

Summary of Annual Report 2015 of China Bohai Bank Co., Ltd.

1. Important Notice

1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior executives of the Bank guarantee that the *Annual Report 2015* contains no false records, misleading statements or material omissions, and agree to be jointly and severally responsible for the authenticity, accuracy and completeness of the report. The summary is abstracted from the *Annual Report 2015* of the Bank, please refer to the full text of the report for further details.

1.2 The *Annual Report 2015 and Summary* of the Bank was reviewed and approved at the 28th Meeting of the Third Board of Directors and the 13th Meeting of the Third Board of Supervisors on 21 April 2016. On the same date, the 37th Meeting of the Shareholders' General Meeting considered and approved the profit distribution plan proposing not paying dividends for 2015 temporarily.

1.3 Mr. Li Fuan, Legal Representative and Chairman of the Bank, Mr. Fu Gang, President of the Bank, Mr. Zhang Qingxiu, executive in charge of finance and accounting, and Ms. Zhang Hui, Head of the Finance Department guarantee the authenticity, accuracy and completeness of the financial reports disclosed in the *Annual Report 2015*.

1.4 The 2015 Financial Statements of the Bank have been audited by KPMG Huazhen LLP in accordance with the China Standards on Auditing and the International Standards on Auditing respectively, and standard unqualified auditor's reports have been issued.

1.5 Unless otherwise specified, financial data and indicators in this summary are denominated in Renminbi (RMB).

2. Corporate Information

2.1 Basic information

Legal name and abbreviation in Chinese: 渤海银行股份有限公司 (渤海银行)

Legal name and abbreviation in English: China Bohai Bank Co., Ltd. (CBHB)

Legal Representative: Li Fuan

Registered & office address: 218 Haihe East Road, Hedong District, Tianjin, PRC

Postcode: 300012

Unified credit code: 911200007109339563

Website: <http://www.cbhb.com.cn>

Service hotline: (86) 95541, 400 888 8811

2.2 Locations where copies of the annual report are kept

The Board's Office and main outlets of the Bank

Summary of Annual Report 2015 is published on the Bank's official website and in the *Financial News*.

2.3 Accounting firm for the annual audit

Auditor: KPMG Huazhen LLP

Address: 8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing 100738, PRC

CPAs signing the auditor's reports: Jin Naiwen, Shi Jian

3. Financial Highlights

3.1 Major accounting data and financial indicators

(Unit: RMB1,000)

Item	2015		2014 (Audited, PRC GAAP)	Increase/ decrease (%) (Audited, PRC GAAP)	2013 (Audited, PRC GAAP)
	Audited (PRC GAAP)	Audited (IFRS)			
Operating results:					
Operating income	18,479,527	18,493,017	15,572,510	18.67	12,787,879
Operating profit	7,129,263	7,134,650	6,441,774	10.67	5,919,007
Net income before tax	7,134,650	7,134,650	6,481,334	10.08	5,951,317
Net profit	5,688,512	5,688,512	5,031,271	13.06	4,562,366
Net profit attributable to shareholders	5,688,512	5,688,512	5,031,271	13.06	4,562,366
Net profit attributable to shareholders after extraordinary items	5,684,472	5,684,472	5,001,601	13.65	4,538,134
Net cash inflow from operating activities	62,903,794	62,903,794	48,856,538	28.75	70,679,815
Per share data (in RMB yuan):					
Basic earnings per share attributable to shareholders	0.41	0.41	0.36	13.89	0.33
Diluted earnings per share attributable to shareholders	0.41	0.41	0.36	13.89	0.33
Basic earnings per share attributable to shareholders after extraordinary items	0.41	0.41	0.36	13.89	0.33
Diluted earnings per share attributable to shareholders after extraordinary items	0.41	0.41	0.36	13.89	0.33
Net cash inflow per share from operating activities	4.54	4.54	3.53	28.61	5.10
Financial ratios (%):					
Return on average total assets attributable to shareholders	0.79	0.79	0.81	Down 0.02 percentage point	0.88
Fully diluted ROE attributable to shareholders	16.00	16.00	17.06	Down 1.06 percentage points	18.85
Return on weighted average equity attributable to shareholders	17.51	17.51	18.71	Down 1.20 percentage points	20.69
Fully diluted ROE attributable to shareholders after extraordinary items	15.99	15.99	16.96	Down 0.97 percentage point	18.75
Return on weighted average equity attributable to shareholders after extraordinary items	17.50	17.50	18.60	Down 1.10 percentage points	20.59

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014 (Audited, PRC GAAP)	Increase/ decrease (%) (Audited, PRC GAAP)	31 December 2013 (Audited, PRC GAAP)
	Audited (PRC GAAP)	Audited (IFRS)			
Scale:					
Total assets	764,235,440	764,235,440	667,147,543	14.55	568,211,044
Loans and advances	274,576,781	274,576,781	205,361,253	33.70	167,908,722
- Corporate loans	206,458,074	206,458,074	161,099,934	28.16	134,948,539
- Discounted bills	23,594,661	23,594,661	12,314,981	91.59	5,081,166
- Personal loans	44,524,046	44,524,046	31,946,338	39.37	27,879,017
Allowance for impairment losses on loans	7,617,896	7,617,896	5,056,691	50.65	3,706,275
Total liabilities	728,678,444	728,678,444	637,651,250	14.28	544,013,729
Customer deposits	406,266,129	406,266,129	354,729,650	14.53	303,747,445
- Demand	158,810,643	158,810,643	138,360,142	14.78	117,056,895
- Time	247,455,486	247,455,486	216,369,508	14.37	186,690,550
Placements from banks and other financial institutions	5,918,918	5,918,918	3,467,643	70.69	7,470,445
Equity attributable to shareholders	35,556,996	35,556,996	29,496,293	20.55	24,197,315
Net assets per share attributable to shareholders (in RMB yuan)	2.57	2.57	2.13	20.66	1.75
Total share capital	13,855,000	13,855,000	13,855,000	-	13,855,000

3.2 Supplementary financial indicators

(In %)

Item	2015	2014	2013
Profitability:			
Net interest spread	1.89	2.00	1.96
Net interest margin	2.11	2.22	2.14
Cost-to-income ratio	33.07	34.89	34.74
Item	31 December 2015	31 December 2014	31 December 2013
Asset quality:			
Non-performing loan ratio	1.35	1.20	0.26
Allowance for impairment losses on loans to non-performing loans	205.17	204.39	852.28
Allowance for impairment losses on loans to total loans	2.77	2.46	2.21
Capital adequacy:			
Capital adequacy ratio	11.61	11.09	11.06
Tier 1 capital adequacy ratio	7.75	8.64	8.70
Core tier 1 capital adequacy ratio	7.75	8.64	8.70
Leverage ratio	3.89	3.69	3.53

(In %)

Item		31 December 2015	31 December 2014	31 December 2013
Other indicators:				
Liquidity ratio	RMB	49.41	39.94	36.55
	Foreign currencies equivalent to RMB	116.96	427.04	288.55
	RMB and foreign currencies	49.91	42.20	37.32
Percentage of loans to the largest borrower		7.74	5.74	6.19
Percentage of loans to top 10 borrowers		45.07	43.26	47.65
Percentage of interbank borrowing and lending (RMB)	Percentage of interbank borrowing	0.01	0.10	0.94
	Percentage of interbank lending	0.48	1.11	0.08

Note: 1. Capital adequacy ratios are calculated according to the *Capital Rules for Commercial Banks (Provisional)* of CBRC.

2. Leverage ratio is calculated according to the *Capital Rules for Commercial Banks (Provisional)* and the *Leverage Ratio Rules for Commercial Banks (Revised)* issued by CBRC as well as the PRC GAAP.

3. Based on the *Capital Rules for Commercial Banks (Provisional)*, net capital of the Bank was RMB53,166 million as at the end of 2015.

4. "Percentage of loans to the largest borrower" and "percentage of loans to top 10 borrowers" are proportions of the respective loan amount to net capital.

3.3 Extraordinary items and corresponding amount

(Unit: RMB1,000)

Extraordinary item	2015	2014	2013
Non-operating income	13,490	53,168	34,837
Non-operating expenses	8,103	13,608	2,527
Net non-operating income	5,387	39,560	32,310
Less: Income tax on extraordinary items	1,347	9,890	8,078
Total	4,040	29,670	24,232

3.4 Differences in financial accounting pursuant to the PRC GAAP and the IFRS

There was no difference in the net profit for 2015 and the net assets as of 31 December 2015 presented in the financial statements of the Bank prepared pursuant to the PRC GAAP and the IFRS.

4. Shareholders and Changes in Share Capital

4.1 Number of shareholders and particulars of shareholding

As at the end of 2015, the Bank had seven shareholders. Changes in their shareholdings in 2015 are as follows.

Shareholder	31 December 2014		Increase/ decrease in 2015 (+/-)(share)	31 December 2015	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
Tianjin TEDA Investment Holding Co., Ltd.	2,125,000,000	25.00	-	2,125,000,000	25.00
Standard Chartered Bank (Hong Kong) Limited	1,699,150,000	19.99	-	1,699,150,000	19.99
China Ocean Shipping (Group) Company	1,161,950,000	13.67	-	1,161,950,000	13.67
State Development & Investment Corporation	991,950,000	11.67	-	991,950,000	11.67
Baosteel Group Corporation	991,950,000	11.67	-	991,950,000	11.67
Tianjin Trust Co., Ltd.	850,000,000	10.00	-	850,000,000	10.00
Tianjin Shanghui Investment (Holdings) Co., LTD.	680,000,000	8.00	-	680,000,000	8.00
Total	8,500,000,000	100.00	-	8,500,000,000	100.00

Note: 1. Tianjin Trust Co., Ltd. invests in the Bank with collective trust funds.

2. The Bank launched its second capital increase in 2011. Except that RMB595 million subscribed for by Tianjin Trust Co., Ltd. will be paid upon satisfaction of regulatory requirements on capital increase, subscriptions by the other shareholders were paid in within 2011. As at the end of 2015, shares subscribed for amounted to RMB14,450 million and the paid-in amount was RMB13,855 million. The completion of this capital increase is subject to the approval of CBRC and the registration change thereafter. Consequently, the registered capital of the Bank was still RMB8,500 million as at the end of 2015.

4.2 Changes in shares

There was no change in shares of the Bank in 2015, detailed as follows.

