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, 2017

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, 2017 (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, 2017 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 subsidiaries 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	LI Zongtang
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
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2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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

	As of June 30, 2017	As of December 31, 2016	**Rate of Change (%)**
	(Amounts in thousands of RMB, unless otherwise stated)		
MAJOR INDICATORS OF ASSETS/LIABILITIES			
Total assets	**659,883,945**	657,310,107	0.4
Of which: loans and advances to customers	**215,413,034**	207,854,530	3.6
Total liabilities	**616,872,372**	615,555,327	0.2
Of which: due to customers	**354,571,354**	365,470,957	(3.0)
Share capital	**6,070,552**	6,070,552	–
Equity attributable to equity holders of the Bank	**42,961,165**	41,709,929	3.0
Total equity	**43,011,573**	41,754,780	3.0

	For the six months ended June 30,		
	2017	2016	**Change**
PROFITABILITY INDICATORS (%)			
Return on average total assets(1)	**0.80**	0.88	(0.08)
Return on average equity(2)	**12.38**	14.12	(1.74)
Net interest spread(3)	**0.90**	1.76	(0.86)
Net interest margin(4)	**1.31**	2.06	(0.75)
Net fee and commission income to operating income	**19.86**	10.79	9.07
Cost-to-income ratio(5)	**25.50**	22.89	2.61

	As of June 30, 2017	As of December 31, 2016	Change
ASSET QUALITY INDICATORS (%)			
Non-performing loan ratio(6)	**1.46**	1.48	(0.02)
Allowance coverage ratio(7)	**200.25**	193.56	6.69
Allowance to gross loan ratio(8)	**2.92**	2.87	0.05

	As of June 30, 2017	As of December 31, 2016	Change
CAPITAL ADEQUACY RATIO INDICATORS (%)			
Calculated based on Capital Administrative Measures			
Core tier-one capital adequacy Ratio(9)	**9.29**	9.48	(0.19)
Tier-one capital adequacy ratio(10)	**9.29**	9.48	(0.19)
Capital adequacy ratio(11)	**11.64**	11.88	(0.24)
Total equity to total assets	**6.52**	6.35	0.17
OTHER INDICATORS (%)			
Loan-to-deposit ratio(12)	**62.49**	58.57	3.92
Liquidity ratio(13)	**35.13**	34.39	0.74
Percentage of loans to the single largest customer(14)	**6.51**	7.83	(1.32)
Percentage of loans to the top ten customers(15)	**39.02**	35.76	(3.26)

Notes:

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

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

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

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

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

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

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

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

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

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

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

(12) Loan-deposit ratio of as of December 31, 2016 and June 30, 2017 were calculated according to the Notice on Adjusting the Calculation of Loan-to-Deposit Ratio for Commercial Banks (《中國銀監會關於調整商業銀行存貸比計算口徑的通知》).

(13) Liquidity ratio is calculated in accordance with the formula promulgated by the China Banking Regulatory Commission.

(14) Calculated by dividing total loans to the single largest customer by net capital.

(15) Calculated by dividing total loans to the top ten customers by net capital.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Environment and Prospects

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

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

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: (1) we will adjust and optimize the wholesale business structure to support the supply-side structural reform and the deepening of the mixed ownership reform of state-owned enterprises through actively participating in the implementation of national development strategy, and will explore new business model to develop new customer resources and build more new business drivers; (2) we are committed to expanding our customer base and providing diversified financial products and services by enhancing our retail banking operations, focusing on the improvement of customer experience, and integrating and improving our retail business operations and bank card product pipeline; (3) we will further enhance the competitiveness of our SME business by increasing participation in transactions and capital management of our corporate banking clients, maintaining our competitive advantages in providing financial services to SMEs in technology industries, building multi-channel platforms, and enriching functions of banking products; (4) we will expand the profit margin of our business lines in the financial market, constantly broaden our investing and financing channels for assets, and cement partnership with industrial peers and non-banking institutions with a comparatively stronger capability to provide assets, while putting special effort to enhance the profitability of our treasure business; (5) we will expand the range of our financial services, and promote synergies among our different business segments through coordination amongst intra-group companies; (6) we will be committed to sharpening our market competitive edges by building our network outlets into customer service centers and profitability centers, which can be achieved by strategically optimizing our network layout and strengthening the centralized management of the business network; (7) we will expand our network-based financial services by focusing on the key development of internet finance and mobile finance business and integrating the “internet +” into our one-stop financial services for customers; (8) we will maintain asset quality by continuously enhancing our comprehensive risk management system and improving our risk control; and (9) we will improve our organizational and management structure, establish a market-oriented human resources system, and cultivate high-quality financial talent.

