G	Water, environment and public facilities management	**1,086.5**	**0.55%**	**2.19%**	Normal
Borrower H	Water, environment and public facilities management	**1,081.8**	**0.54%**	**2.18%**	Normal
Borrower I	Water, environment and public facilities management	**1,000.0**	**0.50%**	**2.02%**	Normal
Borrower J	Real estate	**1,000.0**	**0.50%**	**2.02%**	Normal
Total		**12,495.7**	**6.28%**	**25.22%**	

Note:

(1) Represents loan balances as a percentage of our regulatory capital, calculated in accordance with the requirements of the Capital Administrative Measures and based on our financial statements prepared in accordance with PRC GAAP.

As of June 30, 2016, the loan balance of the largest single borrower of the Bank was RMB2,221.6 million, accounting for 1.12% of the total amount of loans of the Bank; and the total amount of loans of the top ten single borrowers was RMB12,495.7 million, representing 6.28% 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 June 30, 2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Current loans	178,697.6	99.5%	**191,038.1**	**98.3%**
Loans past due but not impaired[1]				
Up to 30 days	2,091.8	1.2%	**2,303.0**	**1.2%**
31 to 60 days	446.3	0.2%	**1,550.2**	**0.8%**
61 to 90 days	806.3	0.4%	**1,906.5**	**1.0%**
More than 90 days	80.6	0.1%	**420.1**	**0.2%**
Sub-total	3,425.0	1.9%	**6,179.8**	**3.2%**
Impaired loans	2,481.1	1.4%	**2,811.4**	**1.4%**
Allowances for impairment losses	5,032.8	2.8%	**5,660.1**	**2.9%**
Total	179,570.9	100.0%	**194,369.2**	**100.0%**

Note:

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

Changes to allowance for impairment losses

The allowance for impairment losses of loans increased by 12.5% to RMB5,660.1 million as of June 30, 2016 from RMB5,032.8 million as of December 31, 2015. This increase was mainly due to the overall increase of our total loan portfolio and an increase in our non-performing loans.

	As of December 31, 2015		**As of June 30, 2016**	
	Amount	NPL ratio	**Amount**	**NPL ratio**
	(Amounts in millions of RMB, except percentages)			
Beginning of period	4,456.8	1.09%	**5,032.8**	**1.34%**
Charge-offs for the period[1]	1,322.3		**979.1**	
Unwinding of discount	(55.7)		**(31.5)**	
Write-offs	(463.8)		**(351.7)**	
Recoveries	0.8		**31.4**	
Transfer out	(227.6)		**–**	
End of period	5,032.8	1.34%	**5,660.1**	**1.41%**

Note:

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

3.7 Segment Report

Geographical Segment Report

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

	For the six months ended June 30,			
	2015		**2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Tianjin	3,787.1	69.7%	**4,160.7**	**63.7%**
Shandong Province	571.1	10.5%	**787.8**	**12.1%**
Shanghai	330.1	6.1%	**552.3**	**8.5%**
Sichuan Province	315.7	5.8%	**438.4**	**6.7%**
Beijing	90.7	1.7%	**380.0**	**5.8%**
Hebei Province	337.9	6.2%	**209.7**	**3.2%**
Total	5,432.6	100.0%	**6,528.9**	**100.0%**

Business Segment Report

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

	For the six months ended June 30,			
	2015		**2016**	
	Amount	% of the total	**Amount**	**% of the total**
	(Amounts in millions of RMB, except percentages)			
Corporate banking	3,102.5	57.1%	**3,465.8**	**53.1%**
Retail banking	886.0	16.3%	**1,032.6**	**15.8%**
Treasury business	1,414.8	26.1%	**2,021.5**	**31.0%**
Other[(1)]	29.3	0.5%	**9.0**	**0.1%**
Total	5,432.6	100.0%	**6,528.9**	**100.0%**

Note:

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

3.8 Analysis on Capital Adequacy Ratio

Our Bank calculated and disclosed the capital adequacy ratios according to the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法》(試行)) (effective since January 1, 2013) promulgated by the China Banking Regulatory Commission. As of June 30, 2016, our Bank's capital adequacy ratios met the regulatory requirements under such regulations. As of June 30, 2016, the capital adequacy ratio was 12.17%, 0.06 percentage points lower than that as of December 31, 2015; tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 9.58% and 9.58% as of June 30, 2016, 0.25 percentage points higher than those as of December 31, 2015.