	31 December 2014		Increase/decrease in 2015 (+/-) (share)			31 December 2015	
	Number of shares	Percentage (%)	New shares	Others	Subtotal	Number of shares	Percentage (%)
State-owned shares	-	-	-	-	-	-	-
Shares held by state-owned legal persons	5,270,850,000	62.01	-	-	-	5,270,850,000	62.01
Shares held by other domestic investors	1,530,000,000	18.00	-	-	-	1,530,000,000	18.00
Shares held by foreign investors	1,699,150,000	19.99	-	-	-	1,699,150,000	19.99
Total	8,500,000,000	100.00	-	-	-	8,500,000,000	100.00

Note: "Shares held by other domestic investors" include shares held by Tianjin Trust Co., Ltd. (investing with collective trust funds) and Tianjin Shanghui Investment (Holdings) Co., LTD.

4.3 Association between shareholders as well as share transfer, share pledge, custody of shares and locked-up shares

In 2015, there was no association between the seven shareholders of the Bank. Neither were any of their shares in the Bank transferred, pledged, locked up or under custody.

4.4 Controlling shareholder, de facto controller and employee share

In 2015, the Bank had no controlling shareholder, de facto controller or employee share.

4.5 Tier 2 capital bond issue in 2015

Upon the *Administrative Approval* (Y.SH.CH.X.ZH.Y.Zi.[2015] No.122) from PBC and the *Reply to the Issuance of Tier 2 Capital Bonds of China Bohai Bank* (Y.J.F.[2015] No.346) from CBRC, the Bank successfully issued the "2015 Tier 2 Capital Bond of China Bohai Bank Co., Ltd." in the national interbank bond market through open bidding on 19 June 2015. An amount of RMB9 billion worth of ten-year fixed-rate bond (abbreviation: 15 CBHB Tier 2, bond code: 1520027) was issued, with an annual coupon rate of 5.15% in the first five years and a redemption right exercisable at the end of the fifth year.

5. Directors, Supervisors and Senior Executives

5.1 Basic information of directors, supervisors and senior executives in 2015

Name	Title	Gender	Year of birth	Term of Office
Li Fuan	Director Representing Shareholder, Chairman	Male	Dec. 1962	18 Jun. 2015- reelection of the Board of Directors in 2016
Fung, Joi Lun Alan	Director Representing Shareholder, Vice Chairman	Male	Apr. 1948	16 Aug. 2010- reelection of the Board of Directors in 2016
Zhang Bingjun	Director Representing Shareholder	Male	Aug. 1963	5 Feb. 2013- reelection of the Board of Directors in 2016
Shen Xiaolin	Director Representing Shareholder	Male	Jul. 1967	21 Mar. 2012- reelection of the Board of Directors in 2016
Li Yunpeng	Director Representing Shareholder	Male	Jan. 1959	27 Feb. 2014- 2 Feb. 2016
Ye Baishou	Director Representing Shareholder	Male	Jun. 1962	23 Apr. 2014- reelection of the Board of Directors in 2016
Wang Chengran	Director Representing Shareholder	Male	Apr. 1959	6 Jan. 2010- reelection of the Board of Directors in 2016
Zhang Yunji	Director Representing Shareholder	Male	Aug. 1954	6 Feb. 2009- reelection of the Board of Directors in 2016
Fu Gang	Executive Director	Male	Mar. 1959	9 Apr. 2015- reelection of the Board of Directors in 2016
	President			13 Feb. 2015- reelection of the Senior Management in 2016
Zhang Junxi	Independent Director	Male	Aug. 1963	5 Feb. 2013- reelection of the Board of Directors in 2016
Zhu Yuanliang	Independent Director	Male	Jan. 1945	6 Feb. 2009- see Note
Nan Jingming	Independent Director	Male	Feb. 1951	5 Feb. 2013- see Note
Sun Liguó	Employee Supervisor, Chairman of the Board of Supervisors	Male	Dec. 1963	18 Jun. 2015- reelection of the Board of Supervisors in 2016
	Vice President			16 Dec. 2009- 18 Jun. 2015
	Secretary to the Board of Directors			22 Dec. 2005- 18 Jun. 2015
Bai Jie	Supervisor Representing Shareholder	Female	Mar. 1978	5 Sept. 2014- reelection of the Board of Supervisors in 2016
Zhang Jiaying	External Supervisor	Male	Sept. 1952	29 Jul. 2009- see Note
Han Ping	External Supervisor	Female	Jan. 1950	5 Feb. 2013- see Note
Chang Guangwei	Employee Supervisor	Male	Aug. 1971	5 Feb. 2013- reelection of the Board of Supervisors in 2016
Feng Jiankuan	Secretary of Discipline Inspection Commission	Male	Nov. 1960	Since 21 May 2015

Name	Title	Gender	Year of birth	Term of Office
Li Yi	Vice President	Male	Dec. 1967	16 Dec. 2009- reelection of the Senior Management in 2016
	CRO			5 Aug. 2009- reelection of the Senior Management in 2016
Wang Jinhong	Vice President	Male	Dec. 1971	27 Feb. 2014- reelection of the Senior Management in 2016
Zhao Shigang	Executive Director	Male	Mar. 1955	6 Feb. 2009- 9 Apr. 2015
	President			6 Feb. 2009- 13 Feb. 2015
Wong Li Foon	Executive Director, Vice President	Female	Oct. 1967	6 Feb. 2009- 30 Apr. 2015
Liu Baofeng	Director Representing Shareholder, Chairman	Female	Nov. 1954	6 Feb. 2009- 18 Jun. 2015
Wang Weisheng	Employee Supervisor, Chairman of the Board of Supervisors	Male	Mar. 1955	5 Feb. 2013- 18 Jun. 2015
Guo Jinli	Executive Director	Male	Jun. 1963	27 Feb. 2014- 18 Jun. 2015
	Vice President			16 Dec. 2009- 18 Jun. 2015
	CFO			29 Jul. 2009- 18 Jun. 2015

Note: On 4 September 2014, the 5th Meeting of the Third Board of Supervisors of the Bank reviewed and approved Zhang Jiaying's resignation as external supervisor due to personal reasons. On 5 September 2014, the 26th Meeting of the Shareholders' General Meeting listened to the report of the Board of Supervisors on approving Mr. Zhang's resignation. On the same day, the meeting also reviewed and approved Zhu Yuanliang's resignation as independent director because of his age and Han Ping's resignation as external supervisor due to personal reasons. On 18 June 2015, the 31st Meeting of the Shareholders' General Meeting reviewed and approved Nan Jingming's resignation from the post of independent director due to his physical condition. According to the *Articles of Association*, the resignation letter of an independent director/external supervisor may not take effect until a replacement fills the vacancy.

5.2 Remuneration of directors, supervisors and senior executives

The Bank keeps improving remuneration management and performance evaluation of directors, supervisors and senior executives under the guidance of the central and local governments. Remuneration policies of the Bank are submitted for consideration by the Nomination & Remuneration Committee under the Board of Directors. In 2015, directors, supervisors and senior executives received a total pre-tax remuneration of RMB5,431.2 thousand from the Bank. The total remuneration of the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other senior executives for 2015 is subject to the approval of competent authority and will be disclosed when determined. The total pre-tax appraisal-based remuneration of the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other senior executives for 2014 approved by competent authority is RMB14.3334 million (excluding benefits).

6. Report of the Board of Directors

6.1 Management discussion and analysis

6.1.1 Business performance

Businesses enjoyed sound development. As at the end of 2015, total assets of the Bank stood at RMB764,235 million, an increase of 14.55% over the year beginning, of which total loans (including discounted bills) recorded RMB274,577 million, a rise of 33.70%, investment and other financial assets registered RMB381,305 million, up 37.03%. Total liabilities were RMB728,678 million, a rise of 14.28% over the year beginning, of which total deposits (excluding due to banks) increased 14.53% to RMB406,266 million and due to banks and other financial institutions increased 23.45% to RMB241,188 million.

Profitability increased remarkably. In 2015, the Bank's operating income increased 18.67% year-on-year to RMB18,480 million, net fee and commission income rose 27.03% to RMB3,427 million, while cost-to-income ratio decreased 1.82 percentage points to 33.07%. Net profit reached RMB5,689 million, up by 13.06% over 2014.

Asset quality remained stable. As at the end of 2015, the balance of the Bank's non-performing loans (NPLs) was RMB3,713 million, an increase of RMB1,239 million over the year beginning. The NPL ratio stood at 1.35%, a rise of 0.15 percentage point. Provisions for loan losses were sufficient, as witnessed by an allowance for impairment losses on loans of RMB7,618 million, up RMB2,561 million, and an allowance for impairment losses on investment receivables of RMB1,517 million, up RMB788 million over the year beginning. The Bank secured an allowance-to-total loans ratio of 2.77% and an allowance-to-NPL ratio of 205.17%. Asset quality and provisions maintained at acceptable levels.

Business performance improved steadily. As at the end of 2015, the Bank's net profit grew by 13.06% year on year to RMB5,689 million, showing strong momentum of profitability increase.

6.1.2 Items of income statement

6.1.2.1 Changes in items of income statement

In 2015, the Bank generated a net income before tax of RMB7,135 million, an increase of 10.08% over the previous year and realized a net profit of RMB5,689 million, an increase of 13.06%. The profit growth was primarily attributed to the increase of operating income.

In 2015, the Bank reaped an operating income of RMB18,480 million, a year-on-year increase of 18.67%. This was mainly due to the remarkable growth of net interest income as well as net fee and commission income.

The following table sets forth the changes in major items of the Bank's income statement for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/ decrease (%)
Operating income	18,479,527	15,572,510	18.67
Incl.: Net interest income	15,427,914	13,432,433	14.86
Net fee and commission income	3,427,492	2,698,097	27.03
Investment loss	-183,376	-57,022	221.59
Gain/(loss) on changes in fair value	75,687	-511,765	-114.79
Foreign exchange loss	-195,815	-61,155	220.19
Other operating (loss)/ income	-72,375	71,922	-200.63
Operating expenses	11,350,264	9,130,736	24.31
Incl.: Business tax and surcharges	1,002,559	935,150	7.21
General and administrative expenses	6,111,967	5,433,108	12.49
Impairment losses on assets	4,192,805	2,713,051	54.54
Other operating expenses	42,933	49,427	-13.14
Net non-operating income	5,387	39,560	-86.38
Net income before tax	7,134,650	6,481,334	10.08
Less: Income tax expense	1,446,138	1,450,063	-0.27
Net profit	5,688,512	5,031,271	13.06

6.1.2.2 Net interest income

In 2015, the Bank recorded a net interest income of RMB15,428 million, an increase of 14.86% from the previous year.

6.1.2.2.1 Interest income

In 2015, the Bank achieved an interest income of RMB40,525 million, up 10.94% from 2014, of which interest income from loans and advances was RMB14,051 million, up 14.45%; interest income from financial assets purchased under resale agreements posted RMB2,597 million, down 60.70%; and interest income from investment receivables totaled RMB19,622 million, up 36.99%.

