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錦州銀行股份有限公司

Bank of Jinzhou Co., Ltd.*

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

(Stock code: 0416)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the “**Board**”) of Bank of Jinzhou Co., Ltd.* (the “**Bank**”, including its subsidiaries unless the context otherwise requires) is pleased to announce the audited annual results (the “**Annual Results**”) of the Bank for the year ended 31 December 2015 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) promulgated by the International Accounting Standards Board. The Board and its audit committee have reviewed and confirmed the Annual Results.

1. CORPORATE INFORMATION

1.1 Corporate Basic Information

Legal Name and Abbreviation in Chinese:	錦州銀行股份有限公司 (Abbreviation: 錦州銀行)
Legal Name in English:	Bank of Jinzhou Co., Ltd.
Legal Representative:	ZHANG Wei
Authorized Representative:	ZHANG Wei, WANG Jing
Listing Exchange of H Shares:	The Stock Exchange of Hong Kong Limited
Stock Name:	BANKOFJINZHOU
Stock Code:	0416

1.2 Contact Persons and Contact Details

Secretary to the Board:	WANG Jing
Joint Company Secretaries:	WANG Jing, LEUNG Wing Han Sharon
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Registered Address:	No. 68 Keji Road, Jinzhou City, Liaoning Province, the People's Republic of China (the "PRC")
Principal Place of Business in Hong Kong:	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

2. FINANCIAL HIGHLIGHTS

Between the financial statements of the Bank prepared in accordance with Accounting Standards for Business Enterprises of the PRC and those in accordance with IFRSs, there is no difference in respect of the profit attributable to equity shareholders of the Bank for the year ended 31 December 2015 and total equity attributable to equity shareholders of the Bank as of the end of the Reporting Period.

2.1 Financial Data

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December				
	2015	2014	2014	2013	2012
	Rate of Change (%)				
Operating Results					
Interest income	21,819,437	13,582,488	60.6	8,522,877	5,733,741
Interest expense	(11,015,124)	(7,954,065)	38.5	(4,701,435)	(2,479,695)
Net interest income	<u>10,804,313</u>	<u>5,628,423</u>	92.0	<u>3,821,442</u>	<u>3,254,046</u>
Net fee and commission income	500,790	116,323	330.5	75,271	96,754
Net trading gains/(losses)	97,164	470	20,573.2	(5,671)	24,906
Dividend income	6,440	6,360	1.3	6,320	5,780
Net gains/(losses) arising from investment securities	2,896	8,396	(65.5)	(3,643)	60,838
Foreign exchange gain	85,895	7,872	991.1	4,257	13,115
Other net operating income	19,886	26,765	(25.7)	24,121	30,663
Operating income	<u>11,517,384</u>	<u>5,794,609</u>	98.8	<u>3,922,097</u>	<u>3,486,102</u>
Operating expenses	(2,724,872)	(2,213,490)	23.1	(1,888,077)	(1,651,408)

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2015				
	2015	2014	vs		
			2014	2013	2012
			Change (%)		
Operating profit before impairment	8,792,512	3,581,119	145.5	2,034,020	1,834,694
Impairment losses on assets	(2,296,943)	(793,469)	189.5	(274,739)	(298,712)
Profit before taxation	<u>6,495,569</u>	<u>2,787,650</u>	133.0	<u>1,759,281</u>	<u>1,535,982</u>
Income tax	(1,587,513)	(664,473)	138.9	(403,783)	(364,565)
Profit for the year	<u>4,908,056</u>	<u>2,123,177</u>	<u>131.2</u>	<u>1,355,498</u>	<u>1,171,417</u>
Net profit attributable to equity shareholders of the Bank	4,898,761	2,115,715	131.5	1,350,691	1,167,450
Calculated on a per share basis (RMB)			Change		
Basic earnings per share	1.09	0.54	0.55	0.35	0.30
Major indicators of assets/ liabilities			Change (%)		
Total assets	361,659,913	250,692,720	44.3	175,513,850	123,294,307
Of which: loans and advances to customers	97,313,206	86,548,794	12.4	76,728,790	61,781,077
Total liabilities	335,388,599	234,815,584	42.8	164,004,535	112,097,202
Of which: Deposits from customers	170,178,722	119,402,997	42.5	92,764,588	82,786,317
Share capital	5,781,616	4,402,234	31.3	3,902,234	3,902,234
Total equity attributable to equity shareholders of the Bank	25,598,461	15,658,315	63.5	11,398,776	11,118,275
Total equity	26,271,314	15,877,136	65.5	11,509,315	11,197,105

2.2 Financial Indicators

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2015				
	2015	2014	vs		
			2014	2013	2012
			Change		
Profitability indicators (%)			Change		
Return on average total assets ⁽¹⁾	1.60	1.00	0.60	0.91	1.02
Return on average equity ⁽²⁾	23.75	15.64	8.11	12.00	11.30
Net interest spread ⁽³⁾	3.29	2.43	0.86	2.32	3.06
Net interest margin ⁽⁴⁾	3.51	2.63	0.88	2.52	3.30
Net fee and commission income to operating income ratio	4.35	2.01	2.34	1.92	2.78
Cost-to-income ratio ⁽⁵⁾	18.80	31.26	(12.46)	40.47	40.55
Assets quality indicators (%)			Change		
Non-performing loan ratio ⁽⁶⁾	1.03	0.99	0.04	0.87	0.94
Allowance coverage ratio ⁽⁷⁾	369.13	256.15	112.98	226.40	239.45
Allowance to loans ratio ⁽⁸⁾	3.82	2.53	1.29	1.97	2.24
Capital adequacy indicators (%)			Change		
<i>Based on Capital Adequacy Measures</i>					
Core capital adequacy ratio	N/A	N/A	N/A	N/A	13.03

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December				
	2015	2014	2014	2013	2012
			vs		
Capital adequacy indicators (%)					
Capital adequacy ratio	N/A	N/A	N/A	N/A	14.34
Based on New Capital Adequacy Measures					
Core tier 1 capital adequacy ratio ⁽⁹⁾	8.96	8.64	0.32	9.76	N/A
Tier 1 capital adequacy ratio ⁽¹⁰⁾	8.97	8.64	0.33	9.76	N/A
Capital adequacy ratio	10.50	10.45	0.05	10.89	N/A
Total equity to total assets	7.26	6.33	0.93	6.56	9.08
Other Indicators (%)			Change		
Loan-to-deposit ratio ⁽¹¹⁾	47.44	55.70	(8.26)	66.62	65.57

Notes:

- (1) Represents the net profit for the year as a percentage of the average balance of total assets at the beginning and the end of that year.
- (2) Represents the net profit attributable to the Bank's equity shareholders for the year as a percentage of the average balance of total equity attributable to equity shareholders at the beginning and at the end of that year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (5) Cost-to-income ratio = operating expenses (excluding business tax and surcharges) / operating income.
- (6) Non-performing loan ratio = total non-performing loans / total loans and advances to customers.
- (7) Allowance coverage ratio = allowance for impairment losses on loans / total non-performing loans.
- (8) Allowance to loans ratio = allowance for impairment losses on loans / total loans and advances to customers.
- (9) Core tier 1 capital adequacy ratio = (core tier 1 capital — corresponding capital deductions) / risk-weighted assets.
- (10) Tier 1 capital adequacy ratio = (tier 1 capital — corresponding capital deductions) / risk-weighted assets.
- (11) Such ratios represent the ratios the Bank submitted to the China Banking Regulatory Commission (the "CBRC") and were calculated in accordance with financial data under PRC GAAP and the CBRC requirements.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Financial Review

During the Reporting Period, with the continuous promotion of the market-oriented interest rate reform process, the continuous development of the internet finance industry, the formulation of deposit insurance systems and the upcoming implementation of the change from business tax to value-added tax and other relevant policies, the market environment faced by the Bank is undergoing fundamental changes. Faced with the complex and severe economic and financial situation, the Bank experienced rapid and healthy development in its various business and delivered sound returns to its investors and shareholders by firmly insisting on the operation principle of “Adjusting asset structure, Changing growth mode, Strengthening risk management and Insisting on prudent operation”, seizing growth opportunities and proactively undergoing transformation.

The Bank recorded a net profit of RMB4,908 million in 2015, representing an increase of 131.2% as compared to the previous year. The Bank’s performance not only delivered sound returns to its shareholders and investors, but also laid a solid foundation for its sustainable development.

As at 31 December 2015, the total assets of the Bank amounted to RMB361,660 million, representing a year-on-year increase of 44.3%; the gross loans and advances to customers amounted to RMB101,174 million, representing a year-on-year increase of 13.9%; the non-performing loan ratio remained low at 1.03%; the deposits from customers balance of the Bank amounted to RMB170,179 million, representing a year-on-year increase of 42.5%; the operating income of the Bank amounted to RMB11,517 million, representing a year-on-year increase of 98.8%; and the net profit amounted to RMB4,908 million, representing a year-on-year increase of 131.2%.

On 7 December 2015 and 23 December 2015, the Bank issued 1,379,381,818 H shares under the initial public offering (comprising 1,200,000,000 H shares under the global offering and 179,381,818 H shares issued upon partial exercise of the over-allotment option) with all proceeds to be used for supplementing the Bank’s capital. As at 31 December 2015, the Bank’s capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio was increased to 10.50%, 8.97% and 8.96%, respectively.

3.2 Analysis of the Financial Statements

3.2.1 Analysis of the Income Statement

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2015	2014	Change in amount	Change in percentage (%)
Interest income	21,819,437	13,582,488	8,236,949	60.6
Interest expense	(11,015,124)	(7,954,065)	(3,061,059)	38.5
Net interest income	<u>10,804,313</u>	<u>5,628,423</u>	<u>5,175,890</u>	<u>92.0</u>
Net fee and commission income	500,790	116,323	384,467	330.5
Net trading gains	97,164	470	96,694	20,573.2
Dividend income	6,440	6,360	80	1.3
Net gains arising from investment securities	2,896	8,396	(5,500)	(65.5)
Foreign exchange gain	85,895	7,872	78,023	991.1
Other net operating income	19,886	26,765	(6,879)	(25.7)
Operating income	11,517,384	5,794,609	5,722,775	98.8
Operating expenses	(2,724,872)	(2,213,490)	(511,382)	23.1
Impairment losses on assets	(2,296,943)	(793,469)	(1,503,474)	189.5
Profit before taxation	<u>6,495,569</u>	<u>2,787,650</u>	<u>3,707,919</u>	<u>133.0</u>
Income tax	<u>(1,587,513)</u>	<u>(664,473)</u>	<u>(923,040)</u>	<u>138.9</u>
Profit for the year	<u>4,908,056</u>	<u>2,123,177</u>	<u>2,784,879</u>	<u>131.2</u>

During the Reporting Period, the Bank's profit before income taxation was RMB6,496 million, representing a year-on-year increase of 133.0%; net profit for the year was RMB4,908 million, representing a year-on-year increase of 131.2%, mainly attributable to the stable growth of interest-earning assets and average yield resulting in increase in net interest income of RMB5,176 million or 92.0% as compared to the previous year.

3.2.1.1 Net interest income

Net interest income accounted for the largest portion of the Bank's operating income, representing 93.9% and 97.1% of operating income for 2015 and 2014, respectively. The following table sets forth, for the years indicated, the interest income, interest expense and net interest income of the Bank:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2015	2014	Change in amount	Change in percentage (%)
Interest income	21,819,437	13,582,488	8,236,949	60.6
Interest expense	<u>(11,015,124)</u>	<u>(7,954,065)</u>	<u>(3,061,059)</u>	38.5
Net interest income	<u>10,804,313</u>	<u>5,628,423</u>	<u>5,175,890</u>	92.0

The following table sets forth, for the years indicated, the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or expense and average yield on interest-earning assets or average cost on interest-bearing liabilities of the Bank.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	Average balance	2015 Interest income/expense	Average yield/cost (%)	Average balance	2014 Interest income/expense	Average yield/cost (%)
INTEREST-EARNING ASSETS						
Loans and advances to customers	96,450,243	7,153,354	7.42	84,561,043	6,195,205	7.33
Investment securities and other financial assets ⁽¹⁾	166,829,498	13,541,335	8.12	82,625,834	5,788,509	7.01
Cash and deposits with the central bank	28,645,780	442,343	1.54	25,856,404	397,552	1.54
Deposits with banks and other financial institutions	14,077,277	660,314	4.69	17,927,488	1,068,921	5.96
Placements with banks and other financial institutions	609,967	5,241	0.86	1,532,315	96,531	6.30
Financial assets held under resale agreements	<u>782,280</u>	<u>16,850</u>	2.15	<u>1,147,543</u>	<u>35,770</u>	3.12
Total interest-earning assets	<u>307,395,045</u>	<u>21,819,437</u>	7.10	<u>213,650,627</u>	<u>13,582,488</u>	6.36

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December					
	2015			2014		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
INTEREST-BEARING LIABILITIES						
Deposits from customers	144,319,899	4,097,737	2.84	102,539,123	2,374,263	2.32
Deposits from banks and other financial institutions	112,549,763	5,574,446	4.95	74,600,893	4,428,983	5.94
Placements from banks and other financial institutions	4,515,732	34,003	0.75	3,185,791	76,610	2.40
Financial assets sold under repurchase agreements	11,303,093	435,724	3.85	9,171,149	335,386	3.66
Debt securities issued	1,853,425	125,979	6.80	1,886,174	126,733	6.72
Wealth management products funds	14,376,612	744,791	5.18	10,860,836	608,270	5.60
Other liabilities	<u>72,955</u>	<u>2,444</u>	3.35	<u>113,979</u>	<u>3,820</u>	3.35
Total interest-bearing liabilities	<u>288,991,479</u>	<u>11,015,124</u>	3.81	<u>202,357,945</u>	<u>7,954,065</u>	3.93
Net interest income		10,804,313			5,628,423	
Net interest spread⁽²⁾			3.29			2.43
Net interest margin⁽³⁾			3.51			2.63

Notes:

- (1) Investment securities and other financial assets consist of financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and debt securities classified as receivables.
- (2) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (3) Calculated by dividing net interest income by the average interest-earning assets.

The following table sets forth, for the years indicated, the changes in the Bank's interest income and interest expense attributable to changes in volume and interest rate. Changes in volume are measured by changes in the average balances of interest-earning assets and interest-bearing liabilities and changes in interest rate are measured by the average interest rate of the interest-earning assets and interest-bearing liabilities. Effect of changes caused by both volume and interest rate has been allocated to changes in net interest income.