3.3 Analysis of the Income Statement

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

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

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

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

The following tables set forth, for the six months ended June 30, 2016 and 2017, the average balance of our interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities.

	For the six months ended June 30,					
	2017			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	**216,892.5**	**5,314.1**	**4.90**	192,941.1	5,140.2	5.33
Investment securities and other financial assets, including	**329,042.2**	**6,544.3**	**3.98**	233,577.2	6,137.2	5.25
– Trust beneficiary rights, wealth management products and asset management plans	**190,587.1**	**4,653.1**	**4.88**	158,948.7	4,912.0	6.18
– Debt securities and fund investment	**138,455.1**	**1,891.2**	**2.73**	74,628.5	1,225.2	3.28
Amounts due from banks and other financial institutions[1]	**36,031.6**	**690.6**	**3.83**	55,602.3	915.3	3.29
Deposits with banks and other financial institutions	**16,581.1**	**312.1**	**3.76**	26,043.2	384.4	2.95
Balances with central bank	**55,380.8**	**419.2**	**1.51**	52,772.6	400.8	1.52
Total interest-earning assets	**653,928.2**	**13,280.3**	**4.06**	560,936.4	12,977.9	4.63
Allowance for impairment losses	**(8,062.1)**			(6,498.6)		
Non-interest earning assets[2]	**9,388.3**			9,759.9		
Total assets	**655,254.4**	**13,280.3**	**4.05**	564,197.7	12,977.9	4.60
Interest-bearing Liabilities						
Due to customers	**333,716.7**	**4,382.9**	**2.63**	330,967.0	4,379.5	2.65
Deposits from banks and other financial institutions	**94,697.5**	**2,025.6**	**4.28**	124,292.6	2,078.2	3.34
Amounts due to banks and other financial institutions[3]	**74,628.4**	**1,205.0**	**3.23**	19,499.4	224.4	2.30
Debt securities issued	**64,678.6**	**1,361.1**	**4.21**	26,039.7	509.5	3.91
Borrowings from central bank	**400.0**	**6.4**	**3.20**	120.3	1.3	2.16
Total interest-bearing liabilities	**568,121.2**	**8,981.0**	**3.16**	500,919.0	7,192.9	2.87
Non-interest-bearing liabilities[4]	**44,446.5**			26,585.0		
Total liabilities	**612,567.7**	**8,981.0**	**2.93**	527,504.0	7,192.9	2.73
Net interest income		**4,299.3**			5,785.0	
Net interest spread[5]			**0.90**			1.76
Net interest margin[6]			**1.31**			2.06

Notes:

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

(2) Consists of cash, interest receivable, long-term equity investments, fixed assets, intangible assets, other receivables, repossessed assets and deferred income tax assets.

(3) Consists of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

(4) Consists of interest payable, taxes payable, other payables, accrued liabilities, accrued staff salaries and dividends payable.

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

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

3.3.2 Interest Income

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

Interest income from loans and advances to customers

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

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

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

Interest income from debt securities and fund investment

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

Interest income from amounts due from banks and other financial institutions

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

Interest income from deposits with banks and other financial institutions

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

Interest income from balances with central bank

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

3.3.3 Interest Expense

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

Interest expense on amounts due to customers

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

Interest expense on deposits from banks and other financial institutions

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

Interest expense on amounts due to banks and other financial institutions

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

Interest expense on debt securities issued

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

Interest expense on borrowings from central bank

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

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, 2016 and 2017.

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

Note:

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

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

Fee and Commission Expenses

Fee and commission expenses consist primarily of fees paid to third parties in connection with our fee- and commission-based services that can be directly allocated to the provision of such services. Our fee and commission expenses increased by 168.8% from RMB11.2 million for the six months ended June 30, 2016 to RMB30.1 million for the six months ended June 30, 2017.

Net trading losses

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

Net gains arising from investments securities

Net gains arising from investment securities represent net gains on disposal of available-for-sale financial assets. The Bank's net gains arising from investment securities decreased by 38.2% from RMB22.8 million for the six months ended June 30, 2016 to RMB14.1 million for the six months ended June 30, 2017, primarily due to a decrease of trading volumes of our available-for-sale financial assets in the first half of 2017.