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 June 30, 2016**
	(Amounts in millions of RMB, except percentages)	
Core capital		
– Share capital	5,126.0	**6,070.6**
– Capital reserve	5,990.8	**10,700.5**
– Surplus reserve and provisions for general risks	8,382.6	**9,713.6**
– Retained earnings	13,358.2	**13,527.0**
– Non-controlling interests	224.1	**218.6**
Total Core Capital	33,081.7	**40,230.3**
Core tier-one capital	33,070.2	**40,161.3**
Core tier-one capital deductible items	(52.3)	**(1,180.2)**
Net core tier-one capital	33,017.9	**38,981.1**
Net tier-one capital	33,024.1	**38,988.5**
Tier-two capital		
– Net tier-two capital instruments and related premiums	7,700.0	**7,700.0**
– Surplus allowance for impairment losses on loans	2,552.5	**2,848.7**
– Portion of minority shareholders that may be included	11.4	**14.8**
Total tier-two capital	10,263.9	**10,563.5**
Net capital base	43,288.0	**49,552.0**
Total risk-weighted assets	353,950.2	**407,056.4**
Core tier-one capital adequacy ratio	9.33%	**9.58%**
Tier-one capital adequacy ratio	9.33%	**9.58%**
Capital adequacy ratio	12.23%	**12.17%**

3.9 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.

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 an digital credit extension management system to further improve our credit risk control capabilities, 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.

Operational Risk

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

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

Market Risk

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

Market Risk of Trading Book

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

Liquidity Risk Management

Liquidity risk refers to the risk of failure for commercial banks to acquire sufficient funds in a timely manner and at a reasonable cost to pay off debts due or meet the liquidity demand in line with expansion of our business operations. We are exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions. Our Bank has established an organizational structure for liquidity risk management on the principle of independence to ensure the separation of responsibilities related to the formulation, implementation, and supervision of liquidity risk management policies and procedures. Our Board of Directors is ultimately responsible for our liquidity risk management, while our senior management is in charge in the detailed management work. The Asset and Liability Management Committee at our head office is responsible for formulating the management target and detailed implementation plan for our liquidity risk management for a certain period while at the same time taking charge in our daily liquidity risk management and internal capital management. The Risk Management Department at our head office takes charge in the implementation of our liquidity risk measuring index and risk limitation while monitoring, alerting and reporting our liquidity risk.

Liquidity Risk Analysis

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

Information Technology Risk Management

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

3.10 Business Review

Corporate Banking Business

In response to the changes of the economic and policy environment of China, we continued to strengthen our marketing capabilities and improve customer services through business innovation, and promoted the development of our corporate banking business. For the six months ended June 30, 2016, our operating income from corporate banking business amounted to RMB3,465.8 million, accounting for 53.1% of the total operating income over the same period, representing an increase of 11.7% as compared to the same period last year.

As of June 30, 2016, the balance of our corporate loans (excluding discounted bills) amounted to RMB169,592.8 million, representing an increase of 10.1% as compared to that of December 31, 2015. As of the same date, RMB122,565.9 million of these loans were loans to SMEs, accounting for 72.3% of our total corporate loans and representing an increase of 16.1% as compared to that of December 31, 2015. As of June 30, 2016, our total corporate deposits amounted to RMB282,097.9 million, representing an increase of 15.7% as compared to that of December 31, 2015. In the six months ended June 30, 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.

In addition, our technology SME business experienced a stable increase. The balance of our loans to technology SMEs was RMB22,527.2 million as of June 30, 2016, representing an increase of 13.8% as compared to that of December 31, 2015. Further, due to our prudent risk control and continued efforts to improve the asset quality, our non-performing loan ratio of SME loans was 1.83% as of June 30, 2016.

Retail Banking Business

In the six months ended June 30, 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 six months ended June 30, 2016, the number of our retail banking customers exceeded 7.8 million and the operating income from our retail banking business amounted to RMB1,032.6 million, accounting for 15.8% of our total operating income over the same period and representing an increase of 16.5% as compared to the same period last year. As of June 30, 2016, the balance of our personal loans reached RMB25,205.2 million, accounting for 12.6% of our total loans to customers. As of June 30, 2016, our residential mortgage loans, personal consumption loans, personal business loans and credit card overdrafts amounted to RMB10,763.9 million, RMB10,689.3 million, RMB3,360.8 million and RMB391.2 million, respectively, and accounted for 42.7%, 42.4%, 13.3%, and 1.6%, respectively, of our total personal loans. As of that date, our total personal deposits amounted to RMB64,536.5 million, representing an increase of 2.7% as compared to that of December 31, 2015.