(Expressed in thousands of Renminbi, unless otherwise stated)

	2015 vs 2014		
Interest-earning Assets	Volume⁽¹⁾	Interest rate⁽²⁾	Net increase/ (decrease)⁽³⁾
Loans and advances to customers	871,040	87,109	958,149
Investment securities and other financial assets	5,899,047	1,853,779	7,752,826
Cash and deposits with the central bank	42,888	1,903	44,791
Deposits with banks and other financial institutions	(229,568)	(179,039)	(408,607)
Placements with banks and other financial institutions	(58,105)	(33,185)	(91,290)
Financial assets held under resale agreements	<u>(11,386)</u>	<u>(7,534)</u>	<u>(18,920)</u>
Changes in interest income	<u>6,513,916</u>	<u>1,723,033</u>	<u>8,236,949</u>
Interest-bearing Liabilities			
Deposits from customers	967,421	756,053	1,723,474
Deposits from banks and other financial institutions	2,252,988	(1,107,525)	1,145,463
Placements from banks and other financial institutions	31,982	(74,589)	(42,607)
Financial assets sold under repurchase agreements	77,965	22,373	100,338
Debt securities issued	(2,200)	1,446	(754)
Wealth management products funds	196,904	(60,383)	136,521
Other liabilities	<u>(1,375)</u>	<u>(1)</u>	<u>(1,376)</u>
Changes in interest expense	<u>3,523,685</u>	<u>(462,626)</u>	<u>3,061,059</u>
Changes in net interest income	<u>2,990,231</u>	<u>2,185,659</u>	<u>5,175,890</u>

Notes:

- (1) Represents the average balance for the year minus the average balance for the previous year, multiplied by the average yield/cost for such previous year.
- (2) Represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the average balance for such previous year.
- (3) Represents interest income/expense for the year minus interest income/expense for the previous year.

3.2.12 Interest income

The following table sets forth, for the years indicated, the breakdown of the Bank's interest income:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2015		2014	
	Amount	% of total	Amount	% of total
Loans and advances to customers				
Corporate loans	6,409,056	29.4	5,681,013	41.8
Retail loans	691,526	3.2	488,929	3.6
Discounted bills	52,772	0.2	25,263	0.2
Subtotal	<u>7,153,354</u>	<u>32.8</u>	<u>6,195,205</u>	<u>45.6</u>
Investment securities and other financial assets	13,541,335	62.1	5,788,509	42.6
Cash and deposits with the central bank	442,343	2.0	397,552	2.9
Deposits with banks and other financial institutions	660,314	3.0	1,068,921	7.9
Financial assets held under resale agreements	16,850	0.1	35,770	0.3
Placements with banks and other financial institutions	<u>5,241</u>	<u>0.0</u>	<u>96,531</u>	<u>0.7</u>
Total	<u>21,819,437</u>	<u>100.0</u>	<u>13,582,488</u>	<u>100.0</u>

The Bank's interest income increased by 60.6% to RMB21,819,437 thousand in 2015 from RMB13,582,488 thousand in 2014, primarily due to rapid increase in corresponding interest income resulting from the significant increase in the scale of the investment business and loans as the Bank put great efforts in the investment and loan business by capitalizing on the increase in funding.

(1) Interest income from loans and advances to customers

Interest income from loans and advances to customers was a large component of the Bank's interest income, representing 32.8% and 45.6% of the Bank's interest income in 2015 and 2014, respectively. The following table sets forth, for the years indicated, the average balance, interest income and average yield for loans and advances to customers:

<i>(Expressed in millions of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	87,244,835	6,409,056	7.35	78,300,059	5,681,013	7.26
Retail loans	8,838,951	691,526	7.82	6,026,039	488,929	8.11
Discounted bills	<u>366,457</u>	<u>52,772</u>	14.40	<u>234,945</u>	<u>25,263</u>	10.75
Total	<u>96,450,243</u>	<u>7,153,354</u>	7.42	<u>84,561,043</u>	<u>6,195,205</u>	7.33

(2) Interest income from investment securities and other financial assets

Interest income from investment securities and other financial assets increased by 133.9% to RMB13,541,335 thousand in 2015 from RMB5,788,509 thousand in 2014, primarily due to increase in the scale of investment assets and an increase in the average yield resulting in corresponding increase in interest income.

(3) Interest income from cash and deposits with the central bank

Interest income from cash and deposits with the central bank increased by 11.3% to RMB442,343 thousand in 2015 from RMB397,552 thousand in 2014, primarily due to increase in the scale of the Bank's deposits resulting in the increase in the amount of the statutory deposit reserves deposited by the Bank with the central bank.

(4) Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 38.2% to RMB660,314 thousand in 2015 from RMB1,068,921 thousand in 2014, primarily due to decrease in yield of deposits with banks in the market and decrease in the scale of the Bank's deposits with banks.

(5) Interest income from placements with banks and other financial institutions

Interest income from placements with banks and other financial institutions decreased by 94.6% to RMB5,241 thousand in 2015 from RMB96,531 thousand in 2014, primarily due to a decrease in the balance of placements with banks and other financial institutions resulting in decrease in corresponding interest income. The average balance of placements with banks and other financial institutions decreased by 60.2% to RMB609,967 thousand in 2015 from RMB1,532,315 thousand in 2014, primarily due to a reduction in the scale of placements with banks and other financial institutions by the bank as a result of a decline in the yield of placements with banks and other financial institutions in the market. The average yield of placements with banks and other financial institutions decreased from 6.30% in 2014 to 0.86% in 2015, primarily due to a decrease in the percentage of RMB-denominated placements with banks and other financial institutions with a higher yield and the fluctuations in interest rates in the interbank market in 2015.

(6) Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased to RMB16,850 thousand in 2015 from RMB35,770 thousand in 2014, primarily due to decrease in the average balance and the average yield. The average balance of financial assets held under resale agreements decreased by 31.8% from RMB1,147,543 thousand in 2014 to RMB782,280 thousand in 2015, primarily due to changes in short-term positions of the Bank. The average yield of financial assets held under resale agreements decreased from 3.12% in 2014 to 2.15% in 2015, primarily due to fluctuations in the interbank market interest rate.

3.2.1.3 Interest expense

The following table sets forth, for the years indicated, the principal components of the Bank's interest expense:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2015		2014	
	Amount	% of total	Amount	% of total
Deposits from customers	4,097,737	37.2	2,374,263	29.9
Deposits from banks and other financial institutions	5,574,446	50.6	4,428,983	55.7
Placements from banks and other financial institutions	34,003	0.3	76,610	1.0
Financial assets sold under repurchase agreements	435,724	4.0	335,386	4.2
Debt securities issued	125,979	1.1	126,733	1.6
Borrowings from the central bank	2,444	0.0	3,820	0.0
Wealth management products funds	<u>744,791</u>	<u>6.8</u>	<u>608,270</u>	<u>7.6</u>
Total	<u>11,015,124</u>	<u>100.0</u>	<u>7,954,065</u>	<u>100.0</u>

(1) Interest expense on deposits from customers

The following table sets forth the average balance, interest expense and average cost for each component of the Bank's deposits from customers:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	2015			2014		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time	68,216,314	2,382,745	3.49	38,107,388	1,115,698	2.93
Demand	24,930,937	138,072	0.55	23,705,654	146,139	0.62
Subtotal	<u>93,147,251</u>	<u>2,520,817</u>	<u>2.71</u>	<u>61,813,042</u>	<u>1,261,837</u>	<u>2.04</u>
Retail deposits						
Time	41,788,397	1,533,553	3.67	31,623,915	1,076,219	3.40
Demand	9,384,251	43,367	0.46	9,102,166	36,207	0.40
Subtotal	<u>51,172,648</u>	<u>1,576,920</u>	<u>3.08</u>	<u>40,726,081</u>	<u>1,112,426</u>	<u>2.73</u>
Total deposits from customers	<u>144,319,899</u>	<u>4,097,737</u>	<u>2.84</u>	<u>102,539,123</u>	<u>2,374,263</u>	<u>2.32</u>

Interest expense on deposits from customers increased by 72.6% to RMB4,097,737 thousand in 2015 from RMB2,374,263 thousand in 2014, primarily due to (i) rapid increase in the scale of the Bank's deposits in 2015; and (ii) an increase in cost as a result of interest rate liberalization.

(2) Interest expense on deposits from banks and other financial institutions

Interest expense on deposits from banks and other financial institutions increased by 25.9% to RMB5,574,446 thousand from RMB4,428,983 thousand in 2014, primarily due to more funds borrowed by the Bank from the market in view of a reduction in interest rates in the interbank market.

(3) Interest expense on placements from banks and other financial institutions

Interest expense on placements from banks and other financial institutions decreased by 55.6% to RMB34,003 thousand in 2015 from RMB76,610 thousand in 2014, primarily due to decrease in the average cost of placements from banks and other financial institutions resulting in decrease in interest expense. The average balance of placements from banks and other financial institutions increased by 41.7% to RMB4,515,732 thousand from RMB3,185,791 thousand in 2014, primarily due to development of the Bank's foreign currency business which resulted in increased demand for foreign currencies.

(4) Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by 29.9% to RMB435,724 thousand from RMB335,386 thousand in 2014, primarily due to increase in the average balance. The average balance of financial assets sold under repurchase agreements increased by 23.2% to RMB11,303,093 thousand in 2015 from RMB9,171,149 thousand in 2014 and was mainly used for the needs of managing our liquidity. The average cost of our financial assets sold under repurchase agreements increased to 3.85% in 2015 from 3.66% in 2014.

(5) Interest expense on debt securities issued

In 2015, the Bank's interest expense on debt securities issued decreased by RMB754 thousand to RMB125,979 thousand as compared to the previous year, primarily because on 17 September 2015, the Bank redeemed the fixed-rate subordinated bonds issued on 17 September 2010, leading to decrease in the average balance of debt securities issued.

(6) Interest expense on wealth management products funds

The interest expense on wealth management products funds increased by 22.4% to RMB744,791 thousand in 2015 from RMB608,270 thousand in 2014, primarily due to an increase in the average balance of the wealth management products funds. The average balance of the wealth management products funds increased by 32.4% to RMB14,376,612 thousand in 2015 from RMB10,860,836 thousand in 2014, primarily because (i) customers' demand for investment wealth management increased; and (ii) the Bank have issued more wealth management products which are attractive to customers in response to their demand.

3.2.1.4 Net Interest Spread and Net Interest Margin

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of total interest-earning assets.

The net interest spread increased to 3.29% in 2015 compared to 2.43% in 2014. The net interest margin increased to 3.51% in 2015 compared to 2.63% in 2014, primarily due to (i) the increase of the average yield of the Bank's loans and advances to customers and the average yield of investment securities and other financial assets; and (ii) the decrease of the cost of deposits from banks and other financial institutions and wealth management products funds compared to that for 2014.

3.2.1.5 Non-interest income

(1) Net Fee and Commission Income

*(Expressed in thousands of Renminbi,
unless otherwise stated)*

	For the year ended 31December			Percentage of
Fee and commission income	2015	2014	Change	change (%)
Underwriting and advisory fees	187,691	8,456	179,235	2,119.6
Wealth management service fees	121,198	16,675	104,523	626.8
Settlement and clearing fees	118,975	97,002	21,973	22.7
Agency services fees	97,790	20,759	77,031	371.1
Bank card service fees	17,672	14,222	3,450	24.3
Others	12,757	25,991	(13,234)	(50.9)
Subtotal	<u>556,083</u>	<u>183,105</u>	<u>372,978</u>	<u>203.7</u>
Fee and commission expense				
Settlement and clearing fees	10,992	12,582	(1,590)	(12.6)
Others	44,301	54,200	(9,899)	(18.3)
Subtotal	<u>55,293</u>	<u>66,782</u>	<u>(11,489)</u>	<u>(17.2)</u>
Net fee and commission income	<u>500,790</u>	<u>116,323</u>	<u>384,467</u>	<u>330.5</u>

The Bank fee and commission income increased significantly to RMB556,083 thousand in 2015 compared to RMB183,105 thousand in 2014, primarily due to increases in the Bank's agency services fees, underwriting and advisory fees and wealth management service fees as a result of the growth of the Bank's business volume.

Fee and commission expense consist primarily of expenses paid to third parties in connection with the Bank's settlement and clearance, trade financing, bank card, agency and consultancy businesses. The Bank's fee and commission expense decreased by 17.2% to RMB55,293 thousand in 2015 compared to RMB66,782 thousand in 2014, primarily due to a decrease in the Bank's foreign currency letter of credit charge expenditure.

(2) Net Trading Gains

Net trading gains primarily comprise of net gains from trading financial instruments and financial assets and liabilities designated at fair value through profit or loss. In 2015, the Bank's incurred a net trading gain of RMB97,164 thousand. In 2014, the Bank's incurred a net trading gain of RMB470 thousand. The increase in our net trading gains in 2015 was primary due to an increase in the investment scale of wealth management products and the general decrease of market interest rates which led to an increase in the fair value gain on the Bank's trading securities.

(3) Dividend Income

Dividend income increased by 1.3% to RMB6,440 thousand in 2015 compared with RMB6,360 thousand in 2014.

(4) Net Gains arising from Investment Securities

The Bank had a net gain arising from investment securities of RMB2,896 thousand in 2015, representing a 65.5% decrease compared to the net gain arising from investment securities of RMB8,396 thousand in 2014. The decrease was mainly due to volatility in the bond markets.

(5) Foreign Exchange Gain

Foreign exchange gain increased by 991.1% to RMB85,895 thousand in 2015 from RMB7,872 thousand in 2014, primarily due to a foreign exchange gain arising from funds denominated in HK dollar raised from our H-share listing as a result of the appreciation of the HK dollar against Renminbi during the period we hold them.

(6) Other Net Operating Income

Other net operating income decreased by 25.7% to RMB19,886 thousand in 2015 from RMB26,765 thousand in 2014, primarily due to a decrease in gains from government grants and subsidies.

3.2.1.6 Operating Expenses

In 2015, the Bank's operating expenses was RMB2,724,872 thousand, representing an increase of RMB511,382 thousand or 23.1% than last year.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Percentage of change (%)
	2015	2014	Change	
Staff cost	1,105,639	963,583	142,056	14.7
General and administrative expenses	708,620	516,901	191,719	37.1
Business tax and surcharges	493,952	402,131	91,821	22.8
Depreciation and amortization	349,408	325,884	23,524	7.2
Others	<u>67,253</u>	<u>4,991</u>	<u>62,262</u>	1,247.5
Total operating expenses	<u>2,724,872</u>	<u>2,213,490</u>	<u>511,382</u>	23.1

(1) Staff Costs

The following table sets forth, for the years indicated, the principal components of our staff costs:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Percentage of change (%)
	2015	2014	Change	
- Salaries and bonuses	767,274	668,847	98,427	14.7
- Staff welfares	49,950	42,859	7,091	16.5
- Pension	123,498	115,446	8,052	7.0
- Housing allowances	60,025	52,752	7,273	13.8
- Supplementary retirement benefits	1,718	1,519	199	13.1
- Other long-term staff welfares	16,420	8,967	7,453	83.1
- Other short-term staff welfares	<u>86,754</u>	<u>73,193</u>	<u>13,561</u>	18.5
Total staff costs	<u>1,105,639</u>	<u>963,583</u>	<u>142,056</u>	14.7

In 2015, the Bank's total staff costs was RMB1,105,639 thousand, representing an increase of RMB142,056 thousand or 14.7% than 2014, primarily due to an increase in labour costs as a result of increases in the number and remuneration of the Bank's employees due to the business development of the Bank.