Other components of our operating income

Other components of our operating income consist primarily of exchange gains, government subsidies, rental income and dividends income. Other components of our operating income totalled RMB42.8 million for the six months ended June 30, 2016 and RMB1.2 million for the six months ended June 30, 2017.

3.3.5 Operating Expenses

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

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

Notes:

(1) Consists primarily of tax expenses.

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

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

Staff costs

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

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

Tax and surcharges

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

Office expenses and rental and property management expenses

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

Other general and administrative expenses

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

Depreciation and amortization

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

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

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

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

Note:

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

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

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

Note:

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

As of June 30, 2017, our total assets amounted to RMB659,884.0 million, representing an increase of 0.4% compared to RMB657,310.1 million as of December 31, 2016. The increase was mainly due to the increase in our loans and advances to customers and investment securities and other financial assets.

Loans and advances to customers

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

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

Corporate loans

Our corporate loans amounted to RMB184,427.9 million as of June 30, 2017, representing an increase of 1.2% compared to RMB182,240.3 million as of December 31, 2016. The increase in our corporate loans was in line with the development of our corporate banking business.

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

	As of June 30, 2017		As of December 31, 2016	
	Amount	**% of the total (%)**	Amount	% of the total (%)
	(Amounts in millions of RMB, except percentages)			
Short-term loans (one year or less)	**102,328.6**	**55.5**	110,081.1	60.4
Medium- and long-term loans (over one year)	**82,099.3**	**44.5**	72,159.2	39.6
Total corporate loans	**184,427.9**	**100.0**	182,240.3	100.0

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

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

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

Note:

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

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

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

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

Personal loans

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

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

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

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

Our residential mortgage loans amounted to RMB18,124.7 million as of June 30, 2017, representing an increase of 24.8% compared to RMB14,520.1 million as of December 31, 2016. The increase in our residential mortgage loans was primarily due to (i) our efforts to grow our residential mortgage loan business to meet the various needs of our retail customers, and (ii) our increased marketing efforts on residential mortgage loans as our response to the PRC government's sound policy on the residential mortgage loans.

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

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

Discounted bills

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

Finance lease receivables

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

Investment securities and other financial assets

As of June 30, 2017, the balance of our investment securities and other financial assets amounted to RMB329,626.7 million, representing an increase of 6.1 % compared to RMB310,737.3 million as of December 31, 2016. This increase was mainly due to an increase of our holding of debt securities, trust beneficiary rights and assets management plans.

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

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

Debt securities

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

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

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

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

Our holding of debt securities issued by PRC corporate issuers increased by 11.9% from RMB27,667.9 million as of December 31, 2016 to RMB30,951.6 million as of June 30, 2017, which was primarily because of our decision to achieve higher returns on investments whilst maintaining reasonable level of liquidity.

Our holding of debt securities issued by PRC banks and other financial institutions decreased by 32.2% from RMB27,856.6 million as of December 31, 2016 to RMB18,889.5 million as of June 30, 2017, which reflected our preference for other debt securities with relatively high liquidity.

Distribution of investment securities and other financial assets by investment intention

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

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

Financial assets held under resale agreements

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

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

Note:

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

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

Other components of our assets

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

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

Deposits with banks and other financial institutions amounted to RMB13,706.2 million as of June 30, 2017, representing a decrease of 47.5% compared to RMB26,118.0 million as of December 31, 2016. This decrease was primarily due to our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs.

Our placements with banks and other financial institutions amounted to RMB15,725.2 million as of June 30, 2017, representing an increase of 14.1% compared to RMB13,780.0 million as of December 31, 2016, primarily due to our adjustment of overall assets portfolio to allocate our fund resources to the higher-yielding assets while meeting our liquidity needs.

Our other assets consist primarily of interest receivable, property and equipment, deferred tax assets, intangible assets and other receivables. Our other assets increased by 24.5% from RMB7,435.7 million as of December 31, 2016 to RMB9,257.2 million as of June 30, 2017, primarily due to the increase of our interest receivables from RMB2,659.68 million as of December 31, 2016 to RMB3,639.04 million as of June 30, 2017, primarily resulting from the increase in interest receivable of investment classified as receivables.