In the six months ended June 30, 2016, our Bank continued to enhance our product offering and the product features of credit cards. As of June 30, 2016, our Bank had issued 161,070 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 have actively explored a new model of rural financial services. As of June 30, 2016, we provided rural financial services through a network of 107 outlets, which included 52 branch outlets, 43 financial service stations and 12 convenience stores in rural areas.

Treasury Business

In the six months ended June 30, 2016, our Bank continued to focus our research on macroeconomic policies and market analysis in order to reduce the adverse impacts of market volatility, minimise the impact of a slowdown in the PRC economic development and ensure steady growth of the operating income of our treasury business. For the six months ended June 30, 2016, the operating income of our treasury operations amounted to RMB2,021.5 million, accounting for 31.0% of our total operating income and representing an increase of 42.9% as compared to the same period last year.

Money Market Transactions

In the six months ended June 30, 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 June 30, 2016, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB72,456.8 million, representing an decrease of 36.8% as compared to that as of December 31, 2015 and accounting for 11.8% of our total assets as of June 30, 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 RMB149,046.9 million, representing a decrease of 11.1% as compared to that as of December 31, 2015 and accounting for 26.1% of our total liabilities as of June 30, 2016.

Investments in Securities and Other Financial Assets

In the six months ended June 30, 2016, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of June 30, 2016, the balance of our debt securities investments was RMB98,736.6 million, representing an increase of 55.2% as compared to that as of December 31, 2015. As of June 30, 2016, the balance of our investments in debt securities issued by PRC banks and financial institutions was RMB13,855.8 million, representing an increase of 92.0% as compared to that as of December 31, 2015.

Treasury Business Conducted on Behalf of Customers

In the six months ended June 30, 2016, the wealth management business of our Bank grew rapidly because (i) our wealth management products are generally priced with relatively higher yields than those of the national joint-stock commercial banks, resulting in comparatively stronger market competitiveness; and (ii) in line with increasing market demand for wealth management products, we strengthened marketing efforts towards our corporate banking customers, retail banking customers and interbank customers.

As of June 30, 2016, the total outstanding amount of wealth management products issued by us was RMB63,839.8 million. For the six months ended June 30, 2016, the net fee and commission income from the wealth management products issued by us amounted to RMB388.4 million.

International Business

For the six months ended June 30, 2016, our Bank's international settlement volume amounted to US$4,234.2 million.

4. 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.

5. OTHER INFORMATION

5.1 Corporate Governance Code

During the Reporting Period, our Bank continues to improve the transparency and accountability of its corporate governance and ensure high standards of corporate governance practices to protect the interests of shareholders and enhance corporate value and commitment.

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.

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 Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on March 30, 2016, our Bank has complied with the requirements of the code provisions in Appendix 14 of the Hong Kong Listing Rules.

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

5.2 Directors, Supervisors and Senior Management of the Bank

As of the date of this announcement, the composition of the Board, the board of supervisors and senior management of the Bank are as follows:

The Board of the Bank comprised a total of 14 directors, including four executive directors, namely Mr. YUAN Fuhua (Chairman), Mr. WEN Yuanhua (President), Mr. YUE Desheng (Vice President) and Ms. ZHANG Furong (Vice President, Secretary of the Board of Directors); five non-executive directors, namely 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. LIANG Zhixiang, Mr. FENG Heping, Mr. GUO Tianyong and Mr. LAW Yee Kwan, Quinn.

The board of supervisors of the Bank comprised a total of six supervisors, including two employee supervisors, namely Mr. ZHANG Xiang and Mr. YAO Tao; two shareholder supervisors, namely Ms. FENG Xia and Ms. CHENG Yifeng; and two external supervisors, namely Mr. ZHANG Lianming and Ms. ZHANG Xiaoli.

The senior management of the Bank comprised a total of seven members, namely Mr. WEN Yuanhua, Mr. YUE Desheng, Ms. ZHANG Furong, Ms. ZHANG Ying, Mr. LIANG Jianfa, Mr. YUAN I-Pei and Mr. XIA Zhenwu.