(2) General and Administrative Expenses

General and administrative expenses increased by 37.1% to RMB708,620 thousand in 2015 compared to RMB516,901 thousand in 2014, primarily due to (i) the increase of daily administration expenses as a result of an increase in outlets; and (ii) the increase of general and administrative expenses as a result of an increase in volume of the Bank's business.

(3) Business Tax and Surcharges

The Bank's business tax and surcharges increased by 22.8% to RMB493,952 thousand in 2015 compared to RMB402,131 thousand in 2014, primarily due to increases in the Bank's taxable income.

(4) Depreciation and Amortization

Depreciation and amortization increased by 7.2% to RMB349,408 thousand in 2015 compared to RMB325,884 thousand in 2014, primarily due to increases in depreciation and amortization expenses as a result of an increase in our property and equipment and increase in the rental expenses of the Bank's operating outlets.

3.2.1.7 Impairment Losses on Assets

The following table sets forth, for the years indicated, the principal components of the Bank's impairment losses on assets:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Percentage of change (%)
	2015	2014	Change	
Impairment losses on loans and advances to customers	1,867,757	706,266	1,161,491	164.5
Impairment losses on debt securities classified as receivables	429,003	78,266	350,737	448.1
Impairment losses on other assets	<u>183</u>	<u>8,937</u>	<u>(8,754)</u>	<u>(98.0)</u>
Total	<u>2,296,943</u>	<u>793,469</u>	<u>1,503,474</u>	189.5

Impairment losses on assets increased by 189.5% to RMB2,296,943 thousand in 2015 from RMB793,469 thousand in 2014, primarily due to (i) the Bank's decision to implement more prudent risk management policies in view of the overall economic downturn, (ii) the rapid increase of the Bank's investments in debt securities classified as receivables, and (iii) the increase of the Bank's non-performing loans in line with the overall growth of the Bank's loan portfolio.

3.2.1.8 Income Tax

In 2015, the Bank's income tax was RMB1,587,513 thousand, representing an increase of RMB923,040 thousand or 138.9% than last year. The Bank's actual tax rate was 24.44%, representing an increase of 0.60 percentage points than last year.

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

As at 31 December 2015 and 31 December 2014, the Bank had total assets of RMB361,659,913 thousand and RMB250,692,720 thousand, respectively. The principal components of the assets were (i) loans and advances to customers, (ii) net investment securities and other financial assets, (iii) cash and deposits with the central bank and (iv) deposits with banks and other financial institutions, accounting for 26.9%, 57.8%, 8.3% and 4.1% of the Bank's total assets as at 31 December 2015, respectively. The table below sets forth balances of the principal components of the Bank's total assets as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Assets				
Gross loans and advances to customers	101,174,410	28.0	88,799,260	35.4
Provision for impairment losses on loans and advances to customers	(3,861,204)	(1.1)	(2,250,466)	(0.9)
Net Loans and advances to customers	97,313,206	26.9	86,548,794	34.5
Investment securities and other financial assets, net ⁽¹⁾	209,031,999	57.8	113,842,547	45.4
Cash and deposits with the central bank	30,099,321	8.3	30,170,499	12.0
Deposits with banks and other financial institutions	14,954,990	4.1	12,520,605	5.0
Placements with banks and other financial institutions	649,360	0.2	—	—
Other assets ⁽²⁾	<u>9,611,037</u>	<u>2.7</u>	<u>7,610,275</u>	<u>3.1</u>
Total assets	<u>361,659,913</u>	<u>100.0</u>	<u>250,692,720</u>	<u>100.0</u>

Note:

- (1) Include held-to-maturity investments, available-for-sale financial assets, financial assets at fair value through profit or loss and debt securities classified as receivables.
- (2) Include interests receivable, property and equipment, deferred tax assets and others.

The Bank's total assets increased by 44.3% from RMB250,692,720 thousand as at 31 December 2014 to RMB361,659,913 thousand as at 31 December 2015. The increase in the Bank's total assets was primarily attributable to the growth in relevant assets as a result of the Bank's increased efforts on investment business and loan business.

(1) Loans and Advances to Customers

As at 31 December 2015, the Bank's total loans and advances to customers was RMB101,174,410 thousand, representing an increase of 13.9% as compared to the end of last year. Loans and advances to customers accounted for 28.0% of the Bank's total assets, representing a decrease of 7.4 percentage points as compared to the end of last year.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate loans	91,234,544	90.2	81,151,769	91.4
Retail loans	9,703,140	9.6	7,475,753	8.4
Discounted bills	<u>236,726</u>	<u>0.2</u>	<u>171,738</u>	<u>0.2</u>
Total loans and advances to customers	<u>101,174,410</u>	<u>100.0</u>	<u>88,799,260</u>	<u>100.0</u>

The Bank's total loans and advances to customers primarily comprise of corporate loans (including discounted bills) and retail loans. Corporate loans are the largest component of the Bank's loan portfolio. As at 31 December 2015 and 31 December 2014, the Bank's corporate loans amounted to RMB91,234,544 thousand and RMB81,151,769 thousand, accounting for 90.2% and 91.4% of our total loans and advances to customers, respectively.

The Bank's corporate loans increased by 12.4% from RMB81,151,769 thousand as at 31 December 2014 to RMB91,234,544 thousand as at 31 December 2015, primarily due to (i) the continued growth of the market demand for corporate loans; and (ii) the establishment of new branches and sub-branches by the Bank.

The Bank's retail loans mainly comprise of personal business loans, residential and commercial mortgage loans, personal consumption loans, credit card overdrafts and other personal loans. The balance of retail loans amounted to RMB9,703,140 thousand, representing an increase of RMB2,227,387 thousand or 29.8% as compared to the end of last year, which accounted for 9.6% of the Bank's total loans and advances to customers, representing an increase of 1.2 percentage points as compared to the end of last year, which was primarily due to (i) benefiting from the various

policies of the Chinese government to support and encourage financial institutions to develop individual credit services and the initiative taken by the CBRC to reduce the risk weight of retail loans to encourage the granting of loans to retail loan customers; and (ii) the continued growth of the market demand for retail loans.

Loans by Collateral

Collateralized loans, pledged loans and guaranteed loans represented, in the aggregate, 93.8% and 92.0% of our total loans and advances to customers as at 31 December 2015 and 31 December 2014, respectively. If a loan is secured by more than one form of security interest, the entire amount of such a loan will be allocated to the category representing the primary form of security interest. The table below sets forth the distribution of the Bank's loans and advances to customers by the type of collateral as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Unsecured loans	6,282,693	6.2	7,129,487	8.0
Guaranteed loans	30,329,039	30.0	27,657,257	31.2
Collateralized loans	49,416,132	48.8	41,546,242	46.8
Pledged loans	<u>15,146,546</u>	<u>15.0</u>	<u>12,466,274</u>	<u>14.0</u>
Total loans and advances to customers	<u>101,174,410</u>	<u>100.0</u>	<u>88,799,260</u>	<u>100.0</u>

The structure of collaterals of the Bank's loans is stable and the Bank's capability of mitigating risks is solid. As at 31 December 2015, the balance of the Bank's loans secured by mortgages and pledges amounted to RMB64,562,678 thousand, representing an increase of RMB10,550,162 thousand or 19.5% as compared to the end of last year, accounting for 63.8% of the Bank's total loans which was basically at the same level as the end of last year. The balance of unsecured and guaranteed loans was RMB36,611,732 thousand, an increase of RMB1,824,988 thousand as compared to the end of last year, accounting for 36.2% of the Bank's total loans which was at the same level as the end of last year.

Movements of provision for impairment losses on loans and advances to customers

	2015	2014
As at 1 January	2,250,466	1,544,459
Charge for the year	1,968,943	827,296
Release for the year	(101,186)	(121,030)
Recoveries	816	5,921
Unwinding of discount	(21,570)	(6,180)
Disposal	<u>(236,265)</u>	<u>—</u>
As at 31 December	<u>3,861,204</u>	<u>2,250,466</u>

Provision for impairment losses on loans increased by 71.6% from RMB2,250,466 thousand as at 31 December 2014 to RMB3,861,204 thousand as at 31 December 2015, primarily due to the increase in the Bank's provision for impairment losses to counter against uncertainties arising from macroeconomic operation.

(2) Investment Securities and Other Financial Assets

Investment securities and other financial assets consist of debt investment, equity investment, investments using funds of wealth management products and debt securities classified as receivables. Investment securities and other financial assets was the largest component of the Bank's assets as at 31 December 2015. As at 31 December 2014 and 31 December 2015, the Bank had net investment securities and other financial assets of RMB113,842,547 thousand and RMB209,031,999 thousand, accounting for 45.4% and 57.8% of the Bank's total assets, respectively.

Item	31 December 2015		31 December 2014	
	Amount	% of total	Amount	% of total
Debt investments	26,995,121	12.9	24,600,070	21.6
Held-to-maturity investments	7,711,333	3.7	7,339,592	6.4
Available-for-sale debt investments	19,219,823	9.2	17,197,995	15.1
Financial assets at fair value through profit or loss	63,965	0.0	62,483	0.1
Provision for impairment losses on debt investments	—	—	—	—

Item	31 December 2015		31 December 2014	
	Amount	% of total	Amount	% of total
Equity investments	58,250	0.0	58,250	0.1
Available-for-sale equity investments	58,250	0.0	58,250	0.1
Provision for impairment losses on equity investments	—	—	—	—
Wealth management products investments	15,496,243	7.4	9,927,769	8.7
Debt securities classified as receivables, net	166,482,385	79.7	79,256,458	69.6
Investments in wealth management products of financial institutions	—	—	2,773,195	2.4
Net beneficial interest transfer plans	<u>166,989,654</u>	<u>79.9</u>	<u>76,561,529</u>	<u>67.3</u>
Provision for impairment losses on debt securities classified as receivables	<u>(507,269)</u>	<u>(0.2)</u>	<u>(78,266)</u>	<u>(0.1)</u>
Net investments	<u>209,031,999</u>	<u>100.0</u>	<u>113,842,547</u>	<u>100.0</u>

As at 31 December 2015, the Bank's investment securities and other financial assets, net amounted to RMB209,031,999 thousand, representing an increase of 83.6% from RMB113,842,547 thousand as at 31 December 2014. Such increase was primarily due to increased investment in securities and other financial assets as a result of an increase in the Bank's available funds, the diversification of the Bank's business and services and the strategy of expanding the Bank's treasury business.

3.2.2.2 Liabilities

As at 31 December 2015 and 31 December 2014, the Bank's total liabilities amounted to RMB335,388,599 thousand and RMB234,815,584 thousand, respectively. The Bank's liabilities comprise (i) deposits from customers, (ii) deposits from banks and other financial institutions and (iii) financial assets sold under repurchase agreements, accounting for 50.7%, 34.7% and 6.0% of the Bank's total liabilities as at 31 December 2015, respectively.

The following table sets forth the composition of the Bank's total liabilities as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Deposits from customers	170,178,722	50.7	119,402,997	50.8
Deposits from banks and other financial institutions	116,351,178	34.7	82,457,624	35.1
Financial assets sold under repurchase agreements	20,244,100	6.0	10,259,000	4.4
Debt securities issued	1,500,000	0.4	2,000,000	0.9
Placements from banks and other financial institutions	3,855,808	1.1	3,044,677	1.3
Funds of wealth management products ⁽¹⁾	15,426,941	4.6	13,064,655	5.6
Other liabilities ⁽²⁾	7,831,850	2.5	4,586,631	1.9
Total	<u>335,388,599</u>	<u>100.0</u>	<u>234,815,584</u>	<u>100.0</u>

Note: (1) Include financial liabilities at fair value through profit or loss and wealth management funds.

(2) Include accrued staff costs, taxes payable, interests payable and others.

(1) Deposits from customers

The Banks provide demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers and product type as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate deposits				
Demand deposits	31,712,157	18.7	31,170,699	26.1
Time deposits	78,526,650	46.1	43,739,442	36.6
Subtotal	110,238,807	64.8	74,910,141	62.7
Retail deposits				
Demand deposits	11,710,050	6.9	10,696,916	9.0
Time deposits	48,229,865	28.3	33,795,940	28.3
Subtotal	<u>59,939,915</u>	<u>35.2</u>	<u>44,492,856</u>	<u>37.3</u>
Total	<u>170,178,722</u>	<u>100.0</u>	<u>119,402,997</u>	<u>100.0</u>

As at 31 December 2015, the Bank's total deposits from customers amounted to RMB170,178,722 thousand, representing an increase of RMB50,775,725 thousand or 42.5% as compared to the end of last year. Deposits from customers accounted for 50.7% of total liabilities, flat as those as of the end of last year. During the Reporting Period, the increase in deposits from customers was attributed to an increase in our operating outlets and increased efforts in marketing customer deposits.

(2) Debts securities issued

On 17 September 2015, the Bank issued fixed rate subordinated debts in an aggregate principal amount of RMB500 million. The debts have a term of ten years and coupon rate of 5.90%. The Bank has an option to redeem the debts at the nominal amount on 17 September 2015. If the debts are not redeemed by the Bank, the coupon rate will increase to 8.90% for the five years from 17 September 2015. The Bank redeemed all these debts as per their book values pursuant to the exercise of the right of redemption on 17 September 2015.

The Bank issued the fixed rate tier-two capital debts of RMB1,500 million and write-down clauses on 24 January 2014. The coupon rate is 7.00%. The Bank has an option to redeem the debts at the nominal amount on 28 January 2019.

3.2.2.3 Shareholders' Equity

The following table sets forth the composition of the Bank's shareholders' equity as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Share capital	5,781,616	22.0	4,402,234	27.7
Capital reserve	9,152,898	34.8	4,962,627	31.3
Surplus reserve	1,292,031	4.9	802,364	5.1
General reserve	4,801,449	18.3	3,159,078	19.9
Retained earnings	4,570,467	17.4	2,332,012	14.7
Non-controlling interests	<u>672,853</u>	<u>2.6</u>	<u>218,821</u>	<u>1.3</u>
Total equity	<u>26,271,314</u>	<u>100.0</u>	<u>15,877,136</u>	<u>100.0</u>

The Bank completed the global offering of 1,379,381,818 H shares (including 1,200,000,000 H shares offered under the global offering and 179,381,818 H shares offered pursuant to the exercise of over-allotment option in part) on 7 December 2015 and 23 December 2015. The nominal value of the shares is RMB1 and the offer price was HK\$4.66 per Share.