3.4.2 Liabilities

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

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

Note:

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

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

Deposits from customers

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

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

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

Notes:

(1) Includes principal-protected wealth management products, which we classify as deposits from customers pursuant to PBoC rules.

(2) Consist primarily of margin deposits, funds deposited with us for remittance and temporary deposits.

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

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

Deposits from banks and other financial institutions

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

Debt securities issued

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

Financial assets sold under repurchase agreements

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

3.4.3 Equity

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

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

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

3.5 Analysis of Off-Balance Sheet Items

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

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

3.6 Analysis

Distribution of loans by five-category loan classification

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

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

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

Distribution of corporate loans by industry

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

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

Note:

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

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

Distribution of Non-Performing Corporate Loans by Industry

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

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

Note:

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

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

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

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

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

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

Distribution of Non-Performing Loans by Product Type

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

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

Notes:

(1) Calculated by dividing non-performing loans in each product type by gross loans in that product type.

(2) Consist primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

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

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

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

Distribution of non-performing loans by geographical region

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

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

Distribution of loans by collateral

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

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

Note:

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

Borrowers concentration

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

a. Indicators of concentration

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

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

b. Loans to top ten single borrowers

The following table sets forth, as of the date indicated, our loan exposure to our ten largest single borrowers, all of which were classified as normal at that date.

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

Note:

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

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

Loan Aging Schedule

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

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

Note:

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

Changes to allowance for impairment losses

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

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

Note:

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

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

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

Business Segment Report

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

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

Note:

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

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

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

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

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

(Expressed in percentage)

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

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

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 2017, we continuously enhanced our comprehensive risk management system and improved our risk control, continued to facilitate the establishment of an integrated and comprehensive risk management system through which we have managed to successfully meet relevant regulatory requirements, mitigate risks associated with general unstable economic conditions, and secure the sustainable development of our business. In particular, our Bank strives to maintain a risk management system to strike the balance between risk and return, so as to strictly control our risk exposure while maintaining the flexibility to allow business innovations and asset quality.

Credit Risk

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

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

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

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

Operational Risk

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

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

Market Risk

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

Liquidity Risk Management

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

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

Liquidity Risk Analysis

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

Information Technology Risk Management

We are subject to information technology risk which may cause our operational, legal risks and reputational risks. We strive to improve our information technology risk management and enhance the application of information technology, to ensure the security of our systems, websites and data. We also strengthened our management and increased our investment in the information technology to effectively mitigate risks. Management Policy on Business Continuity of Bank of Tianjin (《天津銀行業務連續性管理政策》) and Measures on Management of Business Continuity of Bank of Tianjin (《天津銀行業務連續性管理辦法》), the formulation of which was led by the Legal and Compliance Department of our head office, had been considered and approved, and were promulgated in May 2017.

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

As of June 30, 2017, the balance of our corporate loans (excluding discounted bills and finance lease receivable) amounted to RMB184,427.9 million, representing an increase of 1.2% as compared to that of December 31, 2016. As of the same date, RMB141,060.17 million of these loans were loans to SMEs, accounting for 76.5% of our total corporate loans and representing an increase of 4.1% as compared to that of December 31, 2016. As of June 30, 2017, our total corporate deposits amounted to RMB272,458.8 million, representing an decrease of 2.5% as compared to that of December 31, 2016. In the six months ended June 30, 2017, our Bank focused on the development of fee- and commission-based corporate banking business and services, continued to refine our business structure and diversify our product portfolio. Our branches have also strengthened promotion of fee- and commission-based corporate banking products.

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

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

Retail Banking Business

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

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

Rural Financial Services

The nationwide developments of modern agriculture and urbanization have facilitated the expansion of our rural financial services. Taking into account the characteristics of modern agriculture, we continued to improve our rural financial services and establishment of branches in rural areas, to support the development of economic sectors related to "agriculture, rural areas and farmers". As of June 30, 2017, we established an aggregate of 32 sub-branches, comprising 9 primary sub-branches and 23 secondary sub-branches.

Treasury Business

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

Money Market Transactions

In the six months ended June 30, 2017, our Bank closely monitored the development and changes in the cost of capital in the money market, actively took advantage of market opportunities and increased profitability whilst ensuring liquidity. As of June 30, 2017, the balance of our deposits and placements with banks and other financial institutions and financial assets held under resale agreements reached RMB48,833.6 million, representing a decrease of 33.3% as compared to that as of December 31, 2016 and accounting for 7.4% of our total assets as of June 30, 2017. As of the same date, the balance of our deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements reached RMB155,748.5 million, representing a decrease of 20.8% as compared to that as of December 31, 2016 and accounting for 25.2% of our total liabilities as of June 30, 2017.