5.3 Changes in Directors, Supervisors and Senior Management during the Reporting Period

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

Mr. Zeng Xiangxin was appointed as a non-executive director by the shareholders of the Bank 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 Tianjin Regulatory Bureau of China Banking Regulatory Commission 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 has tendered his resignation as a non-executive director of the Bank and a member of the audit committee under the Board after the Reporting Period. For details, please see the announcement named "RESIGNATION OF DIRECTOR AND PROPOSED APPOINTMENT OF DIRECTOR" of the Bank dated August 30, 2016.

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.

5.4 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 of the Bank.

Having made specific enquiries to all directors and supervisors of the Bank, 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 June 30, 2016.

5.5 Profits and Dividends

The Bank's revenue for the six months ended June 30, 2016 and the Bank's financial position as of the same date are set out in the section headed "Interim Financial Statements" of this interim results announcement.

The profit distribution plan for 2015 of the Bank was considered and approved by the shareholders at the Bank's 2015 annual general meeting 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 on August 8, 2016.

The Bank will not distribute any interim dividend for the first six months of 2016 or convert any capital reserve into share capital.

5.6 Purchase, Sale and Redemption of The Listed Securities of The Bank

The 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 43,454,500 H shares (including the sales of 3,950,409 sale shares by the state-owned shareholders of the Bank) 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.

Save as disclosed above, neither the Bank nor its subsidiary had purchased, sold or redeemed any listed securities of the Bank during the Reporting Period.

5.7 Review of the Interim Results

The interim financial statements disclosed in this interim results announcement have not been audited. The interim financial statements for the six months ended June 30, 2016 prepared by the Bank in accordance with the IFRSs promulgated by the International Accounting Standards Board have been reviewed by Deloitte Touche Tohmatsu in accordance with the International Standard on Review Engagements.

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

5.8 Use of Proceeds

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

5.9 Subsequent Events

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

6. INTERIM FINANCIAL STATEMENTS

6.1 Condensed Consolidated Statement of Comprehensive Income

For The Six Months Ended 30 June 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Interest income	**12,977,897**	12,827,109
Interest expense	**(7,192,894)**	(7,977,157)
Net interest income	**5,785,003**	4,849,952
Fee and commission income	**715,734**	391,884
Fee and commission expense	**(11,205)**	(9,378)
Net fee and commission income	**704,529**	382,506
Net trading (losses)/gains	**(26,227)**	112,715
Net gains arising from investment securities	**22,778**	53,435
Other income, gains or losses	**42,839**	34,038
Operating income	**6,528,922**	5,432,646
Operating expenses	**(1,944,579)**	(1,758,238)
Impairment losses on assets	**(1,264,739)**	(734,984)
Profit before tax	**3,319,604**	2,939,424
Income tax expense	**(722,832)**	(644,274)
Profit for the period	**2,596,772**	2,295,150
Attributable to:		
Equity holders of the Bank	**2,592,524**	2,285,396
Non-controlling interests	**4,248**	9,754
	2,596,772	2,295,150
Earnings per share (Expressed in RMB Yuan per share)		
– Basic	**0.46**	0.45
– Diluted	**0.46**	N/A

6.1 Condensed Consolidated Statement of Comprehensive Income – Continued

For the six months ended 30 June 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit for the period	**2,596,772**	2,295,150
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Net changes in investment revaluation reserve for available-for-sale financial assets	**(96,032)**	59,773
Income tax relating to available-for-sale financial assets	**24,008**	(14,943)
Other comprehensive (expense)/income for the period, net of tax	**(72,024)**	44,830
Total comprehensive income for the period	**2,524,748**	2,339,980
Total comprehensive income attributable to:		
Equity holders of the Bank	**2,520,500**	2,330,226
Non-controlling interests	**4,248**	9,754
Total comprehensive income for the period	**2,524,748**	2,339,980

6.2 Condensed Consolidated Statement of Financial Position

As at 30 June 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
ASSETS		
Cash and balances with central bank	**64,016,509**	62,107,212
Deposits with banks and other financial institutions	**21,424,111**	30,817,893
Placements with banks and other financial institutions	**11,719,044**	13,421,168
Financial assets held for trading	**8,545,313**	5,952,089
Financial assets held under resale agreements	**39,313,733**	70,328,366
Loans and advances to customers	**194,369,155**	179,570,910
Available-for-sale financial assets	**26,754,523**	17,864,413
Held-to-maturity investments	**42,674,503**	31,683,985
Investments classified as receivables	**193,699,606**	147,958,624
Property and equipment	**1,732,020**	1,739,648
Deferred tax assets	**1,385,231**	1,144,441
Other assets	**4,802,137**	3,078,982
Total assets	**610,435,885**	565,667,731
LIABILITIES		
Borrowings from central bank	**41,880**	237,357
Deposits from banks and other financial institutions	**110,003,613**	148,732,655
Placements from banks	**8,761,356**	4,283,630
Financial assets sold under repurchase agreements	**30,281,885**	14,557,253
Due to customers	**368,613,104**	334,691,026
Income tax payable	**570,342**	701,095
Debt securities issued	**39,243,599**	13,903,769
Other liabilities	**12,595,864**	15,313,242
Total liabilities	**570,111,643**	532,420,027