3.2.3 Loan Quality Analysis

3.2.3.1 Breakdown of Loans by the Five-Category Classification

The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification as of the dates indicated. For the Bank, the non-performing loans are classified into loans and advances to customers of substandard, doubtful and loss. As at 31 December 2015, the non-performing loans recorded by the Bank amounted to RMB1,046,022 thousand and the Bank's total provision for impairment losses on loans to customers was RMB3,861,204 thousand. The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification as of the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2015		31 December 2014	
	Amount	% of total	Amount	% of total
Pass	96,311,855	95.2	83,794,146	94.4
Special mention	3,816,533	3.8	4,126,467	4.6
Substandard	521,856	0.5	514,471	0.6
Doubtful	405,352	0.4	248,071	0.3
Loss	<u>118,814</u>	<u>0.1</u>	<u>116,105</u>	<u>0.1</u>
Total loans and advances to customers	<u>101,174,410</u>	<u>100.0</u>	<u>88,799,260</u>	<u>100.0</u>
Non-performing loan	1,046,022	1.03	878,647	0.99

As at 31 December 2015 and 31 December 2014, the non-performing loan ratios of the Bank's total loan portfolio were 1.03% and 0.99%, respectively. The Bank's non-performing loan ratio slightly increased by 0.04% as compared to 2014, primarily due to the following reasons: the Bank formulated guidelines for credit extension based on national policies and market conditions; continued to optimise selection requirements of industries, regions and customers and adjusted the Bank's credit asset structure; strengthened post-loan inspections and the collection of non-performing loans. Such measures have greatly prevented the occurrence of non-performing loans and promoted the collection and conversion of non-performing loans. However, due to a slowed down marco-economy, transformation and upgrading of industrial structure and other factors, individual customers in certain industries defaulted, resulting in a slight increase in the Bank's non-performing loan ratios.

3.2.3.2 Concentration of Loans

(1) Concentration by industry of corporate loans

Corporate loans consist of loans to customers in a broad range of industries. The table below sets forth the breakdown of corporate loans by industry as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2015		31 December 2014	
	Amount	% of total	Amount	% of total
Wholesale and retail trade	30,199,593	33.1	27,762,920	34.2
Manufacturing	23,238,642	25.5	19,885,409	24.5
Real estate	11,183,248	12.3	9,426,185	11.6
Leasing and commercial services	8,633,996	9.5	5,466,601	6.7
Construction	3,197,190	3.5	4,363,220	5.4
Education	2,751,812	3.0	2,749,777	3.4
Transportation, storage and postal services	1,790,687	2.0	2,345,794	2.9
Public management and social organization	1,620,780	1.8	850,490	1.0
Water, environment and public utility management	1,470,634	1.6	2,371,600	2.9
Agriculture, forestry, animal husbandry and fishery	1,334,995	1.5	1,207,849	1.5
Others	<u>5,812,967</u>	<u>6.2</u>	<u>4,721,924</u>	<u>5.9</u>
Total corporate loans and advances	<u>91,234,544</u>	<u>100.0</u>	<u>81,151,769</u>	<u>100.0</u>

As at 31 December 2015, loans provided to customers in the industries of (i) wholesale and retail trade, (ii) manufacturing, (iii) real estate and (iv) leasing and commercial services represented the largest components of the Bank's corporate loans. As at 31 December 2015 and 31 December 2014, the balance of loans provided to the corporate customers in these four industries were RMB73,255,479 thousand and RMB62,541,115 thousand, respectively, accounting for 80.4% and 77.0% of the total corporate loans and advances granted by the Bank, respectively. From the perspective of the structure of increased quantity, these four industries experienced the largest increment. The increased quantity and increment were respectively as follows: RMB2,436,673 thousand, 8.8%; RMB3,353,233 thousand, 16.9%; RMB1,757,063 thousand, 18.6%; and RMB3,167,395 thousand, 57.9%. Compared to 2014, the proportion of the four industries to the aggregate loan amount was relatively stable.

(2) Borrower Concentration

A. Indicators of concentration

Major regulatory indicators	Regulatory standard	31 December 2015	31 December 2014
Loan concentration ratio for the largest single customer	<=10%	6.29%	6.97%
Loan concentration ratio for the top ten customers	<=50%	33.04%	40.76%

Note: The data above are calculated in accordance with the formula promulgated by the CBRC.

B. Loans to the ten largest single borrowers

The table below sets forth the borrowing amounts of the ten largest single borrowers as at 31 December 2015. As of the same date, all such loans were classified as pass loans.

(Expressed in thousands of Renminbi, unless otherwise stated)

Customer	Industry involved	31 December 2015	
		Amount	% of total loan
Customer A	Leasing and commercial services	1,900,000	1.9
Customer B	Wholesale and retail trade	1,490,427	1.5
Customer C	Leasing and commercial services	1,197,500	1.2
Customer D	Wholesale and retail trade	1,000,000	1.0
Customer E	Wholesale and retail trade	849,162	0.8
Customer F	Real estate	778,371	0.8
Customer G	Wholesale and retail trade	750,000	0.7
Customer H	Wholesale and retail trade	700,000	0.7
Customer I	Manufacturing	665,000	0.7
Customer J	Real estate	<u>645,000</u>	<u>0.6</u>
Total		<u>9,975,460</u>	<u>9.9</u>

(3) Distribution of non-performing loans by product type

The table below sets forth the loans and non-performing loans by product type as at the dates indicated.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2015			31 December 2014		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans						
Small Enterprises and Micro Enterprises	41,234,165	416,425	1.01	35,516,301	488,835	1.38
Medium Enterprises	33,311,707	358,835	1.08	28,473,453	247,932	0.87
Others	<u>16,688,672</u>	<u>215,810</u>	1.29	<u>17,162,015</u>	<u>96,005</u>	0.56
Subtotal	<u>91,234,544</u>	<u>991,070</u>	1.09	<u>81,151,769</u>	<u>832,772</u>	1.03
Discounted bills	236,726			171,738		
Retail loans						
Personal business loans	8,644,513	53,836	0.62	6,692,572	44,775	0.67
Personal consumption loans	579,399	—	—	480,359	—	—
Residential and commercial properties mortgage loans	390,091	—	—	230,712	145	0.06
Credit card overdrafts	88,548	546	0.62	71,323	221	0.31
Others	<u>589</u>	<u>570</u>	96.77	<u>787</u>	<u>734</u>	93.27
Subtotal	<u>9,703,140</u>	<u>54,952</u>	0.57	<u>7,475,753</u>	<u>45,875</u>	0.61
Total	<u>101,174,410</u>	<u>1,046,022</u>	1.03	<u>88,799,260</u>	<u>878,647</u>	0.99

The non-performing loan ratio, defined as non-performing loans divided by the Bank's gross loans and advances to customers, was 1.03% as at 31 December 2015 and 0.99% as at 31 December 2014.

As at 31 December 2015 and 31 December 2014, the non-performing loan ratio of the Bank's corporate loans (including discounted bills) was 1.09% and 1.03%, respectively.

As at 31 December 2015 and 31 December 2014, the non-performing loan ratio of the Bank's retail loans was 0.57% and 0.61%, respectively.

Under the uncertainty of macro-economic operation, the non-performing loan ratio of the Bank was at a slightly higher level than that of last year.

(4) Overdue loans and advances to customers

The table below sets forth the aging analysis of the Bank's overdue loans and advances to customers as at the dates indicated.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2015		31 December 2014	
	Amount	% of total	Amount	% of total
Overdue within 3 months	1,259,812	43.2	971,317	51.7
Overdue more than 3 months to 6 months	377,295	12.9	277,549	14.8
Overdue more than 6 months to 1 year	573,258	19.6	154,861	8.3
Overdue more than 1 year	<u>710,438</u>	<u>24.3</u>	<u>473,863</u>	<u>25.2</u>
Total overdue loans and advances to customers	<u>2,920,803</u>	<u>100.0</u>	<u>1,877,590</u>	<u>100.0</u>

3.2.4 Analysis on Capital Adequacy Ratio

The Bank calculated and disclosed capital adequacy ratios in accordance with the relevant provisions of the Measures for Administration on Capital of Commercial Banks (Provisional)(《商業銀行資本管理辦法(試行)》)(effective since 1 January 2014) promulgated by the CBRC. As at 31 December 2015, the Bank's capital adequacy ratios at all tiers met the regulatory requirements under such new regulation. The Bank's core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio were 8.96% and 8.97%, respectively, 0.32 and 0.33 percentage point higher than those as at the end of the previous year; the capital adequacy ratio was 10.50%, 0.05 percentage point higher than that as at the end of the previous year.

The table below sets forth the relevant information of the Bank's capital adequacy ratio as at the dates indicated.

(Expressed in thousands of Renminbi,
unless otherwise stated)

	31 December 2015	31 December 2014
<i>Total core tier-one capital</i>		
— Share capital	5,781,616	4,402,234
— Qualifying portion of capital reserve	9,152,898	4,962,627
— Surplus reserve	1,292,031	802,364
— General reserve	4,801,449	3,159,078
— Retained earnings	4,570,467	2,332,012
— Qualifying portions of non-controlling interests	318,993	152,562
Core tier-one capital deductions		
— Other intangible assets other than land use right	<u>(134,405)</u>	<u>(113,506)</u>
Net core tier-one capital	25,783,049	15,697,371
Other tier-one capital	<u>6,642</u>	<u>2,824</u>
Net tier-one capital	25,789,691	15,700,195
Tier-two capital		
— Instruments issued and share premium	1,500,000	1,900,000
— Surplus provision for loan impairment	2,890,504	1,371,819
— Qualifying portions of non-controlling interests	<u>13,284</u>	<u>9,569</u>
Net capital base	<u>30,193,479</u>	<u>18,981,583</u>
Total risk weighted assets	287,662,070	181,710,777
Core tier-one capital adequacy ratio	8.96%	8.64%
Tier-one capital adequacy ratio	8.97%	8.64%
Capital adequacy ratio	10.50%	10.45%

3.2.5 Segment Information

3.2.5.1 Summary of Geographical Segment

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branch that generates the income. Substantially all of the Bank's business is conducted in the PRC and the Bank classify the Bank's business in the PRC into the following three major geographical regions:

Jinzhou Region: the Bank's headquarters, Jinzhou branch, Jinzhou Taihe Yimin Village and Township Bank Co., Ltd.* (錦州太和益民村鎮銀行股份有限公司), Liaoning Yixian Xianghe Village and Township Bank Co., Ltd.* (遼寧義縣祥和村鎮銀行股份有限公司), Jinzhou Beizhen Yimin Village and Township Bank Co., Ltd.* (錦州北鎮益民村鎮銀行股份有限公司), Liaoning Heishan Jinhang Village and Township Bank Co., Ltd.* (遼寧黑山錦行村鎮銀行股份有限公司), and Liaoning Kazuo Jinhang Rural Bank * (遼寧喀左錦行村鎮銀行股份有限公司).

Other Northeastern Region (excluding Jinzhou region): Shenyang branch, Dalian branch, Harbin branch, Dandong branch, Fushun branch, Anshan branch, Chaoyang branch, Fuxin branch and Liaoyang branch, Liaoning Kazuo Jinhang Rural Bank * (遼寧喀左錦行村鎮銀行股份有限公司) and Bank of Jinzhou Financial Leasing Co., Ltd.* (錦銀金融租賃有限責任公司).

Northern China Region: Beijing branch and Tianjin branch.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Operating Income			
	2015		2014	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
Jinzhou Region	7,713,867	67.0	3,012,681	52.0
Other Northeastern Region	1,348,687	11.7	1,247,664	21.5
Northern China Region	<u>2,454,830</u>	<u>21.3</u>	<u>1,534,264</u>	<u>26.5</u>
Total	<u>11,517,384</u>	<u>100.0</u>	<u>5,794,609</u>	<u>100.0</u>

3.2.5.2 Summary of Business Segment

The Bank manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Bank's most senior executive management for the purposes of resource allocation and performance assessment, the Bank defines reporting segments based on the following operating segments:

(Expressed in thousands of Renminbi, unless otherwise stated)

	For the year ended 31 December			
	2015		2014	
	Amount	% of total	Amount	% of total
Operating income				
Corporate banking	4,026,209	35.0	2,807,644	48.5
Retail banking	1,087,209	9.4	869,349	15.0
Treasury business	6,383,909	55.4	2,090,851	36.1
Others	<u>20,057</u>	<u>0.2</u>	<u>26,765</u>	<u>0.4</u>
Total	<u>11,517,384</u>	<u>100.0</u>	<u>5,794,609</u>	<u>100.0</u>

3.2.6 Analysis of Off-balance Sheet Items

Our off-balance sheet items include credit commitment and other off-balance sheet items. Credit commitment mainly include acceptances, letters of credit, letters of guarantees, credit card commitments and loan commitments. Other off-balance sheet items include operating lease commitments and capital expenditure commitments. Acceptance bills are commitments made to the payment for a bank draft issued by the Bank's customers. The letters of guarantees and the letters of credit are issued by the Bank to guarantee the customer's contractual performance for a third party. As at

31 December 2015, the following table sets forth the Bank's credit commitments and other off-balance sheet items for the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2015	31 December 2014
Bank acceptances	57,702,403	33,369,528
Letters of credit	835,274	479,024
Credit card commitments	491,593	435,983
Letters of guarantees	6,724,348	1,782,946
Loan commitments	<u>889,982</u>	<u>1,360,294</u>
Subtotal	<u>66,643,600</u>	<u>37,427,775</u>
Operating lease commitments	437,313	434,006
Capital commitments	<u>180,763</u>	<u>218,830</u>
Subtotal	<u>618,076</u>	<u>652,836</u>
Total	<u>67,261,676</u>	<u>38,080,611</u>

3.3 Risk Management

The Bank has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

The Bank's risk management policies were established to identify and analyze the risks to which the Bank is exposed, to set appropriate risk limits, and to design relevant internal control systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to adapt changes in market conditions and the Bank's activities. The internal audit department undertakes both regular and ad hoc reviews of the compliance of internal control system implementation with risk management policies.

3.3.1 Credit risk

Credit risk refers to the risk that a customer or counterparty may be unable to or unwilling to meet its contractual obligations. The core to the Bank's credit risk management system mainly includes the formulation of credit policies; pre-credit due diligence; customer credit rating; collateral assessment; loan review and approval; loan disbursement management; post-loan management; non-performing loan management; and accountability. The Bank adopt the same credit risk management control procedures for on and off- balance credit business.

The Bank's risk and compliance department is responsible for continuous monitoring, review and evaluation of the adequacy and effectiveness of the Bank's credit risk management system, gives advice for the improvement of the Bank's credit risk management system and develops and maintains the rating and limit tools. The Bank's credit management department is responsible for the credit system review and the determination of five-category loan assets. The Bank's credit review department is in charge of the improvement of the Bank's credit review system and operating procedures, formulation of limit management and performance of duties as the secretary to the loan approval committee at the Bank's headquarters. All of the Bank's credit business activities must be carried out according to the guiding opinions on the credit business.