The table below sets forth the composition of the Bank's interest income for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/ decrease (%)
Interest income from loans and advances	14,051,277	12,277,552	14.45
Incl.: Interest income from corporate loans and advances	10,899,180	9,766,497	11.60
Interest income from personal loans and advances	2,148,642	1,946,697	10.37
Interest income from discounted bills	1,003,455	564,358	77.80
Interest income from due from banks and other financial institutions	370,984	582,018	-36.26
Interest income from balances with the central bank	1,088,523	1,048,107	3.86
Interest income from placements with banks and other financial institutions	318,364	177,523	79.34
Interest income from financial assets purchased under resale agreements	2,596,853	6,607,353	-60.70
Interest income from debt investments	2,477,422	1,510,792	63.98
Interest income from investment receivables	19,622,030	14,324,202	36.99
Total interest income	40,525,453	36,527,547	10.94

Interest income from loans and advances

In 2015, the Bank achieved an interest income of RMB14,051 million from loans and advances, a year-on-year increase of 14.45%. The increase was mainly attributed to the greater expansion of the average balance of loans (including discounted bills) compared with that of the previous year.

The table below sets forth the average balance, interest income and average rate of return of the Bank's loans and advances for the periods indicated.

(Unit: RMB1,000)

Item	2015			2014		
	Average balance	Interest income	Average rate of return (%)	Average balance	Interest income	Average rate of return (%)
Corporate loans and discounted bills	211,163,115	11,902,635	5.64	158,413,202	10,330,855	6.52
Personal loans	36,615,256	2,148,642	5.87	30,607,748	1,946,697	6.36
Total loans and advances	247,778,371	14,051,277	5.67	189,020,950	12,277,552	6.50

Interest income from balances with the central bank, due from and placements with banks and other financial institutions, and interest income from financial assets purchased under resale agreements

In 2015, the Bank's interest income from balances with the central bank and due from and placements with banks and other financial institutions totaled RMB1,778 million, a decrease of 1.65% over 2014. And interest income from financial assets purchased under resale agreements stood at RMB2,597 million, down by 60.70%.

Interest income from debt investments and from investment receivables

In 2015, the Bank recorded an interest income of RMB2,477 million from debt investments, an increase of 63.98% over the previous year, and an interest income of RMB19,622 million from investment receivables, up by 36.99%.

6.1.2.2.2 Interest expenses

In 2015, the Bank's interest expenses were RMB25,098 million, an increase of 8.67% over 2014.

The table below sets forth the composition of the Bank's interest expenses for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/decrease (%)
Interest expenses on due to banks and other financial institutions	12,338,769	11,927,216	3.45
Interest expenses on placements from banks and other financial institutions	117,315	295,426	-60.29
Interest expenses on customer deposits	9,880,234	9,433,933	4.73
Interest expenses on financial assets sold under repurchase agreements	433,149	725,605	-40.31
Interest expenses on debt securities in issue	1,701,341	408,273	316.72
Interest expenses on due to the central bank	505,792	53,472	845.90
Other interest expenses	120,939	251,189	-51.85
Total interest expenses	25,097,539	23,095,114	8.67

Interest expenses on customer deposits

In 2015, the Bank recorded interest expenses on customer deposits of RMB9,880 million, an increase of 4.73% over the previous year.

The table below sets forth the average balance, interest expenses and average cost ratio of the Bank's corporate deposits and deposits from individuals for the periods indicated.

(Unit: RMB1,000)

Item	2015			2014		
	Average balance	Interest expenses	Average cost ratio (%)	Average balance	Interest expenses	Average cost ratio (%)
Corporate deposits	356,357,142	9,016,227	2.53	309,603,001	8,583,937	2.77
Incl.: Demand	128,752,747	1,069,593	0.83	108,599,454	1,017,128	0.94
Time	227,604,395	7,946,634	3.49	201,003,547	7,566,809	3.76
Deposits from individuals	27,197,806	864,007	3.18	26,300,188	849,996	3.23
Incl.: Demand	7,749,354	31,639	0.41	7,017,644	27,990	0.40
Time	19,448,452	832,368	4.28	19,282,544	822,006	4.26
Total customer deposits	383,554,948	9,880,234	2.58	335,903,189	9,433,933	2.81

Interest expenses on due to the central bank, due to and placements from banks and other financial institutions, and interest expenses on financial assets sold under repurchase agreements

In 2015, the Bank's interest expenses on due to the central bank, due to and placements from banks and other financial institutions grew by 5.59% from last year to RMB12,962 million, interest expenses on financial assets sold under repurchase agreements decreased by 40.31% to RMB433 million.

Interest expenses on debt securities in issue

In 2015, the Bank recorded interest expenses of RMB1,701 million on debt securities in issue, an increase of 316.72% over the previous year.

6.1.2.2.3 Net interest spread and net interest margin

In 2015, the Bank's net interest spread was 1.89%, a decrease of 0.11 percentage point from the previous year. The net interest margin decreased by 0.11 percentage point to 2.11%.

6.1.2.3 Net fee and commission income

In 2015, the Bank's net fee and commission income increased by 27.03% to RMB3,427 million, mainly resulting from the remarkable growth in consulting service fee, credit commitment and asset management fee, and settlement and clearing fee.

The table below sets forth the major components of the Bank's net fee and commission income for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/ decrease (%)
Fee and commission income	3,594,765	2,872,243	25.16
Incl.: Settlement and clearing fee	328,151	242,564	35.28
Custodian service fee	794,448	794,258	0.02
Agency service commission	954,398	868,958	9.83
Consulting service fee	1,188,656	794,771	49.56
Credit commitment and asset management fee	285,014	135,252	110.73
Bank card fee	21,347	14,146	50.90
Others	22,751	22,294	2.05
Fee and commission expenses	167,273	174,146	-3.95
Incl.: Settlement expenses	37,943	85,594	-55.67
Consulting service expenses	25,735	7,061	264.47
Agency service expenses	49,723	51,800	-4.01
Bank card expenses	29,806	23,977	24.31
Others	24,066	5,714	321.18
Net fee and commission income	3,427,492	2,698,097	27.03

6.1.2.4 Investment loss

The table below sets forth the major components of the Bank's investment loss for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/ decrease (%)
Derivative financial instruments	-190,872	-23,688	705.78
Available-for-sale investments	38,720	724	5,248.07
Trading financial assets	-54,879	-34,133	60.78
Others	23,655	75	31,440.00
Total	-183,376	-57,022	221.59

6.1.2.5 General and administrative expenses

In 2015, the general and administrative expenses totaled RMB6,112 million, up 12.49% over 2014.

The table below sets forth the major components of the Bank's general and administrative expenses for the periods indicated.

(Unit: RMB1,000)

Item	2015	2014	Increase/ decrease (%)
Staff costs	3,328,663	3,029,572	9.87
Business expenses	1,784,937	1,643,817	8.58
Operating lease expenses	598,730	465,081	28.74
Depreciation and amortization	399,637	294,638	35.64
Total	6,111,967	5,433,108	12.49

6.1.2.6 Impairment losses on assets

The Bank prudently sets aside provisions in strict compliance with regulatory requirements. In 2015, RMB4,193 million was recognized as impairment losses on assets, up by 54.54% over 2014. Specifically, RMB3,405 million was recognized as impairment losses on loans and advances and RMB788 million as impairment losses on non-credit assets.

6.1.2.7 Income tax expense

In 2015, the Bank's income tax expense was RMB1,446 million, with an effective tax rate of 20.27%, down by 2.10 percentage points from 2014. The decrease in effective tax rate was primarily attributed to the increase of non-taxable income such as the interest income from government bonds.

6.1.3 Items of balance sheet

6.1.3.1 Asset items

As at the end of 2015, the Bank's total assets were RMB764,235 million, an increase of 14.55% over the year beginning. The growth of assets was primarily attributed to the rapid increase of loans and advances, as well as investments and other financial assets.

6.1.3.1.1 Loans and advances

As at the end of 2015, the Bank's loans and advances (including discounted bills) amounted to RMB274,577 million, an increase of 33.70% over the year beginning.

The table below sets forth the Bank's loans and advances by product type on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Corporate loans and advances	206,458,074	75.19	161,099,934	78.44	28.16
Discounted bills	23,594,661	8.59	12,314,981	6.00	91.59
Personal loans and advances	44,524,046	16.22	31,946,338	15.56	39.37
Total loans and advances	274,576,781	100.00	205,361,253	100.00	33.70

6.1.3.1.2 Placements with banks and other financial institutions and financial assets purchased under resale agreements

As at the end of 2015, the Bank's placements with banks and other financial institutions totaled RMB4,671 million, down by 32.16% over the year beginning. To be specific, placements with domestic banks decreased by 20.32% to RMB4,064 million and placements with domestic non-banking financial institutions decreased by 65.98% to RMB607 million.

The table below sets forth the composition of the Bank's placements with banks and other financial institutions on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Placements with domestic banks	4,063,740	87.00	5,100,000	74.08	-20.32
Placements with domestic non-banking financial institutions	607,139	13.00	1,784,654	25.92	-65.98
Total	4,670,879	100.00	6,884,654	100.00	-32.16
Less: Allowance for impairment losses	-	-	-	-	-
Net book value	4,670,879	100.00	6,884,654	100.00	-32.16

As at the end of 2015, the Bank's financial assets purchased under resale agreements totaled RMB16,769 million, down by 76.76% over the year beginning, of which, beneficial interests decreased by 82.78% to RMB11,337 million.

The table below sets forth the particulars about the Bank's financial assets purchased under resale agreements on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Bills	-	-	3,315,910	4.60	-
Incl.: Bank acceptances	-	-	3,315,910	4.60	-
Bonds	5,432,000	32.39	-	-	-
Incl.: Government bonds	746,000	4.45	-	-	-
Financial bonds	4,686,000	27.94	-	-	-
Beneficial interests	11,337,000	67.61	65,833,167	91.24	-82.78
Wealth management products	-	-	3,000,000	4.16	-
Total	16,769,000	100.00	72,149,077	100.00	-76.76
Less: Allowance for impairment losses	-	-	-	-	-
Net book value	16,769,000	100.00	72,149,077	100.00	-76.76

Note: 1. "Beneficial interests" represent asset management products designed by securities companies and other institutions, including asset management plans, which contain a provision of forward commitment for unconditional repurchase by these financial institutions.

2. "Wealth management products" are fixed-term wealth management products issued by other banks, which contain a provision of forward commitment for repurchase at fixed interest rates and amounts by banking financial institutions.