6.2 Condensed Consolidated Statement of Financial Position – Continued

As at 30 June 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
EQUITY		
Share capital	**6,070,552**	5,126,048
Capital reserve	**10,700,492**	5,990,757
Investment revaluation reserve	**94,003**	166,027
Surplus reserve	**2,563,024**	2,563,024
General reserve	**7,150,619**	5,819,593
Retained earnings	**13,527,001**	13,358,202
Equity attributable to equity holders of the Bank	**40,105,691**	33,023,651
Non-controlling interests	**218,551**	224,053
Total equity	**40,324,242**	33,247,704
Total equity and liabilities	**610,435,885**	565,667,731

6.3 Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at 1 January, 2016 (Audited)	5,126,048	5,990,757	166,027	2,563,024	5,819,593	13,358,202	33,023,651	224,053	33,247,704
Profit for the period	–	–	–	–	–	2,592,524	2,592,524	4,248	2,596,772
Other comprehensive expense for the period	–	–	(72,024)	–	–	–	(72,024)	–	(72,024)
Total comprehensive (expense)/ income for the period	–	–	(72,024)	–	–	2,592,524	2,520,500	4,248	2,524,748
Issuance of shares	944,504	4,890,668	–	–	–	–	5,835,172	–	5,835,172
Expense related to share issuance	–	(180,933)	–	–	–	–	(180,933)	–	(180,933)
Appropriation to general reserve	–	–	–	–	1,331,026	(1,331,026)	–	–	–
Dividend distribution	–	–	–	–	–	(1,092,699)	(1,092,699)	(9,750)	(1,102,449)
As at 30 June, 2016 (Unaudited)	6,070,552	10,700,492	94,003	2,563,024	7,150,619	13,527,001	40,105,691	218,551	40,324,242
As at 1 January, 2015 (Audited)	5,126,048	5,990,757	29,255	2,356,347	4,879,734	10,290,027	28,672,168	217,773	28,889,941
Profit for the period	–	–	–	–	–	2,285,396	2,285,396	9,754	2,295,150
Other comprehensive income for the period	–	–	44,830	–	–	–	44,830	–	44,830
Total comprehensive income for the period	–	–	44,830	–	–	2,285,396	2,330,226	9,754	2,339,980
Appropriation to general reserve	–	–	–	–	939,859	(939,859)	–	–	–
Dividend distribution	–	–	–	–	–	(700,723)	(700,723)	–	(700,723)
As at 30 June, 2015 (Unaudited)	5,126,048	5,990,757	74,085	2,356,347	5,819,593	10,934,841	30,301,671	227,527	30,529,198

6.4 Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**3,319,604**	2,939,424
Adjustments for:		
Depreciation and amortization	**98,941**	83,345
Impairment losses on assets	**1,264,739**	734,984
Interest income arising from investment securities	**(6,074,890)**	(3,770,901)
Interest income arising from impaired financial assets	**(31,510)**	(23,587)
Interest expense arising from debt securities issued	**509,540**	107,024
Net unrealized trading losses/(gains)	**33,119**	(79,806)
Net gains arising from investment securities	**(22,778)**	(53,435)
Unrealized exchange gains	**(28,343)**	(10,058)
Dividend income from investment securities	**(5,000)**	(5,000)
Other income, gains or losses	**(7,392)**	478
Operating cash flows before movements in working capital	**(943,970)**	(77,532)
Decrease/(increase) in balances with central bank and deposits with banks and other financial institutions	**5,134,683**	(6,080,060)
Increase in placements with banks and other financial institutions	**(1,391,181)**	(723,771)
Increase in financial assets held for trading	**(2,626,343)**	(141,895)
Decrease in financial assets held under resale agreements	**28,154,755**	18,414,614
Increase in loans and advances to customers	**(15,795,818)**	(15,103,816)
(Decrease)/increase in borrowings from central bank	**(195,477)**	20,082
(Decrease)/increase in deposits from banks and other financial institutions	**(38,729,042)**	10,773,939
Increase/(decrease) in placements from banks	**4,477,726**	(6,121,644)
Increase/(decrease) in financial assets sold under repurchase agreements	**15,724,632**	(2,657,795)
Increase in due to customers	**33,922,078**	24,282,123
Increase in other operating assets	**(1,570,230)**	(107,387)
(Decrease)/increase in other operating liabilities	**(4,015,338)**	7,451,922
Cash generated by operating activities	**22,146,475**	29,928,780
Income tax paid	**(1,070,367)**	(823,024)
Net cash generated by operating activities	**21,076,108**	29,105,756