With respect to the credit risk control and management, the Bank specifies the respective duties and operating procedures of each department according to the principle of credit investigation and credit approval separation, management and review separation, and credit limit and review separation. The Bank has established the operating mechanism of the Bank's credit review committee under the collective review system, as well as a credit due diligence and accountability system.

3.3.2 Operational risk

Operational risk refers to in the process of operation and management, the risk resulting from imperfect governance structure for legal persons, unsound internal control system, deviation of operational procedures and standards, violation by business personnel of procedural requirements and the failure by the internal control system to effectively identify, warn and prevent non-compliance and improper. The Bank's risk and compliance department is responsible for conducting continuous monitoring, inspection and assessment of the adequacy and effectiveness of our operational risk management system, putting forward improvement proposals and carrying out risk review of various risk management and internal control systems.

3.3.3 Market risk

Market risk refers to the risk of losses that we may suffer in the Bank's on/off-balance-sheet business as a result of unfavorable changes in market prices, including interest rates, exchange rates, stock prices and commodity prices.

The Bank's exposure to the market risk arises primarily from the Bank's assets and liabilities on the balance sheet, and mainly includes interest rate risk and exchange rate risk. Interest rate risk is the risk of loss that the Bank may suffer the adverse movements in statutory interest rates or market interest rates. Exchange rate risk is the risk of loss that the Bank may suffer from the mismatches of the currency denomination of the Bank's assets and liabilities. The Bank's market risk management aims to manage and monitor market risk, control the potential losses associated with market risk within acceptable limits and maximize the Bank's risk-adjusted income. The Bank's risk and compliance department is responsible for monitoring, inspecting and assessing the adequacy and efficiency of the Bank's market risk management system. The capital transaction department, investment banking & interbank department, financial management department and international business department are responsible for the centralized management of interest rate risks and exchange rate risks.

3.3.3.1 Interest rate risks

Interest rates in China have been gradually liberalized in recent years. The interest rate risks have gradually changed from policy risks to market risks, and have become one of the major risks for bank operations. The interest rate risks are mainly reflected in the risks of uncertainty from the Bank's deposits and loans, debt investments and interest sensitivity gaps.

The finance management department is responsible for measuring, monitoring and managing interest rate risk. The Bank regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

The Bank classified the transactions as the banking book transactions and trading book transactions. The identification, measurement, monitoring and controls over the relevant market risks are based on the nature and characteristics of these books. The trading book transactions consist of the Bank's investments which are acquired or incurred primarily for the purpose of selling in the near term, or for the purpose of short-term profit taking. The banking book transactions represent non-trading businesses. The Bank mainly analyses the interest rate risk of bank accounts.

The Bank has adopted, including but not limited to, re-pricing gap analysis, duration analysis, net interest income simulation and economic value simulation for the measurement of interest rate risk. The interest rate risk measurement mainly evaluates the impact of changes in interest rate on the Bank's operation in terms of

both income and economic value. The income simulation mainly analyzes the net interest income, which focuses on the impact of changes in interest rate on our net interest income in the short run. The economic value simulation mainly analyzes future cash flow discounted using different yield curves in various interest rate scenarios, so as to calculate the impact of changes in interest rate on the Bank's economic value.

The following tables indicate the assets and liabilities as at the end of the Reporting Period by the expected next repricing dates or by maturity dates, depending on which is earlier:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	30,099,321	482,284	29,617,037	—	—	—
Deposit with banks and other financial institutions	14,954,990	—	9,122,424	4,678,066	1,154,500	—
Placement with banks and other financial institutions	649,360	—	—	649,360	—	—
Loans and advances to customers ⁽¹⁾	97,313,206	—	25,901,958	35,008,329	35,211,865	1,191,054
Investment securities and other financial assets	209,031,999	58,250	20,991,656	77,799,692	100,573,260	9,609,141
Others	<u>9,611,037</u>	<u>9,600,359</u>	<u>10,678</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>361,659,913</u>	<u>10,140,893</u>	<u>85,643,753</u>	<u>118,135,447</u>	<u>136,939,625</u>	<u>10,800,195</u>
Liabilities						
Deposits from banks and other financial institutions	116,351,178	—	22,887,926	60,832,752	32,480,500	150,000
Placements from banks and other financial institutions	3,855,808	—	3,517,039	338,769	—	—
Financial assets sold under repurchase agreements	20,244,100	—	20,244,100	—	—	—
Deposit from customers	170,178,722	39,415	71,969,350	48,203,992	49,949,166	16,799
Debt securities issued	1,500,000	—	—	—	1,500,000	—
Others ⁽²⁾	<u>23,258,791</u>	<u>7,688,655</u>	<u>6,255,172</u>	<u>9,314,964</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>335,388,599</u>	<u>7,728,070</u>	<u>124,873,587</u>	<u>118,690,477</u>	<u>83,929,666</u>	<u>166,799</u>
Asset-liability gap	<u>26,271,314</u>	<u>2,412,823</u>	<u>(39,229,834)</u>	<u>(555,030)</u>	<u>53,009,959</u>	<u>10,633,396</u>

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2014					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	30,170,499	555,363	29,615,136	—	—	—
Deposit with banks and other financial institutions	12,520,605	—	6,209,105	5,657,000	654,500	—
Placement with banks and other financial institutions	—	—	—	—	—	—
Loans and advances to customers ⁽¹⁾	86,548,794	—	38,263,290	33,863,999	14,187,962	233,543
Investments securities and other financial assets	113,842,547	58,250	6,792,676	42,021,825	54,667,999	10,301,797
Others	7,610,275	7,610,275	—	—	—	—
Total assets	<u>250,692,720</u>	<u>8,233,888</u>	<u>80,880,207</u>	<u>81,542,824</u>	<u>69,510,461</u>	<u>10,535,340</u>
Liabilities						
Borrowing from the central bank	190,000	—	40,000	150,000	—	—
Deposits from banks and other financial institutions	82,457,624	—	14,657,494	35,765,250	32,034,880	—
Placements from banks and other financial institutions	3,044,677	—	2,165,833	878,844	—	—
Financial assets sold under repurchase agreements	10,259,000	—	10,259,000	—	—	—
Deposit from customers	119,402,997	29,140	60,629,926	35,910,626	21,832,774	1,000,531
Debt securities issued	2,000,000	—	—	500,000	1,500,000	—
Others	17,461,286	4,255,386	3,139,050	10,066,850	—	—
Total liabilities	<u>234,815,584</u>	<u>4,284,526</u>	<u>90,891,303</u>	<u>83,271,570</u>	<u>55,367,654</u>	<u>1,000,531</u>
Asset-liability gap	<u>15,877,136</u>	<u>3,939,362</u>	<u>(10,011,096)</u>	<u>(1,728,746)</u>	<u>14,142,807</u>	<u>9,534,809</u>

Note: (1) As at 31 December 2014 and 31 December 2015, for loans and advances to customers, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB1,253 million and RMB2,048 million, respectively.

The Bank uses sensitivity analysis to measure the potential impact of changes in interest rate on its net profit or loss and equity. The following table sets forth, at the dates indicated, the results of our interest rate sensitivity analysis based on our assets and liabilities as of the same date:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December			
	2015		2014	
	Changes in net profit	Changes in shareholders' equity	Changes in net profit	Changes in shareholders' equity
100 basis points increase	(484,952)	(911,298)	(102,508)	(533,527)
100 basis points decrease	444,619	897,507	102,575	561,833

3.3.3.2 Exchange rate risk

Due to the complicated reasons for the changes in exchange rates, banks operating the foreign exchange business will face the risk of recording a decrease in revenue or suffering a loss due to the change in exchange rate if the mismatch in the currency type and duration structure of assets and liabilities results in a foreign exchange risk exposure. Exchange rate risks faced by banks mainly include trading risk and conversion risk. Trading risk represents the possibility that banks may suffer losses as a result of a change in exchange rate when using foreign currencies to conduct pricing receipt and payment transactions. Conversion risk represents the possibility that banks may suffer paper losses as a result of a change in exchange rate when converting foreign currencies into the bookkeeping base currency. The Bank's foreign currency risk mainly arises from exchange rate fluctuation on its foreign exchange exposures. The Bank manages foreign currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies and monitoring its foreign currency exposures on daily basis. The Bank manages exchange rate risk by the following means: strict implementation of the process management of the foreign exchange business; continuous improvement in the internal control system and operational procedures; continuous improvement in the risk management capability of the foreign exchange business.

The Bank's currency exposures as at the end of the Reporting Periods are as follows:

	As at 31 December 2015			
	RMB	USD	Others	Total
		(RMB	(RMB	(RMB
		Equivalent)	Equivalent)	Equivalent)
Assets				
Cash and deposits with the central bank	29,974,881	122,989	1,451	30,099,321
Deposits with banks and other financial institutions	14,123,930	111,086	719,974	14,954,990
Placements with banks and other financial institutions	—	649,360	—	649,360
Interests receivable	2,515,987	55,698	287	2,571,972
Loans and advances to customers	91,166,643	6,095,582	50,981	97,313,206
Others ⁽¹⁾	215,614,575	51,949	404,540	216,071,064
Total assets	353,396,016	7,086,664	1,177,233	361,659,913
Liabilities				
Deposits from banks and other financial institutions	115,578,427	772,751	—	116,351,178
Placements from banks and other financial institutions	—	3,812,200	43,608	3,855,808
Deposits from customers	168,339,236	1,829,056	10,430	170,178,722
Interests payable	5,322,486	23,038	242	5,345,766
Others ⁽²⁾	39,260,742	377,629	18,754	39,657,125
Total liabilities	<u>328,500,891</u>	<u>6,814,674</u>	<u>73,034</u>	<u>335,388,599</u>
Net position	<u>24,895,125</u>	<u>271,990</u>	<u>1,104,199</u>	<u>26,271,314</u>
Off-balance sheet credit commitments	63,828,288	2,746,991	68,321	66,643,600

	As at 31 December 2014			
	RMB	USD	Others	Total
		<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>
		<i>Equivalent)</i>	<i>Equivalent)</i>	<i>Equivalent)</i>
Assets				
Cash and deposits with the central bank	29,989,334	180,260	905	30,170,499
Deposits with banks and other financial institutions	12,246,781	259,051	14,773	12,520,605
Interests receivable	1,471,606	88,520	32	1,560,158
Loans and advances to customers	78,888,360	7,651,925	8,509	86,548,794
Others ⁽¹⁾	119,892,664	—	—	119,892,664
Total assets	<u>242,488,745</u>	<u>8,179,756</u>	<u>24,219</u>	<u>250,692,720</u>
Liabilities				
Deposits from banks and other financial institutions	82,457,624	—	—	82,457,624
Placements from banks and other financial institutions	—	3,037,221	7,456	3,044,677
Deposits from customers	115,772,719	3,625,308	4,970	119,402,997
Interests payable	3,294,189	52,639	33	3,346,861
Others ⁽²⁾	25,346,896	1,206,868	9,661	26,563,425
Total liabilities	<u>226,871,428</u>	<u>7,922,036</u>	<u>22,120</u>	<u>234,815,584</u>
Net position	<u>15,617,317</u>	<u>257,720</u>	<u>2,099</u>	<u>15,877,136</u>
Off-balance sheet credit commitments	37,166,035	256,169	5,571	37,427,775

Notes:

- (1) Include investment securities and other financial assets, property and equipment and other assets, etc.
- (2) Include financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, debt securities issued and other liabilities, etc.

3.3.4.1 Liquidity risk management

Liquidity risk represents the risk that the commercial bank is unable to raise sufficient funds at reasonable costs in a timely manner to satisfy due liabilities, to perform other payment obligations and to satisfy other funds requirements of commencing normal businesses. In extreme cases, liquidity insufficiency can lead to settlement risks for commercial banks. Significant growth in the demand for credit facilities, substantial performance of loan commitments, unexpected increase in non-performing loans, sharp decrease in deposit level and financing difficulty in the currency market may affect the Bank's liquidity. Meanwhile, adjustment in financial policies, dramatic changes in interest rates in the market, the Bank's own asset and liability structure and liquidity management capability are also important factors which affect the Bank's liquidity.

The Bank has established an effective liquidity management and decision-making system, and formulated asset and liability management strategies and liquidity management policy which are in line with the Bank's actual conditions. Being responsible for bank-wide liquidity management, the asset and liability management committee establishes the liquidity management portfolio plan according to the requirements and regulatory indicators for asset and liability management at the beginning of each year and monitors and adjusts this plan on a quarterly basis, with an aim to ensure the effective management of the Bank's asset and liability structure. The Bank's financial management department is responsible for the calculation, analysis and monitoring of our daily liquidity, while the financial management department, the capital transactions department and the investment banking & interbank department manage the liquidity risk.

The Bank sticks to positive and active liquidity management policies, and actively improve the Bank's active liability capability and constantly enhance the Bank's financing capability in the interbank market, so that the bond investment business can not only become an important source of profit for the Bank, but also become an important reserve for the Bank to maintain good liquidity. The Bank also effectively forewarns liquidity risks by carrying out tailored liquidity pressure tests.

3.3.4.2 Liquidity risk analysis

In response to macroeconomic situation, monetary policy and changes in regulatory requirements, the Bank adheres to a steady and prudent liquidity risk management strategy and constantly improves the level of liquidity risk management. The Bank actively adjusts the maturity structure of the Bank's assets and liabilities, diversifies and improves the Bank's risk management approaches, employs liquidity risk management indicators and daily fund position management as well as conduct monthly pressure tests on liquidity risk, in order to maintain liquidity at a sufficient level and prevent liquidity risks.