6.1.3.1.3 Investments and other financial assets

As at the end of 2015, the Bank's investments and other financial assets reached RMB381,305 million, an increase of 37.03% over the year beginning. Specifically, financial assets at fair value through profit or loss stood at RMB1,182 million, down by 60.42%, available-for-sale financial assets increased by 106.40% to RMB30,283 million, held-to-maturity investments were up by 80.02% to RMB56,218 million, and investment receivables rose by 27.91% to RMB293,229 million.

The table below sets forth the composition of the Bank's investments and other financial assets on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Financial assets at fair value through profit or loss	1,182,143	0.31	2,986,345	1.07	-60.42
Derivative financial assets	342,599	0.09	128,399	0.05	166.82
Available-for-sale financial assets	30,282,836	7.94	14,671,768	5.27	106.40
Held-to-maturity investments	56,218,193	14.75	31,228,536	11.22	80.02
Investment receivables	293,228,897	76.90	229,241,516	82.39	27.91
Long-term equity investments	50,035	0.01	-	-	-
Total	381,304,703	100.00	278,256,564	100.00	37.03

6.1.3.1.4 Top 10 government bonds held by the Bank as at the end of 2015

(Unit: RMB1,000)

Bond	Amount	Rate of return (%)	Maturity date
Government Bond A	2,530,000	3.1000	2020-05-28
Government Bond B	2,500,000	3.3100	2020-02-05
Government Bond C	2,500,000	3.2200	2018-03-26
Government Bond D	2,500,000	2.7300	2018-06-11
Government Bond E	2,500,000	3.1400	2020-09-08
Government Bond F	2,500,000	2.9200	2018-09-24
Government Bond G	2,490,000	2.4400	2017-06-25
Government Bond H	1,790,000	3.5300	2019-10-30
Government Bond I	1,780,000	4.0000	2017-09-11
Government Bond J	1,730,000	3.6600	2017-03-13

6.1.3.1.5 Top 10 financial bonds held by the Bank as at the end of 2015

(Unit: RMB1,000)

Bond	Amount	Rate of return (%)	Maturity date
Financial Bond A	2,530,000	3.8300	2018-03-10
Financial Bond B	2,000,000	3.9000	2016-04-19
Financial Bond C	1,650,000	3.5300	2018-06-08
Financial Bond D	1,590,000	3.8100	2020-06-08
Financial Bond E	1,550,000	4.1800	2018-04-03
Financial Bond F	1,550,000	3.2600	2018-08-27
Financial Bond G	1,110,000	5.2462	2017-04-08
Financial Bond H	1,010,000	4.1000	2020-03-24
Financial Bond I	1,000,000	3.8500	2021-02-17
Financial Bond J	860,000	5.6957	2017-01-14

6.1.3.1.6 Financial derivatives trading

The Bank's financial derivatives trading includes interest rate swaps (including RMB and USD), forex forwards, forex swaps and gold swaps. In 2015, the Bank vigorously boosted the growth of financial derivatives trading on behalf of customers, further regulated pertinent business procedures, and intensified efforts in training of practitioners and marketing to key customers. Thanks to such endeavours, financial derivatives trading on behalf of customers enjoyed rapid growth and witnessed marked scale expansion. In addition, the Bank continued to capitalize on derivative financial instruments to hedge against risk exposure of transactions, manage self-operated asset & liability portfolios and conduct liquidity management.

The contractual amount and fair value of outstanding derivative financial instruments held by the Bank as at the end of 2015 are as follows.

(Unit: RMB1,000)

Item	31 December 2015			31 December 2014		
	Contractual/ nominal amount	Fair value		Contractual/ nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	70,034,940	98,365	(337,433)	85,769,187	77,228	(274,166)
Incl.: Interest rate swaps	70,034,940	98,365	(337,433)	85,769,187	77,228	(274,166)
Exchange rate derivatives	13,525,124	244,234	(109,192)	3,632,317	51,171	(30,594)
Incl.: Currency swaps	12,111,110	183,269	(51,197)	2,462,514	21,625	(2,767)
Currency forwards	1,414,014	60,965	(57,995)	1,169,803	29,546	(27,827)
Precious metal derivatives	476,285	-	(7,758)	-	-	-
Incl.: Gold swaps	476,285	-	(7,758)	-	-	-
Total	84,036,349	342,599	(454,383)	89,401,504	128,399	(304,760)

6.1.3.1.7 Items related to fair value measurement

In 2015, the Bank prudently calculated the fair value of financial instruments in strict compliance with relevant provisions and the scope specified in the *Accounting Standards for Business Enterprises*.

(Unit: RMB1,000)

Item	31 December 2014	Gain/ loss arising from changes in fair value in 2015	Cumulative changes in fair value recognized in equity	Impairment made in 2015	31 December 2015
Financial assets	17,586,512	225,309	444,820	-	31,607,578
Incl.: 1. Financial assets at fair value through profit or loss	2,986,345	11,109	-	-	1,182,143
2. Derivative financial assets	128,399	214,200	-	-	342,599
3. Available-for-sale financial assets	14,471,768	-	444,820	-	30,082,836
Financial liabilities	304,760	149,623	-	-	454,383
Incl.: Derivative financial liabilities	304,760	149,623	-	-	454,383

Note: 1. "Available-for-sale financial assets" does not include equity investments.

2. Changes in the assets and liabilities mentioned above are not necessarily interrelated.

6.1.3.2 Liability items

As at the end of 2015, the Bank's total liabilities reached RMB728,678 million, an increase of 14.28% over the year beginning. The growth was primarily driven by the increase of customer deposits and due to banks and other financial institutions.

6.1.3.2.1 Customer deposits

As at the end of 2015, the Bank's customer deposits stood at RMB406,266 million, an increase of 14.53% over the year beginning.

The table below sets forth the Bank's customer deposits by product type and customer type on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Corporate deposits	380,151,156	93.57	327,802,797	92.41	15.97
Incl.: Time	229,699,017	56.54	196,710,745	55.45	16.77
Demand	150,452,139	37.03	131,092,052	36.96	14.77
Deposits from individuals	26,114,973	6.43	26,926,853	7.59	-3.02
Incl.: Time	17,756,469	4.37	19,658,763	5.54	-9.68
Demand	8,358,504	2.06	7,268,090	2.05	15.00
Total	406,266,129	100.00	354,729,650	100.00	14.53

The table below sets forth the Bank's customer deposits by currency on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
RMB	386,100,079	95.04	349,256,478	98.46	10.55
Foreign currencies equivalent to RMB	20,166,050	4.96	5,473,172	1.54	268.45
Total	406,266,129	100.00	354,729,650	100.00	14.53

The table below sets forth the Bank's customer deposits by residual maturity on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Demand (spot)	155,117,964	38.18	134,272,455	37.85	
Less than 1 month	34,992,968	8.61	28,347,862	7.99	
1 to 3 months	46,612,409	11.47	45,480,114	12.82	
3 months to 1 year	94,958,610	23.38	88,210,507	24.87	
1 to 3 years	52,234,948	12.86	24,461,225	6.90	
Over 3 years	22,349,230	5.50	33,957,487	9.57	
Total	406,266,129	100.00	354,729,650	100.00	

6.1.3.2.2 Financial assets sold under repurchase agreements

As at the end of 2015, the Bank's financial assets sold under repurchase agreements totaled RMB1,064 million, down by 92.16% over the year beginning.

The table below sets forth the particulars about the Bank's financial assets sold under repurchase agreements on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015		31 December 2014		Increase/ decrease (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
Bills	1,063,948	100.00	3,653,235	26.90	-70.88
Bonds	-	-	9,925,400	73.10	-
Incl.: Financial bonds	-	-	215,600	1.59	-
Government bonds	-	-	9,709,800	71.51	-
Total	1,063,948	100.00	13,578,635	100.00	-92.16

6.1.3.3 Shareholders' equity

As at the end of 2015, the Bank's shareholders' equity was RMB35,557 million, up by RMB6,060 million or 20.55% over the year beginning, which was mainly due to the growth of net profit in 2015.

The table below sets forth the composition of the shareholders' equity of the Bank on the dates indicated.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014	31 December 2013
Share capital	13,855,000	13,855,000	13,855,000
Capital surplus	20,000	20,000	20,000
Other comprehensive income	444,820	72,629	-195,078
Surplus reserve	2,145,318	1,576,467	1,073,340
General reserve for risk assets	9,505,261	8,495,738	3,087,428
Retained earnings	9,586,597	5,476,459	6,356,625
Total	35,556,996	29,496,293	24,197,315

6.1.3.4 Off-balance sheet items that might exert material impact on financial position and business performance of the Bank

The table below sets forth the balance of the Bank's major off-balance sheet items as at the end of 2015.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014
Bank acceptances	99,529,878	90,336,024
Letters of credit issued	32,532,966	31,024,602
Letters of guarantee issued	22,253,948	25,204,000
Credit card overdraft commitments	475,156	-
Irrevocable loan commitments	11,680,718	2,009,807
Operating lease commitments	4,139,287	2,913,680
Capital commitments	592,333	824,841

6.1.3.5 Market share of major products and services

According to the Summary of Sources & Uses of Credit Funds of December 2015 issued by PBC, the Bank's market share among 12 national joint-stock commercial banks in Chinese Mainland in terms of deposits and loans as at the end of 2015 is shown below.

Item	Market share (%)
Total deposits	1.78
Incl.: Total savings deposits	0.68
Total loans	1.62

6.1.4 Items of cash flow statement

In 2015, the Bank's net cash inflow from operating activities, net cash outflow from investing activities and net cash inflow from financing activities were RMB62,904 million, RMB84,239 million and RMB16,713 million respectively. The year-end balance of cash and cash equivalents were RMB26,239 million.

6.1.5 Other financial information

6.1.5.1 Changes in interest receivables on and off the balance sheet and bad debt provisions for loan interest receivables and other receivables

6.1.5.1.1 Change in on-balance sheet interest receivables

(Unit: RMB1,000)

Item	31 December 2014	Increase	Recovery	31 December 2015
On-balance sheet interest receivables	3,432,433	42,048,606	41,482,177	3,998,862

6.1.5.1.2 Change in off-balance sheet interest receivables

(Unit: RMB1,000)

Item	31 December 2014	Increase	Recovery	31 December 2015
Off-balance sheet interest receivables	96,130	480,757	146,354	430,533

6.1.5.1.3 Bad debt provisions

The Bank did not set aside any bad debt provisions for loan interest receivables or other receivables. The balance of the Bank's bad debt provisions was zero as at the end of 2015.

6.1.5.2 Foreclosed assets

The Bank had no foreclosed assets in 2015.