6.4 Condensed Consolidated Statement of Cash Flows – Continued

For the six months ended 30 June 2016

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Cash received from disposal and redemption of investment securities	**312,329,810**	86,847,790
Cash received from disposal of property and equipment and other assets	**11,331**	45
Cash paid for purchase of investment securities	**(378,082,129)**	(128,317,548)
Cash paid for purchase of property and equipment and other assets	**(100,003)**	(118,992)
Interest income received from investment securities	**6,097,668**	3,825,340
Dividend income from investment securities	**5,000**	5,000
Net cash used in investing activities	**(59,738,323)**	(37,758,365)
FINANCING ACTIVITIES		
Cash received from share issuance	**5,835,172**	–
Expense paid related to share issuance	**(180,933)**	–
Cash received from debt securities issued	**36,303,040**	4,990,000
Repayment of debt securities issued	**(11,192,998)**	–
Interest expenses paid for debt securities issued	**(279,752)**	–
Dividends paid	**(5,091)**	(526,016)
Net cash generated by financing activities	**30,479,438**	4,463,984
Net decrease in cash and cash equivalents	**(8,182,777)**	(4,188,625)
Cash and cash equivalents at beginning of the period	**68,425,701**	58,508,863
Effect of foreign exchange rate changes	**130,256**	(5,731)
Cash and cash equivalents at end of the period	**60,373,180**	54,314,507
Net cash generated by operating activities include:		
Interest received	**7,455,278**	9,318,956
Interest paid	**(6,613,147)**	(7,792,680)
Net interest received from operating activities	**842,131**	1,526,276

7. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016
(Amounts in thousands of Renminbi, unless otherwise stated)

7.1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December, 2015.

7.2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except as describe below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June, 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December, 2015.

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

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 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 period has had no material impact on the Group's financial performance and position for the current period and prior years and/or the on the disclosures set out in these condensed consolidated financial statements.

7.3. Net Interest Income

	Six months ended 30 June	
	2016	2015
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	**4,411,636**	4,562,363
Personal loans and advances	**604,259**	711,970
Discounted bills	**124,310**	394,619
Balances with central bank	**400,771**	423,372
Deposits with banks and other financial institutions	**384,430**	687,254
Placements with banks and other financial institutions and financial assets held under resale agreements	**915,330**	2,157,288
Investments, including:		
Bonds investment	**1,225,151**	1,183,100
Other investments classified as receivables*	**4,912,010**	2,707,143
Subtotal	**12,977,897**	12,827,109

7.3. Net Interest Income – Continued

	Six months ended 30 June	
	2016	2015
Interest expense:		
Borrowings from central bank	**(1,279)**	(5,041)
Deposits from banks and other financial institutions	**(2,078,186)**	(3,093,880)
Placements from banks and financial assets sold under repurchase agreements	**(224,410)**	(482,311)
Due to customers	**(4,379,479)**	(4,288,901)
Debt securities issued	**(509,540)**	(107,024)
Subtotal	**(7,192,894)**	(7,977,157)
Net interest income	**5,785,003**	4,849,952
Including: Interest income on impaired financial assets	**31,510**	23,587

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

7.4. Net Fee and Commission Income

	Six months ended 30 June	
	2016	2015
Fee and commission income		
Settlement and clearing fees	**88,220**	146,891
Wealth management service fees	**388,402**	115,366
Acceptance and guarantee commitment fees	**119,030**	85,351
Agency commissions and fiduciary service fees	**79,888**	23,041
Bank card fees	**15,514**	10,019
Others	**24,680**	11,216
Subtotal	**715,734**	391,884
Fee and commission expense	**(11,205)**	(9,378)
Total	**704,529**	382,506