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at the end of the Reporting Period:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2015							Total
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	26,862,543	3,236,778	—	—	—	—	—	30,099,321
Deposits with banks and other financial institutions	—	1,074,184	5,728,000	2,320,240	4,678,066	1,154,500	—	14,954,990
Placement with banks and other financial institutions	—	—	—	—	649,360	—	—	649,360
Loans and advances to customers	1,394,696	653,789	5,930,019	10,557,147	40,056,859	37,465,799	1,254,897	97,313,206
Investment securities and other financial assets	58,250	—	10,256,229	10,735,427	77,799,692	100,573,260	9,609,141	209,031,999
Others	<u>7,028,387</u>	<u>58,149</u>	<u>423,162</u>	<u>618,990</u>	<u>1,231,420</u>	<u>250,929</u>	<u>—</u>	<u>9,611,037</u>
Total assets	<u>35,343,876</u>	<u>5,022,900</u>	<u>22,337,410</u>	<u>24,231,804</u>	<u>124,415,397</u>	<u>139,444,488</u>	<u>10,864,038</u>	<u>361,659,913</u>
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Deposits from banks and other financial institutions	—	1,147,926	12,880,000	8,860,000	60,832,752	32,480,500	150,000	116,351,178
Placements from banks and other financial institutions	—	—	1,905,093	1,611,946	338,769	—	—	3,855,808
Financial assets sold under repurchase agreements	—	—	18,244,100	2,000,000	—	—	—	20,244,100
Deposits from customers	—	43,427,010	15,882,369	12,699,386	48,203,992	49,949,166	16,799	170,178,722
Debt securities issued	—	—	—	—	—	1,500,000	—	1,500,000
Others	<u>—</u>	<u>2,264,093</u>	<u>3,780,094</u>	<u>2,711,045</u>	<u>9,259,408</u>	<u>124,576</u>	<u>5,119,575</u>	<u>23,258,791</u>
Total liabilities	<u>—</u>	<u>46,839,029</u>	<u>52,691,656</u>	<u>27,882,377</u>	<u>118,634,921</u>	<u>84,054,242</u>	<u>5,286,374</u>	<u>335,388,599</u>
Long/(short) position	<u>35,343,876</u>	<u>(41,816,129)</u>	<u>(30,354,246)</u>	<u>(3,650,573)</u>	<u>5,780,476</u>	<u>55,390,246</u>	<u>5,577,664</u>	<u>26,271,314</u>

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2014							Total
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	26,360,795	3,809,704	—	—	—	—	—	30,170,499
Deposits with banks and other financial institutions	—	450,455	2,999,640	2,759,010	5,657,000	654,500	—	12,520,605
Loans and advances to customers	945,645	385,770	3,094,592	9,801,340	45,946,348	25,818,058	557,041	86,548,794
Investment securities and other financial assets	58,250	—	1,560,932	4,973,609	41,456,360	55,435,423	10,357,973	113,842,547
Others	<u>5,966,430</u>	<u>1,517</u>	<u>137,348</u>	<u>823,324</u>	<u>664,898</u>	<u>12,971</u>	<u>3,787</u>	<u>7,610,275</u>
Total assets	<u>33,331,120</u>	<u>4,647,446</u>	<u>7,792,512</u>	<u>18,357,283</u>	<u>93,724,606</u>	<u>81,920,952</u>	<u>10,918,801</u>	<u>250,692,720</u>
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Borrowing from the central bank	—	—	40,000	150,000	—	—	—	190,000
Deposits from banks and other financial institutions	—	2,062,494	4,050,000	8,545,000	35,765,250	32,034,880	—	82,457,624
Placements from banks and other financial institutions	—	—	1,964,402	895,704	184,571	—	—	3,044,677
Financial assets sold under repurchase agreements	—	—	10,259,000	—	—	—	—	10,259,000
Deposits from customers	—	41,867,614	6,791,748	11,999,704	35,910,626	21,832,774	1,000,531	119,402,997
Debt securities issued	—	—	—	—	500,000	1,500,000	—	2,000,000
Others	<u>—</u>	<u>377,310</u>	<u>1,240,687</u>	<u>3,252,631</u>	<u>10,960,862</u>	<u>1,550,675</u>	<u>79,121</u>	<u>17,461,286</u>
Total liabilities	<u>—</u>	<u>44,307,418</u>	<u>24,345,837</u>	<u>24,843,039</u>	<u>83,321,309</u>	<u>56,918,329</u>	<u>1,079,652</u>	<u>234,815,584</u>
Long/(Short) position	<u>33,331,120</u>	<u>(39,659,972)</u>	<u>(16,553,325)</u>	<u>(6,485,756)</u>	<u>10,403,297</u>	<u>25,002,623</u>	<u>9,839,149</u>	<u>15,877,136</u>

3.4 Future Prospects

In 2015, Chinese economy faced various impacts and challenges, with downward pressure on the domestic economy intensified and economic developments complicated. The current macroeconomic policy of the PRC government is to balance between steady growth, economic structure adjustment and risks control, to solidify its current position on one hand and hold a vision for the future on the other and to devote efforts in both supply and demand sides. The PRC government has adopted a proactive fiscal policy and prudent monetary policy, and continues to accelerate structural reforms. Banks, as the main entities of financial markets, are facing increasing financial risks and the risk of problems transferring from real economy to the financial sector. Banks are the main fund provider for real economy and an important link between real economy and financial sector. As opportunity and risk always coexist, it is not only a challenge to the Bank, but also an important opportunity for the Bank to achieve rapid development.

2016 is the first year after our listing on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Bank’s strategic goal is to continue to enhance the Bank’s presence as a professional financial services provider with high investment value for the Bank’s shareholders and investors through prudent, high-quality and targeted growth. To achieve the Bank’s goal, we plan to: consolidate and enhance the Bank’s regional business advantages and optimize our operational network; further strengthen the Bank’s competitiveness in the small and medium-sized enterprises and other small and micro customer businesses; capitalize on the growth potential of personal financial services and further develop the Bank’s retail banking business; further diversify our products and services and expand the Bank’s intermediary business; enhance operational management, internal controls and risk management; continue to improve the Bank’s information system; and enhance our “people-oriented human” resource management. The Bank will continue to grasp development opportunities, proactively carry out transformation initiatives and strive to become the most attractive commercial banks with investment value for the Bank’s investors and shareholders.

4. ISSUANCE OF SECURITIES AND BONDS

4.1 Issuance and Listing of Securities Information

4.1.1 Issuance and Listing of Securities

On 7 December 2015 (“**Listing Date**”), the Bank’s H shares were listed on the Hong Kong Stock Exchange, and the Bank issued 1,200,000,000 H shares with a par value of RMB1 at the price of HK\$4.66 per share with a premium in the initial public offering of the Bank. On 23 December 2015, the Bank issued 179,381,818 H shares with a par value of RMB1 at the price of HK\$4.66 per share with a premium pursuant to the over-allotment option.

The Bank raised approximately HK\$6,427,919 thousand from the initial public offering, which, after deduction of the expenses relating to the offering, has been used to replenish its capital base. Immediately following the completion of the initial public offering, the share capital of the Bank was 5,781,615,684 shares, comprising 4,264,295,684 domestic shares and 1,517,320,000 H shares, and the total share capital of the Bank amounted to RMB5,781,615,684.

4.2 Issuance of Bonds

4.2.1 Issuance of Subordinated Bonds

With the approvals from the CBRC and the PBOC, in September 2010, the Bank issued subordinated bonds in the aggregate principal amount of RMB500,000 thousand with a term of ten years. These bonds are redeemable in full or in part at our discretion at the end of the fifth year at the initial interest rate of 5.90% per annum, payable on an annual basis. If these bonds are not redeemed at the end of the fifth year, the interest rate would increase by 3 percentage points per annum for the remaining five years with interest payable on an annual basis. In September 2015, these bonds were redeemed in full.

4.2.2 Issuance of Tier 2 Capital Bonds

With the approvals from the CBRC and the PBOC, in January 2014, our Bank issued tier 2 capital bonds in the aggregate principal amount of RMB1.50 billion with a term of ten years at a fixed interest rate of 7.00% per annum, payable on an annual basis. These bonds are redeemable in part or in full at our discretion at the end of the fifth year upon approval of the relevant regulatory authorities.

5. OTHER INFORMATION

5.1 Corporate Governance Code

The Bank is dedicated to improving its transparency and accountability of corporate governance, ensuring high standard of corporate governance practices to protect the interests of shareholders and to enhance corporate value and commitment.

In order to maintain a high standard of corporate governance, the Bank established a dedicated, professional and accountable Board, board of supervisors and experienced senior management. The members of the Bank's Board and board of supervisors, except employee supervisors, are all elected by the shareholders at the shareholders' general meeting.

During the period from the Listing Date to 31 December 2015, the Bank fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), and adopted the recommended best practices therein, where appropriate. The Bank also strictly abided by the applicable laws and regulations and the Listing Rules in respect of management of inside information.

5.2 Securities Transactions by Directors and Supervisors

The Bank has adopted, in respect of securities transactions by directors, supervisors and senior management, a code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors of the Bank, all directors and supervisors of the Bank have confirmed that they have complied with such code of conduct during the period from the Listing Date to 31 December 2015.

5.3 Profits and Dividend

The Bank's revenue for the year ended 31 December 2015 and the Bank's financial position as at the same date are set out in the section headed "Financial Report" of this results announcement.

The Board has proposed the payment of a cash dividend of RMB0.135 per share (tax inclusive) for the year ended 31 December 2015 in aggregate amount of RMB780,518,117 (tax inclusive) to all shareholders of the Bank, subject to the shareholders' approval at the annual general meeting of the year 2015. Such proposed dividend will be denominated in RMB. Dividends payable to holders of domestic shares shall be paid in RMB, whereas dividends payable to holders of H shares shall

be paid in HK\$. The exchange rate of RMB to HK\$ to be adopted shall be the average middle exchange rates of the five business days preceding and including the date of declaration of such dividends at the annual general meeting of 2015 (being Wednesday, 25 May 2016, inclusive) as announced by the PBOC.

According to the Enterprise Income Tax Law of the PRC (中國企業所得稅法) and its Regulation on the Implementation effective from 1 January 2008, the Bank shall withhold and pay the enterprise income tax at a rate of 10% for the non-resident enterprise shareholder whose names appear on the H share register of the Bank on Wednesday, 10 June 2016.

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知) (Guo Shui Han [2011] No. 348), we shall withhold and pay the individual income tax for non-resident individual shareholder.

For those non-resident individual shareholders who reside in Hong Kong, Macau and other countries or regions that have entered into a taxation treaty with the PRC stipulating a tax rate of 10%, the Bank shall withhold the personal income tax at the rate of 10% for such shareholders.

For those non-resident individual shareholders who reside in countries or regions that have entered into a taxation treaty with the PRC stipulating a tax rate of less than 10%, the Bank shall withhold the personal income tax at the rate of 10% for such shareholders. Should such shareholders demand that amount in excess of the personal income tax payable under the taxation treaty be refunded, the Bank shall apply for the refund from the relevant inland revenue departments, provided however that such shareholders have submitted relevant documents in accordance with the requirements of Measures for Non-resident Taxpayers to Benefit from the Taxation Treaties (No. 60 of the Announcement of the State Administration of Taxation for 2015) (非居民享受稅收協議待遇管理辦法(試行)) within a stipulated time frame.

For non-resident individual shareholders who reside in countries or regions that have entered into a taxation treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Bank shall withhold and pay the personal income tax for such shareholders at the applicable rate as stipulated in the said taxation treaty.

For non-resident individual shareholders who reside in countries or regions that have entered into a taxation treaty with the PRC stipulating a tax rate of more than 20% (applicable in the case of distributing cash dividends to the residents thereof) or that have not entered into any taxation treaty with the PRC and otherwise, the Bank shall withhold and pay the personal income tax at a rate of 20% for such shareholders.

The dividend distribution plan will be submitted to the annual general meeting of 2015 for consideration and approval. If such proposal is approved at the annual general meeting of 2015, the dividend will be distributed to holders of domestic shares and holders of H Shares whose names appear on the register of members on 10 June 2016 by the Bank. Such dividend is expected to be paid to shareholders on July 24 or before.

The amounts of cash dividends and ratios of cash dividends to profit for the year of the Bank for the past three years are as follows:

(All amounts expressed in thousands of RMB except percentages, unless otherwise stated)

	2014	2013	2012
Cash dividend (tax inclusive)	528,268	409,735	390,223
As a percentage of profit for the year	25.0%	30.3%	33.4%

5.4 Annual General Meeting and Closure of Register of Members

The annual general meeting of 2015 will be held on 25 May 2016. In order to determine the holders of H Shares who are eligible to attend and vote at the annual general meeting of 2015, the register of members of the Bank will be closed from 25 April 2016 to 25 May 2016 (both days inclusive), during such period no transfer of shares will be registered. Holders of domestic shares and holders of H shares whose names appear on our register of members on 25 May 2016 shall be entitled to attend the annual general meeting of 2015. Holders of H shares of the Bank who wish to attend and vote at the annual general meeting of 2015 must lodge all transfer documents accompanied by the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 April 2016.

The register of members of the Bank will be closed from 5 June 2016 to 10 June 2016 (both days inclusive), during such period no H share transfer will be registered. The Bank will pay dividends to holders of domestic shares and holders of H shares whose names appear on our register of members on 10 June 2016. In order to be entitled to the final dividend, holders of H shares of the Bank who have not registered the related transfer documents are required to lodge the transfer documents, together with the relevant share certificates, with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3 June 2016.

5.5 Purchase, Sale and Redemption of Listed Securities of the Bank

During the period from the Listing Date to 31 December 2015, the Bank and any of its subsidiaries had not purchased, sold or redeemed any listed securities of the Bank.

6. FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in thousands of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2015	2014
Interest income	21,819,437	13,582,488
Interest expense	<u>(11,015,124)</u>	<u>(7,954,065)</u>
Net interest income	<u>10,804,313</u>	<u>5,628,423</u>
Fee and commission income	556,083	183,105
Fee and commission expense	<u>(55,293)</u>	<u>(66,782)</u>
Net fee and commission income	<u>500,790</u>	<u>116,323</u>
Net trading gains	97,164	470
Dividend income	6,440	6,360
Net gains arising from investment securities	2,896	8,396
Foreign exchange gain	85,895	7,872
Other net operating income	<u>19,886</u>	<u>26,765</u>
Operating income	<u>11,517,384</u>	<u>5,794,609</u>
Operating expenses	<u>(2,724,872)</u>	<u>(2,213,490)</u>
Operating profit before impairment	<u>8,792,512</u>	<u>3,581,119</u>
Impairment losses on assets	<u>(2,296,943)</u>	<u>(793,469)</u>
Profit before taxation	<u>6,495,569</u>	<u>2,787,650</u>
Income tax	<u>(1,587,513)</u>	<u>(664,473)</u>

	For the year ended 31 December	
	2015	2014
Profit for the year	4,908,056	2,123,177
	-----	-----
Attributable to:		
Equity shareholders of the Bank	4,898,761	2,115,715
Non-controlling interests	9,295	7,462
	-----	-----
Profit for the year	<u>4,908,056</u>	<u>2,123,177</u>
Basic and diluted earnings per share (in RMB)	<u>1.09</u>	<u>0.54</u>

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

(Expressed in thousands of Renminbi, unless otherwise stated)

	2015	2014
Profit for the year	4,908,056	2,123,177
	-----	-----
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
- Available-for-sale financial assets:		
- Change in fair value recognized in the Capital Reserve	577,968	1,043,201
- Reclassified to the profit or loss upon disposal	(879)	33,432
- Related income tax effect	(144,272)	(269,158)
Items that will not be reclassified to profit or loss:		
- Remeasurement of defined benefit obligation	<u>1,315</u>	<u>(3,916)</u>
Other comprehensive income for the year	434,132	803,559
	-----	-----
Total comprehensive income for the year	5,342,188	2,926,736
	-----	-----
Attributable to:		
Equity shareholders of the Bank	5,332,893	2,919,274
Non-controlling interests	<u>9,295</u>	<u>7,462</u>
Total comprehensive income for the year	5,342,188	2,926,736
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Renminbi, unless otherwise stated)