6.1.5.3 Allowance for impairment losses on assets

The Bank set aside allowance for impairment losses on credit and some of its investments in 2015.

6.1.5.4 Overdue debts

The Bank had no overdue debts as at the end of 2015.

6.1.6 Analysis of capital adequacy ratio (CAR)

The Bank calculates its capital adequacy ratios according to the *Capital Rules for Commercial Banks (Provisional)*. As at the end of 2015, core tier 1 CAR, tier 1 CAR and CAR of the Bank stood at 7.75%, 7.75% and 11.61% respectively, with core tier 1 CAR and CAR meeting regulatory requirements and tier 1 CAR meeting regulatory requirements for the transitional period.

The calculation includes the Bank and financial institutions directly or indirectly invested by the Bank as specified in the capital rules. The table below sets forth the items concerning CAR calculation at all tiers in accordance with the capital rules and relevant regulations.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014
Core tier 1 capital	35,556,996	29,496,293
Regulatory deductions from core tier 1 capital	(72,270)	(57,929)
Net core tier 1 capital	35,484,726	29,438,364
Other tier 1 capital	-	-
Net tier 1 capital	35,484,726	29,438,364
Tier 2 capital	17,881,395	8,567,627
Incl.: Recognizable part of tier 2 capital entitled to preferential policy in the transitional period	1,893,052	2,891,225
Regulatory deductions from tier 2 capital	(200,000)	(200,000)
Net capital	53,166,121	37,805,991
Capital adequacy ratio (%)	11.61	11.09
Tier 1 capital adequacy ratio (%)	7.75	8.64
Core tier 1 capital adequacy ratio (%)	7.75	8.64

The table below sets forth the risk-weighted assets measured according to the capital rules. To be specific, credit risk weighted assets, market risk weighted assets and operational risk weighted assets are measured by method of weighting, the standard approach and the basic index approach respectively.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014
Credit risk weighted assets	425,510,901	315,840,832
Incl.: On-balance sheet credit risk	361,854,087	263,371,301
Off-balance sheet credit risk	63,446,440	52,329,446
Credit risk of counterparties	210,374	140,085
Market risk weighted assets	3,265,767	1,281,514
Operational risk weighted assets	29,351,736	23,736,464
Total	458,128,404	340,858,810

The table below sets forth the particulars of the CAR and core CAR of the Bank calculated according to the *Regulation Governing Capital Adequacy Ratio of Commercial Banks*.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014	31 December 2013
Core capital	34,929,333	29,411,756	23,951,017
Incl.: Share capital	13,855,000	13,855,000	13,855,000
Reserves	21,074,333	15,556,756	10,096,017
Supplementary capital	19,642,031	9,740,513	7,338,954
Incl.: General provisions for impairment losses on loans	5,323,309	3,713,304	3,005,191
Long-term subordinated bonds	13,976,508	5,984,941	4,087,464
Other supplementary capital	342,214	42,268	246,299
Total capital base before deductions	54,571,364	39,152,269	31,289,971
Deductions	149,030	78,643	150,000
Incl.: Unconsolidated equity investments	100,000	50,000	50,000
Others	49,030	28,643	100,000
Net capital	54,422,334	39,073,626	31,139,971
Net core capital	34,854,818	29,372,435	23,926,017
Risk-weighted and market risk assets adjustment	417,438,978	299,488,897	243,132,257
Capital adequacy ratio (%)	13.04	13.05	12.81
Core capital adequacy ratio (%)	8.35	9.81	9.84

Note: 1. In accordance with CBRC's *Regulation Governing Capital Adequacy Ratio of Commercial Banks*, "reserves" include recognizable parts of capital surplus and of retained earnings as well as surplus reserve and general reserve for risk assets; "unconsolidated equity investments" shall be deducted by 100% and 50% respectively when calculating net capital and net core capital.

2. "Deductions: others" in the above table include gain/loss on trading financial assets, changes in fair value of available-for-sale financial assets and subordinated bonds issued by other commercial banks.

6.1.7 Leverage ratio

In 2015, the Bank measured the leverage ratio according to the *Leverage Ratio Rules for Commercial Banks (Revised)* and other applicable regulations.

(Unit: RMB1,000)

Item	31 December 2015	31 December 2014
Tier 1 capital	35,484,726	29,438,364
Deductions from tier 1 capital	-	-
Total on- and off-balance sheet assets after adjustments	912,296,701	797,098,371
Incl.: Total on-balance sheet assets after adjustments	758,968,786	667,345,741
Total off-balance sheet assets after adjustments	147,292,304	129,590,345
Others	6,035,611	162,285
Leverage ratio (%)	3.89	3.69

Note: "Others" include the balances of derivatives and securities margin trading.

6.1.8 Loan quality analysis

6.1.8.1 Distribution of loans by five-category classification

(Unit: RMB1,000)

Category	31 December 2015		31 December 2014		31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Normal	262,620,593	95.65	198,982,184	96.90	165,624,838	98.64
Special-mention	8,243,178	3.00	3,905,064	1.90	1,849,017	1.10
NPLs	3,713,010	1.35	2,474,005	1.20	434,867	0.26
Incl.: Substandard	2,655,769	0.97	1,827,342	0.89	56,294	0.03
Doubtful	881,495	0.32	265,951	0.13	260,656	0.16
Loss	175,746	0.06	380,712	0.18	117,917	0.07
Total	274,576,781	100.00	205,361,253	100.00	167,908,722	100.00

Note: The amount of loans above includes the amount of discounted bills.

6.1.8.2 Loan migration

(In %)

Item	31 December 2015	31 December 2014	31 December 2013
Normal loan migration ratio	6.66	4.98	1.32
Special-mention loan migration ratio	69.10	77.57	17.41
Substandard loan migration ratio	100.00	77.10	94.98
Doubtful loan migration ratio	73.34	93.27	95.40

6.1.8.3 Distribution of loans and NPLs by product type

(Unit: RMB1,000)

Category	31 December 2015				31 December 2014			
	Loans	Percentage (%)	NPLs	NPL ratio (%)	Loans	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	206,458,074	75.19	3,358,107	1.63	161,099,934	78.44	2,182,148	1.35
Incl.: Short-term corporate loans	95,870,945	34.92	2,987,724	3.12	80,203,792	39.05	1,926,431	2.40
Medium and long-term corporate loans	110,587,129	40.27	370,383	0.33	80,896,142	39.39	255,717	0.32
Discounted bills	23,594,661	8.59	-	-	12,314,981	6.00	134,349	1.09
Incl.: Bank acceptances	20,797,631	7.57	-	-	9,513,218	4.63	-	-
Commercial acceptances	2,797,030	1.02	-	-	2,801,763	1.37	134,349	4.80
Personal loans	44,524,046	16.22	354,903	0.80	31,946,338	15.56	157,508	0.49
Incl.: Housing loans	30,967,868	11.28	87,826	0.28	16,863,832	8.21	28,722	0.17
Auto loans	6,072	0.00	627	10.33	35,848	0.02	150	0.42
Business loans	10,088,760	3.67	241,881	2.40	12,028,540	5.86	110,824	0.92
Credit cards	16,481	0.01	-	-	-	-	-	-
Others	3,444,865	1.26	24,569	0.71	3,018,118	1.47	17,812	0.59
Total	274,576,781	100.00	3,713,010	1.35	205,361,253	100.00	2,474,005	1.20

Note: The percentage of auto loans for 2015 is 0.0022%.

6.1.8.4 Distribution of corporate loans and NPLs by industry

(Unit: RMB1,000)

Category	31 December 2015				31 December 2014			
	Loans	Percentage (%)	NPLs	NPL ratio (%)	Loans	Percentage (%)	NPLs	NPL ratio (%)
Lease, commerce and business services	42,175,346	15.36	-	-	26,151,181	12.73	-	-
Manufacturing	38,830,112	14.14	2,039,539	5.25	33,530,293	16.33	1,396,201	4.16
Real estate	32,120,515	11.70	114,484	0.36	25,417,894	12.38	-	-
Wholesale and retail	27,251,785	9.93	843,902	3.10	22,764,512	11.09	710,788	3.12
Water, environment and public facilities management	20,919,696	7.62	30,000	0.14	18,773,280	9.14	-	-
Mining	11,188,818	4.07	80,000	0.71	8,017,513	3.90	-	-
Construction	11,154,704	4.06	96,000	0.86	7,616,343	3.71	33,000	0.43
Transportations and communications, storage and post	7,162,416	2.61	40,620	0.57	5,247,353	2.55	38,817	0.74
Production and supply of electricity, gas and water	4,033,572	1.47	85,220	2.11	2,569,300	1.25	-	-
Farming, forestry, livestock and fishery	1,448,542	0.53	28,342	1.96	740,742	0.36	3,342	0.45
Accommodation and catering	1,221,754	0.44	-	-	2,280,930	1.11	-	-
Information transfer, software and IT services	1,062,983	0.39	-	-	1,207,092	0.59	-	-
Resident services and other services	244,334	0.09	-	-	524,511	0.26	-	-
Others	7,643,497	2.78	-	-	6,258,990	3.04	-	-
Total corporate loans	206,458,074	75.19	3,358,107	1.63	161,099,934	78.44	2,182,148	1.35

Note: "Percentage" means proportion of loans to each industry in total loans of the Bank.

6.1.8.5 Distribution of loans and NPLs by geographical area

(Unit: RMB1,000)

Category	31 December 2015				31 December 2014			
	Loans	Percentage (%)	NPLs	NPL ratio (%)	Loans	Percentage (%)	NPLs	NPL ratio (%)
Northern and Northeastern China	149,438,020	54.42	1,147,741	0.77	107,225,318	52.21	549,526	0.51
Eastern China	64,203,065	23.38	1,199,064	1.87	54,090,273	26.34	820,766	1.52
Central and Southern China	48,232,877	17.57	537,552	1.11	34,905,437	17.00	391,823	1.12
Western China	12,702,819	4.63	828,653	6.52	9,140,225	4.45	711,890	7.79
Total	274,576,781	100.00	3,713,010	1.35	205,361,253	100.00	2,474,005	1.20

Note: The regions are classified as follows:

Northern and Northeastern China: Beijing, Tianjin, Hebei, Shanxi, Liaoning and Inner Mongolia Autonomous Region

Eastern China: Shanghai, Jiangsu, Zhejiang, Shandong and Anhui

Central and Southern China: Hu'nan, Hubei, Guangdong and Fujian

Western China: Sichuan

6.1.8.6 Distribution of loans and NPLs by guarantee type

(Unit: RMB1,000)

Category	31 December 2015				31 December 2014			
	Loans	Percentage (%)	NPLs	NPL ratio (%)	Loans	Percentage (%)	NPLs	NPL ratio (%)
Mortgage loans	88,061,865	32.07	1,627,126	1.85	72,955,935	35.53	1,036,377	1.42
Pledged loans	35,783,452	13.03	106,571	0.30	31,694,572	15.43	133,642	0.42
Guaranteed loans	77,804,382	28.34	1,918,439	2.47	57,718,164	28.10	1,122,527	1.94
Unsecured loans	49,332,421	17.97	60,874	0.12	30,677,601	14.94	47,110	0.15
Discounted bills	23,594,661	8.59	-	-	12,314,981	6.00	134,349	1.09
Total	274,576,781	100.00	3,713,010	1.35	205,361,253	100.00	2,474,005	1.20

6.1.8.7 Distribution of loans by overdue period

As at the end of 2015, the balance of the Bank's overdue loans was RMB7,610.20 million, an increase of RMB5,271.46 million over the year beginning.