7.5. Net Trading (Losses)/Gains

	Six months ended 30 June	
	2016	2015
Realized gains from debt securities	**6,892**	32,909
Unrealized (losses)/gains from debt securities	**(33,119)**	79,806
Total	**(26,227)**	112,715

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

7.6. Net Gains Arising From Investment Securities

	Six months ended 30 June	
	2016	2015
Net gains on disposal of available-for-sale financial assets	**22,778**	53,435

7.7. Other Income, Gains or Losses

	Six months ended 30 June	
	2016	2015
Dividend income	**5,000**	5,000
Government subsidies	**393**	9,665
Exchange gains	**28,849**	10,369
Rental income	**5,669**	4,716
Others	**2,928**	4,288
Total	**42,839**	34,038

7.8. Operating Expenses

		Six months ended 30 June	
	Note	**2016**	2015
Staff costs	*(1)*	**981,642**	748,965
Office expenses		**91,316**	113,675
Rental and property management expenses		**139,608**	127,349
Other general and administrative expenses		**166,901**	154,755
Business tax and surcharges		**450,205**	514,437
Depreciation		**68,416**	59,385
Amortization		**30,525**	23,960
Others		**15,966**	15,712
Total		**1,944,579**	1,758,238

Note:

(1) Staff costs

	Six months ended 30 June	
	2016	2015
Salaries, bonuses and allowances	**752,167**	556,500
Social insurance	**118,726**	102,185
Housing funds	**45,701**	41,781
Staff welfare	**17,044**	12,026
Labor union fees and staff education expenses	**5,205**	4,358
Contribution to annuity funds	**42,799**	32,115
Total	**981,642**	748,965

7.9. Impairment Losses on Assets

	Six months ended 30 June	
	2016	2015
Loans and advances to customers	**979,083**	656,992
Off-balance sheet credit commitments	**515**	5,110
Investments classified as receivables	**34,677**	72,890
Financial assets held under resale agreements	**250,464**	–
Other assets	**–**	(8)
Total	**1,264,739**	734,984

7.10. Income Tax Expense

	Six months ended 30 June	
	2016	2015
Income tax expense comprises:		
Current income tax	**939,614**	753,231
Deferred tax	**(216,782)**	(108,957)
Total	**722,832**	644,274

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

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

	Six months ended 30 June	
	2016	2015
Profit before tax	**3,319,604**	2,939,424
Tax calculated at applicable statutory tax rate of 25%	**829,901**	734,856
Underprovision of tax in prior years	**1,548**	2,374
Tax effect of expenses not deductible for tax purpose	**756**	2,014
Tax effect of income not taxable for tax purpose[(1)]	**(109,373)**	(94,970)
Income tax expense	**722,832**	644,274

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.

7.11. Earnings Per Share

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

	Six months ended 30 June	
	2016	2015
Earnings:		
Profit for the period attributable to equity holders of the Bank for the purpose of basic and diluted earnings per share	**2,592,524**	2,285,396
Numbers of shares:		
Weighted average number of shares in issue for the purpose of basic and diluted earnings per share (in thousand)	**5,603,904**	5,126,048
Basic earnings per share (RMB Yuan)	**0.46**	0.45
Diluted earnings per share (RMB Yuan)	**0.46**	N/A

Since that the exercise price of the Bank's over-allotment share option was higher than the average market price of shares for this period, the exercise of the share option would not have a dilutive effect on earnings per share.

7.12. Dividends

		Six months ended 30 June	
	Notes	**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.

7.13. Segment Analysis

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

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

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

The Group has no major customer which contributes to 10 per cent or more of the Group's income. No geographical information is presented as most of the Group's operations are conducted and majority of its non-current assets are located and therefore revenue is derived from activities in Tianjin Municipality of the PRC.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating Segments

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organized into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment for its own accounts or on behalf of customers.

Others

Others include head office operations as well as items that are not attributed to the above segments.