	As at 31 December	
	2015	2014
Assets		
Cash and deposits with the central bank	30,099,321	30,170,499
Deposits with banks and other financial institutions	14,954,990	12,520,605
Placements with banks and other financial institutions	649,360	—
Financial assets at fair value through profit or loss	15,560,208	9,990,252
Positive fair value of derivatives	10,678	—
Interests receivable	2,571,972	1,560,158
Loans and advances to customers	97,313,206	86,548,794
Available-for-sale financial assets	19,278,073	17,256,245
Held-to-maturity investments	7,711,333	7,339,592
Debt securities classified as receivables	166,482,385	79,256,458
Property and equipment	5,468,880	5,097,505
Deferred tax assets	700,822	399,966
Other assets	<u>858,685</u>	<u>552,646</u>
Total assets	<u>361,659,913</u>	<u>250,692,720</u>

	As at 31 December	
	2015	2014
Liabilities and equity		
Liabilities		
Borrowing from the central bank	—	190,000
Deposits from banks and other financial institutions	116,351,178	82,457,624
Placements from banks and other financial institutions	3,855,808	3,044,677
Financial liabilities at fair value through profit or loss	15,426,941	9,932,205
Negative fair value of derivatives	10,217	—
Financial assets sold under repurchase agreements	20,244,100	10,259,000
Deposits from customers	170,178,722	119,402,997
Accrued staff costs	246,861	277,945
Taxes payable	665,332	412,794
Interests payable	5,345,766	3,346,861
Debts securities issued	1,500,000	2,000,000
Other liabilities	<u>1,563,674</u>	<u>3,491,481</u>
Total liabilities	<u>335,388,599</u>	<u>234,815,584</u>
Equity		
Share capital	5,781,616	4,402,234
Capital reserve	9,152,898	4,962,627
Surplus reserve	1,292,031	802,364
General reserve	4,801,449	3,159,078
Retained earnings	<u>4,570,467</u>	<u>2,332,012</u>
Total equity attributable to equity shareholders of the Bank	25,598,461	15,658,315
Non-controlling interests	<u>672,853</u>	<u>218,821</u>
Total equity	<u>26,271,314</u>	<u>15,877,136</u>
Total liabilities and equity	<u>361,659,913</u>	<u>250,692,720</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank						non- controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
Balance at 1 January 2015	4,402,234	4,962,627	802,364	3,159,078	2,332,012	15,658,315	218,821	15,877,136
Changes in equity for the year:								
Total comprehensive income	—	434,132	—	—	4,898,761	5,332,893	9,295	5,342,188
Changes in share capital								
— Capital contributed by equity shareholders	1,379,382	3,756,139	—	—	—	5,135,521	—	5,135,521
— Capital contribution by non-controlling interests	—	—	—	—	—	—	450,100	450,100
Appropriation of profits								
— Appropriation to surplus reserve	—	—	489,667	—	(489,667)	—	—	—
— Appropriation to general reserve	—	—	—	1,642,371	(1,642,371)	—	—	—
— Appropriation to shareholders	—	—	—	—	(528,268)	(528,268)	(5,363)	(533,631)
Balance at 31 December 2015	<u>5,781,616</u>	<u>9,152,898</u>	<u>1,292,031</u>	<u>4,801,449</u>	<u>4,570,467</u>	<u>25,598,461</u>	<u>672,853</u>	<u>26,271,314</u>
Balance at 1 January 2014	3,902,234	2,909,068	591,654	2,198,771	1,797,049	11,398,776	110,539	11,509,315
Changes in equity for the year:								
Total comprehensive income	—	803,559	—	—	2,115,715	2,919,274	7,462	2,926,736
Changes in share capital								
— Capital contributed by equity shareholders	500,000	1,250,000	—	—	—	1,750,000	—	1,750,000
— Capital contribution by non-controlling interests	—	—	—	—	—	—	100,820	100,820
Appropriation of profits								
— Appropriation to surplus reserve	—	—	210,710	—	(210,710)	—	—	—
— Appropriation to general reserve	—	—	—	960,307	(960,307)	—	—	—
— Appropriation to shareholders	—	—	—	—	(409,735)	(409,735)	—	(409,735)
Balance at 31 December 2014	<u>4,402,234</u>	<u>4,962,627</u>	<u>802,364</u>	<u>3,159,078</u>	<u>2,332,012</u>	<u>15,658,315</u>	<u>218,821</u>	<u>15,877,136</u>

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

	For the year ended 31 December	
	2015	2014
Cash flows from operating activities		
Net profit	4,908,056	2,123,177
Adjustments for:		
Impairment losses on assets	2,296,943	793,469
Depreciation and amortization	349,408	325,884
Unwinding of discount	(21,570)	(6,180)
Dividend income	(6,440)	(6,360)
Unrealized foreign exchange gains	(38,786)	(103)
Net gains on disposal of investment securities	(2,896)	(8,396)
Net gains on disposal of trading securities	(21,478)	(923)
Revaluation (gains) / losses on financial instruments at fair value through profit or loss	(75,686)	453
Interest expense on debts securities issued	125,979	126,733
Net gains on disposal of property and equipment	(175)	(7,853)
Income tax	<u>1,587,513</u>	<u>664,473</u>
	<u>9,100,868</u>	<u>4,004,374</u>
Changes in operating assets		
Net increase in deposits with the central bank, banks and other financial institutions	(2,045,404)	(10,567,250)
Net (increase) / decrease in placements with banks and other financial institutions	(649,360)	1,909,254
Net increase in loans and advances to customers	(12,607,947)	(10,526,994)
Net increase in financial assets at fair value through profit or loss	(5,438,620)	(9,927,769)
Net increase in other operating assets	<u>(1,238,583)</u>	<u>(865,748)</u>
	<u>(21,979,914)</u>	<u>(29,978,507)</u>

For the year ended 31 December
2015 **2014**

Changes in operating liabilities

Net (decrease) / increase in borrowing from central bank	(190,000)	163,000
Net increase in deposits from banks and other financial institutions	33,893,554	30,066,448
Net increase in placements from banks and other financial institutions	811,131	14,787
Net increase in financial assets sold under repurchase agreements	9,985,100	1,224,600
Net increase in financial liabilities designated at fair value through profit or loss	5,438,620	9,932,205
Net increase in deposits from customers	50,775,725	26,638,409
Income tax paid	(1,815,020)	(616,956)
Net (decrease) / increase in other operating liabilities	<u>(26,248)</u>	<u>858,742</u>
	<u>98,872,862</u>	<u>68,281,235</u>
Net cash flows generated from operating activities	<u>85,993,816</u>	<u>42,307,102</u>
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	656,946,918	82,426,921
Dividends received	6,440	6,360
Proceeds from disposal of property and equipment and other assets	111,411	11,942
Payments on acquisition of investments	(746,378,641)	(127,258,324)
Payments on acquisition of property and equipment, intangible assets and other assets	<u>(920,353)</u>	<u>(1,334,494)</u>
Net cash flows used in investing activities	<u>(90,234,225)</u>	<u>(46,147,595)</u>

For the year ended 31 December
2015 **2014**

Cash flows from financing activities

Proceeds from capital contribution by equity shareholders	5,135,521	1,750,000
Capital contribution by non-controlling interests	450,100	100,820
Proceeds from issue of new debt securities	—	1,500,000
Repayment of debts securities issued	(500,000)	—
Interest paid on debts securities issued	(134,500)	(29,500)
Dividends paid	<u>(422,615)</u>	<u>(382,590)</u>
Net cash flows generated from financing activities	<u>4,528,506</u>	<u>2,938,730</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>29,706</u>	<u>(2,491)</u>
Net increase/(decrease) in cash and cash equivalents	317,803	(904,254)
Cash and cash equivalents as at 1 January	<u>4,485,158</u>	<u>5,389,412</u>
Cash and cash equivalents as at 31 December	<u><u>4,802,961</u></u>	<u><u>4,485,158</u></u>
Interest received	<u>20,754,733</u>	<u>12,690,958</u>
Interest paid (excluding interest expense on debts securities issued)	<u>(8,881,719)</u>	<u>(6,458,714)</u>

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RENMINBI, UNLESS OTHERWISE STATED)

1 Background information

The Bank, formerly known as Jinzhou City Cooperative Bank Co., Ltd. (the “**Bank**”), is a joint stock commercial bank established on 22 January 1997 with approval of the People’s Bank of China (the “PBOC”) (YinFu 1997 No.29).

On 29 September 1998, pursuant to YinFa 1998 No. 94 jointly issued by the PBOC and the State Administration of Industry and Commerce of the People’s Republic of China (the “SAIC”), the Bank changed its name from Jinzhou City Cooperative Bank Co., Ltd. to Jinzhou City Commercial Bank Co., Ltd.. On 14 April 2008, pursuant to YinJianFu 2008 No. 137 approved by the China Banking Regulatory Commission (the “CBRC”), the Bank changed its name from Jinzhou City Commercial Bank Co., Ltd. to Bank of Jinzhou Co., Ltd.

The Bank obtained its finance permit No. B0127H221070001 from the CBRC. The Bank obtained its business license No. 210700004032898 from the SAIC. The legal representative is Zhang Wei and the address of the registered office is No. 68 Keji Road, Jinzhou City, Liaoning Province, the People’s Republic of China (the “PRC”).

In December, 2015, the Bank’s H Shares were listed on the Hong Kong Stock Exchange (stock code: 0416). As at 31 December 2015, our paid-in capital was RMB5,781.62 million.

As at 31 December 2015, the Bank has established 12 branches in Jinzhou, Beijing, Tianjin, Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin and Liaoyang. The principal activities of the Bank and its subsidiaries are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by the CBRC. The Bank operates in mainland China, which, for the purpose of this announcement, excludes the Hong Kong Special Administration Region of the PRC (“**Hong Kong**”), the Macau Special Administration Region of the PRC (“**Macau**”) and Taiwan.

2 Statement of compliance and basis of preparation

This financial statement has been prepared in accordance with the International Financial Reporting Standards (the “IFRSs”) and its interpretations, issued by the International Accounting Standards Board, and the discloseable requirements of the Hong Kong Companies Ordinance. This financial statement complies with the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

3 Net interest income

	Years ended 31 December	
	2015	2014
Interest income arising from		
Deposits with the central bank	442,343	397,552
Deposits with banks and other financial institutions	600,314	1,068,921
Placements with banks and other financial institutions	5,241	96,531
Financial assets at fair value through profit or loss	954,041	227,495
Loans and advances to customers (Note)		
— Corporate loans and advances	6,409,056	5,681,013
— Personal loans and advances	691,526	488,929
— Discounted bills	52,772	25,263
Financial assets held under resale agreements	16,850	35,770
Available-for-sale financial assets	775,604	799,179
Held-to-maturity investments	394,406	269,866
Debt securities classified as receivables	<u>11,417,284</u>	<u>4,491,969</u>
Sub-total	<u>21,819,437</u>	<u>13,582,488</u>
Interest expenses arising from		
Borrowing from the central bank	2,444	3,820
Deposits from banks and other financial institutions	5,574,446	4,428,983
Placements from banks and other financial institutions	34,003	76,610
Financial liabilities at fair value through profit or loss	744,791	608,270
Deposits from customers		
— Corporate customers	2,520,817	1,261,837
— Individual customers	1,576,920	1,112,426
Financial assets sold under repurchase agreements	435,724	335,386
Debts securities issued	<u>125,979</u>	<u>126,733</u>
Sub-total	<u>11,015,124</u>	<u>7,954,065</u>
Net interest income	<u><u>10,804,313</u></u>	<u><u>5,628,423</u></u>

Note: Interest income arising from impaired financial assets for 2015 and 2014 amounted to RMB21.57 million and RMB6.18 million, respectively.

4 Net fee and commission income

	Years ended 31 December	
	2015	2014
Fee and commission income		
Underwriting and advisory fees	187,691	8,456
Wealth management service fees	121,198	16,675
Settlement and clearing fees	118,975	97,002
Agency services fees	97,790	20,759
Bank card service fees	17,672	14,222
Others	<u>12,757</u>	<u>25,991</u>
Sub-total	<u>556,083</u>	<u>183,105</u>
Fee and commission expense		
Settlement and clearing fees	10,992	12,582
Others	<u>44,301</u>	<u>54,200</u>
Sub-total	<u>55,293</u>	<u>66,782</u>
Net fee and commission income	<u>500,790</u>	<u>116,323</u>

5 Net trading gains

	Years ended 31 December	
	2015	2014
Trading financial instruments		
- Debt securities	(712)	4,905
- Derivative financial instruments	25,312	—
- Precious metals	<u>(1,174)</u>	<u>—</u>
Sub-total	<u>23,426</u>	<u>4,905</u>
Financial instruments designated at fair value through profit or loss	<u>73,738</u>	<u>(4,435)</u>
Total	<u>97,164</u>	<u>470</u>

6 Operating expenses

	Years ended 31 December	
	2015	2014
Staff costs		
— Salaries and bonuses	767,274	668,847
— Staff welfares	49,950	42,859
— Pension	123,498	115,446
— Housing allowances	60,625	52,752
— Supplementary retirement benefits	1,718	1,519
— Other long-term staff welfares	16,420	8,967
— Other short-term staff welfares	<u>86,754</u>	<u>73,193</u>
Sub-total	<u>1,105,639</u>	<u>963,583</u>
Premises and equipment expenses		
— Depreciation of property and equipment	268,698	231,799
— Amortization of intangible assets	19,805	16,030
— Amortization of other long-term assets	60,905	78,055
— Rental and property management expenses	<u>63,584</u>	<u>55,236</u>
Sub-total	<u>412,992</u>	<u>381,120</u>
Business tax and surcharges	493,952	402,131
Other general and administrative expenses (Note)	<u>712,289</u>	<u>466,656</u>
Total	<u>2,724,872</u>	<u>2,213,490</u>

Note: Auditors' remuneration for 2014 was and 2015 was RMB1.80 million and RMB3.00 million, respectively.