(Unit: RMB1,000)

Category	31 December 2015		31 December 2014	
	Loans	Percentage (%)	Loans	Percentage (%)
Overdue for less than 3 months	2,897,019	1.05	1,020,642	0.50
Overdue for 3 months to 1 year	3,711,740	1.35	1,170,850	0.57
Overdue for 1 to 3 years	980,858	0.36	141,732	0.07
Overdue for more than 3 years	20,582	0.01	5,511	0.00
Total overdue loans	7,610,199	2.77	2,338,735	1.14
Total loans	274,576,781	100.00	205,361,253	100.00

Note: The percentage of loans overdue for more than 3 years for 2014 is 0.003%.

6.1.8.8 Loans to top 10 borrowers

(Unit: RMB1,000)

Borrower	Industry	31 December 2015			
		Loans	NPLs	Proportion in net capital (%)	Proportion in total loans (%)
Customer A	Real estate	4,115,183	-	7.74	1.50
Customer B	Wholesale and retail	3,445,675	-	6.48	1.25
Customer C	Manufacturing	2,882,392	-	5.42	1.05
Customer D	Manufacturing	2,150,000	-	4.05	0.78
Customer E	Lease, commerce and business services	2,000,000	-	3.76	0.73
Customer F	Water, environment and public facilities management	2,000,000	-	3.76	0.73
Customer G	Lease, commerce and business services	2,000,000	-	3.76	0.73
Customer H	Water, environment and public facilities management	1,860,000	-	3.50	0.68
Customer I	Real estate	1,759,500	-	3.31	0.64
Customer J	Lease, commerce and business services	1,748,000	-	3.29	0.64
Total	-	23,960,750	-	45.07	8.73

6.1.8.9 Restructured loans

Restructured loans refer to the loans rescheduled to accommodate borrowers' deteriorating financial position or inability to repay loans. As at the end of 2015, restructured loans totaled RMB80.2198 million, a decrease of 31.44% over the year beginning.

6.1.8.10 Discount loans

Discount loans refer to the loan arrangements for which the borrower only need to repay the principal and a small proportion of the interest or no interest while the rest or the whole of the interest is paid by government agencies or other organizations. As at the end of 2015, the Bank's balance of discount loans was zero.

6.1.8.11 Risk management of credit to group customers

In 2015, the Bank attached great importance to the risk management of credit to group customers and further enhanced risk management capability. The Bank improved risk identification and control in the investigation, review and approval of credit, avoided uncertainties incurred from complex equity structure and diversified operation expansion. It strictly reviewed the authenticity of credit background and the credibility of repayment sources to prevent enterprises from whitewashing financial statements or transferring funds through illegal related party transactions. It also improved judgment on development prospect of group customers, extended credit to core companies and businesses of such groups, prevented embezzlement, long-term utilization of short-term loans and credit repurposed for other projects or operations. In addition, the Bank made in-depth analysis of each group customer on its business scale, growth potential, risk tolerance and credit from other banks, rationally decided credit line for each customer based on the capital position and risk tolerance of the Bank, so as to avoid risks arising from over-concentration of credit. It established an early warning mechanism for collecting and analyzing customer information to issue timely alerts and take countermeasures.

6.1.8.12 Allowance for impairment losses on loans

The Bank sets aside allowance for impairment losses on credit by individual assessment and collective assessment.

Individual assessment is conducted on large-value credit with evidence that impairment has been incurred. The Bank identifies individual impairment losses through risk classification, early warning and other systems and procedures. To determine the exact amount of allowance, the Bank assesses the losses on each loan for which allowance is required on the balance sheet date. In the assessment, the Bank usually estimates the recoverable cash flow based on the borrower's financial condition, disposal of collaterals, compensations by warrantor or other parties. Meanwhile, the Bank discounts the recoverable amount to present value and sets the difference between the book value and the estimated present value as the allowance for impairment losses on the very loan.

For small-value credit or credit with no evidence of impairment, the Bank conducts collective assessment to determine the allowance. An elementary instrument for collective assessment is the Expected Loss Model, which groups credit by industry, product and risk level and sets essential adjustment parameters in light of macroeconomic situations, changes in state policies and credit risk management needs of the Bank in the year.

(Unit: RMB1,000)

Item	2015	2014	2013
Balance at the year beginning	5,056,691	3,706,275	2,621,553
Accrued in the year	3,404,874	2,099,479	1,667,673
Transferred back in the year	(850,517)	(699,489)	(581,139)
Written-off in the year	-	(51,011)	-
Recovery of the transferred or written-off loans	-	763	-
Movement due to exchange rate fluctuations	6,848	674	(1,812)
Balance at the year end	7,617,896	5,056,691	3,706,275
Allowance for impairment losses on loans	2015	2014	2013
Individual assessment	1,454,467	1,226,070	278,881
Incl.: Corporate loans	1,442,368	1,218,123	277,756
Personal loans	12,099	7,947	1,125
Collective assessment	6,163,429	3,830,621	3,427,394
Incl.: Corporate loans	5,238,411	3,173,021	2,909,067
Personal loans	925,018	657,600	518,327
Total	7,617,896	5,056,691	3,706,275

6.2 Equity investment

As at the end of 2015, the Bank had shareholding in China UnionPay Co., Ltd., Nanyang Country Bank Co., Ltd. and Hawtai Motor Finance Co., Ltd., with an equity investment totaling RMB250 million.

6.2.1 Use of raised capital

The Bank did not use any raised capital for equity investment in 2015.

6.2.2 Use of non-raised fund

On 27 February 2014, the 4th Meeting of the Third Board of Directors reviewed and approved the *Proposal on Equity Participation in Establishment of Hawtai Auto Finance Co., Ltd. by China Bohai Bank Co., Ltd.*, agreeing to invest RMB50 million in Hawtai Auto Finance Co., Ltd. for a 10% stake. On 12 February 2015, CBRC Tianjin Office permitted the opening of Hawtai Auto Finance Co., Ltd. with the *Reply to the Opening of Hawtai Auto Finance Co., Ltd.* (J.Y.J.F. [2015] No.78).

6.2.3 Shareholding in listed companies and financial institutions

6.2.3.1 Shareholding in listed companies

The Bank did not hold any shares in listed companies in 2015.

6.2.3.2 Shareholding in financial institutions

(Unit: RMB1,000)

Company	Initial investment	Shareholding at the beginning of 2015		Shareholding at the end of 2015		Book value at the end of 2015	Gain/loss in 2015	Change in owner's equity in 2015	Accounting item	Source of shareholding
		In 10,000 shares	In %	In 10,000 shares	In %					
China UnionPay Co., Ltd.	150,000	6,000	2.05	6,000	2.05	150,000	3,300	-	Available-for-sale equity investment	Investment
Nanyang Country Bank Co., Ltd.	50,000	5,000	10.00	5,000	10.00	50,000	5,000	-	Available-for-sale equity investment	Investment
Hawtai Motor Finance Co., Ltd.	50,000	-	-	5,000	10.00	50,035	35	-	Long-term equity investment	Investment

6.3 2015 profit distribution plan

On 21 April 2016, the 37th Meeting of the Shareholders' General Meeting passed a resolution on the appropriation of RMB568,851 thousand, 10% of the after-tax profit RMB5,688,512 thousand on the 2015 Financial Statements (audited under the PRC GAPP) to the statutory surplus reserve, and the appropriation of RMB1,009,523 thousand to the general reserve for risk assets. No discretionary surplus reserve was provided and no dividend was distributed for the time being.

6.4 Cash dividends for the previous three years

(Unit: RMB1,000)

Item	2014	2013	2012
Cash dividends (pre-tax)	-	-	-
Net profit	5,031,271	4,562,366	3,339,190
Ratio of cash dividends (pre-tax) to net profit (%)	-	-	-

6.5 Other issues requiring disclosure

The Bank had no other issues to disclose in 2015.

7. Significant Events

7.1 Major litigation and arbitration

The Bank was not involved in any major litigation or arbitration with significant impacts on its operation and management in 2015.

7.2 Increase or decrease of registered capital, acquisition & disposal of assets and merger

The Bank did not make any changes to its registered capital, nor did it acquire or dispose of any material assets or go through any mergers in 2015.

7.3 Equity incentives

The Bank did not implement any equity incentive plan in 2015.

7.4 Material related party transactions

As at the end of 2015, the Bank's credit balance with related parties totaled RMB4,133,355.4 thousand, all categorized as "normal". Of the credit balance, eight were material related party transactions with a total balance of RMB3,783,317.6 thousand (excluding security deposits, CDs and T-bonds).

As at the end of 2015, the Bank's customer loans guaranteed by related parties totaled RMB1,206 million, deposits from related parties having material transactions with the Bank totaled RMB367 million, the Bank's foreign currency deposits with related parties totaled 797 million RMB equivalent, and interbank lending to related parties totaled RMB27 million.

7.5 Major contracts and the execution thereof

7.5.1 Material custody, contracting and leasing

The Bank entered into no arrangements for material custody, contracting or leasing in 2015.

7.5.2 Material guarantee

The Bank had no material guarantee that needed to be disclosed except for guarantee services rendered within its business scope in 2015.

7.5.3 Other major contracts

7.5.3.1 Business Complex Project of the Head Office

The 18th Meeting of the Shareholders' General Meeting approved the project with an estimated investment of RMB2,812 million (including land cost of RMB740 million and construction cost of RMB2,072 million) and a floor area of 187,000 square metres (137,000 square metres overground and 50,000 square metres underground).

As at the end of 2015, all constructions had passed the acceptance test and the business complex had been put into service. Settlement of the project was under way.

As at the end of 2015, a total of RMB2,304,816.4 thousand had been spent on the project, including RMB189,188.4 thousand in 2015.