Investments in Securities and Other Financial Assets

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

Treasury Business Conducted on Behalf of Customers

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

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

International Business

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

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 our Bank had complied with the requirements of the code provisions set out in the Code during the Reporting Period.

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 fifteen directors, including four executive directors, namely Mr. LI Zongtang (Chairman), Mr. SUN Liguo (President), Mr. YUE Desheng (Vice President) and Ms. ZHANG Furong (Vice President, Secretary of the Board of Directors); six non-executive directors, namely Mr. ZHAO Jiawang, Mr. YU Yang, Mr. Alistair Marshall Bulloch, Mr. ZHAO Wei, Mr. LUAN Fengxiang and Mr. ZENG Xiangxin and five independent non-executive directors, namely Mr. LIU Baorui, Mr. FENG Heping, Mr. GUO Tianyong, Mr. LAW Yee Kwan, Quinn and Mr. JIN Qingjun.

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. SUN Liguo, Mr. YUE Desheng, Ms. ZHANG Furong, Ms. ZHANG Ying, Mr. LIANG Jianfa, Mr. XIA Zhenwu and Mr. WANG Feng.

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

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

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

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

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

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

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

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 Reporting Period.

5.5 Profits and Dividends

The Bank's revenue for the six months ended June 30, 2017 and the Bank's financial position as of the same date are set out in the section headed "Interim Financial Statements" of this interim results announcement.

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

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

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

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, 2017 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 and its subsidiaries after the Reporting Period.

6. INTERIM FINANCIAL STATEMENTS

6.1 Condensed Consolidated Statement of Comprehensive Income

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

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

6.1 Condensed Consolidated Statement of Comprehensive Income (Continued)

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

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

6.2 Condensed Consolidated Statement of Financial Position

As at June 30, 2017
(Amounts in thousands of Renminbi, unless otherwise stated)

	As at June 30, 2017 (Unaudited)	As at December 31, 2016 (Audited)
ASSETS		
Cash and balances with central bank	**56,753,354**	58,107,633
Deposits with banks and other financial institutions	**13,706,208**	26,118,021
Placements with banks and other financial institutions	**15,725,150**	13,779,965
Financial assets held for trading	**4,997,994**	5,880,431
Financial assets held under resale agreements	**19,402,226**	33,277,007
Loans and advances to customers	**215,413,034**	207,854,530
Available-for-sale financial assets	**47,200,364**	50,589,734
Held-to-maturity investments	**46,696,689**	42,340,601
Investments classified as receivables	**230,731,612**	211,926,509
Interests in associates	**197,527**	184,995
Property and equipment	**1,640,511**	1,686,422
Deferred tax assets	**1,857,540**	1,698,048
Other assets	**5,561,736**	3,866,211
Total assets	**659,883,945**	657,310,107

6.2 Condensed Consolidated Statement of Financial Position (Continued)

As at June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at June 30, 2017 (Unaudited)	As at December 31, 2016 (Audited)
LIABILITIES		
Borrowings from central bank	**1,500,000**	–
Deposits from banks and other financial institutions	**83,563,046**	119,333,012
Placements from banks	**12,234,846**	18,550,308
Financial assets sold under repurchase agreements	**59,950,710**	58,805,600
Due to customers	**354,571,354**	365,470,957
Income tax payable	**590,465**	567,216
Debt securities issued	**87,269,587**	40,631,584
Other liabilities	**17,192,364**	12,196,650
Total liabilities	**616,872,372**	615,555,327
EQUITY		
Share capital	**6,070,552**	6,070,552
Capital reserve	**10,699,811**	10,699,811
Investment revaluation reserve	**(366,295)**	(215,644)
Surplus reserve	**3,014,661**	3,014,661
General reserve	**8,349,399**	7,136,619
Retained earnings	**15,193,037**	15,003,930
Equity attributable to equity holders of the Bank	**42,961,165**	41,709,929
Non-controlling interests	**50,408**	44,851
Total equity	**43,011,573**	41,754,780
Total equity and liabilities	**659,883,945**	657,310,107