7 Impairment losses on assets

	Years ended 31 December	
	2015	2014
Loans and advances to customers	1,867,757	706,266
Debt securities classified as receivables	429,003	78,266
Others	<u>183</u>	<u>8,937</u>
Total	<u>2,296,943</u>	<u>793,469</u>

8 Income tax

(a) *Income tax:*

	Years ended 31 December	
	2015	2014
Current tax	2,032,641	901,519
Deferred tax	<u>(445,128)</u>	<u>(237,046)</u>
Total	<u>1,587,513</u>	<u>664,473</u>

(b) *Reconciliations between income tax and accounting profit are as follows:*

	Years ended 31 December	
	2015	2014
Profit before tax	<u>6,495,569</u>	<u>2,787,650</u>
Statutory tax rate	25%	25%
Income tax calculated at statutory tax rate	<u>1,623,892</u>	<u>696,913</u>
Non-deductible expenses		
— Staff costs	3,324	3,723
— Others	<u>4,557</u>	<u>5,519</u>
	<u>7,881</u>	<u>9,242</u>
Non-taxable income		
— Interest income from the PRC government bonds	(38,951)	(38,845)
— Others	<u>(5,309)</u>	<u>(2,837)</u>
Income tax	<u>1,587,513</u>	<u>664,473</u>

9 Basic and diluted earnings per share

	Years ended 31 December	
	2015	2014
Weighted average number of ordinary shares (in thousands)	4,485,070	3,943,901
Net profit attributable to equity shareholders of the Bank	4,898,761	2,115,715
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	1.09	0.54

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

	Years ended 31 December	
	2015	2014
Number of ordinary shares as at 1 January (in thousands)	4,402,234	3,902,234
New added weighted average number of ordinary shares (in thousands)	<u>82,836</u>	<u>41,667</u>
Weighted average number of ordinary shares (in thousands)	<u>4,485,070</u>	<u>3,943,901</u>

10 Available-for-sale financial assets

		As at 31 December	
		2015	2014
Available-for-sale debt investments	(a)	19,219,823	17,197,995
Available-for-sale equity investments	(b)	<u>58,250</u>	<u>58,250</u>
Total		<u>19,278,073</u>	<u>17,256,245</u>
Unlisted		<u>19,278,073</u>	<u>17,256,245</u>

(a) Available-for-sale debt investments

All available-for-sale debt investments were stated at fair value and issued by the following institutions:

	As at 31 December	
	2015	2014
In mainland China		
— Government	2,014,765	—
— Banks and other financial institutions	13,428,811	12,986,626
— Corporations	<u>3,776,247</u>	<u>4,211,369</u>
Total	<u>19,219,823</u>	<u>17,197,995</u>

As at the end of each of the Relevant Periods, part of the available-for-sale financial assets was pledged for repurchase agreements.

(b) Available-for-sale equity investments

Available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less impairment losses, if any.

11 Held-to-maturity investments

Analyzed by type and location of issuers

	As at 31 December	
	2015	2014
Debt securities issued by the following institutions in mainland China		
— Government	4,749,402	4,770,545
— Banks and other financial institutions	2,942,193	2,519,397
— Corporations	<u>19,738</u>	<u>49,650</u>
Total carrying value (a)	<u>7,711,333</u>	<u>7,339,592</u>
Unlisted	<u>7,711,333</u>	<u>7,339,592</u>
Fair value	<u>7,976,975</u>	<u>7,283,142</u>

Note:

- (a) As at the end of each of the reporting period, part of the held-to-maturity investments was pledged as security for repurchase agreements.
- (b) The Bank has not disposed of any held-to-maturity debt investments prior to their maturity dates during the reporting period.

12 Debt securities classified as receivables

		As at 31 December	
		2015	2014
Wealth management products issued by financial institutions	(a)	—	2,773,195
Beneficial interest transfer plans	(b)/(c)	<u>166,989,654</u>	<u>76,561,529</u>
Gross balance		<u>166,989,654</u>	<u>79,334,724</u>
Less: Provision for impairment losses		<u>(507,269)</u>	<u>(78,266)</u>
Net balance		<u>166,482,385</u>	<u>79,256,458</u>

Note:

- (a) Wealth management products issued by financial institutions are fixed-term products.
- (b) Beneficial interest transfer plans are mainly beneficial interests issued by trust companies, security companies, insurance companies and asset management companies. In 2015, the Bank disposed of certain amount of its investments in the beneficial interest transfer plans, via a number of transactions, with an aggregate outstanding balances of RMB30,813 million and associated interest receivables of RMB134 million, respectively. The total considerations received by the Bank from such disposals amounted to RMB30,947 million. Out of which, the Group subsequently bought back part of the aforementioned investments in the beneficial interest transfer plans with an aggregated amount of RMB9,785 million, at a consideration of RMB9,846 million, before the year ended 31 December 2015.
- (c) As at the end of 2015 and 2014, part of investments in beneficial interest transfer plans held by the Bank were under forward sale contracts with financial institutions in mainland China, the notional amount of which was RMB250 million and RMB4,860 million, respectively.
- (d) The fair values of investments mentioned in note (a), (b) and (c) approximate to their carrying amounts.

13 Appropriation of profits

- (a) In accordance with the resolution at the Bank's Annual General Meeting on 24 June 2014, the shareholders approved the following profit appropriations for the year ended 31 December 2013:
- Appropriation of statutory surplus reserve amounted to RMB132.68 million, based on 10% of the net profit of the Bank.
 - Appropriation of general reserve amounted to RMB850.40 million.
 - Declaration of cash dividend of RMB1.05 per 10 shares before tax and in aggregation amount of RMB409.74 million to all shareholders.
- (b) In accordance with the resolution at the Bank's Annual General Meeting on 25 June 2015, the shareholders approved the following profit appropriations for the year ended 31 December 2014:
- Appropriation of statutory surplus reserve amounted to RMB210.71 million, based on 10% of the net profit of the Bank.
 - Appropriation of general reserve amounted to RMB960.31 million.
 - Declaration of cash dividend of RMB1.20 per 10 shares before tax and in aggregation amount of RMB528.27 million to all shareholders.
- (c) In accordance with the resolution at the Bank's Annual General Meeting on 23 March 2016, the shareholders approved the following profit appropriations for the year ended 31 December 2015:
- Appropriation of statutory surplus reserve amounted to RMB489.67 million, based on 10% of the profit after tax of the Bank.
 - Appropriation of general reserve amounted to RMB1,642.37 million.
 - Declaration of cash dividend of RMB0.135 per share before tax and in aggregation amount of RMB780.52 million to all shareholders.

The above appropriation of profits is subject to the approval in our general meeting.

14 Segment reporting

The Bank manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Bank's most senior executive management for the purposes of resource allocation and performance assessment, the Bank defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Treasury business

This segment covers the Bank's treasury operations. The treasury business enters into inter-bank money market transactions, repurchases transactions and investments. Such segment also covers management of the Bank's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Bank's accounting policies.

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

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the accounting period to acquire property and equipment, intangible assets and other long-term assets.

	Year ended 31 December 2015				Total
	Corporate banking	Retail banking	Treasury business	Others	
Operating income					
External net interest income / (expense)	3,924,357	(1,476,845)	8,356,801	—	10,804,313
Internal net interest (expense) / income	<u>(171,264)</u>	<u>2,470,195</u>	<u>(2,298,931)</u>	<u>—</u>	<u>—</u>
Net interest income	3,753,093	993,350	6,057,870	—	10,804,313
Net fee and commission income	224,414	93,797	182,579	—	500,790
Net trading gains	—	—	97,164	—	97,164
Dividend income	—	—	6,440	—	6,440
Net gains arising from investment securities	—	—	2,896	—	2,896
Foreign exchange gains	48,702	62	36,960	171	85,895
Other net operating income	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,886</u>	<u>19,886</u>
Operating income	4,026,209	1,087,209	6,383,909	20,057	11,517,384
Operating expenses	<u>(1,284,355)</u>	<u>(520,164)</u>	<u>(909,797)</u>	<u>(10,556)</u>	<u>(2,724,872)</u>
Operating income before impairment	2,741,854	567,045	5,474,112	9,501	8,792,512
Impairment losses on assets	<u>(1,680,191)</u>	<u>(187,566)</u>	<u>(429,003)</u>	<u>(183)</u>	<u>(2,296,943)</u>
Profit before tax	<u>1,061,663</u>	<u>379,479</u>	<u>5,045,109</u>	<u>9,318</u>	<u>6,495,569</u>
Segment assets	88,500,160	9,858,784	255,773,910	6,826,237	360,959,091
Deferred tax assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>700,822</u>	<u>700,822</u>
Total assets	<u>88,500,160</u>	<u>9,858,784</u>	<u>255,773,910</u>	<u>7,527,059</u>	<u>361,659,913</u>
Segment liabilities	116,881,258	72,117,521	144,026,142	2,205,794	335,230,715
Dividend payable	<u>—</u>	<u>—</u>	<u>—</u>	<u>157,884</u>	<u>157,884</u>
Total liabilities	<u>116,881,258</u>	<u>72,117,521</u>	<u>144,026,142</u>	<u>2,363,678</u>	<u>335,388,599</u>
Other segment information					
— Depreciation and amortization	<u>(164,692)</u>	<u>(66,700)</u>	<u>(116,663)</u>	<u>(1,353)</u>	<u>(349,408)</u>
— Capital expenditure	<u>438,282</u>	<u>177,504</u>	<u>310,466</u>	<u>3,602</u>	<u>929,854</u>

	Year ended 31 December 2014				Total
	Corporate banking	Retail banking	Treasury business	Others	
Operating income					
External net interest income / (expense)	4,425,512	(741,096)	1,944,007	—	5,628,423
Internal net interest (expense) / income	(1,720,395)	1,587,411	132,984	—	—
Net interest income	2,705,117	846,315	2,076,991	—	5,628,423
Net fee and commission income	91,914	23,029	1,380	—	116,323
Net trading gains	—	—	470	—	470
Dividend income	—	—	6,360	—	6,360
Net gains arising from investment securities	—	—	8,396	—	8,396
Foreign exchange gains / (losses)	10,613	5	(2,746)	—	7,872
Other net operating income	—	—	—	26,765	26,765
Operating income	2,807,644	869,349	2,090,851	26,765	5,794,609
Operating expenses	(1,056,721)	(450,019)	(699,895)	(6,855)	(2,213,490)
Operating income before impairment	1,750,923	419,330	1,390,956	19,910	3,581,119
Impairment losses on assets	(649,752)	(56,515)	(78,266)	(8,936)	(793,469)
Profit before tax	<u>1,101,171</u>	<u>362,815</u>	<u>1,312,690</u>	<u>10,974</u>	<u>2,787,650</u>
Segment assets	79,518,322	7,740,749	156,828,527	6,205,156	250,292,754
Deferred tax assets	—	—	—	399,966	399,966
Total assets	<u>79,518,322</u>	<u>7,740,749</u>	<u>156,828,527</u>	<u>6,605,122</u>	<u>250,692,720</u>
Segment liabilities	77,013,199	51,770,124	101,969,776	4,015,617	234,768,716
Dividend payable	—	—	—	46,868	46,868
Total liabilities	<u>77,013,199</u>	<u>51,770,124</u>	<u>101,969,776</u>	<u>4,062,485</u>	<u>234,815,584</u>
Other segment information					
— Depreciation and amortization	<u>(155,577)</u>	<u>(66,255)</u>	<u>(103,043)</u>	<u>(1,009)</u>	<u>(325,884)</u>
— Capital expenditure	<u>639,430</u>	<u>272,311</u>	<u>423,512</u>	<u>4,148</u>	<u>1,339,401</u>

15 Commitments and contingent liabilities

(a) Credit commitments

The Bank's credit commitments take the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans and credit card commitments represent the amounts should the contracts be fully drawn upon. The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	As at 31 December	
	2015	2014
Loan commitments		
— Original contractual maturity within one year	163,070	216,024
— Original contractual maturity more than one year (inclusive)	726,912	1,144,270
Credit card commitments	<u>491,593</u>	<u>435,983</u>
Sub-total	<u>1,381,575</u>	<u>1,796,277</u>
Acceptances	57,702,403	33,369,528
Letters of guarantees	6,724,348	1,782,946
Letters of credit	<u>835,274</u>	<u>479,024</u>
Total	<u><u>66,643,600</u></u>	<u><u>37,427,775</u></u>

The Bank may be exposed to credit risk in all the above credit businesses. Our management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows. contractual amounts shown above is not representative of expected future cash outflows.

(b) Operating lease commitments

As at the end of each of the Reporting Periods, the Bank's future minimum lease payments under non-cancellable operating leases for properties are as follows:

	As at 31 December	
	2015	2014
Within one year (inclusive)	63,685	42,920
After one year but within two years (inclusive)	81,887	47,415
After two years but within three years (inclusive)	80,903	47,376
After three years but within five years (inclusive)	155,663	155,567
After five years	<u>55,175</u>	<u>140,728</u>
Total	<u>437,313</u>	<u>434,006</u>

(c) Capital commitments

As at the end of each of the Reporting Periods, the Bank's authorized capital commitments are as follows:

	As at 31 December	
	2015	2014
Contracted but not paid for		
— Purchase of property and equipment	106,283	218,830
Authorized but not contracted for		
— Purchase of property and equipment	<u>74,480</u>	<u>—</u>
Total	<u>180,763</u>	<u>218,830</u>

(d) Outstanding litigations and disputes

As at 31 December 2015, the Bank was the defendant in certain pending litigations and disputes with a gross claimed amount of RMB68 million (31 December 2014: RMB 70 million).

The Bank was also involved in a shareholding dispute litigation with a former shareholder since July 2012 where the former shareholder requested the court to (i) order the Bank to issue to it a 12-year term warrants that are convertible into such numbers of shares equal to 9.16% of the Bank's total share capital in August 2012, and (ii) together with 2 other defendants jointly indemnify it with an amount of RMB104 million plus 9.16% of the Bank's profit recorded in its respective financial statements from 2010 to the date of court judgment. If the court judgment is unfavourable to the Bank and, in such event, shareholders' shareholdings in the Bank may be diluted, which would represent approximately 5.9% of the Bank's Shares as at 31 December 2015 after the hypothetical issue and full exercise of the warrants, rendering the former shareholder become the Bank's single largest shareholder. The Bank's directors and its legal advisor in this litigation are of the view that, based on the evidence currently available, the likelihood of the Bank losing this shareholding dispute litigation is low.

No provisions have been made by the Bank for the estimated losses of such litigations and disputes at the end of each of the Relevant Periods after consulting the opinions of the Bank's internal and external legal counsels.

7. RELEASE OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jinzhoubank.com). The 2015 annual report prepared in accordance with the IFRSs will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jinzhoubank.com), and will be dispatched to the holders of H shares of the Bank in due course.

This results announcement was prepared in both Chinese and English versions, where there is a discrepancy between the Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Bank of Jinzhou Co., Ltd.
Zhang Wei
Chairman

Jinzhou, the PRC
23 March 2016

As at the date of this announcement, the executive directors of the Bank are Mr. Zhang Wei, Ms. Chen Man, Ms. Zhao Jie, Mr. Wang Jing and Ms. Wang Xiaoyu; the non-executive directors are Mr. Li Dongjun, Mr. Zhang Caiguang, Mr. Wu Zhengkui and Ms. Gu Jie; and the independent non-executive directors are Mr. Jiang Daxing, Mr. Deng Xiaoyang, Mr. Niu Sihu, Ms. Jiang Jian and Mr. Choon Yew Khee.

** Bank of Jinzhou Co., Ltd. is not an authorized 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 authorized to carry on banking and/or deposit-taking business in Hong Kong.*