7.5.3.2 Service Centre Project of the Head Office

The 9th Meeting of the Second Board of Directors approved the construction of the Service Centre of the Head Office with a total investment of RMB372 million and a floor area of 60,000 square metres.

As at the end of 2015, the centre was in service, with the Property Ownership Certificate of Tianjin obtained. Final accounting of the project was under way.

As at the end of 2015, a total of RMB369,476.5 thousand had been spent on the project, including RMB40,175.4 thousand in 2015.

7.6 Shareholder's commitments

In the second capital increase of the Bank, the seven shareholders of the Bank presented the letters of commitments on full subscription in October 2010. Except the RMB595 million subscribed for by Tianjin Trust Co., Ltd. to be paid upon satisfaction of regulatory requirements, subscriptions by the other shareholders were fully paid as scheduled in 2011. The six shareholders had honored their subscription commitments. In 2015, Tianjin Trust Co., Ltd. made further efforts to honor its subscription commitment.

No commitment was made by shareholders in 2015.

7.7 Capital tied up by controlling shareholder and other related parties

The Bank had no controlling shareholder. Neither had it any capital tied up by any related parties.

Statement on Capital Tied up by Controlling Shareholder and Other Related Parties of China Bohai Bank Co., Ltd. had been issued by the external auditor.

7.8 Appointment and dismissal of accounting firm

In 2015, the Bank appointed KPMG Huazhen LLP to audit its 2015 Financial Statements and Notes prepared in accordance with PRC GAAP and IFRS pursuant to the resolution of the Shareholders' General Meeting.

7.9 Penalties imposed on the Bank and on directors, supervisors and senior executives

In 2015, no regulatory penalty with significant impacts on operation and management was imposed on the Bank. None of the directors, supervisors or senior executives was penalized.

7.10 Other major events

7.10.1 Approval for the amendment to the Articles of Association

The Bank introduced a thorough amendment to the *Articles of Association* based on latest corporate governance regulations of CBRC, including the *Guidelines on Corporate Governance of Commercial Banks*, the *Guidelines for the Board of Supervisors of Commercial Banks*, the *Administrative Measures*

on *Qualifications of Directors and Executives of Banking Institutions* and the *Rules on Implementation of Administrative Licencing Items for Domestic Commercial Banks*. The amendment was reviewed and approved at the 26th Meeting of the Shareholders' General Meeting on 5 September 2014, and ratified by CBRC in its *Reply to the Amendments to the Articles of Association of China Bohai Bank Co., Ltd.* (Y.J.F.[2015] No.21) dated 8 January 2015. On 3 February 2015, the State Administration for Industry & Commerce permitted the filing of the revised *Articles of Association* with the *Notice on Filing* ((Guo) D.J.N.B.Zi.[2015] No.64).

7.10.2 Replacement of industrial & commercial registration authority

On 10 February 2015, the Enterprise Registration Bureau of State Administration for Industry & Commerce sent the Bank a written notification that Tianjin Market and Quality Supervision Administration would replace State Administration for Industry & Commerce as the registration authority of the Bank from 2 March 2015 and the Bank should register any change, filing, nullification, equity pledge and other items with Tianjin Market and Quality Supervision Administration from then on.

7.10.3 Change in business scope

The Bank completed the registration of business scope change on 20 March 2015 and Tianjin Market and Quality Supervision Administration had granted the updated Corporate Business Licence to the Bank.

7.10.4 Shareholding in Tianjin ZeZhong Consumer Finance Co., Ltd.

On 27 November 2015, the 22nd Meeting of the Third Board of Directors of the Bank reviewed and approved the *Proposal on Equity Participation in Establishment of Tianjin ZeZhong Consumer Finance Co., Ltd. by China Bohai Bank Co., Ltd.*, agreeing to take 20% stake in the company with a contribution of RMB60 million.

7.10.5 Obtaining qualifications

On 3 April 2015, the Shanghai Clearing House issued the *Notice on Participation in Centralized Clearing of Standard Bond Forwards* (Q.S.S.H.Y.ZH.Zi.[2015] No.083), accepting the Bank as a Type B regular member for centralized clearing of standard bond forwards.

On 20 April 2015, Ji'nan Branch of the Bank entered into the *Agreement on Collection of Non-tax Revenues* with the Finance Department of Shandong Province.

On 15 May 2015, Taiyuan Branch of the Bank entered into the *Strategic Cooperative Agreement on Development of "One-Card" for Social Security in Shanxi Province* with the Department of Human Resources and Social Security of Shanxi Province.

On 29 May 2015, the Bank was approved to issue credit cards by CBRC with the *Reply to the Application for Credit Card Business of China Bohai Bank* (Y.J.F.[2015] No.369).

On 22 July 2015, Chengdu Branch of the Bank signed an entrusted agreement with the Finance Department of Sichuan Province, whereby the two parties agreed on arrangements for entrusted payment of fiscal funds.

On 28 July 2015, Tianjin Public Procurement Centre sent the *Letter of Acceptance* (J.C.C.G.H.[2015] No.3173) to Tianjin Branch of the Bank, notifying the branch that it won the bid for being the agent for non-tax revenue business of Tianjin Finance Bureau.

On 29 July 2015, Tianjin Public Procurement Centre issued the *Letter of Acceptance* (J.C.C.G.H.[2015] No.3207) to notify the Bank that it won the bid for being the agent for paying welfare benefits for the Million Skilled Talents Training Programme of Tianjin Municipal Human Resources and Social Security Bureau.

On 26 August 2015, China Foreign Exchange Trading Centre & National Interbank Funding Centre granted the Bank membership for RMB/FX option trading in the interbank forex market as of 28 August 2015 with the *Notice on Approval for China Bohai Bank Co., Ltd. as a Member of Option Trading in the Interbank Forex Market* (ZH.H.J.F.[2015] No.330).

On 26 November 2015, the Asset Management Association of China issued the *Ratification for Filing of Private Placement Outsourcer* (Filing No.A00032), accepting the Bank's filing for the outsourcing service of valuation and registration.

On 7 December 2015, the Bank was licenced by the State Administration of Foreign Exchange to conduct RMB/FX option trading for customers with the *Notice on Filing of RMB/FX Option Business* (Filing No.2015-001, No.036 in all).

7.10.6 Opening branches and establishing representative office

7.10.6.1 Tier 1 branch

On 30 January 2015, in the *Reply of CBRC Fujian Office to the Opening of Fuzhou Branch of China Bohai Bank* (M.Y.J.F.[2015] No.22), CBRC Fujian Office approved the opening of Fuzhou Branch, which is situated at 1-4 & 16/F, Huaban Mansions, 363 Jiangbin Mid. Avenue, Taijiang District, Fuzhou, Fujian Province.

On 21 April 2015, CBRC approved the upgrading of Tianjin Bonded Area Subbranch to Tianjin FTZ Branch in the *Reply of CBRC to the Application for Upgrading Tianjin Bonded Area Subbranch of China Bohai Bank to Tianjin FTZ Branch* (Y.J.F.[2015] No.294).

On 29 July 2015, in the *Reply of CBRC Anhui Office to the Opening of Hefei Branch of China Bohai Bank* (W.Y.J.F.[2015] No.145), CBRC Anhui Office approved the opening of Hefei Branch, which is situated at 269 Suixi Road, Luyang District, Hefei, Anhui Province.

7.10.6.2 Tier 2 branch

On 19 May 2015, in the *Reply of CBRC Hebei Office to the Opening of Cangzhou Branch of China Bohai Bank Co., Ltd. and Approval for the Qualifications of Three Executives* (J.Y.J.F.[2015] No.105), CBRC Hebei Office approved the opening of Cangzhou Branch, which is subordinate to Shijiazhuang Branch and situated at Bldg.5, East Zone, Yuhe Xincheng, Yunhe District, Cangzhou, Hebei Province.

On 29 June 2015, in the *Reply of CBRC Shandong Office to the Opening of Ji'ning Branch of China Bohai Bank* (L.Y.J.ZH.[2015] No.245), CBRC Shandong Office approved the opening of Ji'ning Branch, which is subordinate to Ji'nan Branch and situated at 29 Pipashan Road, Ji'ning, Shandong Province.

On 24 July 2015, in the *Reply of CBRC Shandong Office to the Opening of Dezhou Branch of China Bohai Bank* (L.Y.J.ZH.[2015] No.285), CBRC Shandong Office approved the opening of Dezhou Branch, which is subordinate to Ji'nan Branch and situated at Bldg. 1, Tianyu Mingcheng, 776 Dongfeng East Road, Dezhou Economic & Technological Development Area, Shandong Province.

On 28 July 2015, in the *Reply of CBRC Hu'nan Office to the Opening of Changde Branch of China Bohai Bank Co., Ltd. and the Qualifications of Executives* (X.Y.J.F.[2015] No.249), CBRC Hu'nan Office approved the opening of Changde Branch, which is subordinate to Changsha Branch and situated at North 1/F of Furong Guandi and 3 & 4/F of the Annexe, 396 Zaoguo Road, Wuling District, Changde, Hu'nan Province.

7.10.6.3 Hong Kong Representative Office

On 28 January 2015, the Bank was approved to set up a representative office in Hong Kong by the Hong Kong Monetary Authority with the *Approval for Establishment of Local Representative Office* (CB/LRO/748).

7.10.7 Issuing credit asset-backed securities

Upon PBC's *Administrative Approval* (Y.SH.CH.X.ZH.Y.Zi.[2015] No.94) and *Notice on Filing of the China Bohai Bank (2015) Credit Asset Securitization Project I* from CBRC (Banking Innovation Supervision Department), "China Bohai Bank (2015) Credit Asset-Backed Securities I" was successfully issued by tender in the national interbank bond market on 9 June 2015, for which the Bank acted as the promoter and principal, Beijing International Trust Co., Ltd. as the issuer and trustee. The asset management scheme was formally established on 11 June.

The issuance amounted to RMB3,265 million. Specifically, RMB2,549 million worth of trust preferred securities (TruPS) A-1 was issued at a rate of 3.5%; RMB276 million worth of TruPS B was issued at a rate of 4.3%; and RMB440 million worth of secondary securities was issued. Except for the 5% held by the Bank pursuant to applicable regulations, all the preferred securities were sold openly. The securitization enabled the Bank to unleash a credit scale at 100% of the issuance amount and risk assets at 90.71% of the issuance amount.

The successful issue of credit-backed securities further improved the Bank's image in the open market and enhanced the efficiency of credit and risk assets.