6.3 Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2017

(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 January 1, 2017 (Audited)	6,070,552	10,699,811	(215,644)	3,014,661	7,136,619	15,003,930	41,709,929	44,851	41,754,780
Profit for the period	–	–	–	–	–	2,615,997	2,615,997	5,557	2,621,554
Other comprehensive expense for the period	–	–	(150,651)	–	–	–	(150,651)	–	(150,651)
Total comprehensive (expense)/ income for the period	–	–	(150,651)	–	–	2,615,997	2,465,346	5,557	2,470,903
Appropriation to general reserve	–	–	–	–	1,212,780	(1,212,780)	–	–	–
Dividend distribution	–	–	–	–	–	(1,214,110)	(1,214,110)	–	(1,214,110)
As at June 30, 2017 (Unaudited)	6,070,552	10,699,811	(366,295)	3,014,661	8,349,399	15,193,037	42,961,165	50,408	43,011,573
As at January 1, 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 June 30, 2016 (Unaudited)	6,070,552	10,700,492	94,003	2,563,024	7,150,619	13,527,001	40,105,691	218,551	40,324,242

6.4 Condensed Consolidated Statement of Cash Flows

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

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

6.4 Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended June 30, 2017

(Amounts in thousands of Renminbi, unless otherwise stated)

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

7. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2016.

2. Principal Accounting Policies and Significant Accounting Estimates and Judgements

(a) Principal accounting policies

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

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

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

The application of these amendments to the IFRSs 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 on the disclosures set out in these condensed consolidated financial statements, except for the adoption of amendments to IAS 7 which will result in the disclosure of reconciliation of liabilities arising from financing activities in the annual consolidated financial statements for the year ended December 31, 2017.

(b) Accounting estimates and judgements

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

The Group’s accountings estimates and judgements applied in preparing these unaudited interim financial report are consistent with those accounting estimates and judgements applied in preparing the consolidated financial statements for the year ended December 31, 2016.

3. Net Interest Income

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

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

4. Net Fee and Commission Income

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

5. Net Trading Losses

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

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

6. Net Gains Arising from Investment Securities

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

7. Other Income, Gains or Losses

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

8. Operating Expenses

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

Note:

(1) Staff costs

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

9. Impairment Losses on Assets

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

10. Income Tax Expense

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

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

Note:

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

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

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

12. Dividends

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

Notes:

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

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

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 percent or more of the Group's income. No geographical information is presented as most of the Group's operations are conducted and most of its non-current assets are located and therefore revenue is derived from activities in Tianjin Municipality of the PRC.

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

Operating Segments

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

Corporate banking

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

13. Segment Analysis – Continued

Operating Segments – Continued

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.

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

13. Segment Analysis – Continued

Operating Segments – Continued

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

14. Contingent Liabilities and Commitments

Legal proceedings

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

Capital commitments

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

Operating lease commitments

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

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

Credit commitments

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

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

The Group grants loan commitments to specific customers. Directors of the Bank are of the opinion that such commitments are conditional and revocable.

14. **Contingent Liabilities and Commitments – Continued**

Credit risk weighted amounts for credit commitments

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

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and commitments.

Collateral

Assets pledged

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

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

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

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

Collateral accepted

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

Redemption commitments of government bond

The Group is authorized by the Ministry of Finance to underwrite certificate government bonds and e-saving bonds. The investors of these bonds can redeem before maturity date and the Group has the obligation to pay the principal and related interests to investors.

As at June 30, 2017, the principal balance of certificate government bonds which the Group had the obligation to pay in advance amounted to RMB2,119 million (December 31, 2016: RMB2,150 million), and the principal balance of e-saving bonds amounted to RMB2,320 million (December 31, 2016: RMB2,331 million). The original term of these bonds is from 1 to 5 years.

The Ministry of Finance does not pay the principal and interest of the certificate government bonds before the expiry date, but pays the principal and interest of the e-savings bonds on a regular basis based on the payment approach for the e-savings bonds.

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 2017 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.
LI Zongtang
Chairman

Tianjin, China
August 30, 2017

As at the date of this announcement, the board of directors of the Bank comprises Mr. LI Zongtang, Mr. SUN Liguo, Mr. YUE Desheng and Ms. ZHANG Furong, as executive directors; Mr. ZHAO Jiawang, 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. FENG Heping, Mr. GUO Tianyong, Mr. LAW Yee Kwan, Quinn and Mr. JIN Qingjun 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*