7.13. Segment Analysis – Continued

Operating Segments – Continued

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

7.13. Segment Analysis – Continued

Operating Segments – Continued

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June, 2015					
External interest income	4,571,081	711,970	7,544,058	–	12,827,109
External interest expense	(3,418,879)	(871,318)	(3,686,960)	–	(7,977,157)
Inter-segment interest income/ (expense)	1,685,943	952,510	(2,638,453)	–	–
Net interest income	2,838,145	793,162	1,218,645	–	4,849,952
Fee and commission income	273,632	92,942	25,310	–	391,884
Fee and commission expense	(9,248)	(125)	(5)	–	(9,378)
Net fee and commission income	264,384	92,817	25,305	–	382,506
Net trading gains	–	–	112,715	–	112,715
Net gains arising from investment securities	–	–	53,435	–	53,435
Other income, gains or losses	–	–	4,740	29,298	34,038
Operating income	3,102,529	885,979	1,414,840	29,298	5,432,646
Operating expenses	(949,547)	(510,989)	(297,702)	–	(1,758,238)
Impairment losses on assets	(572,298)	(89,796)	(72,890)	–	(734,984)
Profit before tax	1,580,684	285,194	1,044,248	29,298	2,939,424
Income tax expense					(644,274)
Profit for the period					2,295,150
Depreciation and amortization	(54,436)	(12,618)	(16,291)	–	(83,345)
Capital expenditure	(61,301)	(19,099)	(24,657)	–	(105,057)
As at 31 December, 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

7.14. Contingent Liabilities and Commitments

Legal proceedings

The Bank and its subsidiary are involved as defendants in certain lawsuits arising from their normal business operations. As at 30 June, 2016, in light of court decisions or advice from legal counsels, the Group considered it not necessary to provide for losses from these claims (December 31, 2015: None). The final result of the lawsuits will not have any material impact on the financial position or operations of the Group.

Capital commitments

	As at 30 June 2016	As at 31 December 2015
Contracted but not provided for	**123,973**	181,805

Operating lease commitments

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

	As at 30 June 2016	As at 31 December 2015
Within 1 year	**255,469**	227,436
1 to 2 years	**207,599**	228,497
2 to 3 years	**173,494**	150,628
3 to 4 years	**131,048**	139,847
4 to 5 years	**99,093**	77,454
Over 5 years	**202,678**	161,985
Total	**1,069,381**	985,847

Credit commitments

	As at 30 June 2016	As at 31 December 2015
Acceptances	**50,436,639**	57,341,285
Undrawn credit card limit	**1,594,011**	2,473,237
Letters of credit issued	**9,318,529**	11,614,171
Letters of guarantee	**5,545,387**	5,718,416
Total	**66,894,566**	77,147,109

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.

7.14. Contingent Liabilities and Commitments – Continued

Credit risk weighted amounts for credit commitments

	As at 30 June 2016	As at 31 December 2015
Credit commitments	**18,881,707**	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 carrying amount of assets pledged as collateral under repurchase agreement and customer deposits by the Group are as follows:

	As at 30 June 2016	As at 31 December 2015
Bonds	**39,466,495**	20,723,600
Bills	**1,488,985**	3,961,253
Total	**40,955,480**	24,684,853

As at 30 June, 2016, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB30,282 million (31 December, 2015: RMB14,557 million). All repurchase agreements were due within twelve months from inception.

As at 30 June, 2016, the balances of customer deposits that were secured by the Group's assets amounted to RMB9,128 million (31 December, 2015: RMB9,000 million), of which RMB2,000 million (31 December, 2015: RMB2,000 million) were due over twelve months from inception.

Collateral accepted

As at 30 June, 2016, the Group received RMB38,597 million (31 December, 2015: RMB60,920 million) of bonds and bills as collateral relating to financial assets held under resale agreements. As at 30 June, 2016 and 31 December, 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 30 June, 2016, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,141 million (31 December, 2015: RMB2,210 million), and the principal balance of e-saving bonds amounted to RMB2,209 million (31 December, 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.

8. PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.bankoftianjin.com). The 2016 interim report prepared in accordance with the IFRSs will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.bankoftianjin.com), and will be despatched to the holders of H shares of the Bank in due course.

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

By Order of the Board
Bank of Tianjin Co., Ltd.
YUAN Fuhua
Chairman

Tianjin, China
August 30, 2016

As of the date of this announcement, the Board of Directors of the Bank comprises Mr. YUAN Fuhua, Mr. WEN Yuanhua, Mr. YUE Desheng and Ms. ZHANG Furong, as executive directors; Mr. YU Yang, Mr. Alistair Marshall Bulloch, Mr. ZHAO Wei, Mr. LUAN Fengxiang and Mr. ZENG Xiangxin as non-executive directors; Mr. LIU Baorui, Mr. LIANG Zhixiang, Mr. FENG Heping, Mr. GUO Tianyong and Mr. LAW Yee Kwan, Quinn as independent non-executive directors.

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