7.10.8 Issuing financial bond

Upon the *Administrative Approval* (Y.SH.CH.X.ZH.Y.Zi.[2015] No.126) from PBC and the *Reply to Financial Bond Issuance of China Bohai Bank* (Y.J.F.[2015] No.357) from CBRC, the "2015 China Bohai Bank Co., Ltd. Financial Bond" was successfully issued by open tender in the national interbank bond market on 28 July 2015. The size of issue was RMB10 billion, and the value date was 29 July 2015. There were two types of the fixed-rate bond: Type 1 (bond code: 1520038, abbreviation: 15 CBHB 01) had an issuing scale of RMB8 billion with a term of three years and an interest rate of 4.1%; Type 2 (bond code: 1520039, abbreviation: 15 CBHB 02) had an issuing scale of RMB2 billion with a term of five years and an interest rate of 4.25%. On 29 July 2015, all raised funds were paid in. The terms of issuance complied with the *Administrative Measures for Issuing of Financial Bonds in the National Interbank Bond Market* and the *Operational Procedures for Administration of Financial Bond Issuance in the National Interbank Bond Market*.

The successful issue of financial bond was of great significance to business growth in the long term. It further improved the Bank's assets & liabilities structure, introduced a new mechanism for market-based debt financing, and helped the Bank establish a positive brand image in the capital market.

7.10.9 Change of address

On 21 December 2015, the 32nd Meeting of the Shareholders' General Meeting passed a resolution on changing the Bank's address to 218 Haihe East Road, Hedong District, Tianjin. The Bank subsequently submitted the *Application of China Bohai Bank Co., Ltd. for Change of Address* to CBRC. On 18 February 2016, CBRC approved the application with its *Reply to Change of Legal Person's Address by China Bohai Bank*, and renewed the Bank's Financial License on 1 March 2016. On 21 March 2016, Tianjin Market and Quality Supervision Administration granted the updated Corporate Business Licence to the Bank.

8. Financial Statements

8.1 Audit opinion

The 2015 Financial Statements of the Bank have been audited by KPMG Huazhen LLP in accordance with the China Standards on Auditing and the International Standards on Auditing respectively, and standard unqualified auditor's reports have been issued.

8.2 The balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement of the Bank

BALANCE SHEET AS AT 31 DECEMBER 2015

(Expressed in Renminbi '000 unless otherwise indicated)

ASSETS	31 December 2015	31 December 2014
Cash and balances with the central bank	78,958,440	85,467,461
Due from banks and other financial institutions	4,798,387	14,738,842
Placements with banks and other financial institutions	4,670,879	6,884,654
Financial assets at fair value through profit or loss	1,182,143	2,986,345
Derivative financial assets	342,599	128,399
Financial assets purchased under resale agreements	16,769,000	72,149,077
Interest receivable	3,998,862	3,432,433
Loans and advances to customers	266,958,885	200,304,562
Available-for-sale financial assets	30,282,836	14,671,768
Held-to-maturity investments	56,218,193	31,228,536
Investment receivables	293,228,897	229,241,516
Long-term equity investments	50,035	-
Fixed assets	3,701,868	3,392,446
Intangible assets	575,332	575,716
Deferred tax assets	1,811,080	1,264,365
Other assets	688,004	681,423
Total Assets	764,235,440	667,147,543

BALANCE SHEET AS AT 31 DECEMBER 2015 (Continued)

(Expressed in Renminbi '000 unless otherwise indicated)

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2015	31 December 2014
Liabilities		
Due to the central bank	10,000,000	10,000,000
Due to banks and other financial institutions	241,187,629	195,380,189
Placements from banks and other financial institutions	5,918,918	3,467,643
Derivative financial liabilities	454,383	304,760
Financial assets sold under repurchase agreements	1,063,948	13,578,635
Customer deposits	406,266,129	354,729,650
Tax payable	1,103,469	1,034,890
Interest payable	10,883,464	10,059,704
Provisions	60,410	60,410
Debt securities in issue	43,915,531	25,910,004
Other liabilities	7,824,563	23,125,365
Total Liabilities	728,678,444	637,651,250
Shareholders' Equity		
Share capital	13,855,000	13,855,000
Capital surplus	20,000	20,000
Other comprehensive income	444,820	72,629
Surplus reserve	2,145,318	1,576,467
General reserve for risk assets	9,505,261	8,495,738
Retained earnings	9,586,597	5,476,459
Total Shareholders' Equity	35,556,996	29,496,293
Total Liabilities and Shareholders' Equity	764,235,440	667,147,543

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi '000 unless otherwise indicated)

	2015	2014
Operating income		
Interest income	40,525,453	36,527,547
Interest expense	(25,097,539)	(23,095,114)
Net interest income	15,427,914	13,432,433
Fee and commission income	3,594,765	2,872,243
Fee and commission expense	(167,273)	(174,146)
Net fee and commission income	3,427,492	2,698,097
Investment loss	(183,376)	(57,022)
Gain/(loss) on changes in fair value	75,687	(511,765)
Foreign exchange loss	(195,815)	(61,155)
Other operating (loss)/ income	(72,375)	71,922
Sub-total	18,479,527	15,572,510
Operating expense		
Business tax and surcharges	(1,002,559)	(935,150)
General and administrative expenses	(6,111,967)	(5,433,108)
Impairment losses on assets	(4,192,805)	(2,713,051)
Other operating expenses	(42,933)	(49,427)
Sub-total	(11,350,264)	(9,130,736)
Operating profit	7,129,263	6,441,774
Non-operating income	13,490	53,168
Non-operating expenses	(8,103)	(13,608)
Profit before income tax	7,134,650	6,481,334
Income tax expense	(1,446,138)	(1,450,063)
Net profit	5,688,512	5,031,271
Other comprehensive income	372,191	267,707
Other comprehensive income that may be reclassified to profit or loss		
Gain from changes in fair value of available-for-sale financial assets	372,191	267,707
Total comprehensive income for the year	6,060,703	5,298,978
Earnings per share (expressed in RMB per share)		
-Basic earnings per share	0.41	0.36
-Diluted earnings per share	0.41	0.36

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi '000 unless otherwise indicated)

	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve for risk assets	Retained earnings	Total
At 1 January 2015	13,855,000	20,000	72,629	1,576,467	8,495,738	5,476,459	29,496,293
Net profit	-	-	-	-	-	5,688,512	5,688,512
Other comprehensive income	-	-	372,191	-	-	-	372,191
Total comprehensive income for the year	-	-	372,191	-	-	5,688,512	6,060,703
Appropriation for statutory surplus reserve	-	-	-	568,851	-	(568,851)	-
Appropriation for general reserve for risk assets	-	-	-	-	1,009,523	(1,009,523)	-
At 31 December 2015	13,855,000	20,000	444,820	2,145,318	9,505,261	9,586,597	35,556,996

	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve for risk assets	Retained earnings	Total
At 1 January 2014	13,855,000	20,000	(195,078)	1,073,340	3,087,428	6,356,625	24,197,315
Net profit	-	-	-	-	-	5,031,271	5,031,271
Other comprehensive income	-	-	267,707	-	-	-	267,707
Total comprehensive income for the year	-	-	267,707	-	-	5,031,271	5,298,978
Appropriation for statutory surplus reserve	-	-	-	503,127	-	(503,127)	-
Appropriation for general reserve for risk assets	-	-	-	-	5,408,310	(5,408,310)	-
At 31 December 2014	13,855,000	20,000	72,629	1,576,467	8,495,738	5,476,459	29,496,293

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi '000 unless otherwise indicated)

	2015	2014
1. Cash flows from operating activities		
Net increase in customer deposits	51,536,479	50,982,205
Net increase in due to banks and other financial institutions	45,807,440	16,582,576
Interest, fee and commission received	22,050,650	23,803,456
Net decrease in purchased assets under resale agreements	60,812,077	41,474,092
Net decrease in balances at the central bank and due from banks and other financial institutions	7,417,968	-
Net decrease in placements with banks and other financial institutions	1,005,660	-
Net increase in placements from banks and other financial institutions	2,451,275	-
Net decrease in financial assets at fair value through profit or loss	1,815,311	-
Net increase in amounts due to the central bank	-	10,000,000
Tax concessions received	-	31,043
Cash received relating to other operating activities	14,242	16,136,678
Sub-total of cash inflows	192,911,102	159,010,050
Net decrease in financial assets sold under repurchase agreements	(12,514,687)	(22,665,901)
Net increase in loans and advances to customers	(70,066,045)	(38,201,594)
Net increase in balances at the central bank and due from banks and other financial institutions	-	(11,972,559)
Interest, fee and commission paid	(23,150,077)	(19,632,511)
Net increase in placements with banks and other financial institutions	-	(4,490,000)
Net decrease in balances due to banks and other financial institutions	-	(4,002,802)
Cash paid to and on behalf of employees	(3,191,770)	(2,677,077)
Taxes and surcharges paid	(3,082,760)	(2,489,623)
Net increase in financial assets at fair value through profit or loss	-	(2,330,269)
Cash paid relating to other operating activities	(18,001,969)	(1,691,176)
Sub-total of cash outflows	(130,007,308)	(110,153,512)
Net cash inflows from operating activities	62,903,794	48,856,538

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

(Expressed in Renminbi '000 unless otherwise indicated)

	2015	2014
2. Cash flows from investing activities		
Proceeds from disposal of investment	132,345,018	41,445,666
Investment income received	21,258,288	14,699,724
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	2,980	1,701
Sub-total of cash inflows	<u>153,606,286</u>	<u>56,147,091</u>
Cash paid for investments	(237,164,943)	(127,166,519)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(680,441)	(1,642,849)
Sub-total of cash outflows	<u>(237,845,384)</u>	<u>(128,809,368)</u>
Net cash outflows from investing activities	<u>(84,239,098)</u>	<u>(72,662,277)</u>
3. Cash flows from financing activities		
Proceeds from issuance of debt securities	18,964,695	23,011,495
Sub-total of cash inflows	<u>18,964,695</u>	<u>23,011,495</u>
Repayment of debt securities in issue	(1,000,000)	(1,200,000)
Interest expense paid to securities in issue	(1,251,423)	(225,881)
Sub-total of cash outflows	<u>(2,251,423)</u>	<u>(1,425,881)</u>
Net cash inflows from financing activities	<u>16,713,272</u>	<u>21,585,614</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	(185,591)	(65,027)
5. Net decrease in cash and cash equivalents	<u>(4,807,623)</u>	<u>(2,285,152)</u>
Add: Cash and cash equivalents at the beginning of the year	<u>31,046,705</u>	<u>33,331,857</u>
6. Cash and cash equivalents at the end of the year	<u>26,239,082</u>	<u>31,046,705</u>